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## LAND CLEARANCE FOR REDEVELOPMENT AUTHORITY BOARD VIDEO-CONFERENCE MEETING

**DATE:** June 27, 2023  
**TIME:** 10:00 a.m.  
**PLACE:** 300 Wyandotte, 4<sup>th</sup> Floor  
Kansas City, Missouri

**Join Online:** [Join LCRA Zoom videoconference](#)  
**By phone:** (312) 626-6799  
Meeting ID: 830 5734 4402  
Passcode: 213615

### AGENDA

1. **Roll Call.**

2. **Minutes** –

(a) Review and approval of Meeting Minutes for April 25, 2023 as presented (**Ex. 2A**)

*ACTION RECOMMENDED:* APPROVAL OF THE MINUTES FOR APRIL 25, 2023, AS PRESENTED

(b) Review and approval of Meeting Minutes for May 23, 2023 as presented (**Ex. 2B**)

*ACTION RECOMMENDED:* APPROVAL OF THE MINUTES FOR MAY 23, 2023, AS PRESENTED

3. **Central Business District URA** – 900 Broadway – Consideration of Assignment and Amendment of Project Documents (Hyatt House Hotel) Brian Engel (**Ex. 3A-3D**)

In October 2019, LCRA acquired the property at 900 Broadway and issued its taxable bond in a principal amount not to exceed \$38,000,000 to assist in the financing of the construction of a multi-story, extended-stay hotel with approximately 154 guest rooms, approximately 2,500 square feet of meeting space, and approximately 6,000 square feet of common area that will be open to hotel guests and the public, and related improvements (“Project”). LCRA leased the land to 900 Broadway KC LLC, a Missouri limited liability company (“Land Developer”) and the project improvements to (1) 900 Broadway KC Development Company LLC, a Missouri limited liability company (“900 Broadway Dev. Co.”), (2) Oak Holdings LLC, a Missouri limited liability company (“Oak Holdings”), and (3) REMSK, LLC, a Missouri limited liability company (“REMSK”), as tenants-in-common (collectively, the “Original Redeveloper”). The Land Developer and the Original Redeveloper are collectively the “Original Redeveloper Parties”.

LCRA approved the sale/leaseback structure and issued its bond to provide the following tax incentives for the Project (i) sales tax exemption on construction materials, and (ii) property tax abatement upon completion of the Project as provided in the Redevelopment

Contract to achieve abatement of property taxes (above current predevelopment taxes) generated by the Project for 15 years under the LCRA Law (100% abatement in Years 1-10; 37.5% abatement in Years 11-15), including required PILOT payments. In addition, the Original Redeveloper will establish a community improvement district on the property to generate sales tax revenue to assist the Project.

The Original Redeveloper commenced construction in December 2019. In March 2020, the Original Redeveloper's lender failed to fund the Project and construction halted. The general contractor and multiple subcontractors have filed mechanic's lien claims and other related claims against several parties, including LCRA as the property owner. In December 2022, LCRA approved an assignment of the approved tax incentives to a new developer team – HH KC Partners, LLC ("New Redeveloper"), subject to certain conditions as modified in May 2023. The City Council by Ordinance No. 230494 dated June 15, 2023, the City Council approved the extension of the schedule for the Project.

The New Redeveloper intends to obtain a bridge loan to pay off the mechanic's lien claims and the existing PACE loan financing debt. In connection with the bridge loan closing, the following documents are presented for consideration:

- (a) Omnibus Assignment and Amendment of Documents, under which the Redevelopment Contract, the Indenture, and related Bond documents will be assigned and amended as provided therein.
- (b) Amended Lease Agreement, under which the Original Redeveloper Parties will assign the Land Lease and the Improvements Lease to the New Redeveloper, and the Land Lease and the Improvements Lease will be amended and replaced by combining them, as amended, into the Amended Lease as a single document. LCRA will lease the Property to the New Redeveloper pursuant to the Amended Lease.
- (c) Bond R-2, under which the New Redeveloper will become the bond owner.

*ACTION RECOMMENDED:* APPROVE THE OMNIBUS ASSIGNMENT AND AMENDMENT OF DOCUMENTS, THE AMENDED LEASE AGREEMENT, THE BOND R-2, AND RELATED DOCUMENTS TO ASSIGN THE PREVIOUSLY APPROVED TAX INCENTIVES TO NEW REDEVELOPER AND TO AMEND THE PROJECT AND BOND DOCUMENTS AS PROVIDED THEREIN TO FACILITATE THE NEW REDEVELOPER'S BRIDGE LOAN TO PAY OFF AND RELEASE ALL MECHANIC'S LIEN CLAIMS AND THE PACE FINANCING DEBT.

