

# SENATE BILL REPORT

## SHB 2357

---

---

As Reported By Senate Committee On:  
Economic Development & Telecommunications, February 26, 2002

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

**Brief Description:** Addressing community renewal.

**Sponsors:** House Committee on Trade & Economic Development (originally sponsored by Representatives Veloria, Mulliken, Ogden, Fromhold, Upthegrove, Kessler, Schual-Berke, Conway and Kagi).

**Brief History:**

**Committee Activity:** Economic Development & Telecommunications: 2/26/02 [DPA].

---

### SENATE COMMITTEE ON ECONOMIC DEVELOPMENT & TELECOMMUNICATIONS

**Majority Report:** Do pass as amended.

Signed by Senators T. Sheldon, Chair; B. Sheldon, Vice Chair; Finkbeiner, McCaslin and Rossi.

**Staff:** Kim Johnson (786-7486)

**Background:** The current urban renewal law was enacted in 1957 and authorizes any city, town, or county to improve and redevelop blighted areas of the community by encouraging redevelopment through public-private partnerships.

A municipality must first adopt a resolution that declares and establishes that the proposed area is blighted. A blighted area may include, among other things, poorly constructed buildings, faulty planning, lack of open spaces and deteriorated properties.

After declaring an area blighted, the municipality must develop a plan that outlines the use of public and private funds to eliminate or prevent the spread of the blighted area, steps to encourage the redevelopment of the area, and activities that will achieve the goals of the plan. In order to adopt the plan, the municipality must provide public notice and hold a public hearing.

Adoption of the plan allows a municipality to: provide for construction of infrastructure within the blighted area; accept financial assistance; contract with public or private persons; acquire property through eminent domain; dispose of acquired property for its fair market value; and, issue bonds to pay for the cost of public improvements in the blighted area.

**Summary of Amended Bill:** The title is changed to the Community Renewal Act, and "urban renewal" is replaced with "community renewal."

Modifying the Community Renewal Plan: Activities designed to reduce unemployment and poverty within the community renewal area may be included in the plan. The plan may address the replacement of housing that is lost as a result of community renewal activities. Additionally, the plan must be consistent with the municipality's plans adopted under the state's Growth Management Act, or any other applicable planning statutes.

Modifying Community Renewal Powers: A municipality may decide to have the powers of a community renewal agency exercised through a board or commission, the local governing body, or other entity as specified in the bill.

The community renewal powers of a municipality are expanded to:

- Allow loans or grants to private persons or entities for the purpose of creating or retaining jobs, a substantial portion of which are for persons of low income.
- Make payments, loans, or grants to provide assistance to and contract with affected parties in the community renewal zone.

Modifying the Acquisition/Disposition of Real Property: The municipality must obtain approval from its legislative body before acquiring or disposing of property.

The property acquisition process is revised to allow a municipality to acquire real property for a community renewal project either before or after the selection of a redeveloper.

A municipality may dispose of real property in a community renewal area for "adequate consideration." In determining adequate consideration, the municipality may take into consideration the public benefits to be realized, including furthering the objectives of the community renewal plan.

All covenants, restrictions, and waivers on the real property in the favor of the municipality are enforceable against the person or their heirs or successors.

Modifying Bond Security/Excise Tax Increment Revenue: A municipality may pledge any excess local excise taxes generated by business activity within the boundaries of the community renewal area to pay for bonds issued to finance public improvements of that area.

Creating Local Improvement Districts: A community renewal agency is authorized to establish a local improvement district within a community renewal area, and levy special assessments used to pay off bonds issued to finance the local improvements.

Miscellaneous Provisions: A municipality may enter into an agreement with a public corporation, commission, authority, housing authority, city or county public facilities district, or a port district to carry out community renewal activities.

**Amended Bill Compared to Substitute Bill:** The amendment permits a county or municipal corporation to utilize the supplemental alternative public works contracting procedures in connection with the design, construction, reconstruction, or remodeling of a regional center funded by a Public Facilities District.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Testimony For:** This bill allows the old 1950's urban renewal law to be a useful economic development tool to today's local governments. Successful economic development requires that local governments have the ability to be creative and flexible.

**Testimony Against:** None.

**Testified:** Hugh Spitzer, Foster, Pepper, & Shefelman (pro); Gerald Baugh, City of Vancouver (pro); Bryan Wahl, Washington Association of Realtors (pro).