

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 7, 1996 in Room 423-S of the Capitol.

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

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

Conferees appearing before the committee:

Others attending: See attached list

Chairperson Allen brought the committee's attention to action on **SB460** - consolidation of KDOCH reporting requirements and **HB2687** - expansion of the enterprise zone act. Chairperson Allen asked that the enterprise zone act, **HB2687** be put into **SB460**, and the contents of **SB460** be deleted.

Rep. Empson made a motion to take the language in **HB2687** and put it into **SB460**, and delete the language now in **SB460**. Rep. Boston seconded the motion. The motion carried.

Rep. Empson moved and Rep. Glasscock seconded the motion to pass House Sub. for **SB460** out favorably as amended. The motion carried.

Chairperson Allen brought the committee's attention to **HB2513** - the land bank bill. Written testimony was passed out from Richard Malloy, who testified on March 4, at the hearing on **HB2513**(Attachment 1).

Chairperson Allen asked Bob Nugent to brief the committee on the bill. The new version of House Substitute for **HB2513** was explained.

Chairperson Allen passed out a handout containing two amendments. Rep. Toplikar had an amendment that would notify the public the land would be available for sale and would require purchasers to disclose their plans for use of the land (Attachment 2).

Chairperson Allen recognized Rep. Haley, not a member of the committee, who offered an amendment that would require the land bank to notify in writing all owners of property contiguous to the parcel of property that would be coming up for sale (Attachment 3). No action was taken by the committee.

Rep. Lane made a motion to amend the bill by adopting four amendments drafted by the revisor at the request of Wyandotte County Commissioners for **HB2513**. Rep. Toplikar seconded the motion. The motion carried.

Rep. Toplikar made a motion to adopt his amendment on the sale of property. Rep. Flaharty seconded the motion.

After committee discussion regarding the amendment, Rep. Toplikar withdrew his first motion.

Bob Nugent read new language of Rep. Toplikar's amendment. Rep. Pottorff made a substitute conceptual motion to amend **HB2513**, making it necessary to publish in the county newspaper, at least 30 days in advance of the sale, notice that the parcel would be for sale. It was seconded by Rep. Lane. The motion carried.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT, Room 423-S
Statehouse, at 3:30 p.m. on March 7, 1996.

Rep. Wempe made a motion to pass House Substitute for **HB2513** as amended. It was seconded by Rep. Toplikar. The motion carried.

Chairperson Allen brought the committee attention to the minutes of February 13, 14,15,19,20,21,22.for approval.

Rep. Empson made a motion to approve the minutes with a second from Rep. Lane. The motion carried.

Chairperson Allen made the announcement the committee would be meeting on Monday, March 11, as the committee had received another bill.

The meeting was adjourned at 4:40 p.m.

The next meeting is scheduled for March 11, 1996.

ECONOMIC OPPORTUNITY FOUNDATION, Inc.

1842 MINNESOTA
KANSAS CITY, KANSAS 66102-4512
AREA CODE 913-371-7800
FAX 913-371-0457



March 4, 1996

TO: The State of Kansas Legislative Committee on Economic Development
FR: Richard F. Malloy, Staff Planner for the Economic Opportunity Foundation, Inc.
RE: H.R. 2513 - "Land Bank"

Northeast
C and D Center
360 Quindaro Blvd.
913-371-0648

Western Wyandotte
C and D Center
1216 N. 62nd Street
Kansas City, Ks 66102
913-788-9815

Total Action
C and D Center
2330 S. 14th Street
Kansas City, Ks 66103
913-432-7888

Bathel Riverview
C and D Center
947 Osage
Kansas City, Ks 66105
913-321-7418

Head Start
2940 N. 17th Street
Kansas City, Ks 66104
913-621-5437

The non-profit housing development agencies in Wyandotte County, Kansas would like to express their support for H.R. 2513. This legislative proposal to enable the implementation of a "Land Bank" provides both non-profit and for profit developers of residential development with an essential financial instrument that will stimulate the redevelopment of many severely blighted neighborhoods in Wyandotte, County. Some of the key reasons this bill is essential may be summarized as follows:

1 - Affordability: The most difficult challenge for non-profits is holding down redevelopment costs to maintain affordability. Acquisition costs tend to make or break project feasibility for non-profits. The Land Bank will reduce acquisition costs and enable non-profits to either rehabilitate existing housing or build new housing that is more affordable. Affordability will be achieved for our targeted clientele and at the same time enable non-profits to maintain the stability of their operations.