4. **Eastside URA** – *Consideration of Bond Authorizing Resolution for Historic Building Renovation Project – AT&T Building at 500 E. 8<sup>th</sup> Street (Brian Engel) (Ex. 4A-4F)*

After issuing a request for redevelopment project proposals, LCRA received a proposal from WELL TBC Kansas City JV, LLC, a Delaware limited liability company ("Redeveloper"), for acquisition and rehabilitation of the historic building located at 500 E. 8<sup>th</sup> Street ("Project Property") for conversion from a vacant office building to an

apartment building containing approximately 265 apartment units (approximately 100 studio/one-bath units averaging 639 square feet, approximately 60 one-bedroom/one-bath units averaging 707 square feet, approximately 90 two-bedroom/one-bath units averaging 980 square feet, and approximately 15 two-bedroom/two-bedroom units averaging 980 square feet), (ii) fitness center, (iii) remote work center, (iv) lounge, (v) subgrade parking for approximately 575 cars, and (vi) related improvements (“Project”). LCRA received no other redevelopment contract proposals to implement the Project.

In March 2022, LCRA and the Redeveloper initially entered into a Redevelopment Contract for the Project for standard 10-year tax abatement at 75%. In March 2023, LCRA, at the Redeveloper’s request, approved additional incentives to include a sales tax exemption on the purchase of construction materials for the Project and an extended tax abatement period (10 years at 100% and additional 5 years at 50%). The Redeveloper has now requested that LCRA (i) issue taxable bonds in a principal amount not to exceed \$70 million to finance the Project, (ii) acquire the Project and related property upon which the Project is to be built and lease the property to the Redeveloper during the construction period and the tax abatement period, (iii) grant a sales tax exemption incentive on construction materials to facilitate construction of the Project, and (iv) grant tax abatement to the Redeveloper upon completion of the Project for 15 years (100% for Years 1-10 and 50% for Years 11-15) as provided in the Redevelopment Contract, which includes the construction period PILOT and tax abatement period PILOT, all for the purpose of eliminating blighting conditions found to exist in the Project Area and in accordance with and pursuant to the LCRA Act and subject to the terms and conditions of the following LCRA documents,

- (c) Trust Indenture (the “Indenture”) between LCRA and BOKF, N.A., as corporate trustee (the “Bond Trustee”), providing for the issuance of the bonds and setting forth the terms and provisions applicable to the bonds, including a pledge and assignment by LCRA of the Trust Estate to the Bond Trustee for the benefit and security of the owners of the bonds upon the terms and conditions as set forth in the Indenture,
- (d) Lease Agreement (the “Lease Agreement”), between LCRA and the Redeveloper, under which LCRA will make the proceeds from the sale of the bonds available to the Redeveloper for the purposes described in this Resolution in consideration of payments which will be sufficient to pay the principal of, redemption premium, if any, and interest on the bonds as set forth in the Lease Agreement,
- (e) Bond Purchase Agreement (the “Purchase Contract”), among LCRA, the Redeveloper, and the Redeveloper as purchaser of the bonds, under which LCRA agrees to sell the bonds to the Purchaser upon the terms and conditions as set forth in the Purchase Contract,
- (f) Sale/Leaseback and Redevelopment Contract (“Redevelopment Contract”), between LCRA and the Redeveloper under which the Redeveloper will implement the Project and LCRA will provide certain assistance and incentives to facilitate the Project, including acquiring the property from the Redeveloper and leasing it back to the Redeveloper under the Lease Agreement,
- (g) Such other related documents necessary to complete the planned transactions, including documents required by the Redeveloper’s lender.

*ACTION RECOMMENDED:* APPROVE RESOLUTION AUTHORIZING ISSUANCE OF BONDS AND EXECUTION OF A BOND IN THE MAXIMUM AMOUNT OF \$70 MILLION AND RELATED BOND AND PROJECT DOCUMENTS TO FUND DEVELOPMENT OF THE PROJECT WITHIN THE EASTSIDE URBAN RENEWAL AREA.

5. **Independence Plaza URA** – *Citihome KC – Consideration of Approval of Redevelopment Contract with BkT Development, LLC (Bob Long) (Ex. 5A-5C)*

**Area Description:** The Independence Plaza Urban Renewal Area generally consist of an area generally bound by Independence Avenue on the north, Benton Boulevard on the east, E. 13<sup>th</sup> Street and I-70 Street on the south, and the Brooklyn Avenue/E. 12<sup>th</sup> Street/Euclid Avenue/E. 11<sup>th</sup> Street/Garfield Avenue/E. 9<sup>th</sup> Street/Brooklyn Avenue on the west, located in the Historic Northeast east of the Downtown Loop. The project site is 625 – 637 Prospect Avenue, just one block south of Independence Avenue. The project site is within the City Council’s 3<sup>rd</sup> District.

**Project Description:** The applicant is BkT Development, LLC, a single-purpose real estate entity affiliated with an experienced local developer.

