



Neighborhood Revitalization Program 2017 Annual Report



The Neighborhood Revitalization Act (the Act) was passed by the Kansas Legislature in 1994 and amended in 1996 to provide a tool for municipalities to use in fighting blight and deterioration in residential neighborhoods and commercial districts. The Act authorizes municipalities to enact a tax rebate program as a way of providing an incentive to property owners to make improvements. The Act may be applied to either designated areas or to specific properties.

The intent of the Act is to encourage private investment in areas of the city that face deterioration or economic decline. The program is designed to encourage partnerships between private citizens, businesses, and municipal and county government. Additionally, it is hoped that the resulting improvements might lead to a ripple effect of improvements on neighboring properties.

The City of Olathe launched its Neighborhood Revitalization Area Tax Rebate Program (NRP) in 2008, including interlocal agreements with other participating taxing jurisdictions.

Interlocal Agreements

Because the NRP involves the rebate of taxes resulting from new improvements, and taxes are collected by Johnson County and distributed to the various taxing entities, it is essential that each taxing entity be involved early in the process. The joint effort among the entities maximizes the benefits of the NRP.

The following are the mill levies for recent years:

Mill Rates by Participating Taxing Jurisdictions			
	Tax Year 2015/ Rebate Year 2016	Tax Year 2016/ Rebate Year 2017	Tax Year 2017/ Rebate Year 2018
Johnson County	19.582	19.590	19.318
JoCo Parks & Recreation	3.101	3.102	3.112
Johnson County Community College	9.469	9.473	9.503
City of Olathe	24.688	24.708	24.700
USD 233	67.764	67.774	71.174
Total Participating Mill Levy	124.604	124.647	127.807

Eligibility

One of Olathe's NRP districts is consistent with the City's Community Development Block Grant (CDBG) eligible area, and known as the Original Town Area. The Original Town NRP area covers 5 square miles including approximately 6,839 parcels, of which 75% are residentially zoned. The average build date for the district is 1963. Original Town begins at Harold/127th Street and continues south to Old Highway 56. To the east the boundary starts at Parker Street/K-7 Highway eastward to Interstate-35.

Both residential and commercial properties located in the Original Town area of Olathe are eligible to participate in the rebate program. A map of the Original Town NRP area is included in Appendix A.

A minimum investment of \$5,000 for residential and \$10,000 for commercial properties is required to participate. Also, the proposed improvements must increase the assessed value of the property by a minimum of 5% for residential and 10% for commercial properties. The plan states that any improvements begun on or after June 6, 2008 may be eligible for the incentive. However, an application for rebate must be filed prior to, or at the same time as the issuance of a building permit.

Olathe's second NRP district is for commercial, multi-family residential, and industrial properties. The Commercial NRP area covers 180.47 acres of which is zone 26% commercial and of the residential units, 42% are multifamily units. The Commercial NRP area begins at West Virginia Lane and continues south

to railroad tracks just north of West Marley Road. To the west the boundary starts at South Pitt Street and continues east to South Parker Street. A map of the Commercial NRP area is included in Appendix A.

A minimum investment of \$10,000 is required to participate. Also, the proposed improvements must increase the assessed value of the property by a minimum of 10%. The plan states that any improvements beginning after March 31, 2017 may be eligible for the incentive. The application for rebate must be filed prior to, or at the same time as the issuance of a building permit.

Rebate

When improvements are made to residential or commercial property, the appraised and assessed value of the property will normally increase. The increase in assessed value leads to an increase in the property taxes paid by the owner. The idea behind the NRP is that a rebate of a portion of the tax increase lessens the total cost of the improvements to the property owner, and encourages private investment in the community. The rebate applies only to taxes paid on the increase in the value related to the improvements, and not to the taxes related to the property value before the improvements.

Eligibility criteria established in Olathe will return 90% of the incremental increase in property taxes on residential properties and 80% for commercial and multifamily, for up to ten (10) years and is transferable with the property. The retained portion of the increment will remain in the NRP fund for public improvements within the districts as recommended by the Olathe Downtown Master Plan and the Original Town Enhancement Plan, and mandated by Kansas statutes.

