ECONOMIC DEVELOPMENT CORPORATION
Land Clearance for Redevelopment Authority
LCRA

LAND CLEARANCE FOR REDEVELOPMENT AUTHORITY

BOARD MEETING AGENDA

DATE: January 23, 2019
TIME: 9:30 a.m.
PLACE: Jackson Room, 17th Floor, Town Pavilion
1100 Walnut, Kansas City, Missouri

1. **Roll Call**.

2. **Administrative** – *Annual Election of Officers for 2019* (Steve Hamilton)

   The current officers are:

Chairman	Steve Hamilton
Vice-Chairman	Gabriel Okafor
Secretary	Greg Flisram
Assistant Secretary	Susan Tumey
Treasurer	Lee Brown

   ACTION RECOMMENDED: ELECTION OF THE SLATE OF OFFICERS NOMINATED FOR THE 2019 CALENDAR YEAR.

3. **Administrative** – *Review and Approval of Meeting Minutes for November 28, 2018* (**Ex. 3**)

   ACTION RECOMMENDED: APPROVAL OF THE MINUTES FOR DECEMBER 19, 2018, AS PRESENTED.

4. **Financial** - *Review and acceptance of the Financial Report for the month of December, 2018* (Lee Brown) (**Ex. 4**)

   ACTION RECOMMENDED: ACCEPTANCE OF THE FINANCIAL REPORT FOR DECEMBER 2018, AS PRESENTED

5. **Hospital Hill II URA – 2500–Block Troost Avenue** - *Consideration of Approval of Redevelopment Contracts with GSSW WR III, LLC* (Bob Long) (**Ex. 5A-5F)**

   Area Description: The Hospital Hill II Urban Renewal Area is an irregularly-shaped area generally bound by E. 22nd Street on the north, 71 Highway on the east, E. 27th Street on the south, and Cherry Street/E. 25th Street and Charlotte Street on the west. The Project site consists of the block generally bound by E. 25th Street, Forest Avenue, E. 26th Street, and Troost Avenue. It is generally located at the southeast corner of E. 25th Street and Troost Avenue.

Project Description: The applicant is GSSW WR III, LLC, based in Kansas City.

The applicants' project is a $44 million development of 248 multifamily housing units in ten buildings (one 5-story building with 124 units and nine walk-up buildings with 12 – 16 units each. The 248 units will consist of 58 studio units, 114 one-bedroom units, and 76 two-bedroom units. 195 surface parking spaces will be provided on-site. The 2500 – block of Troost is currently vacant. The project is located within the central portion of the Hospital Hill II Urban Renewal Area.

Policy Considerations

- ***What is driving the need for an incentive?***
  - The topography of the site rises from north to south, rendering much of the ground floor unleasable, rising construction costs, and rents insufficient to cover development costs are driving the need for assistance.
- ***What is unique about the location or the project?***
  - The proposed 248 – unit project is located adjacent to Troost Avenue, which offers easy access to 71 Highway, as well as the Troost MAX bus service. Crown Center, Children's Mercy Hospital, Truman Medical Center, UMKC's Schools of Nursing & Dentistry, and the City's Health Dept. are within comfortable walking distance. This project is eligible to receive a 100% abatement since it is located within a "continuously distressed census tract in accordance with the city's incentive cap ordinance.
- ***How does this project fit into the City's economic development strategy?***
  - The project conforms with the Greater Downtown Area Plan by providing infill development. The proposed project is also in compliance with FOCUS, the City's comprehensive plan, by providing infill development along Troost Avenue, one of the City's "Great Streets."
- ***Why is this project good in the long term for the City?***
  - The project creates infill development with the redevelopment of an entire vacant block. The project is also supporting the ongoing efforts to revitalize the Hospital Hill neighborhood, the Troost Avenue corridor and the Beacon Hill neighborhood.
- ***Why is this specific level of incentives being recommended?***
  - The Developer is requesting a sales leaseback for the sales tax exemption on construction materials for the project and a 100%/10-year property tax abatement due to the level of risk. A lower level of assistance may not be adequate to attract the private equity necessary to undertake this project.
- ***How is this incentive different than one that might have been granted ten years ago?***
  - Historically, a developer would have pursued 25 years of property tax abatement through either the Beacon Hill 353 Plan or a Planned Industrial Expansion Area (PIEA), which was the case with the UC-B/Milhaus project directly to the south.
- ***What is the likely consequence of not granting an incentive (if known)?***
  - It is highly unlikely that this project would not move forward without the requested assistance.

Financial Analysis

The project was subject to a financial analysis by SB Friedman. SBF cited a market range of yields on cost for similar projects of 6% - 7%. Without assistance, the project would achieve a Yield on Cost of only 5.6%. With the sales tax exemption on construction materials and 10 year/100% property tax abatement, the project would achieve a yield on cost of 6.9%. Staff believes this satisfies the requirements of the Authority's Workable Program.

