Approved: February 9, 1994

MINUTES OF THE HOUSE COMMITTEE ON LOCAL GOVERNMENT.

The meeting was called to order by Chairperson Nancy Brown at 1:30 p.m. on February 8, 1994, 1994 in Room 521-S of the Capitol.

All members were present except: Representative Watson (excused)

Committee staff present: Michael Heim, Legislative Research Department
Theresa Kiernan, Revisor of Statutes
Lois Hedrick, Committee Secretary

Conferees appearing before the committee:
Representative Joan Wagnon
Representative Kathleen Sebelius
Representative Robert Krehbiel
Joe Swalwell, Executive Director of Downtown Topeka, Inc.
James Schlegel, Planning Director, Topeka Metropolitan Planning Commission
Chris McKenzie, League of Kansas Municipalities
Joe Palacioz, City Manager, Hutchinson
Larry Knoche, Director, Bureau of Environmental Remediation, Kansas Department of Health and Environment
Gene Neely, Kansas Safe Kids Coalition

Others attending: See Attachment 1.

Chairman Brown opened the hearing on **HB 2736**, the neighborhood revitalization act. Representative Joan Wagnon testified in support of the bill and presented an example of increment financing (see Attachment 2) describing the provisions of the bill for the redevelopment of blighted areas. Representative Wagnon also shared an article on *The Myth of Community Development* , describing the federal program for redevelopment and commenting on the poor results of that program (see Attachment 3).

Representative Kathleen Sebelius, in supporting the bill, stated it gets to the issue of people who are trying to stabilize a neighborhood (see Attachment 4).

Joe Swalwell, Executive Director of Downtown Topeka, Inc., presented written testimony in support of **HB 2736** stating that the bill provides a stabilization of blighted areas by providing tax incentives to rebuild. He described the success the city of the Des Moines program. He also distributed a letter from J. R. Pratt, President of Topeka Housing Partnership, Inc. expresssing the organization's unanimous support of the bill (see Attachment 5).

James Schlegel, Planning Director of the Topeka Metropolitan Planning Commission, presented the city's support of **HB 2736** and suggested that an amendment be made to state that the bill does not pre-empt Home Rule if the laws are non-conflicting with this proposal (see Attachment 6).

Chris McKenzie, of the League of Kansas Municipalities, stated the League's support of **HB 2736** in concept as it provides another tool to cities for redevelopment. He offered the League's assistance in developing the legislation.

No others were present to testify, so the Chairman closed the hearing on **HB 2736**.

Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.

Chairman Brown then opened the hearing on **HB 2712**, concerning redevelopment of environmentally contaminated areas. Representative Robert Krehbiel testified in support of the bill (see Attachment 7). Joe Palacioz, City Manager of Hutchinson, spoke in support of the bill. He described the contaminated area in and near Hutchinson, called the *Fourth and Carey Site*, and the federal mandate for clean up of that site. He stated this legislation is an innovative, cooperative means to accomplish clean up through interlocal agreement between various taxing units, via a tax decrement system. It was pointed out this is similar to the special legislation for the Wichita downtown redevelopment program (see Attachment 8).

Larry Knoche, Health and Environment's Director of the Bureau of Environmental Remediation, testified that the Department supports **HB 2712**, saying that the bill is a useful tool to resolve large contaminated areas (see Attachment 9). In discussion, it was discovered there are many areas similar to the Hutchinson site that will have cost problems like Hutchinson sometime in the future.

Chris McKenzie, of the League of Kansas Muncipalities, presented the League's support of **HB 2712** (see Attachment 10). The Chairman asked what effect this legislation will have on school financing, locally and statewide. Mr. McKenzie offered to research the question and report back to the committee.

There being no others present to testify on the bill, the Chairman closed the hearing on **HB 2712**.

The Chairman then announced that there have been requests for introduction of new legislation. Gene Neely, of the Kansas Safe Kids Coalition, presented a suggested bill concerning smoke detectors (see Attachments 11 and 12). After discussion of the proposal, on motion of Representative Wootton, seconded by Representative Ballard, the committee voted to introduce the bill.

The Chairman reported that Representative Elaine Wells requested introduction of a bill concerning sale of property by townships, similar to that authorized for counties. On motion of Representative Mays, seconded by Representative Wootton, the committee voted to introduce the bill.

The committee then reviewed **HB 2639**, concerning joint engineer districts and their creation, and considered an amendment to section 1 as shown on Attachment 13. There was some debate as to the merits of the amendment and after discussion, on motion of Representative Donovan, seconded by Representative Welshimer, the committee voted to amend the bill as described in the attachment. Then, on motion of Representative Bryant, seconded by Representative Packer, the committee passed the bill, as amended.

HB 2722, open meetings act, was adversely reported on motion of Representative Packer and seconded by Representative Hayzlett. Similarly, **HB 2723**, open meetings act, on motion of Representative Packer and seconded by Representative Hayzlett, was adversely reported. Both bills were previously merged into **HB 2784**, open meetings law; "meeting" defined, which passed the committee on January 27, 1994.

On motion of Representative Wootton, seconded by Representative Packer, the minutes of the meetings held on February 1, 1994 and February 2, 1994, were approved.

The Chairman announced that the agenda tomorrow for the committee will include working bills previously considered.

The meeting was adjourned at 2:40 p.m. The next meeting of the committee will be held on February 9, 1994, 1:30 p.m., in Room 521-S of the Capitol.

HOUSE OF REPRESENTATIVES
COMMITTEE ON LOCAL GOVERNMENT
CONFEREES AND VISITORS
FEBRUARY 8, 1994

NAME AND ADDRESS (*Please print*)		REPRESENTING
James A Todd	Wichita	KSFFA
Joe Palacioz	Hutchinson	City of Hutchinson
Joe Swalwell	Topeka	Downtown Topeka Inc.
Larry Knoche	Topeka	Kans Dept Health + Env.
Michelle Chum	Topeka	Atty. Jon Small
Gene Neely	Topeka	KS Safe Kids Coalition
Mary Rickel	Topeka	State Fire Marshal Dept.
Joan Wagnon	Topeka	

HOUSE LOCAL GOVERNMENT
Attachment # 1
2 / 8 / 94

NEIGHBORHOOD REVITALIZATION ACT HB 2736

CITY

County

Other taxing unit

INTERLOCAL

1. Designate area for redevelopment
2. Develop revitalization plan
   must include description of real estate, inventory of owners, method to establish eligibility, process for approval
3. Hold Public hearings
4. Approve Plan
5. Create Neighborhood Revitalization Fund

$345

Home before improvement:
Appraised value: $30,000
Tax @ 100 mills $ 345

TAXPAYER FILES LETTER OF INTENT

Taxing unit approves application

Property Improvements Made

$575

Home after Improvements
Appraised: $50,000
Tax @ 100 mills $575

return $230 to taxpayer to finance improvements

difference $230

$345

Neighborhood Revitalization Fund

Local General Fund

HOUSE LOCAL GOVERNMENT
Attachment # 2
2 / 8 / 94

THE MYTH OF COMMUNITY DEVELOPMENT

POLITICIANS LIKE IT. FOUNDATIONS LIKE IT. IT SOUNDS GOOD TO CONSERVATIVES AND LIBERALS ALIKE. BUT HISTORY SHOWS THAT OF ALL POSSIBLE SOLUTIONS TO THE CRISIS IN THE GHETTOS, IT'S THE ONE MOST LIKELY TO FAIL.

BY NICHOLAS LEMANN

Left: Local officials touring Bedford-Stuyvesant, 1953. Above: A tenement panorama. From left, street kids in Manhattan, 1890; Henry Street, Manhattan, 1935; Lower East Side, 1960; a Gray Area in New Haven, 1963.

BURIED SO DEEPLY WITHIN PRESIDENT CLINTON'S first budget that it has barely been mentioned by the press is the biggest new Federal program for inner-city ghettos in more than a decade. The program is called Empowerment Zones, and it will cost the Government $3.5 billion over five years — an amount that puts it in the league of Great Society programs that we now think of as having been unimaginably vast, like the War on Poverty and Model Cities.

The crime, poverty and physical and social deterioration of the inner cities is America's most obvious problem. The crisis in health care that has Washington's main attention right now manifests itself in private individual tragedies and in frightening statistics; but the crisis in the ghettos is right there in plain sight, in the middle of our main population centers. It is constantly discussed over millions of dinner tables, and also in establishment circles in New York, Washington, London and Tokyo. The 1992 Los Angeles riots, our biggest domestic disturbance in a generation, dramatically underscored how bad conditions are. It shouldn't come as a surprise — in fact it seems natural — that the Government might want to respond.

What's surprising, instead, is the precise nature of the response — its modesty and the lack of enthusiasm and attention that have surrounded it. Vice President Al Gore has recently been made chairman of a new entity called the Community Enterprise Board, which a few months from now will pick six large, impoverished swaths of big cities (one of which, surely, will be South-Central Los Angeles) to receive special tax breaks and other Government benefits aimed at making them prosper economically. The official oratory associated with the program stresses that it is a new idea, conceived in the realization that, as one White House staff member puts it, "the approaches of both parties for three decades have failed" in the inner cities. "It moves beyond the old debate that the answer to every problem is top-down bureaucracy on the one hand or trickle-down economics on the other," said an Administration handout, with grandeur if not perfect grammar. Gore, in a speech at Harvard last month, said, "The solutions this Administration has in mind are different than those that had been proposed before."

