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

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

VIA VIDEO CONFERENCE

1. **Roll Call.**

Present: Rob Gardner
Melissa Hazley
Tammy Henderson

Absent: Andrea Bough

Staff: Dan Moye, LCRA
Susan Tumey, LCRA
Andy Adkins
Lee Brown, EDC
Aaron Knight, EDC
Bob Long, EDC
T'Risa McCord, EDC
Sandra Rayford, EDC

LCRA Legal Counsel: Brian Engel, Rouse Frets

Guests: Allison Bergman, Community Builders
Jan Bolin, Kansas City Public Library
Tiana Caldwell, Gabriel Tower
Ron Clark, KC Tenants
Gary Dewey
Joey Flickner, IUPAT DC3
Sharon Hesterberg, Community Builders
Mike Hughes, TSI Engineering
Roxsen Koch, Polsinelli

Daniel Leon
Dion Lewis, City of Kansas City
Bob Mayer, M R Capital Advisors
Ashley McAlmond, Polsinelli
Ron McMillian, Gabriel Tower
Emmett Pierson, Community Builders
Kathleen Pointer
Elizabeth Schultz, Community Builders
Wilson Vance, KC Tenants
Steve Vockrodt, Kansas City Star

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

ACTION TAKEN: APPROVED THE MINUTES FOR FEBRUARY 24, 2021, AS PRESENTED. MOTION MADE BY MS. HENDERSON, SECONDED BY MS. HAZLEY, AND CARRIED UNANIMOUSLY.

3. **Financial** - *Review and acceptance of the Financial Reports for February, 2021* (Lee Brown)
(Ex. 3)

Mr. Brown advised that there were no anomalies in this month's financials. He noted that the accounts payable had been reduced 20% from January. He also re-emphasized that the large liability for the downtown Loew's Hotel project would be seen as a loss write-off amortization for the next 20 years.

ACTION TAKEN: ACCEPTED THE FINANCIAL REPORT FOR FEBRUARY, 2021, AS PRESENTED. MOTION MADE BY MS. HAZLEY, SECONDED BY MS. HENDERSON, AND CARRIED UNANIMOUSLY.

4. **E. 23rd Street Urban Renewal Area – 1600 Jackson** – *Project Status Update* (Dan Moye/Brian Engel)

➤ **Supplemental Agreement**

- Staff and developer plan to present agreement for Board approval next month (*Engel*)
- Purpose of agreement is for developer to refinance the property to undertake a major rehabilitation (*Engel*)
 - Rehab project details such as a detailed scope of work and the budget and timeline for the refinance still need to be incorporated into Agreement (*Engel*)
 - Developer and the LCRA are also still negotiating the timing of the transfer of title to the developer, which will determine its tax status (*Engel*)
- Developer's payment to New Horizons
 - LCRA was unaware that developer had paid New Horizons for its report as its payment was not routed through the LCRA (*Moye*)
 - Developer advised the LCRA via e-mail about February 25, 2021 that it had paid New Horizons directly (*Koch*)
- Developer's entry into the Supplemental Agreement is not a condition of curing any default finding (*Engel/Koch*)
 - Purpose of agreement is to define what the ultimate goal is for the project and for developer to implement a refinance to rehab the property and to accept title to the property (*Engel*)

➤ **Default Notice**

- According to the developer, developer's lender has frozen its reserve account as a result of LCRA's issuance of the default notice (*Engel*)
- Developer has suffered irreparable harm by LCRA's continuing to hold the developer in default when all such matters were cured earlier this year (*Koch*)
 - Tenants are also being harmed by developer's inability to proceed with rehab work on the property (*Koch*)
 - Healthy Homes' re-inspection confirmed that all items listed in the default letter were cleared (*Koch*)

- LCRA has failed to diligently follow-up and identify any default items which remain outstanding (*Koch*)
 - Developer had asked that LCRA and New Horizons re-inspect the property to verify that the mold work had been completed (*Koch*)

