EMPORIA
City of Emporia

MEETING OF THE CITY COMMISSION - AGENDA
MONDAY, DECEMBER 12, 2022 AT 11:00 AM
CITY COMMISSION CHAMBER

ORDER OF BUSINESS

CALL MEETING TO ORDER Mayor Becky Smith

MEMBERS PRESENT

Vice Mayor Danny Giefer
Commissioner Susan Brinkman
Commissioner Erren Harter
Commissioner Jaime Sauder

EXECUTIVE SESSION

1) AN EXECUTIVE SESSION FOR DISCUSSIONS RELATING TO DATA RELATED TO FINANCIAL AFFAIRS OR TRADE SECRETS OF CORPORATIONS, PARTNERSHIPS, TRUSTS, AND INDIVIDUALS RELATED TO POTENTIAL ECONOMIC DEVELOPMENT PROJECTS. K.S.A. 75-4319(B)(4) IS THE AUTHORITY FOR THIS RECESS INTO EXECUTIVE SESSION.

   Recess into Executive Session to discuss proprietary information of a third party relating to a potential economic development project for 30 minutes and stating at which time the open meeting will resume.

NEW BUSINESS

1) **Public Hearing for the Purpose of Applying to the Kansas Department of Commerce for a CDBG Grant under the Downtown Commercial Rehabilitation Category.**

   Presented by: Maria Cuevas, Governmental Assisted Services aka Western Consultants

   Recommended Action: Conduct. Public Hearing for the Purpose of Applying to the Kansas Department of Commerce for a CDBG Grant under the Downtown Commercial Rehabilitation Category.

2) **Housing and RHID Incentive Policy Revisions.**

   Presented by: Trey Cocking, City Manager

   Recommended Action: Approve Housing and RHID Incentive Policy Revisions.

GOVERNING BODY COMMENTS

Mayor Becky Smith
Vice Mayor Danny Giefer
Commissioner Erren Harter
Commissioner Susan Brinkman
Commissioner Jamie Sauder

ADJOURNMENT

Commission Action Report

Title: Executive Session

Proposed Agenda Date: December 12, 2022

BACKGROUND:

AN EXECUTIVE SESSION FOR DISCUSSIONS RELATING TO DATA RELATED TO FINANCIAL AFFAIRS OR TRADE SECRETS OF CORPORATIONS, PARTNERSHIPS, TRUSTS, AND INDIVIDUALS RELATED TO POTENTIAL ECONOMIC DEVELOPMENT PROJECTS. K.S.A. 75-4319(B)(4) IS THE AUTHORITY FOR THIS RECESS INTO EXECUTIVE SESSION.

DISCUSSION:

N/A

FINANCIAL CONSIDERATIONS:

N/A

OTHER CONSIDERATIONS:

N/A

RECOMMENDED ACTION:

Recess into Executive Session to discuss proprietary information of a third party relating to a potential economic development project for 30 minutes and stating at which time the open meeting will resume.

ATTACHMENTS:

N/A

Commission Action Report

Title: Public Hearing for the Purpose of Applying to the Kansas Department of Commerce for a CDBG Grant under the Downtown Commercial Rehabilitation Category.

Proposed Agenda Date: December 12, 2022

Presented By: Maria Cuevas, Western Consultants

BACKGROUND:
The City of Emporia is required to conduct a Public Hearing for the Community Development Block Grant (CDBG) under the Downtown Commercial Rehabilitation category for the building located at 517 Merchant. If the grant is awarded, the owners of the building will use the funds to rehabilitate the building to put it to its highest and best use.

As part of the grant application process, a public hearing must be held to allow for comments before the application is submitted.

DISCUSSION:

FINANCIAL CONSIDERATIONS:
None, the owners are required to provide matching funds.

OTHER CONSIDERATIONS:
N/A

RECOMMENDED ACTION:
Conduct a Public Hearing for the Purpose of Applying to the Kansas Department of Commerce for a CDBG Grant under the Downtown Commercial Rehabilitation Category.

