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HOUSE BILL 2423

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By Representatives Springer, Rodne, Herrera, Shea, Kessler, Eddy, McCune, Blake, Rolfes, Morrell, Campbell, Kelley, Smith, O'Brien, Sullivan, and Van De Wege; by request of Attorney General

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1 AN ACT Relating to the community renewal law; amending RCW  
2 35.81.005, 35.81.015, 35.81.040, 35.81.050, 35.81.060, 35.81.070,  
3 35.81.080, and 35.81.090; and repealing RCW 35.81.030.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 **Sec. 1.** RCW 35.81.005 and 2002 c 218 s 2 are each amended to read  
6 as follows:

7 It is hereby found and declared that blighted (~~areas which~~)  
8 properties constitute a serious and growing menace, are injurious to  
9 the public health(~~(,)~~) and safety(~~(, morals and welfare)~~) of the  
10 residents of the state, and exist in municipalities of the state(~~(+)~~  
11 ~~that the existence of such areas contributes substantially and~~  
12 ~~increasingly to the spread of disease and crime and depreciation of~~  
13 ~~property values, constitutes an economic and social liability,~~  
14 ~~substantially impairs or arrests the sound growth of municipalities,~~  
15 ~~retards the provision of housing accommodations, hinders job creation~~  
16 ~~and economic growth, aggravates traffic problems and substantially~~  
17 ~~impairs or arrests the elimination of traffic hazards and the~~  
18 ~~improvement of traffic facilities; and that)). The prevention and  
19 elimination of such ((areas)) properties is a matter of state policy~~

1 and state concern in order that the state and its municipalities shall  
2 not continue to be endangered by ~~((areas which))~~ properties that are  
3 focal centers of disease, promote juvenile delinquency, are conducive  
4 to fires, and are difficult to police and to provide police protection  
5 for~~(, and, while contributing little to the tax income of the state~~  
6 ~~and its municipalities, consume an excessive proportion of its revenues~~  
7 ~~because of the extra services required for police, fire, accident,~~  
8 ~~hospitalization and other forms of public protection, services, and~~  
9 ~~facilities)).~~

10 It is further found and declared that certain of such ~~((areas))~~  
11 properties, or portions thereof, may require acquisition, clearance,  
12 and disposition subject to use restrictions, as provided in this  
13 chapter, since the prevailing condition of decay may make impracticable  
14 the reclamation of the ~~((area))~~ properties by rehabilitation; that  
15 other ~~((areas))~~ properties or portions thereof may, through the means  
16 provided in this chapter, be susceptible of rehabilitation in such a  
17 manner that the conditions and evils hereinbefore enumerated may be  
18 eliminated, remedied, or prevented; and that to the extent feasible  
19 salvable blighted ~~((areas))~~ properties should be rehabilitated through  
20 voluntary action and the regulatory process.

21 ~~((It is further found and declared that there is an urgent need to~~  
22 ~~enhance the ability of municipalities to act effectively and~~  
23 ~~expeditiously to revive blighted areas and to prevent further blight~~  
24 ~~due to shocks to the economy of the state and their actual and~~  
25 ~~threatened effects on unemployment, poverty, and the availability of~~  
26 ~~private capital for businesses and projects in the area.))~~

27 It is further found and declared that the powers conferred by this  
28 chapter are for public uses and purposes for which public money may be  
29 expended and the power of eminent domain exercised~~((; and that the~~  
30 ~~necessity in the public interest for the provisions herein enacted is~~  
31 ~~hereby declared as a matter of legislative determination)).~~

32 **Sec. 2.** RCW 35.81.015 and 2002 c 218 s 1 are each amended to read  
33 as follows:

34 The following terms wherever used or referred to in this chapter,  
35 shall have the following meanings, unless a different meaning is  
36 clearly indicated by the context:

1 (1) "Agency" or "community renewal agency" means a public agency  
2 created under RCW 35.81.160 or otherwise authorized to serve as a  
3 community renewal agency under this chapter.

