

LOCAL GOVERNMENT CODE

TITLE 12. PLANNING AND DEVELOPMENT

SUBTITLE A. MUNICIPAL PLANNING AND DEVELOPMENT

CHAPTER 374. URBAN RENEWAL IN MUNICIPALITIES

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 374.001. SHORT TITLE. This chapter may be cited as the Texas Urban Renewal Law.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 374.002. LEGISLATIVE FINDINGS; INTENT. (a) The legislature finds that slum and blighted areas exist in municipalities in this state and that those areas:

(1) are a serious and growing menace that is injurious and inimical to the public health, safety, morals, and welfare of the residents of this state;

(2) contribute substantially and increasingly to the spread of disease and crime, requiring excessive and disproportionate expenditures of public funds for the preservation of the public health and safety, and for crime prevention, correctional facilities, prosecution and punishment, treatment of juvenile delinquency, and the maintenance of adequate police, fire, and accident protection and other public services and facilities; and

(3) constitute an economic and social liability, substantially impair the sound growth of affected municipalities, and retard the provision of housing accommodations.

(b) For these reasons, prevention and elimination of slum and blighted areas are matters of state policy and concern that may be best addressed by the combined action of private enterprise, municipal regulation, and other public action through approved urban renewal plans. The legislature further finds that the repair and rehabilitation of buildings and other improvements in affected areas, public acquisition of real property, demolition of buildings and other improvements as necessary to eliminate slum or blight conditions or to prevent the spread of those conditions, the

disposition of property acquired in affected areas and incidental to the purposes stated by this subsection, and other public assistance to eliminate those conditions are public purposes for which public money may be spent and the power of eminent domain exercised.

(c) It is the intent of the legislature that private enterprise be encouraged to participate in accomplishing the objectives of urban renewal to the extent of its capacity and with governmental assistance as provided by this chapter.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 374.003. DEFINITIONS. In this chapter:

(1) "Agency" means a public urban renewal agency created under this chapter.

(2) "Area of operation" means the area within the corporate boundaries of a municipality.

(3) "Blighted area" means an area that is not a slum area, but that, because of deteriorating buildings, structures, or other improvements; defective or inadequate streets, street layout, or accessibility; unsanitary conditions; or other hazardous conditions, adversely affects the public health, safety, morals, or welfare of the municipality and its residents, substantially retards the provision of a sound and healthful housing environment, or results in an economic or social liability to the municipality. The term includes an area certified as a disaster area as provided by Section [374.903](#).

(4) "Board" means a board, commission, department, division, office, body, or other municipal unit through which a municipality elects to perform urban renewal powers, duties, or other functions.

(5) "Bond" means any bond, including a refunding bond, note, interim certificate, certificate of indebtedness, debenture, or other obligation.

(6) "Captured market value" means the amount by which the current market value of property within the boundaries of an urban renewal project area exceeds its market value at the time the urban renewal project is designated under this chapter.

(7) "Conservation" means preserving and protecting an area from blight, and includes preventing an area susceptible to blight from becoming blighted.

(8) "Clerk" means the municipal clerk or other municipal officer who is the custodian of the official municipal records.

(9) "Comptroller" means the comptroller of public accounts.

(10) "Deterioration" means impairment of quality, character, value, or safety due to use, wear and tear, or other physical causes.

(11) "Federal government" means the United States, an agency of the United States, or a corporate or other instrumentality of the United States.

(12) "Mayor" means the mayor or other chief executive officer of a municipality.

(13) "Obligee" includes a bondholder, an agent or trustee for a bondholder, a lessor who demises property used in connection with an urban renewal project to the municipality, an assignee of any part of the lessor's interest, and the federal government as a party to a contract with the municipality.

(14) "Planning commission" means a municipal planning commission established under law or charter.

(15) "Public body" means the state, any political subdivision of the state, or a department, agency, or instrumentality of the state or of a political subdivision of the state.

(16) "Real property" includes land, improvements and fixtures on land, property of any nature that is appurtenant to or used in connection with land, and every legal or equitable estate, interest, right, or use in land, including terms for years and liens.

(17) "Rehabilitate" means to restore to a former state of solvency or efficiency or to a similar better state.

(18) "Rehabilitation" means the restoration of buildings or other structures to prevent deterioration of an area that is tending to become a blighted area or a slum area.

(19) "Slum area" means an area within a municipality that is detrimental to the public health, safety, morals, and welfare of the municipality because the area:

(A) has a predominance of buildings or other improvements that are dilapidated, deteriorated, or obsolete due to age or other reasons;

(B) is prone to high population densities and overcrowding due to inadequate provision for open space;

(C) is composed of open land that, because of its location within municipal limits, is necessary for sound community growth through replatting, planning, and development for predominantly residential uses; or

(D) has conditions that exist due to any of the causes enumerated in Paragraphs (A)-(C) or any combination of those causes that:

(i) endanger life or property by fire or other causes; or

(ii) are conducive to:

(a) the ill health of the residents;

(b) disease transmission;

(c) abnormally high rates of infant mortality;

(d) abnormally high rates of juvenile delinquency and crime; or

(e) disorderly development because of inadequate or improper platting for adequate residential development of lots, streets, and public utilities.

(20) "Tax assessor-collector" means the tax assessor-collector of the municipality.

(21) "Tax increment" means the amount of property taxes levied and collected each year on real property in an urban renewal project area in excess of the amount levied and collected on that property during the year preceding the date of the adoption of the urban renewal plan.

(22) "Tax increment base" means the aggregate market value of all taxable real property in an urban renewal project area on the date of approval of the urban renewal plan.

(23) "Taxable real property" does not include personal property or intangible property.

(24) "Taxing entity" means a governmental unit that is authorized by law to levy taxes on property located in an urban renewal project area. The term includes the state and a political subdivision of the state, but does not include a municipality.

(25) "Urban renewal activities" includes slum clearance, redevelopment, rehabilitation, and conservation activities to prevent further deterioration of an area that is tending to become a blighted or slum area. The term includes:

(A) the acquisition of all or part of a slum area or blighted area or the acquisition of land that is predominantly open and that, because of obsolete platting, diversity of ownership, deterioration of structures or site improvements, or for other reasons, substantially impairs or arrests the sound growth of the community;

(B) the demolition and removal of buildings and improvements;

(C) the installation, construction, or reconstruction of streets, utilities, parks, playgrounds, and other improvements necessary to fulfill urban renewal objectives in accordance with an urban renewal plan;

(D) the disposition by the municipality of property acquired in an urban renewal area for use in accordance with an urban renewal plan, including the sale or initial lease of the property at its fair value or the retention of the property;

(E) the implementation of plans for a program of voluntary repair and rehabilitation of buildings or improvements in accordance with an urban renewal plan; and

(F) the acquisition of real property in an urban renewal area as necessary to remove or prevent the spread of blight or deterioration or to provide land for needed public facilities.

