

**ONE HUNDRED EIGHTH LEGISLATURE - FIRST SESSION - 2023**  
**COMMITTEE STATEMENT**  
**LB532**

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**Hearing Date:** Tuesday March 07, 2023  
**Committee On:** Urban Affairs  
**Introducer:** McKinney  
**One Liner:** Change provisions of the Community Development Law

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**Roll Call Vote - Final Committee Action:**  
Advanced to General File with amendment(s)

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**Vote Results:**

<b>Aye:</b>	5	Senators Blood, Cavanaugh, J., Day, Hunt, McKinney
<b>Nay:</b>	2	Senators Lowe, Hardin
<b>Absent:</b>		
<b>Present Not Voting:</b>		

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**Testimony:**

**Proponents:**

Senator Mckinney  
Kay LeFlore

**Representing:**

District #11  
LeFlore's Fashion

**Opponents:**

David Levy  
  
Tim Sieh  
Jennifer Taylor  
Christy Abraham  
Larry Storer

**Representing:**

Nebraska Association of Commercial Property  
Owners/ Omaha By Design  
City of Lincoln  
City of Omaha (attorney)  
League of Nebraska Municipalities  
Self

**Neutral:**

**Representing:**

\* ADA Accommodation Written Testimony

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**Summary of purpose and/or changes:**

LB 532 changes provisions of the Community Development Law. These provisions include timely limits of how short an area may be designated as "extremely blighted," extending the deadline for housing studies in cities other than those in the metropolitan class, and placing limits on the creation of new redevelopment plans in areas still designated as blighted.

**Background & Legislative History:**

In 2022, the Urban Affairs Committee introduced three technical bills related to TIF, and members of the committee separately introduced two additional technical bills related to TIF. These bills were:

-LB 725, previously introduced by Senator M. Hansen, which authorized municipalities which utilize TIF to develop formal guidelines for the consideration or approval of redevelopment programs utilizing TIF. Such guidelines could be used to establish general goals and priorities for the use of TIF or limitations or restrictions on the use of TIF within the municipality.

-LB 796, previously introduced by the Urban Affairs Committee, which added an additional reporting requirement for municipalities which utilize TIF. Under the bill, the annual report on active TIF projects presented to the governing body of the municipality must include the amount of outstanding indebtedness related to each active TIF project and an estimated date by which such indebtedness is expected to be paid in full.

-LB 797, previously introduced by the Urban Affairs Committee, which created a process for the removal of a substandard and blighted area designation or an extremely blighted area designation.

-LB 798, previously introduced by the Urban Affairs Committee, which provided that notwithstanding any other provision of law, the designation of an area as an extremely blighted area shall be valid for a period of twenty-five years.

-LB 836, previously introduced by Senator Hunt, which required that municipalities regularly review areas which have been designated as a substandard and blighted area or an extremely blighted area for more than thirty years to determine whether such area is still eligible for the designation.

While each of the 2022 bills above has also been drafted separately, LB 532 combines these proposals that have already been considered by the committee into a single proposal, with several minor changes.

#### Section-by-Section Summary:

Section 1 of the bill amends 18-2101 to harmonize new provisions into the statute.

Section 2 of the bill amends 18-2101.02 to restrict areas designated as “extremely blighted” to no less than 25 years from the date of enactment. The section clarifies that the designation may be removed prior the end of such period pursuant to section 6 of the act.

Section 3 of the bill amends 18-2105 to clean up language, and to add a provision that allows the governing body of a city to develop guidelines for the consideration or approval of redevelopment projects that are financed through TIF.

Section 4 of the bill amends 18-2117.02 to have redevelopment reports include the estimated amount of indebtedness related to each redevelopment project as a provision.

Section 5 of the bill amends 18-2142.05 to give any city outside of the metropolitan class of cities 60 months to turn in their housing study.

Section 6 of the bill provides that if an area has been designated as a substandard and blighted area or an extremely blighted area, the governing body of the city may review the area at any time to determine whether the area is still eligible for the relevant designation. The section also provides that if an area is found no longer blighted, the governing body of a city may remove the relevant designation by passing a resolution.

Section 7 of the bill provides that beginning in 2026, if an area has been designated as a substandard and blighted area for more than 30 years, the governing body of a city shall not approve a new redevelopment plan or project within the area unless a new study or analysis is completed. This does not apply to the downtown area of a city of the first class, second class, or village.

Section 8 of the bill repeals original sections.

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#### **Explanation of amendments:**

AM 1560 firstly adds a section to LB 532 which provides an additional provision under which any ad valorem tax levied upon real property in a redevelopment project for the benefit of any public body shall be divided.

This provision adds that for any redevelopment plan located in a city of the metropolitan class that includes a division of taxes, the funds shall be used for either (1) new construction of housing for households whose annual incomes are below the area median income for households and also located within six hundred yards of a public passenger streetcar, or (2) new construction of single-family housing or condominium housing used as primary residences for

individuals with annual incomes below the area median income for individuals. Either option of housing provided above shall be deemed related to the redevelopment plan that authorized such division of taxes regardless of whether such housing is located on real property within such redevelopment plan as long as such housing supports activities occurring on or identified in such redevelopment plan.

The city should make efforts to allocate no less than 30% of such funds to single family housing deemed related to the redevelopment plan, and give first priority to financially viable projects that serve the lowest income occupants for the longest period of time.

AM 1560 secondly inserts a new section at the end of LB 532 which allows an area either (1) designated as substandard and blighted, or (2) extremely blighted for more than 30 years, the governing body of the city shall not approve a new redevelopment plan or project within the area unless the city conducts an analysis of the redevelopment project that occurred within the area. This does not apply to the downtown area of a city of the first class, second class, or village.

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Terrell McKinney, Chairperson