City of Leavenworth
100 N. 5th Street
® Leavenworth, Kansas 66048

CITY COMMISSION STUDY SESSION & SPECIAL MEETING
COMMISSION CHAMBERS
TUESDAY, MARCH 18, 2025 6:00 P.M.

Welcome to your City Commission Study Session & Special Meeting
Please turn off or silence all cell phones during the meeting
Meetings are televised everyday on Channel 2 at 6 p.m. and midnight and available for viewing on YouTube

STUDY SESSION:

1. Semi-Annual Report from University of Saint Mary (pg. 02)
2. Report from Leavenworth County Historical Society (pg. 03)
3. Report from The Guidance Center (pg. 04)
4. Reinvestment Housing Incentive District (RHID) Discussion (pg. 05)

SPECIAL MEETING:

Open Special Meeting: **Action:** Motion

5. Executive Session – Attorney Client Privilege **Action:** Motion (pg. 36)

Close Special Meeting: **Action:** Motion

Adjournment **Action:** Motion

STUDY SESSION POLICY REPORT
SEMI-ANNUAL REPORT
PRESENTATION BY
UNIVERSITY OF SAINT MARY

MARCH 18, 2025

Sister Diane Steele, University of Saint Mary will provide a semi-annual review to the City Commission.

STUDY SESSION POLICY REPORT
SPIRIT OF THE BUFFALO PRESENTATION BY
LEAVENWORTH COUNTY HISTORICAL SOCIETY

MARCH 18, 2025

Leavenworth County Historical Society Members will provide an update the City Commission on the Spirit of the Buffalo Art Exhibit Community Project.

STUDY SESSION POLICY REPORT
PRESENATION BY
THE GUIDANCE CENTER

MARCH 18, 2025

Issue:

Steve Durkin, CEO of The Guidance Center will present to the City Commission.

POLICY REPORT
Reinvestment Housing Incentive District (RHID) Discussion

MARCH 18, 2025

Prepared By:
Kim Portillo
Director of Planning and
Community Development

Reviewed By:
Scott Peterson
City Manager

DISCUSSION:

The Reinvestment Housing Incentive District (RHID) is a state-authorized initiative designed to support housing development in designated areas experiencing housing shortages by allowing property tax redirection to reimburse developers for infrastructure costs. In April 2023, Kansas Governor Laura Kelly signed Senate Bill 17, updating the Kansas Reinvestment Housing Incentive District Act (RHID). This legislation expanded eligibility to cities with populations up to 60,000 residents.

The City has seen an increase in interest in the RHID program since the amendments to the bill were approved, with interested developers reaching out to the Development Review Committee to assess the City's willingness to establish an RHID. In order to establish a designated district, cities must:

1. Complete a Housing Needs Analysis (HNA)
2. Establish the boundaries of the district
3. Pass a resolution to establish the district
4. Apply to the Secretary of Commerce for approval of the district
5. Create a development plan

City staff will present an overview of the RHID program to facilitate a discussion regarding the City Commission's interest. Based on the discussion's outcomes, staff will seek further direction from the Commission on next steps.

ATTACHMENTS:

1. Staff PowerPoint Overview Presentation
2. Copy of Senate Bill 17
3. Kansas Housing Resource Corporation FAQ-Upper Story RHID Program
4. Kansas Housing Resource Corporation RHID-Guidelines Summary
5. Housing Needs Assessment Prepared by Developer Team

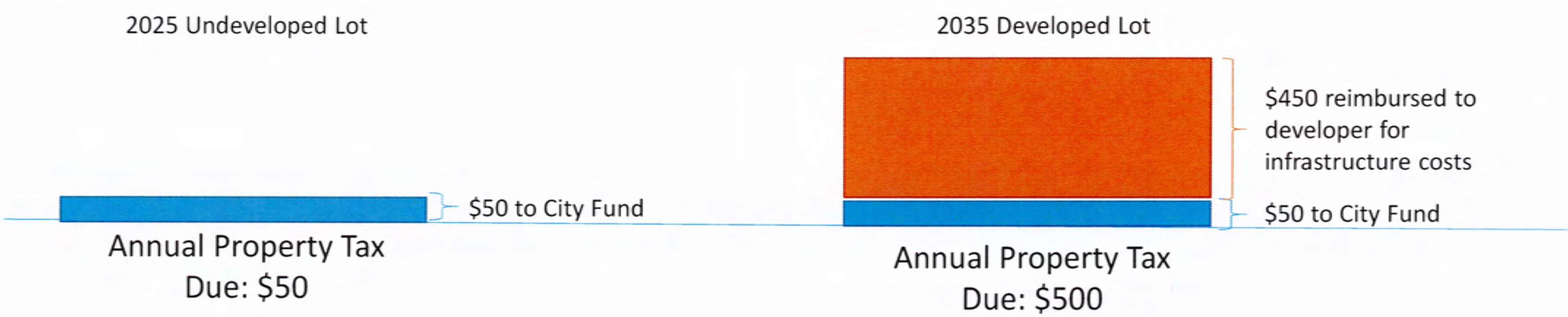
Reinvestment Housing Incentive District (RHID) Overview

City of Leavenworth City Commission Study Session

March 18, 2025

What is RHID?

- RHID is an incentives program to support housing development in designated areas.
- Uses property tax increments to reimburse developers for infrastructure costs.
- Does not cause increased taxes, but instead redirects the increased tax value from new development.



How does RHID Work?

- City Commission designates an RHID area based on housing needs, as determined by a housing needs analysis.
- Two types: Subdivision Infrastructure and Upper Story.
  - Subdivision Infrastructure RHID can be used for developing housing subdivisions. Reimbursements for this type of RHID can include infrastructure costs such as streets, water or sewer or land acquisition.
  - Upper Story RHID can be used for residential use in buildings more than 25 years old and located in a CBD. Reimbursements for upper story RHID can include property acquisition, plumbing, HVAC, walls, flooring, removal of hazardous materials, roof, framing, etc.

Benefits and Considerations

Potential Benefits

- May help address housing shortages and support workforce growth.
- Can provide funding for necessary infrastructure without additional taxes.
- Can support various housing types, including single-family, multi-family, and second-story residential in mixed-use districts.