(26) "Urban renewal area" means a slum area, blighted area, or a combination of those areas that the governing body of a municipality designates as appropriate for an urban renewal project.

(27) "Urban renewal plan" means a plan for an urban

renewal project that:

(A) conforms to the general municipal plan except as provided by Section 374.903; and

(B) includes:

(i) any zoning and planning changes;

(ii) building requirements;

(iii) land uses;

(iv) maximum densities;

(v) land acquisition;

(vi) redevelopment;

(vii) rehabilitation;

(viii) demolition and removal of structures; and

(ix) a description of the plan's relationship to local objectives relating to public transportation, traffic conditions, public utilities, recreational and community facilities, and other improvements.

(28) "Urban renewal project" includes any of the following activities undertaken in accordance with an urban renewal plan:

(A) municipal activities in an urban renewal area that are designed to eliminate or to prevent the development or spread of slums and blighted areas;

(B) slum clearance and redevelopment in an urban renewal area;

(C) rehabilitation or conservation in an urban renewal area;

(D) development of open land that, because of location or situation, is necessary for sound community growth and that is to be developed, by replatting and planning, for predominantly residential uses; or

(E) any combination or part of the activities described by Paragraphs (A)-(D).

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

SUBCHAPTER B. MUNICIPAL POWERS AND DUTIES RELATING TO URBAN RENEWAL

Sec. 374.011. RESOLUTION; ELECTION. (a) Except as provided by Section 374.012, a municipality may not exercise a power granted under this chapter unless:

(1) the governing body of the municipality adopts a resolution that finds that a slum area or blighted area exists in the municipality and that the rehabilitation, the conservation, or the slum clearance and redevelopment of the area is necessary for the public health, safety, morals, or welfare of the residents of the municipality; and

(2) a majority of the municipality's voters voting in an election held as provided by Subsection (b) favor adoption of the resolution.

(b) Before adopting the resolution, the governing body must give notice of the proposed resolution and must hold an election on the question. The notice must be published at least twice in the newspaper officially designated by the governing body and must state that, on a date that is specified in the notice and that is after the 60th day after the date the notice is first published, the governing body will consider the question of holding an election to determine whether it should adopt the resolution. On the date specified in the notice to consider the question, the governing body may order an election on its own motion to consider the resolution. The governing body shall order an election on the question if it receives a petition during the notice period that is signed by at least five percent of the qualified voters of the municipality who own taxable real property included on the tax rolls of the municipality. If the governing body determines that it is necessary to order an election, it shall give at least 30 days' notice of the election.

(c) If a majority of the voters voting in the election are against the resolution, the governing body may not adopt it and may not propose the resolution again for a one-year period.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 374.012. ALTERNATE APPROVAL PROCESS FOR CERTAIN PROJECTS. (a) A municipality that did not approve the exercise of urban renewal powers under Section 374.011 before April 27, 1973,

may approve the exercise of those powers for a specific urban renewal project in the alternative manner provided by this section.

(b) The governing body of the municipality must order and hold an election in the manner provided by Section 374.011.

(c) The resolution ordering the election and the notice of the election must contain:

(1) a complete legal description of the area included in the proposed project;

(2) a statement of the nature of the proposed project; and

(3) a statement of the total amount of local funds to be spent on the proposed project.

(d) The ballot proposition at the election need not contain a complete legal description of the area included in the project, but the proposition must contain a general description of the area that is sufficient to give notice to the voters of the location of the proposed project. The proposition must also contain a statement of the nature of the proposed project and the total amount of local funds to be spent on the project.

(e) If the ballot proposition is approved, the municipality may not exceed the limitations imposed on the project in the resolution ordering the election with respect to the area, nature, or amount of local funds spent on the project. If the municipality desires to expand the project beyond those limitations, the proposed expansion must be approved at an election in the manner provided for the original project.

(f) Voter approval is not required for preliminary planning of an urban renewal project.

(g) This section does not require further elections, resolutions, or actions of a municipality that has exercised urban renewal powers under this chapter as of April 27, 1973.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 374.013. USE OF PUBLIC OR PRIVATE RESOURCES. (a) To further the urban renewal objectives of this chapter, a municipality may formulate a workable program to use appropriate private and public resources, including the resources specified by

Subsection (b), to encourage urban rehabilitation, to provide for the redevelopment of slum and blighted areas, or to undertake those activities or other feasible municipal activities as may be suitably employed to achieve the objective of the program. The program must specifically include provisions relating to:

(1) prevention, through diligent enforcement of housing and occupancy controls and standards, of the expansion of blight into areas of the municipality that are free from blight; and

(2) rehabilitation or conservation of slum and blighted areas as far as practicable to areas that are free from blight through replanning, removing congestion, providing parks, playgrounds, and other public improvements, encouraging voluntary rehabilitation and requiring the repair and rehabilitation of deteriorated or deteriorating structures, and the clearance and redevelopment of slum areas.

(b) Each municipality, to the greatest extent determined to be feasible, shall afford the maximum opportunity, consistent with the needs of the municipality as a whole, for the rehabilitation or redevelopment of the urban renewal area by private enterprise. A municipality shall consider this objective in exercising powers under this chapter, including:

(1) formulation of a workable program for urban renewal under Subsection (a);

(2) approval of urban renewal plans consistent with the general plan of the municipality;

(3) exercise of zoning power;

(4) enforcement of other laws, codes, and regulations relating to land use, use and occupancy of buildings and improvements, and the disposition of any property acquired; and

(5) provision of necessary public improvements.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 374.014. MUNICIPAL URBAN RENEWAL PLAN. (a) A municipality may not prepare an urban renewal plan for an area unless the governing body of the municipality has, by resolution, declared the area to be a slum area, a blighted area, or both, and

has designated the area as appropriate for an urban renewal project. The governing body may not approve an urban renewal plan until a general plan has been prepared for the municipality. A municipality may not acquire real property for an urban renewal project until the governing body has approved the urban renewal plan as provided by Subsection (d).

