

Legislation Text

File #: BILL NO. 21-150, **Version:** 1

An Ordinance Authorizing the City of Lee's Summit, Missouri to Issue Taxable Industrial Development Revenue Bonds in a Principal Amount not to Exceed \$36,500,000 in Connection with the Streets of West Pryor Apartment Development; and Authorizing Certain Documents and Actions in Connection Therewith.
(Note: First reading by Council on July 20, 2021. Passed by unanimous vote.)

Issue/Request:

Ordinance to approve the Chapter 100 transaction for the Phase 2 apartment development in the Streets of West Pryor project.

Key Issues:

This ordinance will authorize the issuance of the Chapter 100 bonds in order to provide the requested incentives for the phase 2 apartments development, in the form of sales and use tax exemption on the purchase of construction materials for the phase 2 apartments and the structured Payments In Lieu of Taxes (PILOTs) for a period of 10 years following completion of construction.

Proposed City Council Motion:

I move for adoption of An Ordinance Authorizing the City of Lee's Summit, Missouri to Issue Taxable Industrial Development Revenue Bonds in a Principal Amount not to Exceed \$36,500,000 in Connection with the Streets of West Pryor Apartment Development; and Authorizing Certain Documents and Actions in Connection Therewith

Background:

The City Council approved the Streets of West Pryor TIF Plan and other financing items on January 22, 2019, including approval of the Master Plan for Industrial Development Projects for the Streets of West Pryor Development. As approved, the Master Plan allows for the Developer to use the City's sales tax exemption certificate for the purchase of construction materials used in the construction of the project improvements, along with a set PILOTs schedule for the two apartment complexes. The TIF Plan contained a project budget which itemizes the project costs and lists the items that are reimbursable from public sources (TIF, CID, TDD) and the Chapter 100 cost savings.

On June 8, 2021, the City Council approved the Amended and Restated Chapter 100 Master Plan for the Streets of West Pryor Project. The amended Master Plan provide sales tax exemption on construction materials and a fixed schedule of payments in lieu of tax equal to an estimate of the taxes otherwise due for 10 years for the second phase of the Apartments Project after construction is completed. The Phase 2 apartments are projected to include 184 units and the per-door PILOT as approved in 2019 is \$1,135 / door.

This ordinance allows for the Chapter 100 transaction to implement the Master Plan with respect to the phase 2 apartments in the project.

Impact/Analysis:

This Chapter 100 transaction, along with the other Chapter 100 transactions that have been separately approved by ordinance, allows for approximately \$6.05 million in sales tax savings for the overall project.

Timeline:

Developer plans to start construction after the undermined remediation under the property is complete. The remediation work is expected to start this year, and construction of the apartments may begin this year or in 2022.

David Bushek, Chief Counsel of Economic Development & Planning

David Martin, Gilmore & Bell, P.C.

Jeff Haney, HaneyCo KC

Staff recommends approval of the ordinance.