

RESOLUTION NO. 051115-3

A RESOLUTION AUTHORIZING THE CITY MANAGER TO TAKE CERTAIN ACTIONS WITH RESPECT TO THE HIGHLANDS DEVELOPMENT IN THE CITY OF ABILENE, KANSAS

WHEREAS, the City Manager has prepared a draft proposal to address the lack of development at the delinquent Highlands development;

WHEREAS, due to the delinquent nature of the subdivision, the City has assumed the payment of annual debt service for G.O. debt issued to finance the construction of public infrastructure for the development without the on-going support of special assessments as originally proposed, and

WHEREAS, the City desires to proactively pursue development within the subdivision so as to reduce the liability to the general taxpayer while attempting to equitably balance the considerations of local developers and builders.

NOW, THEREFORE BE IT RESOLVED, by the City Commission of the City of Abilene, as follows:

SECTION ONE. Public Comments. The City Commission hereby authorizes the City Manager to solicit public comments on the Highlands proposal, as attached hereto as **Exhibit A**, and to make such comments available for the City Commission's review and consideration.

SECTION TWO. Appraisal. The City Commission further authorizes the City Manager to solicit an appraisal of the property contained in the Highlands development and to report the findings of said appraisal to the City Commission.

SECTION THREE. Effective Date. That the effects of this Resolution shall be in full force after its approval by the City Commission.

PASSED AND APPROVED by the Governing Body of the City of Abilene, Kansas this 11th day of May, 2015.



ATTEST:

Penny Soukup, CMC
Penny Soukup, CMC
City Clerk

CITY OF ABILENE, KANSAS

By: *Dennis P. Weishaar*
Dennis P. Weishaar, Mayor

EXHIBIT A

Highlands Development Proposal Memorandum

City of Abilene, Kansas

DRAFT

TO: City Commission
CC: Mark Guilfoyle, City Attorney
FROM: David Dillner, City Manager
SUBJ: Highlands Development Proposal - DRAFT
DATE: April 30, 2015

The following proposal has been developed by the City Manager as a framework to guide public discussion on a viable solution to address the challenges associated with the Highlands development. The purpose of this draft framework is to provide a starting point for public dialogue on a politically acceptable solution to allow the community to begin to address the Highlands situation. Presently, taxpayers are paying about \$300,000 per year, or the equivalent of about 5.7 mills, to pay the debt service on the development. The G.O. bonds issued for the development will be paid in full in 2030.

The proposal is proactive; instead of waiting until the property is available through the tax foreclosure process, the City would take actions now to increase the probability of progressive development within the subdivision. Any development that occurs within the Highlands is another lot that is paying property taxes and special assessments, thus reducing the overall liability for the City.

By no means is the framework final; the public is encouraged to review the proposal and provide any comments that may assist in making the proposal more politically acceptable. Instructions for providing comments may be found at the end of this memorandum.

1. The City negotiates the donation of real property generally known as the Highlands development to the Land Bank. The property owner is amenable to donating the property to the City's Land Bank, although he has requested the City provide an appraisal of the value of the property. If the City Commission wishes to proceed, the City Manager would solicit proposals from appraisers to determine the cost of preparing this information to be used in negotiations.
2. Upon completion of a negotiated transfer of the Highlands to the Land Bank, the Land Bank would sell the undeveloped acreage and deposit the proceeds into an escrow account to pay annual debt service for General Obligation debt issued by the City on behalf of the the development. Funds may also be used to pay for the replatting of the developed tracts to a configuration more aligned with the local market or as needed for a developer to repurpose the lots.
3. The City Commission would consider whether to pay a portion of the debt service liabilities on lots in the Highlands as an at-large contribution. Subsidization would reduce the private liability for special assessments for lots in the Highlands to more closely align with the amount of special assessments levied against lots in other new subdivisions in Abilene. In the event the City elects to subsidize special assessments in the Highlands, the City Manager recommends not subsidizing special assessments below the average amount of special assessments in other subdivisions in Abilene with outstanding special assessments.

4. The Land Bank would develop goals for the type of development to pursue for the Highlands. Such development options may include residential development opportunities that would provide housing options that are not presently offered in the Abilene market or that do not directly compete with the single-family residential market. Selecting a type of housing stock other than single-family housing may reduce direct competition between the Land Bank and local builders who mostly construct single-family housing.
5. The Land Bank would convey a lot or lots to interested builders, who would then be responsible for paying the future property taxes and special assessments levied against the property until it is sold to another party. The conveyance of lots may be subject to covenants or deed restrictions that would facilitate the goal of reducing competition with local builders. One scenario for possible build-out may include:
 - a. **Phase I** - The Land Bank would make five lots available for development at no cost to prospective builders on a first come, first served basis.
 - b. **Phase II** - Following the issuance of certificates of occupancy on the Phase I lots, the Land Bank would make another ten to fifteen lots available for development by auction.
 - c. **Phase III** - Following the issuance of certificates of occupancy on the Phase II lots, the Land Bank would make other lots available, in geographic order, for development at market rates.
6. The City Attorney would prepare a special deed instrument that would allow existing property owners of property in a subdivision with special assessments in Abilene to swap a lot or lots within such subdivision with a commensurate number of lots in the Highlands. The lots will be conveyed to the Land Bank with a deed restriction ensuring that such lots will be reconveyed to the participant, at the participant's request and at no cost, following the issuance of a certificate of occupancy for a house constructed on the exchanged lots in the Highlands. Abilene developers/builders may elect to participate in the exchange program at any time, subject to the terms and conditions associated with the particular phase of implementation.

During such time as the exchanged lots are held by the Land Bank, the privately assigned property owner will not be subject to property taxes or special assessments on the exchanged lots. The participant, however, will be liable for property taxes and special assessments on the lots conveyed from the Highlands until such time as the property is sold to a third-party.

7. The proposal has thus far dealt with the supply side of the economics equation. One approach to address the demand question economics associated with the general housing market in Abilene would be to implement a collaborative approach to marketing that focuses on the community rather than individual lots or houses. The approach would seek to draw in ideas and resources from various stakeholders with the intent of developing a marketing venture to sell Abilene as a livable community to selected target areas. The approach will draw on the experience of real estate agents, bankers, builders, business leaders, and others who have insight into the community and general marketing practices. Participants will assist in developing the marketing campaign, to include the selection of target areas, as well as produce a marketing plan for distribution of the community's message.

8. The City will actively engage the real estate community to promote its newly adopted Residential Incentive and other applicable incentives that seek to encourage new home purchases throughout Abilene.

As previously mentioned in this memorandum, the public is invited to review the proposal and provide comments that may assist in making the proposal more politically acceptable and successful. The deadline to submit comments is **5:00 pm on June 5, 2015**. Comments may be submitted as follows:

By Mail:

City of Abilene
Attn: David Dillner, Highlands Comments
PO Box 519
Abilene, KS 67410

By Email:

citymgr@abilenecityhall.com
Please include "Highlands Comments" in subject.

By Walk-In:

Comments may also be brought to City Hall,
located at 419 N. Broadway, Abilene, KS

In addition, the City will host a Town Hall Meeting on June 4, 2015 to provide the public with an opportunity to voice their ideas to manage the Highlands development or to generally promote Abilene as a destination for future residents. The Town Hall Meeting will begin at 6:30 pm and will be held in the Commission Chambers of the Abilene Public Library.

Any input received from the public on this topic will be provided to the City Commission for their review and consideration.