
**LAND CLEARANCE FOR REDEVELOPMENT AUTHORITY BOARD
VIDEO CONFERENCE ON APRIL 28, 2021**

MINUTES

1. Roll Call.

Present : Andrea Bough
Rob Gardner
Melissa Hazley
Tammy Henderson

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

LCRA Legal Counsel: Brian Engel, Rouse Frets

Guests: Shomari Benton, Wheatley - Provident	Naser Jouhari
Allison Bergman, Community Builders	Bill Kimble
Jan Bolin, KCMO Public Library	Stacy Lake, 3400 Campbell
Erica Brice	Charles Lee, 3400 Campbell
Lori Buntin	Bob Mayer, M R Capital Advisors
Tiana Caldwell, Gabriel Tower	Ashley McAlmond
Ron Clark, KC Tenants	James McMillian, Gabriel Towers
Christina Drews, Jackson County	Steve Mitchell, 3400 Campbell
Mike Edmundson, Wheatley - Provident	Adam Pfeifer
Joey Flickner, IUPAT DC3	Emmett Pierson, Community Builders
Roxsen Koch, Polsinelli	Kathleen Pointer, KCMO Public Schools
Daniel Ferguson – Leon, UMKC	Angela Splittgerber, 3400 Campbell
Carol Gordon, Jackson County	Pat Sterrett, 27 th & Troost
Kevin Hardy	James Stone, Gabriel Towers
Shannon Hesterberg, Community Builders	Wilson Vance, KC Tenants
Anke Hirsekorn, 3400 Campbell	Johnny Youssef, 3400 Campbell

The monthly meeting of the Board of Commissioners of the Land Clearance for Redevelopment Authority began at approximately 9:30 a.m. when Mr. Gardner declared quorum as Commissioners Bough and Hazley were present (*Ms. Henderson appeared at a later time*). *[All Board members, staff, and guests participated in the meeting via videoconference.]*

2. **Administrative** - *Review and approval of Meeting Minutes for March 24, 2021 and April 19, 2021 (Ex. 2A - 2B)*

ACTION TAKEN: APPROVED THE MINUTES FOR MARCH 24, 2021 AND APRIL 19, 2021, AS PRESENTED. MOTION MADE BY MS. BOUGH, SECONDED BY MS. HAZLEY, AND CARRIED UNANIMOUSLY.

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

Mr. Brown advised that this month's finances had no anomalies and remained basically in the same position as they had all year. He noted that the Hyatt House developer promised to pay its past-due bills as soon as possible and added that preparations had begun for the annual audit in May.

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

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

➤ **March 24, 2021 Approval / April 28, 2021 Request**

- Board unanimously approved an identical proposal for this project at its March 24th meeting (*Engel*)
- Request for Proposals (RFP)
 - Sale/leaseback projects require publication of an RFP because the Authority must own the property to provide the sales tax-exemption on construction materials (STECM) (*Engel*)
 - Developer has resubmitted its application solely to satisfy the statutory requirement requiring the Authority to publish the RFP (*Engel*)
 - RFP was published subsequent to the Board's March 24th approval of the project (*Engel*)
 - No other responses to the RFP were received so action today is to ratify and approve the project (*Engel*)
 - Board decision should defer to its prior approval as the RFP is a technical requirement and there have been no changes to the developer's project (*Engel*)

➤ **Affordability**

- Families cannot live in a 400 plus square foot studio apartment renting for over \$800 (*Hazley*)
 - Families are living in 600 to 700 square feet at the Wonder Lofts, which was successfully developed by the same developer (*Mayer*)
- Non-affordable projects should not be underwritten by taxpayers, especially given the homeless crisis in Kansas City (*Hazley*)

