
**LAND CLEARANCE FOR REDEVELOPMENT AUTHORITY BOARD
VIDEO-CONFERENCE MEETING ON AUGUST 4, 2023**

MINUTES

1. Roll Call.

Present: Rob Gardner (*via Zoom*)
Tammy Henderson
David Kemper (*via Zoom*)
Andrea Bough (*via Zoom*)

Staff: Dan Moye, LCRA
Susan Tumey, LCRA
David Leader, EDC (*via Zoom*)
Tracey Lewis, EDC (*via Zoom*)
Sandra Rayford, EDC (*via Zoom*)

LCRA Legal Counsel: Brian Engel, Rouse Frets

Guests: Vic Alston, Lux Living (*via Zoom*)
Lauren Amicone (*via Zoom*)
Poppy Cao, Lux Living (*via Zoom*)
Sean Carroll, City of Kansas City (*via Zoom*)
Lance Dorn, SB Friedman (*via Zoom*)
Dave Frantze, Stinson (*via Zoom*)
Thomas Friestad (*via Zoom*)
Canela Hayden (*via Zoom*)
Stanley Jendresak, Community Member
Roxsen Koch, Polsinelli (*via Zoom*)
Andi Lau, MRK Partners, LLC (*via Zoom*)
Kellee Madinger, City of Kansas City (*via Zoom*)
Travis Martin (*via Zoom*)
Bob Mayer (*via Zoom*)
Tiffany Moore (*via Zoom*)
Kathleen Pointer, City of Kansas City Public Schools
Pedro Ramirez (*via Zoom*)
Tessa Ramirez (*via Zoom*)
Fran Rood, SB Friedman (*via Zoom*)
Mario Vasquez, City of Kansas City (*via Zoom*)
Justin Wade (*via Zoom*)
Pedro Zamora, HEDC (*via Zoom*)

The monthly meeting of the Board of Commissioners of the Land Clearance for Redevelopment Authority began at approximately 1:00 p.m. on August 4, 2023 when Mr. Moye declared quorum as three (3) Commissioners were in attendance. Ms. Bough arrived at a later time.

2. **Minutes** – Review and approval of Meeting Minutes for June 27, 2023 as presented (**Ex. 2**)

ACTION TAKEN: APPROVED THE MINUTES FOR JUNE 27, 2023, AS PRESENTED.
MOTION MADE BY MS. HENDERSON, SECONDED BY MR.
KEMPER, AND CARRIED UNANIMOUSLY.

3. **Central Business District Urban Renewal Area** – Consideration of Approval of a Sale/Leaseback Agreement with Monte Rosa, LLC (David Leader) (**Ex. 3A-3C**)

➤ **Financial Analysis** [All statements made by Mr. Dorn unless otherwise noted.]

- Developer requested 20 years of abatement:
 - STECM during construction
 - 20-year 1% CID sales tax reimbursement
 - 20-year City EATs Redirection Agreement (2% Food & Beverage sales tax, 10% utilities tax, 0.5% individual earnings tax for staff of the hotel)
 - Abatement of real property taxes for 20 years (80% abatement in Years 1-10 followed by 50% abatement in Years 11-20)
- Project, as presented, would require public assistance to be financially viable and attract debt and equity investors
 - Need for assistance appears to be driven by the relationship between assumed revenue and Project costs
 - The luxury residential and hotel project's net operating income does not seem to fully support the level of construction contemplated by the Developer
- An alternative assistance scenario of 75% abatement for 10 years and 50% for 5 years was also analyzed
 - Unleveraged IRR estimate was 8.3%, which is just below the Developer's stated hurdle IRR of 8.4-8.5%
 - Average yield on cost in Years 1-10 decreases to 6.8% from the 6.9% achieved under the full requested assistance
- Estimated building costs appear high, particularly hard costs for construction of the apartments, parking, and hotel fixtures and equipment
- Developer's pro forma assumptions may continue to evolve as the project progresses through predevelopment
- Ongoing public assistance could be recalibrated if cost savings were achieved relative to the current budget
- If more than 10 years of abatement is granted, check-ins should be performed at any sale or refinancing that happens after permanent financing is achieved
 - Check-ins were especially important because the upcoming opening of the Three Light project was expected to increase rents in the Kansas City area
- Staff believed an incentive level of 10 years at 80% followed by 7 years at 50% was necessary to ensure the deal was successful (*Leader*)

