

City of Arkansas City Reinvestment Housing Incentive District Policy

1) Policy and Scope

- a) The City of Arkansas City, Kansas may consider the establishment of a Reinvestment Housing Incentive District (RHID) to stimulate residential development in areas where a shortage of housing exists. RHID projects should provide public benefits such as:
 - i) Expanding the City's housing stock.
 - ii) Increasing diversity in housing types.
 - iii) Contributing to the City's tax base.
 - iv) Encouraging redevelopment of underutilized or historic properties, particularly in central areas.
 - v) Opening land for future development due to the extension of public infrastructure.
- b) The establishment of an RHID is at the sole discretion of the Arkansas City Commission. This policy provides a framework for evaluating applications but does not obligate the City to approve any RHID proposal.

2) Definitions

- a) Key terms relevant to the policy include:
 - i) Administrative Fee: Annual fee charged for managing the RHID.
 - ii) Base Year Assessed Valuation: Property valuation at the time the RHID is established.
 - iii) Feasibility Study: An analysis provided by the applicant demonstrating the necessity of the RHID and the project's financial viability.
 - iv) Incremental Real Property Taxes: The increase in property tax revenue resulting from the improvements in the RHID.
 - v) Pay-Go Financing: Reimbursement of RHID-eligible costs over time as tax increments are collected.
 - vi) RHID Eligible Expenses: Costs that are permissible for reimbursement under Kansas law (K.S.A. 12-5241 *et seq.*).

3) Project Eligibility

- a) To be eligible for RHID consideration, a project must:
 - i) Address a documented housing shortage.
 - ii) Demonstrate the need for public financing (the "but-for" test).
 - iii) Be compatible with the City's zoning and land use regulations.
 - iv) Include infrastructure improvements such as streets, water, and sewer systems, and other public utilities necessary for the development.
 - v) Promote residential development, particularly affordable housing.
 - vi) Focus on projects that would otherwise not be financially feasible without the RHID.

4) Application Process and Fees

- a) Applicants interested in establishing an RHID must arrange a pre-application meeting with city staff and submit a formal application with the following:
 - i) A non-refundable application fee of \$1,500.
 - ii) A completed application form and supporting documents.
 - iii) A funding agreement for out-of-pocket costs associated with the city's review, such as legal and financial advisory services.
 - iv) Applicants must provide evidence of the financial capacity to complete the project, including private investment or financing covering at least 50% of project costs.

5) Initial Review and Approval Process

- a) Applications will undergo an initial review by City staff, bond counsel, and financial advisors to confirm completeness and project eligibility. If deemed eligible, the City Commission may pass a resolution to forward the application to the Kansas Secretary of Commerce for approval. Upon approval, a public hearing will be scheduled to gather community feedback before the RHID is officially established.

6) Public Benefits and Review Criteria

- a) The City Commission will assess RHID applications based on public benefit and alignment with City goals, including:
 - i) The likelihood of attracting new residents.
 - ii) Potential economic impact, including job creation and increased property tax revenue.
 - iii) The ability to revitalize underutilized or blighted areas.
 - iv) The quality and affordability of the housing to be developed.

7) Funding Mechanisms

- a) RHID projects may be funded using Pay-Go financing or bond financing. The City's preference is for Pay-Go, where eligible expenses are reimbursed as incremental tax revenue is generated. Bond financing will only be considered in cases where it significantly enhances project feasibility.
- b) If RHID Bonds, as authorized by Kansas Statutes, are to be utilized, the applicant may be required to provide a financial guaranty. Specific terms of the financial guaranty, i.e. amount, term, release schedule, etc. will be determined by the City on a case-by-case basis.

8) Ongoing Review and Compliance

- a) Once an RHID is established, ongoing monitoring will ensure compliance with the development agreement. The City will review:
 - i) Adherence to project timelines and conditions.
 - ii) Maintenance of property and infrastructure.
 - iii) Proper use of RHID proceeds in accordance with Kansas law.
 - iv) Should any significant changes occur, the applicant must notify the City, and any modifications will be subject to further review by the City Commission.

9) Conditions of Approval

- a) An RHID will only be approved if:
 - i) A housing needs analysis demonstrates the necessity of new housing in the City.
 - ii) The Secretary of Commerce agrees with the City's findings.
 - iii) The applicant enters into a development agreement with the City.
 - iv) The project meets environmental and zoning regulations.
 - v) The applicant agrees to pay all City-incurred costs related to the establishment of the RHID.

10) Special Assessments

- a) RHID funds will be used solely for reimbursing eligible project costs. Any special assessments levied on the property will remain the responsibility of the property owner and will not be affected by RHID reimbursements.