

Legislation Text

File #: 2019-3004, **Version:** 1

Presentation and consideration of Land Clearance for Redevelopment Authority (LCRA) application - Aristocrat Motors LCRA Redevelopment, 704 SE Oldham Court; Aristocrat Motors, applicant.

Issue/Request:

Presentation and consideration of Land Clearance for Redevelopment Authority (LCRA) application - Aristocrat Motors LCRA Redevelopment, 704 SE Oldham Court; Aristocrat Motors, applicant.

Key Issues:

Aristocrat Motors is pursuing the construction of a new 7,397 sq. ft. single story automotive dealership for the sale of pre-owned luxury vehicles. Aristocrat Motors submitted a LCRA application in April 2019 requesting 100% property tax abatement on the incremental increase in value of the project over a five year period. As this request is at or below the threshold established in the City's adopted Economic Development Policy, there was no conceptual incentive request presentation required or made to the Mayor and Council and the request proceeded directly to the LCRA for consideration.

The proposed development is estimated to be a \$1,795,000 improvement to real property with an investment of \$500,000 in business personal property.

Aristocrat Motors anticipates the proposed new dealership will create 11 new jobs in Lee's Summit as follows:

- Sales Manager - \$150,000 salary
- Assistant Sales Manager - \$100,000 salary
- 6 Salespeople - \$80,000 salary
- Office Assistant - \$ 40,000 salary
- 2 Porters - \$ 40,000 salary

Aristocrat Motors estimates the new dealership will result in 480 car sales per year with an average cost per vehicle of \$35,000 which would result in sales tax generation to the City of \$378,000 annually (2.25% City sales tax rate).

The LCRA considered the application at their June 26, 2019 meeting and recommended approval of abatement of the incremental increase in property value of the project over a 5 year period. The abatement in real property tax per year if approved is estimated to be \$43,184 or approximately \$215,920 over the 5-year period.

The subject property is located within the US 50 / M-291 Hwy LCRA Urban Renewal Area.

Proposed City Council Motion:

No motion necessary, a proposed ordinance has been placed on the City Council agenda for consideration.

Background:

In 2017, the City Council approved a preliminary development plan for Kansas City Motors, a used car dealership and the owner did not proceed with the approved development. A portion of the subject property was deeded to the City as part of the realignment of Oldham Parkway and the City disposed of the property through a public process as the property was declared surplus property.

The properties subject to the development previously contained a tire sales and service business approved in 1979, and a mobile home sales use approved in 1980. Both commercial structures have since been demolished/removed.

Timeline:

The proposed project is anticipated to be under construction in October of 2019 with completion in March or April of 2020.

David Belpedio, Marks Nelson LLC - financial consultant for applicant

Donna Gordon, LCRA Chairperson

Mark Dunning, Assistant City Manager

Committee Recommendation:

The LCRA recommended approval of a 100% real property tax abatement on the incremental increase in value of the project for a 5 year period with a condition that the abatement will be reconsidered if the ownership or use of the property changes during the abatement period.