Considerations

- Long-term commitment, as tax redirection can last up to 25 years.
- Requires initial investment by the City to conduct a Housing Needs Assessment (HNA) and ongoing staff support for administrating the program.
- Should be used to promote development in areas that would struggle to otherwise be developed due to difficult topography or other reasons.
- Development must generate sufficient tax revenue to cover reimbursements.

Comparison of RHID, TIF and NRA

The City has existing economic development tools similar to RHID including the Neighborhood Revitalization Area (NRA) and Tax Increment Financing (TIF).

Program	Purpose	Funding Source	Eligible Projects	Duration
RHID	Specifically encourages residential development by funding associated infrastructure costs	Redirects property tax increments	Residential, Upper-story residential in mixed-use	Up to 25 years
NRA	Incentivizes property improvements through rebates rather than tax redirection	Property tax rebates	Residential, commercial, industrial	Typically 5-10 years
TIF	Encourages economic development and redevelopment, applies broadly to projects, including blight removal	Redirects property and sales tax increments.	Commercial, industrial, mixed-use	Project Dependent

housing developers;

(2) the shortage of quality housing can be expected to persist and that additional financial incentives are necessary in order to encourage the private sector to construct or renovate housing in such city or county;

(3) the shortage of quality housing is a substantial deterrent to the future economic growth and development of such city or county; and

(4) the future economic well-being of the city or county depends on the governing body providing additional incentives for the construction or renovation of quality housing in such city or county.

(b) The resolution containing the findings contained in subsection (a) shall be published at least once in the official newspaper of the city or county.

(c) Upon publication of the resolution as provided in subsection (b), the governing body shall send a certified copy of the resolution to the secretary, requesting that the secretary review the resolution and advise the governing body whether the secretary agrees with the findings contained therein. If the secretary advises the governing body in writing that the secretary agrees with each of the findings of the governing body, the governing body may proceed to establish the district as set forth in this act. If the secretary fails to agree with the findings, the secretary shall advise the governing body in writing of the specific reasons therefor.

Sec. 6. K.S.A. 12-5247 is hereby amended to read as follows: 12-5247. (a) Any governing body ~~which~~ *that* has established a ~~rural~~ *reinvestment* housing incentive district as provided in this act may purchase or otherwise acquire real property; however, the property may not be acquired through the exercise of the power of eminent domain. Relocation assistance payments shall be provided by the city or county in accordance with the provisions of K.S.A. 12-1777, and amendments thereto, to any tenants required to be relocated as a result of the acquisition of such property for any project in the district.

(b) Any property acquired by a city or county under this act may be sold or leased to any developer, in accordance with the ~~rural~~ *reinvestment* housing incentive plan and under such conditions as shall have been agreed to prior to the adoption of the plan. The city or county and the developer may agree to any additional terms and conditions, but if the developer requests to be released from any obligations agreed to and embodied in the plan, such release shall constitute a substantial change and subject to the requirements provided in ~~subsection (b) of~~ K.S.A. 12-5246*(b), and amendments thereto*.

Sec. 7. K.S.A. 12-5249 is hereby amended to read as follows: 12-5249. (a) Any city or county that has established a ~~rural~~ *reinvestment* housing incentive district may use the proceeds of special obligation bonds issued under K.S.A. 12-5248, and amendments thereto, or any uncommitted funds derived from those sources of revenue set forth in K.S.A. 12-5248(a)(1), and amendments thereto, to implement specific projects identified within the ~~rural~~ *reinvestment* housing incentive district plan including, without limitation:

(1) Acquisition of property within the specific project area or areas as provided in K.S.A. 12-5247, and amendments thereto;

(2) payment of relocation assistance;

(3) site preparation;

(4) sanitary and storm sewers and lift stations;

(5) drainage conduits, channels and levees;

(6) street grading, paving, graveling, macadamizing, curbing, guttering and surfacing;

(7) street lighting fixtures, connection and facilities;

(8) underground gas, water, heating, and electrical services and

connections located within the public right-of-way;

(9) sidewalks;

(10) water mains and extensions~~; and~~

(11) renovation of buildings or other structures more than 25 years of age primarily for residential use located in a central business district or in a business or commercial district within a qualified census tract as approved by the secretary of commerce. Certification of the age of the building or other structure shall be submitted to the secretary by the governing body of the city or county with the resolution as provided by K.S.A. 12-5244, and amendments thereto. Eligible residential improvements shall include only improvements made to the second or higher floors of a building or other structure. Improvements for commercial purposes shall not be eligible*; and*

(12) renovation or construction of residential dwellings, multi-family units or buildings or other structures exclusively for residential use located on existing lots if:

(A) The infrastructure, including streets, sewer, water and utilities, has been in existence for at least 10 years; or

(B) the existing lot has been subject to any tax assessment levied pursuant to chapter 12, article 6a or chapter 19, article 27 of the Kansas Statutes Annotated, and amendments thereto, because such lot is located in an improvement district established pursuant to chapter 12, article 6a or chapter 19, article 27 of the Kansas Statutes Annotated, and amendments thereto.

(b) None of the proceeds from the sale of special obligation bonds issued under K.S.A. 12-5248, and amendments thereto, shall be used for the construction of buildings or other structures to be owned by or to be leased to any developer of a residential housing project within the district, except for buildings or other structures located in a central business district or in a business or commercial district within a qualified census tract as approved by the secretary of commerce.

Sec. 8. K.S.A. 12-5252 is hereby amended to read as follows: 12-5252. (a) Any city that prior to July 1, 2013, is located, in whole or in part, within the boundaries of a county designated by the United States federal emergency management agency under major disaster declaration FEMA-1711-DR or FEMA-1699, as eligible to receive individual or public assistance from the United States federal government that desires to designate a ~~rural~~ *reinvestment* housing incentive district pursuant to this act or such county shall be exempt from the provisions of ~~subsection (c) of~~ K.S.A. 12-5244*(c)*, and amendments thereto, and may adopt a plan for a designated ~~rural~~ *reinvestment* housing incentive district without the approval of the secretary and without conducting a public hearing on such proposed plan.

