

COMMUNITY PROJECT/REZONING

Ordinance Fact Sheet

Case No. 162-S-1

Brief Title

7th & Main PIEA General Development Plan and Finding of Blight.

160942

Ordinance Number

Details

Location: On block bound by Main, Baltimore, 7 th and 8 th Streets.
Reason for Legislation: City Council finding of blight and approval of general development plan is required.

EXISTING CONDITIONS:
 The plan area consists of 2 parcels forming the block bound by Baltimore Ave on the west, 7th St on the north, 8th St on the south and Main St on the east. The property is the site of the building known as the "flashcube" building and a surface parking lot to its north. This building was developed in 1973 as part of Mid-Continent Mart Plan (itself a tax abated plan). It is 10 stories in height and has been vacant for about 10 years during which time it has deteriorated according to the blight analysis. A parking garage that appears to have been abated with a prior plan (Northside 353) once existed north of the building but was demolished in 2007. A surface parking lot was constructed at that time in its place.

PRIOR INCENTIVE PLANS:
Northside "353" Plan. Approved in 1954 by Ordinance 17915 and developed in multiple phases between 1955 and 1961. The plan included the site of existing parking lot and other properties, but not site of building. The plan included 25 years of abatement (10 years at 100% followed by 15 years at 50%) and expired in 1983. It appears that this plan aided construction of the parking garage that once existed on the north parcel which itself subsequently deteriorated and was demolished.

Mid-Continent Mart Plan. Approved in 1966 by Ordinance 32461. This plan called for multiple phases including office, merchandise mart, and hotel, however only the office building (the building on the subject property) was completed. The plan included 25 years of tax abatement (10 years at 100% followed by 15 years at 50%) and expired in 1998. The parking lot on the subject property was not a part of this plan.

SPECIAL TAX DISTRICTS
Downtown Community Improvement District. According to the blight analysis (Page 52), the subject property lies within this improvement district, which was initially established in 2002 for a five year term through 2007. It was renewed for a ten year term in 2008, lasting through 2018. The district allows for assessment of property owners in the district to fund maintenance, security, streetscape improvements, landscaping services and special events above and beyond those currently provided by the City.

Downtown Streetcar Transportation Development District. According to the blight analysis (Page 53), the subject property lies within this transportation development district which allows for assessment of property owners to fund

Positions/Recommendations

Sponsors	Jeffrey Williams, AICP, Director Department of City Planning & Development
Programs, Departments or Groups Affected	4 th District (Shields, Justus)
Applicants / Proponents	<p>Applicant David Macoubrie Planned Industrial Expansion Authority 20 E 5th St, Suite 200 Kansas City, MO 64106</p> <p>City Department City Planning & Development</p> <p>Other</p>
Opponents	<p>Groups or Individuals</p> <hr/> <p>Basis of Opposition</p>
Staff Recommendation	<p><input checked="" type="checkbox"/> For</p> <p><input type="checkbox"/> Against</p> <p>Reason Against</p>
Board or Commission Recommendation	<p>City Plan Commission (7-0) 11-01-2016 By Macy, Archie, Baker-Hughes, May, Martin, Crowl, Burnette</p> <p><input type="checkbox"/> For <input type="checkbox"/> Against <input type="checkbox"/> No Action Taken</p> <p><input checked="" type="checkbox"/> For, with revisions or conditions (see details column for conditions)</p>
Council Committee Actions	<p><input type="checkbox"/> Do Pass</p> <p><input type="checkbox"/> Do Pass (as amended)</p> <p><input type="checkbox"/> Committee Sub.</p> <p><input type="checkbox"/> Without Recommendation</p> <p><input type="checkbox"/> Hold</p> <p><input type="checkbox"/> Do not pass</p>

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the streetcar.

OTHER INCENTIVES

Northland Enhanced Enterprise Zone. According to the blight analysis (Page 52), the subject property lies within this enterprise zone. The purpose of the enterprise zone is to encourage job creation and investment by providing tax credits and tax abatement to new or expanding businesses located in the zone.

Historic Designation. The applicant has submitted a nomination of the office building to be added to the National Register of Historic Places. If accepted, the property will be eligible for historic tax credits.

INCENTIVE REQUEST:

The incentive sought allows for property tax abatement for a period of 25 years following an urban redevelopment corporation taking title to a property within the area found to be blighted. During the first 10 years of this 25 year period such properties are only subject to property tax on the land, exclusive of improvements, during the calendar year preceding the calendar year during which the title is acquired. During the next 15 years, such properties may be assessed up to 50% of their true value. The City may impose Payments in lieu of taxes, or "PILOTS" to be paid on an annual basis to replace all or part of the taxes abated. Redevelopment projects must conform to the corresponding general development plan approved by the City.

