

Incentive Policy Discussion

Community and Economic
Development Committee



LEE'S SUMMIT
MISSOURI

Yours Truly



Presentation Overview

- Incentives History
- Conceptual Presentations
- Industrial Development
- Blighted Community Improvement Districts (CID)
- Issuance Fees for tax abatement
- Attainable Housing

Incentives History

- City-approved incentives involve adjustments of taxes
- City can adjust taxes imposed by other taxing districts
- Purposes of Incentives:
 1. Induce a project to occur
 2. Project enhancement
- All incentives involve a public purpose
- Fairness and availability to everyone; developers must make request

Incentives History

1. Tax Redirection

- Tax Increment Financing

2. Tax Abatement

- Chapter 100
- Land Clearance for Redevelopment Authority (LCRA)
- Chapter 353

3. New Revenues

- Community Improvement District
- Transportation Development District
- Neighborhood Improvement District

Incentives History

- Primary Historical Purposes
 - Commercial: Fund public improvements; induce the project
 - Residential: Reduce uncertainty and lower costs
 - Industrial: Regional competition, growing demand
 - Mixed Uses: Blend of purposes
- Correlation vs. Causation

Historic Reimbursement Ratios

Lee's Summit Incentive Reimbursement Rates

Updated May 2023

Project	Year	Acres	Total Project Costs*	Total Reimbursement*	Total %	Land Uses							Reimbursement Type and %														
						Residential	Senior Residential	Commercial	Office	Industrial	Historic Structures	Park/Club	TIF	LCA	CD	RD	Chapter 83	Chapter 80	Other Gov't Funding	Total %							
Chapel Ridge	2000	258.0	\$108.7	\$31.9	29.3%			*	*									22.9%		6.4%					29.3%	26.2%	
Summit Woods	2003	85.0	\$101.6	\$39.7	39.2%			*										16.0%		9.9%					25.9%	26.2%	
H-70 Business & Technology	2005	17.8	\$66.2	\$6.8	10.3%					*								6.2%		4.5%					10.7%	10.3%	
Summit Fair	2006	56.7	\$162.8	\$55.3	34.0%			*										19.7%		14.2%					34.0%	34.0%	
Hartley Block	2006	1.3	\$7.7	\$2.5	32.0%			*	*									32.0%							32.0%	32.0%	
East 50 Highway Corridor (Project 4)	2007	15.2	\$20.0	\$5.0	25.0%			*										19.0%		6.0%					25.0%	25.0%	
Witter Place	2007	7.2	\$14.5	\$4.7	32.4%			*										22.8%		9.7%					32.5%	32.4%	
New Longview	2013	107.0	\$85.4	\$20.6	24.1%	*		*	*									24.1%							24.1%	24.1%	
John Knox Village	2015	170.0	\$48.0	\$11.5	24.0%	*															24.0%				24.0%	24.0%	
Pine Tree Plaza	2017	12.4	\$9.3	\$2.4	25.8%			*													25.9%				25.9%	25.8%	
740 Blue Parkway Project	2017	4.5	\$12.5	\$3.3	26.0%			*													26.0%				26.0%	26.0%	
Village at View High	2017	34.0	\$69.0	\$10.3	14.9%			*										11.0%		3.7%					14.9%	14.9%	
The Princeton	2019	37.0	\$35.5	\$0.8	2.3%			*												2.1%					2.1%	2.3%	
Cityscape Downtown Apartments	2019	3.7	\$51.8	\$8.3	16.0%	*												15.4%		2.6%					18.0%	18.0%	
Streets of West Fryer (Commercial & Apt)	2019	73.0	\$178.6	\$36.0	20.2%	*		*										11.0%		4.5%	1.0%	3.4%	0.3%		20.2%	20.2%	
Southeast Plaza Shopping Center	2020	4.5	\$4.8	\$1.4	29.9%			*													29.9%				29.9%	29.9%	
Cedar Creek Shopping Center	2020	5.2	\$9.4	\$1.5	15.9%			*													15.9%				15.9%	15.9%	
Paragon Star	2020	332.9	\$245.1	\$74.6	30.4%	*		*	*									13.1%		2.0%	13.1%		2.0%		30.2%	30.2%	
Streets of West Fryer (Townhomes)	2021	6.3	\$30.5	\$3.9	12.8%	*														9.0%					9.0%	12.8%	
Chapel Ridge Shopping Center	2021	9.2	\$18.6	\$3.9	20.1%			*													20.1%				20.1%	20.1%	
LS Logistics - Sarswell Industrial	2022	75.8	\$50.6	\$11.1	21.9%			*																	21.9%	21.9%	
LS Industrial - O'Dell	2022	49.8	\$46.5	\$8.5	18.4%			*													18.4%				18.4%	18.4%	
Paragon Star Parking Garage	2022	0.7	\$10.5	\$0.2	2.1%			*													2.1%				2.1%	2.1%	
Paragon Star Apartments	2022	1.8	\$59.0	\$1.3	1.7%	*															1.7%				1.7%	1.7%	
Walk Vista Shopping Center	2022	4.4	\$15.0	\$3.9	26.0%			*													26.0%				26.0%	26.0%	
Blackwell Mixed Residential	2022	56.0	\$103.1	\$4.0	3.9%	*															3.9%				3.9%	3.9%	
Discovery Park	2022	285.0	\$916.5	\$13.2	1.2%	*		*	*									20.2%		2.0%					22.2%	22.2%	
Scientific Development - Senior Care	2022	12.6	\$48.4	\$2.7	5.6%			*													5.6%				5.6%	5.6%	
Summit Square III Apartments	2022	11.4	\$73.2	\$3.6	5.0%	*															5.0%				5.0%	5.0%	
Cityscape at Douglas & Tudor	2022	13.2	\$65.7	\$3.8	5.8%	*															5.8%				5.8%	5.8%	
Town Centre Industrial - Ward Development	2022	22.0	\$17.8	\$3.4	19.0%			*													19.0%				19.0%	19.0%	
Elle Glen	2023	1.2	\$8.0	\$2.0	24.4%	*		*													24.4%				24.4%	24.4%	
Grand Totals		1,768.9	\$2,784.0	\$579.7																							

* In Millions. Some reimbursement occurs in the form of abatement value.