(b) For any city in a county declared by the governor to be a state of disaster after January 1, 2008, or such county if the governor finds that such disaster resulted in the destruction of a significant amount of residential housing in such city or county the governor may designate such city or county to exercise the exemption authorized by subsection (a) for a period of five years from the date of the declaration of a state of disaster.

(c) Nothing in this section shall be construed so as to exempt a city or county from any other requirement set forth in this act, or to limit any of the rights, duties and privileges of a city or county under any other provisions of this act.

Sec. 9. K.S.A. 2022 Supp. 79-32,313 is hereby amended to read as follows: 79-32,313. (a) (1) For tax year 2022 and all tax years thereafter, a credit against the income tax liability imposed pursuant to the Kansas income tax act, the privilege tax liability imposed upon any national banking association, state bank, trust company or savings and loan association pursuant to article 11 of chapter 79 of the Kansas Statutes Annotated, and amendments thereto, or the premium tax liability imposed upon an insurance company pursuant to K.S.A. 40-252, and amendments thereto, shall be allowed to:

(A) A qualified investor for a cash investment in a qualified housing project that has been approved and issued a tax credit by the director. The tax credit may be claimed in its entirety in the taxable year the cash investment is made; and

(B) a project builder or developer of a qualified housing project that has been approved and issued a tax credit by the director.

(2) To claim such tax credit, the qualified investor ~~or~~, project builder or developer *or transferee* shall provide all information or documentation in the form and manner required by the secretary of revenue. If the amount of the credit exceeds the taxpayer's tax liability in any one taxable year, the remaining portion of the credit may be carried forward in the succeeding taxable years until the total amount of the credit is used, except that no credit may be claimed after four taxable years next succeeding the taxable year that such credit was issued, and any remaining credit shall be forfeited. *Any portion of the credit that is carried forward may be transferred pursuant to subsection (d) and claimed by the transferee in the same manner as the transferor.*

(b) (1) Tax credits may be issued by the director for a qualified housing project as follows:

(A) For qualified housing projects located in a county with a population of not more than 8,000, in an amount not to exceed $35,000 per residential unit;

(B) for qualified housing projects located in a county with a population of more than 8,000 but not more than 25,000, in an amount not to exceed $32,000 per residential unit; and

(C) for all other qualified housing projects, in an amount not to exceed $30,000.

(2) A qualified housing project shall be limited to a total of 40 such residential units per year for both single-family and multi-family dwellings.

(3) Tax credits may be issued to a qualified investor in the amount of a cash investment of up to the total amount that may be issued by the director under this subsection for the qualified housing project, or as provided in the agreement required by K.S.A. 2022 Supp. 79-32,312, and amendments thereto. Project builders or developers may apply to the director each year for tax credits for additional units or phases of a project. Qualified investors may be issued tax credits for cash investments in multiple qualified housing projects. Project builders or developers may apply and be approved for multiple qualified housing projects in the same tax year.

(4) The aggregate amount of tax credits that may be issued under this section shall not exceed $13,000,000 each tax year, except that if the director issues an aggregate amount of tax credits in one tax year that is less than $13,000,000, then the director may carry forward the difference and issue such amount of tax credits in the immediately succeeding tax year in addition to the statutory amount that may be issued under this section. Of the aggregate amount of tax credits issued in one tax year, the director shall allocate:

(A) Not less than $2,500,000 in tax credits for qualified housing projects located in counties with a population of not more than 8,000;

(B) not less than $2,500,000 in tax credits for qualified housing projects located in counties with a population of more than 8,000 but not more than 25,000; and

(C) up to $8,000,000 in tax credits for qualified housing projects located in counties with a population of more than 25,000 but not more than 75,000.

(c) A cash investment in a qualified housing project shall be deemed to have been made on the date of acquisition of the qualified security, as such date is determined by the director.

(d) Any qualified investor ~~without a current tax liability at the time of the investment in a qualified housing project that does not reasonably believe such investor will owe any such tax for the current taxable year and~~ who receives a tax credit pursuant to this section shall be deemed to acquire an interest in the nature of a transferable credit limited to the amount of the credit issued to the qualified investor by the director. ~~This interest~~ *All or a portion of such credit* may be transferred *by the qualified investor or any subsequent transferee* to ~~any person~~ *one or more persons* whether or not such ~~person~~ *transferee* is then a qualified investor and be claimed by the transferee as a credit against the transferee's Kansas tax liability in the same manner as the transferor beginning in the year the credit is transferred. The credit may be carried forward as permitted by subsection (a). *There shall be no limit on the number of times a credit or any portion thereof can be transferred.* No person shall be entitled to a refund for any interest on such tax credit that may be created under this section. ~~Only the full amount of the tax credit for any one qualified housing project investment may be transferred and may only be transferred one time.~~ A credit acquired by transfer shall be subject to the limitations prescribed in this section. *Any such transferee succeeds to all remaining rights and restrictions of the transferor with respect to the credit being transferred on the date of such transfer.* Documentation of any credit acquired by transfer shall be provided by the taxpayer claiming such credit in the manner required by the secretary of revenue. The qualified investor *or subsequent transferee* transferring such credit shall provide the director and the secretary of revenue with the name, address and taxpayer identification number of each person to whom ~~tax~~ credits have been transferred and such other information as may be required by the director or the secretary of revenue. *The provisions of this subsection shall apply to credits issued for tax year 2022 and all tax years thereafter.*

(e) The secretary of revenue may adopt rules and regulations as necessary to implement and administer the provisions of this act.

(f) For purposes of calculating any tax due under K.S.A. 40-253, and amendments thereto, the credit allowed by this section shall be treated as a tax paid under K.S.A. 40-252, and amendments thereto.

Sec. 10. K.S.A. 12-5241, 12-5242, 12-5243, 12-5244, 12-5247, 12-5249 and 12-5252 and K.S.A. 2022 Supp. 79-32,313 are hereby repealed.

Sec. 11. This act shall take effect and be in force from and after its publication in the Kansas register.