(b) Any person may submit an urban renewal plan to the municipality. The governing body, before approving the plan, must submit the proposed plan to the urban renewal agency and the planning commission, if any, for review and recommendations as to the plan's conformity with the general plan for municipal development. The urban renewal agency and the planning commission shall submit written recommendations relating to the proposed urban renewal plan to the governing body within 30 days after the date the plan is received for review. On receipt of those recommendations, the governing body shall hold a hearing relating to the proposed plan as provided by Subsection (c). If recommendations are not proposed within the 30-day period, the governing body may hold the hearing without recommendations.

(c) The governing body must hold a public hearing on the proposed urban renewal plan before it may approve the urban renewal plan. The governing body shall publish notice of the hearing three times in a newspaper of general circulation in the municipality. The first notice must be published before the 30th day before the date of the hearing. The notice must state the time, date, place, and purpose of the hearing, must generally identify the urban renewal area, and must describe the general scope of the urban renewal project under consideration.

(d) After the hearing, the governing body may approve an urban renewal plan if the governing body finds that:

(1) a feasible method exists for the relocation, in decent, safe, affordable, and sanitary accommodations, of families or individuals who will be displaced from the urban renewal area, without undue hardship to those persons;

(2) the urban renewal plan conforms to the general plan for municipal development; and

(3) the urban renewal plan offers the maximum

opportunity, consistent with the needs of the municipality as a whole, for the rehabilitation or redevelopment of the urban renewal area by private enterprise.

(e) An urban renewal plan may be modified at any time. If modified after the lease or sale by the municipality of real property within the urban renewal project area, the modification is subject to the rights at law or in equity of the lessee or purchaser, or that person's successor in interest. If a proposed modification affects the street layout, land use, public utilities, zoning, if any, open space, or density of the area, the modification may not be made until it is submitted to the planning commission and a report is made to the governing body as provided by Subsection (b).

(f) After the municipality approves an urban renewal plan, the provisions of the plan that relate to the future use of the affected property and the building requirements applicable to the property control with respect to that property.

(g) If a building in a good state of repair is located in an urban renewal area and may be incorporated into an urban renewal project pattern or plan for that area, the building may not be acquired without the consent of the owner. If the owner of property in an urban renewal area agrees to use the property in a manner that is consistent with the purposes of the urban renewal plan and if improvements to the property do not constitute a fire or health hazard, that property is not subject to the exercise of eminent domain authority. A property owner may contest before the governing body any exercise of eminent domain authority that affects that person's individual ownership and may appeal to the district court. The review on appeal is by trial de novo.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 374.015. GENERAL MUNICIPAL POWERS RELATING TO URBAN RENEWAL. (a) A municipality may exercise all powers necessary or convenient to carry out the purposes of this chapter, including the power to:

(1) conduct preliminary surveys to determine if undertaking an urban renewal project is feasible;

(2) conduct urban renewal projects within its area of operation;

(3) execute contracts and other instruments necessary or convenient to the exercise of its powers under this chapter;

(4) provide, arrange, or contract for the furnishing or repair by any person of services, privileges, works, streets, roads, public utilities, or other facilities in connection with an urban renewal project, including installation, construction, and reconstruction of streets, utilities, parks, playgrounds, and other public improvements necessary to carry out an urban renewal project;

(5) acquire any real property, including improvements, and any personal property necessary for administrative purposes, that is necessary or incidental to an urban renewal project, hold, improve, clear, or prepare the property for redevelopment, mortgage or otherwise encumber or dispose of the real property, insure or provide for the insurance of real or personal property or municipal operations against any risk or hazard and to pay premiums on that insurance, and enter any necessary contracts;

(6) invest urban renewal project funds held in reserves or sinking funds, or not required for immediate disbursement, in property or securities in which banks may legally invest funds subject to their control, redeem bonds issued under Section [374.026](#) at the redemption price established in the bond, or purchase those bonds at less than the redemption price, and cancel the bonds redeemed or purchased;

(7) borrow money and apply for and accept advances, loans, grants, contributions, and other forms of financial assistance from the federal, state, or county government, other public body, or other public or private sources for the purposes of this chapter, give any required security, and make and carry out any contracts in connection with the financial assistance;

(8) make plans necessary to carry out this chapter in its area of operation, contract with any person in making and carrying out the plans, and adopt, approve, modify or amend the plans;

(9) develop, test, and report methods and techniques for the prevention of slums and urban blight, conduct demonstrations and other activities in connection with those methods and techniques, and apply for, accept, and use federal grants made for those purposes;

(10) prepare plans and provide reasonable assistance for the relocation of persons displaced from an urban renewal project area, including families, business concerns, and others, as necessary to acquire possession and to clear the area in order to conduct the urban renewal project;

(11) appropriate funds and make expenditures as necessary to implement this chapter and, subject to Subsection (c), levy taxes and assessments for that purpose;

(12) close, vacate, plan, or replan streets, roads, sidewalks, ways, or other places, plan, replan, zone, or rezone any part of the municipality and make exceptions from building regulations, and enter agreements with an urban renewal agency vested with urban renewal powers under Subchapter C, which may extend over any period, restricting action to be taken by the municipality under any of the powers granted under this chapter;

(13) organize, coordinate, and direct the administration of this chapter within the area of operation as those provisions apply to the municipality to most effectively promote and achieve the purposes of this chapter and establish new municipal offices or reorganize existing offices as necessary to most effectively implement those purposes; and

(14) issue tax increment bonds.

(b) A municipality may include in a contract made with the federal government for financial assistance for an urban renewal project the provisions and conditions imposed by federal law that the municipality considers reasonable, appropriate, and consistent with the purposes of this chapter.

(c) A municipality may not levy a tax or assessment under or for the purposes of this chapter until the proposed levy is submitted to the municipality's voters in an election on the question and a majority of those voting approve the levy.

(d) Except as provided by Section [374.016](#), a municipality

may acquire by condemnation any interest in real property, including a fee simple interest, that the municipality considers necessary for or in connection with an urban renewal project. Property dedicated to a public use may be acquired in that manner, except that property belonging to the state or to a political subdivision of the state may not be acquired without the consent of the state or political subdivision.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 374.016. SLUM CLEARANCE. (a) In this section, "slum clearance and redevelopment section" means any substantial contiguous part of an urban renewal area that a municipality proposes to acquire and clear of all buildings, structures, and other improvements for redevelopment and reuse in accordance with the urban renewal plan.

