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

DATE: March 24, 2021
TIME: 9:30 a.m.
PLACE: 300 Wyandotte, 4th Floor
Kansas City, Missouri

VIA VIDEO CONFERENCE

Meeting ID: 957 0338 1499

Passcode: 720325

To Join Online: <https://zoom.us/j/95703381499>

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

1. **Roll Call.**
2. **Administrative** - *Review and approval of Meeting Minutes for February 24, 2021 (Ex. 2)*

ACTION RECOMMENDED: APPROVAL OF THE MINUTES FOR FEBRUARY 24, 2021, AS PRESENTED
3. **Financial** - *Review and acceptance of the Financial Reports for February, 2021 (Lee Brown) (Ex. 3)*

ACTION RECOMMENDED: ACCEPTANCE OF THE FINANCIAL REPORT FOR FEBRUARY, 2021, AS PRESENTED
4. **E. 23rd Street Urban Renewal Area – 1600 Jackson** – *Project Status Update (Dan Moye/Brian Engel)*

ACTION RECOMMENDED: NONE; INFORMATIONAL ONLY
5. **Blue Parkway Towne Center URA – The Cleveland duplexes** - *Consideration of Approval of Redevelopment and Sale/Leaseback Contract with RCG II, LLC (Bob Long) (Ex. 5A-5D)*

Area Description: The Blue Parkway Towne Center Urban Renewal Area generally consists of the area in the southeast quadrant of Blue Parkway & Cleveland Avenue. The project site is specifically located within the area bound by E. 51st Street on the north, Mersington Avenue and the east property lines of the parcels on the east side of Mersington Avenue between E. 52nd Street on the east, E. 53rd Street on the south, and Cleveland Avenue on the west. The project site is within the north-central portion of City Council's 5th District.

Project Description: The applicant is RCG II, LLC, a single-purpose real estate entity affiliated with Community Builders of Kansas City, Inc., a local nonprofit development corporation. Community Builders has extensive experience with affordable housing development.

The applicants' project is a \$12.6 million renovation of 40 duplexes, with 80 total units, in the Mount Cleveland neighborhood. All 80 units will be reserved for households at or below 60% of Area Median Income (AMI). Eighteen (18) units are reserved for public housing residents through the Housing Authority of Kansas City. The Horizon Housing Foundation will provide services for the residents. MHDC has allocated 4% Low-Income Housing Tax Credits to this project, as well as providing project financing. The Housing Authority of Kansas City has also allocated financing for this project.

Policy Considerations

- What is driving the need for an incentive?
 - Affordable housing projects cannot support the payment of full real estate property taxes due to the restricted cash flows they produce.
- What is unique about the location or the project?
 - The 80 – unit project will continue to provide affordable housing for low-income families. 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. The Cleveland duplexes are also near the grocery store in the Blue Parkway shopping center.
- How does this project fit into the City’s economic development strategy?
 - The project conforms with the Swope Area Plan by maintaining a variety of housing options to a diverse range of residents. The proposed project is also in compliance with FOCUS, the City’s comprehensive plan, by maintain the supply of affordable housing options.
- Why is this project good in the long term for the City?
 - The project. maintains the supply of affordable housing intended for low-income families in a “continuously distressed” census tract.
- Why is this specific level of incentives being recommended?
 - The Developer is requesting a 20 – year/100% property tax abatement due to the reduced cash flows experienced by affordable housing projects. The 20 – year term will require a sale/leaseback. Staff believes that supporting affordable housing projects with property tax abatement, particularly during the 15 – or 30 – year affordability compliance period, is appropriate.
- 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 through either a Chap. 353 Plan or a Planned Industrial Expansion Area (PIEA).
- What is the likely consequence of not granting an incentive (if known)?
 - It seems unlikely that this project would move forward without the requested assistance.

Financial Review

Per LCRA policy regarding affordable housing projects, the project was subject to a financial review by EDC staff. Staff’s review revealed that the developer already has a 4% low-income housing tax credit allocation and debt financing in-place. Staff believes this satisfies the requirements of the Authority’s Workable Program.

Staff believes that the proposed project is in conformance with the Blue Parkway Towne Center Urban Renewal Plan.

Affirmative Action Policy and MBE/WBE Participation: The proponent will be subject to MHDC’s MBE/WBE participation goals and has discussed the reporting process with HRD.

Taxing Jurisdictions: The project was presented for review at the March 16, 2021 Agency Directors meeting.

Other government/statutory agency action: None required.

