

KANSAS CITY'S TOOLS FOR HOUSING REHABILITATION & INFILL CONSTRUCTION

A BRIEF OVERVIEW



ECONOMIC DEVELOPMENT CORPORATION

WHO & WHAT IS THE ECONOMIC DEVELOPMENT CORPORATION OF KANSAS CITY?

- The EDCKC is a separate nonprofit corporation - not part of the City of Kansas City, Missouri.
- The City contracts the EDCKC to perform various economic development activities on its' behalf.
- Our Business Development staff does business retention, expansion, and recruitment, minority business development, and entrepreneurship.
- Our Development Services staff works with neighborhoods, business districts, individual businesses, and developers seeking public assistance for their development or redevelopment projects.

REDEVELOPMENT TOOLS - BASIC CONCEPTS

Tax Increment Financing (TIF)

- Captures the increased property taxes and one-half of the increased economic activity taxes created by a project.
- TIF funds reimburse the developer for eligible costs.
- TIF projects create their own subsidies.

Tax Abatement

- Forgives (abates) the increased property taxes created by a construction or rehabilitation project.
- Tax abatement is an annual cost savings to the developer.
- We have different “flavors” of tax abatement.

ADVICE FOR SMALL DEVELOPERS, LANDLORDS & REHABBERS

TIF:

- Process-heavy, heavy program requirements, long timeframes, highly political & expensive.
- Ineffective for housing due to difference in assessment
- Some TIF Plans have housing rehab programs.
- **Run away!**

Tax Abatement:

- Tax abatement goes with the property, not the owner or developer.
- Tax abatement means homebuyers can buy more house or that you can make rents more affordable.
- Pick the right program for your project.

TAX ABATEMENT FOR HOUSING

Planned Industrial Expansion Authority (PIEA)

- Multifamily only.
- Up to 15 years of tax abatement (2 phases – 10 years/70% & 5 years/30%).*
- Property must be in a PIEA or must create one.

Chap 353 Urban Redevelopment Plan

- Multifamily and single-family eligible.
- Up to 15 years of tax abatement (2 phases – 10 – years/70% & 5 years/30%).*
- Property must be in a Chap. 353 Plan Area or must create one.

Urban Renewal Area (URA)

- Multifamily and single-family eligible.
- Up to 10 years/70% of tax abatement.*
- Property must be in a Urban Renewal Area or must create one.

*Higher levels & longer terms for exempt projects

TAX ABATEMENT PROGRAM REQUIREMENTS & POLICY EXEMPTIONS

MBE/WBE participation, Construction Workforce, Prevailing Wage, and affordable housing inclusion requirements apply to all programs.

- Smaller construction projects may be exempt from MBE/WBE participation and Construction Workforce requirements
- Multifamily rental projects with 12 or more units must include 20% of the units affordable to households at 60% Area Median Income

There are exemptions from Prevailing Wage and affordable housing inclusion requirements:

- Low Income Housing Tax Credit (lihtc) projects
- Historic Tax Credit projects

Projects in continuously distressed census tracts:

- exempt from Prevailing Wage
- eligible for up to 100% tax abatement

ADDITIONAL PROJECT RESOURCES

The **City of Kansas City's Affordable Housing Trust Fund** is a city-wide fund to promote, preserve and create long term affordable housing for extremely low, very low and moderate-income households. Funding can be provided to projects as a grant, forgivable loans, or short-term and/or long-term loans. Administered by the City's Housing & Community Development Dept..

The **Center City Economic Development (CCED) sales tax benefit district** covers an area bound by E. 9th Street, Indiana Avenue, E 75th Street, and The Paseo. A 1/8th cent sales tax collected city-wide provides funding for projects within this benefit district only. Funding can be provided to projects as a grant, forgivable loans, loans (short-term and/or long-term), or even as equity. Administered by the City's Housing & Community Development Dept..

The City also has the Land Bank, which controls all lots within the Jackson County portion of the City who back taxes were not sold on the Courthouse steps. The Land Bank can make these properties available to buyers who can demonstrate a plan for reuse of the property and who can demonstrate the ability to complete the project. Administered by the City's Housing & Community Development Dept..

QUESTIONS?

Contact Info:

Bob Long

Senior Development Services Specialist

Economic Development Corporation

of Kansas City, Missouri, Inc.

300 Wyandotte Street, Suite 400

Kansas City, MO 64105

Direct: 816 – 691-2104

rlong@edckc.com