

PLAN FOR NEIGHBORHOOD REVITALIZATION

Tonganoxie, Kansas

General Information

The Neighborhood Revitalization Plan is an economic development strategy. The Neighborhood Revitalization Plan is an additional tool for promoting economic development in the City of Tonganoxie and is not a replacement for use of Industrial Revenue Bonds, State Enterprise Zone Incentives, Community Development Block Grants or Constitutional Tax Abatements.

Advantages

- ◆ Tax incentive amounts are locally determined and can be extended for all types of property (residential, commercial and industrial).
- ◆ Implementation of the incentives do not require approval at the state level (i.e. Board of Tax Appeals).

Disadvantages

- ◆ Does not provide any exemption/rebate for taxes paid on Business Personal Property.

INTRODUCTION, PURPOSE & FINDINGS

This plan is required by state statute in order to create an ***incremental tax rebate program*** intended to encourage both reinvestment and improvement of a declining urban area of the community. The components of the plan include establishing the area for improvement by boundaries, examining current condition of the area, identifying the near term and long range proposals for public improvement of the area, and establishing local eligibility criteria and application procedures for the tax rebate program.

Kansas state law provides that any “increment in property taxes resulting from eligible new improvements by a taxpayer to property in a *Neighborhood Revitalization Area* may be credited to a fund for the purpose of paying the costs of administration and returning all or a part of the increment to the taxpayer in the form of a rebate. **The City of Tonganoxie shall create a neighborhood revitalization fund upon adoption of this plan to pay only the costs of administration and provide rebates authorized by this plan.**

The purpose of the *Neighborhood Revitalization Plan* is to improve the overall appearance of the community, to enhance neighborhood pride, to better the quality of life for the residents and to encourage reinvestment in the area, which will result in enhanced property values.

The governing body of the City of Tonganoxie Kansas has determined that the *Neighborhood Revitalization Area* as hereinafter defined is an area that meets conditions described in Subsection (b) of KSA 1994 Supp. 12-17,114-120 (Appendix A), and has determined that the

rehabilitation, conservation and redevelopment of said area is necessary to protect the public health , safety and welfare of the residents of the *Neighborhood Revitalization Area* and the city as a whole.

The City of Tonganoxie has many blighted areas. Many of these areas are located in the downtown business district. A majority of the downtown businesses are in disrepair and many of the storefronts are weathered or in need of updating. Sidewalks in the downtown business district are crumbling, uneven and in need of refurbishment or replacement. Beyond downtown, the other commercial and industrial areas within the city have seen little activity over the last several years. Older neighborhoods have houses in need of rehabilitation or replacement. Some properties have deficiencies that are dangerous to residents and neighborhood children. A large number of city streets lack curb, gutter and safe crosswalks.

THE REVITALIZATION AREA

The Revitalization District shall include the entire area within the City corporate limits except for an area south of Washington Street and adjacent to west boundary of Rodgers road.

A legal description of the area included within the Revitalization District is included as Appendix B. A legal description of that area not within the Revitalization District is included as Appendix C.

CURRENT CONDITION OF THE AREA

The City has many older houses, which are in need of improvement .

The City's downtown business district has many old and distinctive buildings, which are in need of rehabilitation. The downtown business district also contains buildings, which are beyond repair. These buildings require demolition and replacement for safety purposes. Street and sidewalk conditions in the downtown area are deteriorated and in need of repair or replacement. Appropriate crosswalks and safety controls are not present. The Fourth Street and Bury Street intersection has serious drainage issues to be corrected.

Many residential streets lack curb, gutter and storm water drainage systems. This lack of appropriate controls puts the citizens in danger.

Because of differing zoning practices in the past, residences are intermingled with the commercial and industrial properties along the U.S. 24/40 Hwy. corridor and, to a lesser degree, throughout the city. Many business areas are not being developed to their full economic potential because of these practices.

