

LEGISLATURE OF NEBRASKA
ONE HUNDRED NINTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 626

Introduced by Dover, 19.

Read first time January 22, 2025

Committee: Urban Affairs

1 A BILL FOR AN ACT relating to the Community Development Law; to amend
2 section 18-2102, Reissue Revised Statutes of Nebraska, and sections
3 18-2101.02 and 18-2103, Revised Statutes Cumulative Supplement,
4 2024; to authorize redevelopment projects involving affordable
5 housing as prescribed; to define and redefine terms; to harmonize
6 provisions; and to repeal the original sections.

7 Be it enacted by the people of the State of Nebraska,

1 **Section 1.** Section 18-2101.02, Revised Statutes Cumulative
2 Supplement, 2024, is amended to read:

3 18-2101.02 (1) For any city that (a) ~~intends to carry out a~~
4 ~~redevelopment project which will involve the construction of workforce~~
5 ~~housing in an extremely blighted area as authorized under subdivision~~
6 ~~(28)(g) of section 18-2103, (b) intends to prepare a redevelopment plan~~
7 that will divide ad valorem taxes for a period of more than fifteen years
8 but not more than twenty years as provided in subdivision (4)(a) of
9 section 18-2147, (b) ~~(c)~~ intends to declare an area as an extremely
10 blighted area for purposes of funding decisions under subdivision (1)(b)
11 of section 58-708, or (c) ~~(d)~~ intends to declare an area as an extremely
12 blighted area in order for individuals purchasing residences in such area
13 to qualify for the income tax credit authorized in subsection (7) of
14 section 77-2715.07, the governing body of such city shall first declare,
15 by resolution adopted after the public hearings required under this
16 section, such area to be an extremely blighted area.

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

26 (3) Upon receipt of the recommendations of the planning commission
27 or board, or if no recommendations are received within thirty days after
28 the public hearing required under subsection (2) of this section, the
29 governing body shall hold a public hearing on the question of whether the
30 area is extremely blighted after giving notice of the hearing as provided
31 in section 18-2115.01. At the public hearing, all interested parties

1 shall be afforded a reasonable opportunity to express their views
2 respecting the proposed declaration. After such hearing, the governing
3 body of the city may make its declaration.

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

8 (5) The study or analysis required under subsection (2) of this
9 section may be conducted in conjunction with the study or analysis
10 required under section 18-2109. The hearings required under this section
11 may be held in conjunction with the hearings required under section
12 18-2109.

13 (6) Notwithstanding any other provisions of the Community
14 Development Law, the designation of an area as an extremely blighted area
15 pursuant to this section shall be valid for a period of no less than
16 twenty-five years from the effective date of the resolution declaring
17 such area to be an extremely blighted area, except that such designation
18 may be removed prior to the end of such period pursuant to section
19 18-2156.

20 **Sec. 2.** Section 18-2102, Reissue Revised Statutes of Nebraska, is
21 amended to read:

22 18-2102 It is hereby found and declared that there exist in cities
23 of all classes and villages of this state areas which have deteriorated
24 and become substandard and blighted because of the unsafe, insanitary,
25 inadequate, or overcrowded condition of the dwellings therein, or because
26 of inadequate planning of the area, or excessive land coverage by the
27 buildings thereon, or the lack of proper light and air and open space, or
28 because of the defective design and arrangement of the buildings thereon,
29 or faulty street or lot layout, or congested traffic conditions, or
30 economically or socially undesirable land uses, or the lack of affordable
31 housing in the area. Such conditions or a combination of some or all of

1 them have resulted and will continue to result in making such areas
2 economic or social liabilities harmful to the social and economic well-
3 being of the entire communities in which they exist, needlessly
4 increasing public expenditures, imposing onerous municipal burdens,
5 decreasing the tax base, reducing tax revenue, substantially impairing or
6 arresting the sound growth of municipalities, aggravating traffic
7 problems, substantially impairing or arresting the elimination of traffic
8 hazards and the improvement of traffic facilities, and depreciating
9 general community-wide values. The existence of such areas contributes
10 substantially and increasingly to the spread of disease and crime,
11 necessitating excessive and disproportionate expenditures of public funds
12 for the preservation of the public health and safety, for crime
13 prevention, correction, prosecution, punishment and the treatment of
14 juvenile delinquency, and for the maintenance of adequate police, fire,
15 and accident protection and other public services and facilities. These
16 conditions are beyond remedy and control solely by regulatory process in
17 the exercise of the police power and cannot be dealt with effectively by
18 the ordinary operations of private enterprise without the aids herein
19 provided. The elimination of such conditions and the acquisition and
20 preparation of land in or necessary to the renewal of substandard and
21 blighted areas and its sale or lease for development or redevelopment in
22 accordance with general plans and redevelopment plans of communities and
23 any assistance which may be given by any state public body in connection
24 therewith are public uses and purposes for which public money may be
25 expended and private property acquired. The necessity in the public
26 interest for the provisions of the Community Development Law is hereby
27 declared to be a matter of legislative determination.

