

Legislation Details (With Text)

File #: AMENDED
BILL NO. 19-89

Name:

Type: Ordinance

Status: Passed

File created: 4/9/2019

In control: City Council - Regular Session

On agenda: 4/16/2019

Final action: 5/7/2019

Title: An Ordinance approving the Redevelopment Project for the 2nd and Douglas Tax Increment Financing Plan and activating the collection of tax increment financing revenues therein. (NOTE: First reading by City Council on April 16, 2019.)

Sponsors:

Indexes:

Code sections:

Attachments: 1. Ordinance, 2. Staff Report, 3. Tax Increment Financing Plan - 2nd and Douglas

Date	Ver.	Action By	Action	Result
5/7/2019	1	City Council - Regular Session	adopted and numbered	Pass
4/16/2019	1	City Council - Regular Session	advanced to second reading	Pass

An Ordinance approving the Redevelopment Project for the 2nd and Douglas Tax Increment Financing Plan and activating the collection of tax increment financing revenues therein. (NOTE: First reading by City Council on April 16, 2019.)

Issue/Request:

An Ordinance approving the Redevelopment Project for the 2nd and Douglas Tax Increment Financing Plan and activating the collection of tax increment financing revenues therein.

Key Issues:

Approval of this ordinance will approve the Redevelopment Project for the 2nd and Douglas Tax Increment Financing Plan and will implement the collection of tax increment financing revenues for the redevelopment project. There are two legislative actions to implement the requested TIF - an ordinance to approve the Plan and an ordinance to approve the Redevelopment Project. Approval of the Redevelopment Project ordinance is the event that starts the 23-year TIF clock, and also locks in the base value of the property for the purpose of determining the captured TIF revenues over the life of TIF. After the April 16, 2019 Council meeting, Developer requested that the Council take up 2nd reading and final action on this bill at the March 7, 2019 Council meeting rather than waiting until next year to take final action on the bill.

To accommodate this request, the bill has been amended and the effective date clause of the ordinance has been revised to provide that the ordinance will not take effect until March 2, 2020, or an earlier date if requested by Developer. The purpose of this delayed effective date is to lock in the base value of the property as of January 1, 2020, when the property will be owned by Cityscape and will be taxable property. Locking in this base taxable value is the method by which the property taxing districts will continue to receive the base property taxes each year (estimated to be about \$87,000 per year) for the life of the TIF Plan. The effective

date of the ordinance is delayed until March 2, 2020 (a Monday) to make implementation easier when the end of the TIF is reached; all property taxes for the final year of the TIF will be in the special allocation fund by March 2nd in the final year of the TIF.

Each of the two proposed TIF ordinances will require a two-thirds affirmative vote based on the statutory language below. This only applies to the TIF ordinances and not the LCRA Plan ordinance or the PDP ordinance.

RsMO 99.825.2 “If, after concluding the hearing required under this section, the commission makes a recommendation under section 99.820 in opposition to a proposed redevelopment plan, redevelopment project, or designation of a redevelopment area, or any amendments thereto, a municipality desiring to approve such project, plan, designation, or amendments shall do so only upon a two-thirds majority vote of the governing body of such municipality.”

Additional information may be found in the attached staff report for the 2nd and Douglas Tax Increment Financing Plan which outlines the various aspects of the Plan and Redevelopment Project.

Proposed City Council Motion:

I move for adoption of an ordinance approving the Redevelopment Project for the 2nd and Douglas Tax Increment Financing Plan and activating the collection of tax increment financing revenues therein.

Background:

On July 12, 2018, the Developer presented a conceptual economic development incentive request to the Mayor and Council for consideration in accordance with the City's adopted Economic Development Incentive Policy. The request entailed utilizing Tax Increment Financing (TIF) to reimburse the Developer for construction costs related to the structured parking aspects of the proposed multi-family development. The Mayor and Council directed the Developer and staff to formally prepare the proposed incentive request and development plan, and proceed through the formal processes to consider the proposed redevelopment project. The proposed redevelopment plan at that time entailed removing all existing structures on the site located at 114 SE Douglas Street (Summit Church) and constructing approximately 257 market-rate multi-family luxury dwelling units with amenities and structured parking. At that time, the proposed investment was estimated to be a \$48 million redevelopment project. In addition to providing direction to proceed with the preparation of the incentive request and development plan, the Council adopted a funding agreement which requires the Developer to finance associated legal, fiscal, planning, engineering and consulting costs incurred by the City to process the request(s).

On December 4, 2018, the Developer presented a second conceptual economic development incentive request to the Mayor and Council as the proposed redevelopment project had been revised to incorporate and repurpose the 1922 church sanctuary. The Developer's proposed investment had increased from an originally estimated \$48 million project to an estimated \$53.1M project. In addition to the requested TIF to reimburse for the structured parking, the Developer requested a sales tax reimbursement for construction materials for the project in an estimated amount of \$1.3 million through a Chapter 100 or similar incentive structure. The Mayor and Council provided direction to the Developer and staff to formally proceed with preparing the proposed development plan and incentives for the redevelopment project.

On March 25, 2019 the Tax Increment Financing Commission considered the proposed TIF Plan and passed a motion in opposition to the TIF Plan by a vote of 6-3-1 (Rhoads abstaining).

David Bushek, Chief Counsel of Economic Development & Planning
Mark Dunning, Assistant City Manager

Committee Recommendation:

On March 25, 2019 the Tax Increment Financing Commission considered the proposed TIF Plan and passed a motion in opposition to the TIF Plan by a vote of 6-3-1 (Rhoads abstaining).