

Legislation Text

File #: 2016-0817, **Version:** 1

Conceptual Economic Incentive Request Presentation; Cowork - Lee's Summit, SF003, LLC, Applicant.

Issue/Request:

Conceptual Economic Incentive Request Presentation; Cowork - Lee's Summit, SF003, LLC, Applicant

Key Issues:

Mr. Ben Rao with SF003, LLC is pursuing the purchase and redevelopment of the old downtown Post Office property located at 210 SW Market Street and 211 SW Jefferson Street and is pursuing the potential of real property tax abatement afforded through the Land Clearance for Redevelopment Authority (LCRA). SF003, LLC proposes to redevelop the existing 12,400 s.f. former post office building into a shared co-working facility with the potential inclusion of accessory uses such as a deli/cafe, coffee shop, fitness center and other similar uses. The proposed real property tax abatement on the incremental increase in value of the property is only being requested on the parcel addressed as 210 SW Market Street, and does not include the parcel addressed as 211 SW Jefferson Street. Both parcels - under the ownership of the United States Postal Service currently do not generate property taxes. The sale of the property to a private entity would place both parcels on the tax rolls, therefore property tax abatement could be afforded through the LCRA.

SF003, LLC is requesting 100% property tax abatement for 10 years on the incremental increase in value of the property as well as a 50% reduction in the establishment of the base property tax liability with regard to the 210 SW Market St. parcel. No abatement request is being sought for the 211 SW Jefferson Street parcel. See the Impact/Analysis section of the packet form for additional information as well as the attached spreadsheet titled "Cowork Lee's Summit - LCRA tax estimate."

Mr. Rao will be present to provide the conceptual presentation and answer any questions regarding the proposed project. The conceptual presentation is being provided in accordance with the adopted Economic Development Incentive Policy as the proposed request for tax abatement through the LCRA is above the guideline of 50% for 10 years; or 100% for 5 years.

Proposed City Council Motion:

If in favor of proceeding with the proposal: I move to authorize the applicant and staff to proceed with the preparation of a Land Clearance for Redevelopment Authority Redevelopment Project Application in accordance with the adopted Economic Development Incentive Policy and Land Clearance for Redevelopment Authority procedures and processes.

Background:

On December 8, 2016, the City Council adopted Ordinance #8038, approving the Cowork - Lee's Summit Preliminary Development Plan. The location of the property is located within the existing Downtown LCRA Urban Renewal Area known as "Project No. MO R-47 Lee's Summit, Missouri" Urban Renewal Area.

Impact/Analysis:

Staff has prepared a rough estimate on the real property tax increment that could be anticipated after the property purchase and investment/redevelopment of the property.

210 SW Market Street parcel:

The base property tax liability with no improvements is estimated to be \$18,035 annually. SF003, LLC is requesting a 50% abatement in establishing the base property tax liability for this parcel. Assuming a \$950,000 investment, the estimated annual property tax increase (increment) is approximately \$13,393. SF003 is requesting 100% abatement on this property tax increment for a period of 10 years. The total requested annual abatement would therefore be \$22,410.50 and over a ten year period would be \$224,105.

211 SW Jefferson Street parcel:

The base property tax liability with no improvement is estimated to be \$2,615 annually. As the proposed improvements to this parcel are related to parking lot and site improvements (no proposed building or structures) - there is no noticeable increment to potentially abate through the LCRA process.

Under these assumptions (if the request were to be approved) - approximately \$11,632.50 in property tax revenue would begin to flow through to the respective taxing jurisdictions while \$22,410.50 would be abated on an annual basis for a 10 year period.

Other Information/Unique Characteristics:

Should the Council wish to proceed with a LCRA Redevelopment Project Application, SF003 LLC would be required to submit a formal LCRA application and application fee. The application would first be considered by the LCRA, who would make a recommendation to the City Council on the proposal. The City Council would then formally consider the application along with the recommendation provided by the LCRA.

Presenter: Ben Rao, SF003, LLC - applicant & Mark Dunning, Assistant City Manager, Development Services and Communications.