

LAND CLEARANCE FOR REDEVELOPMENT AUTHORITY

BOARD MEETING AGENDA

DATE: February 27, 2019
TIME: 9:30 a.m.
PLACE: Jackson Room, 17th Floor, Town Pavilion
1100 Walnut, Kansas City, Missouri

1. **Roll Call.**
2. **Administrative** – *Review and Approval of Meeting Minutes for January 23, 2019 (Ex. 2)*

ACTION RECOMMENDED: APPROVAL OF THE MINUTES FOR JANUARY 23, 2019, AS PRESENTED.

3. **Financial** - *Review and acceptance of the Financial Report for the month of January, 2019 (Lee Brown) (Ex. 3)*

ACTION RECOMMENDED: ACCEPTANCE OF THE FINANCIAL REPORT FOR JANUARY 2019, AS PRESENTED

4. **Oak Park URA – 3200–Block of Michigan Avenue** - *Approval of Redevelopment Contract with Linwood Gardens, LP (Bob Long) (Ex. 4A - 4E)*

Area Description: The Oak Park Urban Renewal Area is an area generally bound by E. Linwood Boulevard on the north, Elmwood Avenue on the east, E. 45th Street and Brush Creek Boulevard on the south, and Paseo Boulevard on the west. The Project site consists of a 4-acre parcel on the west side of the 3200-block of Michigan Avenue.

Project Description: The applicant is Linwood Gardens, LP, an affiliate of PrairieFire Development Group, which is based in Kansas City.

The applicants' project is a \$7.2 million development of 32 affordable multifamily housing units in one three-story building. The 32 units will consist of 11 one-bedroom units, 12 two-bedroom units, and 8 three-bedroom units. 28 surface parking spaces will be provided on-site. Supportive services will be provided by Restart, which is located within the adjacent LAMP project. The parcel is currently vacant. The project is located directly adjacent to the Linwood Area Ministry Place (LAMP) project in the northwestern portion of the Oak Park Urban Renewal Area.

Policy Considerations:

- ***What is driving the need for an incentive?***
 - Affordable housing projects cannot support the payment of full real estate property taxes due to the restricted cash flows they produce.
- ***What is unique about the location or the project?***

- The proposed 32-unit project will provide affordable housing for “vulnerable persons” (young adults aging out of foster care, domestic abuse victims, etc.). 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 Heart of the City Area Plan by providing infill development. The proposed project is also in compliance with FOCUS, the City’s comprehensive plan, by providing infill development near Linwood Boulevard, 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 a vacant parcel within the Ivanhoe neighborhood. The project also increases the supply of affordable housing.
- ***Why is this specific level of incentives being recommended?***
 - The Developer is requesting a 100%/10 - year property tax abatement due to the reduced cash flows experienced by affordable housing projects. Staff believes that supporting affordable housing projects with property tax abatement, particularly during the early years of a 15 – or 30-year affordability compliance period, is appropriate.
- ***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 a Chap. 353 Plan or a Planned Industrial Expansion Area (PIEA). Neither option is in-place currently and would have required and additional investment of time and funds.
- ***What is the likely consequence of not granting an incentive (if known)?***
 - It seems unlikely that this project would move forward without the requested assistance.

Financial Review:

Per LCRA policy regarding affordable housing projects, the project was subject to a financial review by EDC staff. Staff’s review revealed that the developer already has a 9% low-income housing tax credit allocation, City HOME funds, and debt financing in-place. Staff believes this satisfies the requirements of the Authority’s Workable Program.

Staff believes that the proposed project is in conformance with the Oak Park Urban Renewal Plan.

Affirmative Action Policy and MBE/WBE Participation: The proponent will be subject to MHDC’s MBE/WBE participation goals and has discussed the reporting process with HRD.

Taxing Jurisdictions: The project was presented for review at the February 8, 2019 Agency Directors meeting.

Other government/statutory agency action: None required.

ACTION RECOMMENDED: APPROVAL OF PROPERTY TAX ABATEMENT AT 100% FOR 10 YEARS FOR THE LINWOOD GARDENS AFFORDABLE MULTIFAMILY PROJECT.

APPROVAL OF A REDEVELOPMENT CONTRACT WITH LINWOOD GARDENS, LP FOR THE LINWOOD GARDENS AFFORDABLE MULTIFAMILY PROJECT IN THE OAK PARK URBAN RENEWAL AREA.

5. **63rd & Holmes URA** – *Approval of Assignment, Assumption & Amendment of Redevelopment Contract* (Bob Long & Brian Engel) (**Ex. 5A – 5B**)

Project Area: The 63rd & Holmes Urban Renewal Area consists of a single parcel on the northwest corner of E. 63rd Street & Holmes Street.

Project Description: The 63rd & Holmes Urban Renewal Plan was approved by the City Council in 2015 for a ten-year term. The Plan Area is generally bound by E. 62nd Street on the north, Holmes Street on the east, E. 63rd Street on the south, and Cherry Street on the west. The Plan was intended to redevelop the blighted property as market-rate multi-family housing.

