

Legislation Details (With Text)

File #: BILL NO. 23-205
Name:
Type: Ordinance - Public Hearing
Status: Passed
File created: 9/19/2023
In control: City Council - Regular Session
On agenda: 11/7/2023
Final action: 11/14/2023
Title: An Ordinance approving a plan for a Chapter 100 Project for the Clover Senior Independent Living Project.
 (Note: First read by Council on November 7, 2023.)

Sponsors:

Indexes:

Code sections:

Attachments: 1. Ordinance, 2. Exhibit A: Chapter 100 Plan

Date	Ver.	Action By	Action	Result
11/14/2023	1	City Council - Regular Session	adopted and numbered	Pass
11/7/2023	1	City Council - Regular Session	advanced to second reading	Pass

An Ordinance approving a plan for a Chapter 100 Project for the Clover Senior Independent Living Project.
 (Note: First read by Council on November 7, 2023.)

Issue/Request:

This is an ordinance to approve a Chapter 100 Plan and Cost-Benefit Analysis for the Clover Independent Senior Living Project and authorizing the issuance by the City of its taxable industrial development revenue bonds in the aggregate principal amount of not to exceed \$23,150,000 to finance costs of the residential project to be constructed by the company (the "Developer"). The Bonds will be issued pursuant to the provisions of Sections 100.010 to 100.200 of the Revised Statutes of Missouri, as amended, and Article VI, Section 27(b) of the Missouri Constitution, as amended (collectively, the "Act").

Key Issues:

Developer is requesting that the City approve incentives through a Chapter 100 Plan to provide sales tax exemption on construction materials and a fixed schedule of payments in lieu of taxes (PILOTS) for 10 years for the residential project.

Proposed City Council Motion:

I move for adoption of an Ordinance approving a plan for a Chapter 100 Project for the Clover Senior Independent Living Project.

Background:

At the July 25, 2023 Council meetings, the City Council heard a conceptual presentation about the incentive request presented by Developer. A majority of the City Council expressed an interest in considering the incentive request through the formal Chapter 100 process. The City Council did not vote or render any type of

final or binding decision as part of the conceptual presentation.

The Project to be financed by the Bonds consists of a senior living apartment complex of approximately 128 units to be located on approximately 7 acres situated to the west of Douglas Street between Tudor Road to the north and Chipman Road to the south. The Project is anticipated to include a mix of one and two bedroom apartments with modern kitchens including a breakfast bar and pantry, stainless steel appliances, walk-in showers, private patios or balconies, indoor mailboxes, a controlled building entry system and emergency pull-cords in each unit. On-site amenities will include a community room, reading room, outdoor space for recreation and events, fitness center, beauty salon, coffee bar and on-site parking.

The requested incentive package consists of sales and use tax exemption on construction materials and fixed payments in lieu of taxes (PILOTS) starting at \$1,800 per unit pursuant to Chapter 100 of the Revised Statutes of Missouri.

Impact/Analysis:

The Project is expected to cost approximately \$23,150,000. The investment is anticipated to be made in 2024, 2025 and 2026 as shown in the Cost-Benefit Analysis, although the actual years of investment may vary based on Project implementation. Under Article X, Section 6 of the Missouri Constitution and Section 137.100 of the Revised Statutes of Missouri, all property of any political subdivision is exempt from taxation. Under this Plan, the City intends to issue the Bonds in 2023 or 2024.

The sources of funds to be expended for the Project will be the proceeds of the Bonds in a principal amount not to exceed \$23,150,000 to be issued by the City and purchased by the Company and, if needed, other available funds of the Company. The Bonds will be payable solely from the revenues derived by the City from the lease or other disposition of the Project. The Bonds will not be an indebtedness or general obligation, debt or liability of the City or the State of Missouri.

The sales and use tax exemption is projected to be a savings of about \$409,000 for the Developer. The net present value of the property tax exemption to Developer is about \$293,000.

The Company will make payments in lieu of taxes (“PILOTS”) for the Project as follows:

- (1) prior to construction, the amount calculated to equal the taxes that would have been due on the unimproved land were it in private ownership,
- (2) during construction, an amount calculated from a starting point of \$1,800 dollars per door, with an inflation adjustment of 3.0% in each odd year starting with 2025, for units under construction, pro-rated by percentage of completion, and
- (3) from and after completion, for a period of 10 years, a fixed PILOT calculated from a starting point of \$1,800 dollars per door, with an inflation adjustment of 3.0% in each odd year starting with 2025.

The total PILOT payments are estimated in the Cost-Benefit Analysis. The projected impact to the City is set forth in the City presentation slides for the public hearing.

Timeline:

Start: 2024

Finish: 2025

David Bushek, Chief Counsel of Economic Development and Planning

Curt Petersen, Polsinelli law firm, for Developer