



BOARD MEETING AGENDA

ZONE 1, ZONE 2 & ZONE 3

DATE: July 13, 2021
TIME: 9:00 AM
PLACE: 300 Wyandotte Street, Suite 400
Kansas City, Missouri 64105

VIA VIDEO CONFERENCE

Meeting ID: 817 3990 6517

Passcode:933973

To Join:

<https://zoom.us/join?meetingid=81739906517&password=933973>
<https://us06web.zoom.us/j/81739906517?pwd=DRkp5aERRTHJOM1M5NE5KOWZsVmFRQT09.-Meeting%20ID%3A%20817>

1. **Roll Call**
2. **Approval of Board Meeting Minutes (Zones 1, 2 & 3)(Exhibit 1)**

ACTION RECOMMENDED: APPROVAL OF THE MINUTES FOR THE OCTOBER 28, 2020 BOARD MEETING FOR ZONES 1,2 , AND 3

3. **Multifamily Housing Eligibility for Tax Abatement** *(Dan Moy, Herb Hardwick)*
(Exhibit 2)

ACTION RECOMMENDED: NONE; INFORMATIONAL ONLY

Executive Session

4. **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

5. **Adjourn**



BOARD MEETING AGENDA - REVISED

ZONE 1, ZONE 2 & ZONE 3

DATE: October 28th, 2020
TIME: 9:00 AM
PLACE: 300 Wyandotte Street, Suite 400
Kansas City, Missouri 64105

VIA VIDEO CONFERENCE

Meeting ID: 928-9628-0131 | <https://zoom.us/j/92896280131>

Present: Andrea Bough
Lynn Carlton
Rob Gardner
Melissa Hazley
Tammy Henderson
Matt Fritz
Shannon Jaax
Jim Staley

Staff: Dan Moye, EEZ
Carrie Habib, EEZ
Dona Mathieu, EDC

EEZ Legal Counsel: Herb Hardwick, Hardwick Law

Guest: Roxsen Koch; Richard Curto, Gateway Investment Plan,
Dion Lewis with Kansas City HRD, Richard Wood,
Pamela Opyd, Willa Larkie, Allan Gray

1. Roll Call

AT 9:07 AM, MR. MOYE CALLED TO ORDER THE MEETING OF THE ENHANCED ENTERPRISE ZONE BOARDS 1 AND 3. QUORUM WAS NOT MET FOR ZONE 2. THE MEETING PROCEEDED ACCORDINGLY FOR ZONES 1 AND 3. TOWARD THE END OF THE MEETING, MELISSA HAZLEY WAS ABLE TO JOIN AND PROVIDE QUORUM FOR ZONE 2.

2. **Annual Election of Officers for 2020–2021 (Zones 1, 2 & 3)**

ACTION TAKEN: DAN MOYE NOMINATED TAMMY HENDERSON AS CHAIR AND ANDREA BOUGH AS VICE CHAIR OF THE BOARD. ANDREA BOUGH MOVED THE MOTION FORWARD AND LYNN CARLTON SECONDED IT. THE MEMBERS OF ZONES 1 AND 3 WERE APPROVED UNANIMOUSLY.

ACTION TAKEN: WITH PROVIDED FOR ZONE 2, ANDREA BOUGH MOVED THE MOTION TO APPROVE THE CHAIR, VICE-CHAIR, AND ZONE 2 OFFICERS AND SECONDED BY MELISSA HAZLEY FOLLOWED BY UNANIMOUS APPROVAL.

3. **Approval of Board Meeting Minutes (Zones 1, 2 & 3)**

ACTION TAKEN: APPROVED MINUTES OF JANUARY 15TH MEETING WERE PRESENTED. FOR ZONE 1, ANDREA MOTIONED THE APPROVAL FORWARD AND JIM STALEY SECONDED IT AND WAS MET WITH UNANIMOUS APPROVAL. FOR ZONE 3, ANDREA BOUGH MOTIONED THE APPROVAL FORWARD, SECONDED BY ROB GARDNER, AND CARRIED UNANIMOUSLY. AFTER QUORUM WAS MET FOR ZONE 2 LATER IN THE MEETING, ANDREA BOUGH MOTIONED THE APPROVAL OF THE MEETING MINUTES AND SECONDED BY MELISSA WITH UNANIMOUS APPROVAL.

