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

**DATE:** December 9, 2020  
**TIME:** 9:30 a.m.  
**PLACE:** 300 Wyandotte, 4<sup>th</sup> Floor  
Kansas City, Missouri

**VIA VIDEO CONFERENCE**

**Meeting ID: 942 0199 8939**

**To Join Online:** <https://zoom.us/j/94201998939>

**To Join by Phone: 1-312-626-6799**

1. **Roll Call.**
2. **Administrative.** - *Review and approval of Meeting Minutes for October 28, 2020 (Ex. 2)*

*ACTION RECOMMENDED: APPROVAL OF THE MINUTES FOR AUGUST 26, 2020,  
AS PRESENTED*
3. **Financial.**
  - a. *Review and acceptance of the Financial Report for October, 2020 (Lee Brown) (Ex. 3)*

*ACTION RECOMMENDED: ACCEPTANCE OF THE FINANCIAL REPORT FOR  
OCTOBER, 2020, AS PRESENTED*
4. **Hospital Hill North URA - Landmark/TMC/LCRA** – *Consideration of Loan Refinancing and Maturity Date Extension Regarding the Medical Office Building Located at 2101 Charlotte (Brian Engel) (Ex. 4A-4E)*

In 2014, as part of a 25-year sale-leaseback transaction among LCRA, Truman Medical Center (TMC) and Hospital Hill Medical Office Building, LLC (HHMOB), LCRA obtained a construction loan (Construction Loan) to acquire and construct an approximately 90,000 square foot medical office building and a parking structure and related improvements (Project) on property located at 2101 Charlotte. HHMOB is owned by Landmark Healthcare Properties, LLC (Landmark).

TMC and HHMOB entered into a Ground Lease (Ground Lease) dated March 4, 2014, pursuant to which TMC ground leased to HHMOB the property upon which the medical office building has been constructed (Ground Leased Property). The Ground Lease further sets forth HHMOB's rights and obligations with respect to the medical office building and TMC's rights and obligations with respect to the parking structure. In addition to owning fee title to the Ground Leased Property, TMC previously owned fee title to the real

property adjacent to the Ground Leased Property upon which the parking structure was constructed (Parking Structure Property).

HHMOB assigned its rights under the Ground Lease to LCRA and LCRA and HHMOB entered into a Master Lease of the Ground Leased Property. TMC conveyed title to the remainder of the Project property to LCRA and LCRA then leased back the property to HHMOB (as to the medical office building) and to TMC (as to the parking structure). In 2015, the construction loan was replaced with a permanent loan from GE Capital, now Capital One. LCRA is the current borrower on a non-recourse basis and the loan is scheduled to mature on December 30. HHMOB and Capital One have requested LCRA approve a loan refinancing, and to approve an extension of the maturity date to January 31, 2021, to allow additional time, if needed, to complete the loan refinancing closing. The refinancing will extend the maturity date for four years, with an option to extend for one additional year.

*ACTION RECOMMENDED:* APPROVE (1) LOAN REFINANCING AND (2) EXTENSION OF LOAN MATURITY DATE TO JANUARY 31, 2021, TO ALLOW ADDITIONAL TIME, IF NEEDED, TO CLOSE THE LOAN REFINANCING, SUBJECT TO LEGAL COUNSEL REVIEW REGARDING PROJECT LOCATED AT 2101 CHARLOTTE

5. **Habitat for Humanity Scattered – Site II URA** – *Consideration of Proposed Urban Renewal Plan (Bob Long) (Ex. 5A-5B)*

**Area Description:** The proposed Habitat for Humanity Scattered – Site II Urban Renewal Area consists of forty-one (41) parcels located within the Wendell – Phillips neighborhood, south of the 18<sup>th</sup> & Vine district.

**Plan Description:** The Economic Development Corporation of Kansas City and the Land Clearance for Redevelopment Authority are presenting the Habitat for Humanity Scattered – Site II Urban Renewal Plan on behalf of Habitat for Humanity Kansas City.