Average: 18.3%
Number of Projects: 32

Summary of Data			
Date Range	2000-2023	Project Average %	18.3%
Number of Projects	32	TIF Average	18.1%
Highest Reimbursement %	34.2%	LCA Average	9.2%
Lowest Reimbursement %	1.7%	CD Average	13.1%
% Range without outliers	2-30%	TOD Average	6.9%
		Ch.100 Average	9.2%



Conceptual Presentations

- Level of Detail
- Maximize feedback to Developer
- Project Management
- Council Agenda Management
- Permits Rule

Industrial Development

- Job Guidelines
- Tenant Identification
- Targeted Industrial Areas
- “Most favorable consideration...” statements

Industrial Development

Sample Abatement Packages for Large Scale Industrial Projects Missouri Side of Kansas City Region, 2015-2023

Updated April 2023

YEAR APPROVED	GOVERNMENT ENTITY	COMPANY	PROJECT	SQFT	ABATEMENT TERM	ABATEMENT LEVEL
2015	Kansas City (PortKC)	NorthPoint Development	Three Trails Industrial Park (three buildings)	1,300,000	20 years	100% Years 1-13 50% declining to 20% Years 14-17 10% Years 18-20
2016	Kansas City (PortKC)	NorthPoint Development	Northland Park (HWY 210 & N. Kimball Drive)	1,500,000	20 years	90% Years 1-10 50% Years 11-20
2016	Grandview	Bulk Industrial	Southpointe Business Park	737,000	15 years	58.5% Years 1-15, including 20% "Additional Rent" for infrastructure
2017	Kansas City (PortKC)	CVS Distribution Center	Skyport Industrial Park	762,000	22 years	90% Years 1-12 (plus 10-yr personal property abatement on equipment) 50% Years 13-22
2017	Kansas City (EEZ)	Hunt Midwest	Hunt Midwest Business Center (HMBC I - III)	623,785	25 years	100% Years 1-25
2018	Belton	NorthPoint Development	Southview Commerce Center (Building I)	454,489	20 years	96% Years 1-5 93% declining to 88.5% Years 6-12 55% Years 13-20
2018	Blue Springs	Landmark	Faurecia	250,000	15 years	100% Years 1-10 (plus 15-yr personal property abatement on equipment) 50% Years 11-15
2019	Liberty	Lane4	Liberty Logistics Center (three buildings)	922,000	10 years	100% Years 1-10
2020	Liberty	Opus	Heartland Meadows Commerce Center	181,321	10 years	90% Years 1-10
2020	Liberty	NorthPoint Development	Broadacres Industrial Park	3,300,000	20 years	90% Year 1 90% declining to 18% Years 2 - 20
2020	Kansas City	MDC Inc.	Executive Park Logistics Center (2 buildings)	396,455	15 years	100% Years 1-10 50% Years 11-15
2020	Kansas City (Port KC)	NorthPoint Development	Blue River Commerce Center	2,590,000	20 years	94% Years 1-10 50% Years 11-20
2020	Kansas City (Port KC)	Van Trust	Niagra (NWC 112th and North Congress Ave.)	630,000	16 years	~92% Years 1-7 (plus personal property tax abatement) ~83% Years 8-11 ~73% declining to 35% Years 12-16
2020	Raymore	Van Trust	Raymore Commerce Center	564,970	20 years	~97.5% Years 1-20
2022	Lee's Summit	Scannell	LS Logistics	783,000	20 years	95% Years 1-10 75% Years 11-20
2022	Lee's Summit	Zerega Pasta	Facility Expansion	160,000	10 years	75% Years 1-10; same for equipment (personal property)
2022	Lee's Summit	LS Industrial, LLC	LS Industrial	585,000	20 years	95% Years 1-10 50% Years 11-20
2022	Lee's Summit	Ward Development	Town Centre Industrial	250,000	20 years	78% Years 1-10 50% Years 11-20

Notes

The average abatement duration is 19 years.

The average abatement during years 1-10 exceeds 90%.

The average abatement during years 11-20 is roughly 50% with some notable exceptions, and some projects incorporate an annual decline during this period.

Some incentive packages include a fixed PILOT per square foot (Belton, Kansas City, Raymore); this has been incorporated into the abatement percentage calculation to create uniform data.

Some calculations are rounded because the fixed PILOTS produce fractional percentages.

Blighted Area CIDs

- Guidelines
- Improvements vs. Deferred Maintenance
 - Enhancements are desired
- Interior vs. Exterior Improvements
- Tenant notifications

Issuance Fees for Tax Abatement

- Schedule of Fees & Charges
- Relative low fees, cover limited staff costs
- Some cities charge higher fees
- Use of funds for economic development purposes