

MINUTES OF THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT.

The meeting was called to order by Chairperson Barbara P. Allen at 3:30 p.m. on March 4, 1996 in Room 423-S of the Capitol.

All members were present except: Rep. Glasscock
Rep. King

Committee staff present: Lynne Holt, Legislative Research Department
Bob Nugent, Revisor of Statutes
Nancy Kirkwood, Committee Secretary

Conferees appearing before the committee: Rep. Patricia Pettey
Mary Jane Johnson, Executive Director, Liveable Neighborhood Task Force
Kathy Wolfe, Administrative Aide to Mayor Carol Marinovich, Kansas City, Kansas
Nancy Burns, County Commissioner, Wyandotte County, KS
Dave Holtwick, Chairman of the Board of the Kansas City, KS Area Chamber of Commerce
Richard Malloy, Economic Opportunity Foundation
Julius G. Novak, Wyandotte County Legislative Liaison

Others attending: See attached list

Chairperson Allen brought the Committee's attention to **HB2513** - Wyandotte county land bank and opened the hearing.

Mary Jane Johnson was recognized by Chairperson Allen as a proponent. Mary Jane stated the land bank would allow tax delinquent property which has been foreclosed on by the county and not sold in a tax sale to be deeded to the land bank. The advantage for the establishment of the land bank is that it could provide for the sale of blocks of land to developers for redevelopment with clear title and without delinquent taxes. There was a request for three amendments to be made to the bill (Attachment 1).

Chairperson Allen recognized Rep. Pettey to the committee as a proponent. Rep. Pettey's testimony revealed this legislation would provide an effective tool, through the creation of a land bank, to acquire and dispose of tax delinquent properties, and other properties in a planned, cost-effective manner (Attachment 2).

Kathy Wolfe was recognized by Chairperson Allen as she read, to the committee, from testimony sent by Mayor Carol Marinovich of Kansas City, KS. With the Land Bank legislation and the cooperation of the city and county, we would have the ability to market and plan redevelopment of tracts of tax delinquent parcels rather than dealing with the parcels one at a time (Attachment 3).

Nancy Burns, proponent, was recognized by Chairperson Allen. Nancy outlined the three amendments that would be supported by Wyandotte County (Attachment 4).

Dave Holtwick was recognized by Chairperson Allen as a proponent. Dave voiced his support on **HB2513** as it would give the KC Area Chamber of Commerce the ability to rehabilitate existing properties and add new housing to enhance the older neighborhoods (Attachment 5).

Chairperson Allen recognized Julius Novak, proponent of **HB2513**, who is representing Wyandotte County Board of Commissioners. His testimony stated the County Commissioners believe **HB2513** offers incentives for improved neighborhood housing for those with limited resources, and provides a window of

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT, Room 423-S
Statehouse, at 3:30 p.m. on March 4, 1996.

opportunity to create new tax revenues, and to reverse citizens migrating to neighboring metropolitan counties (Attachment 6).

Mary Jane Johnson brought the committee's attention to SB165, as there were amendments put on this bill in taxation committee. She suggested the committee should look at HB2513, and compare it to the bill that was amended on SB165.

Lynne Holt suggested that the committee should be looking at SB165, amended by House committee as a whole.

After committee discussion, Chairperson Allen requested Bob Nugent draft language to make the bill local with two other amendments. The new bill would become House Sub. for HB2513.

Chairperson Allen concluded the hearing on HB2513.

The meeting was adjourned at 4:28 p.m.

The next meeting is scheduled for March 5, 1996.

LIVEABLE NEIGHBORHOODS, INC.

CITY HALL OF KANSAS CITY, KANSAS 701 NORTH 7TH STREET SUITE 228 KANSAS CITY, KS 66101



EXECUTIVE DIRECTOR:
MARY JANE JOHNSON
PHONE: 913-573-5137
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To: Chairman Allen and Members of the House Economic Development Committee

From: Mary Jane Johnson
Executive Director, Liveable Neighborhoods Task Force

Date: March 4, 1996

One of the problems negatively impacting some of our neighborhoods as identified by the Liveable Neighborhoods Task Force is tax delinquent vacant lots. Searching for new and innovative programs Task Force members visited Cleveland, Ohio, where a conference was held to inform local government officials about the success of Cleveland's Land Bank. When we returned to Kansas City we immediately informed both the County Commissioners and the City Council of the Land Bank concept, local officials agreed that this was a viable option and should be pursued.

Our first introduction of the necessary legislation was presented to the Blue Highways Committee on Urban Revitalization. The committee realized the importance of the legislation and recommended that the House Assessment and Taxation Committee introduce the bill during the 1995 session.

The Land Bank would allow tax delinquent property which has been foreclosed on by the county and not sold in a tax sale to be deeded to the land bank. Property would only be accepted into the land bank only with the approval of the board of trustees. Property would be excluded if it has potential liabilities. Owners would be allowed to forfeit their property without submitting to a foreclosure process. In addition, city owned and county owned property would be permitted to be transferred to the land bank. The advantage for the establishment of the land bank is that it could provide for the sale of blocks of land to developers for redevelopment with clear title and without delinquent taxes.

