
LAND CLEARANCE FOR REDEVELOPMENT AUTHORITY BOARD VIDEO-CONFERENCE MEETING

DATE: December 28, 2021
TIME: 10:00 a.m.
PLACE: 300 Wyandotte, 4th Floor
Kansas City, Missouri

To Join Online: [Join Zoom videoconference](#)
To Join by Phone: 1-312-626-6799
Meeting ID: 899 8546 7756
Passcode: 563451

AGENDA

1. **Roll Call.**
2. **Administrative** - *Review and approval of Meeting Minutes for November 30, 2021 as presented (Ex. 2)*

ACTION RECOMMENDED: APPROVAL OF THE MINUTES FOR NOVEMBER 30, 2021, AS PRESENTED

3. **E. 23rd Street URA –2331 -2333 Lister Avenue** – *Consideration of Approval of a Redevelopment Contract with ACS, LLC (Bob Long) (Ex. 3A-3D)*

Area Description: The E. 23rd Street Urban Renewal Area is an area generally bound by E. Truman Road on the north, Van Brunt Boulevard on the east, I-70 on the south, and Cleveland/E. 18th and Askew on the west. The Project is specifically located at 2331 - 2333 Lister Avenue, near the northeast corner of Lister and E. 24th.

Project Description: The applicant is ACS, LLC, which is the owner of the property.

The applicant's project is a \$405,893 renovation of a long-vacant three-story, brick apartment into six, three-bedroom residential units. Off-street parking will be provided. The apartment rental rate of \$1,225/month plus utilities results in all 6 of the units being affordable to households between 60 – 70% MFI. The applicant is self-funding the project.

Policy Considerations

- What is driving the need for an incentive?
 - The market for renovated, older residential buildings within Kansas City's urban core poses a significant financial risk to the developers.
- What is unique about the location or the project?

- The project is located at the intersection of E. 23rd Street & Lister Avenue, which provides convenient access to KCATA bus lines. This project is eligible to receive a 100% abatement since it is located within a “continuously distressed” census tract in accordance with the city’s incentive cap ordinance.
- How does this project fit into the City’s economic development strategy?
 - This project conforms with the Truman Plaza Area Plan by providing affordable housing within the neighborhood.
- Why is this project good in the long term for the City?
 - The project promotes neighborhood stabilization through the renovation of a vacant building for residential use.
- Why is this specific level of incentives being recommended?
 - The Developer is requesting a 100%/10 - year property tax abatement due to the risks involved with this small residential project. Staff believes that supporting “Missing Middle” forms of housing projects with property tax abatement, particularly within distressed neighborhoods, is appropriate.
- How is this incentive different than one that might have been granted ten years ago?
 - Historically, a developer would have either pursued 25 years of property tax abatement through the creation of a Planned Industrial Expansion Area (PIEA), or would not have considered redeveloping this property due to the high level of risk.

Financial Review

Per LCRA policy regarding URA projects adjacent to or east of Troost and located within “continuously distressed” census tracts, the project was not subject to a financial analysis by EDC staff. The applicant is self-funding this project. Given the level of risk, staff believes this satisfies the requirements of the Authority’s Workable Program.

Staff believes that the proposed project is in conformance with the E. 23rd Street Urban Renewal Plan.

Affirmative Action Policy and MBE/WBE Participation: The applicant has discussed the project with Sandra Rayford of EDC staff regarding the LCRA’s MBE/WBE and construction workforce requirements.

Taxing Jurisdictions: The project was presented for review at the December 17th Agency Directors meeting.

Other government/statutory agency action: None.

ACTION RECOMMENDED: APPROVAL OF PROPERTY TAX ABATEMENT AT 100% FOR 10 YEARS FOR THE 2331-2333 LISTER AVENUE RESIDENTIAL PROJECT.

APPROVAL OF A REDEVELOPMENT CONTRACT WITH ACS, LLC FOR THE 2331-2333 LISTER AVENUE RESIDENTIAL PROJECT IN THE E. 23RD STREET URBAN RENEWAL AREA.

4. **Cleveland Duplexes URA** – *Consideration of Bond Authorizing Resolution for Multifamily Project (Brian Engel) (Ex. 4A-4I)*

After issuing a request for redevelopment project proposals, LCRA in May, 2021 selected RCG II, LLC, a Missouri limited liability company (“Redeveloper”), which is affiliated with Community Builders of Kansas City, as redeveloper for acquisition and rehabilitation of a multi-family housing project comprising 40 existing duplex buildings, for a total of 80 units, construction of a clubhouse/community facility, parking, and other related improvements (“Project”), which is generally bounded by 51st Street on the north, the properties along the east side of Mersington Avenue on the east, 53rd Street on the south, and Cleveland Avenue on the west (“Project Area”). LCRA received no other redevelopment contract proposals to implement the Project.

The Redeveloper has requested that LCRA (i) issue taxable bonds in a principal amount not to exceed \$7 million to finance the Project, (ii) acquire the Project and related property upon which the Project is to be built and lease the property to the Redeveloper during the construction period plus the 25-year tax abatement period, (iii) grant a sales tax exemption incentive on construction materials to facilitate construction of the Project on behalf of LCRA, and (iv) grant tax abatement to the Redeveloper upon completion of the Project as provided in the Redevelopment Contract, which includes the tax abatement period PILOT, 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 UMB Bank, N.A., 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 \$7 MILLION AND EXECUTION OF BOND AND PROJECT DOCUMENTS TO FUND DEVELOPMENT OF THE PROJECT WITHIN THE CLEVELAND DUPLEXES URBAN RENEWAL AREA.

