

Harrisonville Square Neighborhood Redevelopment Corporation Residential Tax Abatement Program Guidelines

I. Introduction

- A.** This document (“Guidelines”) establishes guidelines for the utilization of tax abatement included in the Harrisonville Square Neighborhood Redevelopment Plan (“Plan”) approved by the City of Harrisonville, Missouri (“City”), by Ordinance No. 3643 on April 5, 2023. The Plan allows the Harrisonville Square Neighborhood Redevelopment Corporation (“Corporation”) to receive abatement of property taxes for properties that are redeveloped or rehabilitated in accordance with the Plan and these Guidelines. The Corporation will “pass through” the real estate tax abatement to the owners of the specific parcels.
- B.** Properties included in the Redevelopment Area (“Area”) are shown on the map at the end of these Guidelines.

II. Purpose and Applicability

- A.** The purpose of this program is to give owners of real property an incentive to reinvest in and rehabilitate their properties. The program promotes reinvestment in the existing housing stock, as well as targeted redevelopment and infill housing development to improve the overall quality and mix of housing to stabilize the neighborhood. As properties are improved over time and blighting conditions removed, the Redevelopment Area overall will be revitalized, which is a primary goal of the Plan.
- B.** These Guidelines specify minimum standards and requirements that should be met to ensure that the rehabilitation of parcel specific properties accomplishes the goals of the Plan for neighborhood revitalization. These Guidelines apply only to rehabilitation projects where tax abatement under the Harrisonville Square Neighborhood Redevelopment Corporation is used.
- C.** As used in these Guidelines, “Residential Redevelopment Project” means any redevelopment project property that is classified as residential property under 137.016, RSMo. as determined by the Cass County Assessor.

III. Eligible Property

- A.** All parcels in the Area as defined by the Plan are potentially eligible for tax abatement. These Guidelines outline the project requirements for residential redevelopment project properties. The assignment of tax abatement to property owners for rehabilitation or reconstruction will be administered through the Corporation’s Board of Directors (“Board”). City staff will be used to assist the Board as necessary. Proposed Residential projects must be submitted to the Board for a case-by-case approval.
- B.** The Plan shall not be utilized for converting owner-occupied dwelling units to

rental units or for the purpose of further subdivision of rental properties into a larger number of units. However, tax abatement may be used for the conversion of rental units to owner occupancy and/or for reducing the number of rental units within a previously converted structure. In addition, Projects involving new construction on vacant lots are eligible only if the previous structure on the lot is demolished and new construction commences within three (3) months from the date of demolition.

- C. The Corporation will not assign tax abatement to any proposed project where, upon consideration, the obvious intent is contrary to the intent of the Plan as stated above.

IV. Tax Abatement Description

- A. Residential properties are required to make a minimum rehabilitation investment that is equal to or greater than \$10,000.00. A minimum of \$5,000.00 of the total cost of the investment shall be for exterior improvements visible to the public, which minimum dollar amount of exterior improvements shall increase by one-half of one percent (1/2%) for each dollar of proposed costs above the minimum investment of \$10,000.00.
- B. Investment that meets this threshold provides the owner a five (5) year freeze on the assessed value of the property's improvements and incremental increase in land values. The assessed value of the land is not affected by this freeze and taxes on the underlying property remain unchanged and continues to be taxed appropriately as "base" tax revenue to the taxing jurisdiction.
- C. After the completion of the five (5) year freeze, tax abatement will end, and the property will return to normal ad valorem property tax payments.
- D. Tax Abatement is not guaranteed and is subject to the authorization of the Board.

V. Program Guidelines for Residential Properties

- A. **Documentation** - All projects require before and after source documentation of improvements such as a project description, receipts, before and after photos, and invoices. The Board may request additional documentation.
- B. **Project Timeline** – The project timeline begins the day the Abatement Agreement is signed by the Corporation and signed by the property owner and a Notice to Proceed is issued by the Corporation. The Corporation will determine the timeline for the project and may use its discretion in establishing the timeline. It may consider the type of improvements, the opinion of the inspector, and any other relevant inspections. Projects that exceed this time require an extension to be approved and coordinated by the Board and City staff. Failure to complete required improvements within the extended deadline approved by the Board may result in removal from the abatement process. Participation in this Tax Abatement

Program shall not absolve the property owner of the requirement to obtain any necessary permits or approvals from the City of Harrisonville.

