

# HOUSING TRUST FUND

# TAX ABATEMENT



ECONOMIC DEVELOPMENT CORPORATION

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## Tax Abatement Program Options:

- **Urban Renewal Areas (URA)**
  - Run by Land Clearance for Redevelopment Authority (LCRA) – staffed by EDCKC
- **Planned Industrial Expansion Areas (PIEA)**
  - Run by Planned Industrial Expansion Authority – housed at EDCKC
- **Chap. 353 Redevelopment Plans (353)**
  - Advisory Board staffed by EDCKC

# URBAN RENEWAL AREAS & TAX ABATEMENT

- **Owner-Occupied Single-Family & Investor-Owned (1-8 units)** eligible for easy tax abatement
  - Apply during construction
- **Multifamily & Mixed-Use projects** eligible for abatement
  - but have different process
    - Must be approved before any construction begins
- Tax abatement of 70% of increased property taxes (more possible)
- Abatement “freezes” assessed value for 10 years
- “Frozen” taxable value will be the “predevelopment” assessed value of the property
- Abated taxes do not accrue; they are never due and payable
- Tax abatement goes to the property, not the property owner

# PLANNED INDUSTRIAL EXPANSION AREAS & TAX ABATEMENT

- Owner-Occupied Single-Family & Investor-Owned detached Single-Family not eligible
- Multifamily & Mixed-Use projects eligible for abatement
  - Must be approved before any construction begins
- Tax abatement of 70% of increased property taxes for 10 yrs. & 5 yrs. of 30% abatement (more possible)
- Abatement “freezes” assessed value for 10 years, “floats” afterwards
- “Frozen” taxable value will be the “pre-development” assessed value of the property
- Abated taxes do not accrue; they are never due and payable
- Tax abatement goes with the property, not the property owner

# CHAP. 353 & TAX ABATEMENT

- All projects must be approved by “Master Developer”
- Owner-Occupied Single-Family & Investor-Owned Single-Family eligible for tax abatement
- Multifamily & Mixed-Use projects eligible for abatement
  - Must be approved before any construction begins
- Tax abatement of 70% of increased property taxes & 5 yrs. of 30% abatement (more possible)
- Abatement “freezes” assessed value for 10 years, “floats” afterwards
- “Frozen” taxable value will be the “predevelopment” assessed value of the property
- Abated taxes do not accrue; they are never due and payable
- Tax abatement goes to the property, not the property owner

# GENERAL INFORMATION, RE: TAX ABATEMENT

- All projects must be located in a URA, PIEA, or 353 to be eligible for tax abatement
- Check with EDCKC to determine if eligible
- May be possible to create a new URA, PIEA, or 353 to support your project(s)
- Always start at EDCKC

## General Requirements:

- Financial analysis required (some exceptions)
- Abatement limited to 70% & 30% - LIHTC projects, HTC projects, & projects in continuously distressed census tracts exempt
- MBE/WBE participation & Construction Workforce requirements apply
- Prevailing wage will apply

# QUESTIONS?

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