ACTION RECOMMENDED: APPROVAL OF PROPERTY TAX ABATEMENT AT 100% FOR 20 YEARS AND A SALES TAX EXEMPTION ON CONSTRUCTION MATERIALS FOR THE CLEVELAND AFFORDABLE DUPLEXES HOUSING PROJECT.

AUTHORIZATION FOR PREPARATION OF A REDEVELOPMENT AND SALE/LEASEBACK CONTRACT WITH RCG II, LLC FOR THE CLEVELAND AFFORDABLE DUPLEXES HOUSING PROJECT IN THE BLUE PARKWAY TOWNE CENTER URBAN RENEWAL AREA.

6. **Hospital Hill II URA – 27 + Troost** – *Consideration of Approval of Redevelopment and Sale/Leaseback Contract with Emunah Partners, LLC (Bob Long) (Ex. 6A-6B)*

Area Description: The Hospital Hill II Urban Renewal Area generally consists of an area generally bound by E. 22nd Street on the north, 71 Hwy/Bruce R. Watkins on the east, E. 27th Street on the south (including, however, the parcels on the southeast and southwest corners of E. 27th Street & Troost Avenue), and Cherry/E. 25th/Charlotte Streets on the west. The project site specifically consists of only the parcels on the southeast and southwest corners of E. 27th Street & Troost Avenue. The project site is within the northwest portion of City Council’s 3rd District.

Project Description: The applicant is Emunah Partners, LLC, a real estate entity affiliated with Exact Partners, a local developer. Exact Partners has extensive experience with multifamily and mixed-use projects, including Wonder Lofts at 30th & Troost, the Acme3Two apartments and studios at Linwood and Gillham, and the Netherland (formerly known as the Hawthorn) and Monarch Buildings at 39th & Main.

The applicants' project is a result of the RFP issued by the Authority, in conjunction with the City and Beacon Hill Developers. The applicant is proposing a \$6.8 million redevelopment that will create two, three-story apartment buildings with twenty-six (26) apartments each, with one on the southeast corner of E. 27th & Troost, and the other on the southwest corner. Each building will have fifteen (15) studio/one bath units and eleven (11) one-bedroom/one bath units. Rents for the studio/one bath units will average \$872/month, and rents for the one-bedroom/one bath units will average \$979/month. Each building will feature a third-floor rooftop patio and lounge. Off-street surface parking will be provided behind each building.

Policy Considerations

- What is driving the need for an incentive?
 - Environmental remediation costs are a factor, as is the relatively small parcels sizes, which eliminates some economies of scale available to larger projects.
- What is unique about the location or the project?
 - The project sites are highly visible, located on major bus routes, and conveniently located near Children's Mercy, Truman Medical Center, UMKC's Schools of Dentistry and Nursing, and Crown Center.
- How does this project fit into the City's economic development strategy?
 - The project conforms with the Greater Downtown Area Plan by maintaining a variety of housing options to a diverse range of residents. The proposed project is also in compliance with FOCUS, the City's comprehensive plan, by maintain the supply of affordable housing options.
- Why is this project good in the long term for the City?
 - The project increases the supply of housing in a "continuously distressed" census tract and removes blight by redeveloping these vacant parcels
- Why is this specific level of incentives being recommended?
 - The Developer is requesting a 100%/10 - year property tax abatement due to the inability to achieve the same market rents as projects in the Crossroads, despite having similar construction costs.
- 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 through the existing Beacon Hill Chap. 353 Plan.
- What is the likely consequence of not granting an incentive (if known)?
 - It seems unlikely that this project would move forward without the requested assistance.

Financial Review

Per LCRA policy regarding urban Renewal area projects that are directly adjacent to or east of Troost Avenue and also located within a "continuously distressed" census tract, a financial analysis of the project was not required. Staff's review revealed that the

developer already has a debt financing and equity commitments in-place. Staff believes this satisfies the requirements of the Authority's Workable Program.

Staff believes that the proposed project is in conformance with the Hospital Hill II Urban Renewal Plan.

Affirmative Action Policy and MBE/WBE Participation: The proponent will be subject to LCRA's MBE/WBE participation goals.

Taxing Jurisdictions: The project was presented for review at the March 16, 2021 Agency Directors meeting.

Other government/statutory agency action: None required.

ACTION RECOMMENDED: APPROVAL OF PROPERTY TAX ABATEMENT AT 100% FOR 10 YEARS AND A SALES TAX EXEMPTION ON CONSTRUCTION MATERIALS FOR 27 + TROOST PROJECT.

