

Special Board Meeting Agenda

Tax Increment Financing Commission

City of Kansas City, Missouri

DATE: December 19, 2023
TIME: **3:00 pm**
PLACE: Economic Development Corporation Board Room, 4th Floor
300 Wyandotte
Kansas City, Missouri

Videoconference

<https://us06web.zoom.us/j/81695308048?pwd=Dn5zcor2LqJEPLDikW0wr2T6fYNSb2.1>

Meeting ID: **816 9530 8048**
Passcode: **324514**
Phone: **(312) 626-6799**

JACKSON COUNTY/KCMO – 3:00 PM

1. **Historic Northeast TIF Plan: Consideration of approval of the proposed Historic Northeast TIF Plan, and others matters related thereto. (David Leader) Exhibit 1**

Purpose: The purpose of this hearing is for the TIF Commission to consider recommending to the City Council of Kansas City, Missouri approval of the Historic Northeast Tax Increment Financing Plan (the “Redevelopment Plan” or “Plan”) and designation of the Redevelopment Project Area described therein.

Redevelopment Plan Area: The Redevelopment Area described by the Plan is in an area generally bounded by Parretta Drive on the north, Van Brunt Boulevard on the west, East 23rd Street on the south, and I-435 on the east, all in Kansas City, Jackson County, Missouri.

Notices: Notices regarding the public hearing were sent to all affected taxing jurisdictions by certified mail on August 5, 2023. Notices were published in newspapers of general circulation of the proposed redevelopment, on September 9, 2023, and September 29, 2023.

Staff prepared and delivered notices by certified mail regarding the public hearing on December 1, 2023 to the person or persons in whose names the general taxes for the last

preceding year were paid on each lot, block, tract or parcel of land located within the redevelopment project or plan area, which shall be subject to payments in lieu of taxes and economic activity taxes.

General Description of the Historic Northeast TIF Plan: The Historic Northeast Tax Increment Financing Plan provides for the construction of (1) approximately 389 multi-family residential units, of which 322 shall be reserved as “affordable housing” for tenants who earn less than 80% of the Kansas City, Missouri median household income, approximately 13,000 square feet of retail space, an approximately 30,000 square foot daycare center and after school program space, and approximately 500 parking spaces and (2) the construction or reconstruction of public infrastructure improvements, including, but not limited to sanitary and storm sewer, utilities, sidewalks, and any other required or desired infrastructure, that support and enhance the Project Improvements.

Redevelopment Project Costs: The estimated Redevelopment Project Costs to implement the Project Improvements and Public Improvements is \$178,931,655, which shall include estimated financing costs in the amount of \$2,563,925 and all such costs are identified on Exhibit 5 attached hereto. It is anticipated that the aforementioned Redevelopment Project Costs will be funded from the following sources: (A) Economic Activity Taxes generated and collected within the Redevelopment Project Area, (B) Additional City generated and collected within the Redevelopment Project Area, (C) a monetary contribution from the Kansas City Affordable Housing Trust Fund in the amount of \$1,575,000, (D) a loan from Kansas City Brownfield Revolving loan fund of \$7,000,000, (E) energy rebates in the amount \$350,000, (F) private debt in the approximate amount of \$32,803,211, (G) and tax credit equity in the amount of \$82,562,470, and (H) deferred fees in the approximate amount of \$8,207,874.

Projections and Application of Payments in Lieu of Taxes and Economic Activity Taxes: The Redeveloper intends to seek benefits under The Planned Industrial Expansion Law which shall provide that sales tax exemption on construction materials, along with an exemption on real property taxes, for a portion of the Redevelopment Area containing approximately 22 acres and is generally bounded by Independence Avenue on the north, Hardesty Avenue on the west, East 9th Street on the South, and the Kansas City Terminal Railroad on the east, all in Kansas City, Jackson County, Missouri. The requested PIEA Benefits provide for 100% ad valorem tax abatement for twenty-five (25) years on the real property located in the PIEA Area. All Payments in Lieu of Taxes generated from real property within the Redevelopment Project Area and deposited into the Special Allocation Fund shall be declared surplus and shall be remitted to the affected Taxing Districts in accordance with the Act.

