
LAND CLEARANCE FOR REDEVELOPMENT AUTHORITY BOARD VIDEO-CONFERENCE MEETING

DATE: **December 12, 2022**

TIME: 10:00 a.m.

PLACE: 300 Wyandotte, 4th Floor
Kansas City, Missouri

Join Online: [Join LCRA Zoom videoconference](#)

By phone: (312) 626-6799

Meeting ID: 862 2060 5020

Passcode: 052600

AMENDED AGENDA

1. **Roll Call.**

2. **Minutes**

- a. *Review and approval of Meeting Minutes for October 27, 2022 as presented (Ex. 2A)*

ACTION RECOMMENDED: APPROVAL OF THE MINUTES FOR OCTOBER 27, 2022, AS PRESENTED

- b. *Review and approval of Meeting Minutes for May 24, 2022, as presented (Ex. 2B)*

ACTION RECOMMENDED: APPROVAL OF THE MINUTES FOR MAY 24, 2022, AS PRESENTED

3. **Central Business District URA – Historic rehabilitation of 802 Broadway Boulevard for mixed uses** – *Consideration of Approval of a Redevelopment Contract with EXACT 802, LLC (Bob Long) (Ex. 3A-3G)*

Area Description: The Central Business District URA generally consist of an area generally bound by the I-35 on the north, Oak Street on the east, I-35 on the south, and I-35 on the west, located within the Downtown Loop. The project site is within the City Council's 4th District.

Project Description: The applicant is Exact 802, LLC, which is affiliated with Exact Partners.

The applicant has proposed a \$9.8Million historic tax credit rehabilitation of 802 Broadway, an historic 7 - story commercial building on the west side of Broadway Boulevard, formerly known as both the Isaacs Building and Carnival Building. 802 Broadway has 40,500 square feet most of which will be converted into 39 loft-style apartments. Approximately 1,200 square feet will be available for commercial tenants on the first floor, and approximately 3,149 square feet in the basement for a lounge or

restaurant. Off-street parking spaces will be leased from nearby sources. The applicant will complete an historic tax credit rehabilitation of the building.

Ordinance Policy Factors:

Since the project is an historic tax credit project, it is not subject to the City's prevailing wage requirements. It is also not subject to the reduced level and terms of assistance established by Ordinance No. 220700 since it is a historic tax credit project.

Financial Review

Baker Tilly conducted a financial analysis of the 802 Broadway project. A copy of their analysis is attached. The Consultant noted that the developer had requested a 10-year abatement of 75% of the increased taxes resulting from the proposed project. Using an unleveraged Internal Rate of Return, Baker Tilly determined that the project would achieve only a 5.91% Unleveraged IRR without assistance, which fell below an average of 6.79% for similar projects. With the proposed tax abatement, Baker Tilly concluded the developer would achieve a 6.57% Unleveraged Internal Rate of Return. EDC staff believes the projected return is reasonable.

Staff believes that the proposed project is in conformance with Central Business District Urban Renewal Plan.

AdvanceKC: The 802 Broadway historic rehabilitation project achieved a score of 69 on the AdvanceKC Scorecard, which puts it solidly in the Standard Impact category.

Affirmative Action Policy and MBE/WBE Participation: The proponent will be subject to LCRA's MBE/WBE participation goals and has discussed the reporting process with CREO.

Taxing Jurisdictions: The project was presented for review at the November 29th, 2022 Agency Directors meeting.

Other government/statutory agency action: N/A

ACTION RECOMMENDED: APPROVAL OF PROPERTY TAX ABATEMENT AT 75% FOR 10 YEARS FOR THE 802 BROADWAY MIXED-USE PROJECT.

APPROVAL OF A REDEVELOPMENT CONTRACT WITH EXACT 802, LLC FOR THE 802 BROADWAY MIXED-USE PROJECT IN THE CENTRAL BUSINESS DISTRICT URBAN RENEWAL AREA.

4. **Central Business District URA – 900 Broadway / Hyatt House Hotel** – *Consideration of Assignment of LCRA Incentives to New Redeveloper (Brian Engel) (Ex. 4)*

In October 2019, LCRA acquired the property at 900 Broadway and issued its taxable bond in a principal amount not to exceed \$38,000,000 to assist in the financing of the construction of a multi-story, extended-stay hotel with approximately 154 guest rooms,

approximately 2,500 square feet of meeting space, and approximately 6,000 square feet of common area that will be open to hotel guests and the public, and related improvements (“Project”). LCRA leased the land to 900 Broadway KC LLC, a Missouri limited liability company (“Land Developer”) and the project improvements to (1) 900 Broadway KC Development Company LLC, a Missouri limited liability company (“900 Broadway Dev. Co.”), (2) Oak Holdings LLC, a Missouri limited liability company (“Oak Holdings”), and (3) REMSK, LLC, a Missouri limited liability company (“REMSK”), as tenants-in-common (collectively, the “Redeveloper”).

LCRA approved the sale/leaseback structure and issued its bond to provide the following tax incentives for the Project (i) sales tax exemption on construction materials, and (ii) property tax abatement upon completion of the Project as provided in the Redevelopment Contract to achieve abatement of property taxes (above current predevelopment taxes) generated by the Project for 15 years under the LCRA Law (100% abatement in Years 1-10; 37.5% abatement in Years 11-15), including required PILOT payments. In addition, the Redeveloper will establish a community improvement district on the property to generate sales tax revenue to assist the Project.

