

Neighborhood Revitalization Program (NRP) by Calvin Horne

What is a Neighborhood Revitalization Program?

Typically, a Neighborhood Revitalization Program (NRP) uses a tax rebate to encourage the rehabilitation of existing properties, as well as the development of new properties.

Over a dozen communities in Kansas have adopted a NRP, with positive results. Below are a few of those examples to demonstrate the general structure of a NRP, as well as to show the various ways such a program can be designed to meet specific community needs.

Relevant State Law

Kansas state law includes provisions regarding the creation of a NRP, primarily found in the following statutes:

- K.S.A. 12-17, 117: Requires a plan to be developed (with specific components) prior to a city or county designating an area as a neighborhood revitalization area.
- K.S.A. 12-17, 118: Allows for the creation of a neighborhood revitalization fund after adopting a plan pursuant to K.S.A. 12-17, 117. Outlines process for offering and distributing a tax rebate program.

Examples Around Kansas

City of Emporia

Emporia instituted a NRP at the beginning of 2013. The program offers tax rebates for the extra property tax that would be incurred as a result of property improvements or new construction.

The city designated a particular area within city limits that was most in need of rehabilitation and new construction. This area represents roughly one-third to one-half of the total area of the city.

The rebate lasts for 10 years, with adjustments over that period depending on the type of property. Again, these rebates are not for the total property tax owed, but rather the *additional* property tax owed due to the increased property value after making improvements. A full breakdown of the 10-year rebate period for each property type can be seen in this table:

CLASSIFICATION	REBATE PERIOD AND AMOUNT
Single Residential	95% for 7 years
	50% for 3 years
Multi-Family Residential	95% for 5 years
	50% for 5 years
Commercial	80% for 3 years
	65% for 3 years
	50% for 4 years
Historic- Register property*	100% for 10 years

**See program staff regarding historic property requirements.*

Improvements must meet a minimum level of investment to qualify for the program. For residential properties the level of investment is \$5,000, while commercial properties require at least \$10,000 of investment.

City of Pittsburg

Pittsburg operates a Neighborhood Revitalization Program similar to that of Emporia. According to the city government:

“The primary intent of the Neighborhood Revitalization Act is to provide communities with a long-term increase and stabilization in their property tax base by encouraging rehabilitation or new construction that might not otherwise occur.”

Just like Emporia, Pittsburg identifies “qualified improvements” as both new construction and rehabilitation, and also requires a minimum investment of \$5,000 for residential property and \$10,000 for commercial property in order to receive a tax rebate.

In Pittsburg, successful applications will receive a tax rebate for 5 years.

Decatur County

Decatur County, located in northwest Kansas, has some slight variations to the Neighborhood Revitalization Plans discussed above. Rather than determining qualifications by level of investment, the county examines whether the improvement resulted in at least a \$10,000 increase in the appraised value of the property.

In Decatur County’s NRP, all property types are treated equally, with eligible property improvements or new construction receiving a 100 percent property tax rebate (100 percent of the additional property taxes incurred) in the first year, and the rebate decreases by 10 percent each year, running for 10 years.

The full table with these calculations can be seen here:

Years of Eligibility	Percentage of Property Tax Increment Rebatable*
Year 1	100%
Year 2	90%
Year 3	80%
Year 4	70%
Year 5	60%
Year 6	50%
Year 7	40%
Year 8	30%
Year 9	20%
Year 10	10%

City of Hutchinson

In yet another example, the City of Hutchinson deviates slightly from other versions of a NRP seen in Kansas. While the city, like others, identified a particular area to include in the NRP, the way to qualify for the tax rebate is calculated differently. To qualify, you must demonstrate that the value of the property will increase by 5 percent for residential, or by 15 percent for commercial. This includes both improvements to existing structures as well as new construction.

Hutchinson offers a 10-year, gradually decreasing tax rebate for all property types. However, different properties receive different rates of decrease based not on property type, but by location. This can be seen in the city’s tax rebate calculation scale, shown here:

Percent of Increment Rebated Each Year

Type & Location of the property	1st Year	2nd Year	3rd Year	4th Year	5th Year	6th Year	7th Year	8th Year	9th Year	10th Year
Properties south of 11th Avenue, non-historic, non-downtown	95%	85%	75%	65%	55%	50%	50%	50%	50%	50%
Downtown Revitalization Area	95%	95%	95%	95%	95%	50%	50%	50%	50%	50%
Properties south of 11th Avenue on the National, State or Local Historic Register	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

City of Andover

In 2015, the City of Andover adopted a NRP, which is still in effect. The program is scheduled to run from the beginning of 2016 to the end of 2018.

The city focused their program on the inner core of the city, which was determined to need the most investment and rehabilitation.

All successful applicants under this program receive a property tax rebate for 5 years. Rather than choosing different rates between commercial and residential properties, however, Andover offers a consistent 45 percent rebate for any new construction, and a consistent 95 percent rebate for any rehabilitation or improvement projects.

Rice County

Rice County offers a 10-year property tax rebate for any improvements or new construction that result in an increase of 10 percent in appraised value. All property types follow the same 10-year rebate schedule:

**RICE COUNTY
NRP TAX REBATE PLAN**

THE PLAN	Commercial Industrial Residential
Year 1	95%
Year 2	95%
Year 3	95%
Year 4	95%
Year 5	95%
Year 6	75%
Year 7	75%
Year 8	75%
Year 9	50%
Year 10	50%

Results

City of Topeka

Topeka took advantage of the 1994 Neighborhood Revitalization Act, passed in the state legislature, almost immediately. In Topeka, you must increase a property's value by 10 percent for residential property or 20 percent for commercial property, in order to qualify for the tax rebate. The tax rebate lasts for 10 years, and will stay at 95 percent if the investment was in the targeted area identified by the city. Otherwise, the rebate will decrease to 50 percent for the final five years.

Since adopting their NRP in the mid-1990s, the city has seen the following results:

- Approximately \$422 million of private investment (1995-2018)
- \$42.6 million in total rebates paid (1995-2016)
- Approximately \$127 million invested in the Downtown area (1995-2018)
- Approximately **\$19.3 million new tax dollars generated** (2006-2016)