



Legislation Text

File #: 220989, Version: 2

COMMITTEE SUBSTITUTE FOR ORDINANCE NO. 220989

Sponsor: Councilmember Melissa Robinson

Accepting the recommendation of the Central City Economic Development Tax Board for additional funding in the amount of \$150,000.00, for a total not to exceed the amount of \$4,124,296.00, for an economic development project proposed by F&C Development, Inc. & 12th Street Heritage Development Corporation to support the rehabilitation of the existing Jazz Hill Apartments as 197 affordable multi-family housing units located in the west side of Paseo Boulevard between 9th and 13th Street; appropriating money; authorizing the Director of Housing and Community Development to execute the Amendment, Assignment and Assumption Agreements for the purpose of increasing the funding by \$150,000.00, assigning the agreements to a single asset entity and extending the maturity date of the note as required by Freddie Mac; and authorizing execution of a Subordination Agreement as required by Freddie Mac.

WHEREAS, Section 67.1305 of the Revised Statutes of Missouri authorizes the City to impose a retail sales tax not to exceed one-half of one percent if the imposition of such a retail sales tax is submitted to, and then approved by, a majority of the votes cast; and

WHEREAS, on April 4, 2017, pursuant to authority granted by Section 67.1305, RSMo, a majority of Kansas City, Missouri voters approved a new 1/8 of one percent retail sales tax for funding economic development projects within the area bounded by 9th Street on the north, Gregory Boulevard on the south, Paseo Boulevard on the west and Indiana Avenue on the east; and

WHEREAS, as part of the first round of funding, F&C Development, Inc. & 12th Street Heritage Development Corporation ("Developer") submitted a proposal seeking \$3,974,296.00 of Central City Economic Development ("CCED") sales tax funds for the rehabilitation of the existing Jazz Hill Apartments as 197 affordable multi-family housing units located in the west side of Paseo Boulevard between 9th and 13th Street (the "Project Site"), all in Kansas City, Jackson County, Missouri; and

WHEREAS, the Council authorized a funding agreement with F&C Development, Inc. & 12th Street Heritage Development Corporation for the above Project in the amount of \$2,000,000.00 for the purpose of site infrastructure for the future office mixed used and residential development; and stating Council's intent to make future appropriation in the amount of \$1,974,296.00 with its passage of Ordinance No. 200991 on December 10, 2020; and

WHEREAS, Developer subsequently identified a need for additional funding due to increases in construction labor, construction materials, and interest rates; and

WHEREAS, at its October 11, 2022 meeting, the Central City Economic Development Sales Tax

Board voted to approve a recommendation to the Council for additional funding for such costs associated with this Project from CCED sales tax funds in the amount of \$150,000.00; bringing the total funding for this Project to a total of \$4,124,296.00; and

WHEREAS, the Project serves a predominantly public municipal purpose because, without limitation, completion of the Project (i) enhances the tax base of the Project Site; (ii) retains and/or generates jobs; (iii) promotes economic development in the area of the City in which the Project Site is located, and promotes consideration of areas of the City that the City Council has determined to be blighted as a location for business operations; (iv) results in generation of tax revenues to the City from the conduct of business and other activities in the City that would not otherwise occur; (v) serves as a catalyst for additional investment in and further redevelopment and rehabilitation of the area of the City in which the Project site is located; and (vi) furthers the City's policy of encouraging economic stability and growth; and

WHEREAS, the City desires to encourage the Developer to carry out the Project for the purpose of realizing these predominantly public purposes by entering into an agreement to contribute certain revenues in an amount needed to cause the project to be undertaken and attract the necessary private investment; and

WHEREAS, the contributions contemplated by the funding agreement are limited to those which have been determined to be needed for the purpose of ensuring that the Project proceeds, and, but for their contribution, the Project would not proceed, to the detriment of the public interest; NOW, THEREFORE,

BE IT ORDAINED BY THE COUNCIL OF KANSAS CITY:

Section 1. That the CCED Board's recommendation that CCED sales tax revenues in an additional amount of \$150,000.00, not to exceed \$4,124,296.00, to be utilized for the costs associated with the rehabilitation of the existing Jazz Hill Apartments as 197 affordable multi-family housing units by Jazz Hill Apartments, L.P. for its above-referenced Project is hereby accepted.

Section 2. That the appropriation in the following account of the Central City Economic Development Sales Tax Fund, Fund No. 2200, is hereby reduced by the following amount:

23-2200-555998-B-55BUDGET	Contractual Services	\$150,000.00
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Section 3. That the following amount is hereby appropriated from the Unappropriated Fund Balance of the Central City Economic Development Sales Tax Fund, Fund No. 2200, to the following account:

23-2200-555998-B-57Jazz	Jazz Hill Homes	\$150,000.00
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Section 4. That the director of Housing and Community Development is hereby authorized to enter into an Amendment, Assignment and Assumption of Funding Agreement with Jazz Hills Apartments, L.P. (the new single asset entity and affiliate of F&C Development, Inc. & 12th Street Heritage Development Corporation) for the costs associated with the above-referenced Project in a total amount not to exceed \$4,124,296.00, from funds previously appropriated in the Central City Economic Development Sales Tax Fund in Account No. 23-2200-555998-B-57Jazz.

Section 5. Authorizing the Director of Housing and Community Development to execute an Amendment, Assignment and Assumption of Promissory Note and a Subordination Agreement to effectuate the funding from Freddie Mac and extension of maturity date as required by Freddie Mac. A copy of the agreements are on file with the City Clerk.

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:

Joseph A Guarino
Senior Associate City Attorney