

# Conceptual Economic Development Incentive Request for Colbern Ridge

City Council  
April 4, 2023



**LEE'S SUMMIT**  
MISSOURI

*Yours Truly*



# LCRA / Incentive Discussion Issues

- Purpose of All Incentives:
  - Induce a project to occur
  - Project enhancement
- Shift to LCRA incentive tools
- LCRA Redevelopment Plan Findings
  1. Blighted Area
  2. Necessity → “But For” Test and Financial Feasibility Analysis
  3. Consistency with Comprehensive Plan

# LCRA / Incentive Discussion Issues

- Historic use of incentives in Lee's Summit:
  - Commercial: public improvements + induce project
  - Residential:
    - Apartments: tax certainty + project enhancement
    - Other: Redevelopment and Case-by-case reasons
  - Industrial: regional competition for large-scale projects
  - Redevelopment: aged shopping centers and commercial areas; downtown revitalization
- Incentives & Growth of Lee's Summit:  
Correlation vs. Causation

# Types of LCRA Incentives

1. Certificate of Qualification
2. Sales & Use Tax Exemption
3. Redevelopment Plan
4. Tailored Incentive Packages
5. Targeted Incentive Areas

# Lee's Summit LCRA Redevelopment Plans

Updated April 4, 2023

\* Proposed project

	Acres	Residential Units	SqFt	Cost (Millions)	Land Uses				Incentive				Characteristics				Other Incentives					
					Residential	Commercial	Office	Industrial	Sales & Use Tax Exemption	Property Tax Abatement	Fixed PILOTs	Property Tax Redirection	Blighted Area	Greenfield	Redevelopment	Unique Factors	TIF	CID	TDD	NID	Sales Tax Contribution	
<b>Apartments</b>																						
The Princeton (2019)	37.00	153	-	\$35.5	•				•				•	•		•						
Cityscape Downtown (2019)	3.69	273	-	\$51.8	•				•			•	•		•	•	•					
Cedar Creek Shopping Center (2020)	9.70	-	70,000	\$9.4		•	•			•			•		•	•		•				
Southside Shopping Center (2021)	5.24	-	54,378	\$4.8		•			•			•	•	•		•		•				
Streets of West Pryor Villas (2021)	9.34	78	-	\$30.5	•	•			••	•			•	•		•						
Paragon Star Parking Garage (2021)*	0.68	-		\$10.5		•			••	•			•	•			•	•	•	•		
Paragon Star Apartments (2021)	1.80	380	-	\$59.0	•				••				•	•			•	•	•	•		
LS Industrial (2022)	49.80	-	594,620	\$46.5				•	••				•	•								
Ellis Glen (2023)	1.20	26		\$8.0	•		•		••	•			•		•							
Colbern Ridge (2023)	41.00	356	68,860	\$83.1	•	•	•	•	••			•	•		•							•
<b>Totals</b>	<b>159.45</b>	<b>1,266</b>	<b>787,858</b>	<b>339.1</b>	<b>6</b>	<b>5</b>	<b>3</b>	<b>2</b>	<b>9</b>	<b>4</b>	<b>0</b>	<b>3</b>	<b>10</b>	<b>6</b>	<b>4</b>	<b>5</b>	<b>3</b>	<b>4</b>	<b>2</b>	<b>2</b>	<b>1</b>	

\* 523 parking spaces in garage

**Colbern Ridge Project  
Incentive Request**  
April 4, 2023 Conceptual Presentation

**Developer Request**

**Construction Period**

LCRA Sales & Use Tax Exemption on Construction Materials

**Years 1-25\***

LCRA Abatement + Floating Assessments	50%	
LCRA PILOTs to Taxing Districts	50%	
City Sales Tax Contribution	50%	of City's 2.75% sales & use tax rate

\* Developer estimates full reimbursement after 12 years in 2036 assuming full build-out

**Tax Benefit to Taxing Districts**

	2022 Taxes	%	First Year PILOTs*	PILOTs Over 25 years**
BOARD OF DISABLED SERVICES	\$6.47	0.8%	\$3,434	\$96,164
CITY - LEES SUMMIT	\$138.21	17.2%	\$73,338	\$2,053,565
JACKSON COUNTY	\$56.70	7.1%	\$30,088	\$842,520
LEES SUMMIT SCHOOL R-VII	\$533.76	66.6%	\$283,225	\$7,930,730
MENTAL HEALTH	\$10.48	1.3%	\$5,561	\$155,723
METRO JUNIOR COLLEGE	\$19.75	2.5%	\$10,480	\$293,455
MID-CONTINENT LIBRARY	\$33.74	4.2%	\$17,902	\$501,293
STATE BLIND PENSION	\$2.88	0.4%	\$1,529	\$42,808
	\$802.00	100.0%	\$425,558	\$11,916,258