(b) If an urban renewal project includes a slum clearance and redevelopment section that the municipality proposes to use for other than public use, the municipality may not use condemnation to acquire that property unless the municipality determines by resolution that the rehabilitation of that property without clearance would be impractical and ineffective. That determination must be based on a finding that at least 50 percent of the structures in the section are dilapidated beyond the point of feasible rehabilitation or are otherwise unfit for rehabilitation, and that there exist other blighting characteristics, such as overcrowding of structures on the land, mixed uses of structures, deficient streets, or deficiencies in public utilities or recreational and community facilities. A municipality may exercise eminent domain authority as provided by Chapter 21, Property Code. Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 374.017. DISPOSITION OF PROPERTY. (a) Subject to the covenants, conditions, and restrictions, including covenants running with the land, that the municipality considers to be in the public interest or necessary to implement this chapter and that are written into the instrument transferring or conveying title, and after the governing body of the municipality approves the urban

renewal plan, the municipality may:

(1) sell, lease, or otherwise transfer real property or an interest in real property in an urban renewal area for residential, recreational, commercial, industrial, or other uses, including a public use, and enter contracts relating to the transfer; or

(2) retain the property or interest for public use in accordance with the urban renewal plan.

(b) The original owner from whom property was acquired under this chapter by condemnation or through threat of condemnation has the first right to repurchase the property at the price at which it is offered.

(c) The purchaser or lessee of property transferred under this section, and a successor in interest to such a person, including an assignee, must devote the property to the uses specified in the urban renewal plan and may be obligated to comply with conditions specified in the deed of conveyance, including the requirement to begin any improvements required by the urban renewal plan within a reasonable time.

(d) Real property or an interest in real property subject to this section may only be sold, leased, or otherwise transferred or retained at not less than the fair value of the property for uses in accordance with the urban renewal plan. In determining the fair value, the municipality shall consider:

(1) the uses provided in the urban renewal plan;

(2) any restrictions on and any covenants, conditions, and obligations assumed by the purchaser, lessee, or municipality in retaining the property;

(3) the objectives of the plan for the prevention of the recurrence of slums or blighted areas; and

(4) any other matters that the municipality specifies as appropriate.

(e) The municipality or urban renewal agency may provide in an instrument of conveyance to a private purchaser or lessee that the purchaser or lessee may sell any or all of the unimproved property without profit to the seller. After improving a parcel of real property in accordance with the development plan adopted for

the area, the purchaser may sell the parcel before completion of the development of the area or tract purchased, but the sale does not relieve that purchaser from the obligation of completing the development of that area or tract. The purchaser may sell a parcel of land purchased for redevelopment to another person who is obligated to improve the parcel as provided by the development plan for that project if the resale is without profit to the seller and if any subsequent purchaser is required to improve the property as provided by the urban renewal plan and by the conditions contained in the deed of conveyance.

(f) A municipality shall sell real property acquired by the municipality that is to be sold to private developers in accordance with the urban renewal plan as rapidly as is feasible in the public interest and consistent with the goals of the urban renewal plan. An instrument executed by a municipality or by an urban renewal agency that purports to convey any right, title, or interest in any property under this chapter is presumed to be executed in compliance with this chapter with respect to the title or interest of any bona fide lessee, transferee, or purchaser of the property.

(g) A municipality that sells real property in an urban renewal area to a private person must conduct the sale through competitive sealed bids after advertising the offer in the official publication or a newspaper of general circulation. The advertisement must be published once before the 15th day before the date of the sale and must invite bids for the purchase of real property in the urban renewal area either in whole or in parcels as determined by the municipality. Before advertising for bids, the municipality shall adopt as part of the specifications in the general plan of improvement any conditions binding on the purchaser or the purchaser's successors in title, including heirs and assignees. The municipality or urban renewal agency may accept the highest and best responsible bid. The purchase price must be paid in cash. If the municipality or agency determines that the bids received are not satisfactory, it may reject all the bids and readvertise the offer. The urban renewal agency may not sell the property until the price and conditions of sale are approved by the governing body of the municipality. The municipality shall sell

any real property acquired in connection with an urban renewal and rehabilitation project within a reasonable time for the purposes applicable to each project, except for the property retained by the municipality for public use. Property to be resold shall be sold within a reasonable time, taking into account the general economic situation at the time of sale.

(h) The municipality may temporarily lease any real property acquired in an urban renewal area, except property that is not fit for human habitation or that is declared substandard by any governmental agency. The lease must provide for a right of cancellation that permits the municipality to sell or dispose of the property for the purposes of this chapter.

(i) The former owner of any real property that is acquired under this chapter and that is not dedicated within a reasonable time to the purposes applicable to the urban renewal project for which it was acquired is entitled, after notice, to repurchase the property at the price for which it was acquired, less any actual damages sustained by the former owner because of the taking of the property, unless the property is devoted to the urban renewal purposes within 60 days after the date the former owner gives the record owner and the municipality written notice of the intention to exercise the right of repurchase. After a repurchase, any buildings placed on or allowed to remain on the property must conform to the pattern and intent of the urban renewal project if the project is completed.

(j) Any purchaser or lessee who is a private developer of any part of the real property acquired under this chapter may use that property as security to finance the development of the property. The purchaser or lessee may execute and deliver to a lender notes, deeds of trust with powers of sale, mortgages, and other instruments required in connection with obtaining and securing the repayment of the loan. The purchaser or lessee has all the rights, titles, and incidents of ownership available to a purchaser or lessee of land generally, and the person is entitled to mortgage and encumber the property for either the purchase price or for improvements in accordance with the objectives of this chapter. Any subsequent owner or lessee who acquires title through

foreclosure of a lien given to secure the indebtedness or through a conveyance or assignment in satisfaction of debt takes title subject only to the restrictive covenants related to the use and improvement of the land that are contained in the original conveyance from the municipality. The owner's or lessee's interest is not subject to any condition precedent or condition subsequent that would result in reverter or forfeiture of title or to any restraint as to the amount for which the property may be resold or leased.

(k) Notwithstanding any other provision of this chapter or of any other law relating to competitive bid requirements, a municipality or urban renewal agency may sell urban renewal land for uses in accordance with an urban renewal plan to a public or private nonprofit corporation or foundation. The sale must be for at least the fair market value of the land as determined by the municipality or urban renewal agency.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

SUBCHAPTER C. URBAN RENEWAL AGENCY

Sec. 374.021. EXERCISE OF URBAN RENEWAL PROJECT POWERS.

(a) A municipality may exercise urban renewal project powers through a board or through municipal officers selected by the governing body of the municipality by resolution. The municipality may exercise those powers through an urban renewal agency created under this subchapter if the governing body by resolution determines that the creation of an urban renewal agency is in the public interest. An urban renewal agency created under this subchapter may exercise all the urban renewal project powers of the municipality.

