

# Neighborhood Revitalization Plans Neighborhoods and Downtown

City of Lawrence

## NRA Goals: K.S.A. 12-17,114 et seq.

- **Create a revitalization area – must meet statutory requirements, determined by the legislative bodies**
- **Provide incentives for capital investment**
- **Goal is to promote the revitalization of residential and commercial properties**

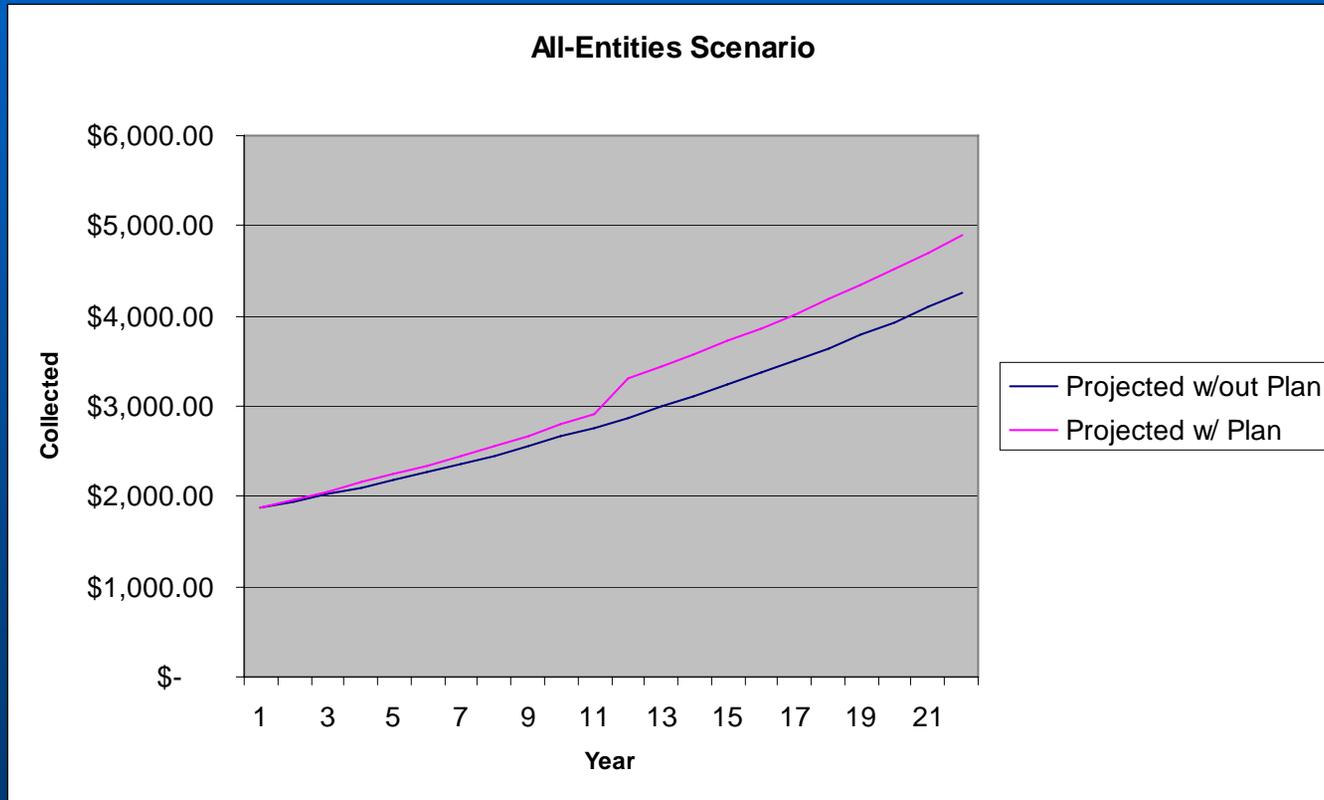
# How does the NRA work?