The Liveable Neighborhoods Task Force is hopeful that through this new act the County and City can work jointly to identify tracts of tax delinquent properties which may be used for redevelopment and the creation of affordable housing which will also contribute to the local tax roles. Placing vacant and tax delinquent property in private ownership will go a long way in improving blighted neighborhoods and contributing to this area's tax base.

Economic Development
MARCH 4, 1996
Attachment 1

Request for amendments:

1. New Section 2(a) The Board of county commissioners of any county may establish a county land bank by adoption of a resolution. The Board of County Commissioners shall appoint a board of trustees and may serve on or as the board of trustees.
2. An amendment for protection from creating any conflicts of interest.
3. An amendment providing for an audit.

PAT HUGGINS PETTEY

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TOPEKA

HOUSE OF
REPRESENTATIVES

COMMITTEE ASSIGNMENTS

MEMBER: EDUCATION
LOCAL GOVERNMENT
TAXATION
JOINT COMMITTEE ON CHILDREN
AND FAMILIES
DEMOCRATIC LEADERSHIP
CAUCUS CHAIR

TESTIMONY on H.B. 2513
HOUSE ECONOMIC DEVELOPMENT COMMITTEE
March 4, 1996

Chairman Allen and members of the House Economic Development Committee. Thank you for the opportunity to testify in support of HB 2513.

The concept for this bill originated with the Blue Highways Commission on Urban Revitalization during the interim of 1994. Wyandotte County and Kansas City, Kansas has worked since that time to resolve local concerns that developed after the legislation was introduced in the 1995 session. This summer the Joint Tax Interim Committee also looked at the legislation and encouraged Wyandotte County and Kansas City, Kansas to continue on efforts to make this legislation compatible for our area of the state.

Those items of difficulty have now been resolved and we are eager to move forward. This legislation would provide an effective tool, through the creation of a land bank, to acquire and dispose of tax delinquent properties, and other properties in a planned, cost-effective manner. I believe the passage of this legislation could then be used as a model for the rest of the state since the management of tax delinquent properties is one of the greatest challenges facing county governments today.

Thank you for this opportunity to testify and I would be glad to stand for questions.

*Economic Development
March 4, 1996
Attachment 2*



Executive Chamber
One McDowell Plaza

City of Kansas City, Kansas

Carol Marinovich, Mayor



Kansas City, Kansas 66101
Phone (913) 573-5010

March 4, 1996

To: Chairman Barbara Allen and Members of the House Economic Development Committee

From: Mayor Carol Marinovich

The Kansas City, Kansas City Council has endorsed H.B. 2513 which would allow the Board of County Commissioners to establish a Land Bank. The City Council and I have begun many initiatives to reverse conditions of decline primarily occurring in neighborhoods located within the inner city core. The Land Bank is an important piece legislation that will provide an additional tool for our governing bodies to utilize for the remarketing and rebuilding of our inner city neighborhoods.

As you have heard in the video, Kansas City, Kansas is experiencing the same problems as Cleveland with tax delinquent vacant lots. According to the 1995 Consolidated Plan developed by the Housing and Community Development Division a significant number of properties have delinquent real estate taxes. The number of parcels with delinquent taxes since August 30, 1993 was 8,995 out of 66,675 parcel county-wide. There are approximately 5,000 tax delinquent vacant lots that are mainly located within our inner core neighborhoods. Many of the lots are only 25 foot lots therefore making it difficult to market for any type of development. With the Land Bank legislation and the cooperation of the city and county, we would have the ability to market and plan redevelopment of tracts of tax delinquent parcels rather than dealing with the parcels one at a time.

The legislation offers us ability to turn vacant or deteriorated lots into livable homes offering safe and secure housing for many residents who do not presently have them. A good example of what can be done with a blighted area is Pala Vista. Prior to the Pala Vista project, the area was extremely dilapidated with vacant homes, vacant lots and a vacant school site. Through a partnership of public/private entities the project became a reality. The newly constructed 21 unit subdivision on the southern edge of Russian Hill provided hope for our inner city. The project was only possible as a joint effort of the neighborhood, an experienced developer and the city. By working together, the project has been a positive symbol for the entire metro.

*Economic Development
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Attachment 3*

However, the Pala Vista project proved to be very time consuming and costly. If we would have had the Land Bank in place, we could have benefitted the project in three areas;

- * an ability to deliver parcels to the development team with clean title and tax records ready for conveyance to the developer,
- * an ability to shorten the project cycle by having some administrative and record changes applied to the parcels to shorten the time needed for the project, and
- * an ability to reduce project expenses by coordinating the infrastructure improvements with regular Capital Projects contracts performed by the Public Works Department.

