

BOARD MEETING MINUTES

DATE: August 17, 2017

TIME: 9:00 a.m.

PLACE: Town Pavilion, Jackson Room
1100 Walnut, 17th Floor, Kansas City, Missouri

1. **Roll Call.**

Present: Faiza Alhambra
Daniel Edwards (*via telephone*)
Steve Hamilton

Absent Pat Contreras
Gabriel Okafor

Staff: Greg Flisram, 353
Susan Tumey, 353
Dan Moye, EDC
Sandra Rayford, EDC

Chapter 353 Legal Counsel Marti Schach, Schach Law Offices

Guests: Allison Bergman, Hardwick Law
Rob Roberts, Kansas City Business Journal
Emmett Pierson, North 40 Development
Roxsen Koch, Polsinelli
Steve Shelton, Raytown School District (*via telephone*)

2. **Beacon Hill Chapter 353 Redevelopment Plan** - *Consideration of a Resolution Recommending that the City Council Approve the First Amendment to the Amended and Restated Beacon Hill Chapter 353 Redevelopment Plan* (Dan Moye) (**Ex. 2A-2B**)

DISCUSSION:

- A brief overview of the proposed amendment, which consists of creation of a new Phase 7 out of the existing Phases 3 and 5 and changing the proposed land use in the new Phase 7 to permit construction of a limited service hotel with retail/commercial space, was given (Koch/Moye/Schach)
- The hotel project had been fully discussed at the Board's July 26, 2017 meeting, in connection with the applicant's request for consent to assignment and assumption of project area and partial waiver of prevailing wage requirements
- Formal action on the 353 plan amendment was not taken at the July 26th meeting because notice requirements were not fulfilled

- No additional public testimony was offered at today's meeting about the matter (*Hamilton*)

ACTION TAKEN: APPROVED A RESOLUTION RECOMMENDING CITY COUNCIL APPROVAL OF THE FIRST AMENDMENT TO THE AMENDED AND RESTATED BEACON HILL CHAPTER 353 REDEVELOPMENT PLAN. MOTION MADE BY MR. EDWARDS, SECONDED BY MR. HAMILTON, AND CARRIED UNANIMOUSLY. (*RES. NO. 8-1-17*)

3. **Administrative** - Review and approval of Meeting Minutes (**Ex. 4**)

- "Would" was changed to "could" on page 4, 6th line from the bottom, in the sentence "Mr. Hamilton commented that the developer could petition the City Council for the waiver despite a negative recommendation from the Board."

ACTION TAKEN: APPROVED THE MINUTES FOR JULY 26, 2017 AS REVISED. MOTION MADE BY MR. EDWARDS, SECONDED BY MR. HAMILTON, AND CARRIED UNANIMOUSLY.

4. **Emmanuel Cleaver II Senior Living Facility Redevelopment Plan (Proposed)** - Consideration of Proposed Plan (Dan Moye) (**Ex. 3A-3C**)

DISCUSSION:

General

- \$11.5 Million senior living facility on about 9 acres of the 43-acre site (*Moye*)
- 60 units – 48 MHDC/LIHTC, 12 market rate (*Moye*)

• **Board Concerns**

- Developer appears to have obtained City Council approval prior to seeking Board recommendation on their 353 application
- Proposed Plan does not include remediation of physical blight evidenced by dilapidated buildings

• **City Council Pre-Approval**

- Confusion between staff and developer about procedural steps for first Chapter 353 project under Economic Incentive Cap Ordinance (2nd CS Ord. 160383, as amended) caused apparent pre-approval of the project (*Moye/Flisram*)
- Board meeting required to provide a recommendation on the 353 Plan because City Council only approved abatement level for the proposed project (*Schach*)
- Developer should be held to same procedures and qualifications as everyone else, so project should not be approved (*Shelton*)

• **Blight Conditions/Plan Area**

Staff/Legal

- Counsel for the developer clarified that the proposed 353 plan area is only 9 acres (m/l) of the 43-acre (m/l) site covered by the blight study prepared by Belke Appraisal and Consulting Services, Inc. (*Bergman/Schach*)
- Scott Belke, author of blight study, not at meeting because prior Board members believed blight study presentation academic (*Flisram*)
- Proposed Resolution includes approval of blight study but may need to be revised to specify size of project area (*Schach*)
- Every part of site does not need to meet specifics of blight finding for entire site to be considered blighted (*Schach*)
- Mr. Belke is very conservative about identifying blighting factors and would have carved out any areas which he determined were not blighted (*Flisram*)
- In-place blight findings make subsequent developments easier (*Schach/Flisram*)
- Future projects within blight study area may have to update the blight finding and/or submit a new 353 Plan for their project area (*Schach*)
- Attempts to contact Mr. Belke by phone so he could delineate specific blighting conditions in 9-acre tract were unsuccessful (*Moye*)

Developer/Counsel (Bergman/Pierson)

