



GILMORE & BELL

GILMORE & BELL, P.C.

Rural Housing Incentive Districts

Presented by:

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RHHD Basics (K.S.A. 12-5241 et seq.)

- Created in 1998
- Authorized for any city in Kansas with a population less than 60,000 in a county with a population of less than 80,000 or for any county with a population of less than 60,000
- Purpose is development and renovation of housing in rural areas of Kansas and assist in financing of public improvements in support thereof

Redevelopment District

- Defined by the City or County establishing the District
- Based on Housing Needs Analysis
 - Shortage of quality housing
 - Shortage is expected to persist
 - Shortage is a substantial deterrent to future economic growth
 - Development of quality housing dependent on incentives

HOW RHID WORKS

- Captures 100% of incremental real property taxes created by a housing development project
- All taxing districts included, subject to protest
- Up to 25 years per project

Redevelopment Plan & Project

- Redevelopment Project Plan
 - Overall blueprint for the assistance of housing development in a District
- Redevelopment Project
 - Specific project described in Redevelopment Plan
 - Each Plan can have multiple projects

Funding Methods

- Developer Reimbursement
 - Developer finances approved RHID costs
 - Reimbursed as increment is received

Permitted Uses of Tax Proceeds

- Site preparation
- Sanitary and storm sewers and lift stations
- Drainage conduits, channels and levees
- Street grading, paving, curbs and gutters
- Street lighting
- Underground public or private utilities
- Sidewalks
- Water mains and extensions
- May NOT be used for buildings or structures to be owned by or leased to any developer

The “Base” and the “Increment”

Base

Property Assessed Value - \$100,000

Total Mill Levy – 150 mills

Total Tax Revenue - \$15,000

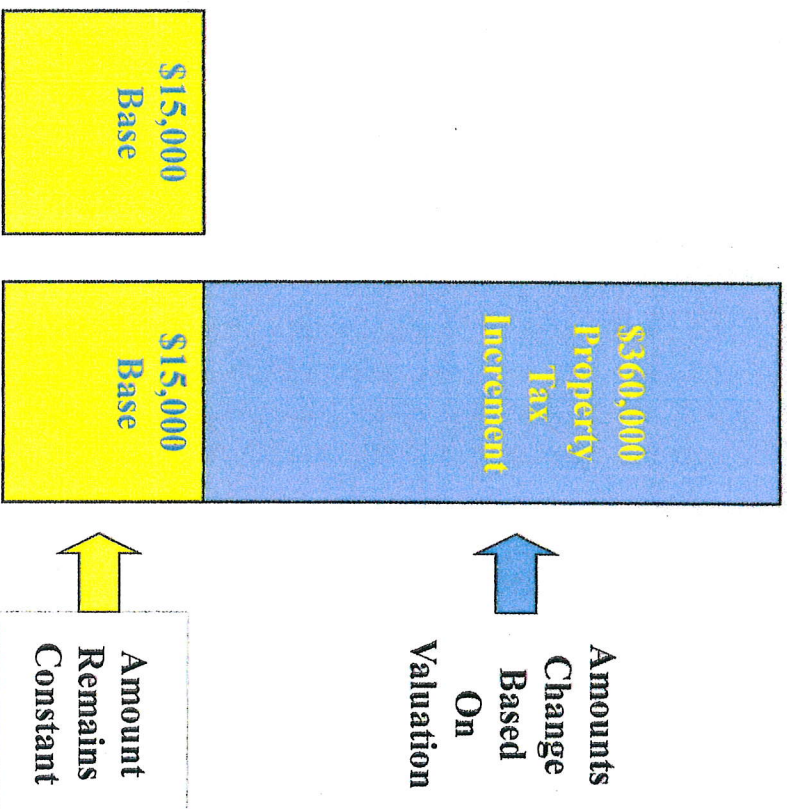
Property Tax Increment

Total Assessed Value After
Development - \$2,500,000

Total Mill Levy – 150 mills

Total Revenue - \$375,000
Less Base (15,000)

Total Increment - \$360,000



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Effect on Taxing Districts

- All taxing jurisdictions held harmless at Base property tax level
- When RHID *costs* are retired, total valuation (including increment) restored to all taxing jurisdictions

District Formation Procedures

- Preparation of Housing Need Analysis
- Resolution finding shortage of quality housing
- Secretary of Commerce approves findings
- Negotiation of Development Agreement
- District boundaries identified and development Plan prepared
- Resolution Calling Public Hearing on District creation and adoption of Plan
 - Hearing date not less than 30 days nor more than 70 days following adoption of Resolution
- Notice delivered to Planning Commission, School District and County/City
- Published Notices
 - Notice published not less than 1 week nor more than 2 weeks prior to hearing
- Public Hearing on District Creation and adoption of Plan
- Ordinance/Resolution creating District and adopting Plan
- 30-day Protest Period
 - School District or County/City finding that District will have adverse effect