I hereby certify that the above BILL originated in the SENATE, and passed that body

____

SENATE adopted
Conference Committee Report ________________

____
President of the Senate.

____
Secretary of the Senate.

Passed the HOUSE
as amended __________________________

HOUSE adopted
Conference Committee Report ________________

____
Speaker of the House.

____
Chief Clerk of the House.

APPROVED ______________________________

____
Governor.

Kansas
Department of Commerce

RURAL HOUSING INCENTIVE DISTRICT (RHID)
Upper Story RHID Program
Frequently Asked Questions

1. What does vertical construction mean in the legislation?
   - Senate Bill 90 (SB90) states that "eligible residential improvements shall include only improvements made to the second or higher floors of a building or other structure. Improvements for commercial, e.g. retail or restaurant purposes, shall not be eligible."

2. What expenses are eligible for reimbursement or payment using Upper Story RHID?
   - SB90 determines that costs for the construction and rehabilitation of upper-story units are reimbursable. Reimbursable costs could include plumbing, HVAC, walls, flooring, removal of hazardous substances or materials, roofing, framing, etc.

3. Who determines an eligible expense for a developer/property owner?
   - SB90 determines that the increment can be used to reimburse costs for the construction and rehabilitation costs for upper-story units. Ultimately it is up to the city to interpret the statutory language. If there are questions about expense eligibility of a proposed project, please contact Robert North, Kansas Department of Commerce, at Robert.north@ks.gov for assistance.

4. Does a new roof or HVAC unit count as an eligible expense?
   - Yes. Roofs and HVAC units are eligible for reimbursement to the developer under the provisions of SB90.

5. Do basic appliances (refrigerator, stove, etc.) count as eligible expenses in the units?
   - No. Appliances, furniture and/or other personal property may not be counted as eligible expenses.

6. Are property acquisition costs eligible for reimbursement under Upper Story RHID?
   - Yes, if the property is acquired for upper-story development into housing units. RHID amendments in SB90 are only to be used for upper-story residential units, not commercial property, and the type of acquisition, such as a condominium agreement, would warrant consideration to

separate the units for correct capture of the property tax valuation. Only costs associated with the upper-story residential uses would be eligible.

7. What leeway does a community have in developing this program locally? Can a community establish an eligible reimbursement from the RHID, for example?
    - RHID is a locally driven program. The City/County governing body takes the lead in establishing their RHID. The City/County must take action to complete the Housing Needs Analysis, set the physical boundaries of their RHID, pass a resolution to establish the RHID, apply to the Secretary of Commerce for approval of the district, and create their development plan. Eligible reimbursements are listed under FAQ No. 2 above. The City/County governing body has discretion over what percentage of the increment and length of time it is paid to the developer.

8. If a business will be going into the bottom floor of a building, and the developer splits the unit (as with a condo, for example), can the purchase of the upper story of the building be an eligible expense under the Upper Story RHID Program?
    - Yes, see FAQ No. 6.

9. When putting together the legal descriptions for the resolutions establishing the district, do we include the legal description of every parcel in the RHID?
    - One legal description of the full RHID is required for the resolution; a parcel-by-parcel description is not required.

10. Is there a Housing Needs Assessment template or guidelines a community can use?
    - The HNA must include the following information:

    (1) Shortage of quality housing within City/County despite best efforts of public and private housing developers.
    (2) Shortage of housing expected to persist, along with incentives that are necessary to encourage private development.
    (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 action of the governing body or bodies.

11. How extensive must the Housing Needs Assessment be? Should we hire a consulting firm to help create this document?
    - No, a community should be able to provide the information needed for the Housing Needs Assessment locally. The County Appraisers' offices, [Kansas GIS,] and your local Realtor association are excellent resources for

a community to determine the needs for various types of housing within the existing market. Community conversations with local Realtors, economic developers, Chambers, businesses and housing developers are encouraged to complete the questions for the HNA.

12. Will the new Statewide Housing Study help us complete the HNA, and if so, should we wait for that to be completed to proceed with the HNA?
    - While the Statewide Housing study may help with the HNA, a community should be able to provide the information needed for the HNA locally without hiring an outside consultant by hosting community conversations or using online surveys.

13. What are the "contractual assurances of the developer?" Is there a template for this?
    - The Development Agreement between the City/County governing body and the developer outlines terms of the RHID, the scope and size of the project, the amount of the increment to be reimbursed to the developer for eligible expenses, and the deliverables of the developer to the City/County for the RHID project. There is no template.

14. What do you need in the Comprehensive Feasibility Analysis? Is there a template for this as with the Housing Needs Assessment?
    - The Comprehensive Feasibility Analysis should outline the summary of needs and justification of proposed solutions in the redevelopment plan. There is no template.

15. Do we need individual property appraisals for every property in our downtown RHID, or just properties where we have someone interested in developing upper-story housing?
    - Each individual building in the RHID must have an appraised value to participate.

16. Can this appraisal be done by the County Appraiser, or do we need to hire a banking/real estate appraiser?
    - The baseline for the RHID ad valorem taxes would be based on the County Appraiser's valuation.

17. If the County Appraiser does the appraisal, how will they know the condition of the upper story of the property to ensure an accurate appraisal baseline?

- The property value is determined by the county at the time the RHID is created.

18. What happens if the completed post-project appraisal of the building is not significant enough to pay off the debt using the RHID program?
    - The developer should understand the existing and future valuations of the property to allow for a solid financing plan. Before initiating the project, it might be helpful to work with the County Appraiser to describe the planned investment.

19. Can other grant programs be used along with RHID to reduce the debt for a developer? For example, if a community were to offer a grant program to a developer for the creation of upper-story housing, does that affect the RHID program?
    - Yes, grants, loans, and other financing can be used in conjunction with the RHID program to help finance the project.

20. How long does the approval process take before a developer can start on a project?
    - Once the Secretary approves the HNA and the RHID is established via the redevelopment plan, the project may begin. Depending on the scheduling of the public hearing and the adoption of the resolution, the process could take up to a couple of months.

RURAL HOUSING INCENTIVE DISTRICT ACT

RHID

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

Kansas Department of Commerce

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.

