



RHID

(K.S.A. 12-5241 et seq.)

RHID IS A PROGRAM DESIGNED TO AID CITIES, COUNTIES, AND DEVELOPERS IN BUILDING HOUSING WITHIN RURAL COMMUNITIES BY ASSISTING IN THE FINANCING OF ELIGIBLE IMPROVEMENTS. RHID CAPTURES THE INCREMENTAL INCREASE IN REAL PROPERTY TAXES CREATED BY A HOUSING DEVELOPMENT PROJECT FOR UP TO 25 YEARS.

QUICK STATS:

- The Act provides a financing tool for Cities and Counties to address housing shortages within their communities.
- RHID may be utilized by any City or County with less than 60,000 residents.
- RHID works by allowing the City/County to capture the incremental gain in property tax created by the housing project.
- RHID allows Cities and Counties to address specific types of housing needs (e.g. multi-family or single family) in a variety of price ranges.
- The process involves using the property tax increase created by the new housing project to pay for or reimburse certain eligible improvements.
- The incremental increase can be used to pay debt service on bonds issued to fund the project or transferred to the developer as reimbursement for costs incurred.
- The property tax “baseline” is determined at the time the District is created.
- As the developer adds infrastructure and the housing itself, the incremental gain in property tax over the baseline may be returned to the developer as reimbursement for the infrastructure costs.
- If the City/County issued bonds to pay for the infrastructure, then the increment may be used for debt service.
- Reimbursement can be up to 25 years.
- City/County has discretion over what percentage of the increment is paid to the developer.

TWO PRIMARY FINANCING STRUCTURES

1. BOND FINANCING 2. “PAY AS YOU GO”

- The developer is reimbursed for the eligible costs incurred in developing the project.
- The difference in real property taxes between the value of the project prior to the development and after it has been built or improved, is available to fund the reimbursement process.
- This reimbursement is for a period of up to 25 years and the amount of the property tax increase returned to the developer is typically negotiated between the city and the developer.
- For example, a greenfield is categorized as “ag land” and generates \$100 a year in real property taxes. That land is developed, and houses are built, and the land now generates \$1000 in property tax. The \$900 increase is available to be used for most RHID projects.



*Most RHID projects will likely be too small to support the issuance of bonds. While bonds offer a huge advantage in having all the funds available at the beginning of a project, the Costs of Issuance and interest on the bonds may make this option a relatively inefficient financing structure for most projects.

The increment can be used to reimburse costs for the following items:

- Land Acquisitions
- Site Preparation
- Sanitary/ Storm Sewers
- Drainage Conduits
- Channels and Levees
- Street Grading
- Paving
- Street Lighting Fixtures
- Connections and Facilities
- Gas, Water, Heating, Electrical Services in Public Right of Way
- Sidewalks
- Water Mains and Extensions
- Permanent improvements for upper levels in Downtown Buildings 25 years or older.



STEP 1: THE CITY/COUNTY PREPARES A HOUSING NEEDS ANALYSIS

THE HNA MUST DEMONSTRATE THE FOLLOWING:

- 1** SHORTAGE OF QUALITY HOUSING WITHIN CITY/COUNTY
- 2** SHORTAGE OF HOUSING EXPECTED TO PERSIST AND INCENTIVES ARE NEEDED
- 3** SHORTAGE OF HOUSING IS A SUBSTANTIAL DETERRENT TO FUTURE ECONOMIC GROWTH IN CITY/COUNTY
- 4** FUTURE ECONOMIC WELL-BEING OF THE CITY/ COUNTY DEPENDS ON GOVERNING BODY



This process can take up to two months...

STEP TWO:

Once the HNA is completed the City/County takes action to adopt a Resolution making certain findings regarding establishment of the RHID and providing the legal description of the property to be contained within the District. After publishing the Resolution, a copy of the Resolution and the HNA are sent to the Secretary of Commerce requesting agreement with the findings in the HNA. Holding a public hearing is a requirement at this stage of the RHID process.

If the Secretary agrees with the findings, the City/ County may proceed with the establishment of the District and adopt a plan for the redevelopment or development of the housing project in the District.



THIS PROCESS CAN TAKE UP TO ONE MONTH

STEP 3: THE CITY/COUNTY MUST ADOPT A REDEVELOPMENT PLAN

- (1) Legal description and map
- (2) Existing assessed valuation
- (3) Names and addresses of all owners
- (4) Description of the housing public facilities project proposed to be constructed or improved and location
- (5) Names and addresses of developer and property owned in District
- (6) Contractual assurances of Developer
- (7) Comprehensive feasibility analysis

STEP 4: START YOUR PROJECT

Once the Secretary approves the HNA and the District is established via the redevelopment plan, the project may begin.

OTHER ATTRIBUTES

- School District and County have a veto similar to TIF
- Special Obligation Bonds may be issued
- Property tax increment diverted for up to 25 years
- Bonds or “pay as you go” increment may be used for similar purposes as TIF
- 2021 SB 90 expanded the use of RHID to include the renovation of buildings or other structures more than 25 years old primary for residential use located in a central business district. Vertical improvements are included rather than limited to infrastructure under typical RHID.

CONTACT

COMMUNITY DEVELOPMENT

KAYLA SAVAGE
Community Development Division Director
kayla.savage@ks.gov

RHID QUESTIONS

ROBERT NORTH
Chief Counsel
robert.north@ks.gov

MEDIA REQUEST

DENA SATTLER
Senior Director of Public Affairs
dena.sattler@ks.gov