

## **BILL ANALYSIS**

Senate Research Center  
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C.S.S.B. 692  
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Intergovernmental Relations  
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Committee Report (Substituted)

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

During the 1950s through the early 1980s, large tracts of land were purchased in far east El Paso, subdivided into small lots, and sold to thousands of individuals on speculation that they would be good investments.

In one such speculative land deal, in the 1960s and 1970s, the Horizon Corp sold undeveloped desert lots in an unincorporated area to more than 27,000 people worldwide. Promising a quick return on their investment, this company made over \$40 million in profits but, nearly half a century later, buyers have yet to see a return on their investments. After several class action lawsuits, the Federal Trade Commission shut down the company's operation in 1981 and cited them for disreputable practices, including overaggressive salesmen, mass misrepresentation to land buyers, misleading ads, and the failure to supply water.

According to the El Paso County Central Appraisal District, most of these lots, once valued at \$1000, are valued at \$1 or \$2. This is the value for undeveloped lots with no infrastructure. There are approximately 54,000 acres of lots that fit this category within El Paso County.

Today, speculators acquire bundles of these lots, and as required by the 1995 colonias law, they make minimum improvements for water and sewer but do not install other improvements that would be required under the current regulations (i.e., paved streets and curbing). Eventually, as these lots are re-sold and occupied, the residents begin asking for streets, curbs, drainage, lights and other improvements. The areas become de-facto colonias and the county is pressured to provide these improvements, which come at a higher cost given the years of non-utilization.

S.B. 692 gives El Paso County authority to adopt reasonable specifications for infrastructure so that these obsolete, vacant areas that have lain dormant for decades will be put on a more equal footing with subdivisions being built today.

C.S.S.B. 692 amends the Local Government Code to allow El Paso County to establish a process to place infrastructure requirements on lots that have been undeveloped for at least 25 years or more. Any new regulation or standard for infrastructure must comply with minimum requirements for water and sewage, as established by H.B. 1001 in 1995, and model subdivision rules, which were established in 1989. The bill ensures any new standard applies only to lots that have been acquired by a "common promotional scheme," and exempts any lots that are the subject of litigation prior to September 1, 2017. Finally, the bill renumbers and clarifies certain provisions in Chapter 232, Subchapter B, Local Government Code, which only applies to border counties.

C.S.S.B. 692 amends current law relating to regulation by certain counties of lots in platted subdivisions that have remained undeveloped.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

## **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 232.008(h), Local Government Code, to change reference to Section 232.0085 (Cancellation of Certain Subdivisions if Land Remains Undeveloped) to Section 232.0395.

SECTION 2. Transfers Section 232.0085, Local Government Code, to Subchapter B, Chapter 232, Local Government Code, redesignates it as Section 232.0395, Local Government Code, and amends it as follows:

Sec. 232.0395. CANCELLATION OF CERTAIN SUBDIVISIONS IF LAND REMAINS UNDEVELOPED. (a) Provides that this section applies only to real property located in the unincorporated area of an affected county, as defined by Section 16.341 (Definitions), Water Code, that:

(1) and (2) creates these subdivisions from existing text and makes a nonsubstantive change.

Deletes existing text including real property located outside municipalities and the extraterritorial jurisdiction of municipalities, as determined under Chapter 42 (Extraterritorial Jurisdiction of Municipalities).

(b) Authorizes the commissioners court of a county to cancel, after notice and a hearing as required, a subdivision for which the plat was filed and approved before September 1, 1989, if the development of or the making of improvements in the subdivision was not begun before June 5, 1995, rather than before the effective date of this section, and the commissioners court by resolution has made a finding that the land in question is likely to be developed as a colonia.

(c) through (e) Makes no changes to these subsections.

(f) Defines "nondeveloper owner."

SECTION 3. Amends Subchapter B, Chapter 232, Local Government Code, by adding Section 232.045, as follows:

Sec. 232.045. APPLICABILITY OF INFRASTRUCTURE REQUIREMENTS TO LOTS UNDEVELOPED FOR 25 YEARS OR MORE. (a) Provides that this section applies only to a county with a population of more than 800,000 that is adjacent to an international border.

(b) Authorizes a commissioners court by order to implement a process:

(1) applicable to a subdivision in which 50 percent or more of the lots are undeveloped or unoccupied on or after a certain date; and

(2) through which the county, to the extent practicable, may apply to the subdivision more current street, road, drainage, and other infrastructure requirements.

(c) Requires that a regulation or standard adopted by a county under this section be no less stringent than the minimum standards and other requirements under the model rules for safe and sanitary water supply and sewer services adopted under Section 16.343 (Minimum State Standards and Model Political Subdivision Rules), Water Code, and any other minimum public safety standards that would otherwise be applicable to the subdivision.

(d) Provides that a regulation or standard adopted by a county under this section applies only to a lot that is owned by an individual, firm, corporation, or other legal entity that directly or indirectly offers lots for sale or lease as part of a

common promotional plan in the ordinary course of business, and each regulation or standard must expressly state that limitation. Defines "common promotional plan."

SECTION 4. Prohibits a county from applying an order adopted under Section 232.045, Local Government Code, as added by this Act, to a subdivision that is the subject of a judicial proceeding pending on September 1, 2017, to determine whether the subdivision is subject to a valid and existing subdivision plat.

SECTION 5. Effective date: January 1, 2018.