The stated confidence is belied by the kind of launch Empowerment Zones is getting. Lyndon Johnson declared war on poverty in a nationally televised, prime-time address to a joint session of Congress; President Clinton unveiled Empowerment Zones in the parking lot of a Cleveland shopping center in September. Everyone involved with the program knows that, protestations of its newness notwithstanding, something quite similar was proposed by the Bush Administration after the riots in 1992, was passed by Congress and failed to become law only because Bush decided to veto it during the Presidential campaign, when he felt vulnerable to charges of being a tax-and-spender.

Empowerment Zones get remarkably lukewarm endorsements from many of the very people who dreamed them up. Here are a few voices from around the Administration: "The evaluations don't provide an encouraging picture." "It was a given." "There are a lot of problems with it." On Capitol Hill, the committee chairmen who were responsible for Empowerment Zones, Representative Dan Rostenkowski of the House Ways and Means Committee and Senator Daniel Patrick Moynihan of the Senate Finance

Nicholas Lemann, a national correspondent for The Atlantic Monthly, is the author of "The Promised Land."

HOUSE LOCAL GOVERNMENT
Attachment # 3-1
2 / 8 / 94

LEFT: THE NEW YORK TIMES. ABOVE, FROM LEFT: JACOB RIIS/BETTMANN; BERENICE ABBOTT; CHARLES HARBUTT/ACTUALITY; WILLIAM SIMMONS/FORD FOUNDATION.

Attempts at economic revitalization often take the place of other efforts that would do much more good, like improving schools, housing and police protection.

Committee, are both known to be nonbelievers. The person probably most responsible for the passage of Empowerment Zones is Representative Charles B. Rangel of New York. What does he think? "I rejected the whole concept under Reagan. But people came to me and said, 'How can it hurt?' So I just said, 'What the hell.' But when it started looking like the urban policy for the nation, it was obviously inadequate."

The predictions being made for Empowerment Zones' ability to perform their job of revitalizing distressed areas are striking in their modesty. "It depends on your expectations," says Andrew M. Cuomo, an Assistant Secretary at the Department of Housing and Urban Development and one of the program's architects. "If you expect to see Harlem as gentrified and mixed-income, it's not going to happen. If you look at people who moved out, it can be a success." Paul R. Dimond, the White House staff member most involved in planning Empowerment Zones, strikes a similar note: "I'm not saying it's going to succeed 100 percent. . . . If they're successful, lots of people will move out."

Someone who was able to look at this situation afresh — a modern-day de Tocqueville — might well ask, Why is the Government addressing a problem of this severity with a solution that its own officials don't really seem to believe in? The answer transcends the Clinton Administration. Instead, it has to do with the strange way American society outside the generate a lot of home-grown business activity there. This would not only give poor people jobs and therefore money; it would create in them a whole new spirit of self-reliance. They would be able to build independent communities that control their own resources and destiny; from the standpoint of middle-class voters, creating a job base in the ghettos would be hardheaded and unwasteful. Hence the emergence of "economic development" or "community revitalization" — as opposed to straight income support, or old-fashioned social services — as a supposed panacea.

The problem is that on the whole, urban slums have never been home to many businesses except for sweatshops and minor neighborhood provisioners. The slums are usually near downtown, and the residents, when they can find work, have usually found it downtown. Also, poor neighborhoods are usually transitional: rather than being stable, self-sufficient communities on the model of a village in Vermont, they tend to be home to people who plan to move out as soon as they make a little money. The standard model of progress for poor people living in urban slums, repeated millions and millions of times over the decades, is to get a good job outside the neighborhood and then decamp for a nicer part of town.

So to try to create a lot of new economic activity in poor neighborhoods is to swim against the great sweeping tide of urban life in America. Inside the ghetto, it usually does no harm — but it doesn't help much either. Outside the

From left: Mobilization for Youth trainees, Houston Street, 1963; President Johnson after signing housing legislation, 1968; a rendering of a building facade in Bedford-Stuyvesant, 1969; Model Cities groundbreaking with Mayor Lindsay, Br

ghettos deals with the problems inside. For three decades, Administration after Administration has pondered the ghettos and then settled on the idea of trying to revitalize them economically — even though there is almost no evidence that this can work. Nearly every attempt to revitalize the ghettos has been billed as a dramatic departure from the wrongheaded Government programs of the past — even though many of the wrongheaded programs of the past tried to do exactly the same thing. The old cliché about ghetto life is that it's "a cycle of despair." Actually it's ghetto policy making that's a cycle of despair: The leadership class repeatedly turns to policies that sound appealing but are doomed to fail — and then their failure practically guarantees that the country won't face the issue head on.

INNER-CITY REVITALIZATION IS A PHRASE SO FAMILIAR THAT IT'S part of the unexamined background noise of society. In fact, it requires some explanation. The most obvious solution to poverty is simply to provide for poor people's material needs, through cash grants, vouchers like food stamps and services like Medicaid. But for 100 years — roughly since the publication of Jacob Riis's "How the Other Half Lives" — American reformers have felt that the problems of poor urban slums went beyond just a lack of income. The slums were unhealthful and physically dangerous, and people there didn't seem to behave in a way that would put them on the track out of poverty. Therefore it was necessary to make some special efforts to improve conditions in the slums.

Traditionally these efforts involved what used to be called "social uplift": education, counseling, improvement of the housing stock, crime control. In recent decades, though, the idea of social uplift has become thoroughly disreputable among both the poor (who see it as patronizing) and the not-poor (who see it as expensive and ineffective). But what all parties have found they can live with is the idea that the way to cure the special ills of the slums is to

ghetto, though, it does a great deal of harm. Attempts at economic revitalization often take the place of other efforts that would do much more good (especially improving schools, housing and police protection), and they establish a public mission that can't be accomplished. Nothing does more to feed the public perception that antipoverty programs — in fact, Government programs generally — don't work than the poor physical appearance of the ghettos; the more the Government claims it's going to revitalize them, the harder it becomes politically to take on the problem in the future.

THE STORY OF HOW AMERICA GOT TO THIS POINT IS NOT so much about urban poverty itself as it is about *perceptions* of urban poverty.

Cities rose during the first half of the 20th century and have fallen during the second half. In the early years of their rise, as Americans flocked to them, respectable opinion often found cities horrifying, partly because of their squalid immigrant slums and corrupt political machines, and partly because virtue was thought to reside in the countryside. Theodore Roosevelt, the only President born on Manhattan Island, created a Commission on Country Life to revitalize a depopulating rural America. (It was unsuccessful.)

Not many years after cities ceased to be alarming, they began to appear to need saving. By the late 1940's, it was clear that the mass migration to the suburbs was depleting urban America of population and retailing base, and the arrival of a new wave of poor newcomers (this time African-Americans from the South) led to a fresh round of concern about slum conditions. In 1949, the Truman Administration created Urban Renewal, the first Federal program to make a commitment to restoring cities to some kind of past glory.

But Urban Renewal quickly became unpopular, especially among liberals.

HOUSE LOCAL GOVERNMENT
Attachment # 3-2
2 / 8 / 94

HOW NOT TO FIGHT POVERTY

The rap on it, wholly justified, was that it bulldozed neighborhoods, especially black neighborhoods (hence its nickname, "Negro Removal") and replaced them with highways, sterile housing developments and municipal office complexes that looked wonderful when planners presented them at Chamber of Commerce meetings but, when built, only hastened the city's decline. In the late 50's and early 60's, books like Herbert J. Gans's "Urban Villagers" and Jane Jacobs's "Death and Life of the Great American Cities" enshrined the view that city neighborhoods, including poor ones, are precious, vibrant organisms with a complex life that planners don't understand.

When the next round of urban programs began, in the Kennedy Administration, they were animated by a backlash against urban renewal. A related line of thinking about slums that emerged at about the same time was hostility to the "ladies bountiful" who had been operating settlement houses and otherwise providing social services for many years. Both these oppositions, to urban renewal and to social work, led to the same conclusion — an elevation of the role that poor people themselves should play in the improvement of the slums.

The early 1960's, then, were the starting point for the current phase of thinking about ghettos. For fully 30 years, the reigning ideas about Government policy in poor city neighborhoods have been essentially the same — even though these ideas are still being referred to as new. They were first tried in the early 1960's, in small, foundation-financed efforts like the Gray Areas Project in New Haven and Mobilization for Youth on the Lower East Side (both underwritten by the Ford Foundation); then they were introduced into the Federal bloodstream through the work of the President's Council on Juvenile Delinquency, which was run by Attorney General Robert F. Kennedy; finally, in 1964, they became the basis for the centerpiece of the War on Poverty, the Community Action program. These are the ideas:

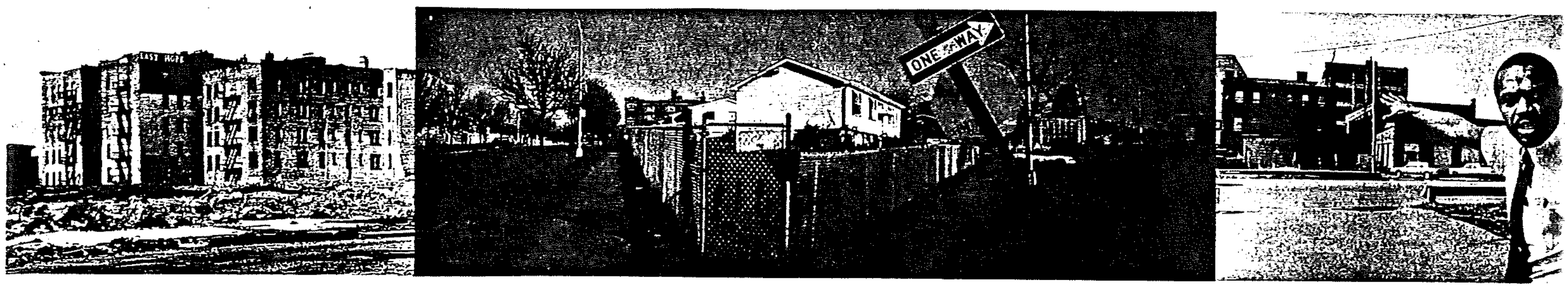
Bottom Up, Not Top Down. The people who know the most about the needs of poor neighborhoods are the residents; therefore, poverty programs should be designed and implemented by them, not imposed from above by mayors, members of Congress, social workers, intellectuals, Federal bureaucrats or other authority figures.