Statistically, over 33 percent of the housing in Tonganoxie were built before 1960. All of the buildings in the downtown business district are over 40 years old. Over 50 percent of all commercial buildings in Tonganoxie are over 50 years old and select buildings are greater than 100 years old (1990 U.S. Census). Much of the land in the U.S. 24/40 Hwy. business corridor is setting unused. Only one new retail structure has been built in the last ten years. Over 70

percent of our workers leave the community everyday, to work in the surrounding metropolitan areas (1990 U.S. Census).

FORMAL PLAN DESCRIPTION

Part 1

Legal Description & Map of the Neighborhood Revitalization Area

All of the area within the corporate limits of the City of Tonganoxie, Kansas as described in Appendix B. That area which is not included in the Revitalization district is described in Appendix C.

Part 2

Assessed Valuation of Real Property

The Assessed Valuations for that area within the Neighborhood Revitalization District as reported by the Leavenworth County Clerk's Office for 1998 are as follow:

Land	\$ 2,360,390
Improvements	\$ 7,445,936

Part 3

Listing of Owners of Record in Area

Owners of Record, City of Tonganoxie, Kansas are listed in Appendix D.

Part 4

Zoning Classification/Land Use Map, & Future Land Use Map

City of Tonganoxie, Kansas Zoning Map (Appendix E). City of Tonganoxie Future Land Use Map (Appendix F).

Part 5

Capital Improvements Planned for the Area

FY 1998

The City of Tonganoxie plans the following improvements in the next 12 to 24 months:

- ◆ Extension of sewer main to the Urban Hess Industrial Park;
- ◆ extension of water service to the Urban Hess Industrial Park;
- ◆ rehabilitate water treatment plant including replacement of filtration media;
- ◆ upgrade and improve water distribution infrastructure in many areas of the City using approximately 14,000 ft. of new water line (Project to be completed by FY 1999); and
- ◆ street improvements including Fourth St. from Main St. to the Fire Station, Main St. from Fourth St. to north of First St., summer overlay project repairing or replacing some curb and gutter as budget allows.

FY 1999 – FY 2017

The City of Tonganoxie has the following long-range improvement goals:

- ◆ Increase sewer treatment capacity by 33%, including installation of an additional clarifier and aeration ditch;
- ◆ establish a new fresh water source either by pipeline to an independent supplier, establishing a new well field or a combination of both.
- ◆ extend water and sewer mains to new service districts;
- ◆ make Church St. a new North/South corridor from Fourth St. to Evans Rd. with a 30 ft. street and curb and gutter;
- ◆ widen, crown and pave Fourth St. from U.S. 24-40 Hwy. to County Rd. 25;
- ◆ improve Evans Rd. from U.S. 24-40 Hwy. to County Rd. 25;
- ◆ improve fire fighting capacity with new apparatus and possible substation;
- ◆ increase police protection to 1 peace officer for every 500 citizens population;
- ◆ continue to upgrade motor vehicle fleet; and
- ◆ improve and make uniformed all street signage.

Part 6

Property Eligible for a Tax Rebate

RESIDENTIAL PROPERTY

1. Rehabilitation, alterations and additions to any existing residential structure, including alteration of a single-family home into a multi-family dwelling, shall be eligible.
2. Construction of a new residential structure, including the conversion of all or part of a non-residential structure into a residential structure, shall not be eligible.
3. Improvements to existing or construction of new residential accessory structures such as garages, gazebos, storage buildings, workshops, swimming pools, etc. shall not be eligible.
4. Tax rebate shall end if and when the rebated property changes ownership.

5. In order to be eligible for a tax rebate under the Neighborhood Revitalization Plan, all property taxes due and payable must be paid in full.