- **Property tax rebates for improvements that increase appraised value – fixed rebate on the incremental increase**
- **Two year initial program period; \$500,000/year rebate cap. \$50,000 individual project cap.**
- **Projects must meet plan requirements and codes**
  - **Eligibility criteria**
- **Rebate is based upon the taxing entities that have adopted the plan – works best if City, County and School District are all participants**

# How does the NRA work? (cont.)

- **95% rebate on incremental increase over 10 years**
- **95% rebate on incremental increase over 15 years for qualified historic properties**
- **.5% of the rebate allocated for administration**
- **4.5% of the rebate allocated to Neighborhood Revitalization Fund**
- **Rebate stays with property**
- **Modeled after the 8<sup>th</sup> and Penn Plan**

# Impact on Taxing Entities



# Neighborhood Revitalization Fund

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- **Used for infrastructure and other redevelopment improvements.**
- **Allocated by joint City/County/USD committee.**

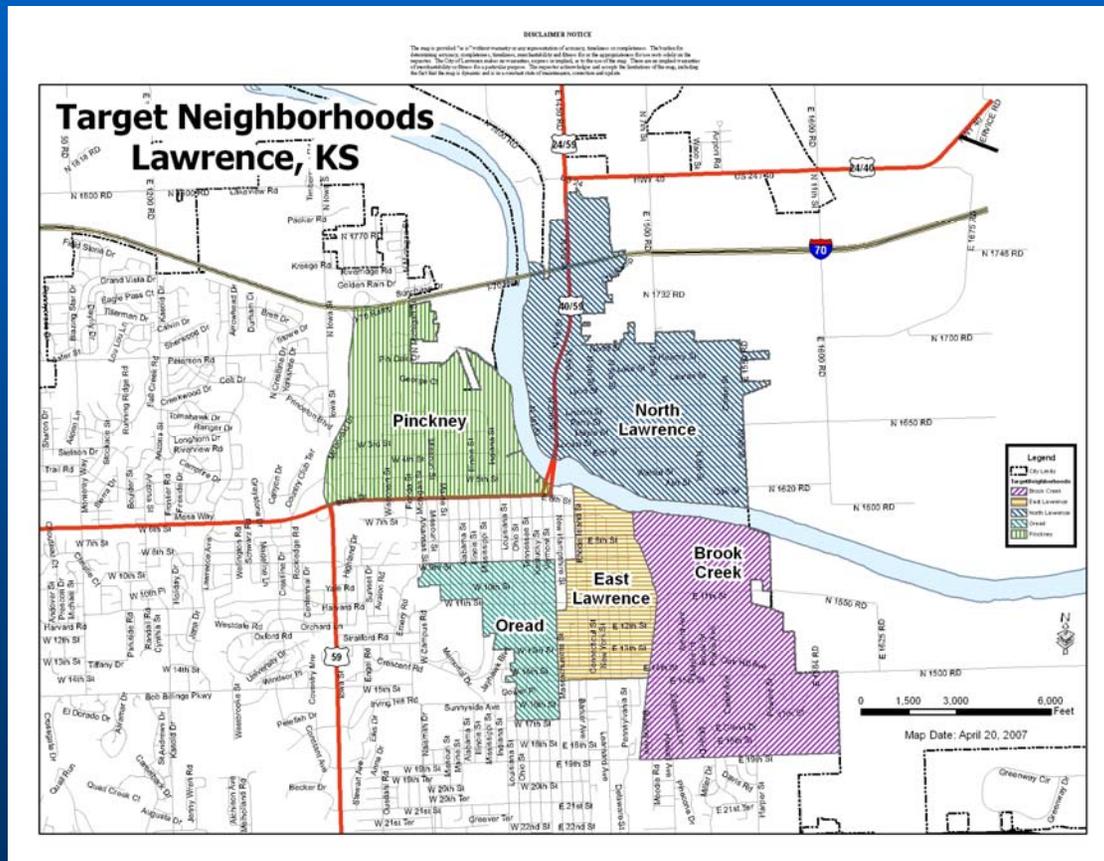
# Criteria for Participation

- **Property located in designated district**
- **Improve existing buildings or new construction including vacant parcels**
- **Residential, commercial, mixed-use**
- **Minimum appraised valuation increase of \$10,000 for neighborhoods and \$5,000 for downtown**