2 - Administrative Ease: Assembling financial packages for "affordable housing" projects is a complex process, especially since it is necessary to coordinate several different sources or financing in a short period of time. For example, a package may include grant funding, mortgage financing, tax credits, tax increment financing, in-kind contributions etc.. However, each component of the package may only be available for a limited amount of time or during specified times throughout a given year. The Land Bank will provide the means to reduce time constraints by reducing the length of time it takes to put the package together and get the project moving.

3 - Mixed Development: The Land Bank also provides an opportunity for both non-profit and for profit developers to purchase and redevelop properties in the same neighborhoods. This will promote the stability of neighborhoods over the long run. In other words, mixed neighborhoods tend to have greater stability over time than neighborhoods where there are only low income housing projects.

Over the last two years, efforts by both the public and private sector to address the blighted conditions of the housing stock in Wyandotte County have increased. Non-profit entities are essential to this effort since it is their "mission to redevelop inner city neighborhoods". It should also be noted that the non-profit effort is holistic in nature and integrates several components of "community building" including job skills training, pre-school education and day care services, neighborhood crime watches, youth programs and a other social and economic development efforts. The Land Bank is one of many tools that will help us achieve our mission and improve the quality of life for our county's residents.

*Economic Development
March 7, 1996
Attachment 1*



AN EQUAL OPPORTUNITY EMPLOYER

A COMMUNITY ACTION AGENCY SERVING WYANDOTTE COUNTY

EOF/HEAD START



UNITED WAY

Draft 1/29/96

2513
SUBSTITUTE FOR HOUSE BILL NO. ~~2519~~

By COMMITTEE ON ECONOMIC DEVELOPMENT

AN ACT concerning property subject to delinquent property taxes; authorizing the establishment of the Wyandotte county land bank; amending K.S.A. 79-2804f and K.S.A. 1995 Supp. 79-2804g and repealing the existing sections.

Be it enacted by the Legislature of the State of Kansas:

New Section 1. As used in this act:

- (a) "County" means Wyandotte county, Kansas.
- (b) "Board" means the board of trustees of the Wyandotte county land bank.
- (c) "Bank" means the Wyandotte county land bank established pursuant to this act.

New Sec. 2. (a) The board of county commissioners of Wyandotte county may establish a county land bank by adoption of a resolution.

(b) The bank shall be governed by a board of trustees. The board of county commissioners of Wyandotte county may appoint the board. Commissioners may serve on or as the board of trustees. Vacancies on the board shall be filled by appointment for the unexpired term. (c) The board of county commissioners may advance operating funds to the bank to pay expenses of the board of trustees and the bank. Members of the board of trustees shall receive no compensation, but shall be paid their actual and necessary expenses in attending meetings and in carrying out their duties as members of the board.

(d) The bank may be dissolved by resolution of the board of county commissioners. In such case, all property of the bank shall be transferred to and held by the board of county commissioners of the county and may be disposed of as otherwise provided by law.

New Sec. 3. (a) The bank shall be subject to the provisions of the cash-basis law, K.S.A. 10-1101 et seq., and amendments thereto.

Economic Development
MARCH 7, 1996
Attachment 2

Draft 1/29/96

(b) The budget of the bank shall be prepared, adopted and published as provided by law for other political subdivisions of the state. No budget shall be adopted by the board until it has been submitted to, reviewed and approved by the board of county commissioners.

(c) The board shall keep accurate accounts of all receipts and disbursements. The receipts and disbursements of the board shall be audited yearly by a certified or licensed public accountant and the report of the audit shall be included in and become part of the annual report of the board.

(d) All records and accounts shall be subject to public inspection pursuant to K.S.A. 45-216 et seq., and amendments thereto.

(e) Any moneys of the bank which are not immediately required for the purposes of the bank shall be invested in the manner provided by K.S.A. 12-1675, and amendments thereto.