The applicants’ project is a \$14.2 million development of 2 buildings with a total of 78 apartments and 9,300 sq. ft. of commercial space in the continuously - distressed Independence Plaza neighborhood. There will be two buildings, one three-story building with ground floor commercial space and sixteen apartments and the other will be a four-story building with ground floor commercial space and tenant amenities, and 62 apartments. The project will require the relocation of a powerline.

As required by City Ordinance, sixteen of the 78 units (20%), including 3 studios, 9 one-bedroom, and 4 two-bedroom units, will be affordable to households at 60% of Area Median Income. The affordable studio units will rent at \$750/month, one-bedroom units will be at \$950/month, and two-bedroom units will be at \$1,300/month.

Ground floor commercial space will be available at \$18/sq. ft., which is considerably higher than older commercial space in the Historic Northeast neighborhoods.

Off-street parking for 95 cars will also be provided behind the two mixed-use buildings adjacent to Prospect Avenue. This parking will accommodate residential tenants and visitors, as well as commercial space employees and customers. The project is located on the Prospect bus route and is only one block south of the Independence Avenue bus route.

Since the project is located within a “continuously distressed” census tract, it is not subject to the City’s prevailing wage requirements. It is eligible for up to 10 years abatement of up to 100% of the increased property taxes.

**Financial Analysis**

Per LCRA policy regarding projects adjacent to or east of Troost and located within continuously distressed census tract, the project was not subject to a financial analysis. Staff’s review of the Universal Application revealed the developer already controls the

property, while construction prices, rents, and operating expenses are comparable to other recent projects. The developer also conservatively showed overall vacancy rate at 50% in Year One, 75% in Year Two, and 10% thereafter. Staff believes this satisfies the requirements of the Authority's Workable Program.

Staff believes that the proposed project is in conformance with Independence Plaza Urban Renewal Plan.

**AdvanceKC:** The Citihome KC mixed-use project achieved a score of 79 on the AdvanceKC Scorecard, just shy of the High Impact category.

**Affirmative Action Policy and MBE/WBE Participation:** The proponent will be subject to LCRA's MBE/WBE participation goals and its reporting process.

**Taxing Jurisdictions:** The project was presented for review at the June 9, 2023 Agency Directors meeting.

**Other government/statutory agency action:** N/A

*ACTION RECOMMENDED:* APPROVAL OF PROPERTY TAX ABATEMENT AT 100% FOR 10 YEARS FOR THE CITIHOME KC MIXED-USE PROJECT.

APPROVAL OF A REDEVELOPMENT CONTRACT WITH BLUE HILLS TOWNHOMES, LP (OR AFFILIATE) FOR THE CITIHOME KC MIXED-USE PROJECT IN THE INDEPENDENCE PLAZA URBAN RENEWAL AREA

6. **Wabash Village URA – Blue Hills Townhomes** – *Consideration of Approval of Redevelopment Contract with Blue Hills Townhomes, LP (Bob Long) (Ex. 6A-6I)*

**Area Description:** The Wabash Village Urban Renewal Area generally consist of an area generally bound by E. 49<sup>th</sup> Street on the north, Prospect Avenue on the east, E. 53<sup>rd</sup> Street on the south, and the west property lines of the properties on the west side of Garfield Avenue on the west, located west the Bruce R. Watkins/71 Hwy. east-southeast of the Country Club Plaza. The project site is the site of the now-demolished Willard Elementary School. The project site is currently within the City Council's 3<sup>rd</sup> District, but will become part of the 5th District.

**Project Description:** The applicant is Blue Hills Townhomes, LP, a single-purpose real estate entity affiliated with Missouri Housing Partners, LLC, an experienced local affordable housing developer.

The applicants' project is a \$12.4 million development of 9 buildings with a total of 45 units in the continuously - distressed Blue Hills neighborhood. There will be five 6-unit buildings, three 5-unit buildings, and a community building. Thirty-one of the units, all 2- and 3-bedroom-units, will be affordable to low-(50% AMI) and very low-income (30% AMI) households, with 14 units at "market-rate" (which would be affordable at 60% of AMI). Off-street parking for 60 cars will also be provided along a central access drive.

MHDC has allocated Low-Income Housing Tax Credits and HOME funds to this project, while the City of Kansas City has also committed CDBG and Housing Trust Fund support.

This project is located on the site of the now-demolished Willard School in the west central portion of the Wabash Village Urban Renewal Area, which is in the northeast portion of the Blue Hills neighborhood west of Bruce R. Watkins/71 Hwy.

Since the project is an affordable housing project and is located within a “continuously distressed” census tract, it is not subject to the City’s affordable housing inclusion and prevailing wage requirements. It is eligible for up to 10 years abatement of up to 100% of the increased property taxes.