(b) In this section, "urban renewal project powers" includes the rights, powers, functions, and duties of a municipality under this chapter. The term does not include the power to:

(1) determine an area as a slum area, blighted area, or both and to designate that area as appropriate for an urban renewal project;

(2) approve and amend urban renewal plans and hold public hearings relating to those plans;

(3) establish a general plan for the locality as a whole;

(4) establish a workable program under Section [374.013](#);

(5) make determinations and findings under Section [374.011\(a\)](#), [374.013\(b\)](#), or [374.014\(d\)](#);

(6) issue general obligation bonds; and

(7) appropriate funds, levy taxes and assessments, and exercise other functions under Subdivisions (11) and (12) of Section [374.015\(a\)](#).

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 374.022. CREATION OF URBAN RENEWAL AGENCY. (a) An urban renewal agency created in a municipality is a public body corporate and politic.

(b) An urban renewal agency may not transact business or exercise any powers under this chapter until the governing body of the municipality:

(1) adopts a resolution as provided by Section [374.011](#); and

(2) elects to exercise urban renewal project power through an urban renewal agency as provided by Section [374.021\(a\)](#).

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 374.023. BOARD OF COMMISSIONERS. (a) If an urban renewal agency is created by a municipality, the mayor of the municipality, with the advice and consent of the governing body of the municipality, shall appoint a board of commissioners for the urban renewal agency.

(b) The board must be composed of at least five but not more than nine members. A member serves a two-year term. The commissioners shall designate one member to serve as chairman and one to serve as vice-chairman for one-year terms. A member of the board must be a resident of the municipality and a real property owner. The number of commissioners shall be determined by the

governing body at the time of the appointment of the commissioners and may not be changed more than once every two years. At the time of the initial appointments, a simple majority of the commissioners shall be designated to serve for a one-year term and the remaining members for two-year terms. If a vacancy occurs, the governing body shall fill the vacancy for the unexpired term in the same manner as the initial appointment.

(c) A commissioner serves without compensation but is entitled to necessary expenses incurred in the performance of official duties, including travel expenses.

(d) A certificate of appointment, which is conclusive evidence of the proper appointment of each commissioner, must be filed with the clerk of the municipality.

(e) If the board is composed of five, seven, or nine members, any action by the board, to be valid, must be adopted or rejected by a majority of the total number of the commissioners.

(f) The governing body may remove a commissioner for inefficiency, neglect of duty, or misconduct in office after notice of the charges and a hearing. The commissioner must receive a copy of the charges before the 10th day before the date of the hearing and must have the opportunity to be heard either in person or by counsel.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 374.024. AGENCY PERSONNEL; REPORT. (a) An urban renewal agency may employ an executive director, technical experts, and other agents and employees as it determines necessary, and may determine the qualifications, duties, and compensation of those personnel. An agency may employ or retain its own counsel and legal staff to perform required legal services.

(b) On or before March 31 of each year, an urban renewal agency shall file with the municipality a report of its activities for the preceding calendar year. If requested by the governing body of the municipality, the agency shall file a quarterly report. The report must include a complete financial statement by the agency that shows its assets, liabilities, income, and operating expenses as of the end of the reporting period.

(c) At the time the report is filed, the agency shall publish notice of the filing in a newspaper of general circulation in the municipality. The notice must state that the report is available for inspection during business hours in the office of the urban renewal agency and in the office of the municipal secretary. Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 374.025. APPROVAL REQUIREMENT. An urban renewal agency created under this subchapter may not undertake a renewal or rehabilitation project until the area proposed as a renewal or rehabilitation area and the plan of improvement for the project area are approved by the governing body of the municipality. Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 374.026. URBAN RENEWAL BONDS. (a) An urban renewal agency created under this subchapter may issue bonds from time to time to finance an urban renewal project, including the payment of principal and interest on any advances for surveys and plans. The agency may also issue refunding bonds for the payment or retirement of bonds previously issued.

(b) Bonds issued under this section must be made payable, both as to principal and interest, only from the income, proceeds, revenues, and funds of the urban renewal agency that are derived from or held in connection with the conduct of urban renewal projects. Payment of the principal and interest of the bonds may be further secured by a pledge of any loan, grant, or contribution from the federal government, or from any other source, in aid of an urban renewal project, or by a mortgage of such a project if title is held by the urban renewal agency.

(c) A bond issued under this section is not an indebtedness of the state or of a political subdivision of the state other than the issuing urban renewal agency and is not subject to any other law relating to the authorization, issuance, or sale of bonds.

(d) A bond issued under this section is issued for an essential public and governmental purpose and is, with the interest on the bond and the income from it, exempt from taxes.

(e) A bond issued under this section must be authorized by a

resolution or ordinance of the governing body of the urban renewal agency and may be issued in one or more series. The bond must bear the date, be payable on demand or mature at a time or times, bear interest at a rate, be in a denomination or denominations, be in either coupon or registered form, carry conversion or registration privileges, have a rank or priority, have a manner of execution, be payable in a medium of payment and at a place or places of payment, be subject to terms of redemption, with or without premium, be secured in a manner, and have any other characteristics, as provided by the resolution, trust indenture, or mortgage issued in relation to the bond.

(f) A bond issued under this section may be sold at not less than par at a public sale held after notice is published in a newspaper of general circulation in the area of operation and in any other medium of publication determined by the urban renewal agency and may also be exchanged for other bonds on a par basis. A bond issued under this section is fully negotiable.

(g) A bond issued under this section may be sold to the federal government at not less than par at a private sale. If less than all of the authorized principal amount of the bonds is sold to the federal government, the balance may be sold at a private sale at not less than par at an interest cost to the urban renewal agency that does not exceed the interest cost to the agency of the part of the bonds sold to the federal government.

(h) If the officials whose signatures appear on bonds or coupons issued under this section cease to be officials of the urban renewal agency before the delivery of the bonds, their signatures are valid for all purposes as if they had remained in office until delivery.

(i) In an action involving the validity or enforceability of a bond issued under this subchapter or the security for such a bond, a bond that recites in substance that it was issued by an urban renewal agency in connection with an urban renewal project is conclusively considered to have been issued for those purposes, and the project is conclusively considered to have been conducted in accordance with this chapter.

