

# **Downtown Market Plaza Project - State Funding Opportunities**

Presentation to City Council

February 22, 2022



**LEE'S SUMMIT**  
MISSOURI

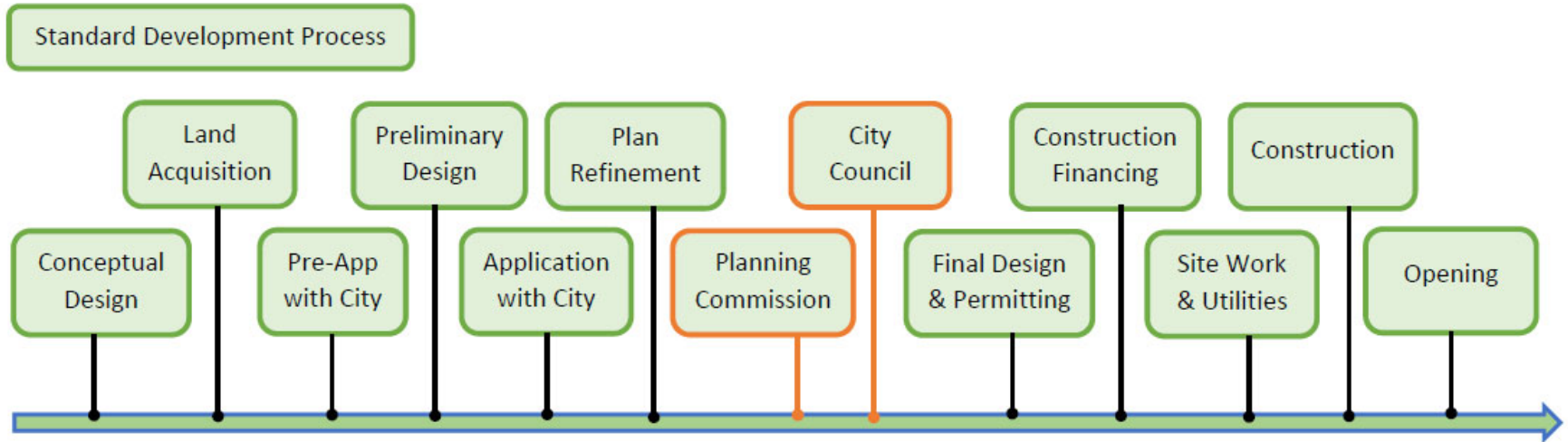


*Yours Truly*

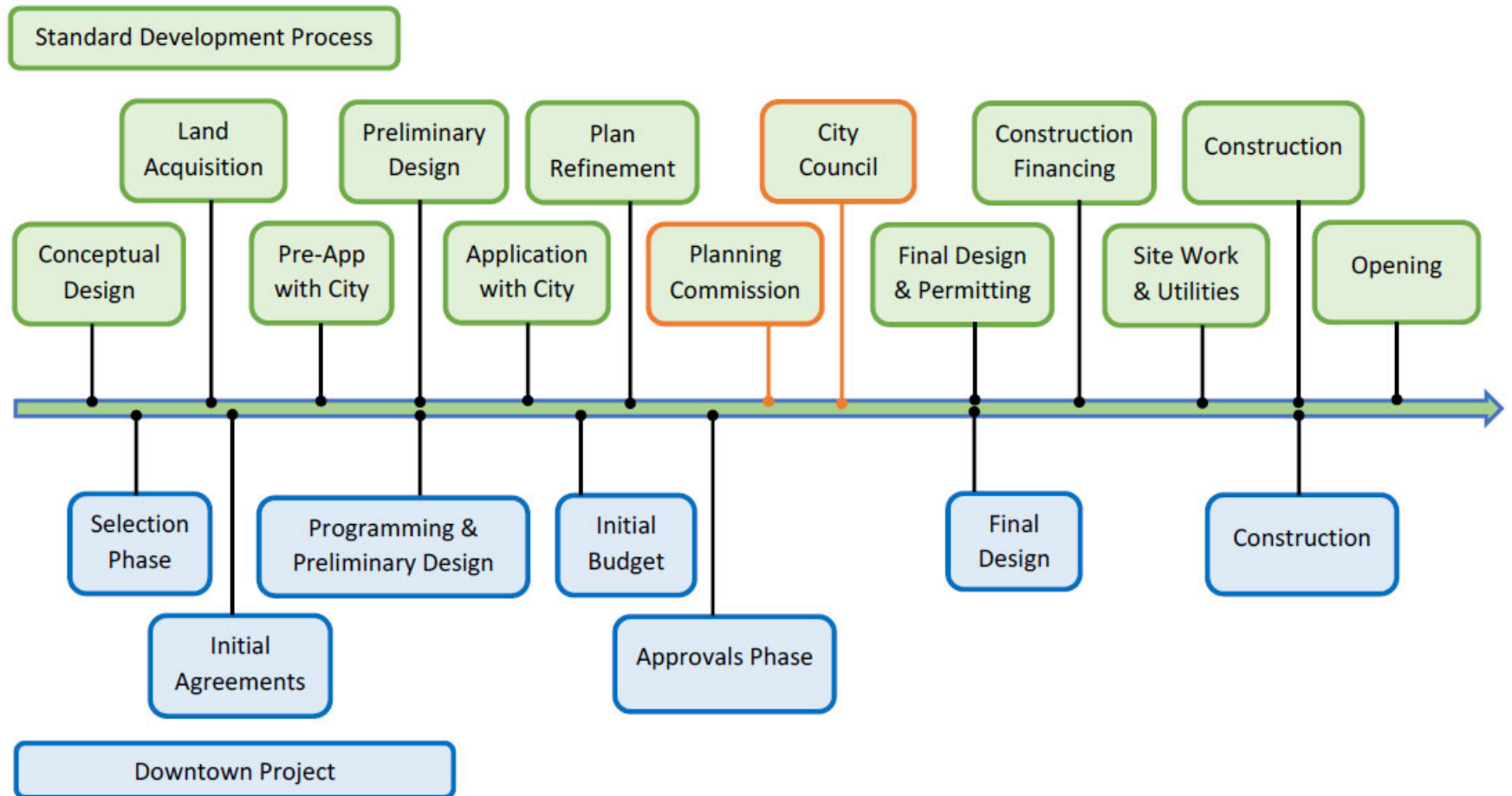
# Development Process

- City Performing Developer Roles
- Evaluation of Project Alternatives
- Conceptual Design
- Stages of Development Process