A flowchart of the NRP application process is included as Appendix B.

2017 Program Activity

The Summary of Activity report for 2017 is included Appendix C. The summary details the applications processed, the aggregate improvement values, and rebates paid. In 2017, the program paid out rebates to 31 property owners for a total of \$87,691. The summary also details activity for the program from its start in 2008 through 2017. The number of rebates paid is dependent upon the status of the application and where it is in the process. Various stages of the process include: applicant has not completed improvements, certificate of occupancy not issued, and increased property value did not meet program requirements to receive rebate. Appendix D details the breakdown of rebates paid by taxing entity. The total rebate payments to the property owners in Appendix C is less than the total amount subject to rebate by taxing jurisdiction in Appendix D, because the owners are receiving only 90% for residential or 80% for commercial of the total amount subject to rebate.

Conclusion

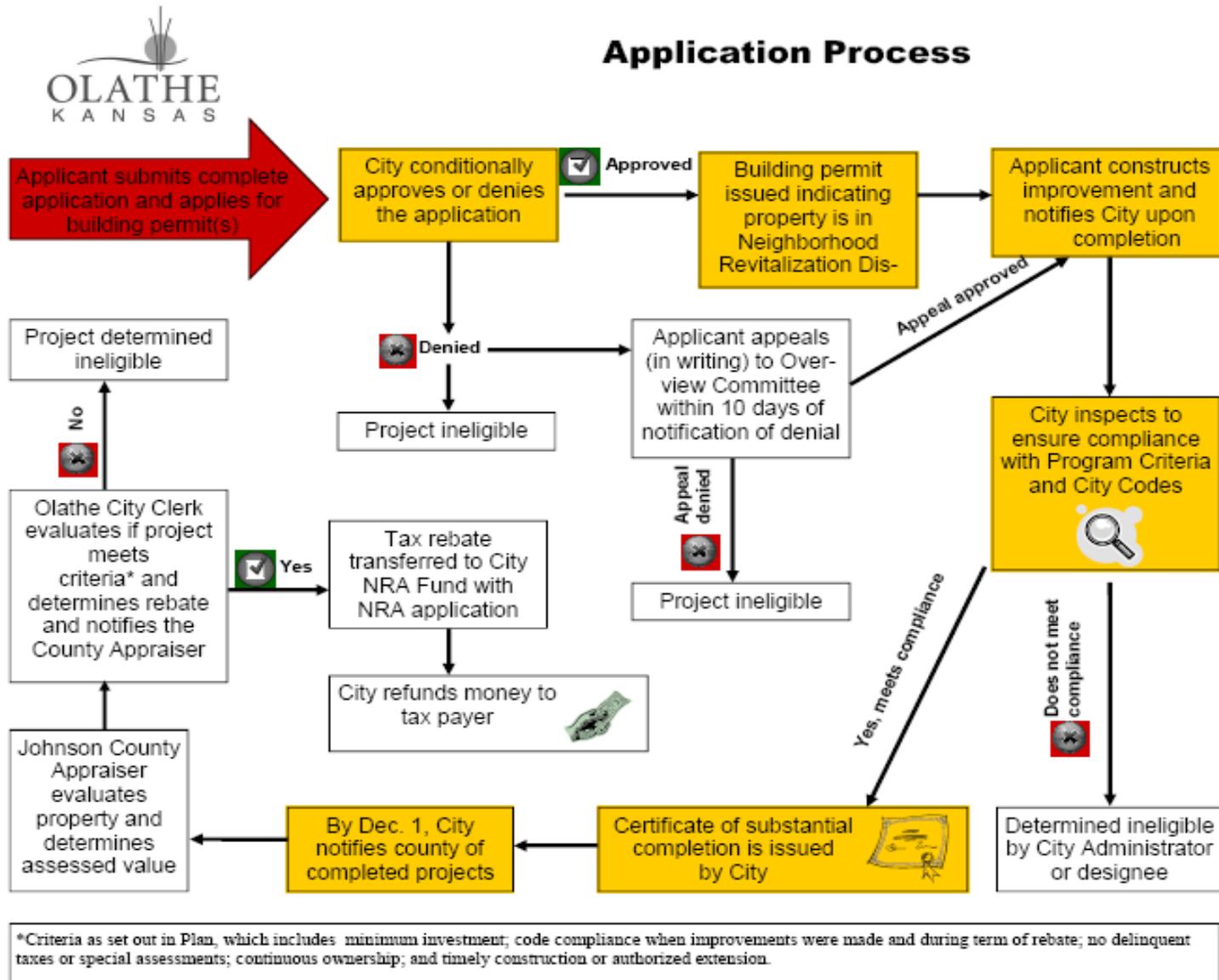
Many participants in the NRP have been single-family residential properties. The program is an attractive incentive to these property owners, because there are currently no other rehabilitation programs available in Olathe that are not income-based or regulated. The number and type of participants is summarized in Appendix E.

