

Legislation Details (With Text)

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Title:	Conceptual Economic Development Incentive Presentation - Chapter 100 for Summit Square II Multi-Family Development; NorthPoint Development, applicant.		
Sponsors:			
Indexes:			
Code sections:			
Attachments:	1. Summit Square II - Chapter 100 Presentation, 2. Exhibit A - Financial Incentive Pre-Application, 3. NorthPoint preliminary L.S. Tax Comparison, 4. North Point Development - MultiFamily Portfolio, 5. Summit Orchard PDP, 6. Proposed Site of Summit Square II		

Date	Ver.	Action By	Action	Result
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Conceptual Economic Development Incentive Presentation - Chapter 100 for Summit Square II Multi-Family Development; NorthPoint Development, applicant.

Issue/Request:

Conceptual Economic Development Incentive Presentation - Chapter 100 for Summit Square II Multi-Family Development; NorthPoint Development, applicant.

Key Issues:

In accordance with the City's adopted Economic Development Incentive Policy, NorthPoint Development will present a conceptual incentive request for a proposed 326 unit multi-family residential project located on the east side of Ward Rd. between Donovan and Tudor Roads (adjacent to the Summit Square apartments). The proposed development is situated within the development area known as "Summit Orchards".

NorthPoint Development is requesting the City of Lee's Summit enter into an Industrial Development Project very similar to the agreements structured for Residences at New Longview and Summit Square Apartments, both of which NorthPoint developed. The proposed Chapter 100 incentive would entail the City issuing industrial revenue bonds to finance the project, authorize a sales tax exemption on construction materials purchased for the project and establish a 10-year fixed Payment in Lieu of Taxes (PILOTS).

The proposed luxury multi-family project investment is estimated at \$46,000,000 and would be developed over 13.4 acres and entail 5 structures with a clubhouse and amenities incorporated into one of the structures.

Proposed City Council Motion:

The applicant and staff are seeking Mayor and Council feedback/direction on the proposed incentive request prior to committing additional resources necessary to formally prepare and present the incentive request to

the Mayor and Council for consideration. If the Mayor and City Council are in favor of formally pursuing the incentive request the following motion may be proposed:

* I move to direct the applicant and staff to prepare a Chapter 100 incentive request for the Summit Square II multi-family residential project for formal consideration.

Background:

In May of 2016 a Preliminary Development Plan (PDP) was approved for the Summit Orchards development within the existing Planned Mixed Use (PMIX) zoning district. The approved PDP allows for multi-family, retail, office, educational, restaurant, office and elder care uses within the plan. The proposed multi-family residential development would encompass Phases 4 and 5 as represented in the PDP. Within the PDP the allowed uses for Phase 4 was identified as office, educational, retail or elder care and within Phase 5 allowable uses were identified as office, educational, institutional, retail and residential. As the proposed use of residential is shown as allowable uses for the proposed development area within the PDP, the proposed development may be processed and reviewed as a Final Development Plan (FDP) and not be required to go through a PDP/public hearing process.

To date the City has approved 4 multi-family projects under the proposed Chapter 100 structure (Residences at New Longview, Summit Square Apartments, Residences at Echelon, and Meridian at View High).

In May of 2017 a multi-family housing demand study was conducted that revealed a multi-family housing demand through 2027. The study projected a conservative 10 year housing demand as follows:

Overall demand for market rate multi-family housing through 2027:	6,776 units
Existing supply of modern multi-family units:	2,304 units
Multi-family units under construction:	647 units
<u>Multi-family units approved through PDP:</u>	<u>1,506 units</u>
Total Supply combined (existing, under construction, approved)	4,457 units

Demand greater than supply: 2,319 units

Since the completion of the study staff has calculated an update to the overall demand as additional projects incorporating multi-family housing units have been considered. Below is updated data as of June 18, 2018:

Overall demand for market rate multi-family housing through 2027:	6,776 units
Existing supply of modern multi-family units:	2,678 units
Multi-family units under construction:	1,104 units
Multi-family units approved through PDP:	651 units
<u>Multi-family units (conceptually planned)</u>	<u>1,701 units</u>
Total Supply combined (existing, under const., approved, conceptual)	6,134 units

Demand greater than supply: 642 units

Impact/Analysis:

North Point Development is proposing to establish fixed annual PILOT amounts for the first 10 years of the project. In determining the fixed PILOT amount(s) the PILOT has traditionally been based on comparable multi-family communities that exist in Lee's Summit such that the fixed PILOT would be commensurate with what would be expected should the property be on the Jackson County tax rolls. The fixed PILOT amount will be

negotiated with the applicant should direction be given to formally prepare the Chapter 100 request for consideration.

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David Bushek, Gilmore & Bell, PC, City's Economic Development Counsel