

**REINVESTMENT  
HOUSING INCENTIVE  
DISTRICT (RHID)**



- RHID captures the incremental increase in property taxes within a specific district for up to 25 years.
- The incremental increase can be transferred to the developer as reimbursement for costs incurred.
- Reimbursed costs can include:
  - land acquisition
  - site preparation
  - sanitary/storm sewers
  - street grading/paving
  - sidewalks
  - water mains

# STEPS TO ESTABLISH RHID

- City must prepare a Housing Needs Analysis (HNA)
  - City adopted our HNA in October 2023
- Adopt Resolution making certain findings regarding establishment of RHID and provide legal description. Upon publication of resolution, Resolution and HNA must be sent to Kansas Secretary of Commerce requesting agreement (takes 4-6 weeks)
- City Establish a Redevelopment Plan
  - Legal Description & Map
  - Existing Assessed Valuation
  - Names & Addresses of All Owners
  - Description of Items Proposed to be constructed or improved in location
  - Names and addresses of developer and property owned in District
  - Contractual assurances of developer
  - Comprehensive feasibility analysis
- Once the Sec. of Commerce approves the HNA & the District is established via redevelopment plan, the project may begin.



## FINANCIAL EXAMPLES

20 Lot Subdivision  
Parcels Improved  
Valuation of \$300,000  
20 or 25 years

Vacant Parcel Valued at \$5,000. New construction  
valued at \$305,000=Increment of \$300,000

$\$300,000 \times .115 \times 132.556$  (total  
levy)/1,000=\$4,573.18 in property taxes

$\$4,573.18 \times 20$  lots=\$91,463.60 in property taxes

$\$91,463.60 \times 20$  years = \$1,829,272

$\$91,463.60 \times 25$  years = \$2,286,590

## FINANCIAL EXAMPLES

40 Lot Subdivision  
Parcels Improved  
Valuation of \$400,000  
20 or 25 years

Vacant Parcel Valued at \$5,000. New construction  
valued at \$405,000=Increment of \$400,000

$\$400,000 \times .115 \times 132.556$  (total  
levy)/1,000=\$6,097.58 in property taxes

$\$6,097.58 \times 40$  lots=\$243,903.20 in property taxes

$\$243,903.20 \times 20$  years = \$4,878,064

$\$243,903.20 \times 25$  years = \$6,097,580

# POTENTIAL PROS & CONS



## **Pros**

- 1. Reduces Developer Risk**
- 2. Offsets upfront costs**
- 3. City can establish rules to allow for specific targeted goals**
- 4. Can create more affordable homes for existing and new citizens**
- 5. Can increase population & generate more sales taxes for our businesses**
- 6. Addresses Housing Shortage**

## **Cons**

- 1. Entities would not receive new property taxes within district for 25 years or until expenses roll off**
- 2. “X” number of new units/homes, but no new property taxes to fund officers/firefighters/teachers**

# POTENTIAL CRITERIA FOR RHID



## **Possible Criteria to Meet Objectives**

- **Certain % of units must meet certain sale cost or monthly rent projections**
  - **We likely don't want to incentivize an already viable project-30% of MHI**
  - **Possibly require a certain percentage of lots for sale to meet affordability guidelines**
- **Operational within 36 months of approval?**
- **Do we want unit limitations per year? "X" of homes per year, per development?, citywide?**
- **Density limitations by agreement (only single family, duplex, triplex?)**
- **Review district every three years w/ committee including school and County officials**
- **Bonner allows for a 5% admin fee of the increment annually; Hays requires drought tolerant landscaping**
- **Deed Restrictions**
- **Require certain base zoning of property**