

Amend CSSB 18 (house committee printing) as follows:

(1) In SECTION 1 of the bill, in amended Section 2206.001(b)(3), Government Code (page 2, line 1), strike "is a secondary purpose resulting" and substitute "results [~~is a secondary purpose resulting~~]".

(2) In SECTION 1 of the bill, in amended Section 2206.001(b)(3), Government Code (page 2, line 4), strike "slum or" and substitute "[~~slum or~~]".

(3) In SECTION 19 of the bill (page 23), insert the following appropriately designated subsections and redesignate existing subsections appropriately:

() Sections 374.003(19) and 374.016, Local Government Code, are repealed.

() Section 311.008(c), Tax Code, is repealed.

(4) In SECTION 20 of the bill (page 23, line 25), between "Code," and "and", insert "Chapters 373 and 374, Local Government Code,".

(5) Insert the following appropriately numbered SECTIONS and renumber SECTIONS of the bill appropriately:

SECTION _____. Section 373.002(b), Local Government Code, is amended to read as follows:

(b) Activities conducted under this chapter are directed toward the following purposes:

(1) elimination of [~~slums and~~] areas affected by blight;

(2) prevention of blighting influences and of the deterioration of property and neighborhood and community facilities important to the welfare of the community;

(3) elimination of conditions detrimental to the public health, safety, and welfare;

(4) expansion and improvement of the quantity and quality of community services essential for the development of viable urban communities;

(5) more rational use of land and other natural resources;

(6) improved arrangement of residential, commercial, industrial, recreational, and other necessary activity centers;

(7) restoration and preservation of properties of special value for historic, architectural, or aesthetic reasons;

(8) reduction of the isolation of income groups in communities and geographical areas, promotion of increased diversity and vitality of neighborhoods through spatial deconcentration of housing opportunities for persons of low and moderate income, and revitalization of deteriorating or deteriorated neighborhoods to attract persons of higher income; and

(9) alleviation of physical and economic distress through the stimulation of private investment and community revitalization in [~~slum or~~] blighted areas.

SECTION _____. Section 373.004, Local Government Code, is amended to read as follows:

Sec. 373.004. GOALS OF PROGRAM. Through a community development program, a municipality may conduct work or activities designed to:

(1) improve the living and economic conditions of persons of low and moderate income;

(2) benefit low or moderate income neighborhoods;

(3) aid in the prevention or elimination of [~~slums and~~] blighted areas;

(4) aid a federally assisted new community; or

(5) meet other urgent community development needs, including an activity or function specified for a community development program that incorporates a federally assisted new community.

SECTION _____. Section 373.006, Local Government Code, is amended to read as follows:

Sec. 373.006. REQUIRED PROCEDURES BEFORE ADOPTION OF COMMUNITY DEVELOPMENT PROGRAM. Before exercising powers under Section 373.005, the governing body of the municipality must:

(1) identify areas of the municipality in which predominantly low and moderate income persons reside and each unit of real property in the municipality[7] that has the characteristics of blight [~~are blighted or slum areas~~] or that is a [~~are~~] federally assisted new community in the municipality [~~communities~~];

(2) establish community development program areas in which community development activities, building rehabilitation, or the acquisition of privately owned buildings or land is proposed;

(3) adopt, by resolution or ordinance, a plan under which citizens may publicly comment on the proposed community development program;

(4) conduct public hearings on the proposed program before the 15th day before the date of its final adoption by the governing body; and

(5) adopt the community development program by resolution or ordinance.

SECTION _____. Sections 374.002(a) and (b), Local Government Code, are amended to read as follows:

(a) The legislature finds that [~~slum and~~] blighted areas exist in municipalities in this state and that those areas:

(1) are a serious and growing menace that is injurious and inimical to the public health, safety, morals, and welfare of the residents of this state;

(2) contribute substantially and increasingly to the spread of disease and crime, requiring excessive and disproportionate expenditures of public funds for the preservation of the public health and safety, and for crime prevention, correctional facilities, prosecution and punishment, treatment of juvenile delinquency, and the maintenance of adequate police, fire, and accident protection and other public services and facilities; and

(3) constitute an economic and social liability, substantially impair the sound growth of affected municipalities, and retard the provision of housing accommodations.

