

CHAPTER 92  
SENATE BILL No. 417

AN ACT concerning rural housing; creating the housing development grant program; exempting certain cities and counties from certain requirements for rural housing incentive district financing; amending K.S.A. 12-5246 and K.S.A. 2007 Supp. 12-5242 and repealing the existing sections.

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

Section 1. K.S.A. 2007 Supp. 12-5242 is hereby amended to read as follows: 12-5242. *Except as otherwise provided, as used in the rural housing incentive district act K.S.A. 12-5241 through 12-5251 and sections 3 through 9, and amendments thereto, the following words and phrases shall have the following meanings unless a different meaning clearly appears from the context:*

(a) “City” means any city incorporated in accordance with Kansas law with a population of less than 40,000 in a county with a population of less than 60,000, as certified to the secretary of state by the director of the division of the budget on the previous July 1 in accordance with K.S.A. 11-201, and amendments thereto;

(b) “City housing authority” means any agency of a city created pursuant to the municipal housing law, K.S.A. 17-2337 et seq., and amendments thereto.

(c) “Corporation” means the Kansas housing resources corporation.

~~(d)~~ (d) “County” means any county organized in accordance with K.S.A. 18-101 et seq., and amendments thereto, with a population of less than 40,000, as certified to the secretary of state by the director of the division of the budget on the previous July 1st in accordance with K.S.A. 11-201, and amendments thereto;

~~(e)~~ (e) “Developer” means the person, firm or corporation responsible under an agreement with the governing body to develop housing or related public facilities in a district.

~~(f)~~ (f) “District” means a rural housing incentive district established in accordance with this act.

~~(g)~~ (g) “Governing body” means the board of county commissioners of any county or the mayor and council, mayor and commissioners or board of commissioners, as the laws affecting the organization and status of cities affected may provide;

(h) “Housing development activities” means the construction or rehabilitation of infrastructure necessary to support construction of new residential dwellings and the actual construction of such residential dwellings, if such construction is conducted by a city housing authority.

~~(i)~~ (i) “Secretary” means the secretary of commerce of the state of Kansas.

~~(j)~~ (j) “Real property taxes” means and includes all taxes levied on an ad valorem basis upon land and improvements thereon.

~~(k)~~ (k) “Taxing subdivision” means the county, the city, the unified school district, and any other taxing subdivision levying real property taxes, the territory or jurisdiction of which includes any currently existing or subsequently created rural housing incentive district.

Sec. 2. K.S.A. 12-5246 is hereby amended to read as follows: 12-5246. (a) At the public hearing, a representative of the city or county shall present the proposed plan for the development or renovation of housing in the proposed district. Each project proposed for the district shall be identified and explained. At the hearing the developer or developers that have contracted with the city to undertake such project shall be identified and present in person or through such developer’s representative. Following the presentation, all interested persons shall be given an opportunity to be heard. The governing body for good cause shown may recess such hearing to a time and date certain, which shall be fixed in the presence of persons in attendance at the hearing.

(b) Upon the conclusion of the public hearing, the governing body may adopt the plan for the district and may establish the district by ordinance or, in the case of any county, by resolution. The boundaries of such district shall not include any area not designated in the notice required by K.S.A. 12-5245. Any addition of area to the district or any substantial change to the plan shall be subject to the same procedure for public notice and hearing as required for the initial establishment of the district.

(c) The ordinance or resolution establishing the district shall be null and void if, within 30 days following the conclusion of the hearing:

(1) The board of education levying taxes on such property determines by resolution that the proposed district will have an adverse effect on such school district;

(2) the governing body of any city located within three miles of [the] district proposed to be established by a county determines by ordinance that the proposed district will have an adverse effect on such city; or

(3) the board of county commissioners of the county in which a city governing body proposes to establish such a district *determines by resolution that the proposed district will have an adverse effect on such county.*

New Sec. 3. (a) Any city that prior to July 1, 2013, is located, in whole or in part, within the boundaries of a county designated by the United States federal emergency management agency under major disaster declaration FEMA-1711-DR or FEMA-1699, as eligible to receive individual or public assistance from the United States federal government that desires to designate a rural housing incentive district pursuant to this act or such county shall be exempt from the provisions of subsection (c) of K.S.A. 12-5244, and amendments thereto, and may adopt a plan for a designated rural housing incentive district without the approval of the secretary and without conducting a public hearing on such proposed plan.

(b) For any city in a county declared by the governor to be a state of disaster after January 1, 2008, or such county if the governor finds that such disaster resulted in the destruction of a significant amount of residential housing in such city or county the governor may designate such city or county to exercise the exemption authorized by subsection (a) for a period of five years from the date of the declaration of a state of disaster.

(c) Nothing in this section shall be construed so as to exempt a city or county from any other requirement set forth in this act, or to limit any of the rights, duties and privileges of a city or county under any other provisions of this act.

