
Blight Study

for the

**Chapel Ridge Community
Improvement District**

**Lee's Summit,
Missouri**

December 9, 2020

Prepared by:

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BLIGHT STUDY

Chapel Ridge Community Improvement District, Lee's Summit, Missouri

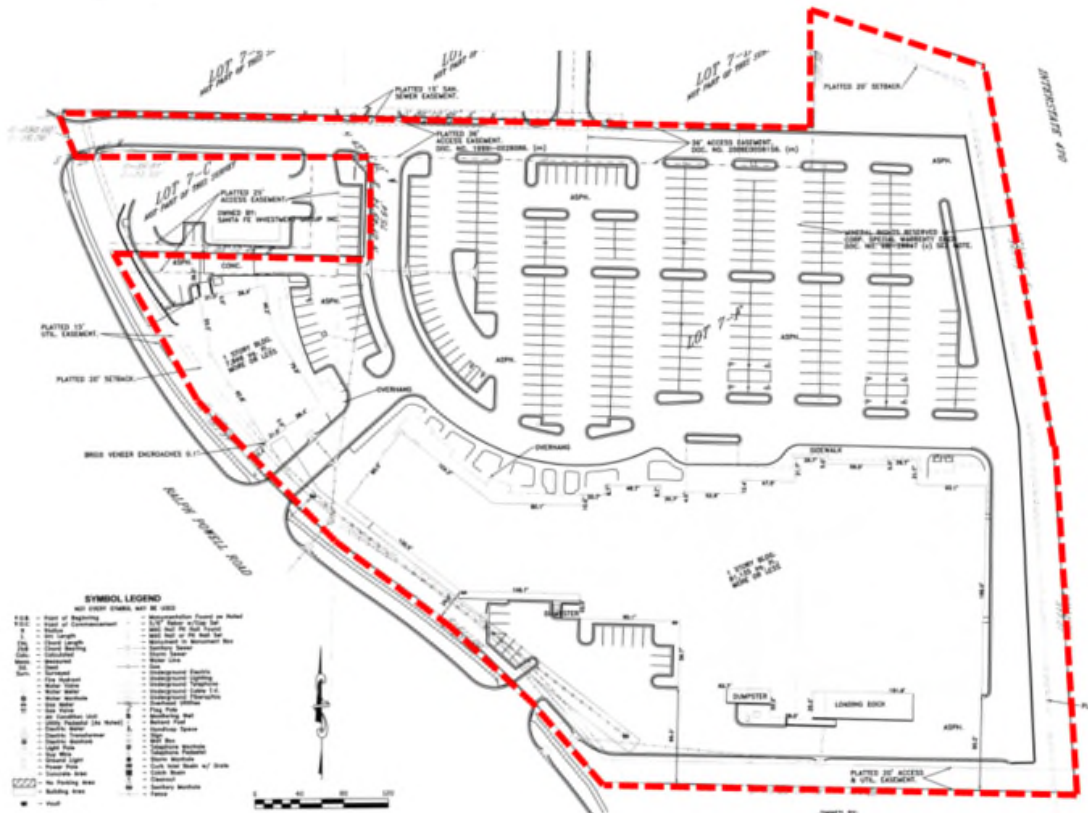
I. Introduction

Purpose

This analysis has been prepared in order to determine whether the Chapel Ridge Shopping Center in Lee's Summit, Missouri is "blighted" according to § 67.1401.2(3) of the Missouri Community Improvement District Act (the "CID Act"). The property evaluated by this study is generally described as follows: the property generally located west of Interstate 470, south of NE Woods Chapel Road, east of NE Ralph Powell Road, and north of the building located at 3751 NE Ralph Powell Road, all located in the City of Lee's Summit, Missouri (the "Study Area").

