

**LAND CLEARANCE FOR REDEVELOPMENT AUTHORITY BOARD
VIDEO-CONFERENCE MEETING**

DATE: May 26, 2021
TIME: 9:30 a.m.
PLACE: 300 Wyandotte, 4th Floor
Kansas City, Missouri

AGENDA

Videoconference: <https://zoom.us/j/91871708861>
Meeting ID: 918 7170 8861
Passcode: 431545
Teleconference: 1-312-626-6799

1. **Roll Call.**
2. **Administrative** - *Review and approval of Meeting Minutes for April 28, 2021 and May 10, 2021 (Ex. 2A - 2B)*

ACTION RECOMMENDED: APPROVAL OF THE MINUTES FOR APRIL 28, 2021
AND MAY 10, 2021, AS PRESENTED

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

ACTION RECOMMENDED: ACCEPTANCE OF THE FINANCIAL REPORT FOR
APRIL, 2021, AS PRESENTED

4. **Hospital Hill II URA – 27th & Troost** – *Project Status Update (Bob Long/Brian Engel)*

LCRA approved a multi-family project at 27th and Troost. The developer has re-submitted its application in response to a request for redevelopment project proposals notice published by LCRA.

ACTION RECOMMENDED: RATIFY, APPROVE AND CONFIRM: (1) PROPERTY TAX ABATEMENT AT 100% FOR 10 YEARS AND A SALES TAX EXEMPTION ON CONSTRUCTION MATERIALS FOR 27 + TROOST PROJECT; AND (2) 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.

5. **Martin City Neighborhood URA – Tilden Station Multifamily Project** – *Consideration of Approval of Redevelopment and Sale/Leaseback Contract with Revive Capital Development, LLC (Dan Moye) (Ex. 5A-5C)*

Area Description: The project area is generally bounded by 135th Street on the north, Union Pacific railroad on the east and south, and Wyandotte Street on the west.

Project Description: The applicant is Revive Capital Development, LLC.

The applicants' project is the \$30 million construction of 211 new workforce housing apartments and related improvements on the south side of 135th Street in Martin City. This project will provide for new multifamily residences in an area that has not seen new construction multifamily in over a decade. Rents will be targeted to a level that serves workers at the I-49 Logistics Center as well as other workforce needs.

Policy Considerations

- What is driving the need for an incentive?
 - The unproven market of residential development in Martin City makes achieving financing as well as keeping rent rates affordable difficult. Tax abatement will allow for better financing and stable rent rates.
- What is unique about the location or the project?
 - Martin City has not seen new residential development in over a decade and this project will also bring naturally occurring affordable housing at approximately 80% of AMI.
- How does this project fit into the City's economic development strategy?
 - This project will promote investment into Martin City by increasing residential density and will also provide housing below 100% AMI.
- Why is this project good in the long term for the City?
 - Adding new residents into Martin City will help to promote the commercial efforts and CID of the community.
- Why is this specific level of incentives being recommended?
 - The Developer has requested 10 years of 75% tax abatement along with sales tax exemption on construction materials.
- What is the likely consequence of *not* granting an incentive (if known)
 - The project would likely be unable to proceed based on the unsurety of the Martin City market and even if it did proceed, would be unlikely to provide any level of affordable housing as it would need to raise rent to cover potential risk.

Financial Analysis

The project was subject to a financial analysis by SB Friedman, attached as Exhibit 1. The analysis shows that a typical market range for internal rate of return for a project of this type is 7-7.5%. The developer is able to achieve an internal rate of return of 6.2%

with the 75% with their requested abatement. As this is below the market rate, SB Friedman found that the request was warranted.

The financial analysis shows a need for financial assistance to meet a market rate of return. Staff believes that the proposed project is in conformance with the Martin City Neighborhood Urban Renewal Plan.

Affirmative Action Policy and MBE/WBE Participation: The proponent has had initial discussions with HRD and intends to comply with all goals set.

Taxing Jurisdictions: The project information and financial analysis were provided to the taxing jurisdiction representatives by staff and the developer has met for discussion with the taxing jurisdictions.

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 TILDEN STATION MULTIFAMILY PROJECT WITHIN THE MARTIN CITY NEIGHBORHOOD URBAN RENEWAL AREA.

AUTHORIZATION FOR PREPARATION OF A REDEVELOPMENT AND SALE/LEASEBACK CONTRACT AND RELATED DOCUMENTS WITH REVIVE CAPITAL DEVELOPMENT, LLC FOR THE TILDEN STATION MULTIFAMILY PROJECT IN THE MARTIN CITY NEIGHBORHOOD URBAN RENEWAL AREA.

