

November 4, 2021

Hon. Quirton Lucas
Mayor, Kansas City, Missouri
29th Floor, City Hall
414 E. 12th Street
Kansas City, MO 64106

Re: Notice of Intent to Lease Property Pursuant to Sale/Leaseback and
Redevelopment Contract in Cleveland Duplexes Urban Renewal Area

Dear Mayor Lucas,

Please be advised that the Land Clearance for Redevelopment Authority of Kansas City, Missouri ("LCRA") issued a Request for Redevelopment Contract Proposals ("RFP") for the purpose of selecting a qualified redeveloper for a redevelopment project within the Cleveland Duplexes Urban Renewal Area. LCRA received one response from RCG II LLC ("Redeveloper") for rehabilitation of 40 existing duplex buildings for a total of 80 units, and construction of a clubhouse/community facility, parking, and other related improvements ("Project").

The details of the Project are as follows:

Redeveloper: RCG II LLC, a Missouri limited liability company, with offices at 4001 Blue Parkway, Suite 301, Kansas City, Missouri 64130. The Redeveloper is affiliated with Community Builders of Kansas City.

Location: The project area is generally bounded by 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: Rehabilitation of 40 existing duplex buildings for a total of 80 units, and construction of a clubhouse/community facility, parking, and other related improvements

Timeline: Construction is anticipated to begin in 2021 and be completed in 2022.

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Employment: An estimated 14 construction jobs are anticipated for construction of the Project and an estimated 2-3 employees are anticipated to be hired upon completion.

Financing: Total project costs are estimated to be approximately \$12.6 million. Sources of funds include Redeveloper equity, MHDC loan and HOME funds, HAKC loan, HEDFC loan, and low income housing tax credits. LCRA intends to issue bonds to facilitate a sales tax exemption on the purchase of construction materials and supplies.

Tax Incentive: The Redeveloper is requesting LCRA sale/leaseback exemption on sales tax for construction materials and supplies in connection with the Project. The Redeveloper will transfer title to the property to LCRA and LCRA will lease the property back to the Redeveloper pursuant to a lease agreement during the construction period and for an abatement period of twenty-five (25) years. Upon lease termination, LCRA will transfer title to the property back to the Redeveloper. LCRA approved 100% tax abatement during the abatement period pursuant to the sale/leaseback structure and subject to PILOT payments. Specific details of the LCRA incentives and services will be set out in agreements to be entered into with the Redeveloper.

By copy to Marilyn Sanders, City Clerk, I am requesting that she note receipt of this correspondence for the official City record and that it be placed on the City Council docket as a communication.

If you have any questions regarding this Project, please contact me.

Very truly yours,



Dan Moyer
Executive Director

cc: Marilyn Sanders, City Clerk
Brian Platt, City Manager
City Council

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