- Lots were affordable four (4) years ago per HUD and City definitions, but are no longer so due to current labor and supply costs increasing tenfold (*Mayer*)
- Development of the two lots at issue can wait until a reasonable proposal is received which allows a wider range of the population to participate (*Hazley*)
 - Lots have been owned by the City for several years and previous developers have declined to consider the lots for development (*Mayer*)
- Project received support of the Kansas City School District (KCS D) and discussions are underway about a student internship program during development (*Mayer*)
 - Majority of families of student interns may not be able to afford to live in the proposed apartments (*Hazley*)
 - Affordability is dependent on different guidelines and project will meet 90% to 100% AMI (*Mayer*)
 - KCS D believes a more thorough policy regarding how housing is incentivized should occur (*Pointer*)
 - KCS D is also appreciative of the proposed internship and developer's acceptance of a lower incentive rate (*Pointer*)
- The EDC continues to lobby the State for easier access to LIHTC funds to ensure affordable projects become more plentiful (*Moye*)
 - The Authority has the smallest incentive tools when compared to other agencies and so needs to be creative and unique (*Moye*)
 - The Authority should not take its small influence lightly as its decisions could be the straw that broke the camel's back (*Hazley*)
- City Council has addressed some of the issues of incentivized projects and affordability requirements, although this project was approved prior to those actions (*Bough*)

Mr. Gardner confirmed that there was no further discussion. Ms. Bough then moved that the Board consider the Action Recommended as written and Mr. Gardner seconded the Motion. The Motion failed by the following vote:

Ms. Bough	Nay
Mr. Gardner	Nay
Ms. Hazley	Nay

The Board then continued its discussion on the 27th & Troost project. Ms. Bough asked if the developer would be willing to revise the project for the Board's future consideration.

➤ **Continued Board Deliberations**

- Identical project was approved unanimously at last month's meeting (*Mayer*)
 - Staff will work with the developer and the City to figure out the next steps for the project (*Moye*)
 - Developer is willing to consider modifications to the square footage layout of the project (*Mayer*)

- Developer has put a lot of time and effort into the project so any revised proposal may not be returned immediately (*Moye*)
- New rules, which are not City policies, are being used to the detriment of the project (*Mayer*)
- Developer is correct about the City's guidelines but sometimes the standards fail its citizens which is why they are open to public debate (*Hazley*)
- Vote of approval for the project at last month's meeting was in error and is rescinded as developer's cost and square footage information at that time was not reviewed closely (*Hazley*)
- Board has heard the project at least four (4) times and affordable issues were not raised previously, which puts the developer in a difficult place (*Moye*)
- Proposed project is affordable from the standpoint of new construction (*Mayer*)
 - Project also meets affordable guidelines using HUD's definition, project size, scope, and 3% return (*Mayer*)
 - Developer's budget was reviewed by the EDC and showed a small \$6 Million project with a rate of return of less than 3% (*Mayer*)
 - No other developer will be able to do this project (*Mayer*)
- Board may need to review its policies as it had previously stated its willingness to support developments east of Troost (*Moye*)
 - Most residents east of Troost would not be able to afford to live in the proposed apartments (*Hazley*)
 - Board is discussing policy changes on a project initiated by the City and on which previous developers have failed (*Mayer*)
 - Discussion encompasses more than policy issues which would not require any decision making by the Authority (*Hazley*)
- City transferred the property to the Authority with the understanding that the lots would be sold to the developer for this project, although, at that time, it was contemplated that the developer would seek incentives under the existing Beacon Hill 353 plan. The developer subsequently decided to seek LCRA incentives, which were approved by the Board at the March meeting. (*Engel*)
 - If this is just a formality, concerns are raised about overturning the Board's approval (*Bough*)
 - Approval last month was for the incentive package for the project (*Bough/Engel*)
- Proposed development is geared towards singles rather than families (*Bough*)
 - Rents are still too expensive for a single person (*Hazley*)
- Reality of construction is that affordability is only a part of a successful development (*Mayer*)

ACTION TAKEN: TABLED UNTIL FURTHER NOTICE

5. **3400 - 3408 Campbell Street URA** –*Consideration of Proposed Urban Renewal Plan* (Bob Long) (Ex. 5A-5B)

➤ **Project Overview**

- Property once served as a nursing home but has been vacant for at least ten (10) years by the time the developer had purchased the site (*Long*)
- Historic Preservation Commission approved developer's plan to split the lot and build a second duplex on what was once the side lot to the original building (*Long*)