Comprehensive and Coordinated. Antipoverty programs are a confusing morass, run by competing, byzantine bureaucracies. Rather than being operated "categorically" by different agencies in Washington (welfare and Medicaid are examples of "categorical" antipoverty programs because each addresses a single problem in isolation), these programs should be, on a local level, housed under one roof and reorganized so that all the problems of poor people are addressed together systematically.

Revitalize the Neighborhood. Ultimately, the theory goes, the health of a neighborhood depends on its economic base. The only real long-term answer to the problems of an inner-city ghetto is for good jobs to be available there. Anyone interested in helping poor neighborhoods must primarily focus on economic development.

It took only a few months for the War on Poverty to start being perceived as a failure. In retrospect, the poverty warriors were always swimming upstream against public opinion and politics. As long as the economy was growing rapidly and the poverty rate was decreasing, newly prosperous middle-class voters were willing to tolerate some governmental generosity. But they never pressed their representatives to finance programs they perceived as benefiting disadvantaged minorities. Also, the "bottom up" idea in the War on Poverty found its expression in a provision that directed Federal funds to community groups without the advice and consent of local elected officialdom; so mayors, senators and representatives, deprived of the pork-barrel opportunities embedded in virtually every other Federal program, were generally unfriendly to the War on Poverty.

But in a way, these political weaknesses only served to solidify the ideas about neighborhood revitalization that underlay the War on Poverty: everyone was too busy fighting enemies to re-examine its theoretical basis. Even as it became clear that the War on Poverty itself was never going to become a large, successful Federal program, succeeding antipoverty programs usually accepted the War on Poverty paradigm. Model Cities, the Johnson Administration's last major antipoverty initiative, was supposed to correct the political shortcomings of the War on Poverty by dropping the exclusion of mayors and members of Congress — but the idea was still to revitalize poor neighborhoods. Robert Kennedy, by then Senator from New York and Johnson's archenemy, was contemptuous of Model Cities. His ambitious antipoverty program was the Bedford-Stuyvesant Restoration Corporation, which was different from Model Cities in crucial respects. But it was also driven by the idea of economically revitalizing the ghetto.



Brooklyn, 1970; a Model Cities site in Ocean Hill-Brownsville, 1972; abandoned tenements on Charlotte Street, South Bronx, 1981; Charlotte Street in 1993; Andrew J. Mayo, manager of the Bridgeport, Conn., Enterprise Zone, 1983.

The 1970's saw a succession of programs, like Community Development Block Grants during the Ford Administration and Urban Development Action Grants during the Carter Administration, which were sold as being different from the failed programs of the past while resting on the same assumptions: bottom-up planning, coordination of programs, neighborhood redevelopment.

During the 1980's, the dominant new antipoverty idea in Washington was creating Enterprise Zones: ghetto areas that would be given special tax breaks to encourage business. Their most prominent advocate was — and still is — Jack F. Kemp, who first proposed legislation to create them back in 1980, when he was a Congressman from Buffalo. The Reagan and Bush Administrations regularly called for legislation to establish Enterprise Zones, as did Kemp when he was Secretary of Housing and Urban Development under Bush. Kemp has a sincere and boundless faith that miracles can result from tax cuts; in his HUD days, which coincided with the collapse of Communism, he would tell visitors that the ghettos were "akin to a third-world socialist economy" and capitalism would make them blossom.

The antipoverty talk in the Bush Administration was, as usual, full of the notion of rejecting the failed programs of the past in favor of new ideas, but the new ideas had a certain familiarity: Enterprise Zones were another revitalize-the-ghetto scheme. Many of the slogans used to promote Enterprise Zones — "empowerment," "a hand up, not a handout," "teach a man to fish and he'll eat for a lifetime" — were, consciously or not, verbatim appropriations of language that was used to sell the War on Poverty.

Kemp was well known to be frustrated with Bush's level of commitment to the enterprise zone idea — insufficient to get a bill passed. Then came the

HOUSE LOCAL GOVERNMENT
Attachment # 3-3
2 / 8 / 94

HOW NOT TO FIGHT POVERTY

Los Angeles riots, and, as one Government expert puts it, "the only thing on the shelf was Enterprise Zones." Their previous failure to become Federal policy suddenly became a virtue because they appeared to be a fresh approach. The Administration and Congress quickly put together legislation that landed on President Bush's desk in October 1992, in the heat of the Presidential race. The bill also contained a few tiny technical adjustments that would increase Government revenues, like a change in the tax-accounting procedure for securities dealers. Afraid he would be accused of again breaking his "no new taxes" pledge, Bush announced he would veto the bill.

WHY HAS THE FEDERAL GOVERNMENT CONSISTENTLY backed economic revitalization efforts in the ghettos? The answer to this question is not the one you'd expect— that these efforts have been successful. Ghettos aren't very attractive locations for businesses. As Andrew Cuomo puts it, "It's misleading to say, once I.B.M. moves to the South Bronx everything's going to be rosy. One, I.B.M. isn't going to the South Bronx, because the other cost of doing business outweighs the tax incentives. Also, if I.B.M. did show up, the people in the zone aren't in a position to show up. They need training, and services like day care — a comprehensive strategy."

In addition, the era of Government ghetto-revitalization programs has coincided with a major flow of population out of the areas that were supposedly being revived. Just during the 1970's, the peak decade of ghetto outmigration, Bedford-Stuyvesant lost one-third of its population. So did Central Harlem. The two community districts that make up the poorest part of the South Bronx lost two-thirds.

In New York City, most of these neighborhoods have stopped losing population — primarily because of immigration, not Government revitalization efforts — but in many other cities, the outflow has continued. A recent series of articles in The Miami Herald, for example, reported that all of Miami's traditional black neighborhoods are still heavy population losers: "In Liberty City, 27 percent of the population is gone. In the black section of Coconut Grove, 35 percent. In Overtown, where highway construction helped spur decline, 76 percent of the population is gone." The Herald also cited black-population-loss figures of 100,000 for Chicago, 124,000 for Atlanta and 224,000 for Washington.

It's no tragedy when people leave ghettos. They're just following the standard American pattern by moving to the outer city — places like Queens — or to the suburbs. Today, minorities are suburbanizing more rapidly than whites. A recent Urban Institute paper calculates that just during the 1980's, the black population of the suburbs in the 39 largest metropolitan areas increased by 38 percent. Jobs have followed people to the suburbs, and that makes it even more difficult to create an employment base in poor inner-city neighborhoods.

It is therefore extremely difficult to find statistical evidence that any inner-city neighborhood in the country has been economically revitalized. One often hears anecdotal revitalization success stories, but they usually involve either the building of a "festival marketplace," like South Street Seaport in New York, or the shoring up of an area that is blue-collar rather than poor and residential rather than industrial, like South Shore in Chicago, which President Clinton often mentions in speeches. An Urban Institute report produced after the Los Angeles riots said, "There are virtually no examples of success in restoring strong economic activity and job creation to an inner-city area the size of South-Central Los Angeles, as is being attempted in the wake of the riots." Rebuild L.A., the much-publicized local civic effort to revitalize South-Central, has been unable to induce businesses to locate major facilities there, which is one reason that its first director, Peter V. Ueberroth, resigned.

So then why is inner-city revitalization attractive to policy makers? One reason is that although Americans move around a lot, and poor people are especially mobile, politicians represent geographical areas and so naturally think of the welfare of people in terms of the welfare of places. Schemes to revive places are always popular with politicians, and with politicians' lobbies like the United States Conference of Mayors. The Model Cities program, to cite a famous example, was in early discussions supposed to be a demonstration project in a handful of cities. But in order to get it through Congress the Johnson Administration expanded it to 150 sites (and thus vastly diluted its chances of success) — which gave the program an automatic base of 150 votes in the House.