- Staff attempted to determine the optimal balance of costs and benefits to enable the project while at the same time not unduly taking away the tax base (*Kemper/Moye*)
- Staff also believed that the financial importance of the project to the downtown area warranted the slightly higher incentive (*Kemper/Moye*)
- The risk of setting a precedent for granting higher incentives was balanced by the scale and uniqueness of the project (*Kemper/Moye*)
- TIF incentives will apply to only the hotel portion of the project and the property taxes for the entire project will be abated as approved by the LCRA (*Henderson/Moye*)

➤ **Developer Testimony** [*All statements made by Mr. Alston unless otherwise noted.*]

- Project location was determined to be conducive to a hotel development after discussions with various hotel flags and the city
 - Project was initially envisioned as solely an apartment building
 - Complexity of the project increased as a hotel and apartments would be in the same building
 - Project would also be one of the first of its kind in the downtown area
- Ensured that the new building would resonate with existing historic buildings in the area
- Project will not be complete by the time of the 2026 World Cup in Kansas City (*Henderson/Alston*)
- Several hotel flags have already provided letters of intent regarding the project
- The Developer will have the assistance of HUD and other established contractors as it develops one of its first high-rise projects (*Kemper/Alston*)
 - The apartment complex will be overseen by Greystar Real Estate Partners, an established management company
 - The hotel will be self-managed
 - Food and beverage locations within the hotel would also be mostly self-managed

➤ **Public Testimony**

- Stan Leach, parent of Kansas City, Missouri school student
 - This proposal should produce a return on investment within a 5-year incentive period
 - Kansas City Public School system has an estimated \$300 million in deferred building maintenance
 - Parents have to donate funds to help their students' schools with supply shortfalls
 - Property assessments have risen but not enough to rectify school budget deficits
- Kathleen Pointer, Kansas City, Missouri Schools Senior Policy Strategist

- Over-incentivizing a project is extremely concerning given that this project is taking millions of dollars from the district's classrooms
 - The financial analysis points out that in a parking neutral scenario, that it would need less public assistance
 - A parking plan was needed for the downtown area to stop directing public school dollars to parking garages
 - The project does not comply with the City ordinance regarding affordable housing set aside requirements
 - Project should include a ten-year check-in with a clawback in place, especially as rents will probably increase significantly
 - Taxing jurisdictions should have a revenue sharing plan if a project is sold during the lifetime of the abatement
 - Current LCRA Board and Executive Director have been very cooperative and communicative with the Kansas City School District (*Henderson/Pointer*)
- Lauren Amicone, Kansas City, Missouri School Principal
 - Financial analysis of the project states that the incentives go beyond what is necessary for the project to succeed
 - Funds are needed to provide an equitable education for all students regardless of their circumstances
 - School funds are needed to provide special services to students
 - Mario Vasquez, Assistant City Manager, Kansas City, Missouri
 - Project will be a positive investment in the city through its impact on jobs, employment and housing
 - Tiffany Moore, Community Member
 - Incentive inequities also negatively impact vulnerable residents in danger of losing their homes because of excessive property assessments