➤ **Public Testimony**

- Angie Splittgerber, Hyde Park resident
 - Structural items which developer claimed needed to be done in 2020 per the City's direction were present in April 2017 per the inspection report
 - Main building is no longer blighted as conditions cited in the staff's report no longer exist
 - Agree with developer that caretaker building remains blighted
 - Several City code complaints have been issued against the property since 2017
 - City councilman Bunch has issued a letter opposing the project
 - Neighborhood has supported several other area rental properties but breaking apart this single-family home is not in line with historic measures
 - Short Facebook video posted by developer, and shown to the Board, showed completion of almost all interior work as of February 26, 2021
- Charles Lee, Hyde Park resident
 - Hyde Park neighbors have encountered similar blighting conditions from their own purchase of the older homes in the neighborhood, which is to be expected
 - Only code violations exist at the property, which are of less severity than blighting conditions

Mr. Moye advised that staff would like to withdraw its recommendation for approval of the project, given that the evidence of improvements seemed to be well outside the extent of improvements needed to protect the building.

- Johnny Youssef, Developer
 - Staff advised that developer's initial incentive application in November, 2020, would be approved by March, 2021, and any further delays would cause more financial harm
 - Facebook video shows that developer has nothing to hide and was merely a walking tour of the property as no work was being conducted
 - Ms. Splittgerber was able to cancel developer's initial plan for the project to be a 6-plex, which caused additional delays
 - Developer's due diligence in going through zoning, obtaining permits, and the like covered the two years Ms. Splittgerber claims no work was being conducted

- Personal attacks on matters unrelated to the project have also been levied against the developer by neighborhood residents
- Project at issue has been used successfully by Ms. Splittgerber to lower her property taxes
- Developer is willing to only apply for incentives for the empty lot which remains vacant and blighted

Mr. Moyer stated that Mr. Long had contacted the developer at the end of March regarding evidence of construction work being conducted at the project. Mr. Youssef replied that some work had restarted, which he terminated immediately.

- Steve Mitchell, Hyde Park resident
 - Board should grant blight finding and tax incentive because of the totality of circumstances, as the property has been blighted for over 12 years
 - Any abatement of the property would be offset by the removal of blight, increased value of surrounding homes, and subsequent taxes paid by duplex residents
 - Project should not languish further and remain unfinished
- Stacy Lake, Hyde Park resident
 - Abatement should be denied to the property at issue because:
 - (1) Substantial renovations have already been completed;
 - (2) Developer has shown that he is able to complete the renovations without incentives; and
 - (3) Developer welcomes increased property taxes in the neighborhood due to his renovations
 - Property is no longer blighted, unsanitary, or unsafe under the LCRA statute
 - Developer's worst action was that he has offended his neighbors and even sought cease and desist letters against them for speaking out against the abatement
 - City tax monies should be used for projects with actual hardships and fixing truly blighted properties
- Ronald Porter, Hyde Park resident
 - Developer also owned and successfully renovated a separate property behind Mr. Porter's
 - Can verify that building costs are skyrocketing as also own a residential construction company
 - Any trash in the site's yard is common to the area during windy days and may not be collected as no lives at the property
 - Opponents are focusing on a technicality that the developer may not have known procedures prior to investing so much into the property and the area
 - Any developer who would buy a nursing home property abandoned for decades and successfully renovate it for a family, should be encouraged
- Anke Hirsekorn, Hyde Park resident