Study Area

The Study Area is comprised of 1 parcel of land located in the City of Lee's Summit, Jackson County, Missouri. The Study Area contains existing commercial buildings occupied by Cosentino's Price Chopper, Fitness Together, Subway, PT Solutions, laFuente, Panda Café, Core Balance Yoga, and other various commercial tenants. The Study Area consists of approximately 9.19 acres. A legal description and map of the Study Area are attached as Exhibit A and Exhibit B, respectively. The boundaries of the Study Area are generally shown as follows:



Statutory Analysis

Section 67.1401.2(3) of the Missouri Revised Statutes defines a “Blighted Area” as “an area which, by reason of the predominance of defective or inadequate street layout, insanitary or unsafe conditions, deterioration of site improvements, improper subdivision or obsolete platting, or the existence of conditions which endanger life or property by fire and other causes, or any combination of such factors, retards the provision of housing accommodations or constitutes an economic or social liability or a menace to the public health, safety, morals or welfare in its present condition and use.”

An exploration of the presence of these factors within the Study Area is included below.

II. Study Area Data

The Study Area is generally located on the northern end of the corporate limits of Lee’ Summit, Missouri. The Study Area is generally at the southwest corner of Interstate 470 and NE Woods Chapel Road. The general location of the Study Area is shown below:



Property Data

Land Area

According to Jackson County records, the 1 parcel that constitutes the Study Area is as follows:

Jackson County, MO Parcel #	Acreage
43-810-01-11-00-0-00-000	9.19
TOTAL	9.19

Ownership and Current Use

According to Jackson County land records, the land parcel within the Study Area is owned by the following party and is used in the described manner:

Parcel ID	Owner	Description/Use
43-810-01-11-00-0-00-000	Enterprises Lakewood, LLC	Retail/Commercial

III. Blight Analysis

Section 67.1401.2(3) of the Missouri Revised Statutes defines a “Blighted Area” as “an area which, by reason of the predominance of defective or inadequate street layout, insanitary or unsafe conditions, deterioration of site improvements, improper subdivision or obsolete platting, or the existence of conditions which endanger life or property by fire and other causes, or any combination of such factors, retards the provision of housing accommodations or constitutes an economic or social liability or a menace to the public health, safety, morals or welfare in its present condition and use.”

We have prepared the following study pursuant to the statutory factors described above and accordingly determined whether the Study Area as a whole is blighted.

FACTOR #1: DEFECTIVE OR INADEQUATE STREET LAYOUT

This factor was not found to be applicable within the Study Area.

FACTOR #2: INSANITARY OR UNSAFE CONDITIONS

This factor was not found to be applicable within the Study Area.

FACTOR #3: DETERIORATION OF SITE IMPROVEMENTS

Certain site improvements within the Study Area are in a deteriorated state.

In particular, the buildings within the Study Area exhibit deterioration, including, but not limited to, cracking and crumbling masonry, stucco deterioration and discoloration, disrepair on the porte cochere, signage deterioration, peeling and fading exterior finishes, soffit deterioration, water infiltration, roofing disrepair, cracking and crumbling concrete, caulking disrepair, aged lighting, stormwater disrepair and discoloration, and generalized degradation of building facades. The parking areas, curbs, and storefront hardscape have widespread cracking and crumbling, ponding, uneven and patched surfaces that require repair and restriping. The landscaping and drainage are in a state of disrepair and are further deteriorating as evidenced by washed out areas, erosion, and inadequate coverage.

Attached hereto as **Exhibit C** are photographed examples of the site deterioration.

FACTOR #4: IMPROPER SUBDIVISION OR OBSOLETE PLATTING

This factor was not found to be applicable within the Study Area.

FACTOR #5: EXISTENCE OF CONDITIONS WHICH ENDANGER LIFE OR PROPERTY BY FIRE AND OTHER CAUSES

This factor was not found to be applicable within the Study Area.

