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**LAND CLEARANCE FOR REDEVELOPMENT AUTHORITY  
BOARD MEETING AGENDA**

**DATE:** April 22, 2020  
**TIME:** 9:30 a.m.  
**PLACE:** 300 Wyandotte, 2<sup>nd</sup> Floor  
Kansas City, Missouri

**VIA VIDEO CONFERENCE**

**Meeting ID: 946 6734 1453**

**To Join Online:** <https://zoom.us/j/94667341453>

**To Join by Phone:**

**1-646-876-9923**

**1-312-626-6799**

**1-346-248-7799**

1. **Roll Call.**
2. **Administrative.** - *Review and approval of Meeting Minutes for March 4, 2020 (Ex. 2)*  

*ACTION RECOMMENDED:* APPROVAL OF THE MINUTES FOR MARCH 4, 2020, AS PRESENTED
3. **Financial** - *Review and acceptance of the Financial Report for February and March, 2020 (Lee Brown) (Ex. 3)*  

*ACTION RECOMMENDED:* ACCEPTANCE OF THE FINANCIAL REPORTS FOR FEBRUARY AND MARCH, 2020 AS PRESENTED
4. **Marlborough Community Coalition URA – 8026 Paseo** – *Consideration of Approval of Redevelopment Contract with Half Napkin, LLC (Bob Long) (Ex. 4A-4C)*

**Area Description:** The Marlborough Community Coalition Urban Renewal Area is an area generally bound by E. 77<sup>th</sup> Street the on the North, Prospect Avenue on the East, E. 87<sup>th</sup> Street on the South, and Troost Avenue on the West, including all parcels that face both sides of Troost Avenue, from E. 75<sup>th</sup> Street to north and E. 89<sup>th</sup> Street on the south. The Project site consists of a single parcel, 8026 Paseo, which is the former Mama Tio’s restaurant on the west side of The Paseo.

**Project Description:** The applicant is Half Napkin, LLC, which is the owner of the property.

The applicant’s project is a \$347,000 redevelopment of the former Mama Tio’s restaurant into a mixed-use project. There will be approximately 2,300 square feet of commercial space, which will include two food truck-sized commercial kitchens to serve three small

food service businesses in an incubator-style environment. There will also be community gathering space, as well as small commercial pop-up retail spaces for neighborhood-based businesses.

### **Policy Considerations**

- ***What is driving the need for an incentive?***
  - The unproven market for commercial spaces within this portion of the Paseo Boulevard corridor poses a significant financial risk to the developers.
- ***What is unique about the location or the project?***
  - This property is located within the four-block “Marlborough Village” commercial district that once served the surrounding neighborhood residents. 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 Swope Area Plan by providing mixed-use development along the Paseo Boulevard corridor.
- ***Why is this project good in the long term for the City?***
  - The project promotes neighborhood stabilization through the rehabilitation of a deteriorated, vacant commercial building for commercial and community uses within the Paseo Boulevard 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 mixed-use redevelopment 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 creation of a Planned Industrial Expansion Area (PIEA), or would not have considered redeveloping 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 a 0.67% IRR in Year 10 and, with property tax abatement, would achieve an 2.94% IRR in Year 10 (which is still substantially below the 7 – 10% market range typical of small commercial projects). Given the level of risk due to the unproven market for new commercial space in this portion of the Paseo Boulevard corridor, staff believes this satisfies the requirements of the Authority’s Workable Program.

Staff believes that the proposed project is in conformance with the Marlborough Community Coalition Urban Renewal Plan.

**Affirmative Action Policy and MBE/WBE Participation:** The applicant has already met with both Sandra Rayford of EDC staff and Dion Lewis of the City Human Relations Dept. regarding the LCRA’s MBE/WBE and construction workforce requirements. Due to the small size of the project, it is exempt from the MBE/WBE requirements.

