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To: Kansas House Committee on Commerce
From: Justin Pregont, Assistant City Manager, City of Atchison
Date: March 17, 2021
Re: SB90, Expansion of Rural Housing Incentive Districts – Infill Housing Amendment

Honorable Chairman Tarwater and fellow Committee Members,

Every rural community throughout our great state is suffering from a lack of new housing investment. The marketplace is telling us that developers and builders do not perceive enough profit opportunity to make those investments worth their while. Simply put, the cost to build exceeds what the developer/builder expects to receive back in rent or sale proceeds. This problem is true throughout Kansas with very few exceptions.

The City of Atchison supports SB90, a bill that would narrowly expand the eligibility parameters of the existing Rural Housing Incentive District (RHID) Program. The City of Atchison has offered the following amendment to SB90 to create a better opportunity for rural developers and builders to pursue build-for-sale housing investments in our state's oldest neighborhoods:

(12) renovation of buildings and/or new vertical construction of buildings for residential use located on lots originally platted at least 50 years ago as approved by the secretary of commerce. Certification of the date of original platting 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.

The creation of an RHID is already a well scrutinized process. A proposed RHID is well vetted by local governments as well as the Department of Commerce prior to approval. The RHID program has created a string of successful housing developments throughout the state of Kansas, but all those examples are suburban in nature and relatively large in scale. In Atchison and other rural communities across Kansas, we are searching for a solution that can help unlock a wave of small and incremental build-for-sale development in our oldest neighborhoods.

The Neighborhood Revitalization Property Tax Rebate Program (NRP) has been an effective tool for incentivizing housing investment in Kansas. However, because the NRP rebate benefits carry forward with the owner of the property, that program has been much more successful at generating build-to-rent housing development as opposed to build-for-sale housing development.

Atchison has been desperately searching for a solution that would allow a small, family-owned construction company or a community-minded investor to build a single infill house as a build-for-sale project. This proposed narrow expansion of the existing RHID program is our best opportunity to accomplish that goal.

Thank you for your public service and for the opportunity to testify before you today.