(j) A bank, trust company, banker, savings bank and

institution, savings and loan association, investment company, and other person conducting a banking or investment business, an insurance company, insurance association, and other person conducting an insurance business, and an executor, administrator, curator, trustee, and other fiduciary may invest a sinking fund, money, or other fund belonging to it or in its control in any bonds or obligations issued by an urban renewal agency under this section. Those bonds or other obligations must be secured by an agreement between the issuer and the federal government in which the issuer agrees to borrow from the federal government and the federal government agrees to lend to the issuer, before the maturity of the bonds or other obligations, money in an amount that, together with any other money irrevocably committed to the payment of interest on the bonds or other obligations, is sufficient to pay the principal of the bonds or other obligations with interest to maturity. Under the terms of the agreement the money must be used to pay the principal of and interest on the bonds or other obligations at maturity. Those bonds and other obligations are authorized security for a public deposit. Any person may use funds owned or controlled by the person to purchase those bonds or obligations. This subsection does not relieve a person of a duty to exercise reasonable care in selecting securities.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

SUBCHAPTER D. TAX INCREMENT FINANCING FOR URBAN RENEWAL PROJECTS

Sec. 374.031. ELECTION REQUIRED. (a) A municipality may not use the tax increment method of financing prescribed under this subchapter unless a majority of the qualified voters of the municipality voting on the question approve that method of financing in an election held by the municipality.

(b) The ballot shall be printed to provide for voting for or against the proposition: "Use of tax increment financing for urban renewal purposes."

(c) The election may be held in conjunction with an election held under Section [374.011](#) or [374.012](#).

(d) This referendum is not required if the constitutional

amendment on tax increment financing is approved by the voters.
Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 374.032. TAX INCREMENT FUND. On approval of an urban renewal plan by the governing body of a municipality and on approval of tax increment financing as required by Section 374.031, the governing body by resolution shall establish a fund known as the tax increment fund.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 374.033. COMPUTATION OF TAX INCREMENTS. (a) A tax increment is computed by multiplying the total in property taxes levied and collected by the municipality and all other taxing entities on the taxable real property in an urban renewal project area in a year by a fraction, the numerator of which is equal to that year's market value of all taxable real property in the area minus the tax increment base and the denominator of which is equal to that year's market value of all taxable real property in the area.

(b) For the purposes of this chapter, only the tax assessor-collector determines the market value of property located in an urban renewal project area during the time that the project exists. The determination requires the concurrence of the comptroller. A property owner who is aggrieved by a determination of the tax assessor-collector has the same right of appeal as that provided by law to owners of property not affected by this chapter.

(c) At the time an urban renewal project is designated by the governing body, the tax assessor-collector shall, with the concurrence of the comptroller, certify to the governing body the market value of property within the boundaries of the urban renewal district. The tax assessor-collector shall include at its most recently determined market value any property that is taxable at the time that the urban renewal project is designated and shall include at zero any property that is exempt from taxation at the time that the district is designated.

(d) The tax assessor-collector shall annually certify to the governing body the amount of the captured market value of property within the boundaries of the district and the amount of tax

increments produced from that captured market value. The tax assessor-collector shall make the initial certification not later than one year from the date on which an urban renewal project is designated.

(e) For any year in which taxes are to be paid into the tax increment fund established under Section 374.032, a taxing entity may not consider any captured market value with respect to an urban renewal project in computing a debt limitation or for any other purpose except to determine the amount to be paid into the tax increment fund.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 374.034. ALLOCATION OF TAX COLLECTIONS AND TAX INCREMENTS; TAX INCREMENT FUND. (a) For the purposes of this chapter, the tax assessor-collector has the sole authority and the duty to collect the taxes levied by the municipality and all other taxing entities on property located within an urban renewal project and to allocate taxes and tax increments in the manner required by this chapter.

(b) Beginning with the first payment of taxes levied by the municipality or other taxing entity after the time an urban renewal project is designated, the receipts from those taxes shall be allocated and paid as provided by this subsection. The receipts from the property taxes collected that are produced from the tax increment base shall first be allocated and paid to the municipality or appropriate taxing entity. All tax increments produced from the captured market value of the property located within the urban renewal project district shall then be deposited into the tax increment fund established for the project.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 374.035. TAX INCREMENT BONDS. (a) A municipality may issue tax increment bonds, the proceeds of which may be used to pay redevelopment costs relating to the urban renewal project for which the bonds were issued or to satisfy claims of holders of those bonds. On the approval of two-thirds of the qualified voters of the municipality, the municipality may also issue refunding bonds for

the payment or retirement of tax increment bonds previously issued by the municipality. The tax increment bonds may be made payable, both as to principal and interest, only from:

(1) tax increments allocated to and paid into the tax increment fund established by the municipality under Section [374.032](#);

(2) private sources;

(3) contributions or other financial assistance from this state or the United States; or

(4) a combination of those methods.

(b) A tax increment bond issued under this section, with the interest and income from the bond, is exempt from taxation. The period of maturity of a tax increment bond is limited to a maximum of 20 years from the date of issuance. Bonds issued under this section must be authorized by a resolution or ordinance of the governing body of the municipality and may be issued in one or more series. The bond must have the characteristics prescribed by Section [374.026](#)(e) as provided by the resolution, trust indenture, or mortgage issued in relation to the bond.

(c) A bond issued under this section may be sold at not less than par at a public sale after notice published in a newspaper of general circulation in the municipality and in any other medium of publication determined by the governing body or may be exchanged for other bonds on a par basis. A bond issued under this section is fully negotiable.

(d) In an action or proceeding involving the validity or enforceability of a bond issued under this section or the security for such a bond, a bond that recites in substance that it is issued by the municipality in connection with an urban renewal project is conclusively considered to have been issued for those purposes, and the urban renewal project is conclusively considered to have been planned, located, and carried out in accordance with this chapter.

(e) A bank, trust company, banker, savings bank and institution, savings and loan association, investment company, and other person conducting a banking or investment business, an insurance company, insurance association, and other person conducting an insurance business, and an executor, administrator,

curator, trustee, and other fiduciary may invest a sinking fund, money, or other fund belonging to it or in its control in any tax increment bonds issued by a municipality under this section. The bond is an authorized security for a public deposit. Any person may use funds owned or controlled by the person to purchase those bonds. This subsection does not relieve a person of a duty to exercise reasonable care in selecting securities.

(f) Tax increment bonds may be paid only out of the tax increment fund established under Section 374.032. The governing body of the municipality may irrevocably pledge all or part of the fund to the payment of those bonds or notes. The fund or the designated part of the fund may only be used for the payment of those bonds and interest on those bonds until they have been fully paid. A holder of those bonds or coupons relating to the bonds has a lien against the fund for the payment of the bonds or notes and the interest on them and may protect and enforce that lien by an action at law or in equity.

