

# Ellsworth Combats Population Decline Through Innovative Housing Solution

By: Jonathan Mitchell



Photos: Ellsworth's historic downtown; newly erected homes that have resulted in the Welcome Home Plan; housing that was sold as a result of the Welcome Home Plan; and new industry in Ellsworth. Photos provided by Jonathan Mitchell.

Ellsworth, like many rural communities across the state and country, is battling a problem of population decline. Census estimates have placed Ellsworth's population growth from 2000 to 2006 at negative 80 people or negative 2.7%, while the state of Kansas had a net gain of 2.8%, and the growth rate of the United States was 6.4% during the same period. These are disheartening numbers and demonstrate the necessity for rural communities to be progressive in their operations and development. In an effort to be sustainable, Ellsworth has developed a blend of strategies to retain residents while working to attract new ones. The City has worked to build on its strengths, address its weaknesses, and seize opportunities in order to remain viable. The following strategies will illustrate how the Ellsworth community has reacted to the trend of population decline.

In 2003, Ellsworth County Economic Development, Inc. (ECED) worked with Ellsworth County and several communities within the county to establish the Welcome Home Plan. The Welcome Home Plan is a free-land program that was modeled after a similar program in Minneapolis, Kansas. Just as the Homestead Act of 1862 encouraged people to move to certain regions, the Welcome Home Plan was established to draw people to Ellsworth County. Initially, the program was a huge success as our county saw droves of people come into the community to see what land was available in the program. We had to set up bus trips around the region to see the various lot offerings. Requirements were put in place to ensure positive development of the property.

Individuals were required to visit Ellsworth County to select their lot. They had to have a pre-approval letter from a financing agent to verify they had the resources to build on the lot, and they had to enter into a contract with a builder

within six months and provide us with a copy of the contract. The program also required that a foundation be started within 12 months, and the landowner had to be moved in within 2 years. The program also included minimum building requirements to avoid substandard homes being erected.

After developing the free-land portion of the plan, additional incentives were developed by a large working group to complement the land program. Communities within Ellsworth County developed specific incentives based on their needs and resources. Cities offered free water and sewer connections and taps, free passes for city-owned facilities/programs, waived building permit fees, and the County offered down-payment assistance to individuals relocating to Ellsworth County from outside of Ellsworth County. The original funding matrix for down-payment assistance was established with the following formula:

| # of enrolled children | County Down-Payment Assistance Amount |
|------------------------|---------------------------------------|
| One                    | \$1,500                               |
| Two                    | \$2,250                               |
| Three or more          | \$3,000                               |

The County initially funded the down-payment assistance program at the aforementioned levels with certain stipulations. The funding for the down-payment assistance was offered only for school-age children enrolled in USD 327 or 328. The students had to be enrolled for a period of three years, and the funds were available until the annual allocation ran out. The funds received from this program were paid to the lender at the time of closing and were contingent upon all of the terms of the program being met. A soft-second mortgage was applied to the home by Ellsworth County and wasn't removed until the requirements of the program were fulfilled. This kept people from moving in to Ellsworth County, receiving down-payment assistance, and flipping the home for a profit using the County's funds.

With a marketing firm handling the operations of ECED and the Welcome Home Plan in a part-time capacity, the program was marketed extremely well. The program was written about in *Time Magazine*, *Kiplinger's Personal Finance Magazine*, and numerous others while receiving coverage on several national news networks, including CNN and Telemundo.

This sort of exposure is unique for rural communities and was great for the local housing market. The program brought many visitors to our community and has placed 56 new students in the county's two school districts. The plan also brought new construction that increased the city and county's valuation. The free land was available to existing county residents as well, so several residents built new homes and put their existing homes on the market. This created an increased housing inventory and led to a significant portion of the economic benefit from the program. Many individuals came to look at the lots and ended up falling in love with the community. Some of the visitors bought homes that were on the market instead of waiting to build new ones. The positives of the program are overwhelming, but the huge response has required some adjustments to be made to the plan.

In an environment with limited resources and increasing demands for economic development, something had to be changed. The City of Ellsworth worked with other community partners to restructure the existing economic development group. ECED was functioning with a part-time director and was experiencing major successes. It was through these successes that the need for a full-time director became more apparent. By restructuring the existing economic development organization and partnering with every community within the County, the new organization would be able to have a full-time director to focus on the Welcome Home Plan and the County's other



economic-development needs. After several months of work, a new structure was offered to the communities of Ellsworth County for consideration.

By the end of 2006, a plan to launch the Smoky Hill Development Corporation (SHDC) was gaining traction with every community in Ellsworth County. By building on the strengths and realizing the weaknesses of the existing economic-development organization, the new organization sought to capitalize on

the opportunities the Welcome Home Plan illuminated. In early 2007, a full-time director was in place, and, within the first year, the City of Ellsworth and the entire county realized a great deal of success and took great strides toward sustainability. This, however, was not the only step taken to make the Ellsworth community more viable.

