

Land Clearance for Redevelopment Authority (LCRA)

Draft – December 3, 2019

The LCRA Law at Sections 99.300 to 99.750, RSMo, enables municipalities to encourage the redevelopment of real property in blighted areas. The LCRA has numerous powers to undertake land clearance projects to facilitate redevelopment, including the power to provide tax abatements and to acquire and dispose of both real and personal property. The LCRA can develop, reconstruct, rehabilitate, repair and improve all types of public and private improvements and facilities. The LCRA may issue bonds to fund any of its corporate purposes.

Eligible Revenues and Financing Tools:

1. **“Certificate of Qualification” for real property tax abatement:** The LCRA may abate up to 100% of the real property taxes on the incremental increase in assessed value of both land and improvements for up to 10 years. During the abatement period, the property owner continues to pay taxes attributable to the base land and improvement value.
2. **Sales and Use Tax Exemption on construction materials:** The City or LCRA may own the redevelopment property and lease it to the company during the construction period. The company receives a sales tax exemption certificate from the City which is used to purchase construction materials for the project on a tax-exempt basis.
3. **Redevelopment Plan for Extended Tax Abatement:** The LCRA or City may own the project site and lease it to the company for an extended period for the purpose of providing tax abatement. The maximum duration is 25 years pursuant to the Missouri Constitution.
4. **Tailored Incentive Packages:** LCRA powers and incentive tools may be combined in various ways to create a tailored incentive package to meet the needs of unique or large-scale projects. Other incentive tools may be used in combination with LCRA to create an incentive package that suits the particular needs of a project or redevelopment area.
5. **Targeted Incentive Areas:** The City may designate certain areas as targeted land clearance project areas or redevelopment areas. In these areas, the City may invite the development community to submit redevelopment proposals that meet certain investment criteria, employment criteria and other redevelopment parameters in order to receive designated tax abatement or other incentive benefits.

Common Uses for LCRA:	
Land Acquisition Building Construction Blight Clearance Activities	Land Assembly and Disposal Building Rehabilitation, Repair and Reconstruction Public Improvements in Redevelopment Areas

Guidelines:

Pursuant to the statutory purposes of the LCRA Act, the City Council has developed the following guidelines and policy statements for evaluating the requested use of LCRA incentives. The LCRA and the City Council shall assign such weight and consideration to these guidelines as deemed appropriate for each particular application and project. These statements are intended to provide guidance, but do not carry the force of law to bind the City Council on any particular application or requested use of LCRA tools or incentives.

1. **Level of Abatement:** Most favorable consideration will be given to projects that request abatement of no more than 50% of the real or personal property taxes.
2. **Duration of Abatement:** Most favorable consideration will be given to projects where the abatement (a) lasts no longer than needed to provide the minimum amount of abatement to induce the company to undertake the project and (b) lasts no longer than 10 years.
3. **Blight Clearance and Public Benefits:** Most favorable consideration will be given to projects that reduce or eliminate undesirable or blighted conditions on the targeted property.
4. **Tax Stabilization:** Most favorable consideration will be given to projects that immediately generate direct or indirect new tax revenues for the City and other taxing jurisdictions, accounting for sales taxes, personal property taxes, real property taxes, lodging and tourism taxes and franchise (gross receipts) taxes.
5. **Sustainable / Green Development:** Most favorable consideration will be given to projects that incorporate sustainable or green development or renewable or energy-saving practices.
6. **Statement of Need (“But For Test”):** Most favorable consideration will be given to projects where the company proves that (a) the project would not be undertaken without the requested LCRA incentive or (b) the project provides substantially enhanced features or amenities if the requested LCRA incentive is provided.
7. **Size of Project and Total Investment:**
 - a. **Redevelopment** – (1) For certificates of qualification, most favorable consideration will be given to projects that invest at least \$500,000 in total project costs. (2) For all other LCRA incentives, most favorable consideration will be given to projects that invest at least \$5 million in total project costs.
 - b. **Business Expansion** – Most favorable consideration will be given to expansion projects that invest at least 50% of the original project costs after adjusting for inflation.
8. **Company Equity:** Most favorable consideration will be given to projects where the at least 15% of the total project costs is funded from company equity rather than

private bank loans.

9. **New job creation:** Most favorable consideration will be given to projects (a) that create new jobs in the City, which are not relocated from another location in the City, and (b) where the average compensation of such jobs meets or exceeds the average pay of workers in Jackson County, Missouri (see **Exhibit C**).
10. **Job retention:** Most favorable consideration will be given to projects where (a) the company proves that the requested incentive will retain jobs in the City that would otherwise leave the City for another jurisdiction and (b) the average compensation of such jobs meets or exceeds the average pay of workers in Jackson County, Missouri (see **Exhibit C**).
11. **Public Improvements:** Most favorable consideration will be given to projects that cause the construction of public improvements that have a general public benefit.
12. **Targeted Businesses and Industries:** Most favorable consideration will be given to projects that cause the construction of facilities which are targeted businesses in accordance with the Strategic Direction of the Incentive Policy (see page 5).
13. **Historic Preservation:** Most favorable consideration will be given to projects that encourage rehabilitation and redevelopment of structures that are listed on any historic register or within any historic district as defined by local, state, or federal governments.

Implementation Conditions

The following conditions will be applied in the approving ordinance or the redevelopment contract, as applicable to each approved incentive:

- **Coordination with Zoning Approvals:** The incentives will be conditioned upon construction and operation of the project as set forth on the preliminary development plan or other applicable zoning approval pursuant to the Unified Development Ordinance.
- **Change in Use:** A change in the use of the property or ownership of the property will trigger a reconsideration and possible revocation of the approved LCRA incentive, unless otherwise stated in the approving ordinance or redevelopment contract.
- **Data Reporting:** The applicant may be required to provide reports about the number of jobs created or retained at the project on an annual basis, the salaries of the workers, the amount of investment, and other criteria as applicable to the project and the requested incentive.
- **No reconsideration:** Unless otherwise stated in the approving ordinance or the redevelopment contract, the approved incentive will not be considered for renewal at the end of the incentive term.

- **Duration of Certificate of Qualification:** Starting in January 2020, the measurement of abatement for certificates of qualification shall be the **SELECT ONE**
[“calendar year approach,” meaning that abatement shall last for a stated number of years and thereafter the property shall return to the tax rolls as fully taxable property.]
[“targeted amount approach,” meaning that abatement shall last until a stated dollar amount of tax abatement has been achieved and thereafter the property shall return to the tax rolls as fully taxable property, with the property owner making a payment in lieu of taxes in the final year of abatement to achieve the exact amount of approved abatement.]
- **Amendments to Certificates of Qualification (prior to January 2020):** For certificates of qualification approved prior to January 2020, the original applicant may request to amend the incentive to apply the measurement of abatement as set forth in the prior bullet for the remainder of the abatement term.