5. **33rd & Montgall URA – Palestine Gardens** – *Consideration of Inducement Resolution for Issuance of LCRA Bonds* (Brian Engel) (Ex. 5)

In November, LCRA selected PG PGN Owner, LLC as the redeveloper for a project to undertake rehabilitation of 118 existing apartments in the Palestine Gardens and Palestine Gardens North apartment complexes in the Oak Park neighborhood. All 118 units are reserved for very low-income seniors aged 62 and up. MHDC has allocated both Federal and Missouri Low-Income Housing Tax Credits to this project. To facilitate the project and implement the tax incentives for the project, LCRA intends to issue bonds in an amount not to exceed \$11 million. The Hardwick Law Firm will act as bond counsel to LCRA and recommends approval of an inducement resolution evidencing LCRA's intent to issue bonds for the project.

ACTION RECOMMENDED: APPROVE INDUCEMENT RESOLUTION FOR ISSUANCE OF BONDS IN CONNECTION WITH THE REHABILITATION OF THE PALESTINE GARDENS AND PALESTINE GARDENS NORTH APARTMENT BUILDINGS TO PRESERVE AFFORDABLE HOUSING UNITS.

6. **Central Business District URA** – *Consideration of Redeveloper Proposal, Incentives, and Bond Authorizing Resolution for Historic Building Renovation Project – 906 Grand Hotel* (Brian Engel) (Ex. 6A-6G)

After issuing a request for redevelopment project proposals, LCRA received a proposal from 906 Grand Boulevard Hospitality, LLC, an Arkansas limited liability company ("Redeveloper"), for acquisition and rehabilitation of a historic building(s) located at 906-910 Grand Boulevard ("Project Property") for use as an approximately 240-room hotel and other related improvements ("Project"). LCRA received no other redevelopment contract proposals to implement the Project.

The Redeveloper has requested that LCRA (i) issue taxable bonds in a principal amount not to exceed \$73 million to finance the Project, (ii) acquire the Project and related property upon which the Project is to be built and lease the property to the Redeveloper during the construction period (iii) grant a sales tax exemption incentive on construction materials to facilitate construction of the Project on behalf of LCRA, and (iv) grant tax abatement to the Redeveloper upon completion of the Project for 10 years (85% for Years 1-2 and 75% for Years 3-10) as provided in the Redevelopment Contract, which includes the tax abatement period PILOT, 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 BOKF, N.A., 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: SELECT 906 GRAND BOULEVARD HOSPITALITY, LLC (OR CONTROLLED AFFILIATE) AS REDEVELOPER OF THE PROJECT AND APPROVE THE ACQUISITION AND LEASE OF THE PROJECT PROPERTY BY LCRA TO THE REDEVELOPER PURSUANT TO A SALE/LEASEBACK TRANSACTION TO IMPLEMENT A SALES TAX EXEMPTION ON THE PURCHASE OF CONSTRUCTION MATERIALS AND TAX ABATEMENT AS PROVIDED IN THE REDEVELOPMENT CONTRACT AND THE LEASE AGREEMENT.

APPROVE RESOLUTION AUTHORIZING ISSUANCE OF BONDS AND EXECUTION OF BOND IN MAXIMUM AMOUNT OF \$73 MILLION AND PROJECT DOCUMENTS TO FUND DEVELOPMENT OF THE PROJECT WITHIN THE CENTRAL BUSINESS DISTRICT URBAN RENEWAL AREA.

7. **Administrative.**

a. **Executive Director's Report** - *Active Projects Tracking System Report* (Dan Moye) (**Ex. 6A**)

ACTION RECOMMENDED: *NONE; INFORMATIONAL ONLY*

b. **Administrative** – *Affirmative Action Report* (Sandra Rayford)

ACTION RECOMMENDED: *NONE; INFORMATIONAL ONLY*

c. **Tax Abatements.** There were nineteen (19) tax abatements approved in November, 2021

URA	Address	Applicant	Category	Type
Indian Mound-Lykins	3459 E. 7 th	Lykins NT Holdings	S/f Residential	Rehab
Indian Mound-Lykins	3612 E. 10 th	Jennifer Diggs	S/f Residential	Rehab
Indian Mound-Lykins	3706 E. 7 th	Lykins NT Holdings	S/f Residential	Rehab
Indian Mound-Lykins	4401 E. 9 th	Anthony Marstall	S/f Residential	Rehab
Indian Mound-Lykins	617 Spruce	Lykins NT Holdings	S/f Residential	Rehab
Key Coalition	2925 Euclid	Kendsey Nelson	S/f Residential	Rehab
Longfellow Dutch Hill	2820 Campbell	BKC Real Estate, LLC	S/f Residential	Rehab
Marlborough CC	1120 E. 79 th	SC Re I, LLC	S/f Residential	Rehab
Marlborough CC	1350 E. 79 th	Donall Nolan	S/f Residential	Rehab
Marlborough CC	1414 E. 79 th	Adam & Carol Handler	S/f Residential	Rehab
Marlborough CC	1704 E. 77 th	Rickey & Regina Yates	S/f Residential	Rehab
Oak Park	3431 Monroe	Tgli KC Fund LLC	S/f Residential	Rehab
Oak Park	3432 Bellefontaine	SSC Property Holdings	S/f Residential	Rehab
Oak Park	4140 College	Northpointe Ventures	S/f Residential	Rehab
Santa Fe Area Council	2618 Victor	James & Karen Brox	S/f Residential	Rehab
Santa Fe Area Council	3222 Victor	Wafer Real Estate Dev.	S/f Residential	Rehab
Santa Fe Area Council	3235 Lockridge	TG Farms, LLC	S/f Residential	Rehab
Scarritt Renaissance I	424 Bellefontaine	TK Investment Group	S/f Residential	Rehab
Waldo Ice House	222 W. 75 th	Ice House Dev.	M/f Residential	Rehab

EXECUTIVE SESSION

8. 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

9. Adjourn.