\* At full build-out in 2026

\*\* Developer estimates full reimbursement in 2036; PILOTs + Taxes at \$18.3M after 25 years

**Value of Incentive Request to Developer**

Total Project Costs	\$83,070,500	
NPV of Reimbursements		
Abatement + Assessments	\$3,800,000	
Sales & Use Tax Contribution	\$200,000	
Subtotal	\$4,000,000	4.8%
Value of Sales Tax Exemption	\$2,367,896	2.9%
<b>Total Value of Incentive Request</b>	<b>\$10,367,896</b>	<b>7.7%</b>

**Impact and Benefit to City During Reimbursement Period (ending 2036)**

Impact of Abated Taxes

Sales & Use Tax Exemption	\$467,339
Sales Tax Contribution	\$200,000
Real Property Tax Abatement	\$646,000
	<u>\$1,313,339</u>

Benefit of Taxes Received through 2036

PILOTs	\$646,000
Sales Tax Revenues	\$326,240
	<u>\$972,240</u>

## Colbern Ridge Project

### Incentive Request

April 4, 2023 Conceptual Presentation

#### Developer Request

Source	Incentive Tool	Applicable Rate	Purpose	Estimated Financial Benefit	% Project Costs
LCRA	Sales Tax Exemption on Construction Materials	100%	Reduce Development Costs	\$2,367,896	2.9%
LCRA	Real Property Tax Abatement + Assessments	50%	Reimbursement Source for Public Improvements	\$3,800,000	4.6%
City	Sales Tax Contribution	50% of 2.75% City sales tax	Reimbursement Source for Public Improvements	\$200,000	0.2%
				\$6,367,896	7.7%



# Lee's Summit Incentives for Residential Development

Updated April 4, 2023

\* Conceptual and Pending Projects are Red

	Acres	Units	Cost (Millions)	Legal Authority				Incentive			Characteristics						
				Chapter 100	LCRA	Chapter 353	TIF	Sales & Use Tax Exemption	Real Property Tax Abatement	Real Property Tax Redirection	Blighted Area	Greenfield	Redevelopment	Unique Factors			
<b>Apartments</b>																	
Residents at New Longview (2014)	15.48	309	\$35.0	•				•									
Summit Square #1 (2016)	15.00	310	\$36.0	•				•						•			
Paragon Star (2016)	3.64	390	\$52.7				•	•				•	•				•
Echelon (2017)	11.15	243	\$27.0	•				•						•			
Meridian (2017)	21.43	312	\$39.5	•				•						•			
Summit Square #2 (2018)	12.78	326	\$48.5	•				•						•			
Cityscape Downtown (2019)	3.69	273	\$51.8		•		•	•				•		•			•
Streets of West Pryor Phase 1 (2019)	6.17	237	\$48.0	•				•						•			•
Streets of West Pryor Phase 2 (2021)	9.25	184	\$36.5	•				••						•	•		
Stag's Field (2021, amendments pending)	27.00	356	\$85.0	•				••							•		
Discovery Park (2022)	200.40	2,791	\$951.0				•						•	•	•		
Summit Square III (2022)	11.40	324	\$72.2	•				••	•					•			
Cityscape at Douglas & Tudor (2022)	13.20	358	\$65.7	•				••	•					•			
Ellis Glen (2023)	1.20	26	\$8.0		•			••	•								•
<b>Subtotal</b>	<b>351.79</b>	<b>6,439</b>	<b>\$1,556.9</b>														
<b>Townhomes</b>																	
Streets of West Pryor Villas (2021)	9.34	78	\$30.5		•			••	•				•	•			•
<b>Mixed Residential (Rental)</b>																	
Griffin Riley (2022)	56.22	442	\$103.1	•				••	•					•			
<b>Senior Care</b>																	
John Knox Village (2015)	170.00	369	\$90.3			•			•				•		•		•
The Princeton (2019)	37.00	153	\$35.5		•			•					•	•			•
Scenic Development (2022)	11.86	186	\$48.4	•				••	•					•			•
<b>Subtotal</b>	<b>218.86</b>	<b>708</b>	<b>\$174.2</b>														
<b>Grand Totals</b>	<b>636.21</b>	<b>7667</b>	<b>\$1,864.7</b>	<b>12</b>	<b>4</b>	<b>1</b>	<b>3</b>	<b>17</b>	<b>7</b>	<b>3</b>	<b>8</b>	<b>14</b>	<b>6</b>	<b>6</b>			