

**LAND CLEARANCE FOR REDEVELOPMENT AUTHORITY
of KANSAS CITY, MISSOURI**

Land Clearance for Redevelopment Authority (LCRA) (§§99.300-99.660, RSMo)

1. Declaration of Policy.

It is hereby found and declared that there exists in municipalities of the state insanitary, blighted, deteriorated and deteriorating areas which constitute a serious and growing menace injurious to the public health, safety, morals and welfare of the residents of the state; that the existence of such areas contributes substantially and increasingly to the spread of disease and crime, necessitating excessive and disproportionate expenditures of public funds for the preservation of the public health and safety, for crime prevention, correction, prosecution, punishment and the treatment of juvenile delinquency and for the maintenance of adequate police, fire and accident protection and other public services and facilities, constitutes an economic and social liability, substantially impairs or arrests the sound growth of communities and retards the provision of housing accommodations; that this menace is beyond remedy and control solely by regulatory process in the exercise of the police power and cannot be dealt with effectively by the ordinary operations of private enterprise without the aids herein provided; that the elimination or prevention of the detrimental conditions in such areas, the acquisition and preparation of land in or necessary to the development, renewal or rehabilitation of such areas and its sale or lease for development, renewal or rehabilitation in accordance with general plans and redevelopment or urban renewal plans of communities and any assistance which may be given by any public body in connection therewith are public uses and purposes for which public money may be expended and private property acquired; and that the necessity in the public interest for the provisions hereinafter enacted is hereby declared as a matter of legislative determination; and that certain insanitary, blighted, deteriorated or deteriorating areas, or portions thereof, may require acquisition and clearance, as provided in this law, since the prevailing condition of decay may make impracticable the reclamation of the area by conservation or rehabilitation, but other areas or portions thereof, through the means provided in this law may be susceptible of conservation or rehabilitation in such a manner that the conditions and evils hereinbefore enumerated may be eliminated, remedied or prevented, and to the extent feasible, salvable, insanitary and blighted areas should be conserved and rehabilitated through voluntary action and the regulatory process. A municipality, to the greatest extent it determines to be feasible in carrying out the provisions of this law, shall afford maximum opportunity, consistent with the sound needs of the municipality as a whole, to the rehabilitation or redevelopment or renewal of areas by private enterprise.

2. Qualification of Area.

(a) Definition of Blight.

An area which, by reason of the predominance of defective or inadequate street layout, insanitary or unsafe conditions, deterioration of site improvements, improper subdivision or obsolete platting, or the existence of conditions which

endanger life or property by fire or other causes, or any combination of such factors, retards the provision of housing accommodations or constitutes an economic or social liability **or** a menace to the public health, safety, morals, or welfare in its present condition and use.

(b) Definition of Insanitary Area.

An area in which there is a predominance of buildings and improvements which, by reason of dilapidation, deterioration, age, or obsolescence, inadequate provision for ventilation, light, air, sanitation or open spaces, high density of population and overcrowding of buildings, overcrowding of land, or the existence of conditions which endanger life or property by fire or other causes, or any combination of such factors, is conducive to ill health, transmission of disease, infant mortality, juvenile delinquency and crime or constitutes an economic or social liability **and** is detrimental to the public health, safety, morals, or welfare.

(c) Inclusion of Vacant, Non-Blighted Land for Predominantly Residential Use.

Vacant land may be developed for housing, notwithstanding the fact that it may not be blighted if it is essential to the proper clearance or redevelopment of a blighted or insanitary area. Such an undertaking shall require a determination by the City Council of the necessity of the same, that there is a shortage of decent safe and sanitary housing in the community, that such undeveloped vacant land will be developed for predominantly residential uses, and that the provision of dwelling accommodations on such undeveloped land is necessary to accomplish the relocation to decent safe and sanitary housing of families displaced from blighted or insanitary areas which are to be redeveloped. §99.470, RSMo.

