

ORDINANCE NO. 3405

AN ORDINANCE OF THE CITY OF MCPHERSON, KANSAS (THE "CITY"), REAUTHORIZING AND EXTENDING A PROGRAM FOR CASH PAYMENTS AND REBATES TO HOMEOWNERS OF THE CITY PORTION OF AD VALOREM PROPERTY TAXES PAID ON QUALIFYING NEW HOMES FOR A PERIOD OF UP TO THREE YEARS, SUBJECT TO CERTAIN LIMITATIONS, CONDITIONS AND RESTRICTIONS; AUTHORIZING STAFF TO PREPARE APPROPRIATE APPLICATION FORMS AND AGREEMENTS TO BE EXECUTED BETWEEN THE CITY AND HOMEOWNERS PARTICIPATING IN THE PROGRAM; AND, AUTHORIZING THE CITY ADMINISTRATOR TO EXECUTE SUCH AGREEMENTS ON BEHALF OF THE CITY.

WHEREAS, Article 12, Section 5 of the Kansas Constitution empowers cities to determine their local affairs and government; and

WHEREAS, the Governing Body of the City of McPherson, Kansas (the "City"), in furtherance of its objectives to build stronger communities, create jobs and provide a more stable tax base, desires to stimulate new home construction and home ownership within the City's corporate limits; and

WHEREAS, as a means of stimulating new home construction and home ownership, the Governing Body of the City finds it necessary and desirable to establish a rebate program to be known as the New Construction Homebuyer Incentive Program, which will provide a rebate of the City portion of real property taxes on eligible properties for a period of up to four (4) years, subject to certain limitations, conditions and restrictions; and

WHEREAS, the Governing Body has concluded that the New Construction Homebuyer Incentive Program, established in May, 2013 (Ordinance No. 3093), extended in 2015 (Ordinance No. 3157), extended in 2016 (Ordinance No. 3191) for two (2) years, then extended again for three (3) years in 2017 (Ordinance No. 3259), then extended again for three (3) years in 2020 (Ordinance 3347) has been successful in bringing new owner occupied residential construction to the City and wish to extend the current program, as previously adopted, for an additional three years.

NOW, THEREFORE, BE IT ORDAINED BY THE GOVERNING BODY OF THE CITY OF MCPHERSON, KANSAS:

Section 1. Authorization of New Construction Homebuyer Incentive Program.

Pursuant to the authority of Article 12, Section 5 of the Kansas Constitution, the Governing Body of the City hereby authorizes the continuation of the New Construction Homebuyer Incentive Program (hereinafter referred to as "NCHIP"), which will provide for a declining rebate of the City portion of real property taxes on eligible properties for a period of up to four (4) years, subject to certain limitations, conditions and restrictions as hereinafter described and a cash payment at closing. Each year, the governing body will be required to appropriate and reserve funds to pay for the full four (4) year costs of any applicant accepted for that year. New applicants to the program shall be suspended in any year that funds are depleted or not allocated. In addition, the governing body retains the right to reallocate funds away from the NCHIP program but such reallocations would only effect future applicants, not applicants actually accepted into NCHIP.

Section 2. Eligibility to Apply For Program. Home owners may apply for NCHIP rebates on single-family, owner-occupied homes, whether stand alone housing or part of a multiunit structure as long as fee title to the residence is acquired, together with the underlying land and appurtenances, purchased on or after the effective date of this ordinance, if the applicant(s), satisfy the following eligibility criteria:

- a. The property is a newly constructed home which has not previously been occupied or has not been rented for more than twenty-four (24) months by the original builder/developer;
- b. The property is located in a platted development, within the City's corporate limits, and all special assessment and general tax obligations on all buildable lots (meaning platted lots currently served by existing street, utility and drainage infrastructure sufficient to support residential structures that could be constructed thereon) within such development are paid current;
- c. All special assessment and general tax obligations on the property for which application is made must have been paid current as of the date the applicant home owner closed the purchase of the property, and must still be current as of the date of application;
- d. The property must not be located within a tax increment finance district or receive any other City incentive whether existing now or in the future or be participating in the Relocation Cash Assistance Program or Rural Housing Incentive District;

e. The rebate shall be calculated for up to two hundred thousand dollars (\$200,000) of the purchase price of the property as shown on line 101 of the Housing and Urban Development Settlement Statement (HUD 1) closing statement or other verified closing statement. Regardless of any change in value during the participation of this program, the original purchase price, as capped, shall control all subsequent rebates;

f. As part of the application process, the applicant(s) must furnish a properly completed Form W-9 and must enter into a Program Agreement to be developed by City staff, which will include an agreement that all taxes and special assessments will be paid when due during the period the property is covered by the NCHIP, that the owners will comply with all conditions, limitations and restrictions of the program as set forth in the Program Agreement and this Ordinance, and that the owners will not appeal the valuation of the property or seek refunds of taxes for periods for which rebates have been paid.