4. **Status Reports (Zones 1, 2 & 3) (Dan Moye) (Ex. 3-A, 3-B & 3-C)**

ACTION TAKEN: THE STATUS REPORTS WERE PRESENTED TO ZONE 1 AND 3. MS. BOUGH MOTIONED THE APPROVAL OF THE STATUS REPORTS FOR BOTH ZONES 1 AND 3 AND WERE SECONDED BY ROB GARDNER AND BY LYNN CARLTON, RESPECTIVELY. FOR ZONE 2, ANDREA BOUGH MOTIONED THE APPROVAL WHICH WAS SECONDED BY MELISSA AND MET WITH UNANIMOUS APPROVAL.

5. **Administrative Updates (Dan Moye)**

DISCUSSION OF EEZ MULTI-FAMILY USE

- DAN MOYE AND HERB HARDWICK ARE CURRENTLY UNDERGOING DISCUSSION WITH POLSINELLI LAW FIRM REGARDING THE USE OF EEZ ON MULTI-FAMILY PROJECTS. IT WAS REITERATED THAT EEZ HAS ALWAYS BEEN A JOB-BASED PROGRAM AND IS RESTRICTED TO THE NUMBER OF JOBS CREATED FOR A PROJECT. IN THE PAST, THE EXECUTIVE DIRECTOR APPROVED A MULTI-FAMILY PROJECT BASED ON A LEASING OFFICE AND RESULTING IN AN APPROVED 10-YEAR, 50% ABATEMENT INCENTIVE. THERE HAS BEEN INTERNAL EEZ DISCUSSION AND FEEDBACK FROM THE STATE, AND EEZ HAS TAKEN A DIFFERENT APPROACH TO THAT AND DETERMINED THAT IT IS NOT AN APPROPRIATE USE, SAYS DAN MOYE. HERB HARDWICK HAS PROVIDED A RESPONSE ON BEHALF OF THE EEZ. ROXSEN KOCH PARTICIPATED IN THE MEETING TO DEFEND THE USE OF THE EEZ TOOL FOR THE PROJECT, REFERENCING ORDINANCE 190563. DAN MOYE EXPRESSED COGNITION OF THE NEED FOR PROJECTS TO MOVE FORWARD QUICKLY ON THE EAST SIDE. DAN MOYE ALSO ADDED THAT THERE ARE SEVERAL ESTABLISHED PROGRAMS THAT CAN ASSIST WITH THAT. HE EXPRESSED CONCERN OF THE POTENTIAL OF THE REQUESTED PROGRAM BEING ABUSED IN AREAS THAT ARE NOT BLIGHTED AND LIKELY WOULD NOT PASS THE BUT-

