

Legislation Text

File #: 2022-4716, **Version:** 1

Continued Review and Discussion of Economic Development Incentive Policy and incentives related to multi-family projects

Issue/Request:

Continued Review and Discussion of Economic Development Incentive Policy and incentives related to multi-family projects

Key Issues:

Information that is new from the January 12, 2022 CEDC meeting has been incorporated in bold text below.

At a prior City Council meeting, the Mayor and Council requested staff revisit the 2017 Multi-family market demand study and further requested to review the adopted Economic Development Incentive Policy with respect to the utilization of incentives toward multi-family development.

Attached to this packet is the current adopted Economic Development Incentive Policy as well as a process flow chart that will be reference during the presentation. Staff will be presenting how the policy is utilized when considering multi-family developments as well as the process used to consider incentive applications for multi-family projects. Mayor Pro Tem Lopez assigned the matter to the Community and Economic Development Committee (CEDC) for consideration.

At the January 12, 2022 CEDC meeting, staff highlighted the process utilized when considering incentives and how the adopted Economic Development Incentive Policy guides decision making for incentive requests. In addition, staff provided a historical review of projects that have utilized incentives for residential uses. The CEDC provided general feedback regarding the use of incentives for residential developments:

- * Greater caution and awareness about sales and use tax abatement requests due to financial impacts to taxing jurisdictions**
- * Concern regarding fixed Payment in Lieu of Taxes (PILOTS) as unintentional abatements have occurred over time**
- * Desire to match level of incentive to the cost of public improvements necessary or extraordinary costs related to the proposed project**
- * Potentially incorporate language within the policy that is similar to the LCRA Guidelines - "most favorable consideration will be given to projects that"**

At the February 12, 2022 CEDC meeting, staff will intend to highlight portions of the adopted Economic Development Incentive Policy that pertain to incentives related to residential uses and review the LCRA Guidelines to continue the discussion and dialogue in the review and use of incentives for multi-family and residential projects.

Background:

Starting in 2014/2105 the City began utilizing "Chapter 100" incentives for the development and construction of multi-family housing. The "Chapter 100" incentive utilized for a majority of the multi-family projects entailed establishing 10-year fixed payment in lieu of taxes ("PILOTS") and providing for sales tax exemption on construction materials for the projects. Since the City began utilizing the Chapter 100 incentive for multi-family, there have been eight multi-family projects that have utilized the Chapter 100 structure in some form or another. Other incentive programs that have been used for residential projects on a more limited basis include Land Clearance for Redevelopment Authority (LCRA), Chapter 353 Redevelopment Plans, and Tax Increment Financing. Attached to this packet is a visual outlining the use of incentives for residential development within Lee's Summit.

Mark Dunning, Assistant City Manager

David Bushek, Chief Counsel of Economic Development and Planning

Ryan Elam, Development Services Director