4 (2) "Blighted ~~((area))~~ property" means ~~((an area which))~~ a specific  
5 property that, by reason of the substantial physical dilapidation,  
6 deterioration, defective construction, and material~~((, and arrangement~~  
7 ~~and/or age or obsolescence))~~ of buildings or improvements, whether  
8 residential or nonresidential, inadequate provision for ventilation,  
9 light, proper sanitary facilities, or open spaces as determined by  
10 competent appraisers on the basis of an examination of the building  
11 standards of the municipality; ~~((inappropriate uses of land or~~  
12 ~~buildings; existence of overcrowding of buildings or structures;~~  
13 ~~defective or inadequate street layout; faulty lot layout in relation to~~  
14 ~~size, adequacy, accessibility or usefulness; excessive land coverage;~~  
15 ~~insanitary))~~ unsanitary or unsafe conditions; deterioration of site;  
16 existence of hazardous soils, substances, or materials; ~~((diversity of~~  
17 ~~ownership;))~~ tax or special assessment delinquency exceeding the fair  
18 value of the land; defective or unusual conditions of title; ~~((improper~~  
19 ~~subdivision or obsolete platting; existence of persistent and high~~  
20 ~~levels of unemployment or poverty within the area;))~~ or the existence  
21 of conditions that endanger life or property by fire or other causes,  
22 or any combination of such factors, is conducive to ill health,  
23 transmission of disease, or infant mortality~~((, juvenile delinquency or~~  
24 ~~crime; substantially impairs or arrests the sound growth of the~~  
25 ~~municipality or its environs, or retards the provision of housing~~  
26 ~~accommodations; constitutes an economic or social liability; and/or is~~  
27 ~~detrimental)), or constitutes a menace~~((,))~~ to the public health~~((,))~~  
28 and safety~~((, welfare, or morals))~~ in its present condition and use.~~

29 (3) "Bonds" means any bonds, notes, or debentures (including  
30 refunding obligations) herein authorized to be issued.

31 (4) "Clerk" means the clerk or other official of the municipality  
32 who is the custodian of the official records of such municipality.

33 (5) "Community renewal area" means ~~((a blighted))~~ an area in which  
34 one or more blighted properties, and only such blighted properties, are  
35 located, and which the local governing body designates as appropriate  
36 for a community renewal project or projects.

37 (6) "Community renewal plan" means a plan, as it exists from time  
38 to time, for a community renewal project or projects, which plan (a)

1 shall be consistent with the comprehensive plan or parts thereof for  
2 the municipality as a whole; (b) shall be sufficiently complete to  
3 indicate such land acquisition, demolition, and removal of structures,  
4 redevelopment, improvements, and rehabilitation as may be proposed to  
5 be carried out in the community renewal area; zoning and planning  
6 changes, if any, which may include, among other things, changes related  
7 to land uses, densities, and building requirements; and the plan's  
8 relationship to definite local objectives respecting appropriate land  
9 uses, improved traffic, public transportation, public utilities,  
10 recreational and community facilities, and other public improvements;  
11 (c) shall address the need for replacement housing, within the  
12 municipality, where existing housing is lost as a result of the  
13 community renewal project undertaken by the municipality under this  
14 chapter; and (d) may include a plan to address any persistent high  
15 levels of unemployment or poverty in the community renewal area.

16 (7) "Community renewal project" includes one or more undertakings  
17 or activities of a municipality in a community renewal area: (a) For  
18 the elimination (~~(and the prevention of the development or spread)~~) of  
19 blight; (b) for encouraging economic growth through job creation or  
20 retention; (c) for redevelopment or rehabilitation in a community  
21 renewal area; or (d) any combination or part thereof in accordance with  
22 a community renewal plan.

23 (8) "Federal government" includes the United States of America or  
24 any agency or instrumentality, corporate or otherwise, of the United  
25 States of America.

26 (9) "Local governing body" means the council or other legislative  
27 body charged with governing the municipality.

28 (10) "Mayor" means the chief executive of a city or town, or the  
29 elected executive, if any, of any county operating under a charter, or  
30 the county legislative authority of any other county.

31 (11) "Municipality" means any incorporated city or town, or any  
32 county, in the state.

33 (12) "Obligee" includes any bondholder, agent, or trustees for any  
34 bondholders, any lessor demising to the municipality property used in  
35 connection with a community renewal project, or any assignee or  
36 assignees of such lessor's interest or any part thereof, and the  
37 federal government when it is a party to any contract with the  
38 municipality.

1 (13) "Person" means any individual, firm, partnership, corporation,  
2 company, association, joint stock association, or school district; and  
3 shall include any trustee, receiver, assignee, or other person acting  
4 in a similar representative capacity.

5 (14) "Persons of low income" means an individual with an annual  
6 income, at the time of hiring or at the time assistance is provided  
7 under this chapter, that does not exceed the higher of either: (a)  
8 Eighty percent of the statewide median family income, adjusted for  
9 family size; or (b) eighty percent of the median family income for the  
10 county or standard metropolitan statistical area, adjusted for family  
11 size, where the community renewal area is located.