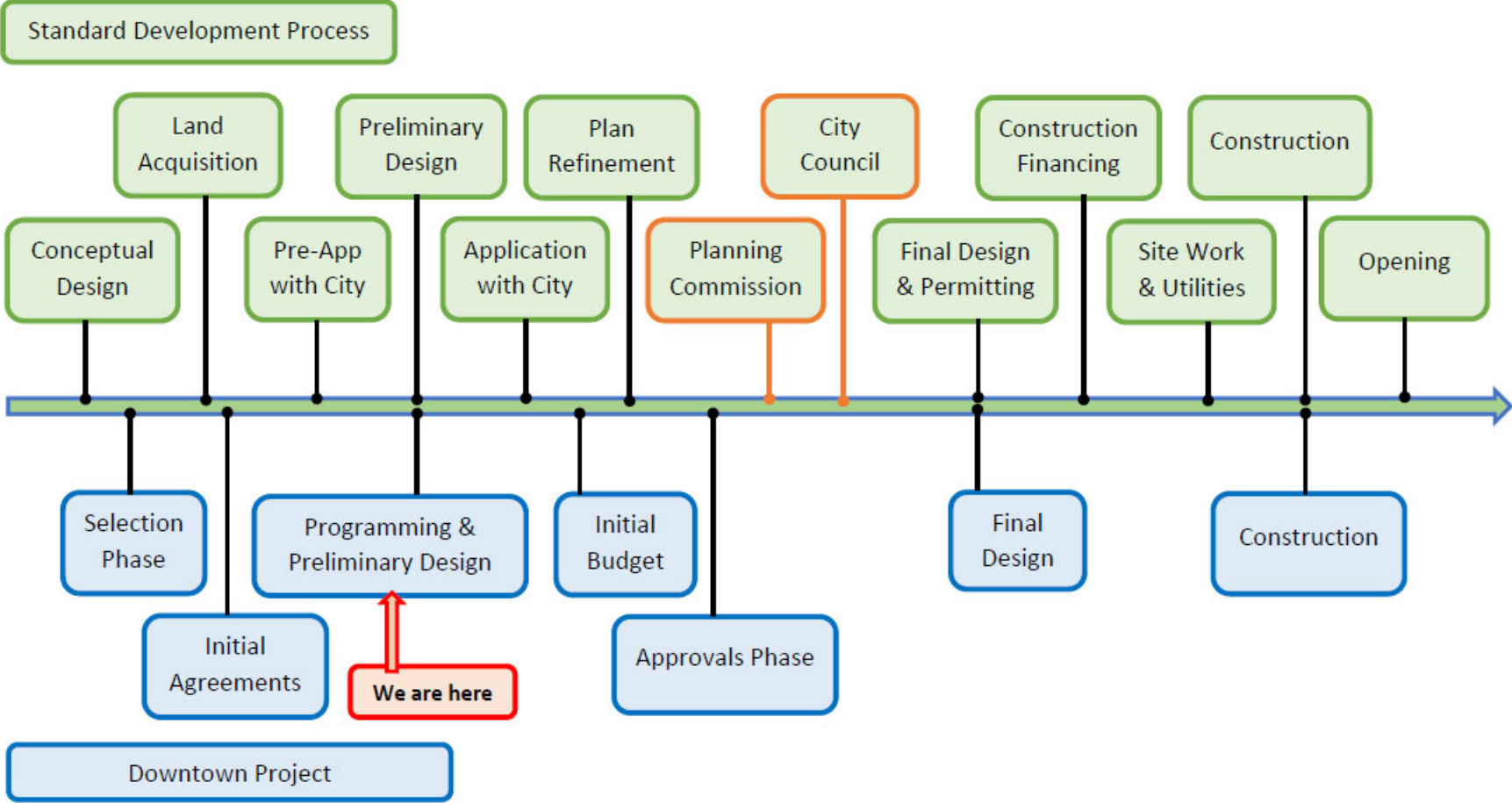
## Downtown Market Plaza Timeline



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# Downtown Market Plaza Timeline



# Sources & Uses

- Sources: Statement of all revenue sources for construction
  - City Funding
  - Downtown CID Funding
  - State Incentives – DED and MDFB
  - Private Funding – Developer and Tenants
- Uses: How all revenues are expended to construct the entire project

# Sources & Uses

SOURCES	
<b>City</b>	
Downtown Market Plaza Project Fund (created 2021)	\$7,103,719
Environmental Clean-Up Fund	\$70,000
Project Revenues	
Economic Activity Taxes	To Be Determined
Lease Revenues	To Be Determined
Downtown Central Business District Incremental Revenues	To Be Determined
EPA Brownfields Grant	<u>Pending</u>
<b>Subtotal</b>	<b>\$7,173,719</b>
<b>Community Improvement District</b>	
Design & Engineering for Farmers Market Pavilion	\$120,000
Initial Contribution to Farmers Market Pavilion	\$750,000
Long-Term Contribution to Farmers Market Pavilion	<u>\$3,250,000</u>
<b>Subtotal</b>	<b>\$4,120,000</b>
<b>State</b>	
• Downtown Revitalization Preservation Fund, Department of Economic Development	To Be Determined
• Tax Credits for Contributions Program, Missouri Development Finance Board	<u>To Be Determined</u>
<b>Subtotal</b>	<b>To Be Determined</b>
<b>Developer</b>	
Developer Funding	To Be Determined
Tenant Funding	<u>To Be Determined</u>
<b>Subtotal</b>	<b>To Be Determined</b>
<b>Private Contributions</b>	To Be Determined
<b>Total Sources</b>	<b><u>To Be Determined</u></b>

USES	
Land Acquisition	\$3,510,000
Site Preparation Costs	To Be Determined
Public Improvements	To Be Determined
Construction Costs	
Public Components	To Be Determined
Private Buildings	To Be Determined
Professional Services and Soft Costs	
Public Components	\$310,183
Private Buildings	To Be Determined
Contingency (10%)	<u>To Be Determined</u>
<b>Total Uses</b>	<b>To Be Determined</b>

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# 1. Downtown Revitalization Preservation Program with Department of Economic Development

- Funding: 50% of incremental increase in State general sales tax revenues (3%) in Project Area
- Duration: 25 years
- Limits: \$15 million annual statewide cap
- Project Requirements:
  - Located within Central Business District
  - Blighted Area
  - Median census tract income below \$62,000
  - Project Costs exceed \$5 million
  - City pledge 50% of Local Sales Tax Increment

## 2. Tax Credits for Contributions Program with Missouri Development Finance Board

- Funding: Tax credit equal to 50% of value of eligible contributions to project
- Limits: Annual cap is \$10 million in tax credits
- Requirements:
  - Applicant is local political subdivision
  - Land acquisition and capital costs for public infrastructure projects
  - Real property costs or cash contribution to project

# Tax Credits for Contributions Program with Missouri Development Finance Board



## Example:

- Independence Uptown Market Structure
- Successful MDFB Application
- \$3M Project