(f) The bank shall make an annual report to the board of county commissioners on or before January 31 of each year, showing receipts and disbursements from all funds under its control and showing all property transactions occurring in each year. Such report shall include an inventory of all property held by the bank. A copy of such inventory also shall be published in the official county newspaper on or before January 31 of each year.

(g) The bank shall be subject to the provisions of K.S.A. 9-1401 et seq., and amendments thereto.

New Sec. 4. (a) The board shall select annually, from its membership, a chairperson, a vice-chairperson, and a treasurer. The treasurer shall be bonded in such amounts as the board of county commissioners may require.

(b) The board may appoint such officers, agents and employees as it may require for the performance of its duties, and shall determine the qualifications and duties and fix the compensation of such officers, agents and employees.

(c) The board shall fix the time and place at which its meetings shall be held. Meetings shall be held within the county and shall be subject to the provision of K.S.A. 75-4317 et seq., and amendments thereto. Public notice shall be given of all meetings.

(d) A majority of the board shall constitute a quorum for the transaction of business. No

Draft 1/29/96

action of the board shall be binding unless taken at a meeting at which at least a quorum is present.

(e) The members of the board shall be subject to the provisions of the laws of the state of Kansas which relate to conflicts of interest of county officers and employees, including but not limited to K.S.A. 75-4301 et seq., and amendments thereto.

(f) Subject to the provisions of K.S.A. 75-6101 et seq., and amendments thereto, if any action at law or equity, or other legal proceeding, shall be brought against any member of the board for any act or omission arising out of the performance of duties as a member of the board, such member shall be indemnified in whole and held harmless by the board for any judgment or decree entered against such member and, further, shall be defended at the cost and expense of the bank in any such proceeding.

New Sec. 5. The board may:

- (a) Sue and be sued;
- (b) enter into contracts;
- (c) appoint and remove staff and provide for the compensation thereof;
- (d) acquire, by purchase, gift or devise, and convey any real property, including easements and reversionary interests, and personal property subject to the provisions of this act;
- (e) rebate all, or any portion thereof, the taxes on any property sold or conveyed by the bank;
- (f) exercise any other power which may be delegated to the land bank by the board of county commissioners and the governing bodies of the cities and other taxing subdivisions located in the county by interlocal agreement and other lawful means; and
- (g) exercise any other incidental power which is necessary to carry out the purposes of the land bank and this act.

New Sec. 6. (a) Any property acquired by a county, city or other taxing subdivision within such county may be transferred to the bank. The board may accept or refuse to accept any property authorized to be transferred pursuant to this subsection. The transfer of any property

Draft 1/29/96

pursuant to this subsection shall not be subject to any bidding requirement and shall be exempt from any provision of law requiring a public sale.

(b) The fee simple title to any real estate which is sold to the county in accordance with the provisions of K.S.A. 79-2804 and , and amendments thereto, and upon acceptance by the board of trustees may be transferred to the bank by a good and sufficient deed by the county clerk upon a written order from the board of county commissioners.

New Sec. 7. The board shall assume possession and control of any property acquired by it under this act and shall hold and administer such property. In the administration of property, the board shall:

(a) Manage, maintain and protect or temporarily use for a public purpose such property in the manner it deems appropriate;

(b) compile and maintain a written inventory of all such property. The inventory shall be available for public inspection and distribution at all times;

(c) study, analyze and evaluate potential, present and future uses for such property which would provide for the effective reutilization of such property;

(d) plan for, and use its best efforts to consummate, the sale or other disposition of such property at such times and upon such terms and conditions deemed appropriate; and

(e) establish and maintain records and accounts reflecting all transactions, expenditures and revenues relating to the bank's activities, including separate itemizations of all transactions, expenditures and revenues concerning each individual parcel of property acquired.

New Sec. 8. (a) The board, without competitive bidding, may sell any property acquired by the board at such times, to such persons, and upon such terms and conditions, and subject to such restrictions and covenants deemed necessary or appropriate to assure the property's effective reutilization. The sale of any real property by the board under the provisions of this act on which there are delinquent special assessments to finance public improvements shall be conditioned upon the approval of the governing body of the municipality which levied the special assessments.