The developer, UC–B Brookside, LLC, entered into a Redevelopment Contract with the Authority on September 10, 2015 and subsequently successfully completed the project.

UC–B Brookside, LLC desires to sell this property and assign its Redevelopment Contract with the Authority to Lane4 Property Group (or affiliate). Lane4 Property Group has expressed its willingness to assume the duties and responsibilities of UC–B Brookside, LLC’s Redevelopment Contract with the Authority.

Staff believes that Lane4 Property Group’s assumption of the proposed amended Redevelopment Contract is consistent with the purposes envisioned in the Plan.

ACTION RECOMMENDED: APPROVE ASSIGNMENT, ASSUMPTION AND AMENDMENT OF THE REDEVELOPMENT CONTRACT BETWEEN THE AUTHORITY AND UC–B BROOKSIDE, LLC TO LANE4 PROPERTY GROUP (OR AFFILIATE).

6. **36th & Gillham URA** – *Approval of Assignment, Assumption & Amendment of Redevelopment Contract* (Bob Long & Brian Engel) (**Ex. 6A – 6B**)

Project Area: The 36th & Gillham Urban Renewal Area consists of several parcels in the block generally bound by E. 36th Street on the north, Gillham Road on the east, E. 37th Street

on the south, and Warwick Boulevard on the west. The specific parcel is located at 3630 Gillham Road, on the northwest corner of E. 37th Street & Gillham Road.

Project Description: The 36th & Gillham Urban Renewal Plan was approved by the City Council in 2014 for a fifteen-year term. The Plan's proponent, Gillham Park Row, LLC, proposed to redevelop the vacant lot at 3630 Gillham Road as a 23-unit market-rate multi-family housing project.

Gillham Park Row, LLC (an affiliate of UC-B Properties, LLC), entered into a Redevelopment Contract with the Authority on April 14, 2014 and subsequently successfully completed the project.

Gillham Park Row, LLC desires to sell this property and assign its Redevelopment Contract with the Authority to Lane4 Property Group (or affiliate). Lane4 Property Group has expressed its willingness to assume the duties and responsibilities of Gillham Park Row, LLC's Redevelopment Contract with the Authority.

Staff believes that Lane4 Property Group's assumption of the proposed amended Redevelopment Contract is consistent with the purposes envisioned in the Plan.

ACTION RECOMMENDED: APPROVE ASSIGNMENT, ASSUMPTION AND AMENDMENT OF THE REDEVELOPMENT CONTRACT BETWEEN THE AUTHORITY AND GILLHAM PARK ROAD, LLC TO LANE4 PROPERTY GROUP (OR AFFILIATE).

7. **Brooklyn East I URA** – *Approve URP's First Amendment* (Bob Long) (Ex. 7)

The Brooklyn East I Urban Renewal Plan was approved by the City Council in 1999 for a twenty-year term. The Plan Area is generally bound by E. 20th Street on the north, Brooklyn Avenue on the west, E. 24th Terrace on the south, and Wabash Avenue on the east. The Plan was intended to redevelop the blighted Brooklyn East I property as affordable single-family housing.

Using a variety of funding sources and organizations, a total of nineteen homes were built in the Brooklyn East I URA by the end of 2003. With the advent of the Great Recession, there has been very little new investment since that time. In fact, the Wendell-Phillips neighborhood has experienced a great deal of disinvestment, tax delinquencies, and demolitions within the past decade.

There are now a few organizations, including the Urban Neighborhood Initiative, actively pursuing new housing development and housing rehabilitation within the greater Wendell-Phillips neighborhood in which the Brooklyn East I Urban Renewal Area is located. The Wendell-Phillips neighborhood has easy access to 71 Hwy., 18th & Vine, Hospital Hill, and Crown Center.

A number of vacant parcels remain within the Brooklyn East I Urban Renewal Area. The availability of the Authority's property tax abatement would encourage and facilitate the rehabilitation of existing homes and the construction of additional single-family homes to

complete the Plan's intent. Unfortunately, the Plan is set to expire on June 10, 2019, which does not allow adequate time for continued implementation of the Plan.

Staff believe that a ten (10) year extension of the Plan would allow adequate time for completion of the infill single-family development and housing rehabilitation envisioned in the Plan.

If the Authority approves the proposed First Amendment, the City Council is expected to consider an ordinance amending the Brooklyn East I Urban Renewal Plan by extending its term for an additional ten (10) years in furtherance of the goals and purposes of the Plan.

ACTION RECOMMENDED: APPROVE AMENDMENT TO BROOKLYN EAST I
URBAN RENEWAL PLAN TO EXTEND TERM FOR AN
ADDITIONAL TEN (10) YEARS.

8. **Brooklyn East II URA** – *Approve URP's First Amendment* (Bob Long) (Ex. 8)

The Brooklyn East II Urban Renewal Plan was approved by the City Council in 1999 for a twenty-year term. The Plan Area is generally bound by E. 22nd Street on the north, Brooklyn Avenue on the west, E. 24th Terrace on the south, and Park Avenue on the east. The Plan was intended to redevelop the blighted Brooklyn East II properties as affordable single-family housing.