**Taxing Jurisdictions:** The project was presented for review at the April 10, 2020 Agency Directors meeting.

**Other government/statutory agency action:** N/A.

*ACTION RECOMMENDED:* APPROVAL OF PROPERTY TAX ABATEMENT AT 100% FOR 10 YEARS FOR THE 8026 PASEO BOULEVARD COMMERCIAL PROJECT

APPROVAL OF A REDEVELOPMENT CONTRACT WITH HALF NAPKIN, LLC FOR THE 8026 PASEO BOULEVARD COMMERCIAL PROJECT IN THE MARLBOROUGH COMMUNITY COALITION URBAN RENEWAL AREA

5. **14<sup>th</sup> & Agnes URA – 1328 Agnes/1301 Agnes & 3020 E. 14<sup>th</sup>** – *Consideration of Approval of Redevelopment Contract with Centerfield Asset Properties, LLC (Bob Long) (Ex. 5A-5C)*

**Area Description:** The 14<sup>th</sup> & Agnes Urban Renewal Area is an area generally bound by I-70 on the North, Bellefontaine Avenue on the East, E. 14<sup>th</sup> Street on the South, and Kansas Avenue on the West. The Project site consists of three parcels, 1328 Agnes Avenue, 1301 Agnes Avenue, and 3020 E, 14<sup>th</sup> Street.

**Project Description:** The applicant is Centerfield Asset Properties, LLC, which is the owner of the property.

The applicant’s project is a \$470,000 acquisition and renovation of the vacant, two – story industrial building at 1328 Agnes Avenue into affordable artist studios and related uses. Two off-street parcels to the east will provide ample parking. There is a significant demand for affordable artist studios within the community. Many of the buildings formerly occupied by artists and galleries have been converted into market-rate commercial uses or market-rate residential uses, which has created a significant shortage of studio spaces, especially young and new artists. The developer is proposing a minimal renovation that will create a number of affordable, basic studio spaces, as well as related gallery and reception spaces. While this facility is not located within neighborhoods typically considered artist-oriented, the developer feels the affordability of the studios will attract artists to the facility.

### **Policy Considerations**

- ***What is driving the need for an incentive?***
  - The unproven market for artist studio spaces within this portion of the Truman Road corridor poses a significant financial risk to the developers.

- ***What is unique about the location or the project?***
  - This property is located within an area bound by I-70, Truman Road, and Prospect Avenue, a commercial district that once served the surrounding neighborhood residents. 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 mixed-use community and industrial development along this portion of the Truman Road corridor.
- ***Why is this project good in the long term for the City?***
  - The project promotes neighborhood stabilization through the rehabilitation of a deteriorated, vacant commercial building for affordable artist studios within the Truman Road 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 the creation of affordable artist studios 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 creation of a Planned Industrial Expansion Area (PIEA), or would not have considered redeveloping 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 the developer will finance the entire project through cash equity injection, rather than seeking commercial financing. The developer’s proformas indicate that even with 100% tax abatement for ten years, the project is basically a “breakeven” operation. Staff believes the developer’s intent is to meet a need in the community, rather than financial gain. Given the level of risk due to the unproven market for new affordable artist studio spaces in this portion of the Truman Road corridor, staff believes this satisfies the requirements of the Authority’s Workable Program.

Staff believes that the proposed project is in conformance with the 14<sup>th</sup> & Agnes Urban Renewal Plan.

**Affirmative Action Policy and MBE/WBE Participation:** The applicant has already met with both Sandra Rayford of EDC staff and Dion Lewis of the City Human Relations Dept. regarding the LCRA’s MBE/WBE and construction workforce requirements. Due to the small size of the project, it is exempt from the MBE/WBE requirements.

**Taxing Jurisdictions:** The project was presented for review at the April 10, 2020 Agency Directors meeting.

**Other government/statutory agency action:** N/A.

*ACTION RECOMMENDED:* APPROVAL OF PROPERTY TAX ABATEMENT AT 100% FOR 10 YEARS FOR THE 1328 AGNES AVENUE COMMERCIAL PROJECT.

APPROVAL OF A REDEVELOPMENT CONTRACT WITH CENTERFIELD ASSET PROPERTIES, LLC FOR THE AFFORDABLE ARTIST STUDIOS PROJECT AT 1328 AGNES AVENUE IN THE 14<sup>TH</sup> & AGNES URBAN RENEWAL AREA.

6. **Central Business District URP – 1025 Grand Sale/Leaseback (Shopper’s Parkade) – Consideration of Receipt of Notice of Extension and Estoppel** (Brian Engel) (Ex. 6A-6B)

LCRA and Historic Grand, L.L.C., a Missouri limited liability company and affiliate of The Alexander Company (the “Redeveloper”), entered into the Redevelopment Contract and the Lease Agreement in 2002, as each have been amended, for the sale and lease of property located at 1025 Grand, which is the former site of the Shopper’s Parkade parking garage. Demolition of the Shopper’s Parkade was completed in 2010. To finance all or a portion of the demolition of the Shopper’s Parkade, the Redeveloper obtained a \$550,000 loan, which is secured in part with Deed of Trust granted by LCRA. A portion of the property was transferred to the City for right-of-way purposes in 2010. In 2015, the Redeveloper refinanced the loan.