(g) To increase the security and marketability of tax increment bonds, the municipality, according to its best judgment, may:

(1) create a lien for the benefit of the bondholders on a public improvement or public work financed by the bonds or on the revenue from the public improvement or public work; or

(2) make covenants and take other action as necessary, convenient, or desirable to additionally secure the bonds or make the bonds more marketable.

(h) A tax increment bond issued under this section is not a general obligation of the municipality, is not a charge against its general credit or taxing powers, and is not payable other than as provided by this chapter. The tax increment bond must state those limitations on its face.

(i) A tax increment bond issued under this section may not be included in computing the debt of the issuing municipality.

(j) Tax increment bonds may not be issued in an amount exceeding the aggregate costs of implementing the urban renewal plan for the project for which they were issued.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 374.036. DISBURSEMENTS FROM TAX INCREMENT FUND. (a) Money may be disbursed from a tax increment fund only to satisfy the claims of holders of tax increment bonds issued in aid of the urban renewal project with respect to which the fund was established or to pay project costs. In this section, "project costs" means any expenditure made or estimated to be made, or monetary obligations incurred or estimated to be incurred, by the municipality that are listed in an urban renewal project, plus any incidental costs, less any income or revenues other than tax increments, received or reasonably expected to be received by the municipality in connection with the implementation of the urban renewal plan. Those project costs include:

(1) capital costs, including:

(A) the actual costs of the construction of public works or improvements, new buildings, structures, and fixtures;

(B) the costs of demolition, alteration, remodeling, repair, or reconstruction of existing buildings, structures, and fixtures;

(C) the costs of acquisition of equipment; and

(D) the costs of clearing and grading of land;

(2) financing costs, including interest paid to holders of tax increment bonds issued to pay for project costs and any premium paid over the principal amount because of the redemption of the obligation before maturity;

(3) professional service costs, including costs incurred for architectural, planning, engineering, or legal services;

(4) imputed administrative costs, including reasonable charges for the time spent by municipal employees in connection with the implementation of an urban renewal plan; and

(5) organizational costs, including the cost of conducting studies and the cost of informing the public with respect to the creation of urban renewal projects and the implementation of project plans.

(b) Subject to any agreement with holders of tax increment

bonds, money in a tax increment fund may be temporarily invested in the same manner as other municipal funds.

(c) After project costs and tax increment bonds issued with respect to an urban renewal project have been paid or payment has been arranged, and subject to any agreement with bondholders, any money remaining in a tax increment fund shall be paid over to the municipality and to other taxing entities levying taxes on property within the project in amounts belonging to each entity.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 374.037. MUNICIPAL ANNUAL REPORT; STATEMENT. (a) Before July 2 each year, the governing body of the municipality shall submit to the chief executive officer of each taxing entity a report on the status of each urban renewal district. The report must include statements of:

(1) the amount and source of revenue in the tax increment fund established under Section 374.032;

(2) the amount and purpose of expenditures from the fund;

(3) the amount of principal and interest due on any outstanding bonded indebtedness;

(4) the tax increment base and the current captured market value retained by the urban renewal project; and

(5) the captured market value shared by the municipality and other taxing entities, the total in received tax increments, and any additional information required to demonstrate compliance with the tax increment financing plan adopted by the governing body.

(b) On or before July 1 each year, the governing body shall publish a statement in a newspaper of general circulation in the municipality showing:

(1) the tax increment received and expended during the previous year;

(2) the original market value and captured market value of all property located within the urban renewal project;

(3) the amount in outstanding indebtedness incurred in aid of the urban renewal project; and

(4) any additional information the governing body considers necessary.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

SUBCHAPTER Z. MISCELLANEOUS PROVISIONS

Sec. 374.901. USE OF ACQUIRED PROPERTY FOR PUBLIC HOUSING.

(a) Except as provided by Subsection (b), real property acquired under this chapter may not be sold, leased, granted, conveyed, or otherwise made available for public housing.

(b) Real property acquired under this chapter may be made available for public housing if the municipality holds an election at which a majority of the qualified voters voting in the election approve that use of the property. The municipality shall conduct the election in the manner provided for an election under Section 374.011. The ballot shall be printed to provide for voting for or against the proposition: "Permitting the use of land acquired by urban renewal for public housing."

(c) If the qualified voters of a municipality have approved the use of land acquired under this chapter for public housing, the municipality may order an election on prohibiting the use of that land for public housing. The municipality shall conduct the election in the manner provided by Subsection (b), except that the ballot shall be printed to provide for voting for or against the proposition: "Prohibiting the use of land acquired by urban renewal for public housing." If a majority of the voters voting in the election favor prohibiting the use of the land for public housing, the prohibition contained in Subsection (a) applies. An election that results in the prohibition of the use of land for public housing does not affect land that has been made available for public housing at the time of the election.

(d) If a municipality holds an election under this section, the municipality may not hold another election under this section for one year.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 374.902. EXERCISE OF URBAN RENEWAL POWERS BY CERTAIN

COUNTIES. (a) Unless the context clearly requires otherwise, a statement in this chapter that applies to a mayor applies to the county judge of a county exercising powers under this section, a statement that applies to the governing body of a municipality applies to the county's commissioners court, and a statement that applies to a municipality applies to the county.

(b) A county with a population of more than 250,000 and located along an international border or a county with a population of more than 1.3 million may exercise the powers provided for municipalities under this chapter with respect to areas of the county that are not within the corporate boundaries of a municipality. A county with a population of more than 250,000 and located along an international border may exercise the powers provided for municipalities under this chapter with respect to areas of the county located within the corporate boundaries of a municipality, if the municipality approves the county's participation in an urban renewal project through an interlocal agreement under Chapter 791, Government Code. The county may not exercise those powers until the commissioners court of the county adopts a resolution in the manner provided by Section 374.011 for adoption of a resolution by a municipality. The resolution must be approved at an election held in the county in the manner provided for a municipal election under Section 374.011. The adoption of the resolution is not approved unless a majority of the voters who vote on the question in the entire county as well as in each municipality in the county approve the adoption of the resolution. In a municipality that is only partially located in the affected county, only voters who reside in the county may vote. Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987. Amended by Acts 2001, 77th Leg., ch. 669, Sec. 105, eff. Sept. 1, 2001.

Amended by:

Acts 2013, 83rd Leg., R.S., Ch. 224 (H.B. 139), Sec. 1, eff. June 14, 2013.