**Financial Review:** Per LCRA policy regarding affordable housing projects, the project was subject to a financial review by EDC staff. Staff’s review revealed that the developer already controls the property and has a low-income housing tax credit allocation, as well as financing from both MHDC and the City of Kansas City. in-place. Staff believes this satisfies the requirements of the Authority’s Workable Program.

Staff believes that the proposed project is in conformance with Wabash Village Urban Renewal Plan.

**AdvanceKC:** The Blue Hills Townhomes affordable housing project achieved a score of 79 on the AdvanceKC Scorecard, just shy of the High Impact category.

**Affirmative Action Policy and MBE/WBE Participation:** The proponent will be subject to MHDC’s MBE/WBE participation goals and its reporting process.

**Taxing Jurisdictions:** The project was presented for review at the June 9, 2023 Agency Directors meeting.

**Other government/statutory agency action:** N/A

*ACTION RECOMMENDED:* APPROVAL OF PROPERTY TAX ABATEMENT AT 100% FOR 10 YEARS FOR THE BLUE HILLS TOWNHOMES AFFORDABLE HOUSING PROJECT.

AUTHORIZING PREPARATION OF A REDEVELOPMENT CONTRACT WITH BLUE HILLS TOWNHOMES, LP (OR AFFILIATE) FOR THE BLUE HILLS TOWNHOMES AFFORDABLE HOUSING PROJECT IN WABASH VILLAGE URBAN RENEWAL AREA.

7. **Seven Oaks Urban Renewal Plan – St. Michael's Veterans Center** - *Consideration of License Agreement* (Brian Engel) (Ex. 7A-7B)

After issuing a request for redevelopment project qualifications and proposals in 2011, LCRA selected St. Michael’s Veterans Center, Inc. (“Redeveloper”) as the redeveloper of the former Holy Temple Homes site near Leeds Trafficway and Emanuel Cleaver II Boulevard for a veterans housing and supportive services project. In 2013, LCRA approved the Second Amended and Restated Redevelopment Contract with the Redeveloper, as amended by the Amendment to Second Amended and Restated

Redevelopment Contract in 2015, which contract approved tax abatement for the project and governs the LCRA's phased transfer of property to the Redeveloper. To date, LCRA has transferred property to the Redeveloper or related entities for Phases I and II of the project. Both Phase I and Phase II are complete and are currently receiving LCRA tax abatement. LCRA is the current owner of the property for Phase III housing and related improvements.

The Redeveloper has obtained from MHDC an allocation of 9% low-income housing tax credits to finance Phase III of the project, which includes construction of a new building containing approximately 62 units of affordable housing for veterans and related improvements. In September 2022, LCRA approved a sales tax exemption on the purchase of construction materials for Phase III pursuant to a sale/leaseback transaction. The Redeveloper anticipates a financing closing for Phase III later in 2023. In the meantime, the Redeveloper has requested that the LCRA grant access rights to the Phase III property to perform certain site preparation work pursuant to a License Agreement.

*ACTION RECOMMENDED:* APPROVE EXECUTION AND DELIVERY OF A LICENSE AGREEMENT IN SUBSTANTIALLY THE FORM AS PRESENTED TO THE BOARD OF COMMISSIONERS ON THIS DATE TO FACILITATE THE PLANNED CONSTRUCTION OF PHASE III LATER THIS YEAR WITHIN THE SEVEN OAKS URBAN RENEWAL AREA.

8. **Administrative.**

- a. **Executive Director's Report** - *Active Projects Tracking System Report* (Dan Moye) (Ex. 8A)

*ACTION RECOMMENDED:* NONE; INFORMATIONAL ONLY

- b. **Tax Abatements** - *There were seven (7) tax abatements approved in May, 2023.*

URA	Address	Applicant	Costs	Category	Type
Central Bus. District	106 W. 11th	KCAC Partners	\$3,251,466	Commercial	Rehab
Garfield	504 Garfield	J. Cokely	\$16,337	S/f Residential	Rehab
Longfellow Dutch Hill	3016 Campbell	C. Smith	\$11,750	S/f Residential	Rehab
Marlborough CC	1333 E. 84th	SC RE I, LLC	\$7,405	S/f Residential	Rehab
Oak Park	4016 Agnes	Blackbird R.E.	\$54,000	S/f Residential	Rehab
Santa Fe Area Council	2630 E. 29th	M. Adkins	\$5,500	S/f Residential	Rehab
Troost Paseo	4228 Tracy	S. Hayes	\$7,708	S/f Residential	Rehab

*ACTION RECOMMENDED:* NONE; INFORMATIONAL ONLY

## **EXECUTIVE SESSION**

9. *Consideration of legal, real estate and personnel issues, and other matters related thereto, pursuant to Sections 610.021(1)(2)(3) RSMo.*

## **RESUME BUSINESS SESSION**

10. **Adjourn.**