



## **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](mailto: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.