Rural Housing Incentive Districts
Kansas Department of Commerce
Grassroots Economic Development 201

Presented by:
GILMORE & BELL, P.C.
Garth Herrmann
Dominic Eck

June 9, 2022
RHID Basics (K.S.A. 12-5241 et seq.)

- Any city with a population < 60,000
- Any county with a population < 80,000
- City of Topeka
- Cities with a “qualified census tract” as designated by HUD
- Can finance property acquisition, site preparation, infrastructure – but no construction of buildings/structures EXCEPT:
  - > 25 years of age
  - Primarily for residential use
  - Located in a central business district as approved by the secretary of commerce or a qualified census tract
District Eligibility

• 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

• Commerce Secretary must agree with findings
Development Plan

- Legal description of District and map
- Existing Assessed Valuation
- Names & addresses of all owners
- Description of housing and public facilities project(s) proposed to be constructed or improved and the location
- Names & addresses of developer and property owners
- Contractual assurances of the developer
- Comprehensive feasibility analysis showing income sufficient to pay the public improvement costs
How RHID Works

- Diverts new (incremental) real property taxes created by a project
  - State 1.5 mills not diverted
  - School District 20 mills not diverted
  - Capital outlay for schools are included in increment (different than TIF)
- All taxing districts included
- Up to 25 years
- Increment used on a pay-as-you-go basis or to pay special obligation RHID bonds
The “Base” and the “Increment”

**Base**
- Property Assessed Value - $1,000
- Total Mill Levy - $100/$1000 of Assessed Value
- Total Tax Revenue - $100

**Property Tax Increment**
- Total Assessed Value After Development - $1,000,000
- Total Mill Levy - $100/$1000 of Assessed Value
- Total Revenue - $100,000
  - Less Base (100)
  - Less 20 Mills (20,000)
  - Less 1.5 Mills (1,500)
- Total Increment - $78,400
Effect on Taxing Districts

- All taxing jurisdictions held harmless at base property tax level
- At expiration of RHID, total improved valuation restored to all taxing jurisdictions
- Public hearing required
- Veto rights – action required within 30 days after RHID creation
  - USD
  - County
  - City within 3 miles (if County RHID)
RHID Steps

- 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 and adoption of Plan
  - 30 to 70 days prior to Public Hearing
- Notice delivered to PC, USD, and County
- Published Notices
  - Not less than 1 week nor more than 2 weeks prior to Public Hearing
- Public Hearing on District Creation and adoption of Plan and consideration of Ordinance creating District and adopting Plan
- 30-day Protest Period (County/USD)
Questions?