Philanthropic foundations also like revitalization. The idea that foundations wield great power might sound strange to people outside of fields like education, foreign affairs and social policy, but within their orbit, what they do matters tremendously. In poverty-fighting, during periods when the Federal Government isn't rolling out large, centrally administered programs, foundations become, by default, the key players. The foundations' strong attachment to revitalization comes partly from the natural tendency to believe that the thing you *can* do is the essential thing *to* do. Foundations don't have enough money or power to take control of inner-city public education, or impose work requirements on welfare recipients or send poor people money and food. But they can foster community-development efforts, which are relatively cheap because they're so localized and which don't require the wielding of Government authority. For decades, the Ford Foundation has invested heavily in inner-city economic development, and in recent years, other big foundations have followed suit. The heads of the two most important foundations involved in antipoverty work are both alumni of ghetto revitalization efforts: Franklin A. Thomas of the Ford Foundation previously ran Bedford-Stuyvesant Restoration, and Peter C. Goldmark Jr. of the Rockefeller Foundation as a young man worked for the Federal Community Action Program. Most conclaves devoted to devising solutions to the problems of ghettos are dominated by foundation people, and they usually end with ringing endorsements of economic revitalization.

Two other disparate constituencies are able to dwell comfortably under the theoretical roof of revitalization. Business groups — a city's local Chamber of Commerce, for example — like revitalization because it glorifies small business and presents itself as a practical alternative to the big-Government approach. Ghetto revitalization projects often have the word "corporation" in their name in order to enhance their appeal to business contributors.

At the other end of the spectrum, grass-roots inner-city community groups like revitalization because it puts them at center stage as saviors of their neighborhoods (and recipients of funds), provides administrative jobs

From left: Jimmy and Rosalynn Carter lend their muscle to Habitat for Humanity in Washington, 1992; the HUD staff touring a town-house complex in Newark, 1993; Silver Ladle Soups in Bridgeport, Conn., will soon move to a bigger b

HOUSE LOCAL GOVERNMENT
Attachment # 3-4
2 / 8 / 94

Jobs have followed people to the suburbs, and that makes it even more difficult to create an employment base in poor inner-city neighborhoods.

and operates from a flattering set of assumptions about the hidden "strengths" of areas that are usually defined solely in terms of their poverty, crime rates, poor schools, dilapidated housing and other problems.

Finally, revitalization is bureaucratically appealing to White House staff members. In Administration after Administration, these people suffer the same frustrations: it's too difficult to get action at a reasonable cost, and the Cabinet departments are lumbering and intransigent. So when an Administration sets up a White House task force or working group on concentrated inner-city poverty, as has nearly every Administration of the past three decades, what usually happens is that the departments submit ideas for expensive programs to be run by them, and the White House, frustrated, looks for a cheaper and higher-impact alternative. The next step — in the Bush Administration, no less than in the Kennedy Administration — is that the White House becomes entranced with the idea that community development efforts should be run locally rather than by Federal bureaucrats. That is both the cheapest and the most dramatic-sounding option.

Given that the residents of many of the poorest urban neighborhoods are African-American, a final political advantage of community development is that it neatly avoids what is perhaps the most perilous of all issues for elected officials — racial integration. Scholars, policy analysts and journalists have been moving in recent years toward the view that "hypersegregation" of the community that seems to be at large in the country right now. They generate good will inexpensively among the urban lobbying groups. After the election, Clinton put his new National Economic Council in charge of fulfilling the Enterprise Zones campaign promise, and the Council wound up, in effect, revising the Republicans' abandoned Enterprise Zones bill.

State and local experiments with Enterprise Zones (which, admittedly, don't involve tax breaks on the scale that the Federal Government can provide) haven't produced impressive results. Enterprise Zones don't directly attack essential problems like poor education and crime, which act as a "tax" on businesses that often outweighs whatever actual tax break they have reaped. By targeting only certain places, Enterprise Zones are, in the words of one report, "a means of redistributing investment and employment, not a means of achieving more of each."

The Clinton Administration has demonstrated its lack of Kemp-like total belief in economic revitalization of ghettos by placing bets on several different antipoverty strategies. By far its largest antipoverty initiative is a $21 billion increase in the Earned Income Tax Credit, which is meant to get all working people above the poverty line. Financing for the Head Start program has also been increased. And President Clinton has talked about ambitious plans to improve education and public safety in the ghettos.

Still, because of Clinton's campaign promise, there was never any question

...ger building, thanks to an Urban Enterprise Zone tax break; President Clinton in a Cleveland parking lot, just after unveiling Empowerment Zones; a swath of South-Central Los Angeles, a prime candidate for Empowerment Zone designation.

black poor causes great harm. But politicians simply can't afford to embrace this view wholeheartedly. A good example is the position of Henry G. Cisneros, the Secretary of Housing and Urban Development. When Cisneros took office, he developed a list of four fundamental "commitments" driving all HUD activities — and then became so impassioned about integration that he added a fifth commitment, to, in his words "consistently working to deconcentrate the poorest of the poor, giving people a lift up and out" of the ghetto. At Cisneros's urging, President Clinton has decided to issue later this year a tough new executive order banning housing discrimination against people who want to leave all-minority neighborhoods. But Cisneros still loyally (though with noticeably less fervor) endorses developing the ghetto economically, which would seem to be exactly the opposite approach.

DURING THE 1992 CAMPAIGN, BILL CLINTON CAME OUT for Enterprise Zones — in a more careful and less breezily optimistic way than Kemp, but for them nonetheless. In a long interview with the staff of The Atlantic Monthly (including me) just before the Democratic Convention, he said, "I agree with Kemp about Enterprise Zones, but . . . I think it's a very narrow view of what needs to be done to . . . recreate that sort of economy there." And a little later: "I think they will be of limited impact unless you also have . . . the national initiatives I've called for on education, health care and the economy."

Besides his personal convictions about Enterprise Zones, Clinton had good political reasons to support them. Because they are primarily based on tax cuts, they don't have to be proposed in the form of new-spending legislation, which is unpopular. Enterprise Zones have a tough-minded, economic growth-oriented "new Democrat" aura of promoting the work ethic as a solution to poverty, rather than welfare and Government programs of the "throwing money at problems" variety. They tap into a longing for the restoration of that the Administration would propose Enterprise Zone legislation. What the planners of the Clinton bill came up with might be called Enterprise Zones for Liberals. Kemp believes the essential incentive in Enterprise Zones should be a break in the capital gains tax for investors in businesses there. In the Bush and Clinton plans, the central mechanism is a wage credit: employ a resident of the zone, and you save up to $3,000 a year in payroll taxes. Wage credits are more highly regarded by policy analysts than capital gains tax cuts because they insure that the Government's money goes directly into job creation. The Clinton bill, like the Bush bill, tried to avoid the old Model Cities problem of funds being spread too thinly by designating a handful of Empowerment Zones that get serious amounts and a lot of "enterprise communities" that get just enough to win the votes of their representatives. The War on Poverty's problem of generating political enmity by cutting politicians out of the action was solved by requiring each community to submit an application agreed to by community groups and endorsed by local government. (Kemp publicly opposed Empowerment Zones because governments have too large a role.)

Paul Dimond, the most involved White House staff member, is a lawyer who spent years trying desegregation cases and so is well aware of the desire of ghetto residents to move out. At his suggestion, the wage credit was made to apply to employers who hired residents of a zone, even if the job was outside the zone. Andrew Cuomo, the only Administration official involved in drawing up the bill who has actually worked in inner-city redevelopment, pushed to require communities to plan services like day care and job training as a condition of being chosen as an Empowerment Zone. Dimond and Cuomo have set up an elaborate plan to make it easier for Empowerment Zones to apply for additional financing and loans from Government agencies and to encourage them to line up local private and public financing as well.

Last May, an Administration delegation headed *Continued on page 50*

HOUSE LOCAL GOVERNMENT
Attachment # 3-5
2/8/94

...ARD ROSS FOR THE NEW YORK TIMES.

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Continued from page 31

by Cisneros and Robert E. Rubin, who heads the National Economic Council, went to Capitol Hill to present the Empowerment Zones legislation to the Senate committee chairman who had jurisdiction over it, Daniel Patrick Moynihan. Moynihan has been able to maintain a reputation as a champion of social reform while actually believing that Government social programs almost never work. "That's a *Fabian* idea," he told his visitors — a comment that anyone who knows him well would recognize as a putdown (the Fabians having been, in the Moynihan cosmology, the opposite of the kind of practical machine politicians who get things d[illegible] but that the Administration's [illegible] sentatives took as praise. When [illegible] Clinton Administration included Empowerment Zones as part of its budget, the House passed it, adding an additional $1 billion to the appropriation. But Moynihan's Senate Finance Committee stripped Empowerment Zones out of the budget bill before sending the legislation to the Senate floor for a vote.

The fate of Empowerment Zones then rested with a House-Senate conference committee charged with resolving the differences between the House and Senate versions of the bill. It was a pure case of legislating behind closed doors: Empowerment Zones was too minor a part of the huge budget for anyone but the people in the conference to focus on. What happened was that Charles Rangel, who represents Harlem and was the only member of the Congressional Black Caucus on the conference committee, saved Empowerment Zones, with help from Senator Bill Bradley of New Jersey. That was interesting, because neither Bradley nor Rangel, who have long records of demonstrated concern for ghettos, especially believes in the Enterprise Zone idea. They used Empowerment Zones as an opportunity to get more Federal spending on what they do believe in, social services: drug counseling, preventive health care, job training, after-school mentoring and emergency housing.

The final legislation contained $2.5 billion in tax breaks and $1 billion in new financing for a very flexible social-services grant called Title XX. And the bill's original provision subsidizing the hiring of zone residents for jobs outside the zone — which the Administration authors were especially proud of, because it recognized the reality that significant job-creation *inside ghettos* is unlikely and probably unnecessary — was quietly dropped to save money.

