

LAND CLEARANCE FOR REDEVELOPMENT AUTHORITY

AMENDED BOARD MEETING AGENDA

DATE: October 23, 2019
TIME: 9:30 a.m.
PLACE: 300 Wyandotte, 2nd Floor
Kansas City, Missouri

1. **Roll Call.**
2. **Administrative.** - *Review and approval of Meeting Minutes for September 25, 2019 (Ex. 2)*

ACTION RECOMMENDED: APPROVAL OF THE MINUTES FOR SEPTEMBER 25, 2019, AS PRESENTED

3. **Financial**

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

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

4. **22nd & Prospect URA (Proposed)** – *Consideration of Approval of a Finding of Blight and the 22nd & Prospect Urban Renewal Plan (Bob Long) (Ex. 4A-4C)*

Area Description: The proposed 22nd & Prospect Urban Renewal Area is an area generally bound by E. 21st Street on the north, Montgall Avenue on the east, E. 22nd Street on the south, and Prospect Avenue on the west. The Plan Area consists of eight properties on the east side of Prospect Avenue, north of E. 22nd Street

Plan Description: The proponent of the 22nd & Prospect Urban Renewal Plan is MacPen Enterprises, LLC.

The 22nd & Prospect Plan area is part of Kansas City's near eastside, lying approximately 13 miles southeast of the Central Business District.

The Plan Area lies along the Prospect Avenue corridor. It is adjacent to both the Washington – Wheatley neighborhood to the east and Wendell – Phillips neighbor to the west. There has been – and continues to be – significant public and private investments a few blocks to the south along Prospect Avenue, including the Police Dept.'s East Patrol and Crime Lab campus, Morningstar's Family Life Center and adjacent affordable senior housing, and the Linwood Shopping Center and Linwood Square shopping center. There has, however, been little private investment in this part of the Prospect Avenue corridor, although there appears to be growing interest in residential rehabs and infill construction in the adjacent neighborhoods due to their ease of access to downtown, Crown Center, and Hospital Hill.

The Plan's proponents have proposed the demolition of the deteriorated single-family house on-site and the subsequent redevelopment of the parcels as a 24 – hour daycare, along with a small commercial space for a related use. Sidewalks and curb-and-gutter will be replaced adjacent to the entire project site. The Plan's proponents believe that this proposed project is well-positioned to provide 24-hour daycare services to this portion of Kansas City's Eastside.

Blight Study: Staff believes that, as of October 2019, the proposed 22nd & Prospect Urban Renewal Area of Kansas City, Missouri, is a “blighted area” according to the definition provided in Missouri's Land Clearance for Redevelopment Law in the Missouri Revised Statutes (RSMo. Ch. 99) and is a menace to the health, safety, morals, and welfare of the city. An excerpt from the blight study:

The LCRA staff conducted a site inspection of the Plan Area on October 12, 2019. 2109 Prospect Avenue is a 100% vacant single-family home that has been boarded up to prevent access. It exhibits deferred maintenance, damaged roof, deteriorated soffits and eaves, deteriorated window and door frames, deteriorating masonry, and structural issues, as evidenced by the porch leaning and pulling away from the rest of the house. The seven vacant lots show evidence of illegal dumping, trash and litter, overgrown weeds and trees, deteriorating stone retaining walls and stairways leftover from housing demolitions. The sidewalks along both Prospect Avenue and E. 22nd Street are deteriorating, uneven, or missing entirely. See Exhibit F for blight documentation. These physical conditions are examples of insanitary or unsafe conditions, deterioration of site improvements, existence of conditions which endanger life or property by fire and other causes, or any combination of such factors, and which retards the provision of housing accommodations or which constitutes an economic or social liability or a menace to the public health, safety, morals, or welfare in its present condition and use.

Because most of the components of the Chapter 99 criteria are present in the proposed 22nd & Prospect Urban Renewal Area of Kansas City, Missouri, in October 2019, staff concluded that the Study Area is a “blighted area” consistent with the definition provided by Missouri's Land Clearance for Redevelopment Law in the Missouri Revised Statutes (RSMo. Ch. 99), and is a menace to the health, safety and welfare of the city. The blight study can be found in Exhibit F of the draft Plan. Staff believes that blighting conditions exist.

To revitalize the 22nd & Prospect Plan Area as a 24 – hour daycare and related uses, the Plan's proponents believe that assistance from the Land Clearance for Redevelopment Authority (the “Authority”), consisting of real property tax abatement, will present opportunities to stimulate and facilitate private investment in the creation of a 24 – hour daycare and related uses.

Affirmative Action Policy and MBE/WBE Participation: Project proponents will be required to meet with the EDC's MBE/WBE Compliance Officer to discuss their projects and the LCRA's Affirmative Action Policy and MBE/WBE Participation requirements.