(b) For these reasons, prevention and elimination of [~~slum and~~] blighted areas are matters of state policy and concern that may be best addressed by the combined action of private enterprise, municipal regulation, and other public action through approved urban renewal plans. The legislature further finds that the repair and rehabilitation of buildings and other improvements in affected areas, public acquisition of real property, demolition of buildings

and other improvements as necessary to eliminate [~~slum or~~] blight conditions or to prevent the spread of those conditions, the disposition of property acquired in affected areas and incidental to the purposes stated by this subsection, and other public assistance to eliminate those conditions are public purposes for which public money may be spent and the power of eminent domain exercised.

SECTION _____. Sections 374.003(3), (18), (25), (26), and (28), Local Government Code, are amended to read as follows:

(3) "Blighted area" means a tract or unit of real property [an area] that presents four or more of the following conditions for at least one year after the date on which notice of the conditions is provided to the property owner as required by Section 374.018(a)(1) or (b):

(A) the property contains uninhabitable, unsafe, or abandoned structures;

(B) the property has inadequate provisions for sanitation;

(C) there exists on the property an imminent harm to life or other property caused by fire, flood, hurricane, tornado, earthquake, storm, or other natural catastrophe declared to have brought about a state of disaster under Section 418.014, Government Code, or that brought about a disaster for which a request for federal assistance is made under Section 418.021, Government Code;

(D) the property has been identified by the United States Environmental Protection Agency as a superfund site under the federal Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. Section 9601 et seq.) or as environmentally contaminated to an extent that the property requires remedial investigation or a feasibility study;

(E) the property has been the location of substantiated and repeated illegal activity of which the property owner knew or should have known;

(F) the maintenance of the property is below county or municipal standards;

(G) the property is abandoned and contains a

structure that is not fit for its intended use because the utilities, sewerage, plumbing, or heating or a similar service or facility of the structure has been disconnected, destroyed, removed, or rendered ineffective; or

(H) the property presents an economic liability to the immediate area because of deteriorating structures or hazardous conditions [~~is not a slum area, but that, because of deteriorating buildings, structures, or other improvements, defective or inadequate streets, street layout, or accessibility, unsanitary conditions, or other hazardous conditions, adversely affects the public health, safety, morals, or welfare of the municipality and its residents, substantially retards the provision of a sound and healthful housing environment, or results in an economic or social liability to the municipality. The term includes an area certified as a disaster area as provided by Section 374.903~~].

(18) "Rehabilitation" means the restoration of buildings or other structures to prevent deterioration of an area that is tending to become a blighted area [~~or a slum area~~].

(25) "Urban renewal activities" includes [~~slum clearance,~~] redevelopment, rehabilitation, and conservation activities to prevent further deterioration of an area that is tending to become a blighted [~~or slum~~] area. The term includes:

(A) the acquisition of all or part of a [~~slum area~~ ~~or~~] blighted area or the acquisition of land that is predominantly open and that, because of obsolete platting, diversity of ownership, deterioration of structures or site improvements, or for other reasons, substantially impairs or arrests the sound growth of the community;

(B) the demolition and removal of buildings and improvements;

(C) the installation, construction, or reconstruction of streets, utilities, parks, playgrounds, and other improvements necessary to fulfill urban renewal objectives in accordance with an urban renewal plan;

(D) the disposition by the municipality of property acquired in an urban renewal area for use in accordance

with an urban renewal plan, including the sale or initial lease of the property at its fair value or the retention of the property;

(E) the implementation of plans for a program of voluntary repair and rehabilitation of buildings or improvements in accordance with an urban renewal plan; and

(F) the acquisition of real property in an urban renewal area as necessary to remove or prevent the spread of blight or deterioration or to provide land for needed public facilities.

(26) "Urban renewal area" means a [~~slum area,~~] blighted area[~~, or a combination of those areas~~] that the governing body of a municipality designates as appropriate for an urban renewal project.

(28) "Urban renewal project" includes any of the following activities undertaken in accordance with an urban renewal plan:

(A) municipal activities in an urban renewal area that are designed to eliminate or to prevent the development or spread of [~~slums and~~] blighted areas;

(B) [~~slum clearance and redevelopment in an urban renewal area,~~

[~~(C)~~] rehabilitation or conservation in an urban renewal area;

(C) [~~(D)~~] development of open land that, because of location or situation, is necessary for sound community growth and that is to be developed, by replatting and planning, for predominantly residential uses; or

(D) [~~(E)~~] any combination or part of the activities described by Paragraphs (A)-(C) [~~(A)-(D)~~].