ECONOMIC LIABILITY

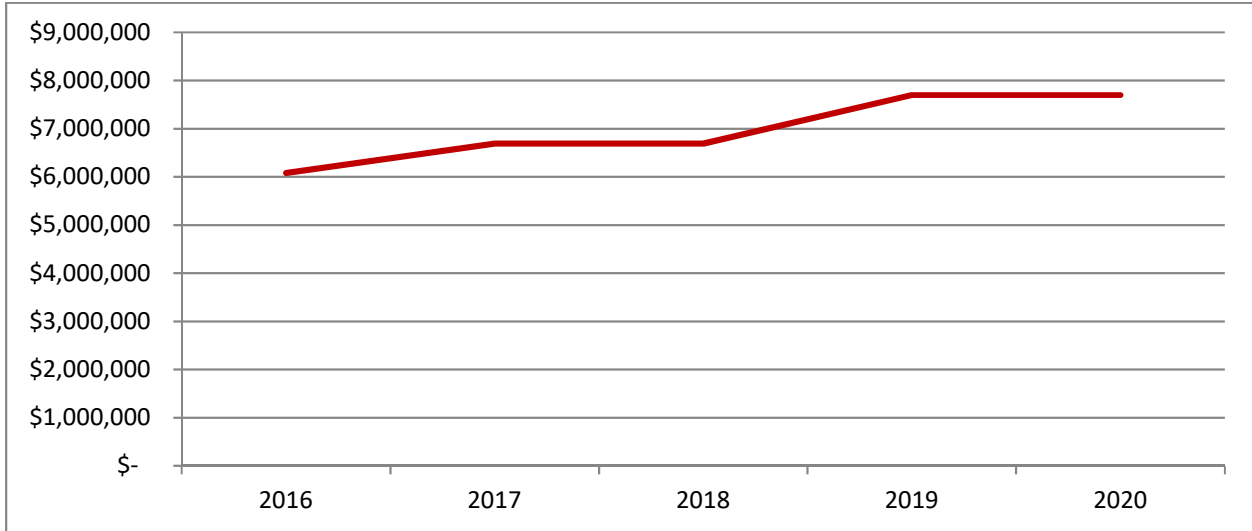
As a result of the deterioration of site improvements discussed above, utilization of the Study Area is not achieving its highest and best use.

Real Property Taxes

Based on an interview of the current property owner, Enterprises Lakewood, LLC (“Developer”), portions of the original construction (by the original developer) within the Study Area lacked the quality necessary for longevity, and the subsequent property owner (Developer’s immediate predecessor) failed to address deferred maintenance issues. As a result, Developer has regularly needed to make capital improvements within the Study Area, including, but not limited to tearing out a significant portion of the parking lot and re-paving with concrete (rather than asphalt) and addressing building multiple building components. In 2014, the grocery tenant also completed a 15,000 square foot expansion of the Cosentino’s Price Chopper within the Study Area.

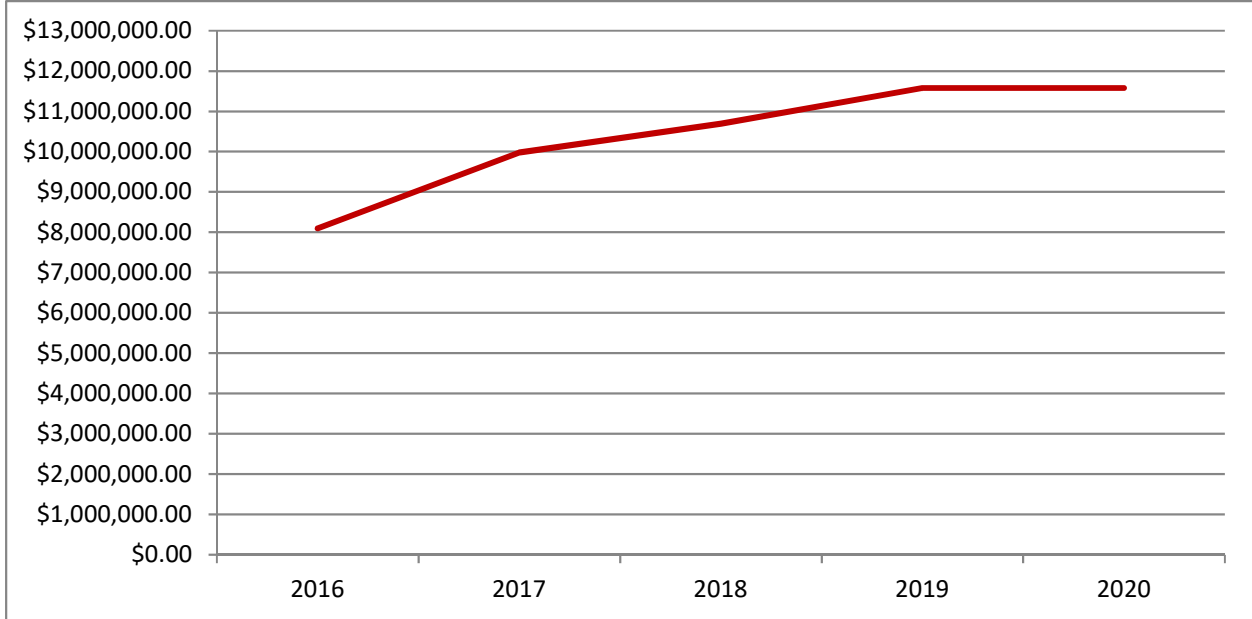
Despite the aforementioned significant capital investments, the Study Area has exhibited economic underutilization from the standpoint of property tax generation. Real property taxes have seen only moderate increases over a 5 year period and the Study Area’s growth is lagging behind many other shopping centers in Lee’s Summit over the same time period. Specifically, the Study Area has only experienced a 6.08% average annual increase in value over the last 5 years.

