



# Economic Development Incentive Policy

## Review and Discussion

August 9, 2017

Community & Economic Development Committee

*Yours Truly*

# Why is there a need for a policy?

- Highly Competitive Environment for Development
- Communicates Community Priorities
- Provides framework/understanding
  - City Council
  - Development Community/Investors/Businesses
  - City Staff
- Streamlines processes and procedures

# How is the Policy Used?

- Attraction & Retention
- Development & Redevelopment
- Level of Investment
- Promotion & Marketing
- Provides additional guidance
- Policy itself may be viewed as an “incentive”

# Policy Implementation

- Adopted February 19, 2015 (Ord. #7588)
- Amended October 1, 2015 (Ord. #7725)
- Administrative updates:
  - June 21, 2016
  - June 26, 2017

# What is in the Policy?

- Vision
- Policy Emphasis
- Use of Incentives (matrix)
- Strategic Direction
- Targeted Areas
- Community Profile
- Policy Statement
- Overview of Incentive Tools
- Application / Review Process
- Guidelines & General Policies
- Sample Forms

# City Council Vision

## 2013 Vision Statement:

*Lee's Summit will build upon and promote its unique downtown, educational excellence and cultural heritage to create and nurture a business environment which fosters entrepreneurship, commercial and neighborhood redevelopment, and the attraction and retention of high quality jobs in targeted businesses. In doing so, the tax base will grow ensuring the City's continued ability to deliver outstanding quality of life and services to both businesses and residents.*

# Policy Emphasis

## 5 Areas of Focus:

- *Investment in Downtown Lee's Summit*
- *Entrepreneurship*
- *Redevelopment*
- *Attraction and Retention*
- *Targeted jobs and businesses*

# Use of Incentives

Availability of Incentives								
Areas of Focus						Guidelines		
Incentives		Downtown	Entrepreneurship	Redevelopment	Attraction/ Retention	Targeted Businesses	<u>Minimum Investment</u>	<u>*Incentive</u>
	TIF	X		X	X	X	\$5m New / \$3m Existing	**25%
	CID	X		X	X	X	Public Improvement Required	up to 1 cent
	NID	X		X	X	X	Public Improvement Required	Special Assessment
	TDD	X		X	X	X	Public Improvement Required	up to 1 cent
	Chapter 100	X		X	X	X	\$5m New / \$3m Existing	50% - 10 yrs
	Chapter 353	X		X	X	X	\$5m New / \$3m Existing	50% - 10 yrs
	LCRA	X		X	X	X	\$500k	50% - 10 yrs
	Sales Tax Reimbursement			X	X	X	\$250k (Public Improvements)	up to 1/2 cent
	Site Specific Incentives	X	X	X	X	X	TBD	TBD

\* If request is below the listed amount City staff may proceed with review and presentation to Council. If request exceeds listed amount a conceptual presentation shall first be made to the City Council before proceeding with request.

\*\* The value of the incentive is calculated by multiplying the cap amount and the total private development cost. Private development costs and activities are items that will not have public ownership.



# Strategic Direction

## Targeted Outcomes:

- *The development and maintenance of infrastructure*
- *Attracts and retains targeted businesses*
- *Preserves or enhances residential developments*
- *Allows for business retention or expansion*
- *Helps create a positive community image*

# Development & Maintenance of Infrastructure

*Development projects are encouraged to exhibit a public benefit through improvement, creation, or expansion of public infrastructure. In particular there is an interest for opportunities where the expansion of public infrastructure may create new economic development areas. This can include the development of bridges, streets, signals, stormwater facilities, removal of blight, water and sewer utilities.*

# Attracts or Retains Targeted Businesses

*The City of Lee's Summit currently enjoys a residential base comprised of highly educated and highly skilled individuals. Creating employment opportunities that allow these individuals to advance their careers within the City of Lee's Summit is a priority. We seek employers that will leverage our existing strengths and workforce resources. We also seek economic sectors that have strong growth potential in the future. The City strives to be a regional hub that provides a fertile environment for the development of technology and healthcare industries, manufacturing, and entrepreneurship.*

*To be considered a targeted business, the business shall help create an environment where work opportunities exist to support family households. A quality life is a combination of good income, health, family, and leisure activities. These life experiences are more likely to occur when the workplace is in Lee's Summit. A common measurement of quality jobs is income. Indexes such as compensation that equals or exceeds the average pay for Jackson County, Missouri workers, is often used as a standard.*