ACTION TAKEN: APPROVED A RESOLUTION SELECTING MONTE ROSA LLC AS THE REDEVELOPER FOR THE PROJECT AND AUTHORIZING A SALE/LEASEBACK TRANSACTION TO IMPLEMENT THE FOLLOWING TAX INCENTIVES FOR THE PROJECT (1) PROPERTY TAX ABATEMENT AT 80% FOR YEARS 1-10, AND 50% FOR YEARS 11-17 (ABOVE PRE-IMPROVEMENT REAL PROPERTY TAXES), AND (2) A SALES TAX EXEMPTION ON THE PURCHASE OF CONSTRUCTION MATERIALS FOR THE PROJECT TO BE ACCOMPLISHED PURSUANT TO THE TERMS AND CONDITIONS OF AGREEMENTS AND DOCUMENTS WITH THE REDEVELOPER AND THE TAX INCREMENT FINANCING COMMISSION OF KANSAS CITY, MISSOURI, WHICH AGREEMENTS AND DOCUMENTS WILL BE DRAFTED, NEGOTIATED, AND PRESENTED TO THE BOARD OF COMMISSIONERS FOR APPROVAL AT A LATER MEETING TO FACILITATE DEVELOPMENT OF THE PROJECT IN THE CENTRAL BUSINESS DISTRICT URBAN RENEWAL AREA, ALL FOR THE PURPOSE OF

ELIMINATING BLIGHTING CONDITIONS FOUND TO EXIST WITHIN THE URBAN RENEWAL AREA. MOTION MADE BY MS. HENDERSON, SECONDED BY MR. KEMPER, AND UNANIMOUSLY APPROVED. (RES. NO. 8-1-23)

4. **East Kansas City URA – Greenleaf Apartments** – *Consideration of Approval of Redevelopment Contract with Greenleaf Preservation, LP* (Dan Moye for Bob Long) (Ex. 4A-4E)

➤ **Project Overview**

- Project will be a substantial renovation of over \$100,000 per door to remove blight and complete construction (*Lau*)
- Increased operating and construction costs necessitate tax abatement to operate the project successfully over the 15-year compliance period (*Lau*)
- Ms. Lau had previously worked on Missouri Section 8 projects although the Greenleaf development would be MRK's first project in Missouri (*Kemper/Lau*)
- During the renovation, tenants will be relocated on site to a comparable unit, and then either moved back to their own or same unit type (*Kemper/Lau*)
 - Security measures will also be expanded and enhanced (*Lau*)

➤ **Waiver of Conflict**

- Law firm of the Authority's legal counsel represented a principal owner of the Developer's in the acquisition of the Project property but is not involved in the redevelopment project (*Engel*)
 - Authority's legal counsel asked that the Board agree to waive the conflict (*Engel*)

ACTION TAKEN: APPROVED PROPERTY TAX ABATEMENT AT 100% FOR 10 YEARS FOR THE GREENLEAF APARTMENTS AFFORDABLE HOUSING PROJECT. MOTION MADE BY MS. HENDERSON, SECONDED BY MR. KEMPER, AND UNANIMOUSLY APPROVED.

AUTHORIZED PREPARATION OF A REDEVELOPMENT CONTRACT WITH GREENLEAF PRESERVATION, LP (OR AFFILIATE) FOR THE GREENLEAF APARTMENTS AFFORDABLE HOUSING PROJECT IN THE EAST KANSAS CITY URBAN RENEWAL AREA. MOTION MADE BY MS. HENDERSON, SECONDED BY MR. KEMPER, AND UNANIMOUSLY APPROVED.

(RES. NO. 8-2-23)

APPROVED CONFLICT WAIVER LETTER FOR ROUSE FRETS WHITE GOSS. MOTION MADE BY MS. HENDERSON, SECONDED BY MR. KEMPER, AND UNANIMOUSLY APPROVED. (RES. NO. 8-3-23)

5. **East Kansas City URA – Urbanity/2461 Prospect Avenue** – *Consideration of Approval of Redevelopment Contract with Haydn Homes, LLC (Dan Moye for Bob Long) (Ex. 5A-5G)*

➤ **Project Overview**

- Project has received support from the Central City Economic Development Sales Tax District, the neighborhood association, and others (*Kemper/Hayden*)
- Building will require substantial renovation as it was built in 1900 and has been vacant for over 20 years (*Hayden*)
- Project will include some type of food establishment and/or service (*Hayden*)

ACTION TAKEN: APPROVED PROPERTY TAX ABATEMENT AT 100% FOR 10 YEARS FOR THE URBANITY MIXED - USE PROJECT AT 2461 PROSPECT AVENUE. MOTION MADE BY MS. HENDERSON, SECONDED BY MR. KEMPER, AND UNANIMOUSLY APPROVED.