# Council Action Items Tonight

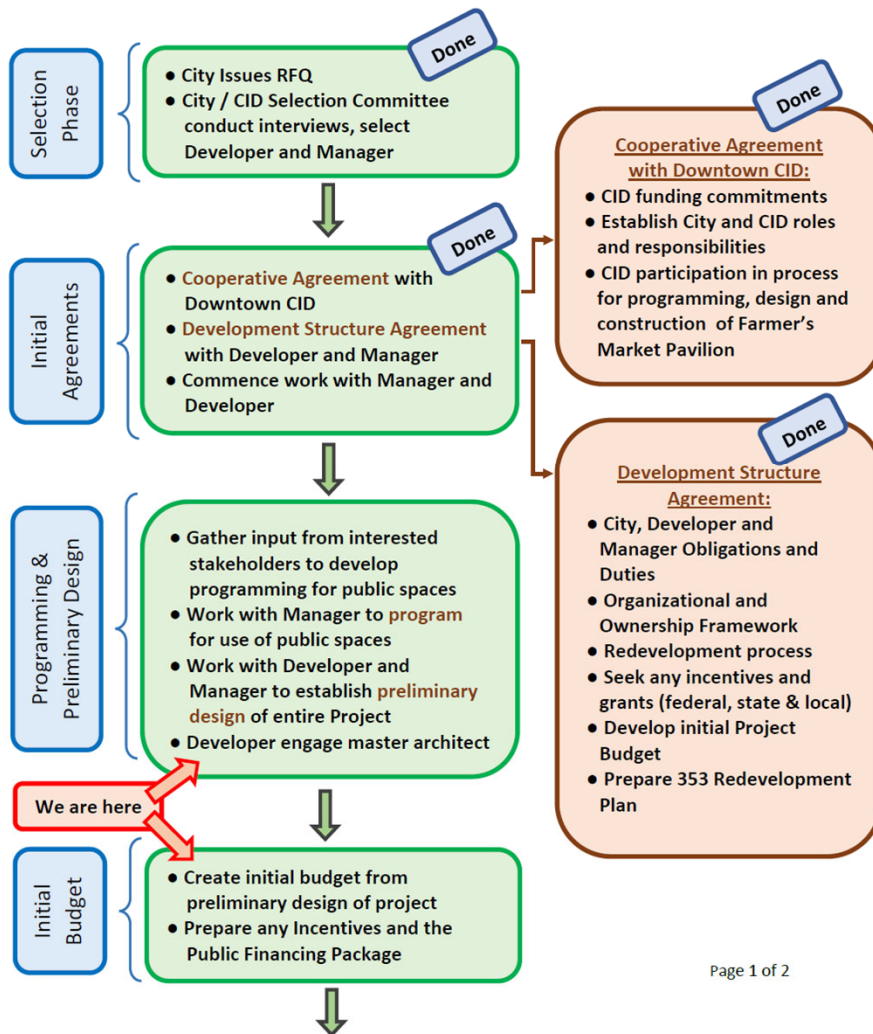
- Ordinance authorizing Downtown Preservation Program Application - DED
- Ordinance authorizing Tax Credits for Contributions Application - MDFB
- Ordinance authorizing formation of the Chapter 353 Redevelopment Corporation

- End -



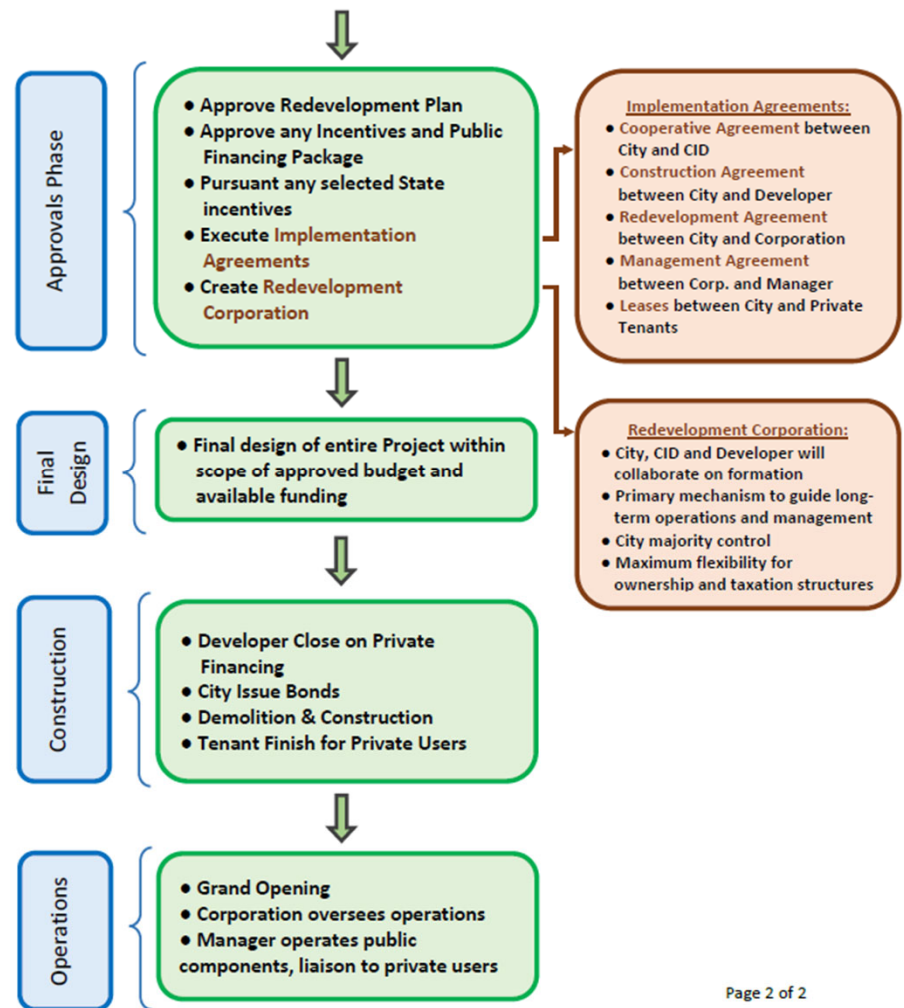
# **Additional Supporting Slides for Use as Needed in Discussion after Main Presentation**