(b) The board, for purposes of land disposition, may consolidate, assemble or subdivide

Draft 1/29/96

individual parcels of property acquired by the bank.

New Sec. 9. (a) Until sold or otherwise disposed of by the bank and except for special assessments levied by a municipality to finance public improvements, any property acquired by the bank shall be exempt from the payment of ad valorem taxes levied by the state and any other political or taxing subdivision of the state.

(b) Except for special assessments levied by a municipality to finance public improvements, when the board acquires property pursuant to this act, the county treasurer shall remove from the tax rolls all taxes, assessments, charges, penalties and interest that are due and payable on the property at the time of acquisition by the board.

(c) Property held by the bank shall remain liable for special assessments levied by a municipality to finance public improvements, but no payment thereof shall be required until such property is sold or otherwise conveyed by the bank.

(d) The governing body of any municipality which has levied special assessments on property acquired by the bank may abate part or all of the special assessments, and the bank and governing body may enter into agreements related thereto. Any special assessments that are abated shall be removed from the tax rolls by the county treasurer as of the effective date of the abatement.

New Sec. 10. (a) Except as provided in paragraph (b), any moneys derived from the sale of property by the bank shall be retained by the bank for the purposes and operations thereof.

(b) The board may use all or any part of the proceeds from the sale described in paragraph (a) to reimburse any municipality for delinquent special assessments due on such property.

New Sec. 11. The board may establish separate neighborhood or city advisory committees consisting of persons living or owning property within the county, city or neighborhood. In the case of neighborhood advisory committees, the board shall determine the boundaries of each neighborhood. In the absence of a resolution by the board providing otherwise, each advisory committee shall consist of not less than five nor more than nine persons, to be appointed by the board for two-year overlapping terms. The board shall consult

Draft 1/29/96

with each advisory committee as needed to review the operations and activities of the bank and to receive the advice of the members of the advisory committee concerning any matter which comes before the committees.

Sec. 12. K.S.A. 79-2804f is hereby amended to read as follows: 79-2804f. (a) The county commissioners shall keep a record of all real estate acquired by the county under the provisions of K.S.A. 79-2804 ~~or, and~~ amendments thereto, showing: The case by name, title and number, together with the date of filing of the petition and of the sale and identifying the tract, lot or piece of real estate described therein; the amount of judgment lien and the amount set forth in the order of sale of the charges, costs, and expenses of the proceeding and sale paid by the county. Such record shall upon request be open to inspection at all reasonable times.

(b) ~~Except as provided by subsection (c),~~ such real estate shall be sold by the board of county commissioners of ~~said the~~ county at private or public sale for cash in hand; the consideration for the purchase to be at least the original amount of the judgment lien and interest thereon as provided by law, plus the amount of costs set forth in the order of sale and plus any and all subsequent taxes and special assessments on ~~said such~~ real estate that were not included in ~~said such~~ judgment. If in the discretion of the board of county commissioners it ~~be is~~ deemed necessary to prevent a menace to the public health or welfare, or that repair or rehabilitation of any structures thereon would be economically unsound, ~~said the~~ board may remove or cause to be removed any such improvements upon any property acquired by the county under the provisions of this act. The board of county commissioners may sell all or any of the salvaged materials therefrom at public or private sale, and after first deducting the cost of such removal, shall credit the remainder of such proceeds to the county general fund. Any deficiency shall be charged to such general fund.

If, at the end of six ~~(6)~~ months from and after the confirmation of ~~said the~~ sale to the county to any of ~~said the~~ real estate, any of ~~said the~~ real estate remains unsold, the board of county commissioners may reduce the price therefor and sell the same after first advertising the same once each week for three ~~(3)~~ consecutive weeks in ~~said the~~ county describing ~~said the~~ real estate, giving the location thereof and requesting sealed bids therefor on or before a specified

Draft 1/29/96

date and ~~said the~~ board shall accept the highest cash bid received: ~~Provided, however,~~ The board of county commissioners may reject bids in an amount less than the current market value of ~~said the~~ real estate and if no bid ~~be is~~ accepted or received, such board may sell the same for such sum that, in ~~their the board's~~ judgment, would be the market value thereof, but no such sale shall be made for an amount less than the best bid received, if any, and rejected: ~~Provided, however,~~ The board of county commissioners, at any time after the end of six ~~(6)~~ months from and after the confirmation of ~~said the~~ sale to the county and after advertising such real estate at least three ~~(3)~~ times in the official county paper and such other papers as the board shall direct, describing the same, giving the general location thereof, and the time and place of sale, may sell such real estate at public auction for cash in hand to the highest bidder therefor.

