



City of Kansas City, Missouri

Docket Memo

Ordinance/Resolution # 230393

Submitted Department/Preparer:

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

The legislation approves the [Guadalupe Centers] PIEA General Development Plan on approximately 2.32 acres generally located at the northwest quadrant of the intersection of Hardesty Avenue and Van Brunt Drive in Kansas City, Missouri, and declaring said area to be blighted and in need of redevelopment and rehabilitation.

Discussion

The proposed development plan is in conformance with the Area Plan land use recommendation. This incentive plan also has an accompanying UR development plan as required by the zoning and development code. The property owners will seek a tax abatement which provides for one hundred (100%) percent abatement for ten (10) years and fifty (50%) percent abatement for fifteen (15) years. Abatement for projects within the redevelopment area shall be subject to the provisions of Second Committee Substitute for Ordinance No. 160383, As Amended, and as may be further amended from time to time, which was adopted by the City Council on or about October 6, 2016. The real estate shall not receive greater than a seventy-five (70%) percent abatement of real property taxes for the first ten (10) years and thirty-seven and one-half (37.5%) percent abatement for the following fifteen (15) years. However this limitation may be waived with Council approval to allow for abatements that exceed this threshold for certain qualifying projects. It is anticipated that projects in the Guadalupe Centers General Development Plan area will qualify for the waiver with the satisfaction of providing affordable housing or housing at deeper levels of affordability, as defined in Code Section 74-11. The PIEA has the statutory right to exercise the power of eminent domain to acquire any real property it deems necessary for a project or for its purposes under this law upon the adoption by the PIEA of a resolution declaring that the acquisition of the real property described therein is necessary for such purposes. The PIEA does not anticipate exercising the power of eminent domain within the Planning Area, except possibly to clear title, and will limit the use of eminent domain to five (5) years from the approval of the Plan. Should eminent domain be necessary to acquire real property in the future, the Plan shall be amended and such amendment shall be considered and approved by the PIEA and the City Council. The PIEA shall observe its approved standard procedures for consideration of such amendments, including notices to owners(s) and developer(s). Any use of eminent domain shall satisfy the requirements of Chapter 523, RSMo. City Staff does not comment on whether the site is blighted or not, however a blight analysis prepared by Belke Appraisal & Consulting Services, Inc. determined that the plan area is blighted. The Board of Commissioners of the Planned Industrial Expansion Authority (PIEA) of Kansas City, Missouri approved the Blight Study and General Development Plan for the Guadalupe Centers PIEA Redevelopment Area. Further, the Board recommended to the City Council that the Guadalupe Centers General PIEA Area be designated by ordinance as blighted, insanitary or an undeveloped industrial area, as defined by RSMo sections 100.310(2), 100.310(11)



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and 100.310(18), and that the General Development Plan for Guadalupe Centers located at the northwest quadrant of the intersection of Hardesty Avenue and Van Brunt Drive be approved.

Fiscal Impact

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

2. What is the funding source?

[Click or tap here to provide fund name\(s\).](#)

3. How does the legislation affect the current fiscal year?

No fiscal impact in the current fiscal year.

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

A future fiscal impact will arise with approval of redevelopment proposals by the Planned Industrial Expansion Authority (PIEA) and Chapter 353 Tax Abatement treatment. Such tax abatement on real property will consist of the following: 1) 100% abatement for 10 years on amounts over the tax due on land for the year prior to the property being acquired by the redevelopment corporation; 2) The property is then eligible for an additional 50% abatement on the value of land and any improvements for the next 15 years. The tax abatement for this plan shall be consistent with the Second Committee Substitute for Ordinance No. 200497, which capped the abatement at seventy percent (70%) of real property taxes for the first ten years and thirty percent (30%) for the following 5 years. However this limitation may be waived with Council approval to allow for abatements that exceed this threshold for certain qualifying projects. It is anticipated that projects in the Guadalupe Centers General Development Plan area will qualify for the waiver with the satisfaction of providing affordable housing or housing at deeper levels of affordability, as defined in Code Section 74-11. Each project will undergo a financial analysis prior to incentives being awarded. PIEA approves incentives through its board, however other elements of the projects (design standards, etc.) will require council approval.

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

The legislation itself does not generate revenue, leverage outside funding, or deliver a return on investment. In the future with the approval of redevelopment proposals by the Planned Industrial Expansion Authority (PIEA) tax revenue will be generated dependent on the terms of a development agreement between the PIEA and the developer. That said, the legislation positions the blighted and under-utilized property to be eligible for a return on investment, and at the very



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least could generate 50%-70% property tax revenues beginning in a project's eleventh year and all property tax revenues at the beginning of a project's twenty-fifth year. A project would also generate new sales tax, earnings tax, utility tax, and personal property tax revenues upon completion of the development, in addition to affordable housing and the elimination of blight that has a negative impact on surrounding property values. Potential redevelopment projects at the least would likely be financed with a combination of private equity, debt, and perhaps other outside funding sources not yet identified. A return on investment will only occur upon the implementation of a future redevelopment proposal and will be dependent on the terms of the development agreement between the PIEA and the developer and the timing of implementation.

Budget Review

(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

Additional Discussion (if needed)

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Citywide Business Plan Impact

HOUSING AND HEALTHY COMMUNITIES - 1. Increase affordable housing supply to meet demands of a diverse population. 2. Broaden the capacity and innovative use of funding sources for affordable housing - b) Align developer incentives with affordable housing production and commitment; c) Utilize Brownfield assistance programs to facilitate and support development of new infill affordable housing in established neighborhoods or on repurposed property. 3. Invest in neighborhood stabilization and revitalization to reduce blight, ensure sustainable housing, and improve the wellbeing of residents while sustaining their diverse cultures. INFRASTRUCTURE AND ACCESSIBILITY - 1. Enhance the City's connectivity, resiliency, and equity through a safe, efficient, convenient, inclusive, accessible, sustainable and better connected multi-modal transportation system - d) Utilize the City's Transit Oriented Development Policy to encourage higher density for new housing developments within close proximity of frequent public transit service.

Prior Legislation

Ordinance Nos. 160383 and 200497 as relates to the use of development incentives and Ordinance No. 220700 as relates to the City's Affordable Housing Set Aside.



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Service Level Impacts

This legislation will have no impact on service levels. Subsequent redevelopment within the plan area will have impacts on traffic and possibly other services that will not exceed levels prescribed by the City.

Other Impacts

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

This legislation itself has no health impacts but will allow for the elimination of blight and environmental liabilities that will improve the quality of life for all in the immediate vicinity of the planning area. The implementation of future redevelopment proposals will abide by all local, state and federal laws and in doing so will minimize and/or eliminate any negative health impacts as required, including the remediation of property contamination with the assistance of the City's Brownfields Office that is already underway.

2. How have those groups been engaged and involved in the development of this ordinance?

Not applicable.

3. Is this legislation good for the children?

Yes.

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

The legislation itself allows for, but does not guarantee, the potential redevelopment of currently blighted properties and subsequent provision of dense affordable housing in a transit corridor that will utilize green design, materials and equipment.