12 (15) "Public body" means the state or any municipality, board,  
13 commission, district, or any other subdivision or public body of the  
14 state or of a municipality.

15 (16) "Public officer" means any officer who is in charge of any  
16 department or branch of the government of the municipality relating to  
17 health, fire, building regulations, or to other activities concerning  
18 dwellings in the municipality.

19 (17) "Real property" includes all lands, including improvements and  
20 fixtures thereon, and property of any nature appurtenant thereto, or  
21 used in connection therewith, and every estate, interest, right and  
22 use, legal or equitable, therein, including terms for years and liens  
23 by way of judgment, mortgage or otherwise.

24 (18) "Redevelopment" includes (a) acquisition of ((a)) blighted  
25 ((area)) properties or portions thereof; (b) demolition and removal of  
26 buildings and improvements; (c) installation, construction, or  
27 reconstruction of streets, utilities, parks, playgrounds, and other  
28 improvements necessary for carrying out in the area the community  
29 renewal provisions of this chapter in accordance with the community  
30 renewal plan; (d) making the land available for development or  
31 redevelopment by private enterprise or public bodies (including sale,  
32 initial leasing, or retention by the municipality itself) at its fair  
33 value for uses in accordance with the community renewal plan; and (e)  
34 making loans or grants to a person or public body for the purpose of  
35 creating or retaining jobs, a substantial portion of which, as  
36 determined by the municipality, shall be for persons of low income.

37 (19) "Rehabilitation" includes the restoration and renewal of ((a))  
38 blighted ((area)) properties or portions thereof, in accordance with a

1 community renewal plan, by (a) carrying out plans for a program of  
2 voluntary or compulsory repair and rehabilitation of buildings or other  
3 improvements; (b) acquisition of real property and demolition or  
4 removal of buildings and improvements thereon where necessary to  
5 eliminate unhealthful, (~~insanitary~~) unsanitary, or unsafe  
6 conditions(~~(, lessen density, reduce traffic hazards, eliminate~~  
7 ~~obsolete or other uses detrimental to the public welfare, or otherwise~~  
8 ~~to remove or prevent the spread of blight or deterioration)~~), or to  
9 provide land for needed public facilities; (c) installation,  
10 construction, or reconstruction of streets, utilities, parks,  
11 playgrounds, and other improvements necessary for carrying out in the  
12 area the community renewal provisions of this chapter; and (d) the  
13 disposition of any property acquired in such community renewal area for  
14 uses in accordance with such community renewal plan.

15 **Sec. 3.** RCW 35.81.040 and 2002 c 218 s 4 are each amended to read  
16 as follows:

17 A municipality for the purposes of this chapter may formulate a  
18 workable program for using appropriate private and public resources to  
19 eliminate(~~(, and prevent the development or spread of,)~~) blighted  
20 (~~areas~~) properties, to encourage needed community rehabilitation, to  
21 provide for the redevelopment of such (~~areas~~) properties, or to  
22 undertake the activities, or other feasible municipal activities as may  
23 be suitably employed to achieve the objectives of the workable program.  
24 The workable program may include, without limitation, provision for:  
25 The (~~prevention of the spread of blight into areas of the municipality~~  
26 ~~which are free from blight through~~) diligent enforcement of housing,  
27 zoning, and occupancy controls and standards; the rehabilitation of  
28 blighted (~~areas~~) properties or portions thereof by replanning,  
29 removing congestion, providing parks, playgrounds, and other public  
30 improvements, by encouraging voluntary rehabilitation and by compelling  
31 the repair and rehabilitation of deteriorated or deteriorating  
32 structures; the replacement of housing that is lost as a result of  
33 community renewal activities within a community renewal area; the  
34 clearance and redevelopment of blighted (~~areas~~) properties or  
35 portions thereof; and the reduction of unemployment and poverty within  
36 the community renewal area by providing financial or technical

1 assistance to a person or public body that is used to create or retain  
2 jobs, a substantial portion of which, as determined by the  
3 municipality, shall be for persons of low income.

4 **Sec. 4.** RCW 35.81.050 and 2002 c 218 s 5 are each amended to read  
5 as follows:

6 (1) No municipality shall exercise any of the powers hereafter  
7 conferred upon municipalities by this chapter until after its local  
8 governing body shall have adopted an ordinance or resolution finding  
9 that: (a) One or more blighted (~~areas~~) properties exist in such  
10 municipality; and (b) the rehabilitation, redevelopment, or a  
11 combination thereof, of such (~~area or areas~~) property or properties  
12 is necessary in the interest of the public health(~~(r)~~) and safety(~~(r~~  
13 ~~morals, or welfare)~~) of the residents of such municipality.