Anticipated Sources of Funds and Evidence of Commitments to Finance: The proposed Developer of the Plan has submitted evidence of financing commitments for its private debt and Federal Low Income Housing Tax Credit debt and equity.

Initial Equalized Assessed Value: The total initial equalized assessed valuation of the Redevelopment Area, according to 2023 tax records at the Jackson County Assessor’s Office, is approximately \$116,260,812. The 2023 calendar year combined ad valorem property tax levy is \$7.8179 per \$100 assessed valuation for residential property and \$9.2549 per \$100 assessed valuation for commercial property. The total initial equalized assessed valuation of the Redevelopment Area will be determined prior to the time the Redevelopment Project is approved by Ordinance. Following the completion of the Project Improvements and Public

Improvements, it is estimated that the assessed value of the real property within the Redevelopment Area will increase to approximately \$130,785,370.

Statutory Findings: It is Staff's recommendation that the Historic Northeast Tax Increment Financing Plan meets each of the required statutory findings identified by the TIF Act Statute. Specifically,

- **Conservation Area:** The Plan Redevelopment Area on the whole, based upon the report attached to the Plan, as Exhibit 11, is a Conservation area because fifty percent (50%) of the structures in the Redevelopment Area have an age of thirty-five (35) years or more and, although Redevelopment Area is not yet a blighted area, is detrimental to the public health, safety, or welfare and may become a blighted area because of the following factors: dilapidation, excessive land coverage and lack of community planning and such.
- **But-For Analysis:** Affidavit to be signed by City Manager, Brian Platt, provides that no City department director has requested or indicated any intent to request an appropriation for the financing of the public improvements, as described in and contemplated by the Historic Northeast TIF Plan, within the Fiscal Year 2023-24 Annual Budget.
- **Cost-Benefit Analysis:** Staff has prepared a Cost Benefit Analysis. It is attached to the plan and it shows the economic impact of the Plan on each taxing district, which is at least partially within the boundaries of the Redevelopment Area. The analysis shall show the impact on the economy if the project is not built, and is built pursuant to the Plan. The cost-benefit analysis shall include a fiscal impact study on every affected political subdivision, and sufficient information from the Developer to evaluate whether the Project Improvements and Public Improvements as proposed are financially feasible.
- **Finding the Area Conforms to the City's Comprehensive Plan:** The Redevelopment Plan conforms to the City's KC Spirit Playbook and the applicable Area Plan.
- **Redevelopment Schedule:** The Redevelopment Plan provides that the estimated date of completion of any redevelopment project described by the Plan and retirement of obligations incurred to finance redevelopment project costs identified by the Plan shall not occur later than twenty-three (23) years after such redevelopment project is approved by ordinance.
- **Relocation Plan:** The Redevelopment Plan contains a relocation assistance plan. The Plan does not contemplate the relocation of any businesses or residents.
- **Gambling Establishment:** The Redevelopment Plan does not include development or redevelopment of any gambling establishment.
- **Acquisition by Eminent Domain:** The Redevelopment Plan does not contemplate that any property located within a Redevelopment Project Area will be acquired by eminent domain later than five (5) years from the adoption of the Ordinance approving such Redevelopment Project.
- **Date to Adopt Redevelopment Project:** The Redevelopment Plan does not provide for the adoption of an Ordinance approving any Redevelopment Project later than ten (10) years from the adoption of the Plan.

Action recommended:

(1 OF 3) CLOSING THE PUBLIC HEARING.

(2 OF 3) APPROVAL OF THE HISTORIC NORTHEAST TAX INCREMENT FINANCING PLAN AND FORWARD THE RECOMMENDATIONS TO THE CITY COUNCIL FOR APPROVAL.

(3 OF 3) APPROVAL OF THE DESIGNATION OF THE REDEVELOPMENT AREA AND REDEVELOPMENT PROJECT AREA AND FORWARD THE RECOMMENDATIONS TO THE CITY COUNCIL FOR APPROVAL.

EXECUTIVE SESSION

- 2. Consideration of legal matters, real estate matters, sealed bids or proposals, or confidential communications between the Commission pursuant to Section 610.021(1), (2), (12), or (17), RSMo, respectively. (*Chair Canady*)**

RESUME BUSINESS SESSION

- 3. Adjournment**
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