28 It is further found and declared that the prevention and elimination
29 of blight is a matter of state policy, public interest, and statewide
30 concern and within the powers and authority inhering in and reserved to
31 the state, in order that the state and its municipalities shall not

1 continue to be endangered by areas which are focal centers of disease,
2 promote juvenile delinquency, and consume an excessive proportion of
3 their revenue.

4 It is further found and declared that certain substandard and
5 blighted areas, or portions thereof, may require acquisition, clearance,
6 and disposition, subject to use restrictions, as provided in the
7 Community Development Law, since the prevailing conditions of decay may
8 make impracticable the reclamation of the area by conservation or
9 rehabilitation; that other areas or portions thereof may, through the
10 means provided in the Community Development Law, be susceptible of
11 conservation or rehabilitation in such a manner that the conditions and
12 evils, hereinbefore enumerated, may be eliminated, remedied, or
13 prevented; and that salvageable substandard and blighted areas can be
14 conserved and rehabilitated through appropriate public action and the
15 cooperation and voluntary action of the owners and tenants of property in
16 such areas.

17 **Sec. 3.** Section 18-2103, Revised Statutes Cumulative Supplement,
18 2024, is amended to read:

19 18-2103 For purposes of the Community Development Law, unless the
20 context otherwise requires:

21 (1) Affordable housing means (a) workforce housing, (b) housing
22 targeted for households earning less than sixty percent of the median
23 income for the county in which such housing is located, or (c) housing
24 under section 42 of the Internal Revenue Code;

25 (2) ~~(1)~~ Area of operation means and includes the area within the
26 corporate limits of the city and such land outside the city as may come
27 within the purview of sections 18-2123 and 18-2123.01;

28 (3) ~~(2)~~ Authority means any community redevelopment authority
29 created pursuant to section 18-2102.01 and any community development
30 agency created pursuant to section 18-2101.01 and does not include a
31 limited community redevelopment authority;

1 (4) ~~(3)~~ Blighted area means an area (a) which, by reason of the
2 presence of a substantial number of deteriorated or deteriorating
3 structures, existence of defective or inadequate street layout, faulty
4 lot layout in relation to size, adequacy, accessibility, or usefulness,
5 insanitary or unsafe conditions, deterioration of site or other
6 improvements, diversity of ownership, tax or special assessment
7 delinquency exceeding the fair value of the land, defective or unusual
8 conditions of title, improper subdivision, ~~or~~ obsolete or no platting, or
9 the existence of conditions which endanger life or property by fire and
10 other causes, or any combination of such factors, substantially impairs
11 or arrests the sound growth of the community, retards the provision of
12 housing accommodations, or constitutes an economic or social liability
13 and is detrimental to the public health, safety, morals, or welfare in
14 its present condition and use and (b) in which there is at least one of
15 the following conditions: (i) Unemployment in the designated area is at
16 least one hundred twenty percent of the state or national average; (ii)
17 the average age of the residential or commercial units in the area is at
18 least forty years; (iii) more than half of the plotted and subdivided
19 property in an area is unimproved land that has been within the city for
20 forty years and has remained unimproved during that time; (iv) the per
21 capita income of the area is lower than the average per capita income of
22 the city or village in which the area is designated; ~~or~~ (v) the area has
23 had either stable or decreasing population based on the last two
24 decennial censuses; or (vi) less than twenty percent of the housing in
25 the area is affordable housing. In no event shall a city of the
26 metropolitan, primary, or first class designate more than thirty-five
27 percent of the city as blighted, a city of the second class shall not
28 designate an area larger than fifty percent of the city as blighted, and
29 a village shall not designate an area larger than one hundred percent of
30 the village as blighted. A redevelopment project involving a formerly
31 used defense site as authorized under section 18-2123.01, any area which

1 is located within a good life district established under the Good Life
2 Transformational Projects Act, and any area declared to be an extremely
3 blighted area under section 18-2101.02 shall not count towards the
4 percentage limitations contained in this subdivision;

5 (5) ~~(4)~~ Bonds means any bonds, including refunding bonds, notes,
6 interim certificates, debentures, or other obligations issued pursuant to
7 the Community Development Law except for bonds issued pursuant to section
8 18-2142.04;

