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

**DATE:** August 28, 2020  
**TIME:** 10:00 a.m.  
**PLACE:** 300 Wyandotte, 4<sup>th</sup> Floor  
Kansas City, Missouri

**VIA VIDEO CONFERENCE**

1. **Roll Call.**

**Present:** Andrea Bough  
Rob Gardner  
Melissa Hazley  
Tammy Henderson (*via telephone*)

**Staff:** Dan Moye, LCRA  
Susan Tumey, LCRA  
Bob Long, EDC (*via video-conference*)  
T'Risa McCord, EDC  
Sandra Rayford, EDC

**LCRA Legal Counsel:** Brian Engel, Rouse Frets

**Guests:** Shannon Jaax, City of Kansas City, Missouri School District (*via telephone*)

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Mr. Moye called to order the Annual Retreat of the Board of Commissioners of Land Clearance for Redevelopment Authority and declared a quorum was present as Commissioners Bough, Gardner, Hazley, and Henderson were present.

2. **Summary of LCRA statute and powers (*Brian Engel*) (Ex. 2A-2B)**

*(All statements made by Mr. Engel unless otherwise noted.)*

➤ **LCRA Authority**

- LCRA Statute approved by State in 1952 is ultimate source of LCRA authority
- LCRA powers are fairly broad, and include the purchase and/or condemnation of property, bond issuance, and tax abatement
  - Blight finding required before LCRA can act
  - Missouri Supreme Court case clarified that LCRA's tax abatement was to be based on pre-assessed values if a reassessment had been made in the interim
  - LCRA's ownership of a property can exempt it from any legal judgment or the execution of a judgment

- LCRA can act as borrower for sale/leaseback or STECM projects to provide public funding (*Moye*)

➤ *Workable Program*

- Authorized by LCRA Statute
- Used by Board to implement policy changes such as requiring a but/for test from developers, which wasn't included in the LCRA Statute
- Board policies can provide parameters for staff about whether to recommend a project (*Moye*)

3. **Map of Urban Renewal Areas (URAs) throughout the City** (*Dan Moye*)

➤ *Urban Renewal Areas cover large portions of the City*

- Older URAs can be quite large, as compared to more recent URAs, which tend to be smaller or single-site projects (*Moye*)
  - Developer-driven URAs are usually limited to the area directly impacted by the development while community-driven URAs tend to encompass the larger neighborhood area which the community wants to impact (*Moye*)
- Marlborough Community Coalition (MCC) URA
  - MCC URA covers a large area as it intentionally included a corridor along Troost which they recognized would have an important impact on the URA (*Moye*)
- City plans overlap with URAs
  - Area plans supersede URAs as they are implemented by the City to cover City actions such as the area's use, infrastructure, and zoning (*Hazley/Moye*)
  - URA plans have to comply with the area's comprehensive plan (*Bough*)
  - Before LCRA can approve a URA, an area plan must first be in place (*Engel*)
  - If the URA changes the area plan's use, the area plan must be amended (*Engel*)
- Staff working with City to make updates to its online map (*Moye*)

*(Mr. Moye advised that before she had to disconnect her call, Ms. Jaax conveyed her appreciation to the Board at how well the LCRA Board and staff worked with the taxing jurisdictions.)*

*(Ms. Bough temporarily excused herself from the LCRA meeting to attend another meeting on an upper floor to maintain its quorum.)*

4. **A sample plan/project workflow to better understand the process** (*Dan Moye*) (**Ex. 4**)

➤ *Creating a new URA*

- Developer initiates process by application to the EDC, which then determines which incentive is appropriate for the project (*Moye*)
- If a project is designated to the LCRA, staff will create the URA Plan (URP) and either perform the blight study themselves or issue a request for proposals (*Moye*)