Taxing Jurisdictions: A copy of all project information, financial analysis and draft staff report will be sent to the taxing jurisdiction representatives as individual commercial and multifamily projects are brought forward for consideration.

Other government/statutory agency action: The City Planning Commission will need to consider the proposed Urban Renewal Plan at an upcoming meeting. City Coalition will need to approve the Finding of Blight and the proposed 22nd & Prospect Urban Renewal Plan.

ACTION RECOMMENDED: APPROVAL OF THE FINDING OF BLIGHT IN THE PROPOSED 22ND & PROSPECT URBAN RENEWAL PLAN.

APPROVAL OF THE 22ND & PROSPECT URBAN RENEWAL PLAN AND FORWARDING IT TO CITY COUNCIL WITH A RECOMMENDATION OF APPROVAL.

5. **14th & Agnes Urban Renewal Area (Proposed)** – *Consideration of Approval of a Finding of Blight and the 14th & Agnes Urban Renewal Plan* (Bob Long) (Ex. 5A-5C)

Area Description: The proposed 14th & Agnes Urban Renewal Area is an area generally bound by I-70 on the north and east, E. 14th Street on the south, and the vacated Kansas Avenue on the west. The Plan Area consists of three properties (1326 Agnes Avenue, 1301 Agnes Avenue and 3020 E. 14th Street) on the north side of E. 14th Street.

Plan Description: The proponent of the 14th & Agnes Urban Renewal Plan is Centerfield Asset Properties, LLC.

The 14th & Agnes area is part of Kansas City's near eastside, lying approximately 1.5 miles southeast of the Central Business District.

1326 Agnes Avenue is located within an isolated industrial/commercial area lying between I-70 on the north and Truman Road on the south. This area was originally a small industrial and commercial area developed in the early 20th century. Truman Road was a thriving commercial district, as evidenced by the remaining stock of small-scale mixed-use buildings. The construction of I-70 cut through this neighborhood, displacing many businesses and residents. Some investment has taken place over the years, but has been limited by the lack of visibility from I-70 and limited access to I-70. The industrial building at 1326 Agnes Avenue is actually two industrial buildings, one an older two-story building and the other a mid-century expansion that provided ground-level off-street parking for employees, with an industrial floor above. The building has been vacant and deteriorating for a few years.

The Plan's proponents have proposed the renovation of the existing industrial building at 1328 Agnes Avenue. The Plan anticipates only minimal renovation work to the shell of the building and its interior spaces in order to create artist studio spaces, along with gallery and related uses, that will be affordable. Off-street parking will be available in two surface parking lots on the north side of E. 14th Street, east of Agnes Avenue. The

Plan's proponents believe that this proposed project is well-positioned to attract artists because of its affordability, the growing shortage of artist studio spaces, and its proximity to the Crossroads arts district.

Blight Study: Staff believes that, as of October 2019, the proposed 14th & Agnes Urban Renewal Area of Kansas City, Missouri, is a "blighted area" according to the definition provided in Missouri's Land Clearance for Redevelopment Law in the Missouri Revised Statutes (RSMo. Ch. 99) and is a menace to the health, safety, morals, and welfare of the city. An excerpt from the blight study:

The LCRA staff conducted a site inspection of the project area on October 12, 2019. 1328 Agnes Avenue is currently a 100% vacant industrial building. The off-street parking lots, which are on the north side of E. 14th Street and east of Agnes Avenue, has deteriorating pavement, large potholes, has no stormwater runoff controls, has no interior or perimeter landscaping, and does not comply with the City's Chap. 52 requirements. The perimeter fencing has extensive weeds and is damaged by shrubs and trees growing through it. There is evidence of illegal camping both on the property itself and in the heavily-overgrown interstate right-of-way. The industrial building is currently vacant and has been for some time. The building exterior has failing surface treatments, deteriorating masonry components, a badly-damaged roof, and deteriorating doors and entryways. The building's interior has water-damaged and rotting wood studs, joists, and rafters, damaged walls, floors, and ceilings, dripping and standing water in various locations, and mold. None of the heating, air-conditioning or ventilating systems were functional, nor were the electrical or plumbing systems. These physical conditions are examples of insanitary or unsafe conditions, deterioration of site improvements, existence of conditions which endanger life or property by fire and other causes, or any combination of such factors, and which retards the provision of housing accommodations or which constitutes an economic or social liability or a menace to the public health, safety, morals, or welfare in its present condition and use.

Because most of the components of the Chapter 99 criteria are present in the proposed 14th & Agnes Urban Renewal Area of Kansas City, Missouri, in October 2019, staff concluded that the Study Area is a "blighted area" consistent with the definition provided by Missouri's Land Clearance for Redevelopment Law in the Missouri Revised Statutes (RSMo. Ch. 99), and is a menace to the health, safety and welfare of the city. The blight study can be found in Exhibit F of the draft Plan. Staff believes that blighting conditions exist.