All real estate sold by ~~said the~~ county as provided in this ~~section subsection~~ shall be conveyed to the purchaser by a good and sufficient deed by the county clerk of ~~said the~~ county upon a written order from the board of county commissioners. Such order shall be deemed conclusive evidence of the compliance with this section in any action challenging the validity of such deed. Immediately upon the execution of any such deed, the county clerk shall assess the real estate so conveyed and enter the valuation thereof on the assessment and tax rolls.

(c) Any property acquired by the board of county commissioners pursuant to K.S.A. 79-2804, and amendments thereto, may be transferred to the county land bank as provided by section 6.

Sec. 13. K.S.A. 1995 Supp. 79-2804g is hereby amended to read as follows: 79-2804g.
(a) Whenever any tract, lot or piece of real estate is offered for sale at public auction pursuant to K.S.A. 79-2804, and amendments thereto, such tract, lot or piece of real estate shall not be sold, either directly or indirectly, to:

(1) Any person having a statutory right to redeem such real estate prior to such sale, pursuant to the provisions of K.S.A. 79-2803, and amendments thereto;

(2) any person who held an interest in a tract as owner or holder of the record title or any mortgagee or assignee who held an interest at any time when any tax constituting part of the county's judgment became due;

Draft 1/29/96

(3) any parent, grandparent, child, grandchild, spouse, sibling, trustee or trust beneficiary of any person enumerated in paragraph (2); or

(4) with respect to a title holding corporation, any current or former stockholder, current officer or director, or any person having a relationship enumerated in paragraph (3) to such stockholder, officer or director.

(b) If any such real estate is acquired by a county pursuant to K.S.A. 79-2804, and amendments thereto, and, at the end of six months from and after confirmation of such sale to the county, such real estate is advertised for sale at public auction, as provided in K.S.A. 79-2804f, and amendments thereto, such real estate shall not be sold, either prior to or at such auction, to any person having a statutory right to redeem such real estate, under the provisions of K.S.A. 79-2803, and amendments thereto, for an amount less than the original judgment lien and interest thereon, plus the costs, charges and expenses of the proceedings and sale, as set forth in the execution and order of sale issued pursuant to K.S.A. 79-2804, and amendments thereto.

(c) If any tract, lot or piece of real estate purchased at public auction pursuant to K.S.A. 79-2804, and amendments thereto, is transferred, sold, given or otherwise conveyed to any person who had a statutory right to redeem such real estate prior to such sale pursuant to K.S.A. 79-2803, and amendments thereto, within 10 years of the date of the public auction, such person shall be liable for an amount equal to the original judgment lien and interest thereon from the date of the public auction.

(d) The provisions of this section shall apply to the sale or conveyance of any real estate by a county land bank established pursuant to section 2.

Sec. 14. K.S.A. 79-2804f and K.S.A. 1995 Supp. 79-2804g are hereby repealed.

Sec. 15. This act shall take effect and be in force from and after its publication in the statute book.

Draft 1/29/96

Except as other wise provided in this act,

Prior to selling any property acquired pursuant to this act, the bank shall notify in writing all owners of property contiguous to the parcel to be sold of the bank's intention to sell such parcel. In addition, the bank shall first offer the parcel to any such contiguous property owner at a price equal to the fair market value of the property prior to its acquisition by the bank prior to offering the property to any other prospective purchaser. Such contiguous land owner shall not be given a right of first refusal to purchase the parcel if the property owner is a person descibed in subsection (a) of section 13

Prior to selling any property acquired pursuant to this act, (the bank shall issue a request for proposals to obtain prospective plans for use of the parcel or parcels to be sold.)

*Economic Development
March 7, 1996
Attachment 3*