



Speculative Building Program Overview

The Leavenworth County Port Authority (LCPA) and the Leavenworth County Development Corporation (LCDC) have joined together to implement a new speculative building program. The goal of the program is to expand the tax base and improve employment opportunities for Leavenworth County residents by incentivizing new building construction.

The program can provide an “incentive loan” of up to \$200,000, zero percent interest rate, with deferred payments, subordinated mortgage (second mortgage) to that of the first mortgage financial institution (lead bank). Payments are deferred until such time as the lead bank loan is paid in full. Installment payments will then be equal to those of the lead bank loan until the incentive loan is paid in full.

Although a typically-sized building for this program may range between 10,000 to 20,000 sq. ft., the scalability of this program has no limits on the size of the building. The primary emphasis of this program is for industrial building development. Pathways for commercial and retail buildings are also included.

The actual amount of the incentive is based on the following formula:

Annual increase in property tax payments (anticipated appraised value – current appraised value x 25% assessed value x mill levy) x 10 years (discounted by 3%) x 75% limit, up to a maximum of \$200,000.

The incentive loan would be contributed by LCDC/LCPA. The two organizations will base its decision to invest in a project on the quality of the project and the support the project has within the community and county. It is hoped that there would be a willingness by the city and/or the county to contribute a pre-determined formula pro rata share of the mill rate for the respective entities when budgeted funds are available. A contribution to the program from the taxing entities benefiting from the new construction will then allow continued funding to do other project to expand the county’s tax base and provide employment opportunities for Leavenworth County residents.

The program does not preclude a community from utilizing additional incentives. For example, the program can be used in coordination with property tax abatement programs, cash incentives, or the reduction or waiving of permitting fees. The purpose of this program and other incentive programs is to encourage investment that would not occur without an incentive.

Project approval is not guaranteed to all applicants. Applications are approved based on multiple criteria, including but not limited to the availability of funds, financial strength and repayment capacity of the developer, type of building, impact on the community, etc.

The program utilizes a reasonable balance of private and public funding to increase the tax base. This reduces the amount of funding from public sources. The public funding, though, reduces the private capital necessary for a developer to initiate building construction. This, in turn, increases the commercial/industrial assessed valuation in the community which aids in relieving the residential real estate tax burden. A new building also creates opportunities for new business and the generation of new jobs in the community and county.

Financial risks rest largely with LCPA/LCDC and not the taxing entity. As long as the building is standing, real estate taxes will be assessed. No other revenue generating sources/predictions have to be maintained or created to facilitate the incentive loan payoff.

For more information on the program contact:

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