The Habitat for Humanity Scattered – Site II Urban Renewal Plan is located within the Wendell – Phillips neighborhood, which is part of Kansas City’s near eastside, lying approximately 1.5 miles southeast of the Central Business District.

Habitat for Humanity, a nonprofit, housing organization was founded in 1976. Since its’ inception in 1979, Kansas City’s Habitat for Humanity has built or renovated more than 800 homes in Wyandotte, Leavenworth and Johnson Counties in Kansas, and Clay, Platte and Jackson counties in Missouri. Through volunteer labor and donations of money and materials, Habitat builds and rehabilitates houses alongside the homeowner families. In addition to a down payment and monthly mortgage payments, homeowners invest hundreds of hours of their own labor (sweat equity) into building their Habitat house and the houses of others. Habitat houses are sold to partner families at no profit and financed with affordable loans. The homeowners’ monthly mortgage payments are used to build still more Habitat houses. Habitat for Humanity Kansas City is the seventh oldest affiliate of Habitat for Humanity International and celebrated their 40<sup>th</sup> anniversary in 2019.

Habitat Kansas City continues to revitalize blighted urban neighborhoods and instill a sense of pride and hope in our inner-city communities. Habitat for Humanity of Kansas City is working closely with the City of Kansas City's Land Bank and Homesteading Authority, the Urban Neighborhood Initiative, and the Wendell – Phillips Neighborhood Association on this effort.

Single family homes are the predominant housing type remaining in the Wendell – Phillips neighborhood. The Plan's proponents seek to encourage and assist potential revitalization and stabilization of the Wendell - Phillips neighborhood. The Plan's proponents recognize that the long period of stagnation and decline has left the Wendell - Phillips neighborhood's residential housing stock with a variety of deferred maintenance problems and a significant number of vacant lots resulting from the demolition of deteriorated houses. The Authority has previously assisted Habitat for Humanity through the approval and successful implementation of the Habitat for Humanity Scattered – Site Urban Renewal Plan in 2009.

**Blight Study:** Staff believes that, as of October 2020, the proposed Habitat for Humanity Scattered – Site II 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 site visits to the plan area in October 2020 to document existing physical conditions within the Plan Area. The Plan Area consists of a variety of current and former residential land uses. A total of 41 parcels are included in the plan area. The parcels are, in general, overgrown with weeds, brush and trees, strewn with trash from illegal dumping and littering, with many also having demolition debris and failing stairs, retaining walls, and sidewalks. A majority of these parcels were acquired from the Land Bank, which took title to them when they failed to sell at auction after their property owners failed to pay their property taxes. Some parcels are unbuildable due to their small size and will need to be combined with adjacent parcels to create viable buildable lots. There are two existing single – family houses in poor condition, with deteriorated roofs, soffits and eaves, windows, and decaying porches. 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 Habitat for Humanity Scattered – Site II Urban Renewal Area of Kansas City, Missouri, in March 2020, 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 Habitat for Humanity Scattered – Site II Plan Area as thirty (30) affordable single – family homes, Habitat For Humanity believes that assistance from the Land Clearance for Redevelopment Authority (the “Authority”), consisting of real property tax abatement, will present opportunities to stabilize the Wendell – Phillips neighborhood surrounding the proposed Habitat For Humanity Scattered – Site II Urban Renewal Area by stimulating and facilitating private investment in the creation of thirty (30) affordable single – family homes.

**Affirmative Action Policy and MBE/WBE Participation:** Project proponents will be required to comply with MHDC’s MBE/WBE requirements.

**Taxing Jurisdictions:** Not Applicable.

**Other government/statutory agency action:** The City Planning Commission will consider the proposed Urban Renewal Plan at a January 2021 meeting. City Council will need to approve the Finding of Blight and the proposed Habitat for Humanity Scattered – Site II Urban Renewal Plan.

*ACTION RECOMMENDED:* APPROVAL OF THE FINDING OF BLIGHT IN THE PROPOSED HABITAT FOR HUMANITY SCATTERED – SITE II URBAN RENEWAL PLAN.