AD ASTRA PER ASPERA

*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 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

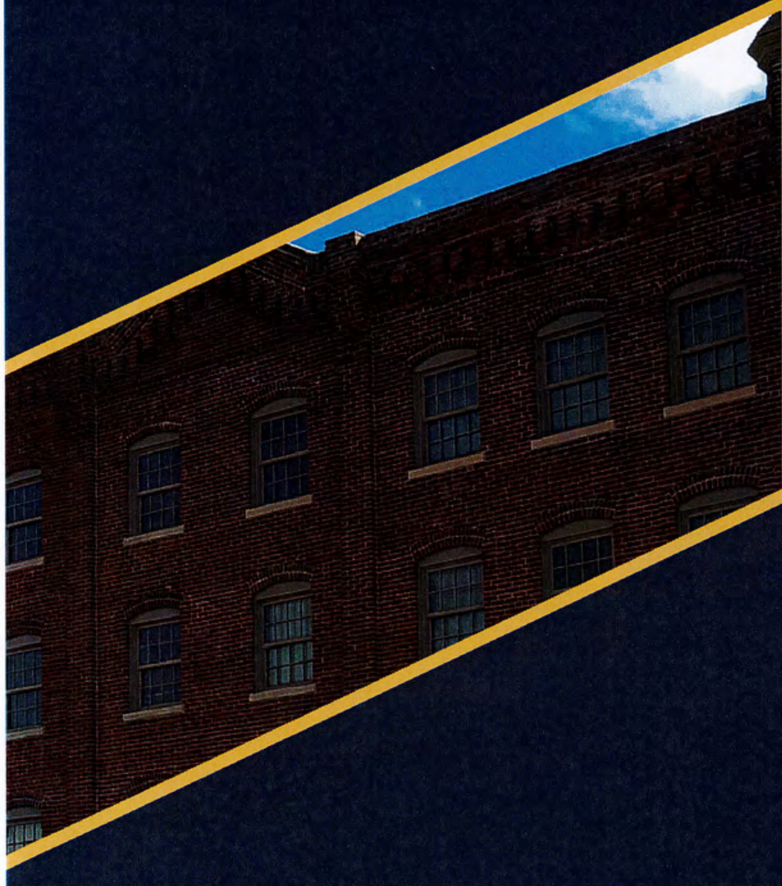
- School District and County have a veto similar to TIF
- Special Obligation Bonds may be issued
- Property tax increment diverted for up to 25 years
- Bonds or "pay as you go" increment may be used for similar purposes as TIF
- 2021 SB 90 expanded the use of RHID to include the renovation of buildings 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.

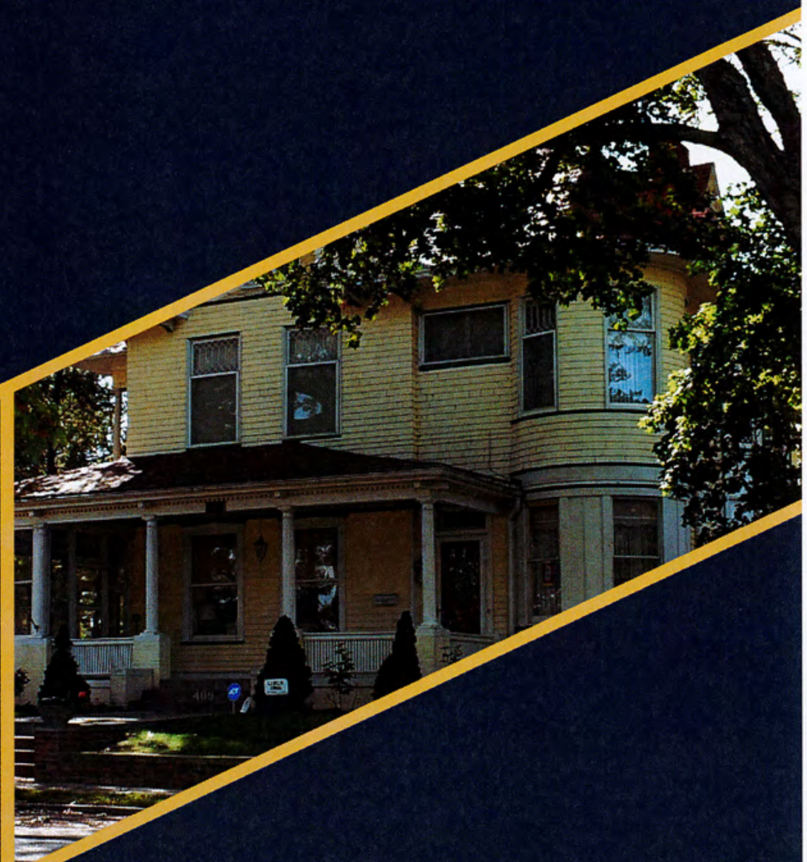
CONTACT

COMMUNITY DVELOPMENT	***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*

Leavenworth

HOUSING STUDY





February, 2025

Prepared by:

RDG Planning & Design
Omaha and Des Moines
www.rdgusa.com

CHAPTER 1

Market Assessment

The current state of Leavenworth, Kansas—its historical trends, population demographics, economic landscape, and housing market conditions—offers valuable insight into present challenges and future needs.

MARKET ASSESSMENT

What Data Can Tell Us

This document presents data on a variety of topics pertinent to housing. The current state of Leavenworth today - its historic trends, population demographics, economy, and conditions of the housing market - combine to build an understanding of current challenges, forecasts future needs, and will help articulate a housing program.

Information for analysis comes from a wide variety of sources. These include:

- The U.S. Decennial Census and American Community Survey.
- County and city data on building activity.
- Existing studies completed.

What Market Data Does Not Tell Us

Census and other objective data has limitations, which is why it provides only one element of understanding the housing market. Market data does not capture the feelings and observations of residents. It does not fully capture the condition of housing or community amenities. For these reasons, the conclusions and strategic directions compare data with on the ground observations and discussions.

