

Legislation Text

File #: 2018-1827, **Version:** 1

Presentation and Reconsideration of Land Clearance for Redevelopment Authority (LCRA) Application - Bridge Space, LCRA Urban Renewal Redevelopment Project, 210 SW Market Street; SF003 LLC Applicant (LCRA Application #2017-001)

Issue/Request:

Presentation and Reconsideration of Land Clearance for Redevelopment Authority (LCRA) Application - Bridge Space, LCRA Urban Renewal Redevelopment Project, 210 SW Market Street; SF003 LLC Applicant (LCRA Application #2017-001)

Key Issues:

On February 9, 2017 the City Council adopted Ordinance No. 8094 which approved a LCRA redevelopment project for Cowork Lee's Summit at 210 SW Market St. The project was approved for 100% real property tax abatement on the incremental increase in property value for an 8 year period. In addition, approval was granted to abate 50% of the base property tax for a period of 8 years as through ownership change, the property transfers from an exempt property to a taxable property.

After review and receiving further legal guidance, it has been determined that abating 50% of the base property tax is not a preferred method of abating real property taxes for a redevelopment project such as this. Having learned of this information, the applicant and LCRA have reconsidered the methodology of the abatement and is recommending 100% abatement on the incremental increase in value of the property for a 10 year period. The estimated net result of this reconsideration is a reduction of \$3,926 in property tax abatement over the 10 year period. Staff has prepared a comparison table between what was approved in 2017 vs what is being recommended through the reconsideration. In addition to these revisions, the name of the project has changed from "Cowork Lee's Summit" to "Bridge Space".

A presentation will be made to the City Council to explain the differences in methodology and approach. An ordinance reconsidering the abatement and including a development agreement have been placed on the same agenda for Council consideration.

Proposed City Council Motion:

No motion necessary - informational presentation to explain the need for reconsideration and the proposed revisions to this LCRA redevelopment application.

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.

February 9, 2017 - the City Council adopted Ordinance # 8094 approving the "Cowork Lee's Summit LCRA Redevelopment Project" subject to execution of a development agreement incorporating performance measures.

January 24, 2018 - LCRA reconsidered the approved abatement and recommends approval of 100% abatement of the incremental increase in property value for a 10 year period. The estimated abatement is \$200, 170 for the 10 year period.

Impact/Analysis:

The net result of the reconsideration from what was previously approved is estimated to be a decrease in property tax abatement of \$3,926.00 over the 10 year abatement period.

Presenter:

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

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 for 210 SW Market Street for a 10 year period with conditions that the minimum level of investment be verified, a benchmark be created to evaluate job creation, and reconsidering the approved incentive should the use of the property change during the abatement period.