➤ **Healthy Homes Report**

- Developer seeks acknowledgment by LCRA that the items cited in the Healthy Homes report as the basis for the default notice have been cured (*Engel/Koch*)
 - Developer's request is reasonable as long as Healthy Homes confirms that the items were successfully completed (*Engel*)
 - LCRA should specifically identify any items which it believes remain uncured (*Koch*)
 - New Horizons assertions may be more difficult to verify as it can be harder to get a more definitive answer as to whether mold has been remediated (*Engel*)
- Third-party inspection should be conducted to confirm developer's curing of the defaults as tenants allege that they have not been remediated (*Hazley*)
 - Tenants have proof that Millennia's remediation of items cited by Healthy Homes and/or New Horizons was insufficient (*Vance*)
 - Healthy Homes is an objective third-party that confirmed it had inspected the items identified by the LCRA as causing the default and that those items had been cured (*Koch*)
 - Important for LCRA to rely on Healthy Homes and New Horizons reports as they were part of the basis of the default finding (*Engel*)
 - Healthy Homes is qualified to inspect property (*Moye*)
- Capital Needs Assessment Report
 - Comprehensive, unit by unit, inspection of the property, which will form the basis of the rehab project, has been submitted by developer to HUD for its review (*Engel*)
 - Capital needs assessment report is slightly different than the unit-by-unit codes inspection (*Moye*)
 - Staff will provide a copy of the report to Ms. Vance (*Moye*)

➤ **Board directed staff to:**

- Determine if any other agency or entity can perform a third-party inspection
- Contact Healthy Homes to determine if they can provide a comprehensive update and explain their methodology at the April Board meeting

ACTION TAKEN: 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)*

➤ **Project Overview**

- Developer will pay a modest PILOT calculated on the base taxes, which will increase yearly (*Long*)

- Developer will benefit from the increase in value of improvements once they are completed (*Engel*)
- Staff reviewed developer's financials, per policy, and determined that it was in compliance with MHDC guidelines (*Long*)
 - Affordable housing projects make little, if any, profit, and is a very difficult business to be in (*Pierson*)
- 20-year sale/leaseback will allow the developer to adjust after the 15-year compliance period for LIHTC (*Long*)

➤ **Developer Presentation**

- Project formerly known as Mount Cleveland Heights & Townhomes (*Pierson*)
 - One of developer's earliest projects, begun in 1997 (*Pierson*)
- Duplexes are 3-bedroom, with garages, and are affordable to 30%, 60%, and 80% AMI (*Pierson*)
 - Rent for one unit will be \$520, most will be \$789 to \$800, and 8 will be market rate at \$928 to \$941 (*Moye/Hesterberg*)
 - HUD determines AMI levels while MHDC performs additional calculations to ensure units aren't rented to anyone over income limits (*Hazley/Pierson*)
- MHDC awarded \$700,000 HOME funds to the project (*Hesterberg*)
- Horizon Housing Foundation will offer employment, housing, and health services to the residents (*Hesterberg*)
- Beta Lambda Educational Institute will also work with students on the property (*Hesterberg*)
- Swope Health Services will conduct wellness checks and provide other educational segments for residents (*Hesterberg*)
- Total development costs of \$12.6 Million are financed by tax credit equity, state and federal LIHTC, an MHDC loan, and HOME funds (*Hesterberg*)
- Tax abatement will ensure stability and allow the property to meet its financial obligations and sustain its residential services (*Hesterberg*)
 - LCRA will have to own the property for the length of the sale/leaseback in order to provide abatement for more than 10 years (*Engel*)
 - As the project receives tax credits, its investors and lenders were required to approve LCRA's ownership (*Bergman*)
- Federal relocation guidelines will be followed as the Cleveland is currently 90% occupied (*Hesterberg*)
- Closing is targeted for June or July, 2021 with the construction timeline estimated to be 12 to 14 months (*Hesterberg*)
- New leasing office clubhouse will include community space for residents, an exercise room, and 3 shared computer workstations with internet access (*Schultz*)
- Neighborhood development includes 6 single-family homes using CDBG funding and the Chick School into affordable housing in the next couple of years (*Schultz*)

ACTION TAKEN: APPROVED PROPERTY TAX ABATEMENT AT 100% FOR 20 YEARS AND A SALES TAX EXEMPTION ON CONSTRUCTION MATERIALS AND AUTHORIZED PREPARATION OF A REDEVELOPMENT AND SALE/LEASEBACK CONTRACT AND BOND DOCUMENTS WITH RCG II, LLC FOR THE CLEVELAND AFFORDABLE DUPLEXES HOUSING PROJECT IN THE BLUE PARKWAY TOWNE CENTER URBAN RENEWAL AREA. MOTION MADE BY MS. HENDERSON, SECONDED BY MS. HAZLEY, AND CARRIED UNANIMOUSLY. (RES. NO. 3-1-21)