14 (2) After adoption of the ordinance or resolution making the  
15 findings described in subsection (1) of this section, the local  
16 governing body of the municipality may elect to have the powers of a  
17 community renewal agency under this chapter exercised in one of the  
18 following ways:

19 (a) By appointing a board or commission composed of not less than  
20 five members, which board or commission shall (~~include municipal~~  
21 ~~officials and~~) be comprised of elected officials from such  
22 municipality, selected by the mayor, with approval of the local  
23 governing body of the municipality; or

24 (b) By the local governing body of the municipality directly(~~(r~~ or

25 ~~(c) By the board of a public corporation, commission, or authority~~  
26 ~~under chapter 35.21 RCW, or a public facilities district created under~~  
27 ~~chapter 35.57 or 36.100 RCW, or a public port district created under~~  
28 ~~chapter 53.04 RCW, or a housing authority created under chapter 35.82~~  
29 ~~RCW, that is authorized to conduct activities as a community renewal~~  
30 ~~agency under this chapter)).~~

31 **Sec. 5.** RCW 35.81.060 and 2002 c 218 s 6 are each amended to read  
32 as follows:

33 (1) A municipality shall not approve a community renewal project  
34 for a community renewal area unless the local governing body has, by  
35 ordinance or resolution, determined (~~(such an area to be a blighted)~~)  
36 that one or more blighted properties are located in the area and

1 designated the area as appropriate for a community renewal project.  
2 The local governing body shall not approve a community renewal plan  
3 until a comprehensive plan or parts of the plan for an area which would  
4 include a community renewal area for the municipality have been  
5 prepared as provided in chapter 36.70A RCW. For municipalities not  
6 subject to the planning requirements of chapter 36.70A RCW, any  
7 proposed comprehensive plan must be consistent with a local  
8 comprehensive plan adopted under chapter 35.63 or 36.70 RCW, or any  
9 other applicable law. A municipality shall not acquire real property  
10 for a community renewal project unless the local governing body has  
11 approved the community renewal project plan in accordance with  
12 subsection (4) of this section.

13 (2) The municipality may itself prepare or cause to be prepared a  
14 community renewal plan, or any person or agency, public or private, may  
15 submit such a plan to the municipality. Prior to its approval of a  
16 community renewal project, the local governing body shall review and  
17 determine the conformity of the community renewal plan with the  
18 comprehensive plan or parts thereof for the development of the  
19 municipality as a whole. If the community renewal plan is not  
20 consistent with the existing comprehensive plan, the local governing  
21 body may amend its comprehensive plan or community renewal plan.

22 (3) Prior to adoption, the local governing body shall hold a public  
23 hearing on a community renewal plan after providing public notice under  
24 RCW 8.25.290. (~~The notice shall be given by publication once each~~  
25 ~~week for two consecutive weeks not less than ten nor more than thirty~~  
26 ~~days prior to the date of the hearing in a newspaper having a general~~  
27 ~~circulation in the community renewal area of the municipality and by~~  
28 ~~mailing a notice of the hearing not less than ten days prior to the~~  
29 ~~date of the hearing to the persons whose names appear on the county~~  
30 ~~treasurer's tax roll as the owner or reputed owner of the property, at~~  
31 ~~the address shown on the tax roll.)) In addition to the information  
32 required to be provided under RCW 8.25.290, the notice shall describe  
33 the time, date, place, and purpose of the hearing, shall generally  
34 identify the community renewal area affected, and shall outline the  
35 general scope of the community renewal plan under consideration.~~

36 (4) Following the hearing, the local governing body may approve a  
37 community renewal project if it finds that (a) a feasible plan exists  
38 for making available adequate housing for the residents who may be



1 displaced by the project; (b) the community renewal plan conforms to  
2 the comprehensive plan for the municipality; (c) ~~((the community  
3 renewal plan will afford maximum opportunity, consistent with the needs  
4 of the municipality, for the rehabilitation or redevelopment of the  
5 community renewal area by private enterprise; (d)))~~ a sound and  
6 adequate financial program exists for the financing of the project; and  
7 ~~((e))~~ (d) the community renewal project area ((is a blighted area))  
8 contains one or more blighted properties as defined in RCW  
9 35.81.015(2).

