

Legislation Text

File #: BILL NO. 19-88, **Version:** 1

An Ordinance approving the 2nd and Douglas Tax Increment Financing Plan and establishing a Redevelopment Area for the plan.

(NOTE: First reading by City Council on April 16, 2019.)

Issue/Request:

An Ordinance approving the 2nd and Douglas Tax Increment Financing Plan and establishing a Redevelopment Area for the plan.

Key Issues:

Approval of this ordinance will approve the 2nd and Douglas Tax Increment Financing Plan. The approval of the ordinance can only be approved by a two-thirds majority vote of the full City Council (six affirmative votes) as the Tax Increment Financing Commission passed a motion in opposition to the Tax Increment Financing Plan.

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. The timing of the redevelopment project approval is very important for this incentive package, as the desire is to activate the TIF project (1) after the Developer has purchased the property (making the property taxable) and (2) after January 1, 2020. This sequence is how the taxing districts will receive a property tax benefit during the life of the TIF - the base taxes of about \$87,000/year will then flow to the taxing districts each year while the TIF is in effect. If the project ordinance is approved before January 1, 2020, then the base value is locked in at \$0 (because of the property's tax-exempt status as of January 12, 2019) and the taxing districts would receive \$0 in tax revenues for the life 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.

Proposed City Council Motion:

I move for adoption of an Ordinance approving the 2nd and Douglas Tax Increment Financing Plan and establishing a Redevelopment Area for the plan.

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).