Chapel Ridge Shopping Center



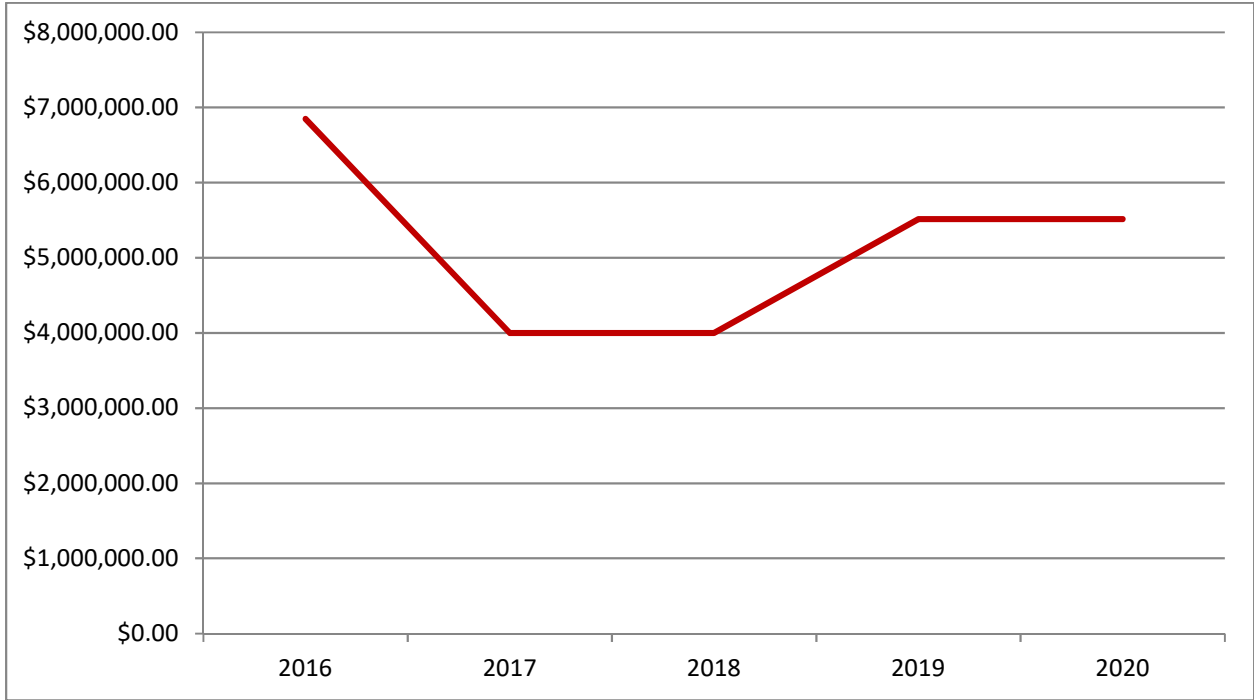
In comparison, Todd George Marketplace is located at the northwest corner of 50 Highway and SE Todd George Pkwy and is also anchored by a Price Chopper. Its appraised value has seen a 9.35% annualized increase over the past 5 years.