- Granting tax abatement to a lot with nothing on it seems nonsensical

➤ **Board Considerations**

- Blight removal is the justification for providing tax incentives, which developer has already begun without needing any abatements (*Bough*)
 - Developer has made the structural repairs required by the City but the building remains in deteriorated condition (*Long*)
 - Some interior work had also been completed, but once owner was informed about LCRA processes, that work stopped (*Long*)
 - Property retains extensive blight as the caregiver's residence has not been worked on and only structural repairs have been made to the main building (*Youssef*)
 - Developer's misunderstanding that City Council support was necessary to receive incentives led to a year-long delay of the project and interior work resumed briefly in January 2021 (*Youssef*)
 - Construction prices have risen dramatically in the interim, which increases the need for incentives (*Youssef*)
- Confusion regarding how staff research aligns with statements from neighborhood residents (*Hazley*)
 - Blight study photos were taken by staff in late February, 2020 (*Moye*)
 - Staff strongly advised developer not to proceed with any rehabilitation work not related to building stabilization (*Moye*)
 - Hyde Park typically has lots of community engagement so not unique for this project to have lots of neighborhood feedback (*Moye*)
- Property is not currently blighted and developer should be congratulated for remediating the property (*Hazley*)
- Developer requested consideration of applying for incentive just for the empty lot and caretaker's residence and the timeline for consideration of the same (*Youssef*)
 - Board could determine the merits of a blight finding for a portion of the project based on the application as it stands (*Engel/Moye*)
 - Any vote to reject the finding of blight should be made under a similarly worded motion rather than moving to approve the blight finding with no votes of approval (*Engel*)
 - Board does not have enough information at the present time to approve a blight finding for the lot itself, as it appears well-maintained (*Hazley*)

Mr. Engel noted that Ms. Bough had to leave the LCRA Board meeting for another appointment, but that the Board retained quorum as three Commissioners remained.

- Lot has not yet been split into two parcels which makes it problematic to determine blight on a portion of the property (*Henderson*)
- A blight finding at the present time would require a subsequent meeting to determine any incentive for the project (*Engel*)

- Timeline for the Board's consideration of the separated project will be coordinated with the resubmission of the City Planning Commission application (*Long*)

ACTION TAKEN: TABLED UNTIL FURTHER NOTICE. MOTION MADE BY MS. HAZLEY, SECONDED BY MS. HENDERSON, AND CARRIED UNANIMOUSLY.

6. **Wheatley - Provident Hospital URA** – *Consideration of Proposed Urban Renewal Plan* (Bob Long) (Ex. 6A-6B)

➤ **Project Overview**

- Developer has already invested significant capital and made numerous repairs to stabilize the structure so it could be removed from the City's dangerous building list (*Long/Benton*)
 - Building remains largely deteriorated despite the stabilization work already performed (*Long*)
 - Project is a clear definition of blight and where tax incentives should be used (*Henderson*)
- Developer purchased the property in 2018 to ensure that the prior owner did not demolish the building (*Benton*)
- Developer plans to put the building back into service as medical providers and plans to bring in healthcare representatives from the community as tenants (*Benton*)
- Project is not within an existing incentive area (*Hazley/Benton*)

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

APPROVED THE WHEATLEY - PROVIDENT HOSPITAL 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. 4-1-21*)

7. **The Cleveland Duplexes URA** – *Consideration of Proposed Urban Renewal Plan* (Bob Long) (Ex. 7A-7C)

➤ **Project Overview**

- Low-income housing project approved last month
 - Miscommunication between the City and LCRA staff about mis-labeling of the project area as an urban renewal area (URA) on the City's website (*Moye*)

- Resolution in Board packet ratifies and approves project incentives as approved last month, subject to City Council approval of the URP. The URP must be in place before any incentives can be implemented. (*Engel*)
- Once the City has approved the URP, the Board will then be asked to approve the project's Redevelopment Agreement, Lease, and other project documents (*Moye/Engel*)
- Rent Amounts
 - Rents for the 3-bedroom units with 1.5 baths range from \$789 to \$800, with market rate units at \$920 and a low-home unit at \$525 (*Hazley/Pierson*)

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

APPROVED THE CLEVELAND DUPLEXES 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.

RATIFIED, APPROVED AND CONFIRMED: (1) PROPERTY TAX ABATEMENT AT 100% FOR 20 YEARS AND A SALES TAX EXEMPTION ON CONSTRUCTION MATERIALS FOR A DUPLEX REHABILITATION PROJECT; AND (2) AUTHORIZED PREPARATION OF A REDEVELOPMENT AND SALE/LEASEBACK CONTRACT AND LEASE WITH RCG II, LLC FOR THE PROJECT IN THE PROPOSED CLEVELAND DUPLEXES URBAN RENEWAL AREA; SUBJECT TO CITY COUNCIL APPROVAL OF THE PROPOSED CLEVELAND DUPLEXES URBAN RENEWAL PLAN. MOTION MADE BY MS. HAZLEY, SECONDED BY MS. HENDERSON, AND CARRIED UNANIMOUSLY.

