

LOCAL GOVERNMENT CODE

TITLE 12. PLANNING AND DEVELOPMENT

SUBTITLE A. MUNICIPAL PLANNING AND DEVELOPMENT

CHAPTER 373. COMMUNITY DEVELOPMENT IN MUNICIPALITIES

Sec. 373.001. SHORT TITLE. This chapter may be cited as the Texas Community Development Act of 1975.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 373.002. LEGISLATIVE FINDING; PUBLIC PURPOSES. (a) The legislature finds that the activities specified in this chapter contribute to the development of viable urban communities by providing decent housing and a suitable living environment and by expanding economic opportunities for persons of low and moderate income.

(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.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 373.003. DEFINITION. In this chapter, "community development program" means a program adopted under this chapter.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

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.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 373.005. ELEMENTS OF PROGRAM. (a) To conduct work or activities under Section 373.004, a municipality may adopt a community development program by ordinance or resolution.

(b) A community development program may include:

(1) acquisition of real property, including air rights, water rights, and other interests in real property, that:

(A) is blighted, deteriorated, deteriorating, undeveloped, or inappropriately developed from the standpoint of sound community development and growth;

(B) is appropriate for rehabilitation or conservation activities;

(C) is appropriate for the preservation or restoration of historic sites, the beautification of urban land, or the conservation of open spaces, natural resources, and scenic areas;

(D) is appropriate for the provision of recreational opportunities or the guidance of urban development; or

(E) is to be used for the provision of public works, facilities, or other improvements eligible for assistance under this chapter or is to be used for other public purposes;

(2) acquisition, construction, reconstruction, or installation of public works, facilities, sites, or other improvements, including construction, reconstruction, or installation that implements design features or makes improvements that promote energy or water use efficiency;

(3) municipal code enforcement in a deteriorated or deteriorating area in which enforcement, combined with public improvements and public services, may stop the decline of the area;

(4) clearance, demolition, removal, and rehabilitation of buildings and improvements, including rehabilitation that promotes energy or water use efficiency, including assistance in and financing of public or private acquisition of those properties for rehabilitation, and including the renovation of closed school buildings;

(5) rehabilitation of privately owned properties;

(6) special projects related to the removal of barriers that restrict the mobility of elderly and handicapped persons;

(7) payments to housing owners for losses of rental income incurred in holding for temporary periods housing units used for the relocation of persons displaced by programs conducted under this chapter;

(8) disposition, by sale, lease, donation, or otherwise, of real property acquired under this chapter, or the retention of the property for public purposes;

(9) provision of public services not otherwise available if the services are designed to improve the community's

public services and facilities, including services related to employment opportunities, economic development, crime prevention, child care, health, drug abuse, education, welfare, or recreational needs of persons residing in those areas, or are designed to coordinate public and private development programs;

(10) payment of the nonfederal share required in connection with a federal grant-in-aid program undertaken as part of a local community development program;

(11) payment of the cost of completing a project funded under Title I of the Housing Act of 1949 (42 U.S.C.A. Section 1450 et seq.) or a federally assisted new community assisted by loan guarantees under Title X of the National Housing Act (12 U.S.C.A. Section 1749aa et seq.) if a portion of the federally assisted area has received grants under Section 107(A)(1) of the Housing and Community Development Act of 1974 (42 U.S.C.A. Section 5307(a)(1));

(12) relocation payments and assistance for individuals, families, businesses, organizations, and farm operations if determined by the municipality to be appropriate;

(13) activities necessary to develop a comprehensive community development plan and to develop a policy-planning-management capacity in order that recipients of assistance under this chapter may more rationally and effectively determine their needs, set long-term goals and short-term objectives, devise programs and activities to meet those goals and objectives, evaluate the progress of the programs, and carry out management, coordination, and monitoring of activities necessary for effective implementation of the programs;