SECTION _____. Section 374.011, Local Government Code, is amended by amending Subsection (a) and adding Subsection (d) to read as follows:

(a) Except as provided by Section 374.012, a municipality may not exercise a power granted under this chapter unless:

(1) the governing body of the municipality adopts a resolution that finds that a [~~slum area or~~] blighted area exists in the municipality and that the rehabilitation, the conservation, or the [~~slum clearance and~~] redevelopment of the area is necessary for

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

(2) a majority of the municipality's voters voting in an election held as provided by Subsection (b) favor adoption of the resolution.

(d) The governing body of the municipality must determine that each unit of real property included in a resolution under Subsection (a) has the characteristics of blight.

SECTION _____. Section 374.012(c), Local Government Code, is amended to read as follows:

(c) The resolution ordering the election and the notice of the election must contain:

(1) a complete legal description of each unit of real property [~~the area~~] included in the proposed project;

(2) a statement of the nature of the proposed project; [~~and~~]

(3) a statement of the total amount of local funds to be spent on the proposed project; and

(4) a statement that each unit of real property has the characteristics of blight.

SECTION _____. Section 374.013(a), Local Government Code, is amended to read as follows:

(a) To further the urban renewal objectives of this chapter, a municipality may formulate a workable program to use appropriate private and public resources, including the resources specified by Subsection (b), to encourage urban rehabilitation, to provide for the redevelopment of [~~slum and~~] blighted areas, or to undertake those activities or other feasible municipal activities as may be suitably employed to achieve the objective of the program. The program must specifically include provisions relating to:

(1) prevention, through diligent enforcement of housing and occupancy controls and standards, of the expansion of blight into areas of the municipality that are free from blight; and

(2) rehabilitation or conservation of [~~slum and~~] blighted areas as far as practicable to areas that are free from blight through replanning, removing congestion, providing parks, playgrounds, and other public improvements, encouraging voluntary

rehabilitation and requiring the repair and rehabilitation of deteriorated or deteriorating structures [~~and the clearance and redevelopment of slum areas~~].

SECTION _____. Section 374.014(a), Local Government Code, is amended to read as follows:

(a) A municipality may not prepare an urban renewal plan for an area unless the governing body of the municipality has, by resolution, declared the area to be a [~~slum area, a~~] blighted area [~~or both~~] and has designated the area as appropriate for an urban renewal project. The governing body may not approve an urban renewal plan until a general plan has been prepared for the municipality. A municipality may not acquire real property for an urban renewal project until the governing body has approved the urban renewal plan as provided by Subsection (d).

SECTION _____. Sections 374.015(a) and (d), Local Government Code, are amended to read as follows:

(a) A municipality may exercise all powers necessary or convenient to carry out the purposes of this chapter, including the power to:

(1) conduct preliminary surveys to determine if undertaking an urban renewal project is feasible;

(2) conduct urban renewal projects within its area of operation;

(3) execute contracts and other instruments necessary or convenient to the exercise of its powers under this chapter;

(4) provide, arrange, or contract for the furnishing or repair by any person of services, privileges, works, streets, roads, public utilities, or other facilities in connection with an urban renewal project, including installation, construction, and reconstruction of streets, utilities, parks, playgrounds, and other public improvements necessary to carry out an urban renewal project;

(5) acquire any real property, including improvements, and any personal property necessary for administrative purposes, that is necessary or incidental to an urban renewal project, hold, improve, clear, or prepare the property for redevelopment, mortgage or otherwise encumber or

dispose of the real property, insure or provide for the insurance of real or personal property or municipal operations against any risk or hazard and to pay premiums on that insurance, and enter any necessary contracts;

(6) invest urban renewal project funds held in reserves or sinking funds, or not required for immediate disbursement, in property or securities in which banks may legally invest funds subject to their control, redeem bonds issued under Section 374.026 at the redemption price established in the bond, or purchase those bonds at less than the redemption price, and cancel the bonds redeemed or purchased;

