

LEGISLATURE OF NEBRASKA
ONE HUNDRED EIGHTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 532

Introduced by McKinney, 11.

Read first time January 17, 2023

Committee: Urban Affairs

1 A BILL FOR AN ACT relating to the Community Development Law; to amend
2 sections 18-2101, 18-2101.02, 18-2105, 18-2117.02, and 18-2142.05,
3 Reissue Revised Statutes of Nebraska; to change provisions relating
4 to extremely blighted areas; to authorize guidelines for the
5 consideration and approval of certain redevelopment projects; to
6 change certain reporting requirements; to change provisions relating
7 to the construction of workforce housing; to provide for review and
8 removal of substandard and blighted area designations and extremely
9 blighted area designations; to provide requirements for approval of
10 certain redevelopment plans and redevelopment projects; to harmonize
11 provisions; and to repeal the original sections.
12 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 18-2101, Reissue Revised Statutes of Nebraska, is
2 amended to read:

3 18-2101 Sections 18-2101 to 18-2155 and sections 6 and 7 of this act
4 shall be known and may be cited as the Community Development Law.

5 Sec. 2. Section 18-2101.02, Reissue Revised Statutes of Nebraska, is
6 amended to read:

7 18-2101.02 (1) For any city that (a) intends to carry out a
8 redevelopment project which will involve the construction of workforce
9 housing in an extremely blighted area as authorized under subdivision
10 (28)(g) of section 18-2103, (b) intends to prepare a redevelopment plan
11 that will divide ad valorem taxes for a period of more than fifteen years
12 but not more than twenty years as provided in subdivision (3)(a) of
13 section 18-2147, (c) intends to declare an area as an extremely blighted
14 area for purposes of funding decisions under subdivision (1)(b) of
15 section 58-708, or (d) intends to declare an area as an extremely
16 blighted area in order for individuals purchasing residences in such area
17 to qualify for the income tax credit authorized in subsection (7) of
18 section 77-2715.07, the governing body of such city shall first declare,
19 by resolution adopted after the public hearings required under this
20 section, such area to be an extremely blighted area.

21 (2) Prior to making such declaration, the governing body of the city
22 shall conduct or cause to be conducted a study or an analysis on whether
23 the area is extremely blighted and shall submit the question of whether
24 such area is extremely blighted to the planning commission or board of
25 the city for its review and recommendation. The planning commission or
26 board shall hold a public hearing on the question after giving notice of
27 the hearing as provided in section 18-2115.01. The planning commission or
28 board shall submit its written recommendations to the governing body of
29 the city within thirty days after the public hearing.

30 (3) Upon receipt of the recommendations of the planning commission
31 or board, or if no recommendations are received within thirty days after

1 the public hearing required under subsection (2) of this section, the
2 governing body shall hold a public hearing on the question of whether the
3 area is extremely blighted after giving notice of the hearing as provided
4 in section 18-2115.01. At the public hearing, all interested parties
5 shall be afforded a reasonable opportunity to express their views
6 respecting the proposed declaration. After such hearing, the governing
7 body of the city may make its declaration.

8 (4) Copies of each study or analysis conducted pursuant to
9 subsection (2) of this section shall be posted on the city's public
10 website or made available for public inspection at a location designated
11 by the city.

12 (5) The study or analysis required under subsection (2) of this
13 section may be conducted in conjunction with the study or analysis
14 required under section 18-2109. The hearings required under this section
15 may be held in conjunction with the hearings required under section
16 18-2109.

17 (6) Notwithstanding any other provisions of the Community
18 Development Law, the designation of an area as an extremely blighted area
19 pursuant to this section shall be valid for a period of no less than
20 twenty-five years from the effective date of the resolution declaring
21 such area to be an extremely blighted area, except that such designation
22 may be removed prior to the end of such period pursuant to section 6 of
23 this act.

24 Sec. 3. Section 18-2105, Reissue Revised Statutes of Nebraska, is
25 amended to read:

26 18-2105 (1) The governing body of a city or an authority at its
27 direction for the purposes of the Community Development Law may formulate
28 for the city entire~~municipality~~ a workable program for utilizing
29 appropriate private and public resources to eliminate or prevent the
30 development or spread of urban blight, to encourage needed urban
31 rehabilitation, to provide for the redevelopment of substandard and

1 blighted areas, or to undertake any or all of such of the aforesaid
2 activities or other feasible ~~municipal~~ activities as may be suitably
3 employed to achieve the objectives of such workable program. Such
4 workable program may include, without limitation, provision for (a) the
5 prevention of the spread of blight into areas of the city municipality
6 which are free from blight through diligent enforcement of housing,
7 zoning, and occupancy controls and standards, (b) ÷ the rehabilitation or
8 conservation of substandard and blighted areas or portions of such areas
9 ~~thereof~~ by replanning, removing congestion, and providing parks,
10 playgrounds, and other public improvements by encouraging voluntary
11 rehabilitation and by compelling the repair and rehabilitation of
12 deteriorated or deteriorating structures, ÷ and (c) the clearance and
13 redevelopment of substandard and blighted areas or portions of such areas
14 ~~thereof~~.

15 (2) As part of a workable program formulated under subsection (1) of
16 this section, the governing body of a city or an authority may develop
17 guidelines for the consideration or approval of redevelopment projects
18 that are financed in whole or in part through the division of taxes as
19 provided in section 18-2147. Such guidelines may establish general goals
20 and priorities for the use of funds from such division of taxes or
21 limitations or restrictions on the use of funds from such division of
22 taxes within such city.