ATTACHMENTS:
Notice of Public Hearing.

Public Hearing Notice
CDBG Downtown Commercial Rehabilitation Application

The City of Emporia will hold a public hearing on Monday, December 12th, 2022, at 11:30am in the City Commission Room located at 518 Mechanic St for the purpose of considering an application to be submitted to the Kansas Department of Commerce for Small Cities Community Development Block Grant funds under the Downtown Commercial Rehabilitation category.

A specific project application to be discussed is the rehabilitation of a commercial building owned by the Gazette Building Development LLC located at 517 Merchant Street, Emporia, KS 66801 that will consist of sprinkler system, roofing, ADA restrooms, service lines for fire/domestic, fire alarm, clean & repair masonry wall, ADA elevator & shaft, repoint/rebuild brick masonry, remove/replace windows, and miscellaneous appurtenances related to construction activities. The estimated project cost is $1,342,441 with the grant request for $250,000 of the project cost. Other project proposals introduced at the hearing will be considered. Oral and written comments will be recorded and become a part of the City of Emporia's CDBG Citizen Participation Plan. If you need accommodations due to a disability to participate in this event, meeting, or activity, or alternative format of written materials contact City of Emporia Jeff Lynch, ADA Coordinator at least 48 hours before the public hearing at 620-343-4285 or jlynch@emporia-kansas.gov.

EMPORIA
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Commission Action Report

Title: Housing and RHID Incentive Policy Revisions

Proposed Agenda Date: December 12, 2022

Presented By: Trey Cocking, City Manager

BACKGROUND:
The proposed revisions are due to changing economic conditions in the housing market including the cost of materials, supply chain issues, and administrative matters related to Charter Ordinance No. 41 and input from citizens and developers.

DISCUSSION:
The proposed revisions were discussed and reviewed by the Commission and staff at the December 7th City Commission Study Session. One change was made by staff due to grammatical considerations. In Article II Number 3 word buildable was substituted for building.

FINANCIAL CONSIDERATIONS:
N/A

OTHER CONSIDERATIONS:
The Policy should be reviewed on a biannual basis to insure its consistent with market conditions and the defined needs of the community.

RECOMMENDED ACTION:
Approve policy revisions.

ATTACHMENTS
Revised policy
Amended copy

Subject: Housing Development and Rural Housing Incentive District Policy	Issued by: City Commission Resolution No. 3642	Effective Date: 4/21/2021

1-12 HOUSING DEVELOPMENT AND RURAL HOUSING INCENTIVE DISTRICT POLICY

A. BACKGROUND

The Emporia City Commission regularly receives requests for City assistance in promoting and developing additional housing units through utilization of Rural Housing Incentive District (RHID) tools, infrastructure funding, and other incentives. The City Commission from time to time sets goals and incentives based on recent studies, such as the most recent Lyon County Housing Study, that identify specific needs and shortages in community housing supply.

B. PURPOSE

It is the purpose of this policy to set forth certain criteria for application and utilization of RHID and other incentives as provided for in Kansas Statutes based on identified community housing needs.

C. POLICY

I. Priority Housing Types

Section 1: Allowable Housing Types

The following owner-occupied housing types shall be allowed to utilize the RHID incentive as provide for in Kansas Statutes:

1. Single family detached residential structures,
2. Single family attached residential structures,
3. Duplex residential structures,
4. Townhouses,
5. Condominiums,
6. Garden/patio homes,
7. Senior living complexes and
8. Any residential structure comparable in density to those outlined above and consistent with adopted building and zoning regulations.

The housing types shall be defined by the adopted building and zoning regulations of the City of Emporia in effect at the time an application for the RHID program is received by the City Manager's office.

Section 2: Exceptions

The City shall consider investor owned multifamily and multistory residential structures as part of a planned integrated development for a strategic purpose meeting a Commission goal. This may include, but is not limited to, targeted income markets, special needs housing, and upper story residential as permitted under the Rural Housing Incentive District.