(*RES. NO. 4-2-21*)

8. Administrative.

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

ACTION TAKEN: NONE; INFORMATIONAL ONLY

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

- Subcommittee reviewed Human Relations Department's (HRD's) January 31, 2021 report (*Rayford*)

- One developer attended the meeting to explain its non-reporting of B2G hours (*Rayford*)
 - Developer apologized and advised would hire a third-party consultant to complete their missing reporting (*Rayford*)
 - Developer has since spoken with HRD to begin closing procedures (*Moye*)

ACTION TAKEN: NONE; INFORMATIONAL ONLY

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

Mr. Moye stated that Healthy Homes personnel had attended today’s meeting initially but had to drop off the call due to time constraints. He added that they would attend next month’s Board meeting to be available to answer questions from the Board.

➤ **Developer Testimony**

- Authority’s December 16, 2020 Default Notice
 - Developer has cured all items of default cited in the notice and requested that the Authority acknowledge the same, but has received no response (*Koch*)
 - Developer has requested that the Authority specifically identify any items which remain uncured but has received no response (*Koch*)
 - Failure to cure the default has damaged Developer as its lender has frozen its accounts and a mechanic’s lien has been filed due to Developer’s inability to pay (*Koch*)
- Developer met with tenants despite having no contractual obligation or duty under City Code to do so (*Koch*)
 - Developer provided the Authority’s legal counsel with the City attorney’s confirmation that no City code requires landlords or property owners to meet with tenants (*Koch*)
 - Distinction between meeting and collectively bargaining with tenants (*Engel*)
 - Board asked that the developer meet with tenants to listen to their complaints in hopes of improving relationship between the tenants and management (*Engel*)
 - Developer continues to follow-up with tenants’ legal counsel to continue to act in good faith regarding tenant concerns (*Koch*)
 - Developer met with tenants for an entire day in February, despite Covid, going floor to floor (*Koch*)
- MHDC Credit Application
 - Status of MHDC application and the Supplemental Agreement are not a condition to cure default (*Koch*)
 - Rehab is part of the agreement proposed under the Supplemental Agreement (*Engel*)

➤ **Public Testimony**

- Ron McMillian, Vice-President of the Gabriel Tenant Union
 - Default issues remain as mold has not been remediated properly, merely painted over
 - Management will not communicate with tenants and has harassed union members
 - Building conditions remain unsafe
- James Stone, Tenant
 - Management communicates with tenants only when collecting rent
 - Tenants may initiate a rent strike or escalate media attention to finally get respect
 - Tenants have no say in their own community
- Tiana Caldwell, Advocate
 - Tenants concerned about inability to contact management to report complaints or emergencies
 - Management is not conducting regular inspections despite its notices to the contrary
 - The few units which were repaired were done so because they were cited in the Healthy Homes and New Horizons reports, which is unacceptable
 - Two tenants testifying today have breathing problems caused by mold in their apartments

ACTION TAKEN: 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) RSMo.

Motion to move into Executive Session made by Ms. Henderson, seconded by Ms. Hazley, and carried by the following roll call vote:

Roll call vote to move into Executive Session

Mr. Gardner	Aye
Ms. Hazley	Aye
Ms. Henderson	Aye

Motion to move out of Executive Session made by Ms. Henderson, seconded by Mr. Gardner, and carried by the following roll call vote:

Roll call vote to move out of Executive Session

Mr. Gardner	Aye
Ms. Hazley	Aye
Ms. Henderson	Aye

RESUME BUSINESS SESSION

ACTION TAKEN IN
EXECUTIVE SESSION: NONE; FOR INFORMATIONAL PURPOSES ONLY

11. **Adjourn.**

There being no further business, the meeting was adjourned at approximately 1:10 p.m.

Daniel Moye, Secretary