COMMITTEE SUBSTITUTE FOR ORDINANCE NO. 260561

Directing the City Manager to initiate the receivership process of Chapter 56 of the Kansas City Code of Ordinances for the vacant nuisance property known as the former Federal Reserve Bank of Kansas City site, located at 925 Grand Boulevard, Kansas City, 64106, in order to protect the health, safety, and welfare of residents by remediating the blight conditions through rehabilitation.

WHEREAS, the structures and land of the former Federal Reserve Bank of Kansas City site (the "Site") have languished unused with progressive decay and deterioration since its closure in 2008; and

WHEREAS, the Site's vacancy and nuisance conditions directly and increasingly depreciate the value of nearby properties and depress regional commercial activity; and

WHEREAS, residents and property owners near the Site lament the nearly two decades of inactivity and decomposition, citing both aesthetic and security concerns involving the Site's crumbling exterior, graffiti covering the interior, broken glass and refuse strewn throughout, exposed ceilings with materials left dangling, an unsecured elevator shaft, and the Site's serving as a haven for squatting, fires, and other chronic nuisance activities; and

WHEREAS, the City has received multiple reports of property violations at the Site over time, including falling debris and people entering through unsecured entrances, and the current developer's failure to prevent and remediate these nuisances violates Code of Ordinances Sections 48-31 and 48-46(c), among other provisions; and

WHEREAS, the current developer acquired the site in 2013 and received City approval of a financial incentive package in 2016 to support development of a 284-room hotel, a 450-space parking garage, and a 40,000 square foot family entertainment center at an estimated cost of $182 million; and

WHEREAS, despite investing approximately $42 million in asbestos removal and interior demolition by April 2021, the current developer has failed to progress beyond that preparatory work, with several construction completion estimates missed since 2018; and

WHEREAS, functionally no development activity has occurred on the Site in any of the thirteen years since the developer acquired the Site; and

WHEREAS, functionally no lawful business activity has occurred on the Site since the building's closure; and

WHEREAS, the Site has sat without consistent lawful human presence during the entirety of the developer's possession of the property; and

WHEREAS, the current developer secured a temporary restraining order from Jackson County Circuit Court in 2022 to prevent foreclosure following a notice of default alleging failure to maintain property insurance, unpaid property taxes, and outstanding mechanic's liens; and

WHEREAS, the Site faced foreclosure at least five times since January 2025, with each scheduled sale continued or canceled through forbearance agreements and bankruptcy filings; and

WHEREAS, the current developer filed a pair of Chapter 11 bankruptcy cases in late 2025 to stave off foreclosure sales arising from alleged defaults on millions of dollars in short-term loans; and

WHEREAS, the City terminated its incentive package with the current developer in March 2025 at the developer's own request, following an Economic Development Corporation recommendation to Council; and

WHEREAS, the current developer is now embroiled in a lawsuit alleging that the developer defrauded a collection of international investors who had committed $32.5 million to the project through the Federal EB-5 Immigrant Investor Program; and

WHEREAS, a comparable blighted building located less than one mile away from the Site, vacant since 2020, was acquired in 2024 and already offers housing units for rent, demonstrating the regional ability to quickly rehabilitate large vacant and blighted properties; and

WHEREAS, Chapter 56, Code of Ordinances, enables the City to petition the Circuit Court to appoint a receiver to rehabilitate vacant and blighted properties in order to protect the health, safety, and welfare of neighborhoods; NOW, THEREFORE,

BE IT ORDAINED BY THE COUNCIL OF KANSAS CITY:

Section 1. That the City Manager is hereby directed to ensure that the City pursue vacant property receivership for the property located at 925 Grand Boulevard pursuant to Code Section 56-600 et seq. and to serve the parties in interest with notice of the intent to file for receivership, pursuant to Code Section 56-603.

Section 2. That, prior to undertaking the actions described in Section 3 of this ordinance, the City Manager is directed to conduct public engagement with the residents, neighborhood associations, and community coalitions of the surrounding neighborhoods to identify the needs and priorities of the surrounding residents and to incorporate those needs and priorities as possible in the development of the Site.

Section 3. That the City Manager is directed to identify a qualified receiver pursuant to the procurement procedures of Chapter 3 of the Code of Ordinances. Any selection made in a non-

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competitive process shall require City Council approval prior to the City's recommendation of the receiver in the judicial process.

Section 4. That the City Manager is directed to report back to the City Council in writing as to the progress with the Site within 30 days.

Approved as to form:

Katz ... for

Abigail Judah
Associate City Attorney

Authenticated as Passed

Quinton Lucas, Mayor

Marilyn Sanders, City Clerk

JUL 02 2026

Date Passed