



# LEE'S SUMMIT

LAW DEPARTMENT  
OFFICE OF THE CITY ATTORNEY

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February 22, 2023

**TO:** Board of Commissioners for the  
Lee's Summit Land Clearance for Redevelopment Authority

**FROM:** David Bushek

**RE:** Summary of Ellis Glen LCRA Redevelopment Plan (the "LCRA Plan")

**Developer:** Ellis Glen, LLC (the "Developer").

**Current Property Owner:** Developer.

**Property:** The proposed Redevelopment Project Area is located at the Northwest corner of 2<sup>nd</sup> Street and Market Street, in Lee's Summit, Missouri, consisting of five single family lots at 102-110 SW Market Street, totaling 1.17 acres.

**Project and Purpose:** The LCRA Plan provides for the design, development, and construction of a single three-story mixed-use building with the surface parking lot located to the rear of the building. The first floor of the building will be approximately 8,000 square feet of commercial office space. Floors two and three will be a mix of studio, one-and-two-bedroom apartments and approximately 24,000 square feet, 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, and thereafter for a period of 25 years to facilitate real property tax abatement.

**Schedule:** Construction is planned to commence April of 2023 or soon thereafter based on Council approval, to be completed within approximately one year

**Property Investment and Valuation:**

- Current County market valuation of Redevelopment Area: \$323,000
- Total Project Costs: approximately \$8 million
- Projected property taxes (PILOTs) during abatement period: About \$1.17 million (\$573,000 net present value at 6.0%)

**Ownership and Development Structure**

- **Current Ownership:** Developer

- 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 25% during years 1-25.

**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:

<b>Sales &amp; Use Tax Savings Calculations</b>		
LS Sales Tax Savings	\$	9,350
LS Use Tax Savings	\$	74,800
LS Total Savings	\$	84,150
County Sales Tax Savings	\$	4,250
State Sales & Use Tax Savings	\$	143,650
<b>Total Sales &amp; Use Tax Savings</b>	<b>\$</b>	<b>232,050</b>

**2. Real Property Tax Abatement:**

The real property tax abatement benefit to Developer is summarized as follows:

<b>Real Property Tax Abatement Benefit to Developer</b>	
Taxes Paid with Project and No Abatement	\$4,686,762
PILOTs paid at 25% for 25 Years	\$1,171,691
<b>Value of Abatement at 75% for 25 Years</b>	<b>\$3,515,072</b>

The benefit of the PILOTs payments to the taxing districts is:

<b>Benefit to Taxing Districts</b>	
<u>Taxes without Project</u>	
All Districts	\$140,442
City Portion	\$23,875
<u>PILOTs with Project</u>	
All Districts	\$1,171,691
City Portion	\$199,187
<u><b>Net Increase in Taxes</b></u>	
<b>All Districts</b>	<b>\$1,031,249</b>
<b>City Portion</b>	<b>\$175,312</b>

An overall summary of the incentive request is attached to this memorandum.

**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 adjacent to the existing downtown area that has already been declared as blighted by the City Council. The LCRA Plan is accompanied by a Blight Study that attests to the blighting factors on this property. City staff is confident that a defensible blight finding can be made for 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.
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.

A rezoning and Preliminary Development Plan for the Redevelopment Project was approved by the City Council on October 4, 2022 through the adoption of Ordinance No. 9514 (the “**Preliminary Development Plan**”) and the proposed land uses for the Redevelopment Project are in conformance with the approved Preliminary Development Plan. In approving the Preliminary Development Plan, the City made findings that the proposed land uses within the Redevelopment Project were consistent with the City’s Comprehensive Plan.

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