LCRA continues to own the property and leases it to Redeveloper. The property is currently used as a surface parking lot for tenants of the Professional Building apartments located at 1103 Grand, which building was rehabilitated by the Redeveloper as contemplated in the Redevelopment Contract. The lease term is scheduled to expire on July 1, 2020, subject to the Redeveloper’s option to extend the term for two renewal periods of five (5) years each. On or about March 24, 2020, the Redeveloper timely notified LCRA in writing of the Redeveloper’s intent to extend the lease for a renewal term of five (5) years plus for an additional renewal term of five (5) years. The lease term will now expire in July 1, 2030, with no remaining options to extend.

In connection with the lease extension, the Redeveloper has requested that LCRA execute a Receipt of Notice of Extension and Estoppel.

*ACTION RECOMMENDED:* APPROVE RECEIPT OF NOTICE OF EXTENSION AND ESTOPPEL.

7. **Columbus Park URP – Columbus Park Development Group 2, LLC - 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 March 31, 2020, which LCRA approved in January 2020. The Redeveloper is finalizing a loan from its lender and the Fourth Amendment to Real Estate Sale Contract extends the deadline to June 1, 2020 to allow additional time to complete the closing.

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

8. **Hospital Hill II URA –25<sup>th</sup> & Tracy** – *Consideration of Approval of Sale of Lot (Parcel 1) for Residential Development (Brian Engel) (Ex. 8)*

**Area Description:** The Hospital Hill II Urban Renewal Area is an area generally bound by E. 22nd Street on the north, Paseo/Martin Luther King, Jr. Boulevard on the east, E. 27<sup>th</sup> Street on the south, and Troost Avenue on the west. The Project site consists of three residential lots on the northeast corner of E. 25<sup>th</sup> Street & Tracy Avenue.

**Project Description:** At the request of the City of Kansas City and Beacon Hill Developers, the Authority, at its April 2019 meeting, approved the issuance of a Request for

Proposals for the acquisition and redevelopment of three lots on the northeast corner of E. 25<sup>th</sup> Street & Tracy Avenue as owner-occupied single-family homes. The Authority owns these lots, but is acting as a conduit on behalf of the City and Beacon Hill Developers (the Master Developer). The RFP was issued on May 3, 2020. The Authority has sold Parcels 2 and 3 previously.

In January, 2020, the Authority approved the sale of the remaining lot, known as Parcel 1, but that contract was not executed. The Master Developer advised the Authority and the City that the approved buyer's offer was withdrawn. The City and the Authority recently received a new proposal for and the City has provided a written recommendation of approval.

*ACTION RECOMMENDED:* APPROVAL OF A SALE CONTRACT WITH MAXIMILLIAN HOWELL (OR OWNERSHIP ENTITY CONTROLLED BY HIM) FOR THE ACQUISITION AND REDEVELOPMENT OF PARCEL 1 AT E. 25<sup>TH</sup> & TRACY AVENUE IN THE HOSPITAL HILL II URBAN RENEWAL AREA

9. **Administrative.**

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

*ACTION RECOMMENDED:* NONE; INFORMATIONAL ONLY

- b. **Affirmative Action Report** (Sandra Rayford) (**Ex. 9B**)
- c. **Tax Abatements** – There were six (6) tax abatements approved in February and March, 2020.

URA	Address	Applicant	Category	Type
Longfellow/Dutch Hill	2709 Holmes	Brian Gwin & Jana Jansen	S/f Residential	New
Independence Plaza	3000 E. 6 <sup>th</sup> Street	Megan & Wayne Morgan	S/f Residential	Rehab
Manheim Park	3930 Forest	Jordan & Katie Kroeger	S/f Residential	Rehab
Oak Park	1806 E. 36 <sup>th</sup> Street	Neil Rudisill	S/f Residential	Rehab
Boulevard Heights	2503 E. 69 <sup>th</sup> Street	Legacy Asset Group, LLC	S/f Residential	Rehab
Marlborough	1416 E. 79 <sup>th</sup> Street	Atlas Acquisitions & Management, LLC	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.**