FOR TEST. HE TOUCHED ON THE REFERENCE ORDINANCE 190563 MENTIONED BY ROXSEN AND POINTED OUT THAT ITS REFERENCE TO MULTI-FAMILY WAS STATED AS THE COUNCIL'S PRIORITIES WHICH IS WIDE-RANGING AND NOT SPECIFIC TO EEZ ENTIRELY. HERB HARDWICK POINTED OUT THAT THE PROGRAM FOCUSES ON PERMANENT JOB CREATION. SHANNON JAAX WAS SURPRISED THAT THE FORMER EEZ DIRECTOR INTERPRETED THAT MULTI-FAMILY COULD BE INCLUDED AND THAT PRIOR DISCUSSIONS OF THE PILOT PROGRAM DID NOT INCLUDE MULTI-FAMILY AND WAS JOBS FOCUSED. SHANNON JAAX REMARKED THAT EEZ IS NOT INTENDED FOR USE ON MULTI-FAMILY PROJECTS AND THAT KCPS MAY RAISE CONCERNS IF IT IS PURSUED AND EXPLORED. DAN MOYE STATED THAT EEZ IS TAKING AN OPPOSING STANCE BECAUSE THE ORGANIZATION DOES NOT BELIEVE IT IS ALLOWABLE UNDER LAW. HOWEVER, IF IT IS GUIDED BY THE STATE, CITY, OR A COMBINATION OF THIS TWO WILL ALLOW IT, THEN THE EEZ IS OBLIGATED TO UPDATE THE BOARD. THE DISCUSSION IS HELD FOR BACKGROUND AND UNDERSTANDING. ANDREA BOUGH ASKED IF THE STATUTORY DEFINITION INCLUDED MULTI-FAMILY PROJECTS. HERB MENTIONED THE INTERPRETATION OF THE STATUTE. MR. MOYE SAID THAT THE ASSESSOR WILL ASSESS A BUILDING TO DETERMINE ANY POSSIBILITY. ROXSEN KOCH STATED THAT THE NAICS CODE 53 IS BROAD AND ENCOMPASSES SUBCATEGORIES, MULTI-FAMILY WOULD BE INCLUDED AND THAT EEZ IS APPLICABLE DUE TO THE CREATION OF CONSTRUCTION JOBS FOR THE MULTI-FAMILY PROJECT. RICH WOOD HIGHLIGHTED THAT CHAPTER 100 BONDS ARE APPROVED ON MULTI-FAMILY. DAN MOYE ALSO EMPHASIZED THAT NO OTHER MUNICIPALITY DOES MULTI-FAMILY IN THE EEZ PROGRAM. JIM STALEY MENTIONED THAT IT SHOULD NOT BE NECESSARY TO COURT TEMPORARY JOBS FOR A MULTI-YEAR TAX ABATEMENT WHEN THE FOCUS SHOULD BE ON LONG-TERM JOB CREATION.

REVIEW LIST OF EEZ PROJECTS RECEIVED

- The board reviewed and approved the list of EEZ projects that were received in the reporting year July 1, 2019 to June 30, 2020.

18th & Woodland Overview

Roxsen Koch introduced The Zhou B Art Center project which was presented by Richard Curto. A project with a total investment of \$20 million dollars and provide 24 permanent jobs, and approximately 100 construction jobs.

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**

Dan Moye adjourned the meeting at 9:56 AM.

Board Item – EEZ Policy

Re: Multifamily Housing Eligibility for Tax Abatement

Date: July 12, 2021

The Enhanced Enterprise Zone (“EEZ”) staff and counsel have been reviewing Missouri law, practice and policy to determine whether EEZ policy of providing tax abatement applies to multifamily housing development projects.

Section 135.950 (b) RSMO, defines an Enhanced Enterprise Business as an industry or one cluster of industries as identified by the governing authority of the EEZ and approved by the Missouri Department of Economic Development (“DED”). Under the City of Kansas City, Missouri Ordinance No. 051412, the EEZ identified as being eligible for EEZ benefits such businesses with designated NAICS Sector Names – Construction (23) and Real Estate, Rental & Leasing (53) as examples.

Under current EEZ policy, the EEZ staff determined certain businesses categorized as NAICS Code (53) which references Real Estate, Rental & Leasing would be eligible for tax abatement under the EEZ framework. Further, if a company was engaged in the construction of buildings or engineering projects, it may qualify for tax abatement as well. In a similar manner, general contractor establishments primarily responsible for the construction of new multifamily residential housing units are considered eligible for tax abatement as a qualified eligible project.

The EEZ staff determined, however, while the above businesses as referenced were eligible for tax abatement, newly constructed apartment buildings were deemed not eligible for tax abatement. EEZ staff has taken the position if a newly constructed multifamily housing apartment development has an office which is engaged in the leasing or the rental of apartment units, and/or providing related services, only the rental office may be eligible for tax abatement.

Over the past year, EEZ staff and counsel have been engaged in discussions with developers, developers’ counsel, and most recently with the City of Kansas City, Missouri Attorney’s Office. The development community and the City have argued new construction multifamily housing apartments should be eligible because they fall within the NAICS Codes referenced above.

Consequently, if a newly constructed apartment building meets the criteria for tax abatement based upon the EEZ requirements, the City of Kansas City, Missouri, pursuant to the City’s Law Department, has determined such projects should be eligible for tax abatement. Given the EEZ’s role as a recommending body to the City Council of Kansas City, Missouri, the EEZ staff and counsel defer to the City’s legal position.