LEAVENWORTH DEMOGRAPHICS

Population Snapshot

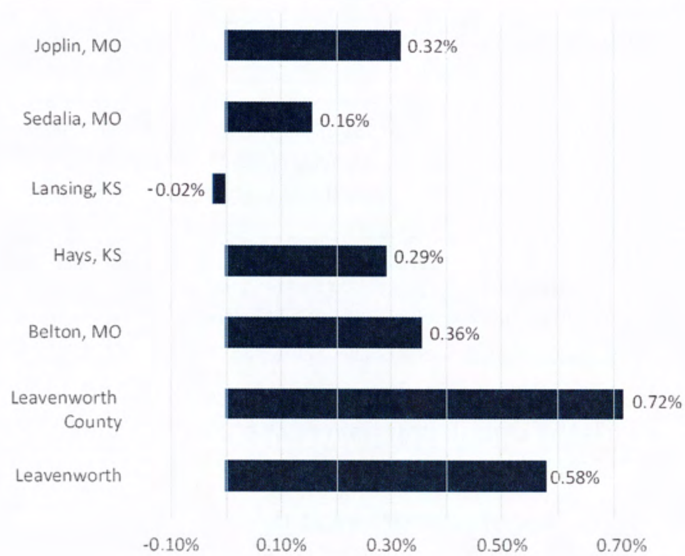
- After two decades of population stagnation, Leavenworth reversed this pattern in the 2010s.
- Leavenworth County has not experienced this same pattern. The county has grown every decade since 1970.
- After steady growth, Lansing declined in population during the last decade.
- Despite slow growth the last two decades, Leavenworth grew at a faster rate than comparable communities in the region.

Figure 1: Leavenworth Annual Growth Rate

	POPULATION	ANNUAL GROWTH RATE
1970	25,147	-
1980	33,656	3.0%
1990	38,495	1.4%
2000	35,420	-
2010	35,251	-
2020	37,351	0.58%
2000-2020	1,931	0.27%

Source: U.S. Census Bureau and RDG Planning & Design

Figure 2: Annual Growth Rates, 2010-2020



Source: U.S. Census Bureau

Age and Migration

Figure 3 illustrates the 2020 predicted population based on average birth and death rates applied to the 2010 Census count.

- Based on these assumptions, Leavenworth population would have grown to 36,081 by 2020. This indicates the city has a young population and births would have outpaced deaths.
- Leavenworth's actual population of 37,351 was greater than the predicted. This indicates that the city experienced in-migration.
  - The largest in-migration occurred among those between the ages of 25 and 34.
  - Growth in this age group supported higher than predicted growth among those under the age of 14.
  - The out-migration of those 45-54 could reflect some change in the prison population but may also indicate a lack of housing for households entering their peak earning years.

Figure 3: Leavenworth, Kansas Population Predicted vs. Actual

AGE	2020 PREDICTED	2020 ACTUAL	DIFFERENCE
0-14	6,397	7,948	1,551
15-19	2,698	2,144	-554
20-24	2,301	2,487	186
25-34	4,238	5,814	1,576
35-44	5,521	5,819	298
45-54	5,428	4,163	-1,265
55-64	4,521	4,145	-376
65-74	3,042	2,961	-81
75-84	1,324	1,380	56
85+	611	490	-121
Total	36,081	37,351	1,270

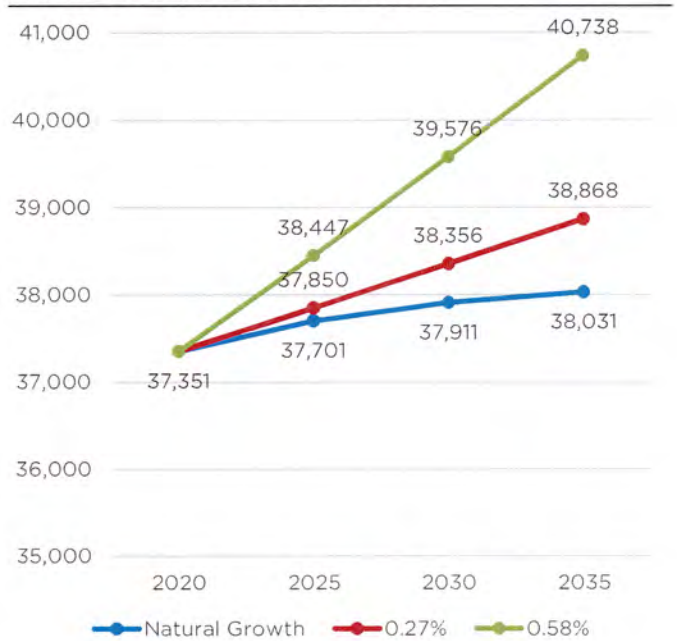
Source: U.S. Census Bureau and RDG Planning & Design

Future Population

Figure 4 illustrates three potential future population scenarios.

- Natural growth illustrates what would happen to the population if standard birth and death rates were applied and it was assumed no in-migration would occur.
  - Leavenworth has a slightly younger population and would continue to see some growth at a very slow rate.
- Averaging out the population loss of the 2000s with the population gain of the 2010s results in an average annual growth rate of 0.27%.
  - If Leavenworth grows at this modest rate it will reach a population of 38,868 by 2035.
- During the 2010s, the city's annual growth rate was 0.58%. If the city continues to grow at this rate it will reach a population of 40,738 by 2035.
  - For the purposes of this analysis it will be assumed that the city will be able to maintain the growth that has occurred in the last decade, but meeting this populations housing needs will be essential.

Figure 4: Projected Population



Source: RDG Planning & Design

Economic Snapshot

Figure 5 compares Leavenworth's median household income in 2023 with other comparable communities and the county.

- More high income households live in rural areas of the county and in Lansing as compared to Leavenworth.
  - Housing options can create economic divides. Leavenworth has the largest housing stock in the county, therefore, the community has more entry level housing, supporting households at or below the county's median household income.
  - Newer more expensive housing is likely occurring outside of the city, resulting in higher income households living in the larger region.
- The types of jobs and age of householders (students and seniors) are likely resulting in lower incomes for Hays, Sedalia, and Joplin.
- At over $71,000 for a median household income, many of the city's households can afford market rate housing.

Figure 5: Regional Incomes

	2020 POPULATION	2023 ESTIMATED MEDIAN HOUSEHOLD INCOME
Leavenworth	37,351	$71,239
Leavenworth County	81,881	$86,906
Belton, MO	23,953	$70,525
Hays, KS	21,116	$56,861
Lansing, KS	11,239	$100,871
Sedalia, MO	21,387	$50,668
Joplin, MO	51,762	$51,154

Source: US Census Bureau

Figure 6 compares the number of employees that live and work in the city with the numbers that live outside the city but work in Leavenworth and the number that live in the city but work in other locations.