APPROVAL OF THE HABITAT FOR HUMANITY SCATTERED – SITE II URBAN RENEWAL PLAN AND FORWARDING IT TO CITY COUNCIL WITH A RECOMMENDATION OF APPROVAL.

6. **Martin City URA – Multifamily Project - 13501 Holmes Road** - *Approval of Redevelopment Contracts with Martin City Partners, LLC (Bob Long) (Ex. 6A-6C)*

**Area Description:** The Martin City Urban Renewal Area is an irregularly-shaped area generally bound by Blue Ridge Boulevard on the north, the Blue River on the east, the Union Pacific Railroad tracks on the south, and 150 Hwy. on the west. The Project site consists of a single parcel at 13501 Holmes Road and is generally located at the southeast corner of 135<sup>th</sup> Street & Holmes Road.

**Project Description:** The applicant is Martin City Partners, LLC, based in Kansas City.

The applicants’ project is a \$32.2 million redevelopment of a large vacant and contaminated parcel on the southeast corner of 135th Street & Holmes Road into a complex of eight three-story buildings with a total of 180 market-rate apartments and related amenities. The project is located within the southeast portion of the Martin City Urban Renewal Area.

A second phase of the project will include both commercial space and additional apartments. This phase will be submitted for analysis and consideration at a later date.

## **Policy Considerations**

- What is driving the need for an incentive?
  - The high cost of new construction and site remediation cannot be supported by market-rents in this area of Kansas City.
- What is unique about the location or the project?
  - The proposed multifamily project will both remediate blight and create market-rate housing within the Martin City area. This property is directly south of Jack Stack's Martin City location. This project is eligible to receive a 75% abatement since it is not 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 Martin City/Richard-Gebaur Area Plan by providing infill development. The proposed project is also in compliance with FOCUS, the City's comprehensive plan, by providing increased housing options for Kansas City residents.
- Why is this project good in the long term for the City?
  - The project creates infill development with the redevelopment of a vacant and contaminated property. The project is also projected to create immediate property tax revenues for the taxing jurisdictions since it is only eligible for 75% tax abatement.
- Why is this specific level of incentives being recommended?
  - The Developer is requesting a sales leaseback for the sales tax exemption on construction materials for the project, and a 75%/10-year property tax abatement due to the level of risk. A lower level of assistance may not be adequate to attract the private equity necessary to undertake this project.
- 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.
- What is the likely consequence of not granting an incentive (if known)?
  - It is highly unlikely that this project would not move forward without the requested assistance.

## **Financial Analysis**

The project was subject to a financial analysis by SB Friedman (SBF). SBF cited a market range of yields on cost for similar projects of 6.0% - 7.0% and an Unleveraged IRR range of 7.0 – 8.0%. Without assistance, the project would achieve a Yield on Cost of 5.3% and an unleveraged IRR of 5.0%. With the sales tax exemption on construction materials and 10 year/75% property tax abatement, the project would achieve a yield on cost of 6.3% and an unleveraged IRR of 6.1%. Staff believes this satisfies the requirements of the Authority's Workable Program.

Staff believes that the proposed project is in conformance with the Martin City Urban Renewal Plan.

**Affirmative Action Policy and MBE/WBE Participation:** The proponent has discussed the project with HRD and is working towards setting goals for the project prior to commencement.

**Taxing Jurisdictions:** The proposed project was reviewed during the November 6th Agency Directors meeting.

**Other government/statutory agency action:** None required.

*ACTION RECOMMENDED:* SELECT MARTIN CITY PARTNERS, LLC (OR AN AFFILIATE) AS REDEVELOPER OF THE MULTIFAMILY PROJECT AT 13501 HOLMES ROAD WITHIN MARTIN CITY URBAN RENEWAL AREA.

APPROVAL OF A SALES TAX EXEMPTION ON CONSTRUCTION MATERIALS AND PROPERTY TAX ABATEMENT AT 75% FOR 10 YEARS FOR THE MULTIFAMILY PROJECT AT 13501 HOLMES ROAD.