Using a variety of funding sources and organizations, a total of eight homes were built by the end of 2004, with one additional home rehabilitated by 2008. With the advent of the Great Recession, there has been very little new investment since that time. In fact, the Wendell–Phillips neighborhood has experienced a great deal of disinvestment, tax delinquencies, and demolitions within the past decade.

There are now a few organizations, including the Urban Neighborhood Initiative, actively pursuing new housing development and housing rehabilitation within the greater Wendell–Phillips neighborhood in which the Brooklyn East I Urban Renewal Area is located. The Wendell–Phillips neighborhood has easy access to 71 Hwy., 18th & Vine, Hospital Hill, and Crown Center.

A number of vacant parcels remain within the Brooklyn East II Urban Renewal Area. The availability of the Authority's property tax abatement would encourage and facilitate the rehabilitation of existing homes and the construction of additional single-family homes to complete the Plan's intent. Unfortunately, the Plan is set to expire on June 10, 2019, which does not allow adequate time for continued implementation of the Plan.

Staff believe that a ten (10) year extension of the Plan would allow adequate time for completion of the infill single-family development and housing rehabilitation envisioned in the Plan.

If the Authority approves the proposed First Amendment, the City Council is expected to consider an ordinance amending the Brooklyn East II Urban Renewal Plan by extending its term for an additional ten (10) years in furtherance of the goals and purposes of the Plan.

ACTION RECOMMENDED: APPROVE AMENDMENT TO BROOKLYN EAST II URBAN RENEWAL PLAN TO EXTEND TERM FOR AN ADDITIONAL TEN (10) YEARS.

9. **Hospital Hill II URA** - *Authorize Preparation of the URP's Sixth Amendment and Issuance of a Request for Proposals* (Bob Long)

Project Area: The Hospital Hill II Urban Renewal Area is generally bound by E. 22nd Street on the north, Paseo Boulevard/71 Hwy. on the east, E. 27th Street on the south, and Cherry Street/Campbell Street on the west.

Proposed Sixth Amendment: The proposed Sixth Amendment would amend the boundaries of the Hospital Hill II Urban Renewal Area to include 1015 E. 27th Street/2702 Troost Avenue, which is located on the southwest corner of E. 27th Street & Troost Avenue. This property had formerly been the site of the Alana Hotel, an historic commercial building that was recently demolished due to its extensive deterioration.

Proposed Request for Proposals: In coordination with Beacon Hill Developers and the City of Kansas City, staff is also seeking authorization to prepare and issue a Request for Proposals for the Acquisition and Redevelopment of both the 1015 E. 27th Street/2701 Troost Avenue and the 2701 Troost Avenue parcels. These parcels had been included in the Authority's Three Corners RFP a few years ago. Botwin Development was selected as the developer for these parcels but has recently withdrawn from these projects. Beacon Hill Developers and the City wish to seek new proposals for these parcels; the Authority would act as a conduit for the property transfer from the City to the selected developer(s).

Staff believes that the proposed Sixth Amendment of the Hospital Hill II Urban Renewal Area can be completed prior to the selection of a new developer(s) for these parcels.

Additional Action: City Plan Commission will need to review the proposed Sixth Amendment of the Hospital Hill II Urban Renewal Area since it involves a boundary change. If the City Plan Commission and the Authority approve the proposed Sixth Amendment, the City Council is expected to consider an ordinance amending the Hospital Hill II Urban Renewal Plan.

ACTION RECOMMENDED: AUTHORIZE PREPARATION AND SUBMITTAL OF THE SIXTH AMENDMENT TO AMEND THE BOUNDARIES OF THE HOSPITAL HILL II URBAN RENEWAL PLAN.

AUTHORIZE PREPARATION AND ISSUANCE OF A REQUEST FOR PROPOSALS FOR THE ACQUISITION AND REDEVELOPMENT OF THE PARCELS AT 1015 E. 27TH STREET/2702 TROOST AVENUE AND 2701 TROOST AVENUE IN THE HOSPITAL HILL II URBAN RENEWAL AREA, AS AMENDED.

10. **Administrative.**

- a. **Executive Director's Report** - *Active Projects Tracking System Report* (Greg Flisram)
(Ex. 10A)

ACTION RECOMMENDED: NONE; INFORMATIONAL ONLY

- b. **Affirmative Action Report** (Ex. 10B)

- c. **Tax Abatements** – There were six (6) tax abatements approved in January, 2019.

URA	Address	Applicant	Category	Type
Troost Paseo	4403 Forest Avenue	Billy Adams	S/f Residential	Rehab
Longfellow Dutch Hill	908 E. 28 th Street	Matthew & Gretchen Blain	S/f Residential	Rehab
East 23 rd Street 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

EXECUTIVE SESSION

11. 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

12. Adjourn.