

Legislation Details (With Text)

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Title:	Public Hearing: Colbern Ridge LCRA Redevelopment Plan; Colbern-Rice Investments, LLC, applicant		
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Attachments:	1. Staff Memo, 2. Exhibit List, 3. Developer Presentation, 4. City Presentation, 5. LCRA Redevelopment Plan, 6. Blight Study, 7. Developer Project Modeling, 8. LCRA Resolution, 9. Columbia Capital Financial Analysis Report, 10. Ordinance 7472 (50 & 291 Corridors), 11. Ignite Comprehensive Plan - pages 111-115, 12. LCRA Lease Protections, 13. LCRA Process Outline		

Date	Ver.	Action By	Action	Result
6/6/2023	1	City Council - Regular Session	presented	

Public Hearing: Colbern Ridge LCRA Redevelopment Plan; Colbern-Rice Investments, LLC, applicant

Issue/Request:

This is a public hearing for the Colbern Ridge LCRA Redevelopment Plan, which would provide sales and use tax exemption on construction materials and public improvement assessment reimbursement through long-term tax abatement for the proposed development to be constructed by Colbern-Rice Investments, LLC (the "Developer") which is located at the Northeast corner of Rice Road and Colbern Road, in Lee's Summit, Missouri, totaling 41.4 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 of 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 LCRA Redevelopment Plan 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. The Council expressed some reservations about the City sales tax revenue sharing request, and recommended that alternatives to this component of the incentive request be evaluated.

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. The LCRA Board added two additional recommendations which are summarized below.

A summary of the key data associated with Developer's request, the impact to the City, and other associated financial data are set forth in the attachments to this meeting packet.

Impact/Analysis:

The benefit of the sales tax exemption, real property tax abatement and new CID sales tax revenue to Developer is summarized in the memorandum from City staff and the presentation slides prepared by City staff.

Columbia Capital Municipal Advisors, the City's financial advisor, conducted a financial feasibility analysis of the project with and without the requested incentives. Columbia Capital concluded that the project in an unleveraged scenario (no private loans, 100% private equity) does not need incentives to reach a market rate of return. Columbia Capital concluded that the project in a leveraged scenario (50% debt and 50% equity investment) does not reach a market rate of return without the use of the requested incentives.

The LCRA Board held extensive discussions about what they viewed as the speculative nature of certain portions of the project. The LCRA Board recommended that the Plan should be revised to include a phased site plan approach, and a phased reimbursement approach. The LCRA Board also made a recommendation relating to the design elements for this type of project under the Ignite Comprehensive Plan.

Timeline:

Construction of the project is expected to commence this year.

Curt Petersen, Polsinelli Law Firm

Mike Atcheson, CEAH Real Estate Services (parent company) and Colbern-Rice Investments, LLC (proposed developer)

David Bushek, Chief Counsel of Economic Development and Planning

Ryan Elam, Assistant City Manager

The LCRA Board of Commissioners recommended approval of the LCRA Plan to the City Council, but added the following additional recommendations to the City Council:

1. Developer should prepare a phased development plan that shows how the infrastructure improvements are going to be paid for with each phase of development.

2. The City Council should require Developer to revise the site plan to conform to the design principles set forth on pages 111-115 of the Ignite Comprehensive Plan. These pages of the Comprehensive Plan deal with the following design principles:

- Mobility and Connectivity Principles
- Parks and Open Space Principles
- Building and Site Development Principles
- Design Principles for Strip Malls
- Open Space Connection and Protection
- Grid Street Network