To revitalize the 14th & Agnes area as affordable artist studios and related uses, the Plan's proponents believe that assistance from the Land Clearance for Redevelopment Authority (the "Authority"), consisting of real property tax abatement, will present opportunities to revitalize the properties within the proposed 14th & Agnes Urban Renewal Area by stimulating and facilitating private investment in the creation of affordable artist studios and related uses.

Affirmative Action Policy and MBE/WBE Participation: Project proponents will be required to meet with the EDC's MBE/WBE Compliance Officer to discuss their projects and the LCRA's Affirmative Action Policy and MBE/WBE Participation requirements.

Taxing Jurisdictions: A copy of all project information, financial analysis and draft staff report will be sent to the taxing jurisdiction representatives as individual commercial and multifamily projects are brought forward for consideration.

Other government/statutory agency action: The City Planning Commission will need to consider the proposed Urban Renewal Plan at an upcoming meeting. City **Council** will need to approve the Finding of Blight and the proposed 14th & Agnes Urban Renewal Plan.

ACTION RECOMMENDED: APPROVAL OF THE FINDING OF BLIGHT IN THE PROPOSED 14TH & AGNES URBAN RENEWAL PLAN.

APPROVAL OF THE 14TH & AGNES URBAN RENEWAL PLAN AND FORWARDING IT TO CITY **COUNCIL** WITH A RECOMMENDATION OF APPROVAL.

6. **Longfellow-Dutch Hill Neighborhood URA** – *Consideration of Approval of Redevelopment Contract with Legacy Crossing Development, LLC regarding 3110 & 3130 Troost Avenue (Bob Long) (Ex. 6A-6C)*

Area Description: The Longfellow-Dutch Hill Neighborhood Urban Renewal Area is an area generally bound by E. 27th Street on the north, Troost Avenue on the east, E. Linwood Boulevard on the south, and Gillham Road/Gillham Plaza on the west. The Project site consists of two properties (3110 Troost – Baker Shoes and 3130 – 3134 Troost – Helzberg) on the west side of the 3100-block of Troost Avenue.

Project Description: The applicant is Legacy Crossing Development, LLC, which is an affiliate of Clemons Real Estate.

The applicant's project is a \$3,278,984 acquisition and rehabilitation of two small commercial buildings. The Baker Shoe building, 3110 Troost Avenue, is a 19,252 sq. ft., two-story building; first floor space will be renovated for commercial use, while the second floor may be renovated for residential use, if feasible, otherwise for commercial use. The Helzberg building, 3130 – 3134 Troost Avenue, is a 10,000 sq. ft., two-story commercial building; both floors will be renovated for commercial use. The two buildings are currently vacant. The project is located near both Operation Breakthrough and Reconciliation Services.

Policy Considerations

- *What is driving the need for an incentive?*
 - The unproven market for small renovated commercial spaces within this portion of the Troost Corridor poses a significant financial risk to the developers.
- *What is unique about the location or the project?*

- These properties are located in the 3100 – block of Troost Avenue, between E. 31st Street and E. Linwood Boulevard, which could provide good exposure and good traffic counts. 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?*
 - This project conforms with the Heart of the City Area Plan by providing commercial development along the Troost Avenue corridor.
- *Why is this project good in the long term for the City?*
 - The project promotes neighborhood stabilization through the renovation of two vacant buildings for commercial use within the Troost Avenue corridor.
- *Why is this specific level of incentives being recommended?*
 - The Developer is requesting a 100%/10 - year property tax abatement due to the risks involved with this small commercial project. Staff believes that supporting commercial rehabilitation projects with property tax abatement, particularly within distressed neighborhoods, is appropriate.
- *How is this incentive different than one that might have been granted ten years ago?*
 - Historically, a developer would have either pursued 25 years of property tax abatement through the existing Troost Corridor Planned Industrial Expansion Area (PIEA), or would not have considered acquiring and renovating this property due to the high level of risk.

Financial Review

Per LCRA policy regarding URA projects adjacent to or east of Troost and located within “continuously distressed” census tracts, the project was not subject to a financial analysis by EDC staff. Staff’s review of the application revealed that without property tax abatement, the project would like achieve only a 1.70% leveraged IRR in Year 10 and, with property tax abatement, would achieve an 8.58% leveraged IRR in Year 10. Staff believes this satisfies the requirements of the Authority’s Workable Program.

Staff believes that the proposed project is in conformance with the Longfellow-Dutch Hill Neighborhood Urban Renewal Plan.