II. Proposals and Pre-Qualifying Assessment

Proposals for City assistance in the creation of residential subdivisions/buildings shall submit a proposal to the City Manager's office. Proposals shall be based on an identified community need at the time of application, such as those defined in the most recent housing study or other adopted City Commission goals or policies. Proposals shall include the following information:

1. The names of the business entity and its primary owners/partners seeking city assistance.
2. The location of the development on a map which clearly outlines the parcel to be developed.
3. The number of buildable lots to be created.
4. The type of housing units or mixture thereof to be included in the development.
5. The estimated market cost of housing units to be constructed.
6. A third-party analysis including the financial feasibility of the project in retiring the RHID debt and the projected construction pace of development. All housing types noted under Section I (1): Allowable Housing Types shall include a platted lot absorption schedule as part of the third-party analysis. For developments with a target market price below $250,000 per home, the minimum lot absorption schedule shall be the completion of fifty percent (50%) in the first three (3) years of the project. For developments with a target market price over $250,000 per home, the minimum lot absorption schedule shall be the completion of fifty percent (50%) in the first five (5) years of the project.
7. A covenant deed restriction shall be filed with the Register of Deeds and the City Clerk guaranteeing no additional lot splits must be submitted prior to the passage of the ordinance granting RHID status.
8. All proposals shall be accompanied by a $1,000 non-refundable evaluation fee. If the proposal is approved by the City Commission and a development agreement is executed that involves periodic payments or reimbursements from the City, there shall be a 3% administrative fee attached to all property tax transactions involving the reimbursement of RHID funds.
9. All City assistance regarding infrastructure shall utilize the City's public bidding process. Plans and specs for infrastructure improvements must be consistent with adopted City policies and ordinances. Waivers to this requirement may be granted on a case-by-case basis by the City Commission.

III. Phasing and Development Agreements

The City and the developer shall enter into a negotiated Development Agreement which shall contain, but not be limited to, the following elements:

1. Phasing of development in terms of the number of units to be completed each year and a projected buildout year.

2. A claw-back provision related to any City assistance, if provided, based on agreed upon goals regarding unit completions that are not met. Claw-back provisions are to be negotiated on a project-by-project basis.
3. The City reserves the right to decline the establishment of a district if the target pricing does not meet a recognized need in the community as identified and adopted by the City Commission.
4. The financing method shall be clearly defined in accordance with approved City alternatives as outlined in Section V.
5. If RHID bonds, as authorized by Kansas Statutes, are to be utilized, the applicant shall work with a bond attorney selected by the City of Emporia for the issuance of said bonds. The cost of issuance shall be borne by the developer builder of the RHID project.
6. A development guaranty of twenty five percent (25%) of the total public infrastructure and engineering costs shall be required of the applicant before the city proceeds to issue public financing under the 6A special assessment/RHID, RHID statutory bonds or general obligation bonds alternatives. This amount shall be refunded to the developer once thirty- five percent (35%) of the lots contain a completed residential structure and a Certificate of Occupancy is issued by the City Building Inspection Department. This requirement may be waived by the City Commission.
7. Special assessment utilizing the 6A/RHID alternative shall be calculated and assigned to each lot in an approved subdivision. It shall be the developer's responsibility to inform the buyer of a lot of this assessment and the method they will be administered.

IV. Land/Location

The developer/builder shall be solely responsible for the purchase of the land to be designated as an RHID district**.** Proposed districts shall be located adjacent or within 200 feet of an existing city street or paved street for consideration. For land outside of the existing City limits a petition for annexation consistent with Kansas Statutes shall be made concurrent with the request for the establishment of an RHID.

The City may include the purchase price of the property to be developed in accordance and compliant with state statutes.

Reclamation of floodplain zones as designated by federal programs is not allowed as a RHID eligible expense.

Section 1: Location

All area included within the incorporated city limits as defined by ordinance are eligible for RHID designation after being approved by the Kansas Department of Commerce (KDOC). Existing RHID eligible areas, as approved by KDOC, are attached as Exhibit A.

