



Legislation Text

File #: 250850, Version: 1

ORDINANCE NO. 250850

Sponsor: Director of City Planning and Development Department

Amending Ordinance No. 241051 conditionally approving the application of Historic Northeast Lofts, LLC, for a Brownfields loan to remediate Buildings Nos. 1 and 2 of the former Hardesty Federal Complex by repealing Sections 1 and 3 and enacting new Sections 1 and 3.

WHEREAS, the Council adopted Ordinance No. 241051 conditionally approving the application of Historic Northeast Lofts, LLC (HNEL) to the Kansas City Brownfields Revolving Loan Fund (RLF) Program for a loan in the amount of \$7,575,000.00 to abate asbestos containing materials (ACM), lead-based paint (LBP) and other hazardous substances, and perform other related work necessary for the remediation of Building Nos. 1 and 2 of the former Hardesty Federal Complex located at 5401 Independence Avenue, Kansas City, Missouri (the “Subject Properties” or “Site”) (collectively, the “HNEL Loan”); and

WHEREAS, changes to the ownership of the Site and the financial structure of the redevelopment project have made it impracticable for HNEL to satisfy the conditions of Ordinance No. 241051 for approval of the HNEL Loan; and

WHEREAS, such changes include the acquisition of the Site by the Planned Industrial Expansion Authority of Kansas City, Missouri (PIEA) instead of by HNEL, the scope of the redevelopment and budget has increased from \$178.9 million to \$416.1 million, the ratio of private to public investment has increased from 2.7:1 to 6.3:1, and the amount of permanent debt financing will be between \$7 million and \$31 million; and

WHEREAS, after taking into consideration the above-described changes, the approval of the HNEL Loan continues to be in the best interests of the City; NOW, THEREFORE,

BE IT ORDAINED BY THE COUNCIL OF KANSAS CITY:

Section A. That Section 1 of Ordinance No. 241051, is hereby repealed and replaced with the following Section 1:

Section 1. The actions described in Sections 2, 3 and 4 are approved subject to the satisfaction of the following conditions:

1. That HNEL provide to the City an executed agreement between HNEL and the owner of the Site demonstrating that HNEL has possession and control of the Site sufficient to conduct and complete the cleanup activities funded, in part or in whole, by the HNEL loan.
2. That the City prepare a determination that the requirements for borrower eligibility and

site eligibility under the EPA Cooperative Agreement are met and that EPA concurs in such determination.

3. That HNEL provide a firm and detailed estimate of the costs of remediation for all hazardous substances identified on the Site and related demolition and construction activities necessary for remediation.
4. That equity investors for low-income housing tax credits and federal and state historic preservation tax credits selected by HNEL for the Project are deemed acceptable to the City, as advised by the City's loan underwriter.
5. That HNEL provide documentation acceptable to the City and its Qualified Environmental Professional (QEP) that the replacement of windows contaminated with LBP and ACM is a reasonable, necessary and eligible remediation expense of the HNEL Loan.
6. That HNEL provide an appraisal of the Subject Properties in accordance with applicable industry standards that determines an "As Stabilized" value of at least \$51 million or such other value that is acceptable to the City's loan underwriter.
7. That HNEL furnishes evidence of an approved permanent debt loan for the Project in an amount acceptable to the City's loan underwriter.

Section B. That Section 3 of Ordinance No. 241051, is hereby repealed and replaced with the following Section 3:

Section 3. In accordance with Section 1, the Director of the City Planning and Development Department is authorized to execute with HNEL and/or PIEA the necessary loan documents to memorialize, issue, and secure the Loan, all in accordance with the terms and conditions of the City's EPA Cooperative Agreement governing the RLF. Copies of the loan documents, approved in substantial form, are on file with the City Planning and Development Department.

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.

William Choi
Interim Director of Finance

Approved as to form:

Abigail Judah
Assistant City Attorney