AUTHORIZED PREPARATION OF A REDEVELOPMENT CONTRACT WITH HAYDN HOMES, LLC (OR AFFILIATE) FOR THE URBANITY MIXED - USE PROJECT IN THE EAST KANSAS CITY URBAN RENEWAL AREA. MOTION MADE BY MS. HENDERSON, SECONDED BY MR. KEMPER, AND UNANIMOUSLY APPROVED.

(*RES. NO. 8-4-23*)

6. **Westside Heritage Urban Renewal Plan (Proposed)** – *Consideration of Approval of a Finding of Blight and the Westside Heritage Urban Renewal Plan (Dan Moye for Bob Long)*

[*Ms. Bough arrived at the meeting.*]

➤ **Project Overview**

- Proposed Urban Renewal Plan was designed to retain long term residents with 10 plus years of ownership and residency (*Moye*)
- Vacant land was also eligible for the incentive to ensure that investment of land ownership could also be retained (*Kemper/Zamora*)
 - Homeowners often also used the land as social gathering and community garden spaces (*Zamora*)
- Eligibility requirements to receive the tax incentive for residents were an income of 60% AMI or lower and at least \$3,500 in costs for home repair (*Moye*)
 - Larger projects have alternative scenarios but also had income requirements (*Moye*)
- Kansas City School District was not contacted by the developer or staff to discuss the project but has no apparent concerns about the same (*Pointer*)
 - Mr. Zamora promised to contact Ms. Pointer (*Zamora*)

- Costs to taxpayers of the proposed incentives should be made clearer before the Board should consider the program (*Kemper*)

ACTION TAKEN: APPROVED THE FINDING OF BLIGHT IN THE PROPOSED WESTSIDE HERITAGE URBAN RENEWAL PLAN. MOTION MADE BY MS. HENDERSON, SECONDED BY MR. KEMPER, AND UNANIMOUSLY APPROVED.

APPROVED THE WESTSIDE HERITAGE URBAN RENEWAL PLAN AND FORWARDING IT TO CITY COALITION WITH A RECOMMENDATION OF APPROVAL. MOTION MADE BY MS. HENDERSON, SECONDED BY MR. KEMPER, AND UNANIMOUSLY APPROVED.

(*RES. NO. 8-5-23*)

7. **Central Business District URA – 906 Grand CID** - *Consideration of Amendment to Sale/Leaseback and Redevelopment Contract* (Brian Engel)

[All statements made by Mr. Engel unless otherwise noted.]

- 906 Grand CID requested that LCRA vote in a mail-in ballot election to approve a CID Sales Tax prior to the Project's completion
 - As the owner of the property, the Authority would have to sign the ballot to approve the sales tax to facilitate the project
 - Procedure is fairly standard and has been used and approved on various other LCRA projects

ACTION TAKEN: APPROVE RESOLUTION APPROVING THE AMENDMENT TO SALE/LEASEBACK AND REDEVELOPMENT CONTRACT TO ADD A PROVISION REGARDING THE HOTEL CID AND THE CID SALES TAX AND AUTHORIZING LCRA TO VOTE AS A QUALIFIED VOTER IN AN ELECTION UNDER THE CID ACT TO APPROVE THE CID SALES TAX IN FURTHERANCE OF THE PROJECT WITHIN THE CENTRAL BUSINESS DISTRICT URBAN RENEWAL AREA. MOTION MADE BY MS. HENDERSON, SECONDED BY MR. KEMPER, AND UNANIMOUSLY APPROVED. (*RES. NO. 8-6-23*)