COMMERCIAL & INDUSTRIAL PROPERTY

1. Rehabilitation, alterations and additions to any existing commercial or industrial structure used for retail, office, manufacturing, warehousing, institutional or other commercial or industrial purposes shall be eligible.
2. Construction of new commercial and industrial structures, including the conversion of all or part of a non-commercial structure into a commercial structure, used for retail, office, manufacturing, warehousing, institutional or other commercial or industrial purpose shall be eligible.
3. Improvements to existing or construction of new structures used for public utility or railroad purposes shall not be eligible.
4. Rebates may be transferred upon transfer of title to the property that was improved for new commercial and industrial property only. Notification of transfer of rebate must be made to the City Clerk and the County treasurer. A rebate may only be transferred one time in the life of the original rebate.
5. In order to be eligible for a tax rebate under the Neighborhood Revitalization Plan, all property taxes due and payable must be paid in full.

Part 7 ***Criteria for Determination of Eligibility***

1. Construction of an improvement must have been commenced on or after March 9th, 1998, the effective date of enactment of the tax rebate program unless a specific project has been pre-approved by the plan administrator pending enactment of this program.
2. An application for rebate must be filed within 60 days of the issuance of a building permit.
3. The minimum investment in an improvement shall be \$5,000 for existing residential property and \$15,000 for existing commercial and industrial property.
4. The value or cost of all improvements for remodeling or new construction shall be exclusive of the demolition cost (if any) and land cost or value.
5. Property eligible and approved under this plan for rebates shall waive any rights to any other tax incentives reducing the property taxes on improvements, under any other

adopted program pursuant to statutory or constitutional authority. Only one approved rebate application shall be allowed at any one time for any property.

6. Property shall only be eligible for a rebate upon substantial completion of the improvements described in the application.
7. A ***commercial use structure*** shall include any non-residential use except uses for the manufacture, warehousing, storage and wholesale distribution of products. An ***industrial use structure*** shall include any non-residential use for the manufacture, warehousing, storage and wholesale distribution of products.

Part 8

Contents of Application for Tax Rebate

GENERAL INFORMATION (Part A)

1. Owners Name.
2. Owners Mailing Address.
3. Parcel ID No.
4. Building Permit No.
5. Address of Property.
6. Legal Description of Property.
7. Day Phone No.
8. Proposed Property Use.
9. Improvements.
10. Estimated Date of Completion.
11. Estimated Cost of Improvements.
12. Proof of Historical Register Listing.
13. List of Buildings Proposed to be or actually demolished.
14. If Residential Rental Property, a list of tenants occupying the building when purchased (or present tenants if unknown) date of tenant occupancy or relocation.
15. County Appraiser's Statement of Assessed Valuation.

TIME FRAME OF CONSTRUCTION (Part B)

1. Date of Commencement of Construction.
2. Estimated Date of Completion of Construction.

STATUS OF APPLICATION ELLIGIBILITY (Part C)

1. County Clerk's Statement of Tax Status.
2. Plan Administrator's Statement of Application Conformance for Tax Rebate.

Part 9

Procedure for Submission of an Application

1. The Applicant shall obtain an application for Tax Rebate from the City Clerk within 60 days of obtaining a building permit application.
2. The applicant shall complete and sign Part A of the application and file the original with the City Clerk within 60 days following issuance of the building permit.
3. The City Clerk shall require proof of the existing assessed valuation of the property at the time of application.
4. The applicant shall certify the status of the project as of January 1 following the substantial completion of the improvements described in the application by completing and signing Part B of the application. The applicant shall file the application with the County Appraiser's Office on or before December 1, preceding the commencement of the tax rebate period.
5. The County Appraiser shall conduct an on-site inspection of the construction project and determine the new valuation of the real estate and shall complete his or her portion of the application and shall report the new valuation to the County Clerk by June 1. The tax records on the project shall be revised by the County Clerk's Office.
6. Upon determination by the County Clerk's Office that the taxes and assessments on the property are not delinquent. The Program Administrator shall certify that the project and application does or does not meet the requirements for a tax rebate and shall notify the applicant and the City Clerk of the rebate percentage due for each year of the rebate period.
7. Upon the payment of the property tax for the subject property for the initial and each succeeding tax year extending through the specified rebate period, a tax rebate shall be made to the applicant. The tax rebate shall be made within 30 days following payment and submittal of a receipt by the applicant to the City Clerk. The tax rebate shall be made from the Neighborhood Revitalization Fund established by the City of Tonganoxie. The Program Administrator shall make periodic reports to the City Council.
8. The Program Administrator shall inform the County Clerk and City Clerk 30 days prior to the expiration of the final rebate period for each property receiving a tax rebate.

