



LEE'S SUMMIT

LAW DEPARTMENT
OFFICE OF THE CITY ATTORNEY

June 6, 2023

TO: Mayor Baird and City Council
FROM: David Bushek
RE: Summary of Colbern Ridge LCRA Redevelopment Plan (the "LCRA Plan")

Developer: Colbern-Rice Investments, LLC (the "Developer").

Current Property Owner: Developer and The Great American Dream IV, LLC (convenience store parcel).

Property: The proposed Redevelopment Project Area is located at the Northeast corner of Rice Road and Colbern Road, in Lee's Summit, Missouri, totaling 41.4 acres.

Project and Purpose: The LCRA Plan provides for the construction of a mixed-use development consisting of approximately 136 apartment units; 220 senior-only multi-family units; approximately 28,500 sq ft of medical office building space; and approximately 30,000 sq ft of office, warehouse/office and other commercial uses, respectively, along with all associated onsite and offsite sitework and infrastructure, including utilities, stormwater management, street/drive and parking improvements, and landscaping. The LCRA Plan will establish public ownership during the construction of improvements for Developer to receive and use a sales tax exemption certificate for the purchase of construction materials that are used in the construction of the Project, a property tax abatement at 50% for up to 25 years, a public improvements assessment in the amount the annual 50% property tax abatement, and a 1% community improvement district (CID) sales tax for up to 27 years.

Schedule: Construction is planned to commence in 2023, and developer's intention is to complete all work by 2028.

Property Investment and Valuation:

- Current County market valuation of Redevelopment Area: \$63,329
- Total Project Costs: approximately \$83,070,490
- Projected property taxes (PILOTs) during abatement period: About \$3.8 million

Ownership and Development Structure

- **Current Ownership:** Developer and convenience store owner
- **Ownership and redevelopment process after LCRA incentive approval:** If the City Council approves the LCRA Redevelopment Plan, then the property will be transferred to City ownership.

The City will own the property during the life of the tax abatement structure and lease the property to Developer or an affiliate of developer which will construct and then operate the project. City ownership during the abatement period allows for the sales tax exemption on construction materials and the real property tax abatement.

- **Payments under LCRA Plan:** During the tax abatement period, the Developer will make Payment In Lieu of Taxes (PILOT) in the amount of 50% during years 1-25. The abated property taxes will be charged to the property as a public improvements assessment, which will provide reimbursement to Developer for eligible public improvements.

LCRA Incentive Requests: Developer is requesting reimbursement from two revenues sources:

1. Sales Tax Exemption

The benefit of the sales tax exemption to Developer is summarized as follows:

Est. Construction Budget	\$ 77,255,980
Est. Materials Percentage	40.00%
Est. Materials Cost	\$ 30,902,392
Total Sales and Use Tax Rate	8.35%
Est. Sales and Use Tax Savings	\$ 2,367,896

2. Real Property Tax Abatement and Public Improvement Assessments

The real property tax abatement and corresponding public improvements benefit to Developer is summarized in the City and Developer spreadsheets which are included in the meeting packet.

An overall summary of the incentive request is included in the City spreadsheets which are included in this meeting packet.

Required Findings: The following findings are required to be made by the City Council with a recommendation from the LCRA:

1. **Blight:** The Redevelopment Area must be a blighted area, as such term is defined in Section 99.320(3), RSMo, which incorporates the definition of the same term from Section 99.805(1), RSMo, of the TIF Act which reads as follows:

“Blighted area”, an area which, by reason of the predominance of insanitary or unsafe conditions, deterioration of site improvements, 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, or welfare in its present condition and use.

The proposed location of the project is north of the existing US 50 / M-291 Highway Urban Renewal Area that has already been declared as blighted by the City Council pursuant to Ordinance No. 7472 that was approved by the City Council in June 2014. The LCRA Plan is accompanied by a Blight Study that attests to the blighting factors on this property.

2. **Necessity:** The City Council must find that redevelopment of the Redevelopment Area is necessary and in the interests of the public health, safety, morals and welfare of the residents of the City. Developer has indicated that the project would not be undertaken without the requested incentives. The City's Financial Advisor has provided a report to the City which indicates that Developer's leveraged rate of return would be below a market rate of return for this project if the project was undertaken without the use of the requested incentives.
3. **Conformance with the Comprehensive Plan:** The City Council must find that the LCRA Plan is in conformance with the Comprehensive Plan for the City. The City Council must find that the proposed land uses and building requirements in the Redevelopment Area are designed with the general purpose of accomplishing, in conformance with the Comprehensive Plan, a coordinated, adjusted and harmonious development of the community and its environs which, in accordance with present and future needs, will promote health, safety, morals, order, convenience, prosperity and the general welfare, as well as efficiency and economy in the process of development.

The Planning Commission considered the proposed rezoning and conceptual plan for the project, and voted unanimously to recommend approval of the rezoning. The Planning Commission has thus concluded that the proposed project is in conformance with the Comprehensive Plan. The proposed rezoning and conceptual plan for the project will be on the City Council agenda on June 6, 2023.

LCRA Board of Commissioners Review

The LCRA Board held a public hearing on May 24, 2023, and held extensive discussions on the proposed Plan. The LCRA Board adopted a resolution recommending approval of the Plan, but included the following specific additional recommendations in the resolution:

1. Developer should prepare a phased development plan that shows how the infrastructure improvements are going to be paid for with each phase of development.
2. The City Council should require Developer to revise the site plan to conform to the design principles set forth on pages 111-115 of the Ignite Comprehensive Plan. These pages of the Comprehensive Plan deal with the following design principles:
 - Mobility and Connectivity Principles
 - Parks and Open Space Principles
 - Building and Site Development Principles
 - Design Principles for Strip Malls
 - Open Space Connection and Protection
 - Grid Street Network

The LCRA Board expressed a favorable opinion of the overall development, but strongly encouraged the City Council to entertain these additional recommendations. The LCRA Plan has not been revised and is presented to the City Council as originally filed by Developer.

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