(7) borrow money and apply for and accept advances, loans, grants, contributions, and other forms of financial assistance from the federal, state, or county government, other public body, or other public or private sources for the purposes of this chapter, give any required security, and make and carry out any contracts in connection with the financial assistance;

(8) make plans necessary to carry out this chapter in its area of operation, contract with any person in making and carrying out the plans, and adopt, approve, modify or amend the plans;

(9) develop, test, and report methods and techniques for the prevention of [~~slums~~ and] urban blight, conduct demonstrations and other activities in connection with those methods and techniques, and apply for, accept, and use federal grants made for those purposes;

(10) prepare plans and provide reasonable assistance for the relocation of persons displaced from an urban renewal project area, including families, business concerns, and others, as necessary to acquire possession and to clear the area in order to conduct the urban renewal project;

(11) appropriate funds and make expenditures as necessary to implement this chapter and, subject to Subsection (c), levy taxes and assessments for that purpose;

(12) close, vacate, plan, or replan streets, roads, sidewalks, ways, or other places, plan, replan, zone, or rezone any part of the municipality and make exceptions from building

regulations, and enter agreements with an urban renewal agency vested with urban renewal powers under Subchapter C, which may extend over any period, restricting action to be taken by the municipality under any of the powers granted under this chapter;

(13) organize, coordinate, and direct the administration of this chapter within the area of operation as those provisions apply to the municipality to most effectively promote and achieve the purposes of this chapter and establish new municipal offices or reorganize existing offices as necessary to most effectively implement those purposes; and

(14) issue tax increment bonds.

(d) A [~~Except as provided by Section 374.016, a~~] municipality may acquire by condemnation any interest in real property, including a fee simple interest, that the municipality considers necessary for or in connection with an urban renewal project. Property dedicated to a public use may be acquired in that manner, except that property belonging to the state or to a political subdivision of the state may not be acquired without the consent of the state or political subdivision.

SECTION _____. Section 374.017(d), Local Government Code, is amended to read as follows:

(d) Real property or an interest in real property subject to this section may only be sold, leased, or otherwise transferred or retained at not less than the fair value of the property for uses in accordance with the urban renewal plan. In determining the fair value, the municipality shall consider:

(1) the uses provided in the urban renewal plan;

(2) any restrictions on and any covenants, conditions, and obligations assumed by the purchaser, lessee, or municipality in retaining the property;

(3) the objectives of the plan for the prevention of the recurrence of [~~slums or~~] blighted areas; and

(4) any other matters that the municipality specifies as appropriate.

SECTION _____. Subchapter B, Chapter 374, Local Government Code, is amended by adding Sections 374.018 and 374.019 to read as follows:

Sec. 374.018. LIMITATIONS ON CHARACTERIZATIONS OF BLIGHT.

(a) Notwithstanding any other law, an area may not be considered a blighted area on the basis of a condition described by Section 374.003 unless:

(1) the municipality has given notice in writing to the property owner by first class mail regarding the condition to the:

(A) last known address of the property owner; and

(B) physical address of the property; and

(2) the property owner fails to take reasonable measures to remedy the condition.

(b) If a mailing address for the property owner cannot be determined, the municipality shall post notice in writing regarding the condition in a conspicuous place on the property.

(c) An area may not be considered a blighted area solely for an aesthetic reason.

(d) A determination by a municipality that a unit of real property has the characteristics of blight is valid for two years.

(e) After the two-year period prescribed by Subsection (d), a municipality may make a new determination that the unit of real property has the characteristics of blight and redesignate the unit of real property as a blighted area for another two-year period.

(f) A municipality shall remove a determination of blight under this chapter if the municipality finds that the property owner has remedied the condition that was the basis for the determination.

Sec. 374.019. COMMON OWNER PROPERTY. For the purposes of this chapter and Chapter 21, Property Code, if a municipality determines that two or more contiguous units of real property that are owned by the same person have the characteristics of blight, the municipality may treat those units of real property as one unit of real property.

