

Legislation Text

File #: 2023-5831, **Version:** 1

Public Hearing: Chapter 100 Plan for the Greens at Woods Chapel Apartments Project; Chapel Ridge Apartments, LLC, applicant.

Issue/Request:

This is a public hearing to consider the Chapter 100 Plan and Cost-Benefit Analysis for the Greens at Woods Chapel Residential Project and authorizing the issuance by the City of its taxable industrial development revenue bonds in the aggregate principal amount of not to exceed \$70,500,000 to finance costs of the residential project to be constructed by Chapel Ridge Apartments, LLC (the "Developer"), as the Developer of the Greens at Woods Chapel Residential Project. The Bonds will be issued pursuant to the provisions of Sections 100.010 to 100.200 of the Revised Statutes of Missouri, as amended, and Article VI, Section 27(b) of the Missouri Constitution, as amended (collectively, the "Act").

Key Issues:

Developer is requesting that the City approve incentives through a Chapter 100 Plan to provide sales tax exemption on construction materials and a fixed schedule of payments in lieu of taxes (PILOTs) for 10 years for the residential project.

Background:

At the June 20, 2023 Council meeting, the City Council heard a conceptual presentation about the incentive request presented by Developer. A majority of the City Council expressed an interest in considering the incentive request through the formal Chapter 100 process. The City Council did not vote or render any type of final or binding decision as part of the conceptual presentation.

The Project to be financed by the Bonds consists of 396 residential units on approximately 18 acres of property located on multiple parcels that are west of NE Ralph Powell Road and south of NE Woods Chapel Road, for sales and use tax exemption on construction materials and fixed payments in lieu of taxes (PILOTs) starting at \$1,600 per unit pursuant to Chapter 100 of the Revised Statutes of Missouri.

Impact/Analysis:

The Project is expected to cost approximately \$70,500,000. The investment is anticipated to be made in 2024 through 2027 as stated in the Plan. Under Article X, Section 6 of the Missouri Constitution and Section 137.100 of the Revised Statutes of Missouri, all property of any political subdivision is exempt from taxation. Under this Plan, the City intends to issue the Bonds in 2024.

The sources of funds to be expended for the Project will be the proceeds of the Bonds in a principal amount not to exceed \$70,500,000 to be issued by the City and purchased by the Company and, if needed, other available funds of the Company. The Bonds will be payable solely from the revenues derived by the City from the lease or other disposition of the Project. The Bonds will not be an indebtedness or general obligation, debt or liability of the City or the State of Missouri.

For purposes of determining the impact of the sales and use tax exemptions for the qualified building materials on the affected taxing jurisdictions, it is assumed that the total amount of qualified building materials purchased will be \$27,336,000 and that the situs of sale for the purchases will be as follows: 5.0% within the City, 22.5% within Jackson County but outside the City, 22.5% within Missouri but outside Jackson County, and 50% outside Missouri. The sales and use tax exemption is projected to be a savings of about \$1,671,000 for the Developer, and the projected impact to the City from this exemption is approximately \$423,000 which is about 26% of the total sales and use tax savings for Developer.

The Companies will make payments in lieu of taxes ("PILOTS") for each component of the Project as follows:

- (1) prior to construction, the amount calculated to equal the taxes that would have been due on the unimproved land as if it was in private ownership,
- (2) during construction, an amount calculated from a starting point of \$1,600 dollars per door, with an inflation adjustment of 3.0% in each odd year starting with 2025, for units under construction, pro-rated by percentage of completion, and
- (3) from and after completion, for a period of 10 years, a fixed PILOT calculated from a starting point of \$1,600 dollars per door, with an inflation adjustment of 3.0% in each odd year starting with 2025.

The total PILOT payments are estimated in the Cost-Benefit Analysis. The projected impact to the City and the projected benefit to Developer is set forth in the summary sheets in the public hearing packet.

Timeline:

If the Chapter 100 incentive is approved, the project is expected to begin in 2024 and the construction will last through 2027.

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