

Legislation Text

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Presentation and Consideration of Land Clearance for Redevelopment (LCRA) Application - Kevin Higdon Construction, LCRA Project, 1450 SE Broadway Drive; Kevin Higdon applicant (LCRA Application 2018-001).

Issue/Request:

Presentation and Consideration of Land Clearance for Redevelopment (LCRA) Application - Kevin Higdon Construction, LCRA Project, 1450 SE Broadway Drive; Kevin Higdon applicant (LCRA Application 2018-001).

Key Issues:

Mr. Kevin Higdon with Kevin Higdon Construction is pursuing the construction of a new 7,800 sq. ft. office warehouse on property located at 1450 SE Broadway Drive in the Newberry Landings planned industrial area. Mr. Higdon is requesting the abatement of real property taxes afforded through the Land Clearance for Redevelopment Authority (LCRA) Act. Kevin Higdon Construction intends to occupy the building and currently operates from a location within unincorporated Jackson County. .

Mr. Higdon 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 \$607,500 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 \$9,874.00, therefore over the 5 year period of recommended abatement, approximately \$49,370 in real property taxes would be abated.

* The proposed project anticipates bringing at minimum 5 new jobs to Lee's Summit with 4 of those jobs at or above the Jackson County median wage and one job above 80% of the County median wage. Kevin Higdon Construction anticipates a base year total new sales tax revenue of 180,000 with a 5% growth over the proposed 5 year abatement period. This equates to new sales tax revenues to the City of approximately \$8,146.00 over the 5 year period. In addition to new sales tax revenue, Kevin Higdon Construction would bring approximately \$200,000 of

business /equipment (personal property) which would generate an estimated additional \$3,407 in personal property tax revenue to the City during the abatement period.

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 - Kevin Higdon 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 Kevin Higdon Construction 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
Kevin Higdon, Kevin Higdon Construction
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.