8. **Martin City Neighborhood URA – Tilden Station Multifamily Project** – *Consideration of Approval of Modified Project and Sale/Leaseback Redevelopment Contract with Revive Capital Development, LLC* (Brian Engel) (**Ex. 8**)

➤ **Project Overview** *[All statements made by Mr. Engel unless otherwise noted.]*

- Developer Revive Capital Development, LLC received approval from the Authority for the original project in 2021
- An affiliated entity of the Developer has since acquired an adjacent parcel, increasing the total project site

- Acquisition of the property was delayed by litigation which prevented the seller from closing was finally resolved in late 2022
- Further delays were incurred while the County merged the properties into one tax parcel, which was completed in February, 2023
- Developer asked that the Authority approve changes to the scope of the original project and the sale/leaseback contract
 - The Authority's approval will allow the Developer to request zoning updates and an extension of the completion date from City Council
 - The financing documents necessary to implement the tax incentives will be presented to the Board at a later meeting
 - The City does not have concerns with the proposed modifications to the Project (*Kemper/Frantze*)

ACTION TAKEN: APPROVED THE RESOLUTION APPROVING MODIFICATION TO THE PROJECT TO INCREASE THE NUMBER OF APARTMENT UNITS FROM 211 TO APPROXIMATELY 320 AND APPROVING A SALE/LEASEBACK AND REDEVELOPMENT CONTRACT IN SUBSTANTIALLY THE FORM PRESENTED TO THE BOARD OF COMMISSIONERS ON THIS DATE TO FACILITATE DEVELOPMENT OF THE MULTIFAMILY PROJECT IN THE MARTIN CITY NEIGHBORHOOD URBAN RENEWAL AREA. MOTION MADE BY MS. HENDERSON, SECONDED BY MR. KEMPER, AND UNANIMOUSLY APPROVED. (RES. NO. 8-7-23)

9. **Eastside Urban Renewal Area** - *Consideration of Termination and Release of LCRA Contracts – 500 E. 8th Street (Brian Engel) (Ex. 9A-9B)*

➤ **Contracts** *[All statements made by Mr. Engel unless otherwise noted.]*

- Redevelopment Contract dated March 22, 2022 between the Authority and the Developer will be terminated to be replaced by a Sale/Leaseback Contract
- Contract to Sell and Purchase dated April 10, 1968 between the Authority and Southwestern Bell
- Both contracts encumber the property and will need to be released prior to the Authority acquiring ownership through the Sale/Leaseback Contract

ACTION TAKEN: APPROVED RESOLUTION APPROVING TERMINATION AND RELEASE OF THE 1968 CONTRACT TO SELL AND PURCHASE AND THE 2022 REDEVELOPMENT CONTRACT CONCERNING PROPERTY AT 500 E. 8TH STREET WITHIN THE EASTSIDE URBAN RENEWAL AREA. MOTION MADE BY MS. HENDERSON, SECONDED BY MR. KEMPER, AND UNANIMOUSLY APPROVED. (RES. NO. 8-8-23)

10. **Administrative.**

- a. Executive Director's Report (Dan Moye)

ACTION TAKEN: NONE; INFORMATIONAL ONLY

- b. Consideration of authorization of current Board Chair and Executive Director to sign any past Board Resolutions not previously executed (Dan Moye)

ACTION TAKEN: AUTHORIZED CURRENT BOARD CHAIR AND EXECUTIVE DIRECTOR TO SIGN ANY PAST BOARD RESOLUTIONS NOT PREVIOUSLY EXECUTED. MOTION MADE BY MS. HENDERSON, SECONDED BY MS. BOUGH, AND UNANIMOUSLY APPROVED. (RES. NO. 8-9-23)

11. **Adjourn.**

There being no further business, the meeting adjourned at approximately 2:50 p.m.

Daniel Moye, Secretary