Todd George Marketplace



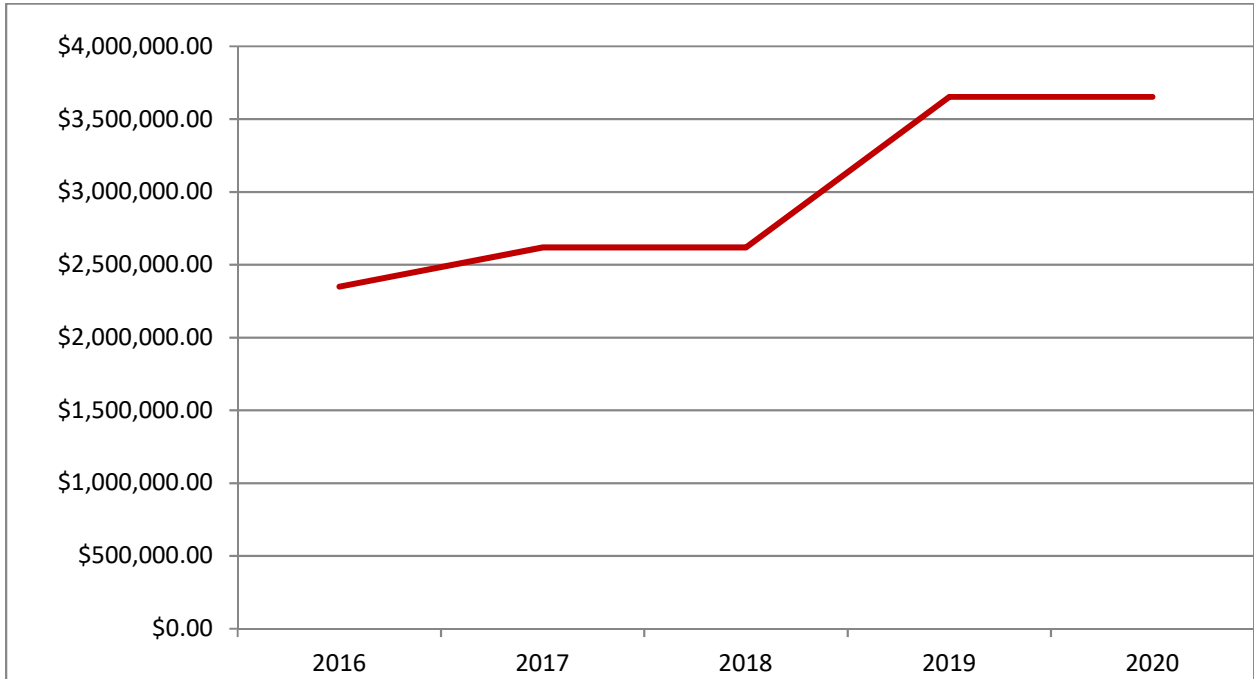
Pine Tree Plaza on the northwest corner of 50 Highway and 291 Highway was purchased in 2016 for \$3.75mm which caused a reduction in appraised value from 2016 to 2017. However, a CID was approved for Pine Tree Plaza in 2017. From 2017 through 2020, Pine Tree Plaza's appraised value has seen an 11.29% annualized increase.