Staff believes that the proposed project is in conformance with the Hospital Hill II Urban Renewal Plan. Staff prepared and issued a Request for Proposals for the proposed project in order to facilitate the Authority's consideration.

Affirmative Action Policy and MBE/WBE Participation: The proponent has met with HRD and is working towards setting goals for the project prior to commencement.

Taxing Jurisdictions: The project was reviewed at the January 11, 2019 Agency Directors meeting.

Other government/statutory agency action: None required.

ACTION RECOMMENDED: SELECT GSSW WR III, LLC (OR AN AFFILIATE) AS REDEVELOPER OF 2500–BLOCK OF TROOST MULTIFAMILY PROJECT WITHIN HOSPITAL HILL II URBAN RENEWAL AREA.

APPROVAL OF A SALES TAX EXEMPTION ON CONSTRUCTION MATERIALS AND PROPERTY TAX ABATEMENT AT 100% FOR 10 YEARS FOR THE OF 2500 – BLOCK OF TROOST MULTIFAMILY PROJECT.

AUTHORIZATION FOR STAFF AND LEGAL COUNSEL TO PREPARE THE NECESSARY SALE/LEASEBACK DOCUMENTS WITH GSSW WR III, LLC (OR AN AFFILIATE) FOR THE OF 2500–BLOCK OF TROOST MULTIFAMILY PROJECT IN THE HOSPITAL HILL II URBAN RENEWAL AREA.

6. **Linwood-Prospect URA** – *Consideration of Amendment to Assignment, Assumption and Amendment of Ground Lease and Redevelopment Contract* (Brian Engel) (**Ex. 6A-6B**)

LCRA owns the property known as the Linwood Square Shopping Center generally located on the east side of Prospect Avenue between East 30th Street on the north and East Linwood Boulevard on the south. LCRA leases the land to Linwood Center Redevelopment Company, LLC ("Developer"), a Missouri limited liability company, pursuant to the Ground Lease and the Redevelopment Contract (each dated February 14, 1992), which LCRA assigned to the Developer, and the Developer assumed, by the Assignment, Assumption and Amendment of Ground Lease and Redevelopment Contract dated January 31, 2017.

LCRA approved an amendment to the Redevelopment extending certain deadlines in June 2018. The approved amendment has not been signed. The Developer applied for $4.4 million in funds from the Central City Sales Tax Initiative but was awarded $2.4 million. The Developer is seeking additional funds from the TIF Commission is on the February agenda for project approval.

The Redevelopment Contract contains the following deadlines and the Developer's proposed extended dates are shown in bold brackets:

(a) On or before March 2, 2017, Redeveloper shall provide a written redevelopment plan to the Authority and to the Authority's satisfaction demonstrating the Redeveloper's plan and financial commitments to construct the 2017 Project. Redeveloper's redevelopment plan shall include a description of the scope of work Assignee intends to undertake to upgrade and improve the Project Improvements and the estimated sources of funding and costs for such scope of work.

(b) On or before January 31, 2018 [**March 31, 2019**], Redeveloper shall provide to the Authority and to the Authority's satisfaction written evidence of the Redeveloper's financial commitments to construct the 2017 Project in accordance with the Redevelopment Plan, the Redevelopment Contract and the Ground Lease.

(c) Redeveloper shall commence construction of the 2017 Project no later than July 31, 2018 [**June 30, 2019**] and the Redeveloper shall complete construction of the 2017 Project no later than July 31, 2019 [**June 30, 2020**]. The limitation of time for commencement and completion may be extended by written agreement between the parties.

(d) As required by the Ground Lease, Redeveloper shall increase and maintain the occupancy rate to at least seventy percent (70%) as required by the Ground Lease no later than October 31, 2019 [**September 30, 2020**].

ACTION RECOMMENDED: APPROVE AMENDMENT TO ASSIGNMENT, ASSUMPTION AND AMENDMENT OF GROUND LEASE AND REDEVELOPMENT CONTRACT

7. **Eastside Urban Renewal Area** - *Consideration of Release of Contract to Sell and Purchase* (Brian Engel) (**Ex. 7A-7C**)

On April 4, 1961, LCRA entered into the Contract to Sell and Purchase with the then owner of the property located at 1009 and 1011 Cherry Street, located at the southeast corner of 10th Street and Cherry. Pursuant to the agreement, LCRA agreed to clear the property and sell it to the owner for implementation of an approved development plan. The property is now vacant and is currently owned by FDA Building, LLC, which has entered into a contract to sell the property and has requested LCRA to release the Contract to Sell and Purchase as a title encumbrance to facilitate the sale of the property. The buyer's plan is to hold the property for future development.

ACTION RECOMMENDED: APPROVE RELEASE OF CONTRACT TO SELL AND PURCHASE.