3. Creation of Authority. The Act creates a land clearance for redevelopment authority in each community but precludes it from transacting business until the City Council approves by resolution or ordinance the exercise of the powers under the Act. Once a city establishes a LCRA, it lacks the power to dissolve it. Only the legislature has that power.

(a) Status. The LCRA is a part of city government. *Land Clearance for Redevelopment Auth. of Kansas City v. Waris*, 790 S.W.2d 454, 455 (Mo. banc 1990), and is therefore entitled to exemption from real estate taxes under Art. X, §6 of the Missouri Constitution and §137.100, RSMo, as to rehabilitated property to which it holds legal title and leases to private owners of buildings on that property.

(b) Findings Required. In order to adopt such a resolution, the City Council must find that one or more blighted or insanitary areas exist in the community and that the redevelopment of the areas is necessary in the interest of the public health, safety, morals or welfare. §99.330, RSMo.

4. Powers. The LCRA is public body corporate and politic under the Act has a great number of powers which are declared not to be exclusive of others which may be necessary or convenient to carry out and effectuate the purposes and provisions of the Act. §99.420, RSMo. Among the enumerated powers are:

(a) **Prepare and Execute Plans.** The power to prepare redevelopment plans and urban renewal plans for recommendation to the City Council and to undertake and carry out land clearance projects and urban renewal projects within its area of operation. §99.420(2), RSMo. The "area of operation" is defined in §99.320(1), RSMo, as the entire area within the municipality.

(b) **Acquire Land—Construction; Conveyance.** The LCRA has the power to acquire land either through purchase, lease or the power of eminent domain necessary or incidental to a land clearance project or urban renewal project under the procedure as provided in Chapter 523 RSMo.; to hold, improve, clear or prepare for redevelopment or urban renewal any such property; to build new buildings or rehabilitate old ones; to sell, lease, exchange or transfer, mortgage, pledge, hypothecate or otherwise encumber such property; and to enter into contracts with redevelopers of property. §99.420(4), RSMo. Property may not be acquired until the City Council has approved the redevelopment or urban renewal plan and declared the area to be a blighted or insanitary area in need of redevelopment or rehabilitation, and a general plan for the development of the community has been declared. §§99.430.1(1)-(3), RSMo.

If LCRA owns property, it is exempt from property taxes under the Missouri Constitution, Art. X, §6, as held by the *Waris* court. The court based its reasoning on the legal conclusion that LCRA is part of city government and not a separate political subdivision.

(c) **Borrow Money.** The LCRA has the power to borrow money. §99.420(8), RSMo.

(d) **Issue Bonds.** The LCRA shall have the power to issue bonds secured by the income, proceeds and revenues of the land clearance project financed with the proceeds of the bonds or any land clearance project not financed with the bond proceeds. §99.480, RSMo. The Act sets forth, among other things, the exemption from personal liability of the commissioners for the bonds, §99.500.1, RSMo, that the bonds are not a debt of the political subdivision or state, §99.500.1, RSMo, the exemption of the interest and income therefrom from income taxes, §99.500.2, RSMo. The LCRA was held not to have the power to issue mortgage revenue bonds for housing.

(e) **Prepare a Workable Program.**

(f) **Property Exempt from Execution.** Property of the LCRA is exempt from levy and sale by virtue of an execution of a judgment against the LCRA and no judgment shall be lien upon its property, except for the rights of lenders to foreclose or otherwise enforce or pursue remedies against a pledge or lien given by the LCRA. §99.570, RSMo.

(g) **Cooperate with the City.** The Act provides broad powers for the City and the LCRA to cooperate with each other in order to carry out projects. §99.580, RSMo.

5. Procedure for Adoption of Plans.

(a) **Declaration of Blight or Insanitary Area.** In order to proceed with a plan, the City Council must declare by resolution or ordinance an area to be blighted or insanitary and in need of redevelopment. §99.430.1(2), RSMo.

