



GILMORE & BELL, PC

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

\$100
Base

\$100
Base

\$78,400
Property
Tax
Increment

\$1,500
1.5 Mill
Kansas

\$20,000
20 Mill
School
Finance

Amounts
Change
Based
On
Valuation

Amount
Remains
Constant

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?