
LAND CLEARANCE FOR REDEVELOPMENT AUTHORITY BOARD
VIDEO-CONFERENCE MEETING ON MAY 26, 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: Allison Bergman, Community Builders
Jan Bolin, KCMO Public Library
Ron Clark, KC Tenants
Kevin Collison
Andrew Doolittle
Lance Dorn, SB Friedman
Daniel Ferguson – Leon, UMKC
Dave Frantze
Chuck Gleason
Kevin Hardy
Will Holland
Michael Knight
Roxsen Koch, Polsinelli
Bob Langenkamp, Community Developers
Bob Mayer, M R Capital Advisors
John Wood, City of Kansas City
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 April 28, 2021 and May 10, 2021 (**Ex. 2A - 2B**)

ACTION TAKEN: APPROVED THE MINUTES FOR APRIL 28, 2021 AND MAY 10, 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 April, 2021 (Lee Brown) (**Ex. 3**)

Mr. Brown advised that the April 30, 2021 financials were the final financials for the fiscal year. He noted that the LCRA had usually shown a small profit prior to purchasing the bonds for the convention center hotel project.

ACTION TAKEN: ACCEPTED THE FINANCIAL REPORT FOR APRIL, 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)

➤ **Beacon Hill Overview**

- HUD Memorandum of Understanding (MOU)
 - Prior to the City’s involvement in the development of Beacon Hill in the 1990s, the area suffered from extreme blight (*Wood*)
 - City entered into the MOU with HUD to help develop the area (*Wood*)
 - HUD receivership terminated in 2013 but included a March 30, 2023 deadline to develop any remaining undeveloped areas (*Wood*)
 - If the City fails to redevelop the areas by the deadline, it could risk losing \$15,000,000 from its general fund to HUD (*Wood*)
 - 2701 Troost also has a financial obligation of about \$206,000, incurred as the result of monies spent to get the site ready for development (*Wood*)
- City recommends approval of developer’s plans as it will provide sorely needed housing (*Wood*)
 - A 2016 Request for Proposals yielded only one response from a developer who later withdrew from the project (*Wood*)
 - City would also support any development which satisfied its obligation to HUD (*Wood*)

➤ **City Rent Policies in Beacon Hill**

- City does not currently have plans to put any monies into the project at issue or to diversify rents in the area (*Hazley/Wood*)
- City’s policies were geared toward maintaining home ownership by selling land and initiating development (*Hazley/Wood*)
 - Stabilization of home ownership is critical but better decisions need to be made regarding diversifying residential corridors (*Hazley*)

- EDC continues to lobby the State for LIHTC as it is needed to get projects into a more affordable rent range (*Moye*)

➤ **Project Community Benefits** [*All statements made by Mr. Mayer, unless otherwise noted*]

- In order to get to lower rent amounts, some type of subsidy other than the 10-year tax abatement and bond is needed
- Studio and 1-bedroom apartments are geared to students rather than families
- Walkability of development and bike corridors are integral to the project
- Open to finding ways to make developments less expensive

ACTION TAKEN: RATIFIED, APPROVED AND CONFIRMED: (1) PROPERTY TAX ABATEMENT AT 100% FOR 10 YEARS AND A SALES TAX EXEMPTION ON CONSTRUCTION MATERIALS FOR 27 + TROOST PROJECT; AND (2) 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. BOUGH, SECONDED BY MS. HAZLEY, AND CARRIED UNANIMOUSLY. (*RES. NO. 5-2-21*)

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)*

➤ **Financial Analysis** [*All statements made by Mr. Dorn, unless otherwise noted*]

- Project to begin in the third quarter of 2021 and stabilize in 2024
- 2 pads could be developed for retail in the future
 - SBF recommends that tax abatement not apply to any future development on the retail pads
 - SBF also recommends a future check-in on the project to determine their status to determine if any incentive adjustments are necessary
- Project’s need for tax abatement is driven by rents which do not support construction costs and the level of amenities
 - Rents are targeted to households earning 50% to 70% median family income
 - No requirement to maintain this level of affordability over the long-term
 - Developer’s costs are also impacted as it was required to purchase a much larger site than needed as the seller would not subdivide the parcel
 - Target demographic is households earning \$18 to \$20 per hour; specifically, from nearby distribution centers
 - With tax abatement, the project generated a yield-on-cost of 6.1% and an unleveraged IRR of 6.2%, which is on the low end of viability
 - Parking spaces rented for an additional \$25 per month

- Project equity was developer and partner contributions and equity investors seeking opportunity zone benefits
- Taxing jurisdiction representatives had no concerns after meeting with the developer (*Moye*)

➤ **Developer Presentation**

- Rents will range from \$800 for a studio, \$1,100 for a 1-bedroom, and \$1,400 for a 2-bedroom (*Frantze*)
- Developer believes in the market although no multi-family projects have been developed in the area in 20 years (*Frantze*)
- Entire plat will be plotted as residential and developer has no plans to develop the two retail pad sites (*Frantze/Knight*)
 - Developer agrees that no tax incentive would apply to the two retail sites (*Frantze/Knight*)
- Project infrastructure development and costs will be the developer's complete responsibility (*Hazley/Knight*)
- Sales tax exemption on construction materials (STECM) will begin and end with the project's construction period (*Hazley/Moye*)

ACTION TAKEN: APPROVED PROPERTY TAX ABATEMENT AT 75% FOR 10 YEARS AND A SALES TAX EXEMPTION ON CONSTRUCTION MATERIALS FOR TILDEN STATION MULTIFAMILY PROJECT WITHIN THE MARTIN CITY NEIGHBORHOOD URBAN RENEWAL AREA. MOTION MADE BY MS. BOUGH, SECONDED BY MS. HAZLEY, AND CARRIED UNANIMOUSLY.