(b) **Preparation and Adoption of Plan.** No plan may be prepared until a general plan for the development of the community has been prepared. §99.430.1(3), RSMo. Any other party may prepare and submit a plan to the LCRA. §99.430.1(4), RSMo.

Plan Commission Recommendations to Authority. The LCRA shall submit the plan to the planning commission which shall submit its written recommendations to the LCRA within 30 days. §99.430.1(5), RSMo.

City Council. The LCRA then may submit the redevelopment or urban renewal plan to the City Council with its recommendations and those of the planning commission accompanied by a statement of the method and estimated cost of acquisition and the estimated proceeds from its disposal to redevelopers; a statement of the proposed method of financing; a statement of a feasible method for relocation; and a schedule. §99.430.1(7), RSMo.

Hearing and Notice. The City Council shall hold a public hearing on the plan or any substantial modification thereof, public notice of which shall be given by publication in a newspaper of general circulation once each week for two consecutive weeks, the last publication to be at least ten days prior to the hearing. §99.430.1(8), RSMo.

Approval. The City Council may then approve the redevelopment or urban renewal plan. §99.430.1(9), RSMo.

Modification. A plan may be modified by the LCRA at any time prior to the lease or sale of property in the area. After such lease or sale, the modification must be consented to by the redeveloper of the real property. Where the modification substantially changes the redevelopment or urban renewal plan, it must be similarly approved by the City Council. §99.430.1(10), RSMo.

(c) **Alternate Procedure.** As an alternative to the above method, the LCRA may find an area to be blighted or insanitary, prepare a plan and make its recommendation to the City Council while simultaneously submitting such findings and plan to the planning commission which shall have 30 days to comment. Thereafter, the City Council may simultaneously approve the findings and approve the plan after holding the public hearing. §99.430.2, RSMo.

6. Implementation of Plans.

(a) **Disposition of Property.** The LCRA may dispose of property to a redeveloper for virtually any use, provided that the disposal or any agreement relating thereto is subject to the approval of the redevelopment plan by the City Council. Such property shall be disposed of at its fair value, notwithstanding such value may be less than the cost of acquiring and preparing the property. §99.450(1), RSMo. This section requires publication of notice before consideration of any redevelopment contract proposal.

(b) **Contracts.**

Publication of RFP. Before considering any redevelopment contract proposal, the LCRA shall publish notice two times in a newspaper of general circulation inviting proposals from private developers interested in undertaking the redevelopment and may then accept such redevelopment contract proposal as it deems to be in the public interest. §99.450(2), RSMo.

Notice to City Council. Before accepting a redevelopment contract proposal, the LCRA shall give 30 days' notice to the City Council in writing of its intention to do so. §99.450(2), RSMo.

7. Tax Abatement. (§§99.700-99.715, RSMo)

(a) *Application.* In any constitutional charter city, any person may apply to the LCRA for a certificate that real property which he owns, rents or leases is an area declared to be a blighted area pursuant to §99.430 and provide plans showing that he is engaged in new construction or rehabilitation pursuant to an approved plan. §99.700, RSMo.

(b) *Certificate of Qualification Issued by Authority.* Upon the presentation of such plans, the LCRA shall issue a certificate of qualification for tax abatement.

(c) *Statement of Assessed Value by Assessor.* Within 30 days of receiving the certificate, the applicant shall notify the city or county assessor who shall as soon as possible issue a statement as to the current assessed valuation of the then existing property covered by the plan. §99.705, RSMo. The city or county assessor's statement shall be the maximum total assessed valuation of all real property included in the plans for the next ten (10) years. §99.710, RSMo.

(d) *Timing of Abatement.* §99.710, RSMo, provides:

The city or county assessor statement as issued under §99.705, shall be the maximum total assessed valuation of all real property included in the plans . . . for each year for a period of ten (10) years from the date on which the statement was issued.