Pine Tree Plaza



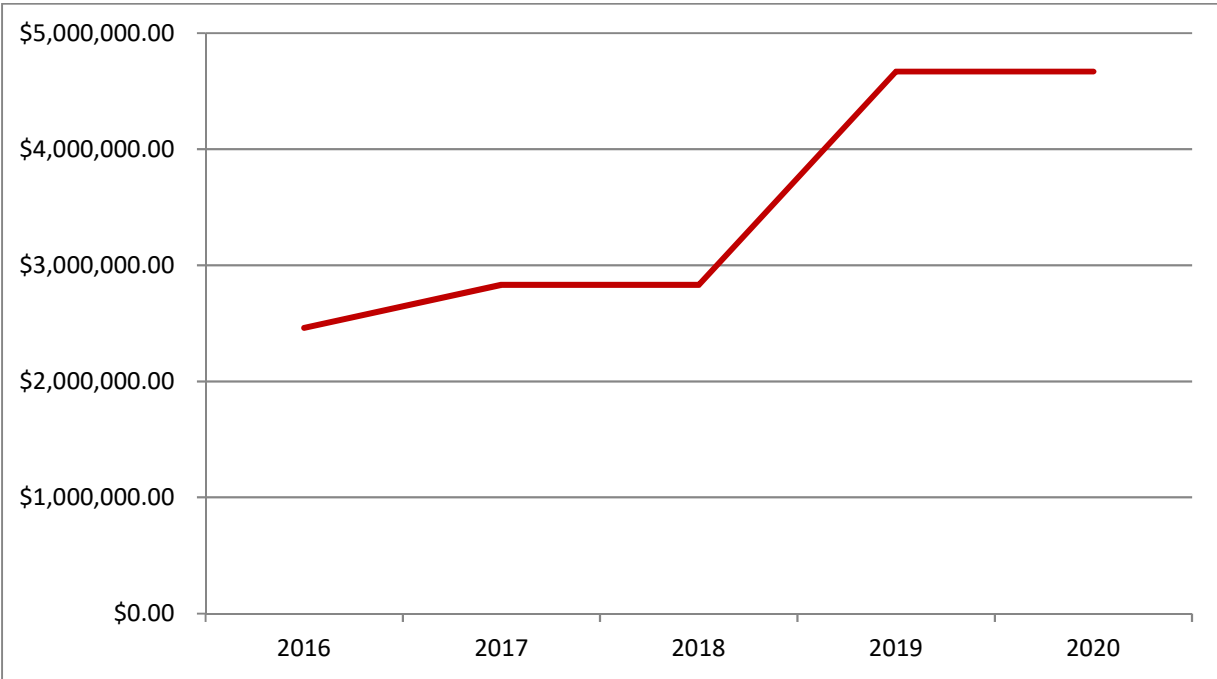
Southside Plaza on the southeast corner of SW 3rd St and 50 Highway has seen a 11.66% annualized increase in its appraised value over the past 5 years.

Southside Plaza



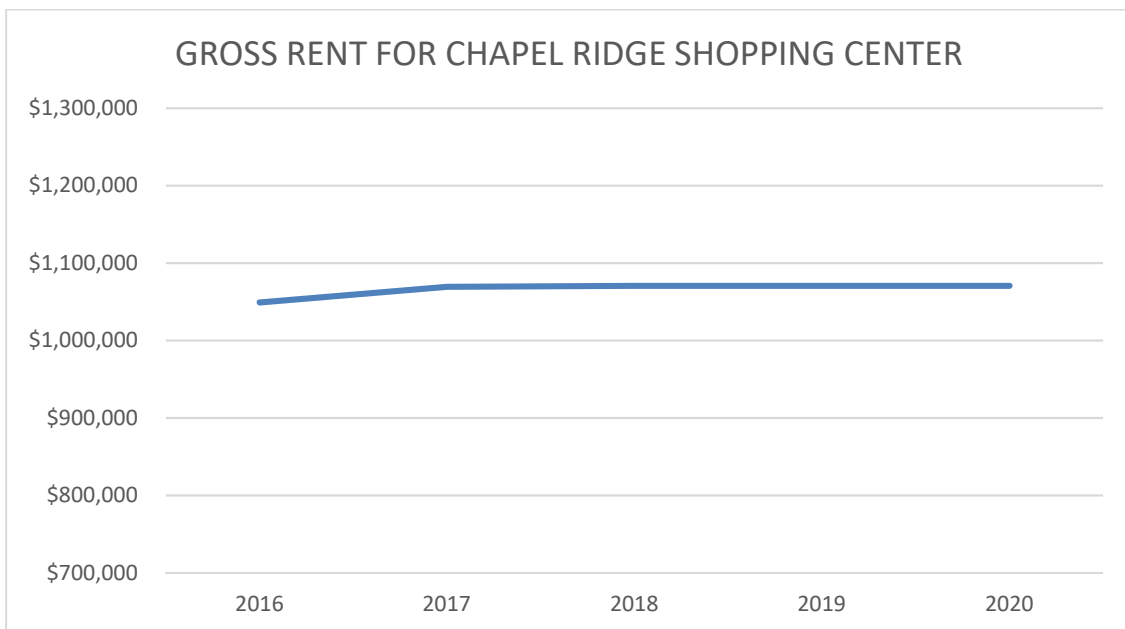
Deer Brook Plaza on the northeast corner of 291 Highway and Scruggs has seen a 17.36% annualized increase in its appraised value over the past 5 years.

