
LAND CLEARANCE FOR REDEVELOPMENT AUTHORITY

RETREAT BOARD MINUTES

DATE: April 5, 2019

TIME: 12:00 p.m.

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

1. Roll Call.

Present: Faiza Alhambra
Pat Contreras
Daniel Edwards
Steve Hamilton
Gabriel Okafor

Staff: Greg Flisram, LCRA
Susan Tumey, LCRA
Bob Long, EDC
Sandra Rayford, EDC

LCRA Legal Counsel: Brian Engel, Rouse Frets

Mr. Hamilton began the retreat by advising that public testimony would be taken if Board action warranted but noted that the retreat would be primarily policy discussions.

2. Review of LCRA authority, powers and available incentive tools, including affirmative action policy (*Greg Flisram, Brian Engel*) (Ex. 2A-2G)

➤ Blight Designations

- LCRA initially created to address blighted parts of urban areas (*Engel*)
- State legislature has proposed modifying the definition of blight several times but has not yet passed any changes (*Engel*)
 - Blight defined as economic or social conditions or a menace to public health
 - Insanitary conditions are harder to verify as economic or social conditions and a menace to public health must be present
- LCRA can support a project in a non-blighted area only if the development is primarily residential and residents being relocated to the area are being displaced from a blighted area (*Engel*)
- Termination of URA once blight is remediated (*Hamilton*)

- Older plans tend to have self-renewing clauses so require a vote by URA residents to terminate the Plan (*Engel*)
- Newer plans usually have set expiration dates which can be renewed if blight still exists (*Engel*)

➤ **Tax Abatement**

- State Supreme Court found that LCRA is exempt from property tax as it is an agency of the City (*Engel*)
- LCRA's ability to issue retroactive abatement to the date improvements started was also enabled by a legal challenge (*Engel*)
- The LCRA statute-mandates that the maximum assessed value be for 10 years, so a PILOT must be added if abatement is intended for a lesser length of time (*Engel*)

➤ **Workable Program**

- Allows Board to require a showing of economic need to grant incentives as the statute does not require a financial analysis (*Engel*)

➤ **Affirmative Action Policy**

- Included revised LCRA internal processes in proposed policy (*Engel*)
- Affirmative Action Subcommittee to meet May 10 to vet the proposed policy for possible Board action on May 22 (*Hamilton*)
- Personal net worth conditions (*Alhambra*)
 - Recommendation from City consultant to increase the income level an MBE/WBE company must reach before it is excluded from the City's affirmative action program (*Engel/Rayford*)
 - Intent was to allow smaller minority businesses to compete with larger MBEs and WBEs (*Engel/Rayford*)

ACTION TAKEN: NONE; FOR INFORMATIONAL PURPOSES ONLY

3. **Sales tax exemption on construction materials (authority, mechanics, oversight)** (*Greg Flisram, Brian Engel*) (Ex. 3A-3E)

➤ **Sales Tax Certificates**

- Developers can use LCRA's certificate if LCRA issued bonds for the project or was the named borrower on the construction loan (*Engel*)
 - Materials have to be tangible personal property materials to be incorporated into or consumed in construction of the project

➤ **Bond Issuance**

- LCRA, TIF, and PIEA can issue limited obligation bonds, where payment is generated by the project (*Okafor/Engel*)
- Sale/leasebacks require the issuance of bonds if the LCRA is not the borrower on the construction loan (*Edwards/Engel*)

➤ **Sales Tax Exemption**

- State constitutional provision prohibits sales tax on purchases made by political subdivisions (*Engel*)
- Missouri is at a disadvantage as Kansas has neither personal property or earnings taxes (*Flisram*)
- Monitoring Compliance (*Okafor*)
 - Any non-authorized use of the sales tax certificate requires payment of the avoided tax by the user (*Engel*)
 - Cost certifiers and lenders monitor developer purchases for compliance (*Engel*)
 - LCRA's Redevelopment Contract describes the process developers must follow and also indemnifies the agency from developer's use of certificate (*Engel*)