# Criteria for Participation (cont.)

- **Conform to existing codes/plans**
- **Property taxes current**
- **TIF district is not eligible**
- **Owner-occupied and rental properties**

# Neighborhood NRA Areas







# Some Rebate Examples\*

- **\$30,000 addition to single family residence**
- **Pre-construction appraised value of \$125,000**
- **Pre-construction assessed value (11.5% rate - residential) = \$14,375**
- **Post-construction appraised value of \$150,000**
- **Increase of \$25,000 in appraised value**
- **Post-construction assessed value = \$17,250 (\$150,000 x 11.5%)**
- **Assessed value increase \$17,250-\$14,375 = \$2,875**

**Incremental Increase            \$2,875 (assessed valuation)**

Potential rebate under proposed plan:

City mill 26.358 County mill 30.013 USD 497 57.804 (total mill 114.175)

\$2,875 x mill/1000 = \$328.25 taxes on increase

Eligible for 95% rebate = \$312 (annually for 10 years)

\* Rebate examples are hypothetical and are presented for discussion purposes only

# Some Rebate Examples\*

- New home construction on vacant parcel single family residence
- Pre-construction appraised value of \$30,000
- Pre-construction assessed value (11.5% rate - residential) = \$3,600
- Post-construction appraised value of \$160,000
- Increase of \$130,000 in appraised value
- Post-construction assessed value = \$18,400 ( $\$160,000 \times 11.5\%$ )
- Assessed value increase  $\$18,400 - \$3,600 = \$14,800$

**Incremental Increase            \$14,800 (assessed valuation)**

Potential rebate under proposed plan:

City mill 26.358 County mill 30.013 USD 497 57.804 (total mill 114.175)

$\$14,800 \times \text{mill}/1000 = \$1,690$  taxes on increase

Eligible for 95% rebate = \$1,605 (annually for 10 years)

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# Some Rebate Examples\*

## Eldridge Renovation

2005 Appraised Value	\$1,826,600
2005 Assessed Value	\$456,645 (25% of appraised – commercial rate)
2007 Appraised Value	\$2,700,00
2007 Assessed Value	\$675,000
<b>Incremental Increase</b>	<b>\$218,555 (assessed valuation)</b>

Potential rebate under proposed plan:

City mill 26.358 County mill 30.013 USD 497 57.804 (total mill 114.175)

\$218,555 x mill/1000 = \$24,931 taxes on increase

Eligible for 95% rebate = \$23,684 (annually for 15 years)

\* Rebate examples are hypothetical and are presented for discussion purposes only

# What the plan does not do

- **Does not guarantee a set tax rebate – rebate is based on the project and its impact on appraised valuation**
- **Does not guarantee increased capital investment**
- **Does not provide up front funds for capital improvements, e.g. – sidewalk repair**
- **Does not address neighborhood concerns related to land use or other development issues**

# Other Issues for Consideration

- **Increased valuation of surrounding properties**
- **Revitalization means different things to different people**
- **Potential for gentrification**
- **Simple, customer-friendly process**
- **Is plan feasible outside of 8<sup>th</sup> & Penn?**

# Process from Here

- **Revise and update plans**
- **Take plans to City Commission for consideration**
- **If plans are approved, take to County and USD 497 for adoption prior to January 1, 2008**

Stakeholder meetings

Revise & update

City, County, USD 497

**FOR MORE INFO...**

**Contact Scott McCullough (832-3154) – Planning and Development Services**

# Questions? Comments?

- Draft copies available for review in the Lawrence-Douglas County Metropolitan Planning Office
- Draft plans available on-line at [www.lawrenceks.org](http://www.lawrenceks.org)