

Legislation Text

File #: BILL NO. 19-268, **Version:** 1

An Ordinance approving the Redevelopment Contract and Lease Agreement between the City of Lee's Summit, Missouri, and DTLS Apartments, LLC, to implement the 2nd and Douglas Tax Increment Financing Plan and the 2nd and Douglas LCRA Redevelopment Plan. (Note: First reading by Council on December 3, 2019. Passed by unanimous vote.)

Issue/Request:

An Ordinance approving the Redevelopment Contract to implement the TIF Plan and LCRA Plan for the downtown Cityscape Apartments, and a Lease Agreement to implement the sales tax exemption on construction materials for the apartments and parking structure.

Key Issues:

This ordinance will approve the contracts that will allow for the use of TIF revenues to fund the parking structure for the apartments through the 2nd and Douglas Tax Increment Financing Plan, and also implement the sales tax exemption on the construction materials through the 2nd and Douglas Land LCRA Redevelopment Plan. An historic preservation easement for the Sanctuary, which is an attachment to the Redevelopment Contract, must be executed by Developer to receive the incentive benefits. The easement will preserve the facades of the Sanctuary in perpetuity, and the property owner will need to obtain permission from the City to perform any changes to the exterior of the Sanctuary except for routine maintenance and alterations to comply with life/safety code requirements of the City Code.

Additional information about the project and the incentive plans can be found in the attached staff report. A simple majority vote is necessary to adopt the ordinance.

Proposed City Council Motion:

I move for adoption of an Ordinance Approving the Redevelopment Contract and Lease Agreement Between the City of Lee's Summit, Missouri, and DTLS Apartments, LLC, to Implement the 2nd and Douglas Tax Increment Financing Plan and the 2nd and Douglas LCRA Redevelopment Plan.

Background:

On May 7, 2019, the City Council approved Ordinance Nos. 8625 and 8628 which approved the 2nd and Douglas Tax Increment Financing Plan and the 2nd and Douglas LCRA Redevelopment Plan, respectively, for the redevelopment of property generally located to the northwest of the intersection of 2nd Street and Douglas Street. The development will be an apartment complex containing approximately 274 residential apartment units and a parking structure to serve the apartments. The redevelopment plans call for the demolition of all existing structures on the site located at 114 SE Douglas Street (Summit Church) except for the original 1922 church sanctuary structure located immediately at the northwest corner of 2nd Street and Douglas Street. The sanctuary will be preserved and the Cityscape will grant an historic preservation easement to the City which protects the exterior appearance of the facade in perpetuity.

The Developer's proposed investment is approximately \$53.1 million. The TIF Plan will authorize approximately \$8 million in reimbursement for the parking structure, and the LCRA Plan will allow for an estimated \$1.3 million sales tax exemption on the construction materials that are used to construct the apartment complex and parking structure.

Impact/Analysis:

The estimated benefit of the TIF Plan is approximately \$8 million and the LCRA Redevelopment Plan for the Developer will result in sales tax exemption on construction materials for the apartments and structured parking in an estimated amount of \$1,329,790.

David Bushek, Chief Counsel of Economic Development & Planning
Curt Peterson, Polsinelli Law Firm, Developer's Legal Counsel
Jim Thomas, DTLs Apartments, LLC, Developer

Staff recommends approval of the ordinance.

On February 14, 2019 the Planning Commission recommended approval of Application PL2018-234, Preliminary Development Plan; DTLs Apartments, 114 SE Douglas St.; subject to staff's letter of February 9, 2019, specifically recommendation items 1 - 5.

On February 27, 2019 the Land Clearance for Redevelopment Authority (LCRA) Board of Commissioners adopted Resolution 2019-1 recommending the 2nd and Douglas LCRA Plan be approved by the City Council. The 2nd and Douglas LCRA plan would provide for sales tax exemption on the construction materials for the proposed redevelopment project (apartments and structured parking).

On March 25, 2019 the Tax Increment Financing Commission considered the proposed TIF Plan and passed a motion in opposition to the TIF Plan by a vote of 6-3-1 (Rhoads abstaining). The Council approved the TIF Plan by a 6-3 vote on May 7, 2019, which overrode the TIF Commission's negative recommendation. The heightened vote requirement does not apply to this ordinance that would approved the Redevelopment Contract and Lease.