

Downtown Redevelopment Act

Guidelines

Administered By:



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OVERVIEW OF DOWNTOWN REDEVELOPMENT ACT: The Downtown Redevelopment Act (K.S.A. 12-17), passed by the Kansas Legislature in 2004 and implemented by Kansas Administrative Regulations (K.A.R. 110-11) in 2005, establishes the designation of downtown development areas in rural and low income communities with a population of under 50,000.

PURPOSE: The purpose of the Kansas Downtown Redevelopment Act is to promote, stimulate and develop the general and economic welfare of the state of Kansas its rural and low income communities, by encouraging rehabilitation and use of real property located in downtown areas that have become vacant or minimally utilized by allowing the rebate of real property taxes to properties within a designated area that have undergone approved improvements.

HOW IT WORKS: The governing body of a city proposing to establish a downtown redevelopment area shall make written application to the Secretary of Commerce. The approval of the application will be based on the following criteria:

1. The city has a population of less than 50,000 or the proposed redevelopment area qualifies as a distressed community.
2. The proposed redevelopment area is located in a well-defined core commercial district of the city.
3. If the structures located within the proposed redevelopment area have a vacancy rate that exceeds 15% based on square footage: or
4. The average appraised valuation of the properties located within the proposed redevelopment area has not increased by more than 15% in the past 10 years.

Once a city has been approved and has designed its application process, the owner of real property located within the development area should submit a written application to the local governing body to request downtown redevelopment area tax benefits. After review, the governing body shall either approve or deny the application based on the following criteria:

1. The applicant has made within a twelve (12) month period, an investment in improvements to the property or trade fixtures located therein, the value of which is equivalent to or exceeds 25% of the appraised value of the property as determined by the county appraiser, for the immediately preceding tax year; and
2. The real property that is the subject of the application is in full compliance with city/county ordinances and resolutions.

THE BENEFITS: Property that has been approved for downtown redevelopment tax benefits shall be assessed and taxed for real property tax purposes in the same manner that the property would be assessed and taxed as if it had not been approved for the tax benefits. The owner shall receive the tax increment in the form of a rebate of:

1. 100% each year in years one through five.
2. 80% in year six.
3. 60% in year seven.
4. 40% in year eight.
5. 20% in year nine.
6. No rebate will be paid in year 10 or later.

Upon payment of taxes by the taxpayer, the rebate must be made within 30 days after the next distribution date as specified in K.S.A. 12-1678(a).

TECHNICAL ASSISTANCE:

For questions regarding the Downtown Redevelopment Act and related forms, documents, or program guidelines, please contact:

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APPLICATION FOR PARTICIPATION IN THE
KANSAS DOWNTOWN REDEVELOPMENT ACT

APPLICANT _____

CONTACT NAME _____ TITLE _____

ADDRESS _____

CITY _____ COUNTY _____ ZIP _____

PHONE _____ FAX _____

E-MAIL _____

1. City Population _____ (include documentation as ATTACHMENT A.)
If over 50,000 the proposed area must qualify as a distressed community included documentation as ATTACHMENT A.

2. Define the boundaries of the proposed downtown redevelopment area (include a footprint map as ATTACHMENT B.)

3. Vacancy rate of structures located within the proposed district _____.
If 15% or under please document as ATTACHMENT C that the average appraised valuation for the properties located within the proposed redevelopment area has not increased by more than 15% in the past 10 years.

110-11-1. Definitions. As used in these regulations and for purposes of administering the act, the following terms shall have the meanings specified in this regulation: (a) "Act" means the Kansas downtown redevelopment act, L. 2004, ch. 112, §§ 81 through 85, and amendments thereto.

(b) "Commercial, office, residential and public use," as that term is used in the definition of "core commercial district" in L. 2004, ch. 112, § 82(b) and amendments thereto, shall include hotels, motels, bed and breakfasts, banks, office buildings, railroad stations, public dining facilities, retail establishments, and public buildings that occupy a collective and facing frontage on one side or both sides of a street within the core commercial district.

(c) "Compact" means that the commercial, office, residential, and public structures within a proposed redevelopment area are contiguous with each other.

(d) "Department" means the department of commerce.

(e) "Investment in improvements to the real property or trade fixtures" of a structure means rehabilitation expenditures.

(f) "Rehabilitation expenditures" and "approved rehabilitation expenditures" mean investments by structure owners that are consistent with the department's "downtown redevelopment guidelines" for the physical improvement of compact commercial, office, residential, and public use structures within a core commercial district. The department's "downtown redevelopment guidelines," as in effect on July 1, 2004, are hereby adopted by reference.

(g) "Residential housing" means structures within a core commercial district once used for hotels, motels, bed and breakfasts, and upstairs apartments within these structures.

(h) "Secretary" means the secretary of the department of commerce.

(i) "Trade fixtures" means machinery and equipment, communication equipment, and office equipment that can be removed from a structure without jeopardizing the structural integrity.

(j) "Unincorporated area of a county" means the portion of a county that is no longer an incorporated city but where there remains a historic or recognizable core commercial district.

(k)(1) "Vacancy rate" means the square footage of properties within a core commercial district that currently is not utilized for commercial, office, residential or public use, expressed as a percentage of the aggregate properties' total square footage utilized for commercial, office, residential and public use. This term shall not include square footage devoted solely to storage or warehouse usage if the property owner is compensated by another for the use of the storage or warehousing square footage.

(2) The vacancy rate shall be determined by dividing the aggregate square footage of commercial, office, residential, and public use structures in the redevelopment area, excluding square footage devoted solely to storage or warehousing for a fee, that is not being utilized for ongoing business activities by the aggregate square footage of commercial, office, residential, and public use structures in the redevelopment area, including square footage devoted solely to storage or warehousing for a fee. (Authorized by L. 2004, ch. 183, § 7; implementing L. 2004, ch. 112, §§ 81, 82, 83, and 84; effective P-_____.)

110-11-2. Application for proposed redevelopment area. (a) Any governing body may request the secretary's approval to create a redevelopment area under the act by submitting an application on a form provided by the department.

(b) The secretary's decision on the application and the controlling facts on which the decision is made shall be communicated in writing to the governing body within 90 days of the secretary's decision.

(c) The secretary's decision shall be a final agency action that is subject to review in accordance with the act for judicial review, K.S.A. 77-601 et seq., and amendments thereto. (Authorized by L. 2004, ch. 183, § 7; implementing L. 2004, ch. 112, §§ 81 and 83; effective P-
_____.)

110-11-3. Progress reports. (a) Each governing body whose application for a redevelopment area is approved by the secretary shall submit annual progress reports on forms provided by the department. Each report shall document and compare the progress actually made by the owners of the structures in the redevelopment area against the proposed redevelopment area plan.

(b) All new assessed valuations of structures within a redevelopment area shall be included in the next progress report submitted to the secretary under subsection (a). The governing body shall identify the affected properties and their previous and current valuations. (Authorized by L. 2004, ch. 183, § 7; implementing L. 2004, ch. 112, § 81 and L. 2004, ch. 183, § 7; effective P-_____.)