City of Kansas City, Missouri

Docket Memo

Ordinance/Resolution #: 260561
Submitted Department/Preparer: Mayor/Council's Office
Revised 01/30/25

Docket memos are required on all ordinances initiated by a Department Director. More information can be found in Administrative Regulation (AR) 4-1.

Executive Summary

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.

Discussion

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

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. 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. Functionally no development activity has occurred on the Site in any of the thirteen years since the developer acquired the Site; and functionally no lawful business activity has occurred on the Site since the building's closure. The Site has sat without consistent lawful human presence during the entirety of the developer's possession of the property. 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.

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

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. 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.

Fiscal Impact

1. Is this legislation included in the adopted budget? ☐ Yes ☒ No

2. What is the funding source?
   N/A

3. How does the legislation affect the current fiscal year?
   N/A

4. Does the legislation have a fiscal impact in future fiscal years? Please notate the difference between one-time and recurring costs.
   N/A

5. Does the legislation generate revenue, leverage outside funding, or deliver a return on investment?
   N/A

Office of Management and Budget Review
(OMB Staff will complete this section.)

1. This legislation is supported by the general fund. ☐ Yes ☒ No

2. This fund has a structural imbalance. ☐ Yes ☒ No

3. Account string has been verified/confirmed. ☐ Yes ☒ No

Additional Discussion (if needed)
This legislation does not appropriate funds.

Citywide Business Plan (CWBP) Impact

1. View the Adopted 2025-2029 Citywide Business Plan

2. Which CWBP goal is most impacted by this legislation?
   Housing and Healthy Communities (Press tab after selecting.)

3. Which objectives are impacted by this legislation (select all that apply):

   ☒ Utilize planning approaches in neighborhoods to reduce blight, ensure sustainable, affordable housing, and improve resident wellbeing and cultural diversity.
   ☐ Maintain and increase housing supply to meet the demands of a diverse population.
   ☐ Address the various needs of the City's most vulnerable population by working to reduce disparities.
   ☐ Promote healthy residents by ensuring basic sanitation and living needs are met.
   ☐ Ensure all residents have safe, accessible, quality housing by reducing barriers.
   ☐ Protect and promote healthy, active amenities such as parks and trails, play spaces, and green spaces.

Prior Legislation

None

Service Level Impacts

N/A

Staff Recommendation

Click or tap here to enter department.

Select One: ☐ Sponsored
☒ Directive: Res/Ord # Click to enter Res/Ord. No.

Select One: ☐ Recommend
☐ Do Not Recommend
☒ Not Applicable

Click or tap here to provide reasoning.

Other Impacts

1. What will be the potential health impacts to any affected groups?
   N/A

2. How have those groups been engaged and involved in the development of this ordinance?
   No

3. How does this legislation contribute to a sustainable Kansas City?
   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.

4. Does this legislation create or preserve new housing units?
   No (Press tab after selecting)

   Click or tap here to enter text.
   Click or tap here to enter text.

5. Department staff certifies the submission of any application Affirmative Action Plans or Certificates of Compliance, Contractor Utilization Plans (CUPs), and

Letters of Intent to Subcontract (LOIs) to CREO prior to, or simultaneously with, the legislation entry request in Legistar.

No - CREO's review is not applicable (Press tab after selecting)
Please provide reasoning why not:
Click or tap here to enter text.

6. Does this legislation seek to approve a contract resulting from an Invitation for Bid?

   No(Press tab after selecting)

   Click or tap here to enter text.

7. Does this legislation seek to approve a contract resulting from a Request for Proposal/Qualification (RFP/Q)?
   No(Press tab after selecting)