

Legislation Details (With Text)

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Title: Land Clearance for Redevelopment Authority (LCRA) Application - Cowork - Lee's Summit, LCRA Urban Renewal Redevelopment Project, 210 SW Market Street; SF003, LLC Applicant (LCRA Application #2017-001)

Sponsors:

Indexes:

Code sections:

Attachments: 1. LCRA application, 2. Site location map, 3. Zoning map, 4. Presentation, 5. LCRA 2-1-17 Presentation, 6. PDP submittal, 7. LCRA model guidance - summary, 8. DRAFT 1-25-17 LCRA meeting minutes

Date	Ver.	Action By	Action	Result
2/9/2017	1	City Council - Regular Session	approved	Pass

Land Clearance for Redevelopment Authority (LCRA) Application - Cowork - Lee's Summit, LCRA Urban Renewal Redevelopment Project, 210 SW Market Street; SF003, LLC Applicant (LCRA Application #2017-001)

Issue/Request:

Land Clearance for Redevelopment Authority (LCRA) Application - Cowork - Lee's Summit, LCRA Urban Renewal Redevelopment Project, 210 SW Market Street; SF003, LLC Applicant (LCRA Application #2017-001)

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 requesting the abatement of real property taxes 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 including accessory uses such as a conference space, deli/cafe, coffee shop, fitness center and other similar accessory 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% real property tax abatement for 10 years on the incremental increase in value of the 210 SW Market Street project, as well as a 50% reduction in the establishment of the base property tax liability with regard to the 210 SW Market Street parcel. No abatement request is being sought for the 211 SW Jefferson Street parcel.

Assuming a \$1 million investment in real property, the LCRA evaluated the project through the LCRA incentive

evaluation model (spreadsheet) and developed a recommendation for 100% abatement on the incremental increase in value of the property and 50% abatement on the base real property tax liability, which results in an estimated \$25,512 annual real property tax abatement. The LCRA is recommending this abatement over an 8 year period resulting in a total estimated abatement for the real property of \$204,096 over the 8 year period. If the request for abatement is approved, the estimated real property tax revenue generated annually from the 210 SW Market St. and 211 SW Jefferson St. parcels is estimated to be approximately \$10,500 annually or \$84,000 over the 8 year abatement period. This could be considered new revenue as the property, as mentioned, did not generate property tax revenue under the ownership of the United States Postal Service.

The project would redevelop a vacant/underutilized property within the downtown core and is proposed to incorporate sustainable aspects within the development, attract people to the downtown area and create an environment for job creation.

Proposed City Council Motion:

I move to direct staff to present an ordinance approving LCRA Application 2017-001, Cowork - Lee's Summit Urban Renewal Redevelopment Project, 210 SW Market Street, SF003, LLC, Applicant.

Background:

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

January 5, 2017 - SF003, LLC presented a conceptual economic incentive request to the City Council in accordance with the adopted Economic Development Incentive Policy and received direction from the City Council to proceed with the request through the LCRA process.

January 25, 2017 - the LCRA considered the Cowork - Lee's Summit LCRA redevelopment project application and recommended approval of the project to the City Council with conditions.

Impact/Analysis:

Should the City Council approve the LCRA recommendation of real property tax abatement for the proposed project, the estimated amount of the tax abatement over the 8 year period is approximately \$204,096.

The preferred manner in which to administer the real property tax abatement would be to abate 100% of the real property tax for the 210 SW Market Street property and enter into a development agreement whereby Payment in Lieu of Taxes (PILOTS) are paid to realize the 50% abatement of the base value of the property. The development agreement could also contain conditions regarding minimum investment, use of property and job creation if so directed. The development agreement would be required to be executed between the City and SF003, LLC prior to activating any approved abatement. the ordinance provided later on the agenda is structured such that execution of the development agreement is required prior to any property tax abatement occurring.

Timeline:

The redevelopment project is anticipated to be completed in the fall of 2017.

Presenter:

Ben Rao, SF003, LLC - applicant
Donna Gordon, LCRA Chairman
Mark Dunning, Assistant City Manager

Committee Recommendation: The LCRA voted unanimously 3-0 (two members absent) to recommend a 100% abatement on the incremental increase in value of the property and a 50% reduction in the base real property tax for 210 SW Market Street for an 8 year period with conditions that the minimum level of investment be certified, a benchmark be created to evaluate job creation, and reconsidering the approved incentive should the use of the property change during the 8 year abatement period.