AUTHORIZED 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. MOTION MADE BY MS. BOUGH, SECONDED BY MS. HAZLEY, AND CARRIED UNANIMOUSLY.

(*Res. No. 5-3-21*)

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

➤ **Bond Issuance** [*All statements made by Mr. Engel, unless otherwise noted*]

- Board approved 75% tax abatement for 10 years and a STECM for the project in December, 2020
 - Developer has since revised the project to include only the residential portion of the plan
 - Bonds are purchased by the developer to provide funding for construction

- Staff presented the details of the project, rather than the developer, as today's action was the second step in implementing tax abatement for the project (*Hazley/Engel*)
- STECM requires two separate transactions to occur and close simultaneously
 - Real estate transaction, which involves transfer of title to the property from the developer to the LCRA for the construction period
 - Financing transaction, which involves the issuance of bonds and closes when the developer closes on its construction financing

ACTION TAKEN: APPROVED 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 THE MARTIN CITY NEIGHBORHOOD URBAN RENEWAL AREA. MOTION MADE BY MS. BOUGH, SECONDED BY MS. HAZLEY, AND CARRIED UNANIMOUSLY. (*RES. NO. 5-4-21*)

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

- Developer requested to change the length of the project's abatement from 20 to 25 years so it would more closely match its HUD 30-year compliance period (*Moye*)
- Developer has agreed that if the project is no longer subject to affordability, then the abatement would no longer apply (*Moye*)
 - Staff believes that this should not be issue as the developer is a not-for-profit developer whose ultimate goal is affordable housing

ACTION TAKEN: APPROVED 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. MOTION MADE BY MS. BOUGH, SECONDED BY MS. HAZLEY, AND CARRIED UNANIMOUSLY. (*RES. NO. 5-5-21*)

Mr. Moye initiated discussion on the following administrative matter which was not on the agenda.

Mr. Moye advised that Mr. Youssef had requested a refund of the fees paid to the Authority for the 3400 and 3408 Campbell project, previously denied abatement by the Board. Mr. Moye noted that the Funding Agreement between the parties clearly stated that the funds provided by the developer were non-refundable and were already expended for services rendered. He also stated that staff never guarantee a positive decision by the Board, and that despite the miscommunications and misunderstandings, staff did not support refunding the fee.

Mr. Youssef presented his case, stating that:

- He had contacted staff in early 2020, who advised the developer to contact his city councilperson to solicit support for the project
 - He received no response from City Council so continued with the project
- He again contacted staff in January, 2021 to discuss applying only for the empty lot rather than the adjacent partially-completed project
 - 3400 Campbell was approximately one-third complete
 - Staff advised that all work should cease on both sites and that the Board had never previously denied incentives to a project
- Developer paid the \$6,700 required by the Funding Agreement in January, 2021
 - Amount required was a lot of money for a small developer
 - Developer has also incurred additional fees in the year plus several months during the application process
 - Reasonable and fair to receive refund as should have been told that the projects would not qualify

➤ **Board Determination**

- Refunds have never previously been issued to any size project (*Henderson/Moye*)
- Developer's attempted but unsuccessful efforts to contact his councilperson consisted of 4 e-mails and 2 calls (*Bough/Youssef*)

Mr. Gardner asked if any Board member wished to entertain a motion to approve the refund, and as none was forthcoming, declared Mr. Youssef's request as moot and that the Board supported staff's recommendation to not refund the fees paid by the developer for the 3400 and 3408 Campbell project.

Mr. Moye advised that staff would continue to work to improve its interaction and communication with developers.

8. **Administrative.**

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

Mr. Moye stated that staff continued to work to schedule a Board retreat at a time convenient for all four Commissioners, possibly in late July.

ACTION TAKEN: NONE; INFORMATIONAL ONLY

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

Ms. Rayford advised that developers continued to make progress to update their reporting. She noted that City staff was working to streamline their reports in an effort to make them more user-friendly.

ACTION TAKEN: NONE; INFORMATIONAL ONLY

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

Mr. Engel said that the Missouri legislature approved a change to the blight definition under all redevelopment statutes so that all agencies would use a single definition. He advised that the narrow revision removed the words “defective or inadequate street layout,” “improper subdivision or obsolete platting,” and “morals” from the definition. He stated that the governor had not yet signed the change but would keep the Board advised as the proposed legislation proceeded.

ACTION TAKEN: NONE; INFORMATIONAL ONLY

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

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)(3) RSMo.

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

Roll call vote to move into Executive Session

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

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

Roll call vote to move out of Executive Session

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

The Board took no official action, but advised developer’s counsel of their concerns regarding developer’s request for an expedited MHDC letter of recommendation without a subsequent timely finalization of the Supplemental Agreement.

Ms. Koch replied that the developer would provide its comments to the Supplemental Agreement. She added that the Agreement had no impact on needing the letter needed to

obtain the MHDC loan. She noted that a special meeting may need to occur to obtain approval of the requested letter.

Mr. Moye stated that the Board was willing to schedule a special meeting but added that the agreement between the developer and Authority would terminate per the Supplemental Agreement. Ms. Koch advised that she would confer with her client and get back to the Board with their reply.

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

RESUME BUSINESS SESSION

11. **Adjourn.**

There being no further business, the meeting was adjourned at approximately 11:35 a.m.

Daniel Moye, Secretary