23 (3) Notwithstanding any other provisions of the Community
24 Development Law, where the local governing body certifies that an area is
25 in need of redevelopment or rehabilitation as a result of flood, fire,
26 hurricane, earthquake, storm, or other catastrophe respecting which the
27 Governor of the state has certified the need for disaster assistance
28 under federal law, the local governing body may approve a redevelopment
29 plan and a redevelopment project with respect to such area without regard
30 to the provisions of the Community Development Law requiring a general
31 plan for the city municipality and notice and public hearing or findings

1 other than as provided in this section ~~herein set forth~~.

2 Sec. 4. Section 18-2117.02, Reissue Revised Statutes of Nebraska, is
3 amended to read:

4 18-2117.02 On or before May 1 of each year, each authority, or such
5 other division or department of the city as designated by the governing
6 body, shall compile information regarding the approval and progress of
7 redevelopment projects that are financed in whole or in part through the
8 division of taxes as provided in section 18-2147 and report such
9 information to the governing body of the city and to the governing body
10 of each county, school district, community college area, educational
11 service unit, and natural resources district whose property taxes are
12 affected by such division of taxes. The report shall include, but not be
13 limited to, the following information:

14 (1) The total number of active redevelopment projects within the
15 city that have been financed in whole or in part through the division of
16 taxes as provided in section 18-2147;

17 (2) The total estimated project costs for all such redevelopment
18 projects;

19 (3) The estimated amount of outstanding indebtedness related to each
20 such redevelopment project and an estimated date by which such
21 indebtedness is expected to be paid in full;

22 (4) (3) A comparison between the initial projected valuation of
23 property included in each such redevelopment project as described in the
24 redevelopment contract or, for redevelopment projects approved using an
25 expedited review under section 18-2155, in the redevelopment plan and the
26 assessed value of the property included in each such redevelopment
27 project as of January 1 of the year of the report;

28 (5) (4) The number of such redevelopment projects approved by the
29 governing body in the previous calendar year;

30 (6) (5) Information specific to each such redevelopment project
31 approved by the governing body in the previous calendar year, including

1 the project area, project type, amount of financing approved, and total
2 estimated project costs;

3 (7) ~~(6)~~ The number of redevelopment projects for which financing has
4 been paid in full during the previous calendar year and for which taxes
5 are no longer being divided pursuant to section 18-2147; and

6 (8) ~~(7)~~ The percentage of the city that has been designated as
7 blighted.

8 Sec. 5. Section 18-2142.05, Reissue Revised Statutes of Nebraska, is
9 amended to read:

10 18-2142.05 Prior to approving a redevelopment project that expressly
11 carries out the construction of workforce housing, a governing body shall
12 (1) receive a housing study which is current within twenty-four months
13 for any city of the metropolitan class or current within sixty months for
14 any other city or village, (2) prepare an incentive plan for construction
15 of housing in the municipality targeted to house existing or new workers,
16 (3) hold a public hearing on such incentive plan with notice which
17 complies with the conditions set forth in section 18-2115.01, and (4)
18 after the public hearing find that such incentive plan is necessary to
19 prevent the spread of blight and substandard conditions within the
20 municipality, will promote additional safe and suitable housing for
21 individuals and families employed in the municipality, and will not
22 result in the unjust enrichment of any individual or company. A public
23 hearing held under this section shall be separate from any public hearing
24 held under section 18-2115.

25 Sec. 6. (1) If an area has been designated as a substandard and
26 blighted area under section 18-2109 or an extremely blighted area under
27 section 18-2101.02, the governing body of the city may review such area
28 at any time to determine whether the area is still eligible for the
29 relevant designation. As part of such review, the governing body may, but
30 need not:

31 (a) Examine any study or analysis of such area conducted pursuant to

1 section 18-2109 or 18-2101.02 to determine whether the conditions that
2 led to the relevant designation still exist; and

3 (b) Examine the conditions within the area to determine whether the
4 area still qualifies as a blighted area, a substandard area, or an
5 extremely blighted area as such terms are defined in section 18-2103.

6 (2) If a review is conducted under this section and the governing
7 body of the city finds that an area is no longer a substandard and
8 blighted area or an extremely blighted area, the governing body may
9 remove the relevant designation by passing a resolution declaring such
10 area to no longer be a substandard and blighted area or an extremely
11 blighted area. If the same area has been designated as both a substandard
12 and blighted area and an extremely blighted area, the governing body may
13 remove both designations in a single resolution.

14 (3) Removal of a substandard and blighted area designation or an
15 extremely blighted area designation pursuant to this section shall not
16 affect the validity of (a) any redevelopment plan or redevelopment
17 project involving such area that was approved prior to the removal of
18 such designation or (b) any bond, security for such bond, redevelopment
19 contract, or agreement relating to such a redevelopment plan or
20 redevelopment project.

21 Sec. 7. (1) Beginning January 1, 2026, if an area has been
22 designated as a substandard and blighted area under section 18-2109 for
23 more than thirty years, the governing body of the city shall not approve
24 a new redevelopment plan or redevelopment project within such area unless
25 and until (a) the city conducts a new study or analysis as described in
26 subsection (2) of section 18-2109 and (b) such study or analysis finds
27 that the area in question continues to qualify as a substandard and
28 blighted area.

29 (2) Beginning January 1, 2026, if an area has been designated as an
30 extremely blighted area under section 18-2101.02 for more than thirty
31 years, the governing body of the city shall not approve a new

1 redevelopment plan or redevelopment project within such area unless and
2 until (a) the city conducts a new study or analysis as described in
3 subsection (2) of section 18-2101.02 and (b) such study or analysis finds
4 that the area in question continues to qualify as an extremely blighted
5 area.

6 (3) This section does not apply to the downtown area of a city of
7 the first class, city of the second class, or village.

8 Sec. 8. Original sections 18-2101, 18-2101.02, 18-2105, 18-2117.02,
9 and 18-2142.05, Reissue Revised Statutes of Nebraska, are repealed.