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## Judiciary Committee

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### HB 2921

**Title:** An act relating to the community renewal law.

**Brief Description:** Modifying the community renewal law.

**Sponsors:** Representatives Kessler, Rodne and Springer; by request of Attorney General.

#### Brief Summary of Bill

- Provides that the Community Renewal Law may be used to rehabilitate or redevelop blighted properties, not blighted areas.
- Removes the authority for municipalities to prevent the development or spread of blight from the Community Renewal Law.
- Removes the authority for municipalities to use the Community Renewal Law for purposes of public welfare, public morals, or economic development.
- Changes public notice requirements for the adoption of community renewal plans.

**Hearing Date:** 1/23/08

**Staff:** Jim Morishima (786-7191).

#### **Background:**

##### I. The Community Renewal Law

Under the Community Renewal Law, which was enacted in 1957, municipalities may determine whether areas are blighted, acquire property in blighted areas through purchase or eminent domain, and hold, improve, clear, or prepare blighted areas for re-development. A municipality may exercise its powers under the Community Renewal Law for several enumerated purposes, including:

- In the interests of the public health, safety, morals, or welfare of the residents of the municipality; and

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- To prevent the development and spread of blighted areas.

## II. Definition of Blighted Areas

For purposes of the Community Renewal Law, a "blighted area" is an area within a municipality that (a) is conducive to ill health, the transmission of disease, infant mortality, juvenile delinquency or crime, (b) substantially impairs or arrests the sound growth of the municipality or its environs or retards the provision of housing accommodations, (c) constitutes an economic or social liability, or (d) is detrimental, or constitutes a menace, to the public health, safety, welfare, or morals in its present condition and use.

An area may be considered blighted because of any of the following reasons:

- The substantial physical dilapidation, deterioration, defective construction, material, and arrangement or age or obsolescence of buildings or improvements, inadequate provision of ventilation, light, proper sanitary facilities, or open spaces;
- Inappropriate uses of land or buildings;
- Overcrowded buildings or structures;
- Defective or inadequate street layout;
- Faulty lot layout in relation to size, adequacy, accessibility, or usefulness;
- Excessive land coverage;
- Unsanitary or unsafe conditions;
- Deterioration of site;
- The existence of hazardous soils, substances, or materials;
- Diversity of ownership;
- Tax or special assessment delinquency exceeding the fair market value of the land;
- Defective or unusual conditions of title;
- Improper subdivision or obsolete platting;
- Persistent and high levels of unemployment or poverty; or
- Conditions that present a fire hazard.

## III. Initial Steps

Before a municipality may exercise its authority under the Community Renewal Law, it must adopt an ordinance or resolution that finds that (a) one or more blighted areas exist within the municipality and (b) the rehabilitation or redevelopment of the areas is necessary in the interest of public health, safety, morals, or welfare of the residents of the municipality. Once the ordinance or resolution has been adopted, the municipality may exercise its authority under the Community Renewal Law in one of three ways:

- By appointing a board or commission of at least five members that must include municipal officials and elected officials, selected by the mayor, with the approval of the local governing body of the municipality;
- Directly by the local governing authority of the municipality; or
- By the board of a public corporation, commission, or authority, a public facilities district, a public port district, or a housing authority.

## IV. Community Renewal Plans

A municipality authorized to exercise its authority under the Community Renewal Law may, by ordinance or resolution, designate community renewal areas. Once such areas have been designated, the municipality may adopt a community renewal plan.

Prior to adoption of the plan, the municipality must conduct a public hearing on the plan. Notice of the public hearing must be given in the following manner:

- By publication once a week for two consecutive weeks in a newspaper of general circulation in the community renewal area 10-30 days prior to the hearing; and
- By mailing notice to the owners of the properties in question at least 10 days prior to the hearing.

After the hearing, the municipality may approve a community renewal plan if:

- A feasible plan exists for making adequate housing available for displaced residents;
- The plan conforms to the comprehensive plan of the municipality;
- The plan will afford maximum opportunity for the rehabilitation or redevelopment of the community renewal area by private enterprise;
- A sound and adequate financial program exists for the financing of the project; and
- The community renewal project area is a blighted area.

The municipality may modify a community renewal plan at any time.

#### V. Powers of a Municipality in a Community Renewal Area

Municipalities may exercise a variety of powers within a community renewal area, including:

- Entering buildings or property to make surveys and appraisals. Such entry must be made in a manner that causes the least possible inconvenience to the persons in possession. If the persons in possession deny or resist entry, the municipality may obtain a court order to enter the property.
- Undertaking community renewal projects.

Community renewal projects may include activities:

- For the elimination, and prevention of the development or spread, of blight;
- For encouraging economic growth through job creation or retention; or
- For redevelopment or rehabilitation.

