

Legislation Details (With Text)

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Type: Public Hearing - Legislative **Status:** Presented

File created: 1/22/2024 **In control:** City Council - Regular Session

On agenda: 2/13/2024 **Final action:** 3/26/2024

Title: Public Hearing: Petition to Remove Property from the Colbern Ridge Community Improvement District; Nelson Development 1, LLC, applicant

Sponsors:

Indexes:

Code sections:

Attachments: 1. Exhibit List for Removal of Property, 2. Petition to Remove Property, 3. CID Resolution 2023-2, 4. Original Exhibit List for CID Formation Hearing 6-6-23

Date	Ver.	Action By	Action	Result
3/26/2024	1	City Council - Regular Session	presented	

Public Hearing: Petition to Remove Property from the Colbern Ridge Community Improvement District; Nelson Development 1, LLC, applicant

Issue/Request:

This is a public hearing to consider the removal of real property from the Colbern Ridge Community Improvement District (CID). The property proposed to be removed is being developed for residential use and is located at the Northeast corner of Rice Road and Colbern Road, in Lee's Summit, Missouri, totaling approximately 10 acres.

The LCRA Plan provides for the construction of a mixed-use development consisting of approximately 136 apartment units; 220 senior-only multi-family units; approximately 28,500 square feet of medical office building space; and approximately 30,000 square feet of office, warehouse/office and other commercial uses, respectively, along with all associated onsite and offsite sitework and infrastructure, including utilities, stormwater management, street/drive and parking improvements, and landscaping.

The LCRA Plan will establish public ownership during the construction of improvements for Developer to receive and use a sales tax exemption certificate for the purchase of construction materials that are used in the construction of the Project, a property tax abatement at 50% for up to 25 years, a public improvements assessment in the amount the annual 50% property tax abatement. The LCRA Plan is accompanied by a Community Improvement District (CID) Petition which would impose a 1% CID sales tax for up to 27 years.

Key Issues:

Public hearing to consider the removal of real property from the CID for the Colbern Ridge Project.

Background:

On June 6, 2023, Developer made a conceptual incentive request to the City Council for the requested incentive package and received positive non-binding feedback from the Council.

On or about May 15, 2023, Developer filed the LCRA Redevelopment Plan with the City Clerk. The Plan as filed eliminates the City sales tax sharing component. Instead, the Plan is accompanied by the companion CID which would impose a new sales and use tax to provide an additional source of reimbursement to Developer for the public improvements.

On May 24, 2023, the LCRA Plan was presented to the LCRA Board of Commissioners, and the Board then passed Resolution 2023-3 which recommended approval of the LCRA Plan.

On June 13, 2023, the City Council approved Ordinance No. 9679 which approved the LCRA Redevelopment Plan and Ordinance No. 9680 which approved the CID. After the LCRA Plan and CID were approved by the City Council on June 13, 2023, Developer continued to have discussions with prospective tenants and buyers in the Redevelopment Area. Developer has indicated that the company for the senior residential facility that is proposed to be developed on Lot 3 of the Colbern Ridge Minor Plat (Public Hearing: Application #PL2023-057 - Preliminary Development Plan - Senior Living Facility, 900 NE Colbern Road; Engineering Solutions, LLC, applicant) (the "Senior Living Development") does not want to participate in the LCRA and CID incentive structure for business reasons. The Redevelopment Agreement references the original LCRA Redevelopment Area and CID area, but the Lease Agreement excludes Lot 3 for the Senior Living Development from the real estate transaction and the leased area to implement the LCRA incentive mechanism.

Nelson Development I, LLC purchased approximately 10-acres of property from Colbern-Rice Investments, LLC generally located at the northeast corner of NE Colbern Road and NE Rice Road (the "Nelson Property") and has requested that the Nelson Property be removed from the CID.

Impact/Analysis:

The property being removed from the District is being developed for residential use and will not generate any sales tax revenues. The reimbursement to be provided from the CID is still an acceptable reimbursement for Developer. The Senior Living Development was about 46.5% of the total assessed value of the entire LCRA Redevelopment Area according to the original incentive projections, so the exclusion of this property from the Redevelopment Area and LCRA/CID reimbursement mechanism will likely reduce Developer's reimbursement by an equivalent amount over the life of the incentive structure, as compared to the original projections when the LCRA Plan and CID were approved. The COD Board determined that the CID can meet all its obligations.

Timeline:

Construction of the project is expected to commence this year.

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