## Downtown Market Plaza Process Chart

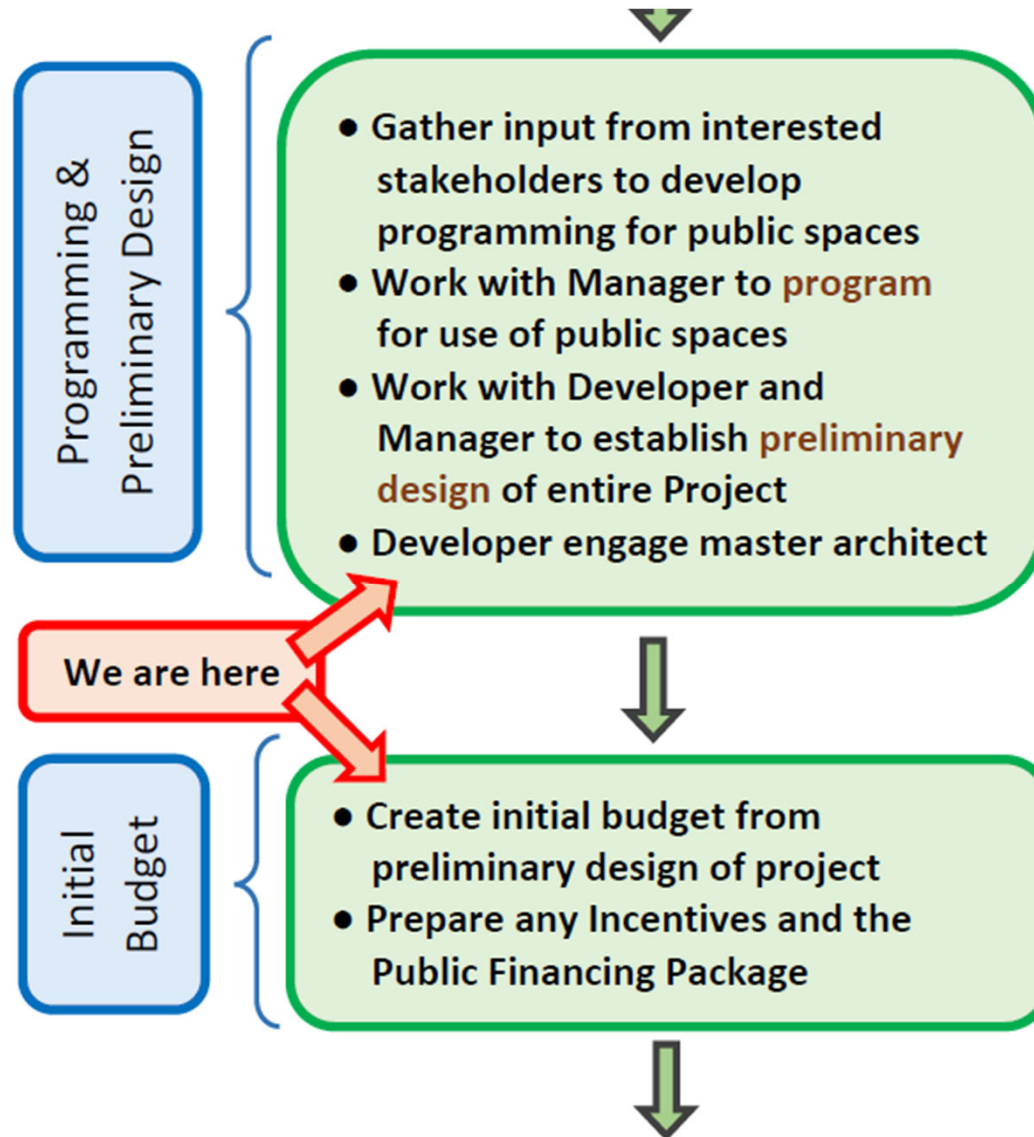


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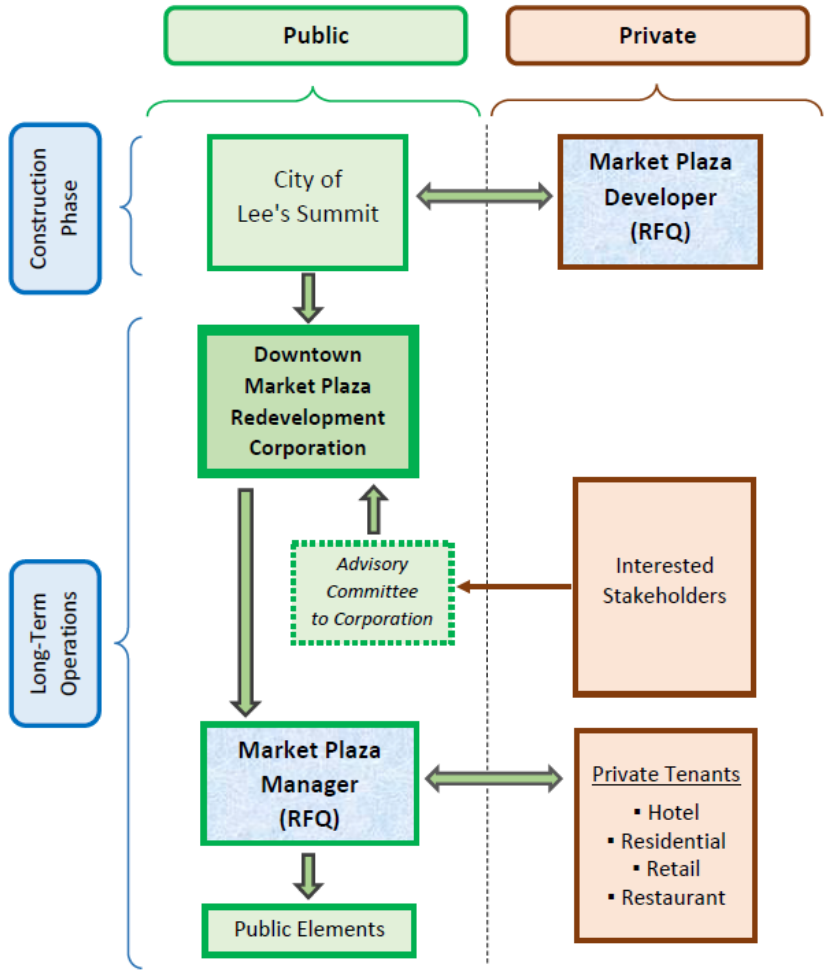
## Downtown Market Plaza Process Chart