10 (5) A community renewal project plan may be modified at any time by  
11 the local governing body as long as the local governing body provides  
12 notice of the proposed modification as described under subsection (3)  
13 of this section. However, if modified after the lease or sale by the  
14 municipality of real property in the community renewal project area,  
15 the modification shall be subject to the rights at law or in equity as  
16 a lessee or purchaser, or the successor or successors in interest may  
17 be entitled to assert.

18 (6) Unless otherwise expressly stated in an ordinance or resolution  
19 of the governing body of the municipality, a community renewal plan  
20 shall not be considered a subarea plan or part of a comprehensive plan  
21 for purposes of chapter 36.70A RCW. However, a municipality that has  
22 adopted a comprehensive plan under chapter 36.70A RCW may adopt all or  
23 part of a community renewal plan at any time as a new or amended  
24 subarea plan, whether or not any subarea plan has previously been  
25 adopted for all or part of the community renewal area. Any community  
26 renewal plan so adopted, unless otherwise determined by the growth  
27 management hearings board with jurisdiction under a timely appeal in  
28 RCW 36.70A.280, shall be conclusively presumed to comply with the  
29 requirements in this chapter for consistency with the comprehensive  
30 plan.

31 **Sec. 6.** RCW 35.81.070 and 2002 c 218 s 7 are each amended to read  
32 as follows:

33 Every municipality shall have all the powers necessary or  
34 convenient to carry out and effectuate the purposes and provisions of  
35 this chapter, including the following powers in addition to others  
36 granted under this chapter:

1 (1) To undertake and carry out community renewal projects within  
2 the municipality, to make and execute contracts and other instruments  
3 necessary or convenient to the exercise of its powers under this  
4 chapter, and to disseminate blight clearance and community renewal  
5 information.

6 (2) To provide or to arrange or contract for the furnishing or  
7 repair by any person or agency, public or private, of services,  
8 privileges, works, streets, roads, public utilities or other facilities  
9 for, or in connection with, a community renewal project; to install,  
10 construct, and reconstruct streets, utilities, parks, playgrounds, and  
11 other public improvements; and to agree to any conditions that it may  
12 deem reasonable and appropriate attached to federal financial  
13 assistance and imposed pursuant to federal law relating to the  
14 determination of prevailing salaries or wages or compliance with labor  
15 standards, in the undertaking or carrying out of a community renewal  
16 project, and to include in any contract let in connection with such a  
17 project, provisions to fulfill such of said conditions as it may deem  
18 reasonable and appropriate.

19 (3) To provide financial or technical assistance, using available  
20 public or private funds, to a person or public body for the purpose of  
21 creating or retaining jobs, a substantial portion of which, as  
22 determined by the municipality, shall be for persons of low income.

23 (4) To make payments, loans, or grants to, provide assistance to,  
24 and contract with existing or new owners and tenants of property in the  
25 community renewal areas as compensation for any adverse impacts, such  
26 as relocation or interruption of business, that may be caused by the  
27 implementation of a community renewal project, and/or consideration for  
28 commitments to develop, expand, or retain land uses that contribute to  
29 the success of the project or plan, including without limitation  
30 businesses that will create or retain jobs, a substantial portion of  
31 which, as determined by the municipality, shall be for persons of low  
32 income.

33 (5) To contract with a person or public body to provide financial  
34 assistance, authorized under this section, to property owners and  
35 tenants impacted by the implementation of the community renewal plan  
36 and to provide incentives to property owners and tenants to encourage  
37 them to locate in the community renewal area after adoption of the  
38 community renewal plan.

1 (6) Within the municipality, to enter upon any building or property  
2 in any community renewal area, in order to make surveys and appraisals,  
3 provided that such entries shall be made in such a manner as to cause  
4 the least possible inconvenience to the persons in possession(~~(, and to~~  
5 ~~obtain))~~ and only pursuant to an order for this purpose from a court of  
6 competent jurisdiction in the event entry is denied or resisted; to  
7 acquire by purchase, lease, option, gift, grant, bequest, devise,  
8 eminent domain, or otherwise, any real property and such personal  
9 property as may be necessary for the administration of the provisions  
10 herein contained, together with any improvements thereon; to hold,  
11 improve, clear, or prepare for redevelopment any such property; to  
12 dispose of any real property; to insure or provide for the insurance of  
13 any real or personal property or operations of the municipality against  
14 any risks or hazards, including the power to pay premiums on any such  
15 insurance(~~(: PROVIDED, That no statutory provision with respect to the~~  
16 ~~acquisition, clearance, or disposition of property by public bodies~~  
17 ~~shall restrict a municipality in the exercise of such functions with~~  
18 ~~respect to a community renewal project))~~).