Deer Brook Plaza



Rent Revenues/Sales Tax Revenues

Based on an interview of Developer and review of the rent roll, tenant rents within the Study Area have been stagnant for years.



Despite a typically full occupancy within the Study Area, numerous tenants would not be sustainable without Developer subsidies.

Although Developer does not have access to sales tax data for all tenants within the Study Area, most empirical historical data demonstrates that sales tax revenues trend with tenant rents, and aside from the grocery store, are likely similarly stagnant.

Underperforming property tax and sales tax generation are an economic liability for the City of Lee's Summit and the other relevant taxing jurisdictions. Moreover, the combination of flat rents, multiple underperforming tenants with ongoing rent subsidies/concessions, and significant additional capital improvements needed to sustain the quality shopping center product expected by consumers in the Lakewood area and surrounds, is most likely to lead to continued and eventually worsening economic underutilization to the detriment of local residents and the taxing jurisdictions.

The concept of an economic liability and the economic underutilization of property as a basis for blight has been addressed by the Missouri Supreme Court. The Court has determined that "the concept of urban redevelopment has gone far beyond 'slum clearance' and the concept of economic underutilization is a valid one." *Tierney v. Planned Industrial Expansion Authority of Kansas City*, 742 S.W.2d 146, 151 (Mo. banc 1987). If vacant land "no longer meets the economic and social needs of modern city life and progress," the land can be considered blighted. *State ex. rel. Atkinson v. Planned Industrial Expansion Authority*, 517 S.W.2d 36, 46 (Mo. banc 1975). Blight may also be found if the redevelopment of an area "could promote a higher level of economic activity, increased employment, and greater services to the public." *Tierney*, 742 S.W.2d at 151. Further, the Court determined that an otherwise viable use of a property may be considered blighted if it is an economic underutilization of the property. *Crestwood Commons Redevelopment Corporation v. 66 Drive-In. Inc.*, 812 S.W. 2d 903, 910 (MO. App. E.D.1991). The Court determined that blight exists to the extent an area is being utilized for less than its potential from an economic standpoint.

The presence of the deterioration of certain site improvements has contributed to the Study Area's economic underutilization and thus the Study Area presents an economic liability.

SOCIAL LIABILITY

A social liability results when one or more blight factors create a disadvantage to the welfare of members of a given community or to interaction among such members. The welfare of the community is substantially based upon economic development, job opportunities, and adequate community services provided by various taxing jurisdictions from tax revenue sources. In its present blighted state, the Study Area has not provided the tax growth of other commercial properties in the community. Thus, the welfare of the citizens of Lee's Summit is diminished by reason of the site deterioration present within the Study Area and the depressed tax revenues it provides, constituting a social liability for the community at large. The blight factor preventing the Study Area from being utilized to its full economic potential must be remedied in order to ameliorate the current social liability.

IV. Conclusion

As a result of the deterioration of the site improvements discussed above, the Study Area as a whole constitutes an economic and social liability in its present condition and use. Therefore, as of the date of this Study, the Study Area is a “blighted area” according to the definition provided in Section 67.1401.2(3) of the Missouri Revised Statutes.

EXHIBIT A

LEGAL DESCRIPTION OF STUDY AREA

Lot 7-F, Chapel Ridge, Lots 7-D, 7-E, 7-F, a subdivision in Lee's Summit, Jackson County, Missouri.