- C. Compliance with Property Maintenance and City Codes** - Properties receiving tax abatement must maintain compliance with all minimum standards, codes and ordinances of the City (collectively, “City Codes”), including but not limited to obtaining building permits, approval of plans through the Harrisonville Historic Preservation Commission, and ensuring compliance with all City building and residential codes. Any existing violations of the City Codes must be addressed prior to application for the Tax Abatement Program. The Guidelines may exceed City Codes to achieve the purposes of the Plan. Unresolved violations or failure to comply with the Guidelines after abatement has begun may result in termination of the Abatement Agreement. The Corporation may initiate proceedings to revoke tax abatement at any time City Codes violations or non-compliance with these standards are reported as unresolved. Applicants must apply for all required permits through the City and comply with the City’s land use and building and construction Codes and adopted International Residential Building and International Building Codes. Architects and engineers must be licensed to practice in Missouri.
- D. Labor** – Labor costs shall be included in the total amount of investment. If a property owner performs work on the Redevelopment Project, the Owner’s labor shall be calculated as according to the most recent Cass County Annual Wage Order as promulgated by the State of Missouri Division of Labor Standards Wage and Hour Section at the time of the performance of the work.
- E. Fees** - Nominal fees for the processing of an application for the assignment of real estate tax abatement under this program will be charged as listed below. Inspection fees will be charged as listed below.
- Application Fee - \$25 payable to the City of Harrisonville. Please include on the memo “Harrisonville 353”.
 - Five-Year Compliance Inspections Fee - \$50 per inspection payable to the City of Harrisonville.
 - Preliminary and Final Inspections Fees are not established by the Corporation. The fee may depend on the inspector, the type of improvements, and other relevant considerations.
- F. Application Period** – Applications for residential abatement shall be suspended each year when the total market value of properties applying for abatement in that year achieves an annual total aggregate cap of \$9,450,000 for residential properties.
- G. Definitions** - Definitions of terms not defined herein are found in the Plan or in the City Code.

H. Variances - In the event of a practical hardship, the Corporation may vary the strict application guidelines provided the general intent and spirit of the Plan is preserved. From time-to-time, the Board may develop other policies regarding variances that can be made available upon request. Procedural requirements will not be varied without a specific written request to the Board. All requests must be considered by the Board and receive an affirmative vote for the variance to be granted. No variances on project minimums or those that are not in accordance with the Plan will be considered. In addition, the Corporation has no authority regarding City Codes. Any variances in relation to City Codes must be requested through the City in accordance with City Code.

I. Application, Approval, and Appeals Processes – The typical systematic application and approval process for tax abatement is as follows:

1. Applicants for tax abatement can receive an information packet at City Hall, which will provide a draft Abatement Agreement, Program Guidelines, and other information relating to the Program. City staff will work with the property owner throughout the project to provide guidance.
2. The property owner must complete the application and return it with a check for \$25 payable to the City of Harrisonville. Please include in the memo “Harrisonville 353”.
3. Residential projects must be submitted to the Board for approval. The applicant must include with the application: time-stamped photos of the project site, a preliminary inspection, description of the project site or needed improvements, and architectural plans and drawings, if applicable. The application must also include proof of the property’s tax classification and market value as determined by the Cass County Assessor, along with any other information requested on the application. If approved by the Board, the applicant will be provided with an Abatement Agreement to be signed prior to beginning work.
4. City Staff will verify through Cass County that all property taxes are paid to date. City Staff will ensure that the property is in compliance with all City Codes, including any required licenses or permits. Any deficiencies must be corrected before the Board may approve the application.
5. Work may proceed after the Board and the Owner sign the Abatement Agreement and the Owner receives a Notice to Proceed from the Corporation, subject to any building permits or licenses as required by the City.
6. Once the work has been completed, all work requiring a City Building Permit must receive a final inspection, arranged by the property owner.
7. The Board, in coordination with City staff, will review the relevant documentation to ensure the needed improvements have been identified and made, costs are documented with receipts, the project meets these

Guidelines, there are no outstanding property taxes due, and there are no outstanding violations of City Code.

