

Legislation Text

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Presentation and Consideration of Land Clearance for Redevelopment (LCRA) Application - MAR Building Solutions, LCRA Project, 1445 SE Broadway Drive; MAR Building Solutions applicant (LCRA Application 2018-002).

Issue/Request:

Presentation and Consideration of Land Clearance for Redevelopment (LCRA) Application - MAR Building Solutions, LCRA Project, 1445 SE Broadway Drive; MAR Building Solutions applicant (LCRA Application 2018-002).

Key Issues:

Mr. Chad Anderson with MAR Building Solutions is pursuing the construction of a new 7,250 sq. ft. office warehouse on property located at 1445 SE Broadway Drive in the Newberry Landings planned industrial area. Mr. Anderson is requesting the abatement of real property taxes afforded through the Land Clearance for Redevelopment Authority (LCRA) Act. MAR building Solutions intends to occupy the building and currently operates from a location on SW Jefferson Street which is being condemned for public improvements to Jefferson Street.

Mr. Anderson requested 100% property tax abatement on the incremental increase in value of the project over a 10 year period which is the maximum allowable abatement through LCRA.

Ms. Donna Gordon, Chairperson of the LCRA will be presenting the LCRA recommendation to the City Council for this proposal. Provided below is the rationale and summary of the LCRA recommendation to the Mayor and City Council:

Assuming a \$656,100 investment in the construction of the building and improvements to the property, the LCRA evaluated the project through the LCRA incentive model (spreadsheet) and developed a recommendation for 100% abatement on the incremental increase in value of the property for a 5 year period. The LCRA recommendation is estimated to result in an annual property tax abatement of \$10,664.00, therefore over the 5 year period of recommended abatement, approximately \$53,320.00 in real property taxes would be abated.

The proposed project will allow MAR Building Solutions to remain in Lee's Summit with 6 existing employees and over the proposed 5 year abatement period MAR Building Solutions anticipates the creation of 6 new jobs. Below is an overview of the job retention/expansion data:

<u>Annual Salary (compared to County median wage)</u>	<u>Jobs retained</u>	<u>New jobs</u>
70-80% of County median wage	2	3
Greater than 80% but less than 100%	1	0
100% but less than 120%	1	2
120% or greater	2	1

The proposed project is currently in the Final Development Plan (FDP) approval process and once approved administratively, construction permits may be issued for the project.

Proposed City Council Motion:

Should the Mayor and City Council wish to move forward with the LCRA recommendation of 100% abatement for a 5 year period, an ordinance has been placed on the agenda for first reading. If the ordinance is adopted, staff would work

with the applicant to develop and bring forward the development agreement for consideration.

Background:

July 26, 2018 - MAR Building Solutions presented a conceptual economic development incentive request to the City Council requesting 100% abatement for a 10 year period for the proposed project in accordance with the City's adopted Economic Development Incentive Policy. The Mayor and City Council provided direction to proceed with the request through the formal LCRA process.

August 22, 2018 - The LCRA held a meeting and considered the proposed MAR Building Solutions LCRA Redevelopment Application and is recommending 100% abatement on the incremental increase in value of the project for a 5 year period.

Mark Dunning, Assistant City Manager
Chad Anderson, MAR Building Solutions
Donna Gordon, LCRA Chairperson

Committee Recommendation:

The Land Clearance for Redevelopment Authority unanimously recommended approval of a 100% real property tax abatement on the incremental increase in value of the project for a 5 year period subject to performance standards.