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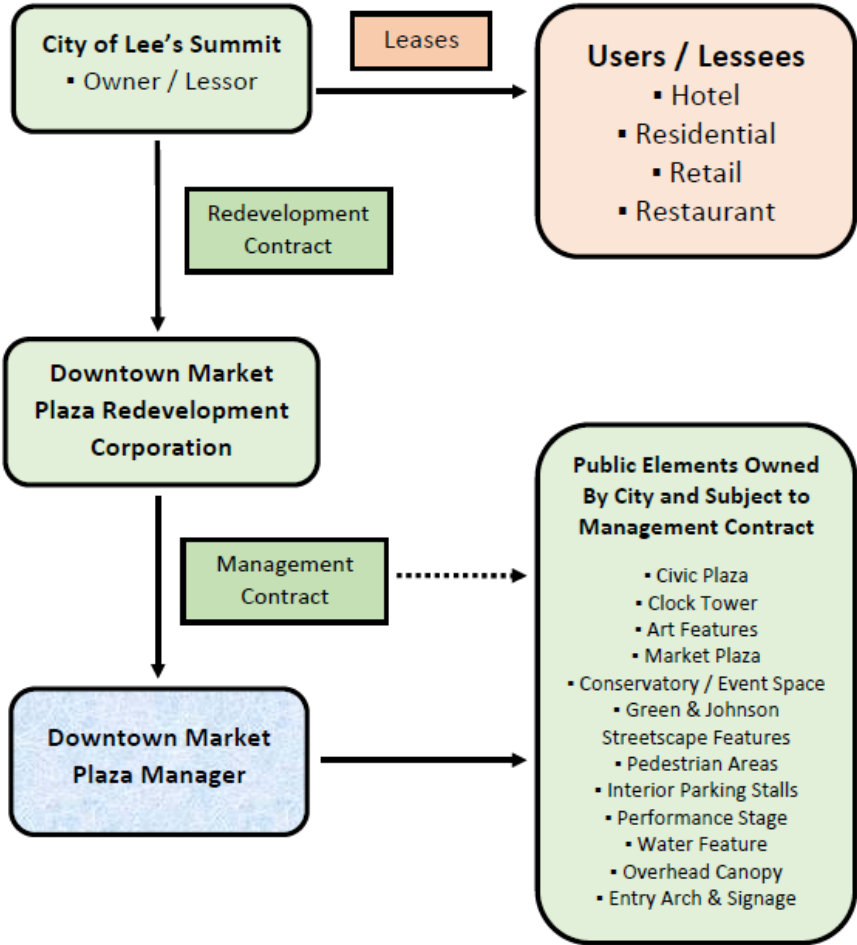


**Conceptual  
Downtown Market Plaza **Organizational** Chart**





**Conceptual  
Downtown Market Plaza Ownership Chart**



# Benefits of City Ownership and Leasing Structure

- Enhances State incentive applications
- Enhances control of private tenant turnover
- Better integration with public improvements
- Sales Tax Exemption on Construction Materials
- Replacement for Property Tax – Revenue Stream
- Can collateralize leasehold interests

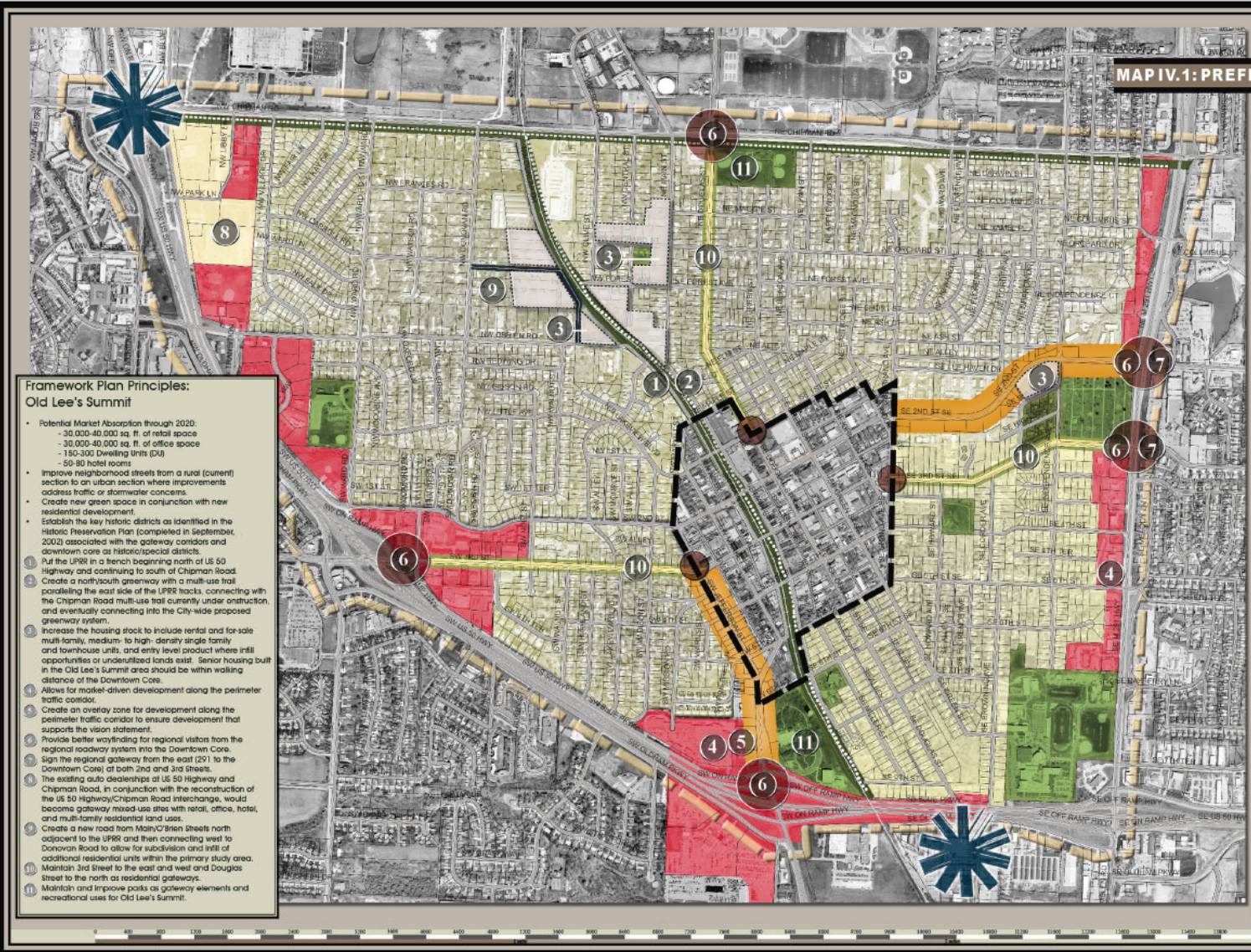
MAP IV.1: PREFERRED FRAMEWORK PLAN

OLD LEE'S SUMMIT AREA

- Project Study Area
- Downtown Core
- Old Lee's Summit Neighborhoods
- Residential Infill Opportunities
- Highway Commercial Sites
- Parks, Open Space, and Schools
- Residential Gateway Corridors
- Greenway Corridors and Bikeways
- Commercial Gateway Corridors
- Regional Gateways
- Future Interchange Improvements
- Commercial Redevelopment Sites

