



Legislation Text

File #: 230977, Version: 2

[COMMITTEE SUBSTITUTE FOR] ORDINANCE NO. 230977

Sponsor: Councilmember Melissa Robinson
COMMITTEE SUBSTITUTE

Directing the City Manager to execute a Community Investment Agreement with Community Builders of Kansas City, a Missouri Nonprofit Corporation, to support a public municipal investment in the Office at Overlook located on Dr. Martin Luther King Jr. Boulevard in the City’s East Side within the Overlook Tax Increment Financing Redevelopment Area and the Offices at Overlook Planned Industrial Expansion Authority General Development Plan; appropriating \$1,600,000.00 from the Unappropriated Fund Balance of the Development Services Fund; designating requisitioning authority in the City Manager’s Office; directing the City Manager with prioritization of funding sources for future annual obligations related to this ordinance; and recognizing this ordinance to have an accelerated effective date

WHEREAS, since the early 1930s, the East Side of Kansas City, Missouri, has suffered from blight and economic disinvestment; and

WHEREAS, as a result of such blight and disinvestment, the East Side has historically struggled with a wealth gap, lending disparity created by property redlining and appraisal biases, and growing crime, and East Side residents live in systemic “pandemic-like” conditions; and

WHEREAS, for decades, the City Council of Kansas City, Missouri, has adopted policies and approved resolutions and ordinances intended to support, prioritize and incentivize East Side development and redevelopment, to confront and ameliorate such substantial, longstanding economic disinvestment and blight conditions; and

WHEREAS, in the last decade, the City’s efforts have included, among others, (a) approving and implementing the Central City Economic Development Sales Tax; (b) creating the East Side Investment Zone and programs to be implemented therein, including the Reinvestment in Economic Growth Program; (c) approving the “Revive the East Side” initiative which directed the City Manager to identify a source of funding for a \$10,000,000.00 home improvement and economic development fund, cause an umbrella neighborhood organization to be incorporated if found necessary, develop a plan for combating gentrification in the East Side, reduce illegal dumping, streamline the application process for projects, and to cause the City Planning Department to implement concierge services with respect to projects in the East Side Investment Zone; (d) establishing and adopting of a two-year pilot program to authorize 20 years of 100% real property tax abatement for qualified Enhanced Enterprise Zone development projects which are also located within designated Opportunity Zones and the East Side Investment Zone; and

WHEREAS, Community Builders of Kansas City, a Missouri nonprofit and federally designated 501(c)(3) organization (“CBKC”), was established to implement a different vision for the East Side, that of (a)

making long-term investments to create safe, livable, and affordable housing, employment which fosters dignity and offers upward inclusion, and (b) providing equitable, convenient and quality healthcare, and access to wealth-building opportunities; and

WHEREAS, CBKC's substantial efforts include eliminating a deadly flood hazard from Dr. Martin Luther King Jr. Boulevard, attracting investment exceeding \$300 million, creating permanent jobs with benefits for over 1,000 individuals, and most recently, implementing its mission to improve the City's East Side on Dr. Martin Luther King Jr. Boulevard by (a) acquiring and redeveloping the Blue Parkway Sun Fresh grocery store, (b) constructing "The Rochester," the first market rate multi-family housing development on the City's East Side, in a generation, and (c) substantially rehabilitating 134 affordable housing units, collectively, at "The Cleveland" and "Twin Elms Apartments," both of which are located on the East Side; and

WHEREAS, CBKC is also the master redeveloper of the "Offices at Overlook" (the "Redevelopment Project"), an 11-acre, multi-phased, mixed-use redevelopment project on Dr. Martin Luther King Jr. Boulevard on the East Side; and

WHEREAS, consistent with its longstanding and substantial investment in the East Side, the City has provided support of CBKC's Redevelopment Project through its approval of an urban redevelopment district plan, pursuant to its adoption of City Ordinance No. 200858 dated November 5, 2020, which plan contemplates the development of a 60,000 square foot, three-story office building and 185 surface parking spaces, interior driveways, a health fitness trail, a public plaza and various other improvements; and

WHEREAS, the City also adopted Ordinance No. 200942 (the "TIF Ordinance") approving the Offices at Overlook Tax Increment Financing Plan (the "TIF Plan"), and adopted Ordinance No. 200990 approving the Planned Industrial Expansion Authority Offices at Overlook General Development Plan (the "PIEA Plan"); and

WHEREAS, pursuant to the TIF Ordinance, the City also committed its support to the Redevelopment Project by, subject to actual collection, allocating earnings taxes, utility taxes and the capital improvements portion of sales taxes generated in the TIF Plan Area which are not subject to capture and that would otherwise be deposited into the City's general fund (the "Additional City EATs"), to CBKC, to pay up to \$2,995,838.00 in certified Redevelopment Project costs of the Redevelopment Project; and

WHEREAS, on December 10, 2020, the City, by Ordinance No. 200996, agreed to provide additional financing in the amount of \$4,000,000.00 in its fiscal year 2020-21 for certain Redevelopment Project costs (the "Central City Sales Tax"), and expressed its intent to appropriate an additional \$1,000,000.00 in its fiscal year 2021-22; and

WHEREAS, the City subsequently allocated an additional \$150,000.00 of Central City Sales Tax to the Redevelopment Project, to assist with infrastructure preparedness (the "Supplemental Central City Sales Tax"); and

WHEREAS, by separate letters dated April 28, 2020, the City approved Public Improvements Advisory Committee funding for the Redevelopment Project, in the amount of \$188,000.00 and \$47,000.00 from the sales tax for public improvements (the "PIAC Grant"); and