8. Upon satisfactory completion of the application process and a determination that the project meets these Guidelines, the Board will vote to authorize the Board President to sign the Abatement Agreement and issue the Notice to Proceed.
9. If the Board determines the project does not meet these Guidelines, the property owner will be given written notification of the deficiencies and corrections that must be made.
10. Upon completion of the project, the property owner shall notify the City Community Development Department, who will notify the Corporation that the project is completed.
11. The Board will meet to consider the project's completion. Upon satisfactory completion of the project, the Board will vote to issue a Certificate of Tax Abatement and approve the execution of the Missouri deeds. The owner will deed the property to the Corporation and the Corporation deeds the property thereafter back to the owner. Abatement runs with the property for the full ten (10) years after it begins (unless the abatement is terminated pursuant to the Abatement Agreement) and therefore continues in the event ownership of the property is transferred. The Corporation will record the Certificate of Tax Abatement with the Cass County Recorder of Deeds and the City Finance Department.
12. If the Board determines the project does not meet these Guidelines, the property owner will be given written notification of the deficiencies and corrections that must be made.
13. Determinations by the Corporation regarding the granting of tax abatement may be appealed to the Harrisonville Board of Aldermen.

VI. Requirements During the Abatement Period

- A. Payment of Assessed Property Taxes** - The owner must continue to pay and be up-to-date on paying all assessed property taxes to the City of Harrisonville, Cass County, and the State throughout the abatement period. Failure to do so will result in termination of the tax abatement.
- B. Periodic Inspections** – A certified building inspector may conduct on-site exterior inspections and may conduct on-site interior inspections every five (5) years after a property has received tax abatement to ensure compliance with these Guidelines. Properties receiving tax abatement must also be maintained in compliance with the minimum standards, codes, and ordinances of the City. Unresolved code violations or failures to comply with the guidelines may result in termination of the tax abatement. The Corporation can initiate proceedings to terminate tax abatement any time code violations or noncompliance with these standards are reported as unresolved. Refusal to allow access to properties for the purpose of periodic review inspections may result in termination of the

abatement.

VII. Residential Program Guidelines: Required Improvements

A. Residential properties must currently have a residential tax classification as determined by the Cass County Assessor and must comply with these Guidelines. All rehabilitation, construction and/or additions receiving tax abatement must comply with all of the following:

1. Structural Repair and Correction - If structural deficiencies exist prior to application, the project must include those repairs.

2. Blight Elimination

a. Driveways and Off-Street Parking

- i.** Pavement must not be broken up or severely cracked in any location.
- ii.** No new parking areas are allowed within the right-of-way and existing pull-off parking must be properly maintained; only driveway or alley approaches are permitted.
- iii.** New driveway approaches must be paved and the width should match the original to maintain the historic intent of the property. This may be altered, if necessary, to accommodate current vehicular standards. Street curbs may be required at frontage.
- iv.** The minimum amount of parking that must be provided must adhere to current zoning codes for the proposed use even if the use has attained “legal, non-conforming” status per the City’s zoning code.
- v.** All parking lots must be striped and compliant with ADA requirements.
- vi.** Some properties may need to apply for a variance from the City’s Board of Zoning Adjustment concerning driveways.

b. Sidewalks & Curbs

- i.** New or replacement sidewalks and curbs shall match the width of sidewalks on adjacent properties and be constructed to the standards required by the City.

The applicant may contact the Community Development Department for an inspection of sidewalks and curbs at any time. Applicants should be aware that sidewalks and curbs might become damaged over time or as a result of extensive home rehabilitation or construction activities.

Therefore, the applicant may need to replace portions of the sidewalk and curb which were in acceptable condition at the beginning of a project. Applicants may want to be certain the contractors they choose to do their work will guarantee they will repair sidewalks and curbs they damage. Sidewalks and curbs shall remain in good repair

throughout the period of tax abatement.