In 2005, the City started working on alternative incentive programs to make development in Ellsworth more attractive to prospective employers and residents while improving quality of life for current residents. The City worked hard to explore various programs and mechanisms ranging from transportation-development districts, tax-increment financing, abatement programs, and various rebate programs. Several of these proved beneficial for the community. That year, the City of Ellsworth became the first community its size to utilize a transportation-development district (TDD). Ellsworth utilized a sales-tax increment to finance an atypical project with this tool. While most TDDs are created to establish new infrastructure concurrent with the construction of a new retail establishment, Ellsworth was able to rehabilitate and enhance infrastructure within an established business district by getting 100% of the property owners within the district to voluntarily assess the 1% sales tax on their sales. This district was able to finance a \$1.2 million enhancement project within its boundaries. The TDD illustrates how a strong business community understood the existing infrastructure was deficient and saw an opportunity to improve it through this mechanism. The project has taken some time to get started, but it should be completed in the Fall of 2008.

The City of Ellsworth was also able to utilize abatements to deal with business prospects looking at vacant commercial properties within the community. Anyone familiar with Ellsworth has likely driven by the big vacant industrial site off of K-156. The building has been essentially vacant since 1997. By working with

the SHDC, the City was able to attract Great Plains Manufacturing to Ellsworth by using tax abatements. Without knowledge of abatement opportunities and a great partnership with SHDC, the City would not be looking forward to a new industrial operation bringing more than 40 jobs to their community. Jobs and industry certainly help to make a community more viable.

By balancing the community's strengths, weaknesses, and opportunities, the City of Ellsworth has been fortunate to experience success in its quest to become more sustainable. The City continues to seek out grant funds from various local, state, and federal programs and agencies. In the past two years, the City of Ellsworth has been fortunate enough to receive more than \$1 million in grant funds for City projects from various sources. These funds have helped to make the community more viable and will continue to be sought in the future.

Recently, there has been a buzz of excitement in the Ellsworth downtown as we strive to preserve and highlight our historic past. The City of Ellsworth was founded in 1867 and is home to a downtown district with numerous structures listed on the National Register of Historic Sites. Ellsworth's downtown business district exemplifies the history of the community's growth and evolution. The downtown first started along the Union Pacific Railroad lines and then played host to stockyards and a large portion of the Texas cattle trade. The Panic of 1873 caused the end of the cattle trade in Ellsworth County and led to a transformation of Ellsworth's economy. Ellsworth had to reshape its public image from that of a rowdy cowtown to a civilized Victorian city. Numerous structures that existed during the cowtown boom burned and were replaced with the structures that comprise present-day downtown Ellsworth. With a rich history that is the microcosm of early Kansas history, Ellsworth is proud to share its story with the world. This pride and a desire to revive interest in its past have energized downtown business owners to get serious about revitalizing downtown Ellsworth.

In 2006, the City received grant funds from the Kansas State Historical Society to submit a historic district nomination for its downtown business district. This nomination resulted in the 83-structure district being listed on both the State and National Registers of Historic Places. This will enable the owners of contributing properties to utilize tax credits as they work to redevelop their properties. It also will allow owners of contributing properties to seek out Kansas State Historical Society grants for improvements that meet the Secretary of the Interior's standards. The prospect of rehabilitating the downtown district has also created other opportunities for the Ellsworth downtown district.

As a result of these efforts, additional funds have been sought through other grant programs and initiatives. The City received funding from FHL Bank to develop a downtown master plan in 2006. After receiving these funds, the City hired William Morris and Associates in 2007 and created a Downtown Beautification

Taskforce. This taskforce began working with downtown property owners and city officials to develop a plan for future downtown development. As a result of these efforts, the concept for a comprehensive downtown streetscape project was established. The comprehensive plan included ADA accessibility issues, current facility repairs and enhancements, decorative brick inlay, period lighting, and a façade restoration and preservation program. This plan earned the title of Streetscape 2010 and garnered a great deal of support locally. Three community foundations jumped on board to fund approximately 15% of the project's \$1 million cost. Local property owners have expressed an interest in financing an additional 10% of the project, and the City has shown a great deal of support for the initiative by agreeing to provide 15% of the funding for this project while seeking to fund 60% of the project costs through the Kansas Department of Transportation's Transportation Enhancement Program. Regardless of whether the City receives grant funds, this project has already paid dividends within the local community. The City has developed a better relationship with its downtown business owners and has served as a champion for future downtown development.

As a part of the downtown revitalization initiative, the community's two local banks partnered with the North Central Regional Planning Commission to provide a subsidized revolving loan fund that will provide more than \$500,000 for facade-improvement projects in the downtown. The downtown-district property owners have created recommended development guidelines for future improvements to downtown properties. If nothing else, this initiative has created a dialogue between the different stakeholders in downtown Ellsworth. Through this process, the business owners, residents, and government officials have started to work together to bring improvements to Ellsworth's downtown district. This is another example of the community seeing an opportunity and building on its strengths to pursue improvements.

Ellsworth is facing a challenge many rural communities across the state and country encounter: it is struggling to remain viable. Population decline is something that many communities are facing. It is important to remember that future generations will not judge communities by what they face. Instead, they will judge them by their reactions. Every community needs to find a mix of strategies that works well for them. Ellsworth reacted by building on its strengths, addressing its weaknesses, and seizing opportunities to remain viable. How will you react?

#### **About the Author**

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