- Approximately 69% of Leavenworth's workforce lives outside the city.
- The city may be able to capture a portion of this population with the right additional housing construction.

Figure 6: Employment and Commuting Patterns

Figure 7: Occupancy Status

	2010		2020		
	NUMBER	% OF OCCUPIED UNITS	NUMBER	% OF OCCUPIED UNITS	CHANGE 2000-2019
Total Units	13,670		14,756		1,086
Occupied	12,256		13,143		887
Owner-Occupied	7,686	63.7%	6,291	47.9%	-1,395
Renter-Occupied	5,984	48.8%	6,852	52.1%	868
Total Vacant	1,414		1,613		199
Vacancy rate	10.34%		10.93%		

Source: ACS 2023 Estimates

HOUSING SNAPSHOT

Occupancy

Figure 7 illustrates the change in housing occupancy from 2010 to 2020.

- Supporting the city's population growth, Leavenworth's total number of households grew over the decade.
- Similar to many American cities, Leavenworth experienced growth in the number of renter-occupied households and a decline in the number of owner-occupied households.

Figure 8 provides additional insight into the city's growth in vacant units.

- Over a quarter of the city's vacant units are identified as "other vacant," these are homes that are not being placed on the market for a variety of reasons. These can include:
  - › Lack of interest by the owner to rent or sell the unit.
  - › The unit is being used for storage.
  - › The unit is owned by an elderly individual living in skilled nursing or with a family member.
  - › It is being held for settlement of an estate.
- The Census estimates that there are approximately 128 vacant for sale homes. In December of 2024, the Kansas City Regional Association of Realtors (Heartland MLS) reported that there was less than a 2.5 month supply of for sale homes in all of Leavenworth County, well below what is needed to avoid competitive bidding on quality affordable housing and thus price inflation.
  - › The year over year inventory in December was down by 6.7% according to Heartland MLS.
- Although a good number of the city's vacancy is accounted for by "for rent" units this is not an indication of the quality or price point of these units.

Figure 8: Leavenworth - Vacant Units, 2023

2023 ESTIMATE	ESTIMATE	PERCENTAGE OF TOTAL UNITS
Total:	1,613	
For rent	912	70.18%
Rented, not occupied	7	
For sale only	128	
Sold, not occupied	55	
For seasonal, recreational, or occasional use	0	0%
For migrant workers	59	3.66%
Other vacant	422	26.16%

Source: ACS 2023 Estimates

Figure 9: Household Income and Costs

	VALUE TO INCOME	MEDIAN HOUSEHOLD INCOME	MEDIAN HOME VALUE	MEDIAN CONTRACT RENT	% OF COST BURDENED HOUSEHOLDS
Leavenworth	2.47	$71,239	$176,000	$911	Owner Costs: 16% Gross Rent: 39%
Belton, MO	2.69	$70,525	$190,000	$997	Owner Costs: 18% Gross Rent: 46%
Hays, KS	3.87	$56,861	$220,100	$722	Owner Costs: 24% Gross Rent: 55%
Lansing, KS	2.45	$100,871	$247,500	$936	Owner Costs: 18% Gross Rent: 35%
Sedalia, MO	2.69	$50,668	$136,500	$634	Owner Costs: 15% Gross Rent: 45%
Joplin, MO	3.12	$51,154	$159,700	$675	Owner Costs: 16% Gross Rent: 51%

Source: 2015-2019 American Community Survey; RDG Planning & Design

Affordability

Figure 9 compares different factors illustrating housing costs and affordability for Leavenworth and comparable communities.

- Leavenworth's housing stock is generally older than Belton, Hays, and Lansing resulting in a slightly lower median home value.
- Rents in Leavenworth are comparable to other city's in the region and are at rates that should support new construction.
  - Rent levels well below market creates a lack of comparable priced units and can increase the perceived financial risk, thus discouraging new construction.
- More renters in Leavenworth are cost burdened (spending more than 30% of their income on housing).
- Compared to other communities in the region Leavenworth has a smaller percentage of cost burdened rental households.
  - Lansing also has a lower percentage of cost burdened renters, likely reflective of the city's higher household income.

- **An affordable, self-sustaining housing market, with adequate value or revenues to support market rate new construction, typically has a V/I value between 2.5 and 3.**
- **Ratios below 2.0 are significantly undervalued relative to income and make it difficult to support new construction costs.**
- **Ratios above 3.0 indicate an unaffordable market for many of the city's residents.**

- The data in Figure 9 is based on all housing in Leavenworth, including homes that have not been on the market in many years.
  - Heartland MLS reported that the median sale price in Leavenworth County in 2024 was $325,000

Figure 10: Affordability Analysis

INCOME RANGE	NUMBER OF HOUSEHOLDS IN EACH RANGE	AFFORDABLE RANGE FOR OWNER UNITS	NUMBER OF OWNER UNITS	AFFORDABLE RANGE FOR RENTER UNITS	NUMBER OF RENTER UNITS	TOTAL AFFORDABLE UNITS	BALANCE
$0-24,999	2,073	>$60,000	594	$0-499	830	1,424	-649
$25,000-49,999	2,494	$60,000-124,999	1,344	$500-999	2,856	4,200	1,706
$50,000-74,999	2,596	$125,000-199,999	2,010	$1,000-1,499	893	2,903	307
$75,000-99,999	1,934	$200,000-249,999	1,137	$1,500-1,999	1,229	2,366	432
$100,000-150,000	2,391	$250,000-399,999	1,580	$2,000-2,999	719	2,299	-92
$150,000+	1,992	$400,000+	282	$3000+	6	288	-1,704

Source: RDG Planning & Design

Figure 10 is another way to analyze housing affordability. This analysis evaluates the availability of affordable housing and compares the quantity of housing affordable to each income group.

- The majority of housing units in Leavenworth are affordable to households making below the area median income.
- Leavenworth lacks:
  - Ownership options for units at or above current construction costs ($250,000+).
  - Rental options for households making between $50,000 and $75,000 and less than $25,000.
- A lack of housing at higher price points results in higher income households competing with moderate and lower income households for the same housing units.