8. **Manual Urban Renewal Area** - *Consideration of Release of Contract to Sell and Purchase – 1115 E. 18th Street* (Brian Engel) (**Ex. 8A-8C**)

   On January 3, 1977, LCRA and Precision-Bilt Parts Co., Inc., entered into the Contract to Sell and Purchase ("Contract") regarding the acquisition and redevelopment of property located at 1115 E. 18th Street within the Manual Urban Renewal Area. LCRA conveyed the property to the developer by warrant deed on May 17, 1977. Belger Realty Company, Inc. is the current owner of the Property and the successor in interest to the Contract. The owner intends to lease the property to the Kansas City Area Transportation Authority ("KCATA") and grant the KCATA an option to purchase the property. KCATA requests that the LCRA release the Contract to clear the Contract as a title encumbrance in connection with its planned lease of the property. Neither the owner nor KCATA is seeking any incentives or services from the LCRA.

   ACTION RECOMMENDED: APPROVE RELEASE OF CONTRACT TO SELL AND PURCHASE.

9. **Administrative**.

   a. **Executive Director's Report** - *Active Projects Tracking System Report* (Greg Flisram) (**Ex. 9A**)

      ACTION RECOMMENDED: NONE; INFORMATIONAL ONLY

   b. **Affirmative Action Report** (Sandra Rayford) (**Ex. 9B**)

      The Affirmative Action Committee met on Monday, January 14, 2019 at the offices of the Economic Development Corporation. Those in attendance were Commissioner Daniel Edwards and Commissioner Gabriel Okafor, who presided over the meeting, staff Sandra L. Rayford and Susan Tumey, Jerry Helmick of the Human Relations Department, and Jim Woodson of the Painters Union.

      Mr. Helmick reviewed the MBE/WBE Human Relations Report with the Committee and reported the combined active projects goals were 24% MBE and 9% WBE as of October 31, 2018. One project which was not reporting their MBE/WBE payment activity was discussed and the Chairman directed Staff to follow-up with the Developer.

      Staff and Mr. Helmick reviewed with the Committee the newly adopted MBE/WBE Ordinance.

      MBE/WBE reports are included in your board packets for review.

      ACTION RECOMMENDED: NONE; INFORMATIONAL ONLY

c. **Tax Abatements** – There were twenty-five (25) tax abatements approved in December, 2018.

URA	Address	Applicant	Category	Type
East 23rd Rehab.	2629 Kensington	Carlos Aguilar	S/f Residential	Rehab
Oak Park	3604 Highland	Henry Reedy	S/f Residential	Rehab
Oak Park	3819 Euclid	Sandra Knight	S/f Residential	New
Scarritt Renaissance I	438 Benton	Caitlin Dix & Owen Cox	S/f Residential	Rehab
Oak Park	3233 Wayne	Danielle Calvin	S/f Residential	Rehab
Oak Park	3309 Highland	Arkeitha Brown	S/f Residential	Rehab
Oak Park	4344 Elmwood	Pamela Mitchell	S/f Residential	Rehab
Longfellow Dutch Hill	2921 Charlotte	Jonathan & Allyson Hile	S/f Residential	Rehab
Oak Park	3230 Benton	Chris & Ajia Morris	S/f Residential	Rehab
Hospital Hill II	2626 Tracy	Swana Lansdown	S/f Residential	Rehab
Central Bus. District	905 Broadway	905 Broadway, LLC	M/f Residential	Rehab
Gotham Apartments	3208 E. Linwood	Linwood Apartments, LP	M/f Residential	Rehab
Gotham Apartments	3210 E. Linwood	Linwood Apartments, LP	M/f Residential	Rehab
Gotham Apartments	3216 E. Linwood	Linwood Apartments, LP	M/f Residential	Rehab
East Crossroads	1707 Locust	1707 Locust Investors, LLC	Commercial	Rehab
Linwood Prospect	2711 Wabash	Morningstar Senior, LP	M/f Residential	New
Habitat for Humanity	1611 E. 30th	Glenda Irvin	S/f Residential	Rehab
13th & Locust	417 E. 13th	Interstate Building, LLC	Commercial	Rehab
Longfellow/Dutch Hill	2750 Charlotte	Chris & Iris Armstrong	S/f Residential	Rehab
Garfield	401 Woodland	Pendleton, LLC	S/f Residential	Rehab
Kansas	2024 Agnes	Tiarra Soto	S/f Residential	New
Grand South	2020 Grand	Crossroads Hotel Group, LLC	Commercial	Rehab
East Crossroads	1508 Holmes	Carbondale Apt. Group, LLC	Commercial	Rehab
East Crossroads	1604 Locust	Carter Property Group, LLC	Commercial	Rehab
Troost Paseo	4429 Forest	Lisa Garner	S/f Residential	Rehab

EXECUTIVE SESSION

10. Consideration of legal, real estate and personnel issues, and other matters related thereto, pursuant to Sections 610.021(1)(2)(3) RSMo.

RESUME BUSINESS SESSION

11. Adjourn.