Sec. 374.903. URBAN RENEWAL IN DISASTER AREA. If the governing body of a municipality certifies that an area needs redevelopment or rehabilitation because of a flood, fire,

hurricane, earthquake, storm, or other catastrophe for which the governor has certified the state's need for disaster assistance under applicable federal law, the governing body may approve an urban renewal plan and an urban renewal project for the affected area without regard to Section 374.014(d) and to the provisions of this chapter that require a general plan for the municipality and a public hearing on the urban renewal project.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 374.904. COSTS OF RELOCATION. If the relocating, raising, rerouting, changing of grade, or altering the construction of a railroad, electric transmission line, pipeline, or telephone or telegraph property or facility is made necessary by the exercise of powers conferred under this chapter on a municipality, an urban renewal agency, or another public body, the necessary action shall be made at the expense of the public body that made the change necessary.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 374.905. MUNICIPAL PROPERTY EXEMPT FROM LEVY AND EXECUTION. (a) All municipal property, including funds, owned or held for the municipality for the purposes of this chapter are exempt from levy and sale by execution. An execution or other judicial proceeding may not issue against the property, and a judgment against the municipality may not be a charge or lien on that property. This subsection does not apply to or limit the right of an obligee to pursue any remedies for the enforcement of any pledge or lien given under this chapter by a municipality on its rents, fees, grants, or revenues from urban renewal projects.

(b) If real property in the urban renewal project area is acquired and is owned as part of the project by a municipality or the urban renewal agency, and the project is not subject to ad valorem taxes because of Subsection (a), the gross project cost may include reasonable payments in lieu of taxes.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 374.906. POWERS OF PUBLIC BODY. (a) To aid in the

planning or implementation of an urban renewal project located within the area in which it is authorized to act, any public body, after determining that a project is beneficial to its residents and after setting terms with or without consideration, may:

(1) dedicate, sell, convey, or lease any of its interest in any urban renewal project or grant easements, licenses, or other rights and privileges in the project to a municipality or urban renewal agency;

(2) incur the entire expense of any public improvements made by the public body in exercising the powers granted under this section;

(3) do anything necessary to aid or cooperate in the planning or implementation of an urban renewal plan;

(4) lend, grant, or contribute funds to a municipality or an urban renewal agency;

(5) enter into agreements that may extend over any period with a municipality, urban renewal agency, or other public body relating to action to be taken by the public body under any of the powers granted under this chapter, including furnishing funds or other assistance in connection with an urban renewal project;

(6) furnish public buildings and public facilities, including parks, playgrounds, recreational facilities, community facilities, educational facilities, water, sewer, or drainage facilities, or other public works;

(7) furnish, dedicate, pave, install, grade, regrade, plan, or replan streets, roads, sidewalks, ways, or other places;

(8) plan, replan, zone, or rezone any part of the public body or make exceptions from building regulations; or

(9) furnish administrative and other services to the municipality or urban renewal agency.

(b) If title to or possession of any urban renewal project is held by the federal government, the provisions of an agreement under this section inure to and may be enforced by the federal government.

(c) A sale, conveyance, lease, or agreement under this section may be made by and between public bodies without appraisal, public notice, advertisement, or public bidding.

(d) To aid in planning or conducting an urban renewal project through an urban renewal agency under this chapter, a municipality may perform all of the functions that a public body may perform under Subsection (a), including furnishing financial and other assistance.

(e) For the purposes of this section or to aid in the planning or carrying out of a municipal urban renewal project, a municipality may issue and sell general obligation bonds in addition to bonds issued under Section 374.026. Bonds issued under this section must be issued in the manner and are subject to the limitations generally provided by the laws of this state for the issuance and authorization of municipal bonds for public purposes. Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 374.907. TITLE OF PURCHASER. An instrument executed by a municipality or by an urban renewal agency that purports to convey a right, title, or interest in property under this chapter is conclusively presumed to have been executed in compliance with this chapter as regards the title or other interest of a bona fide purchaser, lessee, or transferee of the property.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 374.908. CONFLICT OF INTEREST. (a) A public official or employee of a municipality, including an official or employee of an urban renewal agency that exercises urban renewal project powers for a municipality under Subchapter C or of any other municipal board or commission, may not voluntarily acquire any direct or indirect interest in an urban renewal project, in any property included or planned to be included in an urban renewal project or plan, or in any contract, or contract proposed, in connection with an urban renewal project.

(b) If the acquisition is not voluntary, the official or employee shall immediately disclose the acquisition of the interest in writing to the governing body of the municipality. The governing body shall enter the disclosure on its minutes. Not later than three months after the date on which the involuntary acquisition occurs, the official or employee shall either resign the position

with the municipality or divest the interest.

(c) If the official or employee owns or controls any direct or indirect interest in property that the person knows is included or planned to be included in an urban renewal project, or if the official or employee owned or controlled any such interest at any time during the two-year period preceding the inclusion or planned inclusion of the property in an urban renewal project, the official or employee shall immediately disclose that fact in writing to the governing body of the municipality. The governing body shall enter the disclosure on its minutes. The official or employee may not participate in any action by the municipality or by the urban renewal agency that affects the property.

(d) Any required disclosure made under this section to the governing body of the municipality must also be made at the same time to the urban renewal agency that exercises urban renewal project powers under Section 374.021. A commissioner or other officer of an urban renewal agency or other board who exercises powers under this chapter may not hold any other public office with the municipality.

(e) A violation of this section is official misconduct.
Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 374.909. JUDICIAL PROCEEDINGS. (a) An action brought to review, modify, suspend, or satisfy a rule, order, decision, or other act of the governing body of a municipality or other agency shall be trial de novo as that term is used in an appeal from a justice of the peace court to a county court. In the trial, no presumptions in favor of the order or rule apply, and evidence relating to the validity or reasonableness of the order or rule may not be heard. The determination of the action shall be made on the facts as in other civil cases, and the procedure used and the determination of orders and judgments to be entered in the trial shall be under the rules of law, evidence, and procedure prescribed under the constitution, statutes, and rules of procedure of this state applicable to civil trials.

(b) The trial of an action brought under this section shall be strictly de novo and the decision in the action shall be made on

the preponderance of the evidence presented at the trial, independent of any administrative action taken by the board and free from the application of the substantial evidence rule stated by the courts relating to orders of other administrative or quasi-judicial agencies.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 374.910. EFFECT ON MUNICIPAL POWERS. (a) This chapter does not repeal a charter provision adopted by a home-rule municipality to accomplish the same purposes as this chapter. This chapter is cumulative of municipal powers.

(b) The powers conferred by this chapter are supplemental to the powers conferred on municipalities by the charters of home-rule municipalities of this state.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.