We need more success stories like Pala Vista for our neighborhoods and with your help we can make them happen. I am asking for your support to give us the tool that can help us rebuild some of our neighborhoods that are in desperate need of redevelopment.

TO: Members of the Economic Development Council
FROM: Nancy W. Burns, County Commissioner
Wyandotte County, Kansas
DATE: March 4, 1996
RE: Land Bank Bill

Good afternoon. My name is Nancy Burns. I am County Commissioner of the first district in Wyandotte County, Kansas.

The county's position on the land bank bill was not favorable in the early stages. There were many questions raised by the Board of County Commissioners and other county departments.

One concern of ours was that in a time of down sizing in government, formation of another board or bureaucracy, we felt was not in the best interest of Wyandotte County.

There are, however, new amendments to this bill that would be supported by Wyandotte County. The first and most approving amendment is:

1. New Section 2(a) The Board of county commissioners of any county may establish a county land bank by adoption of a resolution. The Board of County Commissioners shall appoint a board of trustees and may serve on or as THE BOARD OF TRUSTEES.

We approve serving as the Board of Trustees.

2. The people who serve on the land bank board cannot benefit from the program and should be clear of any potential conflicts of interest.
3. The land bank shall have some kind of audit mechanism which will assure that the program is operating as designed.

By adoption of these amendments, Representative Phil Kline's concerns are covered.

At a time of critical value loss, the county needs to keep these controls in house.

With me here today, is Jeff Fendorf. Jeff is County Counselor for Wyandotte County, Kansas who also sits on the Liveable Neighborhood Task Force Committee. He is available to answer questions.

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March 4
Attachment 4*

March 4, 1996

TO: Chairman Barbara Allen and Members of the House Economic Development Committee

FROM: Dave Holtwick, Area Mgr.-External Affairs with Southwestern Bell Telephone and Chairman of the Board of the Kansas City, KS Area Chamber of Commerce

RE: H. B. 2513

I am pleased to appear before you today to represent the Kansas City, KS Area Chamber of Commerce regarding House Bill 2513 which would allow the Board of County Commissioners of Wyandotte County to establish a Land Bank. The chamber's 1996 legislative agenda includes supporting development of a land bank program for Wyandotte County to encourage development of in-fill housing and it appears this legislation does just that. We know that sufficient, affordable housing is an essential part of the formula for a community's economic health. This legislation provides a means for the governing bodies of Wyandotte County to cooperatively re-utilize vacant lots and deteriorated properties for liveable homes offering affordable, safe housing for our residents.

As you've heard, we have many opportunities for re-development. It has been said that we have approximately 5,000 vacant lots with delinquent taxes, mainly in our inner core neighborhoods, and many other parcels with vacant, deteriorating homes. H. B. 2513 will give us the ability to rehabilitate existing properties and add new housing to enhance

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Attachment 5*

our older neighborhoods. The Land Bank would help us better plan the redevelopment in our community and to market these tax delinquent parcels and to return them to the tax rolls.

I hope you will support H. B. 2513. Thank you for your time.

Dave Holtwick, Chairman of the Board
Kansas City, KS Area Chamber of Commerce
P.O. Box 171337
Kansas City, KS 66117

Julius G. Novak
6425 Roswell Ave.
Kansas City, Kansas 66104

TO; Economic Development Committee
Barbara Allen, Chairperson

FROM; Julius G. Novak, Wyandotte County Legislative Liaison

DATE; March 4, 1996

RE; Land Bank Bill (H.B. 2513)

Thank you for the opportunity to speak on H.B. 2513. My name is Julius Novak, representing the Wyandotte County Board of Commissioners.

The Land Bank Bill which allows city and county officials authority to pool and package delinquent tax properties, has the support of the Wyandotte County Commission.

The county is faced with delinquent property taxes on approximately 7,000 parcels of real estate representing about \$18 million dollars in back taxes and interest due.

Since the 1989 reappraisal, real estate valuations in Wyandotte County have decreased by \$60 million dollars, an average valuation loss of \$10 million dollars annually.

The city's declining urban areas with substantial numbers of deteriorating houses and abandoned buildings constitutes a social and economic liability in Kansas City, Kansas.

When houses are abandoned and businesses forced to close, local governments suffer tax revenue losses and when local communities suffer in economic setbacks, state government likewise suffers.

City officials currently budget about \$750 thousand dollars annually for dilapidated and abandoned structures slated for demolition.

Wyandotte County Commissioners believe the Land Bank Bill, if properly administered and marketed, will allow city and county officials an opportunity to initiate orderly development in the city's declining urban areas.

The County Commissioners believe the Land Bank Bill offers incentives for improved neighborhood housing for those with limited resources and provides a window of opportunity to create new tax revenues and reverse citizens migrating to neighboring metropolitan counties.

Wyandotte County Commissioners respectfully request the committee's consideration in reporting the bill as agreed by the city and county officials favorably.

Julius G. Novak

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MARCH 4, 1996
Attachment 6*