

**CITY COMMISSION AGENDA**  
**WORK SESSION**

City Hall Commission Chambers

Tuesday, September 8, 2009

6:00 p.m.

MEETING #4774

**CALL TO ORDER**

**ROLL CALL**

**NEW BUSINESS**

Discussion of Housing Incentive Policy

**ADJOURNMENT**

**REPORT AND RECOMMENDATION  
FOR  
PROPOSED HOUSING INCENTIVE PROGRAM  
CITY OF DODGE CITY  
SEPTEMBER 8, 2009**

Dodge City has incurred a steady growth for many decades. However, our housing industry has failed to maintain pace with the growth of the community. In 2008 the Dodge City/Ford County Development Corporation and Aquila funded a Community Housing Assessment Team (“CHAT”) report for Ford County in order to document what the specific housing needs were in our County.

The CHAT report indicated that Dodge City will need to build approximately 189 units annually from 2008-2013 and 175 units annually from 2014-2020 in order to properly house our growing population. In addition, the report ultimately recommends a breakdown of the housing need by both owner occupied/renter occupied and variations of home values/monthly rent fees (see exhibit A). The numbers listed above can be intimidating, unless we develop a plan to address the issues that have stymied growth in this sector.

**Community Issue:** Lack of housing for potential new employees coming into the community, has limited recruitment opportunities and growth of businesses.

**Root Problem:** Even though there is a demand for housing, developers will not pursue projects here due to an unfavorable bottom line.

*Influences:*

- cost of infrastructure
- high cost of building supplies
- property taxes
- low market costs/ rent rates
- difficulties with the development process

**Potential Solutions:**

- Create innovative programs which assist in financing the cost of infrastructure, with minimal risk to the City at large
- Create a sense of partnership with developers in order to work through building code regulations. Quit saying “can’t do that” and replace with “lets work together to find a solution”
- Work to create an environment for the development community that offers a predictable development process associated with fair and cost effective incentives.

**Cautions:** Taxpayers may naturally be concerned that they will be asked to cover the cost of a development that is left incomplete. In the late 70’s and early 80’s the City was

asked to finance infrastructure for areas in our community where developers had intended to build single family homes. The City financed the improvements through special assessments. The development never came to fruition, which left the City with vacant property with large delinquent tax bills owed. The property eventually sold at tax sale, for far less than was owed in back taxes. The City at large, ultimately incurred those costs. Therefore, we must look for a way that we can:

- Assure taxpayers that the City is not financing an unreasonably high profit margin for developers
- Assure taxpayers that the development has offered the City safeguards that will commit the developer to complete the project
- Sunset incentives once the community has fulfilled the housing development recommendations established in the CHAT report.

### **Recommendations:**

1. **Establish a single point of contact for developers.** The City will assign an individual to work with developers as a facilitator in order to navigate the development process. A single contact for all questions involving procedural, code and development requirements should relieve frustration currently being felt by developers. The facilitator will in turn work with all other departments to assure that issues involving overlapping authority are resolved prior to proceeding with the project. The process should assure the consistent interpretation of city codes, ordinances and technical standards and will work to identify compliance alternatives for developments facing unanticipated challenges.

By providing facilitation, certainty and clarity throughout the development review process, the average completion time for a subdivision and site plan review will be reduced significantly from conventional reviews. The process will be especially attractive to developers concerned with market pressures and seasonal building constraints. The speed of this review period, however, depends on how staff and the applicant perform *together*. Providing corrections, responding to comments, and ultimately securing an approval in a timely manner is a responsibility that staff and the applicants design team share.

To assist in this expedited process, Development Services will establish a checklist of documents and requirements to be fulfilled for any development. The developer on this same form will make all requests for consideration of any variance from code and/or development requirements. The developer will provide justification for the request and suggested alternatives. The same form will be utilized to document the response of staff.

The expedited process made available through this incentive program does not mean that projects are allowed to bypass any requirements of the development process or applicable building codes. On the contrary, staff will perform the same rigorous review of all developments for consistency with code requirements.

