

LAND CLEARANCE FOR REDEVELOPMENT AUTHORITY

RETREAT AUGUST 28, 2020



#2 LCRA STATUTES AND POWERS

1. Declaration of Policy

[T]here exists in municipalities of the state insanitary, blighted, deteriorated and deteriorating areas which constitute a serious and growing menace injurious to the public health, safety, morals and welfare of the residents of the state.

Any assistance given by any public body in acquiring, redeveloping, rehabilitating, selling, or leasing of such areas are public uses and purposes for which public money may be expended and private property acquired.

A municipality shall afford maximum opportunity, to the extent it deems feasible and consistent with the sound needs of the municipality as a whole, to the rehabilitation or redevelopment or renewal of such areas by private enterprise.

2. Qualification of Urban Renewal Area

- a. Definition of Blight or Insanitary Area
- b. Inclusion of Vacant, Non-Blighted Land for Predominantly Residential Use

3. Creation of Authority

- a. Once a City establishes a LCRA, only the legislature can dissolve it.
- b. Authority is a part of city government (LCRA v. Waris, 790 S.W.2d 454 (Mo. banc 1990) and is therefore entitled to exemption from real estate taxes, as to rehabilitated property to which it holds legal title and leases to private owners of buildings on that property
- c. City Council must find that one or more blighted or insanitary areas exist in the community and that the redevelopment of the area is necessary in the interest of the public health, safety, morals or welfare.

4. Powers

- a. Prepare and Execute Plans
- b. Acquire Land—Construction; Conveyance
- c. Borrow Money
- d. Issue Bonds
- e. Prepare a Workable Program
- f. Property Exempt from Execution
- g. Cooperate with the City

5. Procedure for Adoption of Plans

- a. Declaration of Blight or Insanitary Area
- b. Preparation and Adoption of Plan
- c. Alternative Procedure

6. Implementation of Plans

- a. Disposition of Property
- b. Contracts

7. Tax Abatement

- a. Application
- b. Certificate of Qualification Issued by Authority
- c. Statement of Assessed Value by Assessor
- d. Timing of Abatement

99.300 -99.660 R.S.Mo., §15

#3 URA MAP



ECONOMIC DEVELOPMENT CORPORATION

City's Parcel Viewer - <https://maps.kcmo.org/apps/parcelviewer/>

Parcel Viewer - City of Kansas City

maps.kcmo.org/apps/parcelviewer/

KANSAS CITY MO

Enter Street Address

Help/Feedback

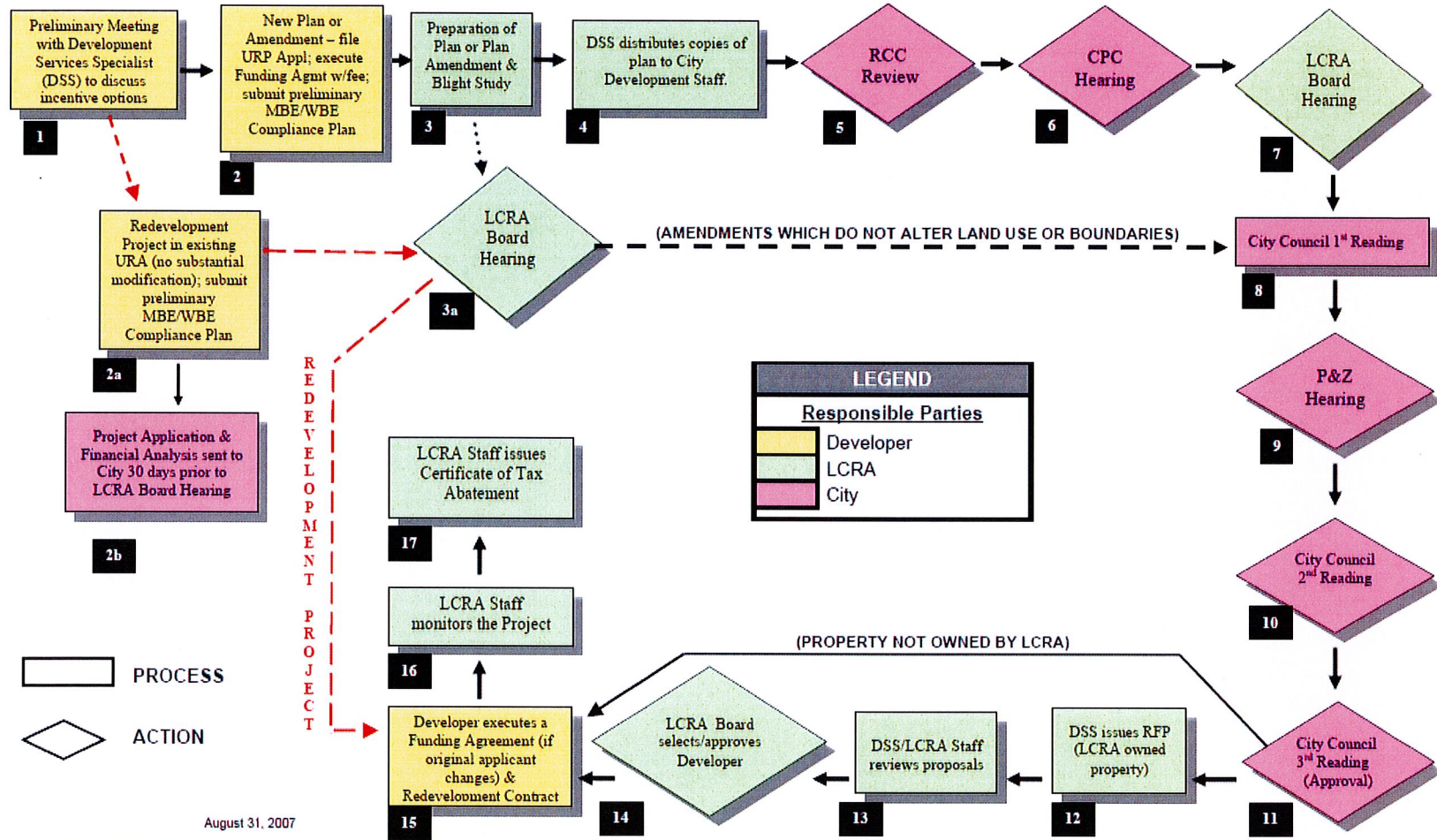
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#4 A SAMPLE PLAN/PROJECT WORKFLOW TO BETTER UNDERSTAND THE PROCESS