19 (7) To invest any community renewal project funds held in reserves  
20 or sinking funds or any such funds which are not required for immediate  
21 disbursement, in property or securities in which mutual savings banks  
22 may legally invest funds subject to their control; to redeem such bonds  
23 as have been issued pursuant to RCW 35.81.100 at the redemption price  
24 established therein or to purchase such bonds at less than redemption  
25 price, all such bonds so redeemed or purchased to be canceled.

26 (8) To borrow money and to apply for, and accept, advances, loans,  
27 grants, contributions and any other form of financial assistance from  
28 the federal government, the state, county, or other public body, or  
29 from any sources, public or private, for the purposes of this chapter,  
30 and to enter into and carry out contracts in connection therewith. A  
31 municipality may include in any application or contract for financial  
32 assistance with the federal government for a community renewal project  
33 such conditions imposed pursuant to federal laws as the municipality  
34 may deem reasonable and appropriate and which are not inconsistent with  
35 the purposes of this chapter.

36 (9) Within the municipality, to make or have made all plans  
37 necessary to the carrying out of the purposes of this chapter and to  
38 contract with any person, public or private, in making and carrying out

1 such plans and to adopt or approve, modify, and amend such plans. Such  
2 plans may include, without limitation: (a) A comprehensive plan or  
3 parts thereof for the locality as a whole, (b) community renewal plans,  
4 (c) plans for carrying out a program of voluntary or compulsory repair  
5 and rehabilitation of buildings and improvements, (d) plans for the  
6 enforcement of state and local laws, codes, and regulations relating to  
7 the use of land and the use and occupancy of buildings and improvements  
8 and to the compulsory repair, rehabilitation, demolition, or removal of  
9 buildings and improvements, (e) appraisals, title searches, surveys,  
10 studies, and other preliminary plans and work necessary to prepare for  
11 the undertaking of community renewal projects, and (f) plans to provide  
12 financial or technical assistance to a person or public body for the  
13 purpose of creating or retaining jobs, a substantial portion of which,  
14 as determined by the municipality, shall be for persons of low income.  
15 The municipality is authorized to develop, test, and report methods and  
16 techniques, and carry out demonstrations and other activities, for the  
17 prevention and the elimination of blight, for job creation or retention  
18 activities, and to apply for, accept, and utilize grants of, funds from  
19 the federal government for such purposes.

20 (10) To prepare plans for the relocation of families displaced from  
21 a community renewal area, and to coordinate public and private agencies  
22 in such relocation, including requesting such assistance for this  
23 purpose as is available from other private and governmental agencies,  
24 both for the municipality and other parties.

25 (11) To appropriate such funds and make such expenditures as may be  
26 necessary to carry out the purposes of this chapter, and in accordance  
27 with state law: (a) Levy taxes and assessments for such purposes; (b)  
28 acquire land either by negotiation or eminent domain, or both; (c)  
29 close, vacate, plan, or replan streets, roads, sidewalks, ways, or  
30 other places; (d) plan or replan, zone or rezone any part of the  
31 municipality; (e) adopt annual budgets for the operation of a community  
32 renewal agency, department, or offices vested with community renewal  
33 project powers under RCW 35.81.150; and (f) enter into agreements with  
34 such agencies or departments (which agreements may extend over any  
35 period) respecting action to be taken by such municipality pursuant to  
36 any of the powers granted by this chapter.

37 (12) Within the municipality, to organize, coordinate, and direct  
38 the administration of the provisions of this chapter as they apply to

1 such municipality in order that the objective of remedying blighted  
2 ((areas)) properties and preventing the causes thereof within such  
3 municipality may be most effectively promoted and achieved, and to  
4 establish such new office or offices of the municipality or to  
5 reorganize existing offices in order to carry out such purpose most  
6 effectively.

7 (13) To contract with a person or public body to assist in carrying  
8 out the purposes of this chapter.

9 (14) To exercise all or any part or combination of powers herein  
10 granted.