**2. Establish fee waivers (full or partial) based upon income/rent/price ranges and or accessibility.**

- a. Builder provide % of units to low income families or reasonably priced for a low income family or accessible units for the disabled or elderly and the City will waive a certain level of fees

<u>Builder Provides</u>	<u>City Waives</u>
10% Low Rent/Price Units	25% of fees
20%	50%
30%	75%
40%	100%

*Fees waived: Development/Review/Inspection fees (zoning, subdivision, permits) and Public Works Construction Inspection*

**3. Utilize state provided incentive programs for both low and moderate income homes and multifamily developments.**

- a. The *Rural Housing Incentive District* appears to be the incentive that is the best fit for moderate income homes and multifamily developments. The District alleviates the need for special assessments, by allowing the incremental property tax (e.g. tax on improved property less the tax on the vacant property) to be applied to the cost of the infrastructure for the development. All taxing entities participate; the school and the county may veto the project.
- b. The *Neighborhood Revitalization District* incentive is available in either a blighted area or an area that should be preserved because of its history or architecture. The City can designate the specific area that this incentive is applicable too. A revitalization plan must be adopted by the City. The increased increment is rebated directly to the property owner. The rebate years would be determined by the revitalization plan.
- c. The *Downtown Redevelopment Act* incentive offers a property tax rebate to properties that make significant improvements which will increase the properties value by not less than 25%. The owner has 12 months to make the improvements. The property tax rebate is based on the value added above the base and rebated as follows:

Years 1-5	100%
Year 6	80%
Year 7	60%
Year 8	40%
Year 9	20%

- 4. Offer City owned surplus property** at fair market value to developers of moderate and higher rental units and homes, whom are seeking other incentives. The City reserves the right to offer the land as a sole incentive to developers of the preceding ranges. The City does not want to be perceived as undermining the available land opportunities. Developers must agree to a continuation of the City's master plan for property located in Legends North.

5. **Nothing shall prohibit the City from utilizing traditional incentives** for public improvements within the City of Dodge City as outlined in the current resolution adopted by the City Commission. Examples include special assessments and/or special benefit districts.
6. **Sponsoring or co-sponsoring grant request to state and/or federal agencies.** Examples may include Community Development Block Grants, U.S.D.A. grants or similar type programs which may provide assistance with infrastructure, housing or housing related programs.

**Safeguards:**

1. The incentive program must be renewed annually in order for the incentive program to continue. The annual review and consideration reflects an effort to protect the City in case of an economic downturn.
2. The program should be monitored closely to insure that overbuilding that has occurred in other communities is prevented. The incentive package should cease per classification once the following need has been fulfilled:

Owner Occupied\*

Affordable Low (60-100,000)	115
Affordable Moderate (100-130,000)	142
Moderate Market (130-200,000)	162

Renter Occupied\*

Low (less than 450 per month)	123
Affordable (450-700 per month)	122
Market (over 700 per month)	134

\*as established in the CHAT report (Exhibit A)

3. The City of Dodge City reserves the right to not allow the use of incentives or the right to vary the percentage of City participation when unusual circumstances so warrant or whenever, in the opinion of the City Commission sufficient properties are already available for the type of development being considered.
4. Establish a Housing Incentive Committee comprised of the City Manager, Director of Finance, USD 443 Finance Director, Ford County Finance Director and the Director of the Dodge City/Ford County Development Corporation. The Committee shall conduct a thorough review and evaluation of any housing incentive application brought forward for the Governing Body's consideration, which includes incentive requests which will result in a property tax deferral or rebate. The Committee shall gather and review any additional information deemed necessary to determine if the applicant meets the objectives and criteria of this and any applicable incentive, conduct preliminary discussions with the applicant/development advocate, discuss terms of a development agreement to be drafted by City staff and to recommend to the Governing Body whether the proposal should be favorably considered.

The Committee may use the services of outside professional consultants and advisors as part of the review, as necessary. Committee records, including proposals submitted, may be withheld from public disclosure as provided under the Kansas Open Records Act. Any inaccuracy, misstatement of, or error in fact may render the proposal null and void and may cause a repeal of any development assistance rendered through any housing incentive granted by the City in reliance upon said information.

Exhibit A

Housing Development Program, Dodge City

	2008-2013	2014-2020	Total
Total Need	946	1,226	2,172
<b>Total Owner Occupied</b>	<b>568</b>	<b>736</b>	<b>1,303</b>
Affordable Low: 60-100,000	115	149	263
Affordable Moderate: 100-130,000	142	184	326
Moderate Market: 130-200,000	162	210	372
High Market: Over 200,000	149	193	342
<b>Total Renter Occupied</b>	<b>378</b>	<b>490</b>	<b>869</b>
Low: Less than 450	123	159	282
Affordable: 450-700	122	158	280
Market: Over 700	134	173	307

\*This analysis assumes a split of 60% owner-occupied and 40% rental, comparable to existing proportions.

\*About 589 owner-occupied units, or about 49 units annually, should ideally be priced below \$130,000. Many of these units may come from the city's existing housing stock.

\*There will be a demand for an additional 562 rental units priced below \$700.