BLIGHT ANALYSIS:

The Planned Industrial Expansion Authority (PIEA) is seeking a finding of blight and approval of the 7th and Main PIEA General Development Plan for the area. City Staff does not comment on whether the site is blighted or not, however a blight analysis prepared by Belke Appraisal and Consulting Services determines that the plan area is blighted, citing the following factors, observed in the plan area:

- 1) Defective or Inadequate Street Layout (Blight Analysis, Page 63).
- 2) Insanitary or Unsafe Conditions (Blight Analysis, Page 71).
- 3) Deterioration of Site Improvements (Blight Analysis, Page 92).

The analysis states that these factors have led to the following within the plan area:

- 1) Hindrance to Housing Accommodation (Blight Analysis, Page 146).
- 2) Economic or Social Liability (Blight Analysis, Page 146).
- 3) Menace to Public Health, Safety, Morals, or Welfare (Blight Analysis, Page 149).
- 4) Economic Liability/Underutilization. Due to the age and deterioration of the site and building improvements (both public and private), the stagnating and declining real assessed values, the presence of insanitary and unsafe conditions, and the high vacancy rate, the 63rd Street Corridor Planning Area represents an economic liability or an economic underutilization to itself and the surrounding areas.

Policy or Program Change	<input type="checkbox"/> Yes <input type="checkbox"/> No
Operational Impact Assessment	

Finances

Cost & Revenue Projections – Including Indirect Costs	
Financial Impact	
Funding Source(s) and Appropriation Account Codes	

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GENERAL DEVELOPMENT PLAN:

The plan promotes a \$43 million adaptive reuse of the existing office building into a 208-unit residential building with resident amenities including fitness center, pool, theater, game room, lounge, and potentially, 24,000 square feet of commercial space that may include co-working space, retail or restaurant space. The existing parking lot north of the building contains 137 spaces and will be used for resident parking. The proposed development is exempt from parking requirements, however the standard requirement elsewhere in the City would be 1 space per unit, or 208 parking spaces. The plan promotes the following specific redevelopment strategies:

- 1) Renovation and adaptive reuse of the Executive Plaza office building.
- 2) Elimination of unsafe and insanitary conditions.
- 3) Remediation of all environmental hazards.
- 4) Resolution of all building code violations.
- 5) Resolution of all Americans with Disabilities Act (ADA) violations.
- 6) Clean-up and policing of the planning area.

In exchange for tax abatement, the plan requires rezoning to District UR prior to construction and receiving abatement. The plan contains standard criteria exempting rezoning to District UR under certain circumstances, including if the property is listed on the National Register of Historic Places and uses historic tax credits. Considering that the planning area includes considerable site area (parking lot, landscaped area to the south and plaza adjacent to Main St) and is adjacent to a streetcar stop, staff believes it is important that the City Council have an opportunity to review development plans as part of the UR process and we recommend this language be removed.

The plan proposes residential and commercial uses, both of which are supported by the Greater Downtown Area Plan. Furthermore, the plan also requires the modifications conform to the design guidelines recommended by the Greater Downtown Area Plan. The modifications and uses will be reviewed to confirm compliance at time of rezoning to District UR.

The plan does not reference payments in lieu of taxes or PILOTS. According to the applicant, the financial analysis is in progress and that it is likely PILOTS will be proposed.

While the PIEA has statutory right to exercise eminent domain, the plan notes that the PIEA does not anticipate using it except possibly to clear title. Typically the plans contain language stating that before eminent domain is pursued the PIEA will first receive approval of such from the City Council. The plan does not contain such language.

RECOMMENDATION:

The City Plan Commission, recommended the following:

1. That the area be found to be a Blighted area.
2. Approval of the Plan with the following conditions:
 - a. Omit language stating that rezoning to District UR will not be required if the property becomes listed on the National Register of Historic Places and uses historic tax credits
 - b. Add standard language pertaining to obtaining City Council approval to exercise power of eminent domain.
 - c. Add specific language regarding PILOTS following conclusion of financial analysis.

Fact Sheet Prepared By:

Joseph Rexwinkle, AICP
Staff Planner

Date: November 21, 2016

Reviewed By:

John Eckardt
Acting Division Manager
Development Management

Date: November 21, 2016

Initial Application Filed: September 16, 2016

City Plan Commission: November 1, 2016

Revised Plans Filed: Not yet received

Reference Numbers:

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