AUTHORIZATION FOR PREPARATION OF A REDEVELOPMENT AND SALE/LEASEBACK CONTRACT WITH EMUNAH PARTNERS, LLC FOR THE 27 + TROOST PROJECT IN THE HOSPITAL HILL II URBAN RENEWAL AREA.

7. **29 Belle URA** – *Consideration of Proposed Urban Renewal Plan (Bob Long) (Ex. 7)*

Area Description: The proposed 29 Belle Urban Renewal Area consists of one (1) parcel located within the southern portion of the Westside neighborhood.

Plan Description: Remez Partners, LLC, a real estate entity affiliated with Exact Partners, is the proponent of this proposed Urban Renewal Plan.

The 29 Belle Urban Renewal Plan is located within the southern portion of the Westside neighborhood, lying approximately 2.5 miles southwest of the Central Business District.

Kansas City's Westside neighborhood was traditionally bound by I-670 on the north, Broadway Boulevard/Southwest Trafficway on the east, W. 31st Street on the south, and the Kansas/Missouri state line on the west. The Westside developed as waves of immigrants arrived in Kansas City, but is now most commonly identified as a Hispanic neighborhood. The construction of I-35 decades ago severely disrupted the Westside and cut-off the southern portion of the Westside, but the southern portion still closely identifies as part of the Westside. Single family homes are the predominant housing type in the southern portion of the Westside neighborhood, although there are numerous examples of duplexes and other forms of multifamily residential uses. There is a smattering of both commercial and light industrial buildings and uses throughout the southern portion of the Westside neighborhood. There are also a significant number of vacant parcels, many of which appear to be blighted.

The Plan’s proponents seek to remove blight and modestly increase housing density in this southern portion of the Westside neighborhood by redeveloping the vacant and blighted parcel on the southeast corner of W. 29th Street & Belleview Avenue. The Plan’s proponent has been working closely with the Hispanic Economic Development Corporation to promote and develop this project.

Blight Study: Staff believes that, as of March 2021, the proposed 29 Belle 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 March 2021 to document existing physical conditions within the Plan Area. The Plan Area consists of a single parcel on the southeast corner of W. 29th Street & Belleview Avenue. The parcel exhibits “insanitary or unsafe conditions” in the form of overgrown weeds, brush and trees, garbage, illegal dumping and littering. “Deterioration site improvements” is shown by the broken sidewalk along W. 29th Street and the lack of curb-and-gutter along Belleview Avenue. “Defective or inadequate street layout” is present in the lack of sidewalks along Belleview Avenue. The parcel is also unsecured and unposted to prevent trespassing, which constitutes a “menace to public health, safety, morals or welfare in its present condition and use.” These physical and economic 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 29 Belle Urban Renewal Area of Kansas City, Missouri, in March 2021, 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 29 Belle Plan Area as nine three – bedroom townhouses, Remez Partners, LLC believes that assistance from the Land Clearance for Redevelopment Authority (the “Authority”), consisting of real property tax abatement, will present opportunities to stabilize the southern portion of the Westside neighborhood by stimulating and facilitating private investment in the creation of nine (9) three – bedroom townhouses.

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 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 29 Belle Urban Renewal Plan.

ACTION RECOMMENDED: APPROVAL OF THE FINDING OF BLIGHT IN THE PROPOSED 29 BELLE URBAN RENEWAL PLAN.

APPROVAL OF THE 29 BELLE URBAN RENEWAL PLAN AND FORWARDING IT TO CITY COUNCIL WITH A RECOMMENDATION OF APPROVAL.

8. **Administrative.**

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

ACTION RECOMMENDED: NONE; INFORMATIONAL ONLY

- b. **Administrative** - *Discussion regarding requirement for prevailing wage on projects approved for tax incentives. Informational only* (Dan Moye)

ACTION RECOMMENDED: NONE; INFORMATIONAL ONLY

- c. **Tax Abatements** – There were four (4) tax abatements approved in February, 2021.

| URA | Address | Applicant | Category | Type |
|----------------|--------------------------|----------------------|-----------------|-------------|
| Marlborough CC | 1607 E. 79 th | Reward House, Inc. | S/f Residential | Rehab |
| Marlborough CC | 8024 Wabash | Sarah Carter | S/f Residential | Rehab |
| Oak Park | 3718 Highland | Habitat for Humanity | S/f Residential | New |
| Oak Park | 3722 Highland | Habitat for Humanity | 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.**