Framework Plan Principles:  
 Old Lee's Summit

- Potential Market Absorption through 2020:
  - 30,000-40,000 sq. ft. of retail space
  - 30,000-40,000 sq. ft. of office space
  - 150-200 Dwelling Units (DU)
  - 50-80 hotel rooms
- Improve neighborhood streets from a rural (current) section to an urban section where improvements address traffic or stormwater concerns.
- Create new green space in conjunction with new residential development.
- Establish the key historic districts as identified in the Historic Preservation Plan (completed in September, 2002) associated with the gateway corridors and downtown core as historic/special districts.
- 1 Put the US98 in a trench beginning north of US 50 Highway and continuing to south of Chipman Road.
- 2 Create a north/south greenway with a multi-use trail paralleling the east side of the UPRR tracks, connecting with the Chipman Road multi-use trail currently under construction, and eventually connecting into the City-wide proposed greenway system.
- 3 Increase the housing stock to include rental and for-side multi-family, medium- to high- density single family and townhouse units, and entry level product where infill opportunities or underutilized lands exist. Senior housing built in the Old Lee's Summit area should be within walking distance of the Downtown Core.
- 4 Allow for market-driven development along the perimeter traffic corridor.
- 5 Create an overlay zone for development along the perimeter traffic corridor to ensure development that supports the vision statement.
- 6 Provide better wayfinding for regional visitors from the regional roadway system into the Downtown Core.
- 7 Sign the regional gateway from the east (291 to the Downtown Core) at both 2nd and 3rd Streets.
- 8 The existing auto dealerships at US 50 Highway and Chipman Road, in conjunction with the reconstruction of the US 50 Highway/Chipman Road Interchange, would become gateway mixed-use sites with retail, office, hotel, and multi-family residential land uses.
- 9 Create a new road from Main/O'Brien Sheets north adjacent to the UPRR and then connecting west to Donovan Road to allow for subdivision and infill of additional residential units within the primary study area.
- 10 Maintain 3rd Street to the east and west and Douglas Street to the north as residential gateways.
- 11 Maintain and improve parks as gateway elements and recreational uses for Old Lee's Summit.