The use of the NRP to help stimulate and revitalize areas in need of physical, aesthetic and economic improvement has proven to be a legitimate and viable tool for communities since its inception. The City of Olathe looks forward to continued success and benefits of revitalization as a result of this rebate program.

Please direct any questions regarding the Neighborhood Revitalization Tax Rebate Program to Amy Tharnish, Assistant Director of Finance Services, at atharnish@olatheks.org or (913) 971-8539.



Appendix B



Appendix C

Summary of Activity

2017

Original Town NRP District

	Residential	Commercial	Total
Applications received	1	9	10
Value of Proposed Improvements	\$ 95,000	\$ 8,556,000	\$ 8,651,000
Properties receiving first rebate payment	1	-	1
Total properties receiving rebates	23	8	31
Total rebate payments to property owners	\$ 47,532	\$ 40,159	\$ 87,691
Total to Olathe NRP Fund	\$ 3,565	\$ 7,028	\$ 10,593

Commercial NRP District

	Total
Applications received	1
Value of Proposed Improvements	\$ 2,000,000
Properties receiving first rebate payment	-
Total properties receiving rebates	-
Total rebate payments to property owners	\$ -
Total to Olathe NRP Fund	\$ -

Program to Date (2008-2017)

Original Town NRP District

	Residential	Commercial	Total
Applications received	44	28	72
Value of Proposed Improvements	\$ 5,154,548	\$ 15,130,337	\$ 20,284,885
Total properties receiving rebates	23	8	31
Total rebate payments to property owners	\$ 163,146	\$ 133,716	\$ 296,862
Total to Olathe NRP Fund	\$ 13,624	\$ 28,045	\$ 41,669

Commercial NRP District

	Total
Applications received	1
Value of Proposed Improvements	\$ 2,000,000
Total properties receiving rebates	-
Total rebate payments to property owners	\$ -
Total to Olathe NRP Fund	\$ -

Appendix D**Rebates by Taxing Jurisdiction**

	Residential	Commercial	Total
Johnson County	\$ 7,470.36	\$ 6,311.56	\$ 13,781.92
JoCo Parks & Recreation	1,182.92	999.41	2,182.33
Johnson County Community College	3,612.38	3,052.03	6,664.41
City of Olathe	9,422.03	7,960.49	17,382.52
USD 233	25,844.59	21,835.63	47,680.22
Total Tax Rebate	\$ 47,532.28	\$ 40,159.12	\$ 87,691.40



Appendix E**Summary of Participating Activity – Applications Received**

	Residential	Commercial	Total
2008	5	2	7
2009	9	3	12
2010	5	2	7
2011	4	2	6
2012	10	5	15
2013	1	1	2
2014	5	-	5
2015	-	-	-
2016	4	4	8
2017	1	10	11
Total	44	29	73