Later this year, Vice President Gore's Enterprise Board will, after considering applications from all over the country, designate six urban and three rural Empowerment Zones. Of the six urban ones, it is a safe bet that one will be in South-Central Los Angeles. Another, given Rangel's role, will probably be in Harlem. Chicago, home of Dan Rostenkowski, would be a strong candidate, and so would Detroit because it has America's most severely distressed big-city ghetto. In conference, Senator Bradley inserted a requirement that of the six zones, "at least one must be in a city with a population of 500,000 or less and at least one of the zones itself must have a population of 50,000 or less and include areas located in two states." This would pave the way for applications from *Continued on page 54*

HOUSE LOCAL GOVERNMENT
Attachment # 3-6
2 / 8 / 94

Conti[illegible] from page 50

Newark and Camden, which sits on the New Jersey-Pennsylvania border.

Then what? The Administration's optimism about Empowerment Zones is extremely limited. Paul Dimond, who is probably the leading Empowerment Zones enthusiast, says he believes that if the zones are located near existing facilities with job-generating potential, like universities and hospitals (a Harlem zone, for example, could abut Columbia University and the Columbia-Presbyterian medical complex) and in cities that are drawing immigrants, they could substantially improve conditions. Other Administration officials predict that perhaps one of the six zones could end up a visible economic success, while the rest can only hope to be somewhat safer and less deteriorated-looking.

And this is the optimistic view. As an example of the pessimistic (though still Democratic) view, Lawrence F. O'Donnell Jr., staff director of the Senate Finance Committee and a protégé and soul mate of Moynihan's, says: "My own belief is this bill will represent a net harm to Empowerment Zone communities. I wouldn't be surprised if three years from now, you have an Empowerment Zone in which no employer of significance has moved in, because employers are not so concerned with the tax picture as the safety and service and transportation picture. ... There's going to be *tremendous* chicanery around this. ... What if the guy from the South Bronx who gets a job does what every guy does, which is move? He's no longer a tax break. Do you fire him? What he's going to end up doing is lying about his address. It completely ignores one of the most obvious phenomena of this century — people do not *want* to live near their work."

Ghetto fact-finders: Representative John Lewis, Jack Kemp, HUD Secretary, and Mayor Andrew Young in Atlanta, 1989.

ALL OVER URBAN America, hundreds, even thousands of local organizations are engaged in efforts to revitalize neighborhoods. Much of this activity is extremely impressive, not least because of the dedication of the people involved. The War on Poverty set up more than 500 local community action agencies. Today, more than a decade after the last desiccated vestige of the Johnson-era Office of Economic Opportunity, a little-known agency called the Community Services Administration, was eliminated as an independent body by the Reagan Administration, hundreds of community action agencies still exist. An overlapping category, descended from Robert Kennedy's Bedford-Stuyvesant project, is Community Development Corporations, which are heavily supported by foundations and exist in poor neighborhoods in every big city.

It's unscientific and unfair to single out one of these local organizations as the best in the country — but if the title were being handed out it would, by common assent of people in the field, probably go to the New Community Corporation in Newark. Founded a year after the 1967 Newark riots, New Community became a substantial enterprise during the 1980's, under the direction of a rumpled, unassuming Catholic priest, William J. Linder. Today it operates 2,500 housing units that are home to 6,000 people; seven day-care centers; an elementary school; a shopping center anchored by a new Pathmark supermarket; a nursing home; a job-placement center; a newspaper and a restaurant. It has 1,266 employees and an $95 million annual budget. The neighborhood where New Community operates feels organized and safe. Right next to it, a private developer has built market-rate housing, which is a vote of confidence in New Community's ability to stabilize the area.

It would be a mistake, however, to make the leap from the impressive work of New Community, or that of other Community Development Corporations, to the conclusion that ghetto economic revitalization can work — although making that leap has become routine for journalists, foundation executives and Government officials. A strict unwritten code among Community Development Corporation people dictates that they must insist economic development is their primary mission. Linder certainly does. To the naked eye, though, economic development is hardly the most striking feature of Community Development Corporations. In the neighborhood where New Community operates, there is almost no private-sector economic activity. New Community, an imaginative and energetic harvester of grants, loans, subsidies and tax abatements from Government, foundations and business, owns outright almost everything there.

Its main activity — and the main activity of most other Community Development Corporations — is creating and operating housing for the poor. Because there are so many Community Development Corporations and other local efforts, and because these organizations are often run by inexperienced people, many are incompetent or even corrupt; they fizzle out, or limp along for years. The most impressive thing about the hundreds of good Community Development Corporations, though, is almost always their housing work.

Subsidized housing is the spiritual center of antipoverty work. In the dawning days of urban social reform, Jacob Riis and his allies believed that the key to solving the problems of the slums was building "model tenements." By the mid-1960's, the pandemic violence and social deterioration at big public-housing projects was the main evidence for the view (which still prevails) that Government antipoverty programs had failed. To visit successful Community Development Corporations is to see that subsidized housing for the poor can work — in fact, there seems to be a consistent model that works from neighborhood to neighborhood. The key points in common are heavy emphasis on security (New Community has a private security force of 120 people, almost one-tenth of its payroll); keeping the size of each development manageably small; creating some economic mix of tenants; screening prospective tenants and expelling tenants who commit crimes or otherwise break the rules. Subsidized housing of this kind tends to be run by a single strong leader. For example, the deputy borough president of the Bronx, Genevieve Brooks, started out as head of a Community Development Corporation called the Mid-Bronx Desperadoes.

The implications of an existing replicable formula for running subsidized housing for the poor are immense. It raises the hope of making some significant dent in problems like homelessness and inner-city dilapidation. Success stories in housing might well make the public more willing also to support Government efforts in education, child care, health, public safety and job training that would address what everyone knows is an intolerable crisis in the ghettos.

But the people who are doing good work in poor urban neighborhoods — who have significantly improved horrific conditions by figuring out how to deliver traditional social services well — almost always say that they are engaged in "economic development" or "grass-roots community development," rather than trumpeting their real story. (The most comprehensive national study of Community Development Corporations does admit, slightly through gritted teeth, that housing is "the C.D.C.'s' largest single program area," and that their "record in housing is stronger than it is in the

Continued on page 60

HOUSE LOCAL GOVERNMENT
Attachment # 3-7
2 / 8 / 94

GHETTO

Continued from page 54

development of commercial property or business enterprises.") The idea of poor people being ministered to today has a creepy, Kiplingesque feeling to it; everyone in the field finds the idea that poor people are being "empowered" much more comfortable. In a way, the whole notion of economic revitalization functions as a kind of code: it's a formulation that isn't taken literally and one that worked wonderfully well to bring all the antipoverty players together in a period when their cause wasn't receiving much attention from the general public or the Federal Government.

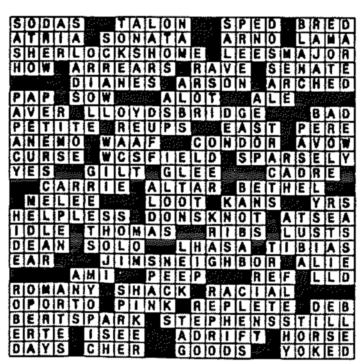
NOW THINGS ARE CHANGing. An Administration interested in antipoverty programs is in the White House. Bill Clinton has made it obvious that he understands and is tormented by how bad things are in the ghettos. It is also his natural inclination to look to the Federal Government to do something about it. But what? Economic revitalization efforts pass every test but one, the reality test. They are popular among all the key players in antipoverty policy; they sound good; they have bipartisan appeal; they are based on tax breaks rather than on spending and so are easier to pass. The only problem is that so far they haven't worked — which creates a larger problem.

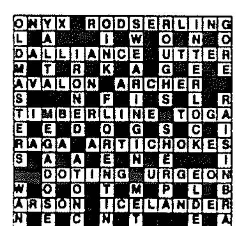
Think for a minute about *why* most people believe that the Great Society was a failure. What's the evidence? It is the enduring physical and social deterioration of poor inner-city neighborhoods. The Government promised to turn these places around, and instead they got worse; ipso facto, Gove can't do anything right. This is . the button that Marlin Fitzwater tried to push last year when he blamed the Great Society for the Los Angeles riots. It's all too easy to imagine the Republican nominee in 1996 staging a press conference in one of the Clinton Administration's Empowerment Zones, waving a hand expressively at the scenery and saying: "See? They told us that by spending billions here they were going to create a nice place." All this will be hypocritical, of course, because the Republican nominee will probably be someone who supported a quite similar Bush plan, but it will be effective.