The Redeveloper commenced construction in December 2019. In March 2020, the Redeveloper’s lender failed to fund the Project and construction halted. The general contractor and multiple subcontractors have filed mechanic’s lien claims and other related claims against several parties, including LCRA as the property owner. The Redeveloper has been in talks with a new developer team HH KC Partners, LLC (“New Redeveloper”), which is a joint venture of O’Reilly Hospitality Management, LLC and Lotus Holdings, LLC, to obtain a new construction loan to pay off all of the claims and complete the project as originally proposed. The New Redeveloper has requested that LCRA approve an assignment of the previously tax incentives for the project in support of the New Redeveloper’s effort to obtain construction financing.

ACTION RECOMMENDED: APPROVE ASSIGNMENT OF PREVIOUSLY APPROVED TAX INCENTIVES TO NEW REDEVELOPER, SUBJECT TO SATISFACTION OF CERTAIN CONDITIONS AND REQUIREMENTS OUTLINED IN THE RESOLUTION.

5. **Administrative.**

- a. **Executive Director’s Report** - *Active Projects Tracking System Report* (Dan Moye) (Ex. 5A)

ACTION RECOMMENDED: NONE; INFORMATIONAL ONLY

- b. **Administrative** – *Affirmative Action Report* (Sandra Rayford) (Ex. 5B)

ACTION RECOMMENDED: NONE; INFORMATIONAL ONLY

- c. **Historic Manheim Park Neighborhood Association** (Bill Drummond)

- d. **Tax Abatements.** *There were forty-one (41) tax abatements approved in October and November, 2022.*

URA	Address	Applicant	Category	Type
Brooklyn East I	2013 Wabash	Shanay Irvin	S/f Residential	Rehab
Brooklyn East II	2329 Brooklyn	Tiger Investments Homes	S/f Residential	Rehab
Central Business District	444 W. 12th	Chouteau Square Housing	M/f Residential	Rehab
Columbus Park	515 Charlotte	Thang Cao	S/f Residential	Rehab
Columbus Park	542 Harrison	Matthew Doull	S/f Residential	New
Columbus Park	801 Pacific	Columbus Park Housing	M/f Residential	Rehab
East 23rd Clearance	2404 Myrtle	Ada Shaw	S/f Residential	Rehab
Garfield	228 Olive	Olive	S/f Residential	Rehab
Hospital Hill II	2526 Holmes	BBBUETT Enterprises	S/f Residential	Rehab
Indian Mound-Lykins	3407 E. 7th	Lykins NT Holdings	S/f Residential	Rehab
Indian Mound-Lykins	4203 Windsor	SC RE I	S/f Residential	Rehab
Indian Mound-Lykins	4512 E. 9th	Lykins NT Holdings	S/f Residential	Rehab
Indian Mound-Lykins	609 Cypress	Lykins NT Holdings	S/f Residential	Rehab
Indian Mound-Lykins	715 VanBrunt	N. Helm & G. Mehmedi	S/f Residential	Rehab
Kansas	3200 E. 20th	Neighborhoods United	S/f Residential	New
Longfellow Dutch Hill	2762 Charlotte	Zachariah & Audrey Baker	S/f Residential	Rehab
Marlborough CC	1308 E. 81st	SC Re I	S/f Residential	Rehab
Marlborough CC	1317 E. 83rd	SC RE I	S/f Residential	Rehab
Marlborough CC	1414 E. 77th	SC RE I	S/f Residential	Rehab
Marlborough CC	2131 E. 81st	SC Re I	S/f Residential	Rehab
Marlborough CC	8033 Olive	Monica Stephens	S/f Residential	Rehab
Marlborough CC	8343 Paseo	SC RE I	S/f Residential	Rehab
Oak Park	316 N. Quincy	Blackbird Real Estate	S/f Residential	Rehab
Oak Park	3714 Wayne	Leorn King	S/f Residential	Rehab
Oak Park	3745 Wayne	Cruz Lopez	S/f Residential	Rehab
Oak Park	3804 Chestnut	CORE Urban Renew	S/f Residential	Rehab
Oak Park	3804 Highland	John Boland	S/f Residential	Rehab
Oak Park	4127 S. Benton	SSC Property Holdings	S/f Residential	Rehab
Oak Park	4407 Bellefontaine	Thompson Enterprise	S/f Residential	Rehab
Santa Fe Area Council	2646 Victor	James & Karen Brox	S/f Residential	Rehab
Santa Fe Area Council	2925 E. 28th	Joseph Jackson	S/f Residential	Rehab
Santa Fe Area Council	2937 E. 28th	Jesus Moreno	S/f Residential	Rehab
Santa Fe Area Council	3114 Agnes	LeShyeka Roland	S/f Residential	Rehab
Scarritt Renaissance I	3406 Garner	Louis & Sylvia Raya	S/f Residential	Rehab
Scarritt Renaissance I	3435 Morrell	Joseph D. Quinn III	S/f Residential	Rehab
Scarritt Renaissance II	401 Myrtle	JPC Property Holdings	S/f Residential	Rehab
Scarritt Renaissance II	4420 Sunrise	Kevin Hardy	S/f Residential	Rehab
Troost Paseo	4434 Tracy	Ryan & Tara Oester	S/f Residential	New
Troost Paseo	4439 Tracy	Pauline Aherrera	S/f Residential	New
Troost Paseo	4608 Forest	Elevate Design + Build	S/f Residential	Rehab
Wabash Village	5236 Brooklyn	Joseph Jackson	S/f Residential	Rehab

EXECUTIVE SESSION

6. *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

7. **Adjourn.**