11 **Sec. 7.** RCW 35.81.080 and 2002 c 218 s 8 are each amended to read  
12 as follows:

13 A municipality shall have the right to acquire by condemnation, in  
14 accordance with the procedure provided for condemnation by such  
15 municipality for other purposes, any interest in real property, which  
16 it may deem necessary for a community renewal project under this  
17 chapter after the adoption by the local governing body of a resolution  
18 declaring that the acquisition of the real property described therein  
19 is necessary for such purpose. Condemnation for community renewal of  
20 blighted ((areas)) properties is declared to be a public use, and  
21 property already devoted to any other public use or acquired by the  
22 owner or a predecessor in interest by eminent domain may be condemned  
23 for the purposes of this chapter.

24 ~~((The award of compensation for real property taken for such a  
25 project shall not be increased by reason of any increase in the value  
26 of the real property caused by the assembly, clearance, or  
27 reconstruction, or proposed assembly, clearance, or reconstruction in  
28 the project area. No allowance shall be made for the improvements  
29 begun on real property after notice to the owner of such property of  
30 the institution of proceedings to condemn such property. Evidence  
31 shall be admissible bearing upon the insanitary, unsafe, or substandard  
32 condition of the premises, or the unlawful use thereof.))~~

33 **Sec. 8.** RCW 35.81.090 and 2002 c 218 s 9 are each amended to read  
34 as follows:

35 (1) A municipality, with approval of its legislative authority, may  
36 acquire real property, or any interest therein, for the purposes of a

1 community renewal project (a) prior to the selection of one or more  
2 persons interested in undertaking to redevelop or rehabilitate the real  
3 property, or (b) after the selection of one or more persons interested  
4 in undertaking to redevelop or rehabilitate such real property. In  
5 either case the municipality may select a redeveloper through a  
6 competitive bidding process consistent with this section or through a  
7 process consistent with RCW 35.81.095.

8 (2) A municipality, with approval of its legislative authority, may  
9 sell, lease, or otherwise transfer real property or any interest  
10 therein acquired by it for a community renewal project, in a community  
11 renewal area for residential, recreational, commercial, industrial, or  
12 other uses or for public use, and may enter into contracts with respect  
13 thereto, or may retain such a property or interest only for parks and  
14 recreation, education, public utilities, public transportation, public  
15 safety, health, highways, streets, and alleys, administrative  
16 buildings, or civic centers, in accordance with the community renewal  
17 project plan, subject to such covenants, conditions, and restrictions,  
18 including covenants running with the land, as it may deem to be  
19 necessary or desirable to (~~assist in preventing the development or~~  
20 ~~spread of blighted areas or otherwise to~~) carry out the purposes of  
21 this chapter. However, such a sale, lease, other transfer, or  
22 retention, and any agreement relating thereto, may be made only after  
23 the approval of the community renewal plan by the local governing body.  
24 The purchasers or lessees and their successors and assigns shall be  
25 obligated to devote the real property only to the uses specified in the  
26 community renewal plan, and may be obligated to comply with any other  
27 requirements as the municipality may determine to be in the public  
28 interest, including the obligation to begin and complete, within a  
29 reasonable time, any improvements on the real property required by the  
30 community renewal plan or promised by the transferee. The real  
31 property or interest shall be sold, leased, or otherwise transferred  
32 for the consideration the municipality determines adequate. In  
33 determining the adequacy of consideration, a municipality may take into  
34 account the uses permitted under the community renewal plan; the  
35 restrictions upon, and the covenants, conditions, and obligations  
36 assumed by, the transferee; and the public benefits to be realized,  
37 including furthering of the objectives of the plan for the prevention  
38 of the recurrence of blighted (~~areas~~) properties.

1           (3) The municipality in any instrument of conveyance to a private  
2 purchaser or lessee may provide that the purchaser or lessee shall be  
3 without power to sell, lease, or otherwise transfer the real property,  
4 or to permit changes in ownership or control of a purchaser or lessee  
5 that is not a natural person, in each case without the prior written  
6 consent of the municipality until the purchaser or lessee has completed  
7 the construction of all improvements that it has obligated itself to  
8 construct thereon. The municipality may also retain the right, upon  
9 any earlier transfer or change in ownership or control without consent;  
10 or any failure or change in ownership or control without consent; or  
11 any failure to complete the improvements within the time agreed to  
12 terminate the transferee's interest in the property; or to retain or  
13 collect on any deposit or instrument provided as security, or both.  
14 The enforcement of these restrictions and remedies is declared to be  
15 consistent with the public policy of this state. Real property  
16 acquired by a municipality that, in accordance with the provisions of  
17 the community renewal plan, is to be transferred, shall be transferred  
18 as rapidly as feasible, in the public interest, consistent with the  
19 carrying out of the provisions of the community renewal plan. The  
20 inclusion in any contract or conveyance to a purchaser or lessee of any  
21 covenants, restrictions, or conditions (including the incorporation by  
22 reference therein of the provisions of a community renewal plan or any  
23 part thereof) shall not prevent the recording of such a contract or  
24 conveyance in the land records of the auditor or the county in which  
25 the city or town is located, in a manner that affords actual or  
26 constructive notice thereof.