SECTION _____. Section 374.021(b), Local Government Code, is amended to read as follows:

(b) In this section, "urban renewal project powers" includes the rights, powers, functions, and duties of a municipality under this chapter. The term does not include the

power to:

(1) determine an area as a [~~slum area,~~] blighted area[~~, or both~~] and to designate that area as appropriate for an urban renewal project;

(2) approve and amend urban renewal plans and hold public hearings relating to those plans;

(3) establish a general plan for the locality as a whole;

(4) establish a workable program under Section 374.013;

(5) make determinations and findings under Section 374.011(a), 374.013(b), or 374.014(d);

(6) issue general obligation bonds; and

(7) appropriate funds, levy taxes and assessments, and exercise other functions under Subdivisions (11) and (12) of Section 374.015(a).

SECTION _____. Section 311.002, Tax Code, is amended by amending Subdivision (1) and adding Subdivision (1-a) to read as follows:

(1) "Blighted area" has the meaning assigned by Section 374.003, Local Government Code.

(1-a) "Project costs" means the expenditures made or estimated to be made and monetary obligations incurred or estimated to be incurred by the municipality or county establishing a reinvestment zone that are listed in the project plan as costs of public works or public improvements in the zone, plus other costs incidental to those expenditures and obligations. "Project costs" include:

(A) capital costs, including the actual costs of the acquisition and construction of public works, public improvements, new buildings, structures, and fixtures; the actual costs of the acquisition, demolition, alteration, remodeling, repair, or reconstruction of existing buildings, structures, and fixtures; and the actual costs of the acquisition of land and equipment and the clearing and grading of land;

(B) financing costs, including all interest paid to holders of evidences of indebtedness or other obligations issued

to pay for project costs and any premium paid over the principal amount of the obligations because of the redemption of the obligations before maturity;

(C) real property assembly costs;

(D) professional service costs, including those incurred for architectural, planning, engineering, and legal advice and services;

(E) imputed administrative costs, including reasonable charges for the time spent by employees of the municipality or county in connection with the implementation of a project plan;

(F) relocation costs;

(G) organizational costs, including the costs of conducting environmental impact studies or other studies, the cost of publicizing the creation of the zone, and the cost of implementing the project plan for the zone;

(H) interest before and during construction and for one year after completion of construction, whether or not capitalized;

(I) the cost of operating the reinvestment zone and project facilities;

(J) the amount of any contributions made by the municipality or county from general revenue for the implementation of the project plan; and

(K) payments made at the discretion of the governing body of the municipality or county that the governing body finds necessary or convenient to the creation of the zone or to the implementation of the project plans for the zone.

SECTION _____. Sections 311.008(b) and (e), Tax Code, are amended to read as follows:

(b) A municipality or county may exercise any power necessary and convenient to carry out this chapter, including the power to:

(1) cause project plans to be prepared, approve and implement the plans, and otherwise achieve the purposes of the plan;

(2) acquire real property by purchase [~~condemnation~~];

~~or other means~~] to implement project plans and sell that property on the terms and conditions and in the manner it considers advisable;

(3) enter into agreements, including agreements with bondholders, determined by the governing body of the municipality or county to be necessary or convenient to implement project plans and achieve their purposes, which agreements may include conditions, restrictions, or covenants that run with the land or that by other means regulate or restrict the use of land; and

(4) consistent with the project plan for the zone:

(A) acquire ~~[blighted, deteriorated, deteriorating, undeveloped, or inappropriately developed]~~ real property or other property in a blighted area, in an undeveloped area, or in a federally assisted new community in the zone for the preservation or restoration of historic sites, beautification or conservation, the provision of public works or public facilities, or other public purposes;

(B) acquire, construct, reconstruct, or install public works, facilities, or sites or other public improvements, including utilities, streets, street lights, water and sewer facilities, pedestrian malls and walkways, parks, flood and drainage facilities, or parking facilities, but not including educational facilities; ~~[or]~~

(C) in a reinvestment zone created on or before September 1, 1999, acquire, construct, or reconstruct educational facilities in the municipality; or

(D) acquire by condemnation any interest, including a fee simple interest, in real property that is a blighted area and necessary for the reinvestment zone.

(e) A municipality or county may acquire by condemnation an interest in real property only if the taking is in accordance with Chapter 2206, Government Code. ~~[The implementation of a project plan to alleviate a condition described by Section 311.005(a)(1), (2), or (3) and to promote development or redevelopment of a reinvestment zone in accordance with this chapter serves a public purpose.]~~