On the other hand, programs to make daily life in the ghettos decent and to put inner-city residents on the track to something better are problematic for Washington. Voters are absolutely certain that social services cost a lot and don't work, so political support for them is hard to come by. Meanwhile, there is considerable evidence that out in the ghettos, people are finding ways to deliver social services, especially housing and day care, effectively. Everybody involved in antipoverty work knows this, which is the reason that, on the ground, community efforts focus primarily on housing, safety, education and job training — and the reason that Washington tries regularly to sneak more financing for these social services into legislation. What the people who know won't do, at the moment, is state these goals directly. They fear that public hostility to Government social-service programs is too strong. It's a tragedy. What is gained in the short run by making a promise that sounds more appealing — economic development — is far outweighed by what is lost in the long run when the dream doesn't come true. ■

ANSWERS TO PUZZLES

OF JANUARY 2, 1994





HOUSE LOCAL GOVERNMENT
Attachment # 3-8
2 / 8 / 94

HOUSE OF REPRESENTATIVES

KATHLEEN SEBELIUS
REPRESENTATIVE, FIFTY-SIXTH DISTRICT
HOME ADDRESS: 224 GREENWOOD
TOPEKA, KANSAS 66606
(913) 233-6535
OFFICE: SUITE 302-S STATEHOUSE
TOPEKA, KANSAS 66612-1504
(913) 296-7683

OFFICE OF THE MINORITY WHIP

COMMITTEE ASSIGNMENTS
MEMBER: CALENDAR & PRINTING
FEDERAL & STATE AFFAIRS
FINANCIAL INSTITUTIONS & INSURANCE
HEALTH CARE DECISIONS FOR THE 1990'S
INTERSTATE COOPERATION
APPOINTMENTS: COORDINATING COUNCIL ON EARLY CHILDHOOD DEVELOPMENTAL SERVICES
KANSAS FILM COMMISSION
SRS MANAGED CARE TASK FORCE

TO: Chairperson Nancy Brown and the Committee on Local Government

FROM: Representative Kathleen Gilligan Sebelius KGS

RE: Support for House Bill 2736

This bill is aimed at neighborhood stabilization and rewards owners who improve their properties. It allows cities, counties or taxing units to grant rebates on property taxes resulting from increases due to repairs or improvements.

Taxing units must designate specific "blighted" areas and must prepare a plan for designated revitalization within those areas. The plan specifies careful documentation of existing conditions and improvement plans and the process requires open hearings and debate.

The Act will not result in the loss of property tax revenue, only the delay in increased revenue due to neighborhood improvements. Too often homeowners feel "punished" for upgrading their property, and this measure seeks to encourage investment,not to penalize it.

I encourage the Committee's favorable consideration of HB 2736.

HOUSE LOCAL GOVERNMENT
Attachment # 4
2 / 8 / 94

PRESENTATION BY DOWNTOWN TOPEKA INC.
TO THE HOUSE LOCAL GOVERNMENT COMMITTEE
RE: HOUSE BILL 2736
FEBRUARY 3, 1994

Thank you for allowing us time on your agenda.

Downtown Topeka Inc. is a volunteer organization, established in 1964. Our membership includes small and medium sized businesses and major corporations. Most of our corporate members have their headquarters in the core area. Over 17,000 workers in Topeka are employed by our members. DTI has a history of serving the city and our members as a resource for information and direction for the central city.

In July of 1992, Downtown Topeka Inc. Vice President of Development, Morey Sullivan, called together a Blue Ribbon Panel of community leaders to review and study the needs of the central city. This panel was divided into six subcommittees: Taxes, Housing, Infrastructure, Building Space, Consumer Services and Human Services.

During the balance of 1992, these citizens met many times with experts to explore these subjects. Each subcommittee made a series of preliminary recommendations. However, it was the general consensus of these subcommittees that more specific information was needed before final recommendations could be made. DTI then aproached the City of Topeka for funding to carry out this research.

The city agreed with the need for additional information, so we provided in our study, a Property Valuation Profile, a Crime Profile and a Physical Survey of Properties. We presented our findings to the city Sept. 1, 1993.

As a result of these studies, it became apparent that there was an ongoing deterioration in our central city. We then contacted other cities in Kansas, and cities in other states, to compare our information and findings with their cities. We found that nearly all of these cities had similar conditions in their central city and some of them had adopted legislation and ordinances that allowed them to grant special tax incentives for development.

This bill, #2736, that we have collaborated on with Rep. Wagnon, is a composite of several plans. In this Act, the State of Kansas would give governing bodies the authority to designate an area or areas of the city as revitalization districts. Under the Act, qualified real estate within the designated areas may be eligible to receive a refund on property taxes on improvements for a specified number of years.

The primary intent of this bill is to provide communities with a long-term increase or stabilization in their tax base by encouraging rehabilitation or new construction which might not otherwise have occurred.

HOUSE LOCAL GOVERNMENT
Attachment # 5-1
2 / 8 / 94

PRESENTATION BY DOWNTOWN TOPEKA INC.
TO THE HOUSE LOCAL GOVERNMENT COMMITTEE
RE: HOUSE BILL 2736
FEBRUARY 3, 1994

Some specific benefits within the Act are:

* The Act will provide incentives for neighborhood housing improvements through tax refunds.
* People with limited resources will be able to take advantage of this program.
* The Act does not interfere with current tax revenues.
* The Act creates new tax revenue, without creating a fiscal burden for the cities.
* It will offer incentives for development in specific areas of our communities.
* It will encourage commercial and industrial development in specific parts of the city.
* It will help create jobs.
* It will help reverse the outward migration of central city residents, and the resulting deterioration of the neighborhoods.
* It will enhance the fiscal capacity for city governments to grow and serve their community.
* The Act provides a limited window of opportunity for participation, thereby prompting response from the community.

We hope you will support this bill. We feel it provides flexibility so that each city may participate according to their needs.

Thank you.

Presented by Joe Swalwell, executive director of Downtown Topeka Inc. Feb. 3, 1994.

HOUSE LOCAL GOVERNMENT
Attachment # 5-2
2 / 8 / 94

Topeka Housing Partnership, Inc.

5100 SW 10TH • TOPEKA, KANSAS 66604-2051
(913) 271-6211 • FAX (913) 273-2467

February 8, 1994

Representative Nancy Brown
Chairman,
Local Government Committee
Kansas House of Representatives

Dear Ms. Brown,

The Topeka Housing Partnership is the operating arm of the Mayor's Commission on Affordable Housing. The Mayor's Commission includes over 50 people who represent the many different groups of the community who see the need for affordable housing.

Part of the mission of the Partnership is to provide direction, including funds, for the rehabilitation of older homes for either rental or home ownership at an affordable cost to the tenant. Experience has taught us that just to fix up one home in an area, which contains other possible inadequate properties, is not the total solution. We need additional incentives, such as HB #2736, so that we can help revitalize a neighborhood. The Topeka Housing Partnership directors, at their meeting of February 7 1994, voted unanimously to request the committee to support House Bill No. 2736.

Sincerely.

J. R. Pratt
President

HOUSE LOCAL GOVERNMENT
Attachment # 5-3
2 / 8 / 94

GOLDEN CITY
TOPEKA 1854 KANSAS

Topeka-Shawnee County

Metropolitan Planning Agency
515 S. Kansas Avenue Suite 404
Topeka, Kansas 66603-3421
Phone 913-295-3728

SHAWNEE COUNTY KANSAS

TESTIMONY OF THE CITY OF TOPEKA

on HB 2736
Neighborhood Revitalization

House Committee on Local Government
Tuesday, February 8, 1994

The City of Topeka has a policy favoring state legislation that promotes in-fill development. As we understand House Bill 2736, this bill promotes both private and public investment in deteriorated or deteriorating areas, thereby promoting in-fill development. As Planning Director for the Topeka-Shawnee County Metropolitan Planning Agency, I appear today to express Topeka's support of HB 2736.

The City believes HB 2736 is a modest proposal to help address some of the many problems of older urban areas that tend to discourage both public and private sector investment.

The City supports the basic concepts of the bill:

* The law would be optional enabling legislation -- no city or other taxing unit would be required to use it.

* The term "blighted area" is defined by broadly-written criteria, allowing for flexibility in the law's use and encouraging cities such as Topeka to use the Act.

* The state mandates of an adopted "plan for the designated revitalization area" and for a public hearing on that plan seem to be reasonable measures to ask cities to take in exchange for their receiving this grant of enabling legislation from the state.

HOUSE LOCAL GOVERNMENT
Attachment # 6-1
2/8/94

* The Act recognizes the public purpose of historic preservation and restoration of historic structures, and the linkage between community revitalization and historic properties.

* Because the property tax rebate component of HB 2736 applies only to the increased taxes attributable to repairs and improvements made to property after the Act takes effect, there is no real dollar loss of current property tax revenues resulting from a city's utilization of HB 2736.

The City of Topeka does request this Committee's consideration of one amendment to HB 2736. Ever since the 1990 county Home Rule Kansas Supreme Court decision of Blevins v. Hiebert, a question arises whenever the state legislature enacts permissive enabling legislation such as HB 2736. That question, simply put, is whether the enactment of such permissive enabling legislation preempts the adoption of Home Rule legislation on the same subject matter. In response to the Blevins decision, the 1991 Kansas Legislature, when it recodified the city and county planning and zoning statutes, adopted language now appearing in K.S.A. 12-41 which states that the planning and zoning enabling acts were not intended to preempt cities and counties from using Home Rule to enact non-conflicting planning and zoning laws. The City of Topeka asks this committee to adopt similar language in order to prevent a Blevins-type argument from being raised to prevent enactment of Home Rule-based neighborhood revitalization laws.

The City proposes your consideration of language such as the following:

"Sec. 6. This act is enabling legislation for the revitalization of blighted areas by cities and counties and other taxing units and is not intended to prevent the enactment or enforcement of additional laws and regulations on the same subject which are not in conflict with the provisions of this act."