# Preserves or Enhances Residential Development

*The City of Lee's Summit strives to provide a high quality of life for its residents. Residential development projects should provide an environment that attracts residents by incorporating quality design standards. We are seeking future residential communities that offer housing choices to attract next generations as well as supporting today's lifestyles. Residential developments that are incentivized should improve livability by enhancing the accessibility to needs and services. Careful consideration will be given to the impact on other taxing jurisdictions.*

# Allows for Business Retention/Expansion

*Retaining our existing economic base is vital to providing reliable municipal services. The City of Lee's Summit seeks to promote an environment that will encourage growth and sustainability of the existing economic base. This can be accomplished through partnership opportunities with those looking to grow their business.*

# Helps Generate a Positive Community Image

*The City of Lee's Summit seeks to be recognized as a community that possesses high quality commercial and residential development that is well planned, meets diverse needs, and exceeds community expectations. This approach has helped identify Lee's Summit as a vibrant city with a dynamic spirit of cooperation among its diverse citizens, businesses, organizations, education systems, and local government.*

# Targeted Areas

## Targeted Areas:

- *Douglas / Tudor Road*
- *I-470 North Corridor*
- *Airport*
- *View High Corridor*
- *Downtown Core*
- *I-470 Chipman / Colbern*
- *M291 North Corridor*
- *US 50 Highway Corridor*
- *M291 South Corridor*

# Policy Statement

*The City Council of the City of Lee's Summit is the approving body for all projects that make use of economic development incentives. It is the City Council's responsibility to balance the needs for economic development and a positive financial condition for the provision of City services. The City Council reserves its power to judiciously review the merits of all development projects on a case by case basis. Under no circumstance will incentives be approved without consent from a majority of the Council.*

*The purpose of this document is to inform the prospective investor of the types and uses of incentives that are available to fund development projects within the City. Additionally, the policies contained are guiding statements intended to outline processes, procedures, and reflect the general consensus of the Mayor and City Council.*



# Financial Tools

- Special Taxing Districts
  - CID, NID, TDD
- Tax Abatement (increment)
  - LCRA, Chapter 100, Chapter 353
- Tax Redirection
  - TIF (PILOTS & EATS)

# Application & Process

## Incentive “Matrix” (guide/base)

- **Incentive at or below Matrix:**
  - no conceptual and may proceed through process
- **Incentive above Matrix:**
  - Written notification, pre-application checklist
  - Conceptual presentation made to Council

# Guidelines & General Policies

- Reimbursement of:
  - Independent, 3<sup>rd</sup> Party reviews or analysis
  - Legal counsel costs
  - Other costs or fees related to processing of request(s) such as certified mailing, public hearing notices, etc.

# General Policies

- Before review by the City Council, all proposed projects that are to receive incentives must be consistent with the City's Comprehensive Plan and must comply with all applicable City zoning.
- The City's 'annual appropriation', or General Fund, guarantee will not be pledged for economic development projects.
- The City Council will not consider or grant incentives for projects that have received any type of building permit excluding the land disturbance permit.
- The disbursement of incentives will be subject to an annual evaluation to ensure that the performance of the development project is commensurate with the amount of incentives granted.
- The City Council will receive comments, or a statement of impact, from the Lee's Summit School District, or any other taxing jurisdiction, if provided to city staff during the review period.

# Staff Observations

- Use of Chapter 100 for Multi-Family projects
- Use of Blighted CID's – public improvement priority
- Explore Funding Agreement options to allow for preliminary/conceptual opportunities (agreement, LOI) – establish thresholds
- Provision to process incentive request with a plan/project (conceptual, preliminary, final)

# Staff Observations

- Provision to conduct a review of proposal with staff prior to pre-application or formal application
- Include policy statement regarding use of sales tax reimbursement as a tool for public improvements only.
- Define reference for County Average Wage

# Staff Observations

- Provision requiring project budget identifying public vs private improvements/costs for incentives involving tax redirection
- Clarify timeframe(s) for conceptual request consideration
- Further clarify provision regarding permit issuance
- Administrative updates

# Input/Feedback/Direction

- Vision
- Areas of Focus
- Targeted Outcomes
- Targeted Areas
- Purpose
- Process
- Policy
- Guidelines