9 (6) ~~(5)~~ Business means any private business located in an enhanced
10 employment area;

11 (7) ~~(6)~~ City means any city or incorporated village in the state;

12 (8) ~~(7)~~ Clerk means the clerk of the city or village;

13 (9) ~~(8)~~ Community redevelopment area means a substandard and
14 blighted area which the community redevelopment authority designates as
15 appropriate for a redevelopment project;

16 (10) ~~(9)~~ Employee means a person employed at a business as a result
17 of a redevelopment project;

18 (11) ~~(10)~~ Employer-provided health benefit means any item paid for
19 by the employer in total or in part that aids in the cost of health care
20 services, including, but not limited to, health insurance, health savings
21 accounts, and employer reimbursement of health care costs;

22 (12) ~~(11)~~ Enhanced employment area means an area not exceeding six
23 hundred acres (a) within a community redevelopment area which is
24 designated by an authority as eligible for the imposition of an
25 occupation tax or (b) not within a community redevelopment area as may be
26 designated under section 18-2142.04;

27 (13) ~~(12)~~ Equivalent employees means the number of employees
28 computed by (a) dividing the total hours to be paid in a year by (b) the
29 product of forty times the number of weeks in a year;

30 (14) ~~(13)~~ Extremely blighted area means a substandard and blighted
31 area in which: (a) The average rate of unemployment in the area during

1 the period covered by the most recent federal decennial census or
2 American Community Survey 5-Year Estimate is at least two hundred percent
3 of the average rate of unemployment in the state during the same period;
4 and (b) the average poverty rate in the area exceeds twenty percent for
5 the total federal census tract or tracts or federal census block group or
6 block groups in the area;

7 (15) ~~(14)~~ Federal government means the United States of America, or
8 any agency or instrumentality, corporate or otherwise, of the United
9 States of America;

10 (16) ~~(15)~~ Governing body or local governing body means the city
11 council, board of trustees, or other legislative body charged with
12 governing the municipality;

13 (17) ~~(16)~~ Limited community redevelopment authority means a
14 community redevelopment authority created pursuant to section 18-2102.01
15 having only one single specific limited pilot project authorized;

16 (18) ~~(17)~~ Mayor means the mayor of the city or chairperson of the
17 board of trustees of the village;

18 (19) ~~(18)~~ New investment means the value of improvements to real
19 estate made in an enhanced employment area by a developer or a business;

20 (20) ~~(19)~~ Number of new employees means the number of equivalent
21 employees that are employed at a business as a result of the
22 redevelopment project during a year that are in excess of the number of
23 equivalent employees during the year immediately prior to the year that a
24 redevelopment plan is adopted;

25 (21) ~~(20)~~ Obligee means any bondholder, agent, or trustee for any
26 bondholder, or lessor demising to any authority, established pursuant to
27 section 18-2102.01, property used in connection with a redevelopment
28 project, or any assignee or assignees of such lessor's interest or any
29 part thereof, and the federal government when it is a party to any
30 contract with such authority;

31 (22) ~~(21)~~ Occupation tax means a tax imposed under section

1 18-2142.02;

2 (23) ~~(22)~~ Person means any individual, firm, partnership, limited
3 liability company, corporation, company, association, joint-stock
4 association, or body politic and includes any trustee, receiver,
5 assignee, or other similar representative thereof;

6 (24) ~~(23)~~ Public body means the state or any municipality, county,
7 township, board, commission, authority, district, or other political
8 subdivision or public body of the state;

9 (25) ~~(24)~~ Real property means all lands, including improvements and
10 fixtures thereon, and property of any nature appurtenant thereto, or used
11 in connection therewith, and every estate, interest and right, legal or
12 equitable, therein, including terms for years and liens by way of
13 judgment, mortgage, or otherwise, and the indebtedness secured by such
14 liens;

15 (26) ~~(25)~~ Redeveloper means any person, partnership, or public or
16 private corporation or agency which enters or proposes to enter into a
17 redevelopment contract;

18 (27) ~~(26)~~ Redevelopment contract means a contract entered into
19 between an authority and a redeveloper for the redevelopment of an area
20 in conformity with a redevelopment plan;

21 (28) ~~(27)~~ Redevelopment plan means a plan, as it exists from time to
22 time for one or more community redevelopment areas, or for a
23 redevelopment project, which (a) conforms to the general plan for the
24 municipality as a whole and (b) is sufficiently complete to indicate such
25 land acquisition, demolition and removal of structures, redevelopment,
26 improvements, and rehabilitation as may be proposed to be carried out in
27 the community redevelopment area, zoning and planning changes, if any,
28 land uses, maximum densities, and building requirements;