EXHIBIT B
MAP OF STUDY AREA

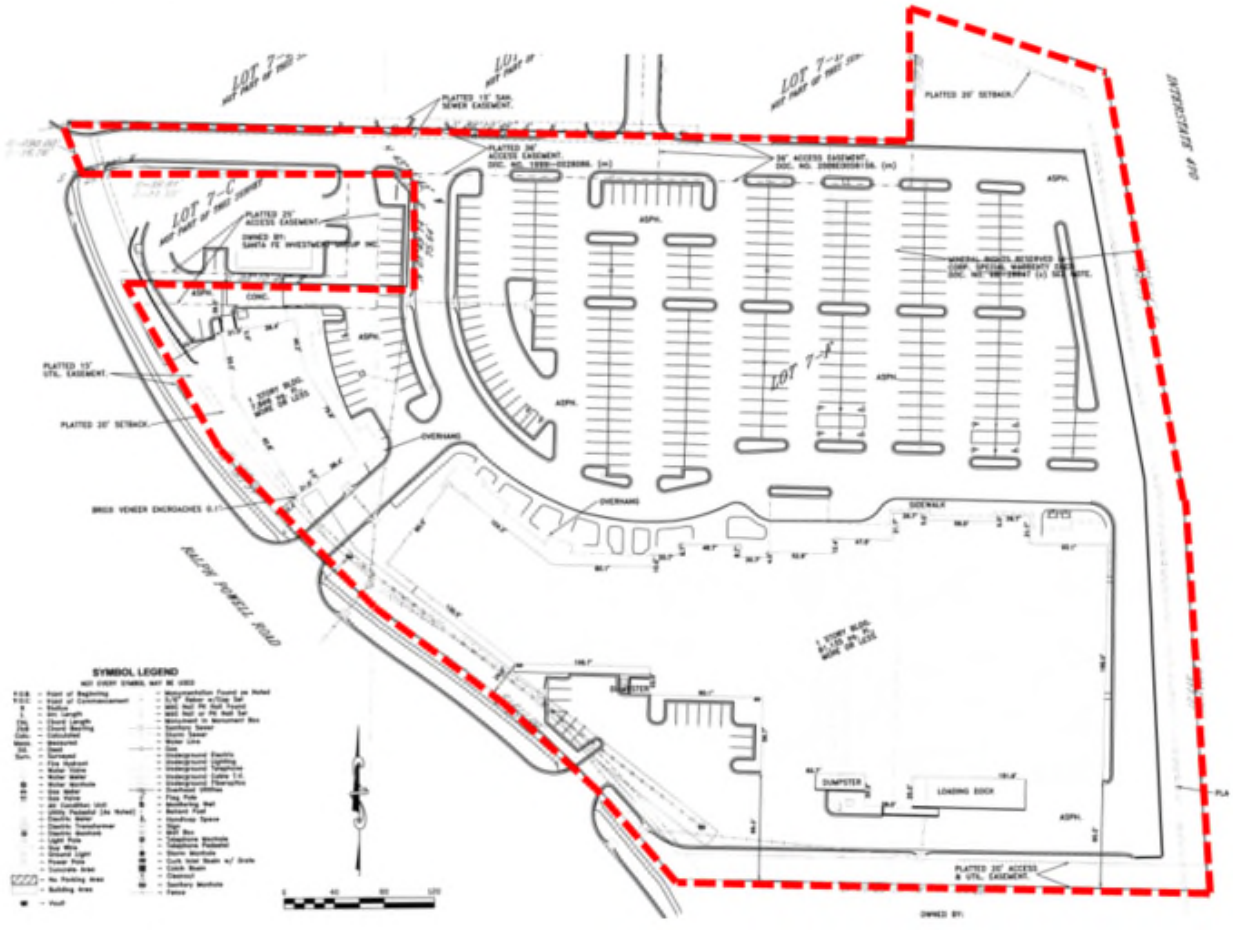


EXHIBIT C

PHOTOGRAPHS OF SITE DETERIORATION

(Please see photographs attached)

































