27           (4)(a)(i) A municipality may dispose of real property in a  
28 community renewal area, acquired by the municipality under this  
29 chapter, to any private persons only under those reasonable competitive  
30 bidding procedures as it shall prescribe, or by competitive bidding as  
31 provided in this subsection, through direct negotiation where  
32 authorized under (c) of this subsection, or by a process authorized in  
33 RCW 35.81.095.

34           (ii) A competitive bidding process may occur (A) prior to the  
35 purchase of the real property by the municipality, or (B) after the  
36 purchase of the real property by the municipality.

37           (b)(i) A municipality may, by public notice by publication once  
38 each week for three consecutive weeks in a newspaper having a general

1 circulation in the community, prior to the execution of any contract or  
2 deed to sell, lease, or otherwise transfer real property and prior to  
3 the delivery of any instrument of conveyance with respect thereto under  
4 the provisions of this section, invite bids from, and make available  
5 all pertinent information to, private redevelopers or any persons  
6 interested in undertaking to redevelop or rehabilitate a community  
7 renewal area, or any part thereof. This notice shall identify the  
8 area, or portion thereof, and shall state that further information as  
9 is available may be obtained at the office as shall be designated in  
10 the notice.

11 (ii) The municipality shall consider all responsive redevelopment  
12 or rehabilitation bids and the financial and legal ability of the  
13 persons making the bids to carry them out. The municipality may accept  
14 the bids as it deems to be in the public interest and in furtherance of  
15 the purposes of this chapter. Thereafter, the municipality may  
16 execute, in accordance with the provisions of subsection (2) of this  
17 section, and deliver contracts, deeds, leases, and other instruments of  
18 transfer.

19 (c) If the legislative authority of the municipality determines  
20 that the sale of real property to a specific person is necessary to the  
21 success of a neighborhood revitalization or community renewal project  
22 for which the municipality is providing assistance to a nonprofit  
23 organization from federal community development block grant funds under  
24 42 U.S.C. Sec. 5305(a)(15), or successor provision, under a plan or  
25 grant application approved by the United States department of housing  
26 and urban development, or successor agency, then the municipality may  
27 sell or lease that property to that person through direct negotiation,  
28 for consideration determined by the municipality to be adequate  
29 consistent with subsection (2) of this section. This direct  
30 negotiation may occur, and the municipality may enter into an agreement  
31 for sale or lease, either before or after the acquisition of the  
32 property by the municipality. Unless the municipality has provided  
33 notice to the public of the intent to sell or lease the property by  
34 direct negotiation, as part of a citizen participation process adopted  
35 under federal regulations for the plan or grant application under which  
36 the federal community development block grant funds have been awarded,  
37 the municipality shall publish notice of the sale at least fifteen days  
38 prior to the conveyance of the property.



1 (5) A municipality may operate and maintain real property acquired  
2 in a community renewal area for a period of three years pending the  
3 disposition of the property for redevelopment, without regard to the  
4 provisions of subsection (2) of this section, for such uses and  
5 purposes as may be deemed desirable even though not in conformity with  
6 the community renewal plan. However, the municipality may, after a  
7 public hearing, extend the time for a period not to exceed three years.

8 (6) Any covenants, restrictions, promises, undertakings, releases,  
9 or waivers in favor of a municipality contained in any deed or other  
10 instrument accepted by any transferee of property from the municipality  
11 or community renewal agency under this chapter, or contained in any  
12 document executed by any owner of property in a community renewal area,  
13 shall run with the land to the extent provided in the deed, instrument,  
14 or other document, so as to bind, and be enforceable by the  
15 municipality against, the person accepting or making the deed,  
16 instrument, or other document and that person's heirs, successors in  
17 interest, or assigns having actual or constructive notice thereof.

18 NEW SECTION. **Sec. 9.** RCW 35.81.030 (Encouragement of private  
19 enterprise) and 2002 c 218 s 3 & 1965 c 7 s 35.81.030 are each  
20 repealed.

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