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)*

➤ **Project Overview**

- \$6.7 Million affordable market rate project will entail a 26-unit building on each corner (*Long*)
 - Rent for a studio will be \$872 and \$979 for a one-bedroom (*Mayer*)
- Financial analysis is not required, per LCRA policy (*Long*)
 - \$6.7 Million total development costs are comprised of a \$4.3 Million mortgage and \$2.3 Million equity (*Mayer*)
- Emunah purchased the troubled project late last year (*Mayer*)
 - Original developer did not perform and building was ultimately demolished by the City (*Mayer*)
- Neighborhood associations support the project, as their major concern was that a bar or restaurant not be developed on the southeast corner (*Mayer*)
- Taxing jurisdictions also had no objection to the project (*Moye*)
 - Developer and the school district are still working out the details of an apprenticeship program for students interested in design or architecture (*Hazley/Mayer*)

➤ **Tax Abatement**

- Developer has requested a 10-year abatement with STECM, which will require a short-term sale/leaseback (*Long*)
 - Developer chose not to seek a 25-year abatement, although the project was also located within the Beacon Hill 353 area (*Long*)
- Developer will pay an annual PILOT, to increase 1.5% annually (*Long*)

ACTION TAKEN: APPROVED PROPERTY TAX ABATEMENT AT 100% FOR 10 YEARS AND A SALES TAX EXEMPTION ON CONSTRUCTION MATERIALS FOR 27 + TROOST PROJECT AND AUTHORIZED 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. MOTION MADE BY MS. HENDERSON, SECONDED BY MS. HAZLEY, AND CARRIED UNANIMOUSLY. (RES. NO. 3-2-21)

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

➤ **Project Overview**

- Insanitary and unsafe conditions include overgrown weeds and brush, garbage and illegal dumping, and deterioration of sidewalks (*Long*)
- Property has been vacant for several years following the demolition of deteriorated houses on the site (*Long*)
- Developer will submit an application at a later date for specific project approval (*Long*)
- Developer is working closely with the Hispanic EDC in the design of the project to maintain continuity with the neighborhood (*Hazley/Mayer*)
- Two-story two-bedroom units will be about 1,000 square feet with rents at \$1,000 (*Hazley/Mayer*)
 - Developer is discussing the use of HOME funds with HEDFC so the units can be purchased by lower income residents (*Mayer*)
 - Ultimate intent is to sell the units to the community (*Mayer*)
- City Planning Commission (CPC)
 - Project will be considered for approval by the CPC in May, 2021 (*Mayer*)
 - Project had previously applied to the CPC for approval but was directed to obtain LCRA's approval as an urban renewal area prior to the City's consideration (*Henderson/Mayer*)
- Developer has not yet discussed the project with the Kansas City School District, as the project of 9 townhomes was fairly small (*Henderson/Mayer*)
 - A possible internship program with the HEDC may also be developed (*Mayer*)
- Incorporating green infrastructure into the project could be problematic due to the tight nature of the project (*Clark/Mayer*)
 - Project will cure blight at its site and could spur other green opportunities around the area (*Mayer*)

ACTION TAKEN: APPROVED THE FINDING OF BLIGHT IN THE PROPOSED 29 BELLE URBAN RENEWAL PLAN. MOTION MADE BY MS. HAZLEY, SECONDED BY MS. HENDERSON, AND CARRIED UNANIMOUSLY.

APPROVED THE 29 BELLE URBAN RENEWAL PLAN AND FORWARDING IT TO CITY COUNCIL WITH A RECOMMENDATION OF APPROVAL. MOTION MADE BY MS. HAZLEY, SECONDED BY MS. HENDERSON, AND CARRIED UNANIMOUSLY.

(RES. NO. 3-3-21)

8. **Administrative.**

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

ACTION TAKEN: NONE; INFORMATIONAL ONLY

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

- City Council passed an ordinance requiring prevailing wage on any development project application received after May 1, 2021
- City Council also approved an incentive cap ordinance limiting tax incentives to 15 years and lowering the cap to 70%
- City Council continues to consider an affordable housing ordinance, requiring all market rate projects to set aside 20% of its units for affordable housing
 - 10% of the affordable units would be allocated to 70% AMI and the other 10% to 30% AMI

ACTION TAKEN: NONE; INFORMATIONAL ONLY

Mr. Moye advised that the City's Human Relations Department had not provided an Affirmative Action report this month as they continued to work on other high priority items.

Mr. Gardner confirmed with Mr. Engel that an Executive Session was not necessary at this month's Board meeting. Mr. Engel noted that an executive session may be required next month.

9. **Adjourn.**

There being no further business, the meeting was adjourned at approximately 11:20 a.m.

Daniel Moye, Secretary