Affirmative Action Policy and MBE/WBE Participation: The applicant has already met with both Sandra Rayford of EDC staff and Dion Waldon of the City Human Relations Dept. regarding the LCRA’s MBE/WBE and construction workforce requirements.

Taxing Jurisdictions: The project was presented for review at the October 15, 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 3110 TROOST AND 3130 – 3134 TROOST COMMERCIAL PROJECT.

APPROVAL OF A REDEVELOPMENT CONTRACT WITH LEGACY CROSSING DEVELOPMENT, LLC FOR THE COMMERCIAL ACQUISITION AND RENOVATION PROJECT AT 3110 TROOST AVENUE AND 3130 – 3134 TROOST AVENUE IN THE LONGFELLOW-DUTCH HILL NEIGHBORHOOD URBAN RENEWAL AREA.

7. **Columbus Park URA – Phase II** – *Consideration of Extension to Real Estate Sale Contract* (Brian Engel) (Ex. 7A-7D)

By Resolution No. 4-3-17 dated May 31, 2017, LCRA approved: (a) an amendment to the Redevelopment Contract to facilitate the transfer of the Phase Two Property to Columbus Park Development Group 2, LLC ("Redeveloper"); (b) the transfer of the Phase Two Property to Redeveloper subject to the terms and conditions of the Real Estate Sale Contract; (c) ten (10)-year tax abatement for the Phase Two Property as specified in accordance with the Columbus Park Urban Renewal Plan and the Redevelopment Contract, as amended; (d) the Redevelopment Plan for Phase Two and establish the Plan Approval Date for Phase Two; and (e) authorized the Executive Director to reimburse the City for approximately \$292,000 to fund public infrastructure improvements within the Urban Renewal Area with proceeds from the sale of the Phase Two Property and to utilize the remaining proceeds from the sale of the Phase Two Property for payment of other public infrastructure improvement costs or eligible project costs within the Urban Renewal Area in accordance with the Redevelopment Contract.

By Resolution No. 5-4-17 dated April 26, 2017, LCRA approved and authorized execution of: (a) the Amendment to Amended and Restated Redevelopment Contract dated July 7, 2017 and recorded as Document No. 2017E0087115 ("Amendment to Redevelopment Contract"); (b) the Real Estate Sale Contract dated July 7, 2017 ("Real Estate Sale Contract") between LCRA and the Redeveloper, as amended; (c) the Assignment, Assumption and Implementation Agreement dated July 7, 2017 and recorded as Document No. 2017E0087121 ("Assignment") of the Redevelopment Contract, as amended, from Columbus Park Development Group, LLC to the Redeveloper; (d) its prior approvals as stated in Resolution No. 4-3-17; and (e) a Funding Agreement between LCRA and the Redeveloper for the purpose of providing a revenue source to fund costs, including legal fees, incurred by LCRA in connection with LCRA's performance of rights and obligations under the Redevelopment Contract, as may be further amended in the future to accommodate future phases, and the transactions contemplated thereunder, all in furtherance of the Urban Renewal Plan.

The Real Estate Sale Contract contemplates that LCRA will sell the Phase Two Property to the Redeveloper in one or more transactions. The first transaction closed on or about December 15, 2017. The Redeveloper has requested that LCRA transfer the remainder of the Phase Two Property. Under the Real Estate Sale Contract, the deadline for

completing the transfer all of the Phase Two Property was April 30, 2019. The Amendment to Real Estate Sale Contract extends the deadline to December 31, 2019.

ACTION RECOMMENDED: APPROVE SECOND AMENDMENT TO REAL ESTATE SALE CONTRACT FOR SALE OF REMAINING LCRA LAND TO COLUMBUS PARK DEVELOPMENT GROUP 2, LLC

8. **Administrative.**

- a. **Executive Director's Report** - *Active Projects Tracking System Report* (Dan Moye) (**Ex. 8A**)

ACTION RECOMMENDED: NONE; INFORMATIONAL ONLY

- b. **Affirmative Action Report** (Sandra Rayford) (**Ex. 8B**)

ACTION RECOMMENDED: NONE; INFORMATIONAL ONLY

- c. **Tax Abatements** – There were four (4) tax abatements approved in September, 2019.

URA	Address	Applicant	Category	Type
Arterra 21	2100 Wyandotte	Arterra, LLC	M/f Residential	Rehab
Longfellow Dutch Hill	2704 Charlotte	Allison Bergman	S/f Residential	Rehab
Gotham Apts.	2718 E. Linwood Blvd.	Linwood Apts., LP	M/f Residential	Rehab
Gotham Apts.	3012 E. Linwood Blvd	Linwood Apts., LP	M/f Residential	Rehab

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.*

RESUME BUSINESS SESSION

10. Adjourn.

To access the meeting by phone:
Call in number - 816-691-2102
Password - 72106