

MEMO

To: Mayor and City Council
From: Jessica Vandivort de Montiel, Assistant Director of Grants and Administration, Development Services
CC: File
Date: May 12, 2026
Re: Resolution of Support for Opportunity Zone Designation - Census Tract 13706, Downtown Lee's Summit.

Purpose

The purpose of this memo is to provide an overview of the Opportunity Zone (OZ) program, outline the current designation process under updated federal legislation, and explain why pursuing designation of Census Tract 13706 is a strategic opportunity for the City of Lee's Summit.

Background: Opportunity Zones

Opportunity Zones were established under the Tax Cuts and Jobs Act to encourage long-term private investment in economically distressed communities through federal tax incentives. The program allows investors to defer and potentially reduce capital gains taxes when reinvested into Qualified Opportunity Funds supporting development in designated areas.

Recent updates through the One Big Beautiful Bill Act continue this approach and authorize the designation of new eligible census tracts under the updated "Opportunity Zone 2.0" framework. Census Tract 13706, which includes a significant portion of Downtown Lee's Summit, was not part of the original 2018 designations and is now being considered under the current framework.

Designation Process

The designation process is competitive and involves coordination between local, state, and federal entities. The City may submit eligible tracts to the State of Missouri for consideration. The Missouri Department of Economic Development reviews nominations and advances recommendations to the Governor, who may nominate up to approximately 25% of eligible tracts statewide. Final designation is confirmed by the U.S. Department of the Treasury.

Evaluation criteria emphasize community readiness, redevelopment potential, and demonstrated local support. City Council support is a key factor in strengthening the City's nomination.

Census Tract 13706 Overview

Census Tract 13706 (GeoID: 29095013706) includes a large portion of Downtown Lee's Summit, encompassing historic assets, key redevelopment corridors, and areas of significant public investment. While the tract may not rank among the most economically distressed or competitive tracts statewide

based solely on traditional socioeconomic indicators, it is well-positioned for catalytic redevelopment when aligned with existing and planned initiatives.

The tract contains several characteristics supportive of long-term reinvestment, including an established downtown core, redevelopment-ready corridors, historic assets, and opportunities for infill, mixed-use, and adaptive reuse projects. Combined with prior and ongoing public investment, these factors position the area to leverage Opportunity Zone designation into sustained economic activity and broader community benefit.

Benefits to Lee's Summit

Opportunity Zone designation is intended to attract long-term private capital to areas where redevelopment may otherwise face financial or structural barriers. In Downtown Lee's Summit, this tool can help bridge financing gaps for infill, mixed-use, and adaptive reuse projects, particularly where site constraints, smaller parcels, and aging infrastructure increase costs.

Designation also supports broader economic objectives, including business attraction, job creation, and expansion of the local tax base. Investment in the downtown core reinforces Lee's Summit's role as a regional economic driver and builds on existing infrastructure and prior public investment.

This designation aligns with recent City investments, including the Green Street Market, a \$44 million public-private partnership completed in 2025. As a destination hub, it provides a strong anchor for surrounding development, with Opportunity Zone incentives supporting future hospitality, commercial, and residential uses.

More broadly, the City has made sustained investments in downtown through infrastructure improvements and support for the Main Street program. Opportunity Zone designation serves as a complementary tool to leverage these investments into sustained private reinvestment and long-term growth.

Stakeholder Support

City staff have engaged with community and regional stakeholders regarding the proposed Opportunity Zone designation for Census Tract 13706. Feedback has been supportive of pursuing designation, particularly due to the tract's redevelopment potential and alignment with ongoing downtown investment strategies. Community partners have indicated their willingness to provide letters of support as part of the State nomination process, further demonstrating local and regional commitment to the application.

Key Considerations

Opportunity Zones do not provide direct funding and do not replace local incentives. They function as a market-based tool to improve project feasibility and attract private capital. Outcomes depend on project readiness, market conditions, and alignment with City priorities.

Because Opportunity Zone designation is not a direct grant award, there is no required local funding match associated with participation in the program. Staff have also evaluated administrative requirements associated with designation and determined that the City has the capacity to carry out any applicable annual reporting and compliance responsibilities.

Next Steps

Following City Council consideration, the City will submit Census Tract 13706 to the State of Missouri for review. The State will evaluate submissions and advance nominations to the Governor.

Recommendation

Staff recommends City Council approve a resolution supporting submission of Census Tract 13706 to the State of Missouri for consideration for Opportunity Zone designation as a strategic tool to accelerate downtown reinvestment, leverage existing public investments, and attract long-term private capital to Lee's Summit.