g. The original builder/developer of an otherwise qualified house or any "related party" to such original builder/developer shall not be eligible to receive any benefits under this program. For purposes of this Program, "related party" shall include any entity in which an applicant has a ten percent (10%) or greater ownership interest or any family member of the original builder/developer, or owner thereof, if related as spouse, parent or child.

Section 3. Applications and Application Period. Application for participation in the NCHIP shall be made on forms to be developed by City staff, and applications will be received from and after January 1, 2024 through December 31, 2026.

Section 4. Rebates. Once an application is approved for an eligible property, and the owner(s) have entered into the Program Agreement with the City, the City, subject to the limitations and restrictions of the Kansas Cash Basis and Budget Laws and the further conditions, limitations and restrictions referenced in Section 5, below, will issue a rebate payment to the property owner(s) on or about July 1 of each year, continuing for a period four (4) years (the "Rebate Period"), which payment shall be in the following amount of the City share (as determined by the McPherson County Treasurer) of general ad valorem property taxes which the applicant owner(s) or a predecessor in title actually paid or caused to be paid on the property the preceding December and May. This rebate does not include any special assessments or other liens or encumbrances secured by the property. Subject to the overall restriction, the rebate shall be calculated as follows:

Year 1	80%
Year 2	60%
Year 3	40%
Year 4	20%

Section 5. Early Termination of the Rebate Period. The Rebate Period shall be terminated early, and a property removed from further participation in the NCHIP, with no payments to be made by the City thereafter, in the event that the owners of the property; a) sell or cease to occupy the property as a residence; b) fail to make (or cause to be made) timely payment of all special assessment obligations and general taxes relating to the property, as and when the same are due; c) appeal the valuation of the property or seek refund of any tax for which rebate payments have been made; or, d) fail to comply with any other obligation or condition of the Program Agreement. Provided, however, that property will not be removed from participating due to events described in subsections 5.b or 5.d unless the property owner fails to cure a delinquent payment or other event noncompliance with the Program Agreement for a period of thirty (30) days following written notice mailed by the City.

Section 6. Cash Payment. In addition to the rebate, the applicant shall also receive a onetime cash payment of two thousand dollars (\$2000.00) to be paid at closing to the new record title holder of the property for a qualifying property as determined by Section 2 above. The rebate is available per residential unit for otherwise qualifying multi-unit structures. The payment will be made to the closing agent of the sale and may not be disbursed except on closing of the sale. The City Clerk or designee must be notified in writing ten (10) business days prior to closing with sufficient information to review and approve the request for payment. Failure to provide timely and complete notice will delay any payment. There shall only be one payment per qualifying property regardless of the number of owners of the property and once an applicant or a Related Party has received a cash payment under this program, no other cash payment will be made on another qualifying property although the Related Party may still be eligible for the Rebate.

Section 7. Authorization of Program Agreement. City staff are authorized and directed to develop a form of Program Agreement consistent with the requirements, conditions, limitations and restrictions of this Ordinance, and the City Administrator is hereby authorized to execute and deliver such Program Agreements with home owners whose applications have been approved, on behalf of the City.

Section 8. Further Authority. The City shall, and the officers, agents and employees of the City are hereby authorized and directed to take such further actions as may be from time to time necessary for administration of the NCHIP and to carry out and give effect to the transactions contemplated by this Ordinance.

Section 9. Effective Date. This ordinance shall take effect on and be in full force and effect on January 1, 2024 and from and after its passage, signature and publication of the full text of the ordinance on the city's website in compliance with K.S.A. 12-3007(b) and the City Code. Ordinance No. 3405 will continue in effect until December 31, 2026.

PASSED BY THE GOVERNING BODY, this 31st day of October, 2023, for the City of McPherson, Kansas.

CITY OF MCPHERSON, KANSAS

[SEAL]
Attest:

Thomas A. Brown, Mayor

Lisa Faust, City Clerk

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