Flow Chart showing Urban Renewal Plan/ Amendment/ RFP Process



August 31, 2007

#5 SALES TAX EXEMPTION ON CONSTRUCTION MATERIALS AND SALE/LEASEBACK

Sales Tax Exemption on Construction Materials (STECM) and Sale/Leaseback

1. Art. III, Sec. 39, Subsection (10), MO Constitution – prohibits the legislature from imposing “a use or sales tax upon the use, purchase or acquisition of property paid for out of the funds of any county or other political subdivision”.
2. LCRA derives its exempt status as an agency of the city pursuant to the Missouri Supreme Court decision in LCRA v. Waris, 790 S.W.2d 454 (Mo. Banc 1990), and the Missouri Department of Revenue has issued a Sales Tax Exemption Letter to LCRA.
3. 144.062, RSMo – sales tax exemption on purchases of “tangible personal property and materials for the purpose of constructing, repairing or remodeling facilities”. This section also refers to “tangible personal property and materials to be incorporated into or consumed in the construction of the project.”
4. Missouri Department of Revenue Form 5060 – Project Exemption Certificate (blank). LCRA completes and issues this certificate to the Redeveloper for an approved sales tax exemption incentive project. This certificate, together with a copy of LCRA’s Sales Tax Exemption Letter, are delivered to the Redeveloper at the beginning of a project for use by contractors and subcontracts. To be eligible, purchases must be related to LCRA’s functions and activities.

Sales Tax Exemption on Construction Materials (STECM) and Sale/Leaseback (cont.)

5. Sales tax exemption provision excerpts from the form Sale/Leaseback and Redevelopment Contract, which describe sales tax exemption procedures and oversight options.
 - a. “Materials” are defined as “construction materials and supplies necessary for and incorporated into or consumed in the construction of the Project Improvements”.
 - b. Section 4.01(b)(1) - (6) sets out the procedures for payment of Materials. This language is incorporated into the construction contract between the Redeveloper and the general contractor.
 - c. Redeveloper or contractors purchase Materials as agent (or subagent) of LCRA using funds of LCRA, which include loan and bond funds. Title to Materials passes to LCRA after inspection and acceptance.
 - d. LCRA’s sales tax exemption applies only to purchases made pursuant to the Sale/Leaseback and Redevelopment Contract for the project.
 - e. LCRA makes no representation or warranty as to sales tax exemption and Redeveloper is responsible for paying sales tax if LCRA’s exempt status is reduced or eliminated or LCRA is otherwise unable to extend sales tax exemption due to: (i) change in Applicable Law; (ii) lawsuit or administrative proceeding results in determination that sales tax exemption is invalid or illegal; or (iii) some other reason.
 - f. Redeveloper indemnifies LCRA.
 - g. Bond funds are used to pay for Materials.
 - h. LCRA may cost certify internally, hire a third-party cost certifier, or rely upon lender’s construction inspector. If lender’s construction inspector is used, then the same documentation is provided to the construction lender for draws on the construction loan is used to draw down bond funds.

#6 ORDINANCE 200497

Co-sponsored by Councilwomen Parks-Shaw & Robinson

Neighborhood Planning and Development Committee meeting
presentation 8/19/20



ECONOMIC DEVELOPMENT CORPORATION

PURPOSE

- Ordinance 200497 was created to ensure equity in the application our tax incentive practices in Kansas City
- Provide the City with additional resources to address historically disinvested neighborhoods
- Multi-decade tax incentive deals redirect millions from school districts further exacerbating already strained budgets and impacting the quality of education for students.
- Responsive to residents demands to reform tax incentive structure in Kansas City