ACTION TAKEN: NONE; FOR INFORMATIONAL PURPOSES ONLY

4. **Sale/Leaseback (mechanics, when appropriate, limitation, possible expansion in return for other public benefits)** (*Greg Flisram, Brian Engel*)

➤ **Grant of Extended Abatement**

- Projects providing affordable housing or community benefit would be considered more favorably by the Board (*Hamilton/Flisram*)
- LCRA fees are funneled into EDC's special initiatives fund which provides monies to such programs as the minority accelerator and the Blue Valley redevelopment initiative (*Flisram*)
- Staff will draft a proposed policy for submission to the Board regarding when short and long-term abatements should be granted (*Flisram*)

➤ **Job Creation**

- Assisting job creating projects through extraordinary abatement should be priority, especially on east side and other disadvantaged areas (*Flisram*)
- Housing equally important (*Edwards*)
 - Area schools are closing for lack of density and assurance that its population will remain stable throughout the year
- LCRA statutory function is housing and shouldn't approve a project solely because it brings jobs (*Hamilton*)
- Need to have consistent policy rather than make decisions on a case-by-case basis (*Hamilton*)

➤ **Sale Leaseback Expense**

- Sale Leasebacks average @ 4 to 6 months to complete and cost about \$40,000 - \$50,000 in legal fees (*Engel/Long*)

- A not-for-profit entity could own the property and then sublease it to another entity and receive property tax exemption based on use of property if the County agrees (*Edwards/Engel*)

ACTION TAKEN: NONE; FOR INFORMATIONAL PURPOSES ONLY

5. LCRA priorities/focus (Steve Hamilton, Pat Contreras)

- LCRA priorities are residential, affordable housing, and the east side of Troost (*Hamilton/Contreras*)

ACTION TAKEN: NONE; FOR INFORMATIONAL PURPOSES ONLY

6. Developer engagement with taxing jurisdictions (*Bob Long*) (Ex. 6)

➤ **Project Notifications to Taxing Jurisdictions**

- Agency Directors' meetings are held every Tuesday afternoon to determine which agency should review the project (*Flisram*)
 - Relevant developer materials, the AdvanceKC scorecard, and the project's financial analysis are sent to the taxing jurisdictions prior to every call
 - Taxing jurisdictions can participate in the meeting remotely or in person
- Per LCRA policy, project discussions between the developer and taxing jurisdictions are scheduled by staff at least 5 business days prior to the Board meeting (*Long*)
 - Relevant developer materials, the AdvanceKC scorecard, and the project's financial analysis are again sent to the taxing jurisdictions
 - Board member participation in project discussion meetings on controversial projects may ameliorate concerns of taxing jurisdictions (*Okafor*)

ACTION TAKEN: NONE; FOR INFORMATIONAL PURPOSES ONLY

7. When/where (if, ever, if anywhere) do incentives end (*Steve Hamilton*)

ACTION TAKEN: TABLED UNTIL FURTHER NOTICE

8. Displacement and gentrification [time permitting] (*Bob Long*) (Ex. 8)

ACTION TAKEN: TABLED UNTIL FURTHER NOTICE

EXECUTIVE SESSION

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

Motion to move into Executive Session made by Ms. Alhambra and seconded by Mr. Contreras.

Roll Call to move into Executive Session

Ms. Alhambra	Aye
Mr. Contreras	Aye
Mr. Edwards	Aye
Mr. Hamilton	Aye
Mr. Okafor	Aye

RESUME BUSINESS SESSION

ACTION TAKEN IN EXECUTIVE SESSION: NONE; FOR INFORMATIONAL PURPOSES ONLY

10. **Adjourn.**

There being no further business, the meeting adjourned at 4:55 p.m.

Greg Flisram, Secretary