Defining Housing Affordability

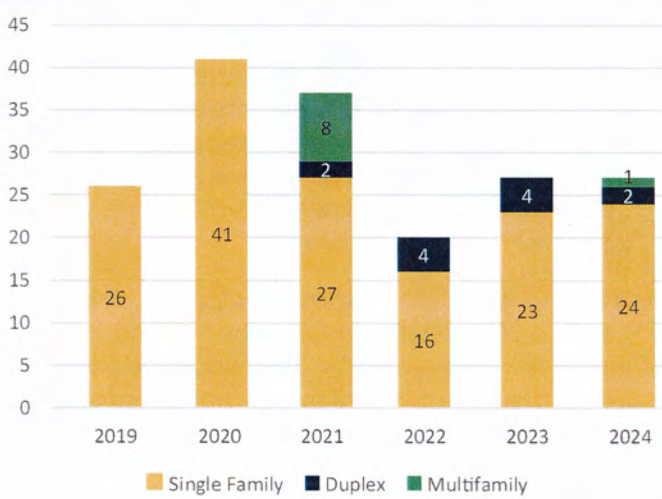
Affordable housing is defined by a household's income. What is affordable to one income bracket is not affordable to another. The cost of housing can also be defined as either market rate or below market rate.

Units that are below market rate require some assistance to be built. The rent or value of these units would be priced below construction costs and therefore builders need assistance to cover the cost of development and construction. These assistance packages vary, but ensure that communities have safe and affordable housing for households in the lowest income ranges.

Housing Construction

Since 2019 there has been limited building activity in Leavenworth. Over that time period the city has lacked variety as 89% of all new units were single-family detached. Greater variety in the market is needed for a healthy assortment of housing options but for Leavenworth more ownership options in general are needed to address the for sale supply.

Figure 11: Building Permit Activity



Source: City of Leavenworth

PROJECTED HOUSING NEEDS

Housing Demand based on the following assumptions:

- Population growth continuing at the rate experienced in the last decade.
- A declining vacancy rate as the poorest quality units are removed from the market or brought up to standard.
- The people per household will remain constant.
- The number of units lost annually will be approximately 5.

The assumptions result in an overall demand of 593 units by 2035.

- Average annual need would be approximately 60 units.

Figure 12: Housing Demand Summary

	2020	2030	2035	TOTAL
Population at End of Period	37,351	39,576	40,738	
Household Population at End of Period	33,126	35,099	36,130	
Average People Per Household	2.54	2.54	2.54	
Household Demand at End of Period	13,042	13,819	14,224	
Projected Vacancy Rate	10.9%	8.2%	7.2%	
Unit Needs at End of Period	14,642	15,050	15,325	
Replacement Need (total lost units)		30	25	55
Cumulative Need During Period		293	300	593
Average Annual Construction		59	60	

Source: RDG Planning & Design

Figure 13: Housing Demand & Development Program by Type & Price Point

	2035 DEMAND	PERCENTAGE	DEVELOPMENT PROGRAM %	DEVELOPMENT PROGRAM
Total Owner-Occupied	356			356
Affordable Low <$200,000	159	45%	*	*
Affordable Moderate $200,000-$250,000	60	17%	32%	114
Moderate Market $250,000 - $350,000	75	21%	36%	128
High Market: >$350,000	62	17%	32%	115
Total Renter Occupied	237			237
Low: Less than 500	54	23%	16%**	38
Affordable: 500-1,000	65	27%	19%**	46
Market: 1,000-1,500	68	29%	39%	91
High Market: $1,500+	50	21%	26%	62
Total Unit Need	593			593

* Not easily produced by the market, comes from existing housing stock through move ups.
** In this scenario, 30% of the lower price point demand are met from new units at higher price points that lead to movement out of units. The 70% of the remaining need will have to come through public subsidy and financing programs for new construction and rehab of existing units.
Source: RDG Planning & Design

- In the last five years Leavenworth has never reached this level but the rising costs of existing units (MLS data) would indicate demand is exceeding supply.
- The rise in rental rates, despite an older rental stock and lack of new rental construction would also indicate that demand is exceeding supply.

HOUSING PROGRAM

Demand Program

The housing demand program for Leavenworth delves into price points and the proportion of units that will be owner-occupied and renter-occupied to translate overall demand into a practical program for what types of housing can be built.

- First, Figure 13 distributes the forecast demand between owner and renter occupancy at a 60/40 split. This is a slightly higher percentage of owner-occupancy but reflects a demand and the illustrated by the low supply of for sale homes. For this scenario, numbers were rounded up, resulting in 356 owner-occupied units and 237 renter occupied units.
- Demand was then distributed by price point based on the 2023 estimated household incomes in Leavenworth. This would be the demand needed to match new unit price points to the affordability levels of existing household incomes in Leavenworth.

Housing Development Program

The demand program (see previous page) will need to be met through other methods, considering the feasibility of building new units at the lowest price points. Therefore, Figure 13 reallocates the demand to a Development Program that assumes:

- The lowest price point ownership units cannot be built in the market today and must come through filling vacant units and opening up options in the existing housing stock.
- Some of the low and mid-price point owner and renter options will open up by adding units at higher price points. This move-up effect comes from residents who have settled in a home and would move if something was available that better meets their preferences. The program assumes 30% of these tier price points opening up from higher priced unit production.
- The lowest-priced rental units come through public subsidy, financing programs, and existing units.
    - The middle price point still cannot often be produced by the private market alone based on material, land, labor, and financing costs. A combination of public and/or non-profit tools must be pared with the private market to reach these price points.
- The price ranges should be considered higher with inflation over time or rises in local incomes. Consider the Midwest Housing Consumer Price Index.

EXECUTIVE SESSION
ATTORNEY-CLIENT PRIVILEGE

March 18, 2025

CITY COMMISSION ACTION:

Motion:

Move the City Commission recess into executive session for a period of _______ minutes for the purpose of *discussing a legal matter with the City Attorney, under the justification for consultation with an attorney for the public body or agency which would be deemed privileged in the attorney-client relationship* K.S.A. 75-4319 (b) 2. The City Commission, City Manager, and City Attorney will be present. The open meeting will resume in the City Commission Chambers at _______p.m.