(14) payment of reasonable administrative costs and carrying charges related to the planning and execution of community development and housing activities, including the provision of information and resources to residents of areas in which community development and housing activities are to be concentrated with respect to the planning and execution of those activities and including the carrying out of activities described by Section 701(e) of the Housing Act of 1954 on the day before the date of the enactment of the federal Housing and Community Development Amendments of 1981;

(15) activities that are conducted by public or private entities if the activities are necessary or appropriate to meet the needs and objectives of the community development plan, including:

(A) acquisition of real property;

(B) acquisition, construction, reconstruction, rehabilitation, or installation of public facilities, site improvements, utilities, commercial or industrial buildings or other structures, or other commercial or industrial real property improvements; and

(C) planning;

(16) grants to:

(A) neighborhood-based nonprofit organizations, local development corporations, or other entities organized to implement neighborhood revitalization projects, community economic development projects, or energy or water conservation projects;

(B) federally assisted new communities; or

(C) neighborhood-based nonprofit organizations or other private or public nonprofit organizations for the purpose of assisting, as part of neighborhood revitalization or other community development, the development of shared housing opportunities in which elderly families benefit as a result of living in a dwelling in which facilities are shared with others in a manner that effectively and efficiently meets the housing needs of the residents and as a result reduces their cost of housing;

(17) provision of assistance to private, for-profit entities if the assistance is necessary or appropriate to carry out an economic development project; and

(18) the rehabilitation or development of housing assisted under Section 17 of the United States Housing Act of 1937.

(c) A municipality may implement programs to provide financing for the acquisition, construction, improvement, or rehabilitation of privately owned buildings and other improvements or to assist private, for-profit entities if the assistance is necessary or appropriate to carry out an economic development project, through the use of loans and grants from federal money remitted to the municipality at the interest rates and on the terms

and conditions determined by the municipality. A municipality may not provide municipal property or municipal funds for private purposes. The programs and financing must be in keeping with an approved community development plan that the municipality has determined to be a public purpose. A program established for financing the acquisition, construction, improvement, or rehabilitation of buildings and improvements, or for financing economic development projects, through the use of federal funds may prescribe procedures under which the owners of the buildings, improvements, or economic development projects agree to partially or fully reimburse the municipality.

(d) A municipality may issue notes or other obligations guaranteed by the secretary of housing and urban development under Section 108, Housing and Community Development Act of 1974 (42 U.S.C. Section 5308), as amended, for the purpose of providing financing for those activities described in Section 108, Housing and Community Development Act (42 U.S.C. Section 5308), as amended, in furtherance of an approved community development program. The Section 108 guaranteed notes additionally may be secured by and made payable from the same sources as obligations issued under Subchapter C, Chapter 271, Local Government Code, subject to the notice provisions set forth therein. The Section 108 guaranteed notes or other obligations may be issued in such form, denominations, manner, terms, and conditions, bear interest at such rates, be interim or permanent notes or obligations, be subject to transfer, exchange, change, conversion, or replacement, and be sold in such manner, at such price, and under such terms, all as provided in the ordinance or resolution authorizing the issuance of such Section 108 guaranteed notes or obligations.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987. Amended by Acts 1989, 71st Leg., ch. 1, Sec. 77(a), eff. Aug. 28, 1989; Acts 1997, 75th Leg., ch. 980, Sec. 51, eff. Sept. 1, 1997; Acts 2001, 77th Leg., ch. 330, Sec. 1, eff. Sept. 1, 2001.

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, that are blighted or slum areas, or that are federally assisted new 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.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 373.007. LIMITATION ON MUNICIPAL POWERS; EFFECT ON URBAN RENEWAL. (a) This chapter does not grant a municipality the power of condemnation to rehabilitate or remove buildings or to acquire real property for the purpose of resale.

(b) This chapter does not authorize a municipality to implement an urban renewal project under Chapter 374 without compliance with the provisions of that chapter. This chapter does not affect the status, operations, contracts, or other obligations of any urban renewal agency created under Chapter 374. This chapter does not prevent a municipality from exercising urban renewal authority under Chapter 374.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.