Rehabilitation may include:

- Carrying out plans for a program of voluntary or compulsory repair and rehabilitation of buildings or other improvements;
- Acquisition of real property and demolition or removal of buildings and improvements on the property where necessary to eliminate unhealthy, unsanitary, or unsafe conditions, lessen density, reduce traffic hazards, eliminate obsolete or other uses detrimental to the public welfare, to remove the spread of blight or deterioration, or to provide land for needed public facilities;
- Installation, construction, or reconstruction of streets, utilities, parks, playgrounds, and other improvements necessary for carrying out community renewal; and
- The disposition of any property acquired for uses in accordance with the community renewal plan.

No statutory provision with respect to the acquisition, clearance, or disposition of property by public bodies may restrict a municipality in the exercise of its powers with respect to a community

renewal project. When exercising its powers, the municipality must give consideration to the rehabilitation or redevelopment of the community renewal area by private enterprise.

## VI. Eminent Domain

The municipality may acquire property for community renewal through eminent domain. Compensation for the property may not be increased by reason of any increase in the value of the property caused by the actual or proposed assembly, clearance, or reconstruction in the project area. Likewise, no allowance may be made for improvements to the property made after notice of the institution of condemnation proceedings. In a condemnation proceeding, evidence relevant to the unsanitary, unsafe, or substandard condition of the premises, or the unlawful use thereof, is admissible.

### **Summary of Bill:**

#### I. The Community Renewal Law

A municipality's authority regarding blighted *areas* under the Community Renewal Law is replaced with authority regarding blighted *properties*. A municipality's authority to prevent the development or spread of blighted areas is removed. A municipality's ability to exercise its authority under the Community Renewal Law in the interests of public morals and welfare is also removed. Conforming amendments to the Community Renewal Law are made consistent with these changes.

#### II. Definition of Blighted Areas

"Blighted area" is changed to "blighted property." The following types of property are removed from the definition:

- Properties conducive to juvenile delinquency or crime;
- Properties that substantially impair or arrest the sound growth of the municipality or its environs, or retards the provision of housing;
- Properties that constitute an economic or social liability; and
- Properties that are detrimental to the public health, safety, welfare or morals (properties that constitute a menace to the public health and safety are not removed from the definition).

The following reasons a property may be considered blighted are removed from the definition of "blighted property":

- The arrangement, age, or obsolescence of buildings or improvements;
- Inappropriate uses of land or buildings;
- Overcrowded buildings or structures;
- Defective or inadequate street layout;
- Faulty lot layout in relation to size, adequacy, accessibility, or usefulness;
- Excessive land coverage;
- Diversity of ownership;
- Improper subdivision or obsolete platting; and
- Persistent and high levels of unemployment or poverty.

#### III. Initial Steps

The manner in which a municipality may exercise its authority under the Community Renewal Law is changed. A board or commission appointed to exercise the authority may be comprised only of elected officials from the municipality (as opposed to being comprised of municipal officials and elected officials). The ability for a municipality to exercise its authority through a board of a public corporation, commission, or authority, a public facilities district, a public port district, or a housing authority, is removed.

#### IV. Community Renewal Plans

Prior to adoption of a community renewal plan, a municipality must notify the public about the hearing on the plan using the same procedure for notifying persons about final actions in condemnation proceedings.

The requirement is removed that a municipality, before it adopts a community renewal plan, find that the plan will afford maximum opportunity for the rehabilitation or redevelopment of the community renewal area by private enterprise.

A municipality must provide public notification before a community renewal plan may be changed.

#### V. Powers of a Municipality in a Community Renewal Area

If a person in possession of a property refuses or resists entry, the municipality may enter only by court order.

The prohibition against statutory provisions restricting a municipality in the exercise of its powers with respect to a community renewal project is removed. The requirement that a municipality must give consideration to the rehabilitation or redevelopment of the community renewal area by private enterprise is removed.

Language is removed that allows "rehabilitation" to include the acquisition of property or the demolition or removal of buildings and improvements on the property to lessen density, reduce traffic hazards, eliminate obsolete or other uses detrimental to the public welfare, or to remove the spread of blight or deterioration.

#### VI. Eminent Domain

Language is removed that prohibits compensation for condemned property to be increased by reason of any increase in the value of the property caused by the actual or proposed assembly, clearance, or reconstruction in the project area. Language is removed that allows evidence relevant to unsanitary, unsafe, substandard use of the property, or the unlawful use thereof, to be admissible in condemnation proceedings.

**Appropriation:** None.

**Fiscal Note:** Requested on 1/18/08.

**Effective Date:** The bill takes effect 90 days after adjournment of session in which bill is passed.