The City of Topeka respectfully requests your support of HB 2736, with the above amendment.

HOUSE LOCAL GOVERNMENT
Attachment # 6-2
2 / 8 / 94

STATE OF KANSAS

ROBERT E. KREHBIEL
REPRESENTATIVE, 101ST DISTRICT
RENO COUNTY
P.O. BOX 7
PRETTY PRAIRIE, KANSAS 67570

COMMITTEE ASSIGNMENTS
MEMBER: FEDERAL AND STATE AFFAIRS
JUDICIARY
TAXATION

TOPEKA

HOUSE OF
REPRESENTATIVES

TESTIMONY OF
ROBERT E. KREHBIEL
BEFORE THE HOUSE LOCAL GOVERNMENT COMMITTEE
ON HOUSE BILL 2712

Thank you for considering House Bill 2712 on behalf of the City of Hutchinson. I represent part of the City of Hutchinson and that area outside of the City Limits which will be impacted by this legislation.

The enormous cost of unfunded federal environmental mandates has the potential to bankrupt many cities in Kansas. I have attached a recent study which estimates these costs to 314 U.S. Cities. Environmental mandates alone will exceed $50 billion in cost to these cities in the next 4 years.

While state legislators cannot change federal law, we can assist our cities in finding methods of funding these federal projects. That is what this bill is about.

Hutchinson City Manager, Joe Palacioz, is here to discuss the details of this bill and the facts which have caused the city to request this bill.

Thank you for your consideration.

HOUSE LOCAL GOVERNMENT
Attachment # 7-1
2 / 8 / 94

Send to Rep Kriel ✓

Table 1

Estimated Costs of Unfunded Federal Mandates to Cities (3/4)
(Hours and Costs in Thousands)

Mandates	Fiscal Year 1993				FY 94 - 98
	Estimated Annual Staff Hours (Excluding Overtime)	Estimated Annual Staff Costs	Estimated Annual Direct/ Indirect Budget Costs	Total Costs	Projected Total Costs
1. Underground Storage Tank Regulations (UST)	862	23,393	137,755	161,148	1,040,627
2. Clean Water Act (CWA)/Wetlands	57,378	1,185,549	2,426,984	3,612,533	29,303,379
3. Clean Air Act (CAA)	12,138	195,526	208,294	403,820	3,651,550
4. Solid Waste Disposal/RCRA	9,680	173,384	708,191	881,575	5,475,968
5. Safe Drinking Water Act (SDWA)	4,444	94,549	467,783	562,332	8,644,145
6. Asbestos (AHERA)	898	19,554	109,754	129,308	746,828
7. Lead Based Paint	374	7,875	110,342	118,217	1,628,228
8. Endangered Species	252	6,934	30,024	36,958	189,488
9. Americans With Disabilities Act	4,701	114,935	240,746	355,681	2,195,808
10. Fair Labor Standards Act (Exempt Employee & Other Costs)	1,227	22,765	189,358	212,123	1,121,524
TOTAL	91,954	1,844,464	4,629,231	6,473,695	53,997,545

HOUSE LOCAL GOVERNMENT
Attachment # 7-2
2 / 8 / 94

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Saturday, January 22, 1994, Hutchinson, K

Businesses raise barely one-third of money for cleanup

By Duane Schrag
The Hutchinson News

A room full of attorneys representing several businesses on Hutchinson's east side said Friday they could pledge no more than $735,500 toward the $5.5 million cleanup of the so-called 4th and Carey groundwater contamination.

That's barely one-third of the $2 million they are being asked for under a plan that anticipates the remaining $3.5 million will be paid by taxpayers.

"If they don't come up with the $2 million, we don't have an agreement," City Manager Joe Palacioz said Friday afternoon. Under the agreement, which has not even been brought before the city or county, Hutchinson and Reno County would accept all responsibility for site cleanup, and collect money for the remedial investigation/feasibility study – estimated at $2 million – from area businesses.

Meanwhile, legislation that would make possible public financing of the cleanup was being prepared this week in Topeka, Palacioz said.

City staff, who have been the primary architects of the proposal, have given the area businesses until March 1 to come up with a commitment for $2 million. The Environmental Protection Agency, in turn, has laid down an April 1 deadline for formulation of a cleanup plan; if none is in place, EPA says it will declare the area a Superfund site.

See CLEANUP, Page 2

HOUSE LOCAL GOVERNMENT
Attachment # 7-3
2/8/94

Cleanup

Continued from Page 1

"If they come up with $2 million, then we have to review a proposed agreement, and a consent order the city and county would sign with the state," Palacioz said. "The consent agreement says the city and county would take over the whole shooting match."

Local, state and federal officials have known for years of the groundwater contamination in the area. In 1982, the city shut down a water well it had at 4th and Carey because of volatile organic compounds — known as VOCs — that were found in the water.

Soil gas analysis shows that the majority of the contamination appears to have come from grain elevators on the east side. However, if the area is declared a Superfund site, virtually all previous and present property owners could be tagged for any or all of the cleanup cost.

City officials estimate that cleanup will cost $15 million — three times as much — if the area is declared a Superfund site and EPA supervises the cleanup.

In addition, it is widely believed that property values in the area will plummet, perhaps by 40 percent. That would amount to a loss of $460,000 in property taxes every year.

Nearly a year ago, a representative of Dillons met with Palacioz to seek more information about the process EPA follows in bringing sites into the Superfund program. While Dillons does not appear to have contributed to the groundwater contamination in the area, under the Superfund law, it — and any other property owner in the area — could be held responsible for any or all of the cleanup.

Over the past year, the city has organized several meetings with east-side businesses, trying to organize a group of so-called potentially responsible parties — groups or individuals who could be tagged by EPA if the site is placed in the Superfund program.

But progress has been slow. In October, Palacioz asked the businesses to designate — via a "silent bid" process in which the company's identity is kept secret — how much each company would be willing to pay toward the total cleanup.

The companies said they could commit to a total of $192,000, Palacioz said.

Alarmed by the businesses' apparent lack of concern, the city came back with a second offer — if the businesses would commit to paying for just the $2 million remedial investigation/feasibility study (known as an RI/FS), city staff would lobby for public financing of the actual cleanup.

They are counting on using what is known as tax decrement financing. The plan assumes that property values will significantly drop if the groundwater is not cleaned up. So up to 20 percent of the area property owners' property taxes would be diverted toward cleanup.

About half the area in question is inside the city; some is in the Hutchinson public schools' district, some is in the Buhler school district.

Before the city's proposal can even be explored, a study will be needed to determine if tax decrement financing will raise enough money to pay for the cleanup. It is expected that the financing mechanism could raise up to $230,000 a year.

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Wayne Lee—editor and publisher

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HOUSE LOCAL GOVERNMENT
Attachment # 7-4
2/8/94

HOUSE BILL #2712

In 1985, the City was ordered by the Kansas Department of Health and Environment ("KDHE") to take public water well #8 out of service because unacceptable levels of carbon tetrachloride were found therein. Between then and 1988, the City attempted to put the well back into service, but the levels of carbon tetrachloride continued to be unacceptable. In May of 1988, the City agreed to construct water mains to supply residents who were using private wells with safe drinking water.

The Environmental Protection Agency ("EPA") has conducted a listing site inspection of the area, which is now called the Fourth and Carey site because of the location of Well #8, and has identified several sources of ground contamination in the area. The sources are both within and without the city limits of Hutchinson.

A remedial investigation/feasibility study must now be conducted to ascertain whether the ground water in the area is contained and, if so, how it can best be cleaned up. The City, having had experience with the EPA and KDHE, believes that KDHE can perform the oversight function better, and cheaper, than the EPA, and has discussed the matter with both EPA and KDHE. Out of these meetings, a tentative agreement has been reached that the businesses in the area will raise sufficient funds, (approximately $2,000,000) to fund the remedial investigation/feasibility study and the City will attempt to use tax decrement financing to help fund the cost of cleanup. The KDHE will be the lead agency.

The City has embarked upon this step because we know from the experience of Wichita that listing on the Natural Priorities List by the EPA will reduce property values in the area approximately 40%, and cause hardships to the owners of property in the area, both residential and commercial. Wichita is successfully using tax decrement financing now to assist in the cleanup of the Gilbert and Mosley site in that city.

The tax decrement financing law, however, presently applies only to property wholly within a city. Our site contains property inside and outside the city, so we are asking that the law be amended to include property outside the city. To safeguard the rights of the County, this amendment will require the affirmative vote of the County Commission, following a hearing, before the tax decrement district could be established. We have met with both the Reno County Commission and the Board of USD 308, and have no reason to believe that either of them has any objection to this bill, as they both understand that they have a veto power over the establishment of a tax decrement district. I ask that you favorably report this bill out of your committee.

Joe J. Palacioz
City Manager
Hutchinson, Kansas

HOUSE LOCAL GOVERNMENT
Attachment # 8
2 / 8 / 94

State of Kansas
Joan Finney, *Governor*

Department of Health and Environment
[redacted]
Robert C. Harder, Secretary
Reply to:

Testimony presented to

House Local Government Comment

by

The Kansas Department of Health and Environment

House Bill 2712

KSA 12-1770,et seq. provides cities with the opportunity to include environmentally contaminated areas in a redevelopment district. Contaminated sites exist in many areas throughout the state, both within and without a city, but areas located outside the city cannot be included in the redevelopment district. This amendment will allow cities, with the consent of the board of county commissioners, to establish a redevelopment district that includes land outside the boundaries of the city.