WHEREAS, by approving the TIF Plan, the PIEA Plan, the Additional City EATs, the Central City

Sales Tax, the Supplemental Central City Sales Tax, and the PIAC Grant for the Redevelopment Project, the Council recognized the continued need for public community investment in the development on the East Side, and acknowledged that such community investment serves multiple public purposes in that it, among other things, allows the City to generate additional new tax revenues; and

WHEREAS, despite the City's ongoing efforts and investments, the East Side continues to struggle from substantial blight, disinvestment, disparity from redlining and appraisal biases, and growing crime; and

WHEREAS, it is the sense of the City Council that the City as a whole will not fully realize its economic potential until all areas of the City realize the benefits of economic development, particularly those communities most impacted by blight and disinvestment; and

WHEREAS, the City Council believes it is a proper function of municipal government to foster business growth and create opportunities to attract, retain and expand businesses to and within the City; and

WHEREAS, the City Council recognizes that municipal public investment in the Redevelopment Project is critical and necessary, and an appropriate approach to ameliorating lending disparities and other redlining and appraisal biases which routinely and adversely impact financing of East Side development projects; and

WHEREAS, there has not been a multi-tenant office building developed on the City's East Side or, specifically, on Dr. Martin Luther King Jr. Boulevard, for decades, and, due to the extent of the longstanding blight and disinvestment on the East Side, CBKC's ability to secure financing on favorable terms to facilitate construction of the Redevelopment Project are likely to be prevented, delayed or inadequate, to achieve the objectives set forth in the TIF Plan and the PIEA Plan, and therefore requires additional support from the City; and

WHEREAS, the City Council believes making a substantial and long-term municipal public investment in the Redevelopment Project, in the form of a Community Investment Agreement, will serve a predominantly public municipal purpose because, without limitation, such community investment will (i) eliminate blight which may be conducive to crime, fire hazards, vandalism and other safety concerns; (ii) enhance the tax base; (iii) generate jobs; (iv) promote economic development that otherwise might not be considered on the East Side; (v) foster the generation of tax revenues to the City from the conduct of business and other activities on the East Side that would not otherwise occur; (vi) serve as a catalyst for additional investment in and further redevelopment and rehabilitation of the East Side; (vii) further the City's policy of encouraging economic stability and growth; and

WHEREAS, the City further believes the foregoing municipal public investment in the Redevelopment Project will maximize the impact of and leverage the City's existing investment, as is evidenced by the TIF Plan, the PIEA Plan, the Additional City EATs, the CCED Grant, the Supplemental CCED Grant and the PIAC Grant; and

WHEREAS, in furtherance of the foregoing, the City desires to enter into a Community Investment Agreement with CBKC to evidence the City's investment in the Redevelopment Project, pursuant to which (a) the City, after May 1, 2024 and on the date on which CBKC closes on its Redevelopment Project financing, appropriate and deposit into a restricted escrow account a maximum amount not to exceed \$1,600,000.00; (b) such escrow account is maintained for a period of up to twelve years; c) the City will make an annual

contribution to the escrow account but only in the amounts necessary to fill the gap left between the projects annual costs and project revenues; (d) subject to reporting and other requirements, CBKC is authorized to withdraw the City's community investment from the escrow account, solely to satisfy financial deficiencies not covered by payments received from leasing the Redevelopment Project; (e) CBKC will repay City's contribution in amounts specified in the agreement from the Redevelopment Project's operating cash flow whenever feasible; and

WHEREAS, the City's public participation provisions contemplated by the Community Investment Agreement are reasonable and in furtherance of a substantial public purpose; and

WHEREAS, the City Council herein appropriates \$1.6 million to fund the City's first year obligation under the Community Investment Agreement; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY COUNCIL OF KANSAS CITY:

Section 1. That the City Manager is hereby authorized to execute the Community Investment Agreement for the Offices at Overlook Redevelopment Project with Community Builders of Kansas City, a Missouri nonprofit corporation. A copy of the Community Investment Agreement in substantial form is attached and on copy with the City Manager's Office.

Section 2. That the City Manager is further authorized to execute any and all other related documents necessary for the City's performance of its obligations set out in the above Community Investment Agreement.

Section 3. That the sum of \$1,600,000.00 is hereby appropriated from the unappropriated fund balance of the Development Services Fund to the following account:

24-2210-103000-B	Offices at Overlook	\$1,600,000.00
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Section 4. That the City Manager is designated as the requisitioning authority for Account No. 24-2210-103000-B.

Section 5. That the City Manager is hereby directed to prioritize and fund the City's annual obligation pursuant to the Community Investment Agreement first by annual application to the Central City Economic Sales Tax Board, followed by the Development Services Fund and finally by use of the General Fund if CCED and the Development Services Fund are insufficient to meet the City's annual obligation.

Section 6. That the City Council expresses its support of the City Manager's annual funding request from CCED to fulfill the City's obligation under the Community Investment Agreement.

Section 7. This Ordinance is recognized as an ordinance with an accelerated effective date as provided by Section 503(a)(C) of the City Charter in that it appropriates money, and shall take effect in accordance with that section.

I hereby certify that there is a balance, otherwise unencumbered, to the credit of the appropriation to

which the foregoing expenditure is to be charged, and a cash balance, otherwise unencumbered, in the treasury, to the credit of the fund from which payment is to be made, each sufficient to meet the obligation hereby incurred.

Tammy L. Queen
Director of Finance

Approved as to form:

Emalea Black
Assistant City Attorney