



January 24, 2017

To: Senate Ethics, Elections and Local Government Committee
From: Tamara Niles, City Attorney, Arkansas City
Subject: SB 31 Testimony in Support

Please allow this correspondence to serve as written testimony by the City of Arkansas City in support of SB 31, concerning abandoned and blighted properties. The City of Arkansas City has been required to budget annually for maintenance, repair, and demolition of abandoned structures, and spends significant staff time in monitoring and overseeing these structures. Abandoned structures that result in structures dangerous to the public is a persistent issue faced by City governments across the state. SB 31 would enable the City to efficiently rehabilitate abandoned structures, which would both increase property tax revenue and reduce taxes due to the reduction in taxpayer-funded maintenance and demolitions.

GENERAL BACKGROUND OF ARKANSAS CITY

The City of Arkansas City is located in Cowley County, and encompasses 9.3 square miles. We have a Commission-City Manager form of government, with five elected commissioners. Arkansas City is a Kansas city of the second class, with an estimated population of 12,369. Population has remained fairly stable in Arkansas City over the last 40 years.¹ Approximately 35 percent of citizens are aged 50 and older.²

CITY BUDGET

The general fund budget for the City of Arkansas City in 2016 was approximately \$9.4 million. In 2015, the City budgeted \$75,000 for dangerous structure building demolitions. Due to rising costs of operation of the City-owned hospital, in 2016 the City cut this budget line item to \$25,000 for dangerous structure building demolitions.

HOUSING IN ARKANSAS CITY

The median housing value in Arkansas City is \$67,800 and median rent is \$671. The cost-of-living index in Ark City is estimated at 76 (low), while the US average is 100. In 2010, Arkansas City had 5,646 homes; of those, 844 are vacant.³ Almost 40 percent of the City's housing stock is more than 75 years old,⁴ and the City currently has 114 open property maintenance violation cases. The City anticipates it will consider 50 to 75 as dangerous structures in 2017. To protect the public, the City demolishes approximately three to 10 structures per year, designated as dangerous structures or immediate hazards. Of these, approximately 90 to 95 percent are abandoned: either the owner is

¹ US Census Bureau, 2014

² US Census Bureau, 2009-2013 5-year American Community Survey

³ Chapter 3, City of Arkansas City Comprehensive Plan

⁴ Cowley County/Communities Comprehensive Housing Study, 2014; Cowley County Appraisers Office, 2015.

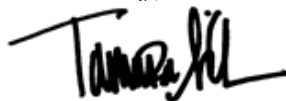
deceased or cannot be located. The cost to demolish a dangerous structure residence can range from \$3,000 to \$12,000 per residence; the City has spent in excess of \$125,000 to demolish a single dangerous commercial structure.

FINANCIAL EFFECT OF SB 31

The City fully supports legislation that can reduce the tax burden on its citizens, while simultaneously improving the City. The city-owned hospital continues to require additional taxpayer support, as it received \$1.8 million in funding from the general fund in 2016, and also now receives a 1.5 per cent sales tax. The City must evaluate every function, tighten its belt, and do everything possible to increase income and reduce expenditures. SB 31 would do just that: it would provide an efficient way to rehabilitate properties with no known owner—properties that currently remain idle, requiring maintenance, mowing, and monitoring at tax-payer cost, until they become dangerous structures in need of demolition at tax-payer cost. Instead, passage of SB 31 would allow efficient rehabilitation and transfer of title, at little cost to the City. Not only would it return these properties to the tax rolls and provide much-needed safe housing, but it would also significantly reduce City staffing and demolition costs thereby positively impacting City finances by increasing revenue and reducing expenditures.

I thank you for your attention to this written testimony. Should you have any questions or comments, or require anything further, please do not hesitate to contact me.

Sincerely,



Tamara L. Niles