c. Landscape & Exterior Issues

- i.** All broken windows or windowpanes must be repaired or replaced.
 - ii.** All fencing must meet City requirements.
 - iii.** Landscaping must meet City requirements.
 - iv.** The repair or replacement of peeling paint, damaged siding and roofs, or other exterior finishes that contribute to blight must be corrected.
- 3. Smoke Detectors and Carbon Monoxide Detectors.** Smoke and carbon monoxide detectors must be provided in accordance with the requirements of the City Code.
- 4. Code Requirements.** New and existing buildings, structures and appurtenances that are constructed, moved, reconstructed, materially altered or materially repaired shall be visually compatible in accordance with City Code, Harrisonville Historic Preservation Commission standards, if applicable, and any other overlay district or applicable zoning or building codes or guidelines.
- 5. Electrical Service.** There shall be a minimum amp brokered service to each residential structure as determined by the City electrical code. Undergrounding of electrical service is required.
- 6. Cost Effective Energy Conservation Standards.** To improve the thermal efficiency of the structure, the following are required:
 - i.** Weather-strip all doors and windows to reduce infiltration of air when existing weather-stripping is inadequate or nonexistent.
 - ii.** Caulk or seal all openings, cracks, or joints in the building envelope to reduce air infiltration.
 - iii.** Insulate all openings in exterior walls where the cavity has been exposed. Insulate ceiling areas where necessary.
 - iv.** Adequately ventilated attic and crawl space areas.
 - v.** Heating, ventilating and air conditioning system supply and return pipes and ducts must be insulated wherever they run through unfinished or unconditioned spaces.
 - vi.** Heating systems, burners and air conditioning systems should be carefully sized to be no greater than 15 percent oversized for the critical design, heating, or cooling, except to satisfy the manufacturer's next closest nominal size.

VIII. Residential Program Guidelines: Improvements Eligible After All Required Items

- A.** Minor or cosmetic repairs by themselves will not be eligible for tax abatement. Examples of improvements eligible for tax abatement after all required improvements are made are listed below. This list is not all inclusive and only

lists the types of work that may be done. Section VII, Required Improvements, specifies the improvements that must be done for a property to receive a tax abatement. However, the following improvements may be included as part of the project after any required improvements are addressed as part of the owner's plan.

1. **Structural alterations and reconstruction** such as chimney repair, additions to the structure, installation of an additional bath(s), finishing attics and/or basements, repair of termite damage and the treatment against termites or other insect infestation, etc.
2. **Elimination of health and safety hazards** that affect the health and safety of the occupants such as resolution of defective paint surfaces or lead-based paint problems on homes built prior to 1978, asbestos removal, and radon remediation is automatically eligible.
3. **Changes for aesthetic appeal and elimination of obsolescence** such as new exterior siding when not required because of blighting conditions, constructing a covered porch, porch and stair railings, etc.
4. **Reconditioning or replacement of plumbing and/or HVAC systems** which includes connecting to public water and/or sewer system and replacement of window units with a central system.
5. **Improvements for accessibility to the handicapped** such as remodeling kitchens and baths for wheelchair access, lowering kitchen cabinets, installing wider doors, exterior ramps, installing power-operated doors, etc. Exterior ramps require conformance with design standards.
6. **Repair or replacement of roofing, gutters, and downspouts** when not required because of blighting conditions.
7. **Flooring, tiling, and carpeting.**
8. **Major landscape work and site improvement** such as patios, decks and terraces that improve the value of the property. The correction of grading and drainage problems is also acceptable. Tree removal on private property is acceptable if the tree is a safety hazard to the property.
9. **Wiring or electrical system upgrades** such as improvements to the existing wiring or electrical panel to bring the property into conformance with City Codes.
10. **Expansion of floor area** such as improvements that increase the overall floor area or will provide additional square footage to increase the value of the property.
11. **Major interior and exterior painting.** Renovations may include painting. Painting must meet the minimum standards which includes one coat of primer and two coats of paint for all wall surfaces including trim.
12. **Installation of dumpster enclosure** behind the building line.
13. **Installation of adequate exterior lighting.**
14. When improvements to **front, side, or back yards** are included in the \$5,000

minimum cost for exterior improvements that are visible to the public, improvements that are located behind a privacy fence, privacy landscaping, or are otherwise not visible from the public right-of-way are not eligible.

IX. Residential Program Guidelines: Ineligible Expenses

- A.** Common or routine maintenance is not eligible for abatement and cannot be included in any project. Common or routine maintenance items include but are not limited to installation of sprinkler systems, tree trimming, grass cutting, and plant watering.

Exhibit A
Map of Harrisonville Square Neighborhood Redevelopment Corporation
Redevelopment Area Boundaries