29 (29) ~~(28)~~ Redevelopment project means any work or undertaking in one
30 or more community redevelopment areas: (a) To acquire substandard and
31 blighted areas or portions thereof, including lands, structures, or

1 improvements the acquisition of which is necessary or incidental to the
2 proper clearance, development, or redevelopment of such substandard and
3 blighted areas; (b) to clear any such areas by demolition or removal of
4 existing buildings, structures, streets, utilities, or other improvements
5 thereon and to install, construct, or reconstruct streets, utilities,
6 parks, playgrounds, public spaces, public parking facilities, sidewalks
7 or moving sidewalks, convention and civic centers, bus stop shelters,
8 lighting, benches or other similar furniture, trash receptacles,
9 shelters, skywalks and pedestrian and vehicular overpasses and
10 underpasses, enhancements to structures in the redevelopment plan area
11 which exceed minimum building and design standards in the community and
12 prevent the recurrence of substandard and blighted conditions, and any
13 other necessary public improvements essential to the preparation of sites
14 for uses in accordance with a redevelopment plan; (c) to sell, lease, or
15 otherwise make available land in such areas for residential,
16 recreational, commercial, industrial, or other uses, including parking or
17 other facilities functionally related or subordinate to such uses, or for
18 public use or to retain such land for public use, in accordance with a
19 redevelopment plan; and may also include the preparation of the
20 redevelopment plan, the planning, survey, and other work incident to a
21 redevelopment project and the preparation of all plans and arrangements
22 for carrying out a redevelopment project; (d) to dispose of all real and
23 personal property or any interest in such property, or assets, cash, or
24 other funds held or used in connection with residential, recreational,
25 commercial, industrial, or other uses, including parking or other
26 facilities functionally related or subordinate to such uses, or any
27 public use specified in a redevelopment plan or project, except that such
28 disposition shall be at its fair value for uses in accordance with the
29 redevelopment plan; (e) to acquire real property in a community
30 redevelopment area which, under the redevelopment plan, is to be repaired
31 or rehabilitated for dwelling use or related facilities, repair or

1 rehabilitate the structures, and resell the property; (f) to carry out
2 plans for a program of voluntary or compulsory repair, rehabilitation, or
3 demolition of buildings in accordance with the redevelopment plan; and
4 (g) ~~in a rural community or in an extremely blighted area within a~~
5 ~~municipality that is not a rural community,~~ to carry out construction of
6 affordable workforce housing;

7 (30) ~~(29)~~ Redevelopment project valuation means the valuation for
8 assessment of the taxable real property in a redevelopment project last
9 certified for the year prior to the effective date of the provision
10 authorized in section 18-2147;

11 (31) ~~(30)~~ Rural community means any municipality in a county with a
12 population of fewer than one hundred thousand inhabitants as determined
13 by the most recent federal decennial census;

14 (32) ~~(31)~~ Substandard area means an area in which less than twenty
15 percent of the housing is affordable housing or in which there is a
16 predominance of buildings or improvements, whether nonresidential or
17 residential in character, which, by reason of dilapidation,
18 deterioration, age or obsolescence, inadequate provision for ventilation,
19 light, air, sanitation, or open spaces, high density of population and
20 overcrowding, or the existence of conditions which endanger life or
21 property by fire and other causes, or any combination of such factors, is
22 conducive to ill health, transmission of disease, infant mortality,
23 juvenile delinquency, and crime, (which cannot be remedied through
24 construction of prisons), and is detrimental to the public health,
25 safety, morals, or welfare; and

26 (33) ~~(32)~~ Workforce housing means:

27 (a) Housing that meets the needs of today's working families;

28 (b) Housing that is attractive to new residents considering
29 relocation to a rural community;

30 (c) Owner-occupied housing units that cost not more than two hundred
31 seventy-five thousand dollars to construct or rental housing units that

1 cost not more than two hundred thousand dollars per unit to construct.
2 For purposes of this subdivision (c), housing unit costs shall be updated
3 annually by the Department of Economic Development based upon the most
4 recent increase or decrease in the Producer Price Index for all
5 commodities, published by the United States Department of Labor, Bureau
6 of Labor Statistics;

7 (d) Owner-occupied and rental housing units for which the cost to
8 substantially rehabilitate exceeds fifty percent of a unit's assessed
9 value; and

10 (e) Upper-story housing.

11 **Sec. 4.** Original section 18-2102, Reissue Revised Statutes of
12 Nebraska, and sections 18-2101.02 and 18-2103, Revised Statutes
13 Cumulative Supplement, 2024, are repealed.