6. **Martin City Neighborhood URA – 135th and Holmes** – *Consideration of Bond Authorizing Resolution for Multifamily Project (Brian Engel) (Ex. 6A-6H)*

After issuing a request for redevelopment project proposals, LCRA in December 2020 selected Martin City Partners, LLC, a Missouri limited liability company (“Redeveloper”), as redeveloper for acquisition and construction of a multi-family housing project comprising approximately 180 apartment units, a tenant amenity center, and other related improvements (“Project”) located at the southeastern quadrant of the intersection of 135th Street and Holmes Road (“Project Area”). LCRA received no other redevelopment contract proposals to implement the Project. LCRA also approved incentives, including: (i) issuance of taxable bonds to finance the Project, (ii) acquisition of the project and related property upon which the Project is to be built and leasing the property to the Redeveloper during the construction period for the Project, (iii) a sales tax exemption incentive on construction materials to facilitate construction of the Project on behalf of LCRA, and (iv) transferring title to the property back to the Redeveloper and granting tax abatement (10 years at 75%) to the Redeveloper upon completion of the Project as provided in the Redevelopment Contract, all for the purpose of eliminating blighting

conditions found to exist in the Project Area and in accordance with and pursuant to the LCRA Act and subject to the terms and conditions of the following LCRA documents:

(a) Trust Indenture (the “Indenture”) between LCRA and a bank to be determined as corporate trustee (the “Bond Trustee”), providing for the issuance of the bonds and setting forth the terms and provisions applicable to the bonds, including a pledge and assignment by LCRA of the Trust Estate to the Bond Trustee for the benefit and security of the owners of the bonds upon the terms and conditions as set forth in the Indenture;

(b) Lease Agreement (the “Lease Agreement”), between LCRA and the Redeveloper, under which LCRA will make the proceeds from the sale of the bonds available to the Redeveloper for the purposes described in this Resolution in consideration of payments which will be sufficient to pay the principal of, redemption premium, if any, and interest on the bonds as set forth in the Lease Agreement;

(c) Bond Purchase Agreement (the “Purchase Contract”), among LCRA, the Redeveloper, and the Redeveloper as purchaser of the bonds, under which LCRA agrees to sell the bonds to the Purchaser upon the terms and conditions as set forth in the Purchase Contract;

(d) Sale/Leaseback and Redevelopment Contract (“Redevelopment Contract”), between LCRA and the Redeveloper under which the Redeveloper will implement the Project and LCRA will provide certain assistance and incentives to facilitate the Project, including acquiring the property from the Redeveloper and leasing it back to the Redeveloper under the Lease Agreement;

(e) Such other related documents necessary to complete the planned transactions, including documents required by the Redeveloper’s lender.

ACTION RECOMMENDED: APPROVE RESOLUTION AUTHORIZING ISSUANCE OF BONDS IN MAXIMUM AMOUNT OF \$39.1 MILLION AND EXECUTION OF BOND AND PROJECT DOCUMENTS TO FUND DEVELOPMENT OF THE PROJECT WITHIN MARTIN CITY NEIGHBORHOOD URBAN RENEWAL AREA.

7. **The Cleveland Duplexes URA – The Cleveland duplexes-** *Approval of Redevelopment and Sale/Leaseback Contract with RCG II, LLC (Bob Long) (Ex. 7)*

Area Description: The Cleveland Duplexes Urban Renewal Area will generally consist of an area in the southeast quadrant of Blue Parkway & Cleveland Avenue. The specific site is 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 the 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.

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.

NOTE: When this project was first considered and approved by the Authority, staff recommended a 20-year tax abatement facilitated through a Redevelopment and Sale/Leaseback Contract. Staff now recommends the tax incentive be extended for an additional 5 years for a total of 25 years via the proposed Redevelopment and Sale/Leaseback Contract.

Staff believes that the proposed project is in conformance with The Cleveland Duplexes Urban Renewal Plan, which is currently pending City Council approval.

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: The Cleveland Duplexes Urban Renewal Plan is pending City Council approval.

ACTION RECOMMENDED: APPROVAL OF AN ADDITIONAL 5 YEARS OF TAX INCENTIVE AT 100% FOR A TOTAL OF 25 YEARS, SUBJECT TO CITY COUNCIL APPROVAL OF THE URBAN RENEWAL PLAN.

8. **Administrative.**

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

ACTION RECOMMENDED: NONE; INFORMATIONAL ONLY

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

ACTION RECOMMENDED: NONE; INFORMATIONAL ONLY

- c. **Administrative** – *New Blight Definition* (**Ex. 8C**)

ACTION RECOMMENDED: NONE; INFORMATIONAL ONLY

- d. **Tax Abatements** – There were three (3) tax abatements approved in April, 2021.

URA	Address	Applicant	Category	Type
Columbus Park	521 Tracy	Dominic Baldin	S/f Residential	Rehab
Hospital Hill II	2501 Troost	Beacon House, LLC	M/f Residential	New
Scarritt Renaissance I	3226 Lexington	Eddie & Katlin VanBuskirk	S/f Residential	Rehab

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

ACTION RECOMMENDED: EXECUTIVE SESSION

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.**