- The proposed URP is then either rejected or approved by the City by its departmental processes (*Moye*)
- Approval of a URP does not necessarily ensure approval of full incentives for the proposed project (*Hazley/Moye*)
  - Incentive levels are negotiated with the developer after the financial analysis is performed (*Moye*)
  - Some level of incentives for single-site projects is essentially approved once the URP has been created (*Moye*)
  - Taxing jurisdictions can also be opposed to the level of proposed abatement for the project (*Moye*)

*[Ms. Bough returned to the LCRA meeting.]*

**5. Sales Tax Exemption on Construction Materials (STECM) and Sale/Leaseback (*Brian Engel*) (Ex. 5A-5E)**

- Supreme Court of Missouri held that the LCRA was carrying out the essential functions of the City so its ownership of a property can give tax exemption (*Engel*)
- STECM has minimal impact on non-sales tax taxing jurisdiction revenues as the monies go to the State, City, and County (*Moye*)

**6. Ordinance 200497 (*Brian Engel*) (Ex. 6)**

- Requires approval of the school district affected before any tax incentive can be granted to a project unless it is within a continually distressed census tract (*Moye*)
  - Excludes everything north of the river and 95% of the City (*Moye*)
  - All agencies would be affected (*Hazley/Moye*)
  - School districts realize they must be actively engaged in the abatement process and can't say no to every project (*Moye*)
- City Council plans to discuss in its business session before a discussion in general session (*Bough*)

**7. Discussion about community incentive workshop possibilities (*Dan Moye*)**

➤ *Impact of Abatements on Different Areas*

- TIF and EEZ plans are usually the primary source of tax incentives for areas north of the river (*Moye*)
  - LCRA projects are usually in areas south of the river, which tend to be older and have more blight (*Moye*)
- Public perception that suburban schools incur little negative impact from TIF plans, as developers must fund the cost of surrounding infrastructure prior to receiving any tax incentive benefit (*Moye*)
- Location and frequency of tax incentives are affected by different agencies, personnel changes in City Council, and area differences within the City (*Hazley/Moye*)
  - Staff and counsel are investigating how to eliminate some of the older LCRA URAs which are self-renewing and difficult to terminate

- Staff will investigate the percentages of PILOT payments made to the various school districts (*Hazley/Moye*)

➤ *Board Considerations*

- Increase public education
  - Tax reform will have to include input from all parties, including the development community (*Hazley/McCord*)
  - Proactive Board policies would enable the LCRA to maintain its good working relationships with taxing jurisdictions and developers (*Moye*)
  - Cost issues have hindered LCRA's historical ability to be proactive (*Moye*)
- Determine goals based on the needs of a certain targeted area, such as:
  - 10% less blighted buildings within the 64127 postal code within 4 years (*Hazley/Moye*)
  - Incentive tools can be proactive to create community driven plans in areas such as Ruskin Heights (*Bough*)
  - LCRA is currently assisting the Santa Fe Neighborhood Association with the blight study to enable a repair program for single-family homes (*Hazley/Moye*)
- Modification of \$5,000 threshold limit for LCRA single-family tax abatement based on such factors as age or median income (*Hazley/Moye*)
  - Although a lower limit may not affect the property's taxes, taxes tend to increase over the course of 10 years (*Engel*)
- Abatement layering
  - Plan dictates which tax incentive is appropriate for area so may not want to intermix abatements (*Bough/Hazley*)
  - Chapter 353 and PIEA can offer 25-year abatement but are also much more expensive and can't offer single-family residential abatement (*Moye*)
  - EEZ applies to certain companies if they create jobs but is now capped at 10 years, 100% abatement as it is in the last years of the program (*Moye*)
- Profit-sharing incentives
  - Applies to projects receiving longer incentives which generate a large amount of return for the developer (*Hazley*)
  - Most LCRA projects are standard abatement of 10 years at 100% or 75% as the only longer/deeper incentive it can offer is a sale/leaseback (*Moye*)
- Staff will draft short- and long-term goals for Board consideration (*Moye*)

8. **Adjourn.**

There being no further business, the meeting adjourned at approximately 12:10 p.m.

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Daniel Moye, Secretary