Part 10 Standards and Criteria for Review and Approval

1. The property for which the rebate is requested shall conform with all applicable city codes and regulations in effect at the time the improvements are made and shall remain in conformance for the duration of the rebate period or the rebate may be terminated.

2. Any property that is delinquent in any tax payment or special assessment shall not be eligible for a rebate until such time as all taxes and assessments have been paid.
3. The first and all following rebates shall be based on the establishment of the increase in assessed value on January 1 following the substantial completion of improvements described in the application, less the five percent administrative fee. The rebate shall be calculated using the mill levy established during subsequent years.
4. The Program Administrator, shall have the authority and discretion to approve or reject applications based on the eligibility standards and review criteria contained herein. If an applicant is dissatisfied with the Program Administrator's decision, a written appeal may be submitted to the City Council for final determination.
5. Only the original property owner/applicant (residential remodel property only) shall be entitled to a rebate of the taxes paid by the original property owner/applicant made to the County Treasurer on or before the date of transfer of the title to the property granted a previously approved rebate.
6. If the *Neighborhood Revitalization Plan* is repealed or the rebate criteria changed, any approved applications shall be eligible for rebates for the remaining term of the rebate provided in the plan.
7. The property owner/applicant may request in writing that an approved rebate application be terminated prior to its normal expiration for any purpose including the purpose of making additional improvements and making a new application as provided in this plan.

Part 11

Statement Specifying Rebate Formula

PROGRAM PERIOD

The Neighborhood Revitalization Fund and tax rebate incentive program shall expire on January 1, 2003. However, upon approval by the City Council, this plan and the Revitalization Area may be extended until January 1, 2008. The program will be reviewed annually beginning in 1999 at which time the City Council will consider repeal, modifications or other changes to the plan following the procedures required by state law. All rebates are exclusive of a 5% administrative fee.

RESIDENTIAL REMODELS (*Repairs or Improvements to Existing Residential Property with a \$5,000 Minimum Capital Investment*)

Net Rebate

95%

Period (Years)

5 years

COMMERCIAL & INDUSTRIAL REMODELS (*Repairs or Improvements to Existing Commercial & Industrial Property with a \$15,000 Minimum Capital Investment*)

Net Rebate

95%

Period (Years)

5 years

NEW CONSTRUCTION (INDUSTRIAL)

<u>Capital Investment</u>	<u>Net Rebate</u>	<u>Period (Years)</u>
\$200,000 - \$999,999 & 5,000 gross sq. ft. main structure	50%	5
\$1,000,000 - \$1,999,999	50%	6
\$2,000,000 - \$2,999,999	50%	7
\$3,000,000 - \$3,999,999	50%	8
\$4,000,000 - \$4,999,999	50%	9
\$5,000,000 & Over	50%	10

Note: *Investment* is the minimum capital expenditure excluding the purchase price of land.

NEW CONSTRUCTION: (COMMERCIAL)

<u>Capital Investment</u>	<u>Net Rebate</u>	<u>Period (Years)</u>
\$250,000 - \$999,999 & 5,000 gross sq. ft. main structure.	50%	5
\$1,000,000 - \$1,999,999	50%	6
\$2,000,000 - \$2,999,999	50%	7
\$3,000,000 - \$3,999,999	50%	8
\$4,000,000 - \$4,999,999	50%	9
\$5,000,000 & Over	50%	10

Note: *Investment* is the minimum capital expenditure excluding the purchase price of land.