EDAW  
 HWA  
 Canyon Research Southwest, Inc.  
 TranSystems

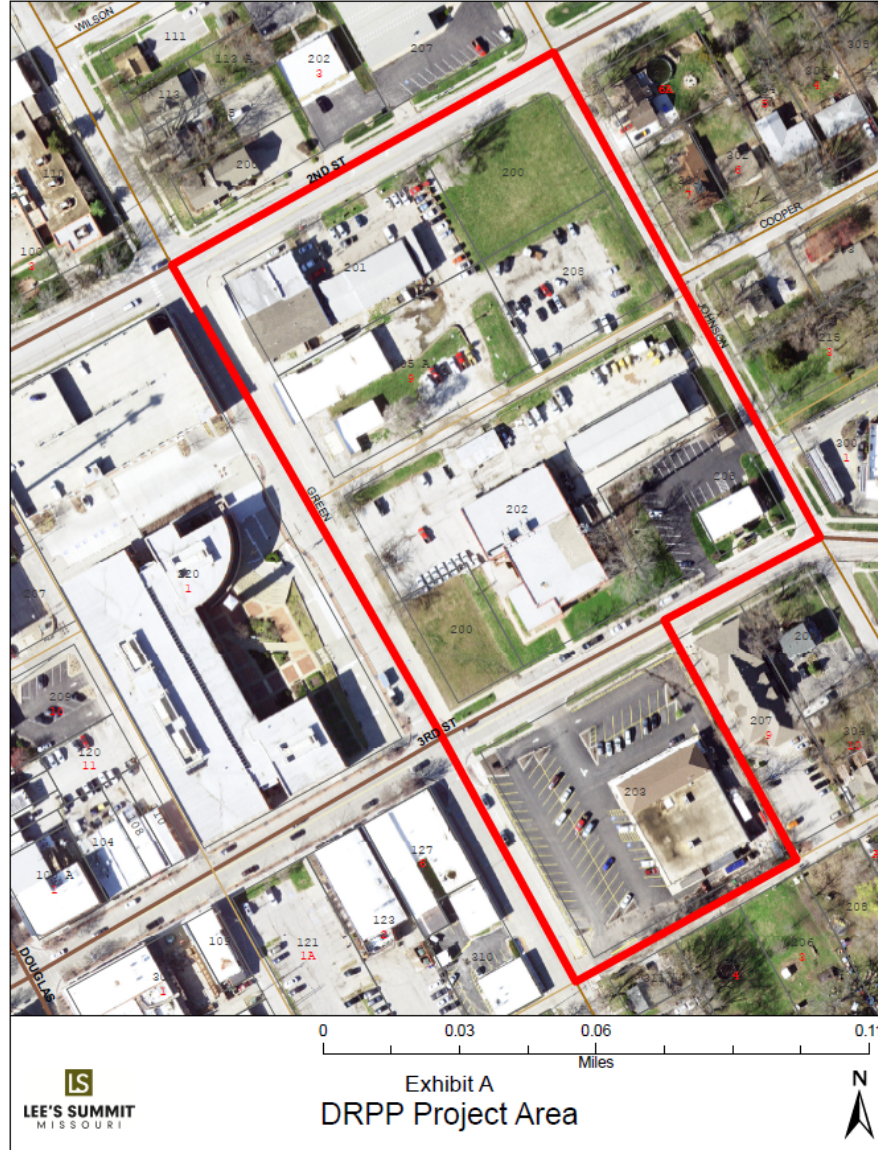
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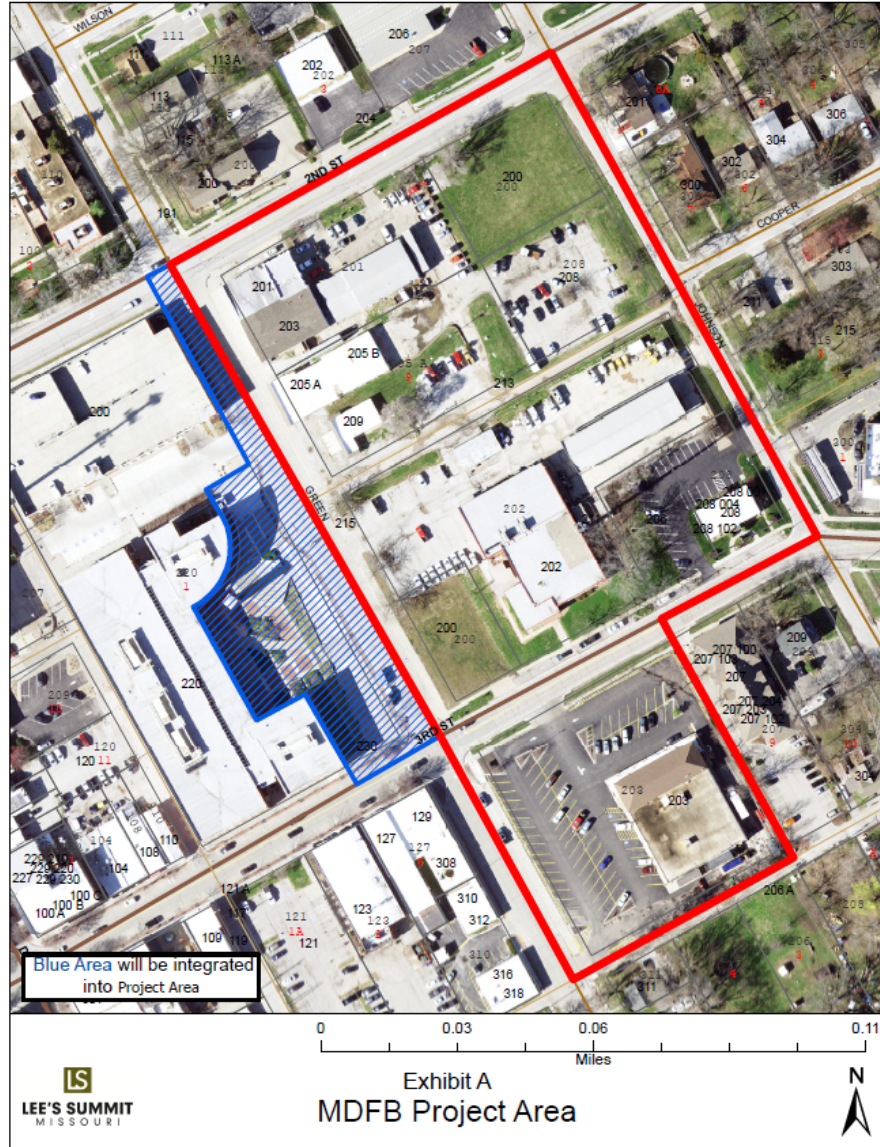
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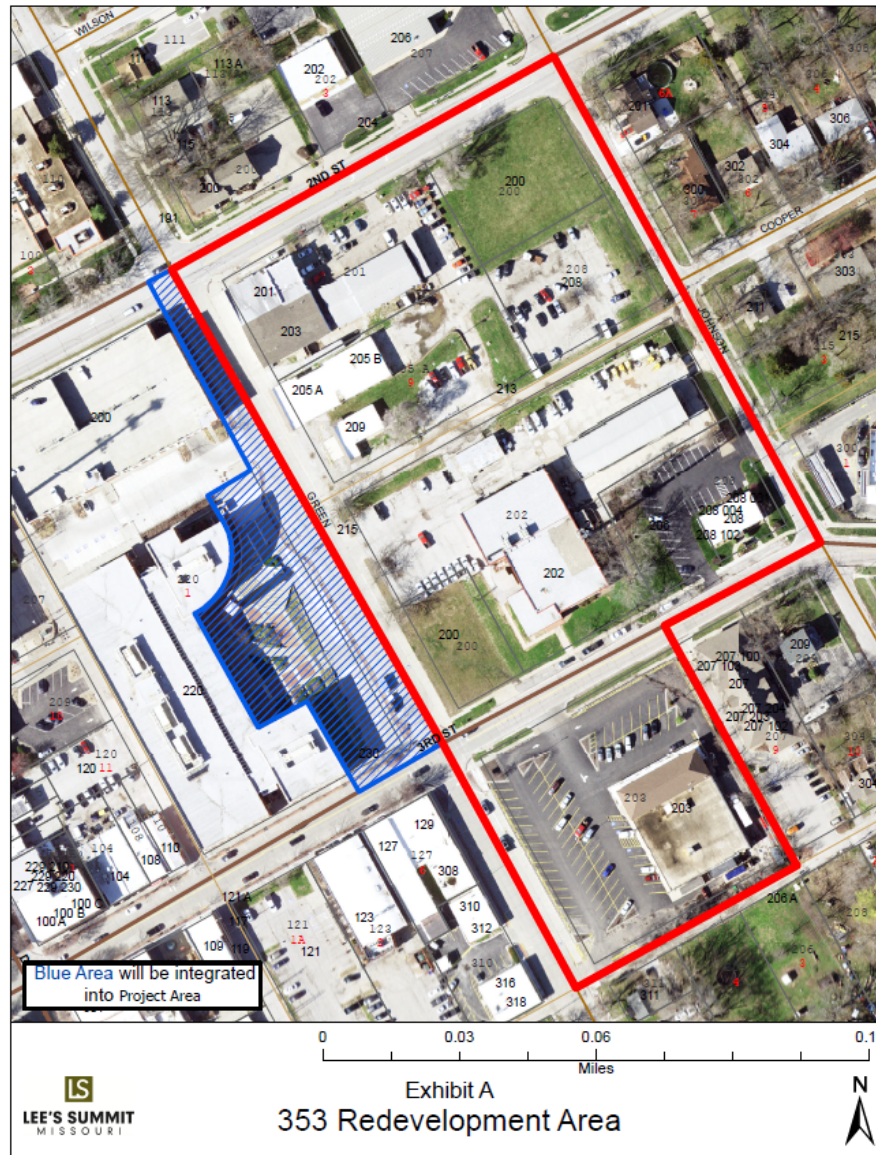