If cities take advantage of this option, the funding mechanism available to cities to cleanup contaminated sites would be extended to include areas outside the city. This would result in the remediation of more sites, many of which are currently not being addressed due to lack of funding. Benefits would include restoration of the environment and protection of citizens from the continued exposure to hazardous substances, many of which have serious health consequences. In addition, economic development opportunities in the area would be increased and property value reductions due to environmental contamination and the resulting erosion of tax base would be halted.

Testimony presented by: Charles F. Jones
Director
Division of Environment
(Date)

HOUSE LOCAL GOVERNMENT
Attachment # 9
2 / 8 / 94

League
of Kansas
Municipalities

PUBLISHERS OF KANSAS GOVERNMENT JOURNAL 112 S.W. 7TH TOPEKA, KS 66603-3896 (913) 354-9565 FAX (913) 354-4186

TO: House Committee on Local Government

FROM: Chris McKenzie, Executive Director *Chris*

RE: February 8, 1994

SUBJECT: Support for HB 2712

The League of Kansas Municipalities was active in the development of the original tax increment financing law, K.S.A. 12-1770 et seq., which was amended in 1991 to allow its use in environmentally contaminated areas. The League is pleased to support the amendment to the act being requested by the City of Hutchinson in HB 2712.

Please let us know if you have any questions.

An ACT concerning fire protection; relating to smoke detectors.

Be it enacted by the Legislature of the State of Kansas:

Section 1. This act shall be known and may be cited as the smoke detector act.

Sec. 2. When used in this act:

(a) "Dwelling Unit" means a single-family residence, multiple-family residence and each living unit in a mixed-use building.

(b) "smoke detector" means a device or combination of devices which operates from a power supply in the unit or at the point of installation for the purpose of detecting visible or invisible particles of combustion.

Sec. 3. (a) Smoke detectors shall be approved or listed for the purposes for which they are intended by Underwriters Laboratory or other approved independent testing laboratories as prescribed by rules and regulations adopted by the state fire marshal.

Sec. 4 (a) Every dwelling unit shall be equipped with at least one smoke detector in operating condition within 15 feet of every room used for sleeping purposes. The detector shall be installed on the ceiling and at least six inches from any wall, or on a wall located between four and six inches from the ceiling.

(b) Every single-family residence shall have at least one smoke detector installed on every story of the dwelling unit, including basements but not including unoccupied attics. In dwelling units with split levels, a smoke detector installed on the upper level shall suffice for the adjacent lower level if the lower level is less than one full story below the upper level; however, if there is an intervening door between the adjacent levels, a smoke detector shall be installed on each level.

(c) Every structure which (1) contains more than one dwelling unit, or (2) contains at least one dwelling unit and is a mixed-use structure, shall contain at least one smoke detector at the uppermost ceiling of each interior stairwell. The detector shall be installed on the ceiling, at least six inches from the wall, or on a wall located between four and six inches from the ceiling.

(d) It shall be the responsibility of the owner of a structure to supply and install all required detectors. The owner shall be responsible for making reasonable efforts to test and maintain detectors in common stair wells and hallways. It shall be the responsibility of a tenant to test and to provide general maintenance for the detectors within the tenant's dwelling unit or rooming unit, and to notify the owner or the authorized agent of the owner in writing of any deficiencies which the tenant cannot correct. The owner shall be responsible for providing one tenant per dwelling unit with written information regarding detector testing and maintenance.

The tenant shall be responsible for replacement of any required batteries in the smoke detectors in the tenant's dwelling unit, except that the owner shall ensure that such batteries are in operating condition at the time the tenant takes possession of the dwelling unit. The tenant shall provide the owner or the authorized agent of the owner with access to the dwelling unit to correct any deficiencies in the smoke detector which have been reported in writing to the owner or the authorized agent of the owner.

The provisions of this subsection shall be subject to K.S.A. 58-2559, and amendments thereto.

(e) The requirements of this section shall apply to any dwelling unit in existence on January 1, 1995. Except as provided in subsection (f), the smoke detectors required in such dwelling units either may be battery-powered or wired into the structure's AC power line, and need not be interconnected.

(f) In the case of any dwelling unit that is newly constructed after January 1, 1995, the requirements of this section shall apply beginning on the first day of occupancy of the dwelling unit after such construction or renovation. The smoke detectors required in such dwelling unit shall be wired permanently into the structure's AC power line.

[(g) Evidence of failure to install or maintain a smoke detector as required by this act shall not be admissible in any action for the purpose of determining any aspect of comparative negligence or mitigation of damages, nor shall such failure be used to deny payment of a claim under a policy issued by an insurance company.]

Sec. 5 (a) The governing body of each city shall be responsible for the enforcement of the provisions of this act for the construction or renovation of all dwelling units located within the corporate limits of such city.

(b) The board of county commissioners of each county shall be responsible for the enforcement of the provisions of this act for the construction or renovation of all dwelling units located within the unincorporated area of such county.

Sec. 6. Compliance with an applicable federal, state or local law or building code which requires the installation and maintenance of smoke detectors in a manner different from this section, but providing a level of safety for occupants which is equal to or greater than that provided by this section, shall be deemed to be in compliance with this section, and the requirements of such more stringent law shall govern over the requirements of this section.

Sec. 7. A penalty not to exceed $100 may be imposed for violation of the provisions of this act.

Sec. 8. The governing body of any city or county may elect to exempt such city or county from the provisions of this act by adoption of an ordinance of the city or a resolution of the county.

Sec. 9. This act shall take effect and be in force from and after its publication in the statute book.

Kansas SAFE KIDS Coalition

900 SW Jackson, Suite 901N
Topeka, KS 66612-1290
(913) 296-1223
(913) 296-8059 (FAX)

Coordinator:
Jan Stegelman
Kansas Department of Health and Environment

Executive Committee:
Ronda Barrett
Children's Rehabilitation Unit/UMKC

Dennis Cooley, MD
Medical Advisor American Academy of Pediatrics, Kansas Chapter

Judy Moler
Corporation For Change

Susan Butterfield
Kansas Safety Belt Education Office

Gene Neely
Kansas National Education Association

Allison Peterson
Kansas Medical Society

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GET ALARMED FACT SHEET

Fire deaths and injuries

** Kansas ranked 6th of 42 reporting states for residential structure fire deaths per 1000 fires in 1990.

** Kansas ranked 10th in injuries per 1000 fires.

** Fifty-seven children age 0-14 have died in Kansas fires in the last five years.

** Fifty-one percent of the children who die in fires are age 1-4. Fire is the third leading cause of death for Kansas children age 1-4.

** Fire and burn injury death rates in Kansas are 4.3 times higher in low-income children than for non-low-income children.

Smoke Detectors

** The chances of dying in a residential fire are cut in half when a working smoke detector is present

** Nationally, ninety percent of child fire deaths occur in homes without working smoke detectors.

** While national figures indicate that only 26% of homes are not equipped with smoke detectors, in 1989 47% of Kansas homes with fires did not have smoke detectors and 43% of the injuries and 41% of the deaths occurred in homes without smoke detectors.

** Kansas is one of only nine states in this country that still lacks state smoke detector legislation for one and two-family dwellings. Over 75% of all deaths and injury due to fire in Kansas in 1991 occurred in these type of dwellings.

** The one-time installation of a smoke detector and the need for only periodic maintenance (battery replacement in battery-operated models) makes it one of the most effective interventions available for preventing deaths from fires.

The Kansas SAFE KIDS Coalition, composed of fifty-one statewide businesses and organizations, supports the adoption of a comprehensive smoke detector law in Kansas. Installation of smoke detectors in all residences in Kansas would significantly reduce the number of injuries and deaths due to fire in our state.

KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT 1885

SAFE KIDS

HOUSE LOCAL GOVERNMENT
Attachment # 12
2 / 8 / 94

Session of 1994

HOUSE BILL No. 2639

By Committee on Local Government

1-14

AN ACT concerning joint county engineer districts; relating to the creation thereof; amending K.S.A. 68-503 and repealing the existing section.

Be it enacted by the Legislature of the State of Kansas:

Section 1. K.S.A. 68-503 is hereby amended to read as follows: 68-503. In any county where there is not a sufficient amount of road and bridge work to keep the county engineer employed throughout the year, the board of county commissioners of any such county, with the approval of the secretary of transportation, may unite with the board of county commissioners of an adjoining county or counties and form a county engineer district and employ a county engineer for the two or more counties included in such district~~; Provided, That. In forming such county engineer districts the board, *the boards* of county commissioners and the secretary of transportation shall be governed by the area, mileage of public highways, number of watercourses, population, railroad facilities, assessed valuation, and the total amount of funds being spent in such counties for the roads and bridges: And provided further, That not more than six counties shall be included in any one district, and any district composed of two or more counties shall not include more than one hundred million dollars ($100,000,000) assessed valuation~~. The boards of county commissioners of any such county engineer district, with the approval of the secretary of transportation, may reduce or increase the size of the district as the conditions may warrant or demand, but no district so formed shall be altered or changed in less than one year from the date of such formation.

Sec. 2. K.S.A. 68-503 is hereby repealed.

Sec. 3. This act shall take effect and be in force from and after its publication in the statute book.