AUTHORIZATION FOR STAFF AND LEGAL COUNSEL TO PREPARE THE NECESSARY SALE/LEASEBACK DOCUMENTS WITH MARTIN CITY PARTNERS, LLC (OR AN AFFILIATE) FOR THE MULTIFAMILY PROJECT AT 13501 HOLMES ROAD IN THE MARTIN CITY URBAN RENEWAL AREA.

APPROVAL OF CONFLICT OF INTEREST WAIVER FOR ROUSE FRETS WHITE GOSS

7. **E. 23<sup>rd</sup> Street Urban Renewal Area – 1600 Jackson** – *Consideration of Building Inspection Reports and Issuance of Notice of Default (Dan Moye) (Ex. 7A-7B)*

LCRA originally entered into a Sale/Leaseback and Redevelopment Contract with Agent Kensington, LLC in 2003 for the acquisition and rehabilitation of the Kensington Heights apartment tower, located at 1600 Jackson Avenue in the E. 23<sup>rd</sup> Street URA, as affordable housing. On July 27, 2016, LCRA approved the selection of Kensington Heights MO, LLC as the successor Redeveloper for the 126 – unit Kensington Heights apartment Tower, now known as Gabriel Tower, for continued use as affordable housing. Millenia Housing controls Kensington Heights MO, LLC. An affiliated entity, Millennia Housing Management, Ltd. serves as the management company for this property.

A building inspection occurred on November 19, 2020. The inspection team included, among others, New Horizons, LLC (selected by LCRA to perform a mold sampling assessment), Healthy Home inspectors from the City Health Department, property manager representatives, and tenant representatives. Copies of the mold assessment report and the city’s inspection report are included in the board packet.

**ACTION RECOMMENDED:** DECLARE A DEFAULT UNDER THE REDEVELOPMENT CONTRACT AND THE LEASE AGREEMENT AND AUTHORIZE THE ISSUANCE OF A NOTICE OF DEFAULT TO KENSINGTON HEIGHTS MO, LLC FOR THE GABRIEL TOWER PROJECT AT 1600 JACKSON AVENUE IN THE E. 23<sup>RD</sup> STREET URBAN RENEWAL AREA.

8. **Administrative.**

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

- Prevailing Wage

**ACTION RECOMMENDED:** NONE; INFORMATIONAL ONLY

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

**ACTION RECOMMENDED:** NONE; INFORMATIONAL ONLY

c. **Tax Abatements** – There were sixteen (16) tax abatements approved in October and November, 2020.

URA	Address	Applicant	Category	Type
Columbus Park	555 Harrison	Samuel & Jill De Jong	S/f Residential	New
Columbus Park	542 Campbell	Mary Fasone	S/f Residential	Rehab
Garfield	313 Olive	Lion's Head, LLC	S/f Residential	Rehab
Garfield	407 Brooklyn	Tim and Merrie Ford	S/f Residential	Rehab
Garfield	309 Montgall	Montgall, LLC	S/f Residential	Rehab
Hospital Hill II	2609 Charlotte	William Capotosto & Rita Witt	S/f Residential	Rehab
Hospital Hill II	2532 Charlotte	Harshavardhan & Nila Tripathi	S/f Residential	Rehab
Hospital Hill II	2544 Charlotte	Michael Williams	S/f Residential	Rehab
Independence Plaza	2114-2116 E. 10th	Lion's Head, LLC	S/f Residential	Rehab
Indian Mound-Lykins	121 Lawn	Jessie & Christine Yeagle	S/f Residential	Rehab
Longfellow Dutch Hill	2914 Campbell	Amelia Freeberg	S/f Residential	Rehab
Oak Park	4009 Benton Blvd.	Karen Reilly	S/f Residential	Rehab
Manheim Park	4030 Forest	Clear Mind Design, LLC	S/f Residential	New
Marlborough CC	1410 E. 79th	Joseph Hartwig & Rebecca McQuillen	S/f Residential	Rehab
Troost Paseo	4436 Troost	Ernest Wedoff	S/f Residential	Rehab
Troost Paseo	4406 Tracy	Kemet Coleman & Lauren Euston	S/f Residential	New

**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.**