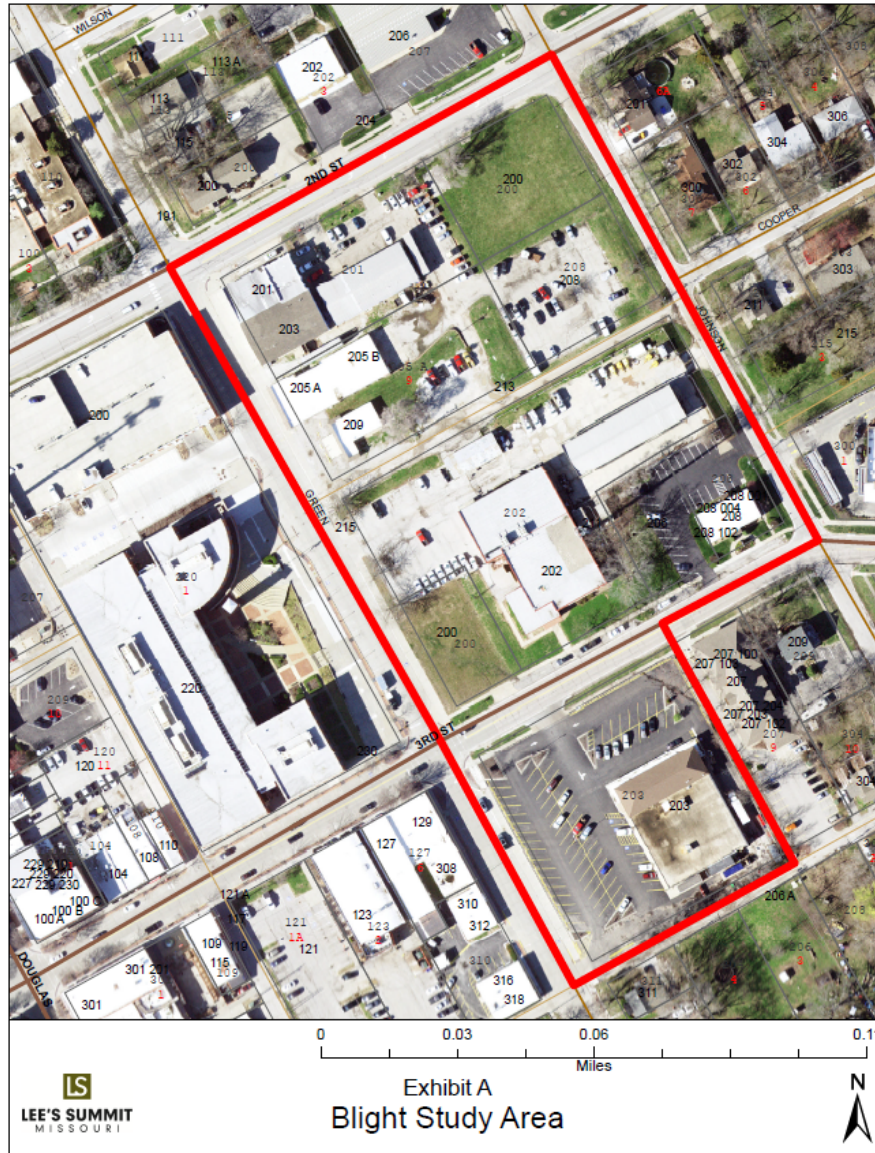














# Downtown Revitalization Preservation Program with Department of Economic Development

## Program goals

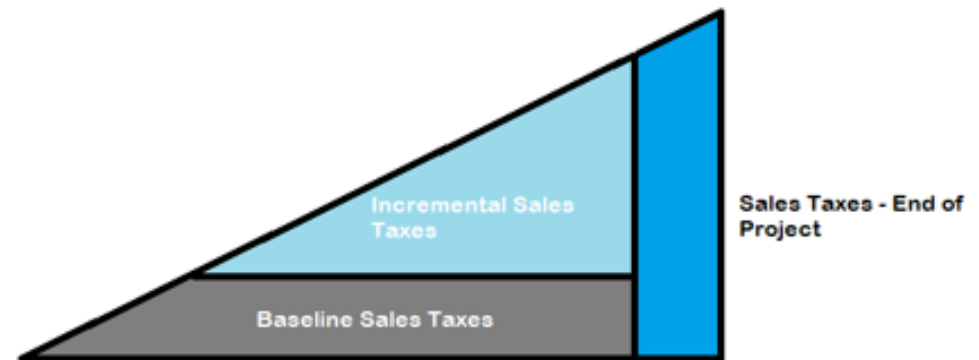
- Reinvigorate blighted downtown areas
- Create new jobs
- Attract new businesses



# Downtown Revitalization Preservation Program with Department of Economic Development

## Overview

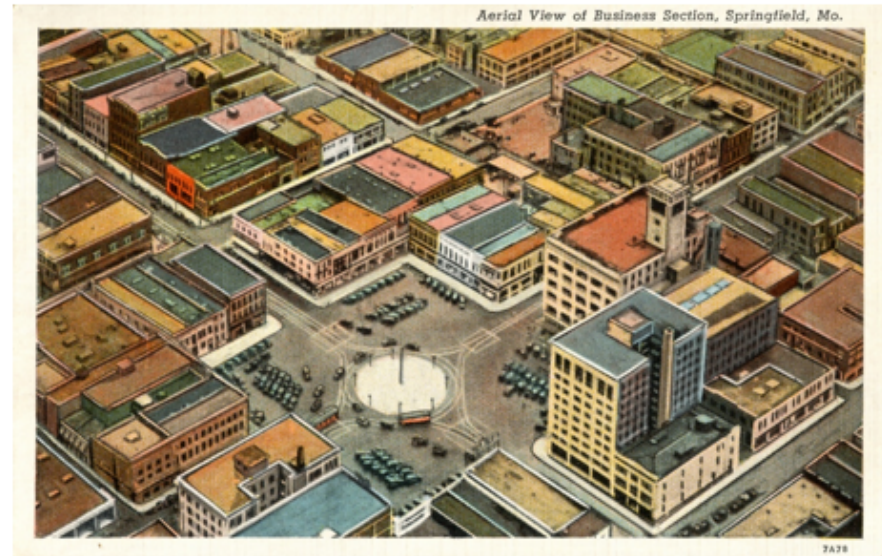
- Very similar in nature to the **State TIF program**. But geared more towards smaller cities and downtown areas.
- 50% of the incremental State sales taxes generated in the project area may be diverted back to a municipality to fund eligible project costs.
- Developers benefit through municipal financing which is backed by the "Incremental Sales Taxes" generated during the life of the project.
- The municipality benefits from higher sales taxes overall at the end of the project.
- Can be used for up to 25 years.



# Downtown Revitalization Preservation Program with Department of Economic Development

## Eligible Projects

- The projects must promote:
  - Tourism and Cultural activities
  - Arts
  - Entertainment
  - Education
  - Research
  - Arenas and multipurpose facilities
  - Libraries
  - Ports
  - Mass transit
  - Museums
  - Economic Development, or
  - Conventions



# Downtown Revitalization Preservation Program with Department of Economic Development

## Eligible Costs

- Public property, buildings, rights-of-way, and infrastructure. Specific costs include:
  - Costs of studies, appraisals, surveys, plans and specifications;
  - Architectural, engineering, legal, marketing, financial or planning services;
  - Land acquisition, demolition costs and site preparation;
  - Rehabilitating and repairing existing public buildings;
  - Constructing public works or improvements;
  - Financing costs, such as costs of issuance, capitalized interest, etc.;
  - A Taxing district's capital costs resulting from the development project; and
  - State government costs related to evaluation and administration of the project.
- Costs that are incurred prior to the municipality receiving the fully executed Certificate of Approval are not considered eligible.

# Downtown Revitalization Preservation Program with Department of Economic Development

## Application Process

1. Developer submits a redevelopment plan to the municipality.
2. Municipality conducts a hearing on the redevelopment plan.
3. Municipality adopts the redevelopment plan by ordinance which allows for the transfer of 50% of the local sales taxes to finance the project.
4. Municipality submits an application to DED on behalf of the Developer.
  - Applications can be submitted at any time of the year, however, make sure to account for the appropriations process.
5. DED will review the application and issue a Certificate of Approval outlining the terms of the financing.
6. The municipality submits distribution requests for the annual increment earned by the project.