New Sec. 4. (a) The corporation is hereby authorized to develop a program of grants to cities or counties to carry out housing development activities in accordance with the provisions of this act. Cities or counties to be awarded grants pursuant to this act shall be selected by the corporation in accordance with rules and regulations adopted by the president of the corporation.

(b) A city or county shall submit a request for grant funds to the corporation in a form and manner prescribed by the corporation. Such request shall include a statement of such city's or county's proposed housing development activities, projected use of grant funds and any other information related to the grant required by the corporation.

(c) As part of any request for grant funds the requesting city or county shall certify to the corporation that the city or county will provide matching funds in an amount equal to at least 10% of the total amount of funds granted to the city or county by the corporation if the grant funds are to be used for construction or rehabilitation of infrastructure, and at least 50% of the total amount of funds granted if the grant funds are to be used by a city or county housing authority for purposes other than construction or rehabilitation of infrastructure, or in-kind labor and services with an equivalent value and that the city or county will comply with all other provisions of this act and abide by all federal, state and local laws.

(d) The president of the corporation shall adopt rules and regulations regarding the application procedure, grant periods, grant evaluation and reporting criteria, the filing of forms that support the request for grant awards, the method and manner of payment of grant funds to any city or county, and any other matter necessary to carry out the provisions of this act.

New Sec. 5. (a) Each city or county shall submit to the corporation, at a time determined by the corporation, a performance and evaluation report concerning the use of grant funds made available under this act, together with an assessment by the city or county of the relationship of such use to the housing development activities identified in the city's or county's statement under subsection (b) of section 4, and amendments thereto. The city's or county's report shall indicate an evaluation of the housing development activities, the nature of and reasons for any changes in such activities and an evaluation of the use of the grant funds for such activities. The corporation shall, at least on an annual basis, make such

reviews and audits as may be necessary or appropriate to determine:

(1) Whether the city or county has carried out its housing development activities in a timely manner;

(2) whether the city or county has carried out those activities and its certifications in accordance with the requirements of this act and all federal, state and local laws; and

(3) whether the city or county has a continuing capacity to carry out those activities in a timely manner.

(b) Insofar as they relate to grant funds provided under this act, the financial transactions of cities or counties may be audited under such rules and regulations as may be adopted by the corporation. The corporation shall report the final results of any audits conducted pursuant to this section to the state legislature, the governor and the secretary of revenue during the legislative session immediately following the audit.

New Sec. 6. (a) The proceeds of any grant funds received pursuant to this act may only be used for expenditures incurred in carrying out housing development activities.

(b) No more than \$25,000 shall be expended out of grant funds awarded pursuant to this act on the construction of a single-family residential dwelling by a city or county housing authority, excluding infrastructure costs.

New Sec. 7. (a) All expenditures from the state housing trust fund made for the purposes of sections 4 through 6, and amendments thereto, shall be made in accordance with appropriation acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the president of the Kansas housing resources corporation.

(b) On the effective date of this act and on July 1, 2008, July 1, 2009, July 1, 2010, July 1, 2011, July 1, 2012, July 1, 2013, and July 1, 2014, the director of accounts and reports shall transfer \$4,000,000 from the state general fund to the state housing trust fund established by K.S.A. 2007 Supp. 74-8959, and amendments thereto.

New Sec. 8. (a) For purposes of sections 4 through 8, and amendments thereto, the term "city" means any city that prior to July 1, 2010, is located, in whole or in part, within the boundaries of a county designated by the United States federal emergency management agency under major disaster declaration FEMA-1711-DR or FEMA-1699, as eligible to receive individual or public assistance from the United States federal government, or designated exempt by the governor pursuant to section 3, and amendments thereto. On or after July 1, 2010, "city" shall mean any city incorporated in accordance with Kansas law.

(b) For purposes of sections 4 through 8, and amendments thereto, the term "county" means any county that prior to July 1, 2010, is designated by the United States federal emergency management agency under major disaster declaration FEMA-1711-DR or FEMA-1699, as eligible to receive individual or public assistance from the United States federal government, or designated exempt by the governor pursuant to section 3, and amendments thereto. On or after July 1, 2010, "county" shall mean any county with a population of less than 60,000, as certified to the secretary of state by the director of the division of the budget on the previous July 1 in accordance with K.S.A. 11-201, and amendments thereto.

New Sec. 9. (a) The provisions of sections 3 through 9 are hereby made a part of and supplemental to the Kansas rural housing incentive district act.

(b) The provisions of sections 4 through 9, and amendments thereto, shall expire on and after July 1, 2015.

Sec. 10. K.S.A. 12-5246 and K.S.A. 2007 Supp. 12-5242 are hereby repealed.

Sec. 11. This act shall take effect and be in force from and after its publication in the Kansas register.

Approved April 18, 2008.

Published in the *Kansas Register* April 24, 2008.

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