Designation of an area presently not within the corporate boundaries of the community cannot be declared an RHID district by the city until annexation is completed. Applicants should set aside an additional 6-9 months in their planning timeline to accommodate this situation.

V. FINANCIAL ALTERNATIVES

The following is a nonexclusive listing of some financial alternative available to the City regarding RHID developments and related scenarios to assist in addressing the need for new housing units.

1. Utilize existing policy requiring private financing for all RHID development requests.
2. Issue RHID bonds as permitted under the Kansas Rural Housing Incentive District Statutes in conjunction with local financial institutions.
3. Utilize Kansas Statute 12-6a01-17 to establish a special assessment district and create a Rural Housing Incentive District (RHID). The incremental tax revenue received via the RHID would then be utilized for debt retirement for bonds issued in conjunction with a development, reimburse the city account used to fund the initial construction and reimburse developer/builder eligible expenses.
4. The City may buy a tract of land and finance the acquisition and construction of infrastructure via an RHID district. The City can then plan and develop the tract and enter into any private development agreements necessary to meet the housing goals established by the Commission.
5. Issue General Obligation bonds as provided for in Charter Ordinance #41 for infrastructure and related RHID costs. This alternative shall only be used in RHID districts approved by the Kansas Department of Commerce.

CITY OF EMPORIA, KANSAS POLICY MANUAL

Draft #2

Subject: Housing Development and Rural Housing Incentive District Policy	Issued by: City Commission Resolution No. 3642	Effective Date: 4/21/2021

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The City shall consider investor owned multifamily and multistory residential structures as part of a planned integrated development for a strategic purpose meeting a Commission goal. This may include, but is not limited to, ~~senior living complexes~~, targeted income markets, special needs housing, and upper story residential as permitted under the Rural Housing Incentive District.

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1. The names of the business entity and its primary owners/partners seeking city assistance.
2. The location of the development on a map which clearly outlines the parcel to be developed.
3. The number of building lots to be created.
4. The type of housing units or mixture thereof to be included in the development.
5. The estimated market cost of housing units to be constructed.
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7. A covenant deed restriction shall be filed with the Register of Deeds and the City Clerk guaranteeing no additional lot splits must be submitted prior to the passage of the ordinance granting RHID status.
8. All proposals shall be accompanied by a $1,000 non-refundable evaluation fee. If the proposal is approved by the City Commission and a development agreement is executed that involves periodic payments or reimbursements from the City, there shall be a 3% administrative fee attached to all property tax transactions involving the reimbursement of RHID funds.
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III. Phasing and Development Agreements

The City and the developer shall enter into a negotiated Development Agreement which shall contain, but not be limited to, the following elements:

1. ~~Projected target prices for the residential units to be constructed~~.
2. Phasing of development in terms of the number of units to be completed each year and a projected buildout year.

3. A claw-back provision related to any City assistance, if provided, based on agreed upon goals regarding unit completions that are not met. Claw-back provisions are to be negotiated on a project-by-project basis.
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8. ~~The City shall require three (3) years of special assessment obligations to be accumulated before reimbursing a developer and/or builder for eligible expenses incurred under the 6A special assessment alternative/ RHID alternative~~.
9. Special assessment utilizing the 6A/RHID alternative shall be calculated and assigned to each lot in an approved subdivision. It shall be the developer's responsibility to inform the buyer of a lot of this assessment and the method they will be administered.

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4. The City may buy a tract of land and finance the acquisition and construction of infrastructure via an RHID district. The City can then plan and develop the tract and enter into any private development agreements necessary to meet the housing goals established by the Commission.
5. Issue General Obligation bonds as provided for in Charter Ordinance #41 for infrastructure and related RHID costs. This alternative shall only be used in RHID districts approved by the Kansas Department of Commerce.
6. ~~Provide financial assistance in an amount to be determined to buyers within an RHID with a target price not to exceed $250,000. Access to state/federal funding may be used to provide this incentive or a portion thereof~~.