- St. James United Methodist Church, co-developer, currently doing due diligence to determine plans for future phases
- LIHTC guidelines and restrictions, as well as this project's budget, make including building demolition costs unfeasible
- Buildings are contaminated and will have to be remediated
- Mr. Belke based his finding of blight for the entire parcel on the totality of circumstances, not just physical evidence of blighted buildings
- Dalmark Development, co-developer, addressed security concerns at City Planning Commission on August 15, 2017
- Sympathetic to public perception that blight is limited to dilapidated buildings but blight study legally applies to entire site because it is currently one plat
- St. James has owned entire 40 acres for 20 years and will co-own 9-acre site with Dalmark until end of LIHTC compliance period, at which time St. James will again become sole owner
- Site has not been improved since area was annexed by City and is surrounded by developed areas
- Improvements by St. James to northern part of site proves its commitment to development of entire area
- Agreed to notify the Church, City Manager, and City Council about Board concerns that building remediation not included in this project
- Floor amendment to expand project area to include entire site, with understanding that Board would need to review financial analyses for any additional project areas because budgets are not yet prepared for remediation of the balance of blight [*Schach – Suggested possible floor*]

amendment and indicated no legal objection to a floor amendment because proposed Resolution and public notice covered entire area and the Church is sole owner of entire parcel. Developer/counsel declined making such a floor amendment.]

- Not incumbent on developer to remediate 43 acres of blight to get one plan approved
- Church and City would not have time, given the LIHTC time constraints, to determine if they could assist with building remediation costs
- Church has a rough estimate of building remediation costs because it is planning to demolish them in future phases

Public Hearing – Only Public Testimony - Taxing Jurisdictions (Mr. Shelton)

- 9-acre site is green space and is not blighted
- Project should not be approved because the physical blight is not being removed
- This project may or may not generate further development

• Location/Marketability

- First mixed-rate project to be constructed east of Troost/71 Highway in a generation (*Bergman/Pierson*)
- Market rate units were included because HUD does not want to group all low income and affordable projects in one area (*Pierson*)
- Developers based Plan's low-income portion on City, MHDC and federal government guidelines (*Pierson*)
- Market rate units expected to be rented quickly because of rent amounts and demand in central city, particularly by seniors (*Pierson*)
- Tax credits and financing mandated how the units were split between market rate and MHDC/LIHTC (*Pierson*)
- Past development not possible at site because of lack of public infrastructure (*Bergman*)
- Site is an island in middle of well-defined building pattern and is not a wise use of public infrastructure (*Flisram*)

• AdvanceKC Scorecard

- Maps used by the City and HUD show 40-acre tract in a Qualified Census Tract which the 75% Ordinance does not consider (*Pierson*)
- 75% Ordinance allows waivers for many reasons, including scorecard totals, which are not meant to be uncompromising (*Flisram/Moye*)
- Large parts of the scorecard are determined by budgets and work size, which, because of their nature, usually disqualifies LIHTC projects (*Moye*)
- Scorecard says project does not meet criteria for this incentive (*Shelton*)

• Incentives/Financials

- Never received requested financials from developer (*Shelton*)

- MHDC analysis is part of Board packet and was also attached to Plan (*Moye*)
- Tax impact analyses were part of 353 application sent to all taxing jurisdictions
(*Bergman*)
- Project cannot happen without Chapter 353 abatement (*Bergman*)
- Property generates little tax income currently because of its religious exemption and taxing jurisdictions will receive more income with the abatement once development is completed (*Bergman*)
- Abatement may appear to be 100% for first 15 years, but averaging in final 10 years results in 75% for entire 25-year period (*Bergman*)
- Project cannot happen without MHDC/LIHTC tax credits, which will be lost if not closed on in October 2017 (*Bergman*)

• **Board Decision**

- Developer was offered the opportunity to table the matter to more fully address Board concerns, but asked for a decision today because any delay could terminate the project
- - Developer agreed to use good faith efforts to work with St. James to remediate physical blight from the site within the next two years)

ACTION TAKEN: APPROVED A RESOLUTION RECOMMENDING APPROVAL BY THE CITY COUNCIL OF KANSAS CITY, MISSOURI OF THE EMMANUEL CLEAVER II SENIOR LIVING FACILITY CHAPTER 353 DEVELOPMENT PLAN FOR THE REDEVELOPMENT OF AN APPROXIMATELY 43.18 ACRE TRACT OF LAND GENERALLY BOUNDED BY RESIDENTIAL NEIGHBORS TO THE NORTH AND EAST, EAST 79TH STREET ON THE SOUTH, AND I-435 ON THE WEST, AND AUTHORIZING OTHER ACTIONS RELATED THERETO. MOTION MADE BY MR. EDWARDS, SECONDED BY MS. ALHAMBRA, AND CARRIED UNANIMOUSLY. (*RES. NO. 8-2-17*)

EXECUTIVE SESSION

5. *Consideration of legal or real estate matters, pursuant to Section 610.021(1), RSMo, in closed session, if necessary.* (Chair)

ADJOURN

There being no further business, the meeting adjourned at approximately 11:10 a.m.

Greg Flisram, Secretary