

ORDINANCE NO. 170962

Adopting the “Revive the East Side” initiative by establishing policies with respect to incentivizing redevelopment on the East Side of Kansas City, Missouri through the creation of the East Side Investment Zone and programs to be implemented therein, including the Reinvestment in Economic Growth Program and the Affordable Housing Program; further amending certain provisions of Second Committee Substitute for Ordinance No. 160383, As Amended, and Committee Substitute for Ordinance No. 140031, As Amended, to implement such policies with regards to the contribution of certain tax revenues and the role of financial return analyses in analyzing such projects; authorizing the extension of longer and deeper real property tax abatement pursuant to the Enhanced Enterprise Zone program with respect to certain defined corridors within the East Side Investment Zone for the purpose of fostering job creation; directing the City Manager to take certain actions with respect to engaging the EDC for the purposes of formulating and proposing a development plan under the Urban Redevelopment Corporations Law for the purpose of remediating any blight determined to exist through the revitalization of housing in certain defined corridors within the East Side Investment Zone; directing the City Manager to identify a source of funding for a \$10,000,000 home improvement fund and report back to the City Council; directing the City Manager to cause a nonprofit community development corporation to be established; directing the City Manager to develop a plan for combating gentrification within a defined area and report back to the City Council; directing the City Manager to streamline the application process for projects in the East Side Investment Zone and to cause the City Planning Department to implement concierge services with respect to projects in the East Side Investment Zone; directing the City Clerk to deliver a copy of this ordinance to the State Director of Economic Development; and providing for a ten-year sunset on the provisions of this ordinance. \*\*\*CHAIRMAN TAYLOR PLANS TO HOLD THIS ORDINANCE UNTIL MARCH 7, 2018 FOR COMMUNITY DISCUSSION.\*\*\*

WHEREAS, the City Council has, since the inception of AdvanceKC, consistently strived to adopt and implement cohesive economic development policies for the benefit of the entire community, and has evidenced its commitment to the same through the adoption of multiple ordinances; and

WHEREAS, development on the East Side of the City has been steadily increasing, but continues to suffer from years of disinvestment; and

WHEREAS, it is the sense of the City Council that the City as a whole will not fully realize its economic potential until all areas of the City begin to realize the benefits that economic development brings, particularly to the communities most directly impacted; and

WHEREAS, the ten “Categories of Competitiveness” in the AdvanceKC Strategic Plan adopted by the City Council are interrelated and, at their core, are indicative of a

ORDINANCE NO. 170962

City that is committed to investing in its workforce, residents and business communities;  
and

WHEREAS, the City Council believes that it is a proper function of municipal government to create a climate where a business is incentivized to hire disadvantaged persons, which in turn improves the economic mobility of the City's residents and decreases the public expenses associated with continued unemployment; and

WHEREAS, the City Council further believes that it is a proper function of municipal government to foster business growth and to create opportunities to attract, retain and expand businesses to and within the City; and

WHEREAS, the City Council recognizes that a vibrant economy is dependent, in large part, on the ability of its workforce to secure safe housing, and do so at prices that are affordable so that they are not driven to leave the City, but are able to remain and continue to contribute to the City's economic growth; and

WHEREAS, the City Council further recognizes that the maintenance of the City's existing housing stock is critical, not only because of the need for safe housing, but because properties which are allowed to fall into or remain in a state of disrepair drive down property values, increase crime, and ultimately decrease the economic prosperity of entire neighborhoods; and

WHEREAS, the City Council has determined that the programs and policies enacted by this ordinance serve a predominantly public municipal purpose because, without limitation, they will (i) eliminate blight which may be conducive to crime, fire hazards, vandalism and other safety concerns; (ii) enhance the tax base; (iii) generates jobs; (iv) promote economic development in areas of the City that otherwise might not have been considered; (v) foster generation of tax revenues to the City from the conduct of business and other activities in the City that would not otherwise occur; (vi) serve as a catalyst for additional investment in and further redevelopment and rehabilitation of the East Side; (vii) further the City's policy of encouraging economic stability and growth; and (viii) provide safe and affordable housing; and

WHEREAS, the City Council desires to encourage developers, employers, employees and residents to help the City realize these predominantly public purposes;  
and

WHEREAS, Section 135.963, RSMo, authorizes, upon governing body approval, up to twenty-five years of tax abatement for improvements made to real property within an Enhanced Enterprise Zone after the date of enterprise zone designation by the Missouri Department of Economic Development; and

WHEREAS, on August 25, 2005, by Resolution Nos. 051066, 051067 and 051068, the City Council designated pursuant to Section 135.960, RSMo, enhanced enterprise zone program areas known as Enhanced Enterprise Zone 1, Enhanced

ORDINANCE NO. 170962

Enterprise Zone 2 and Enhanced Enterprise Zone 3 (collectively, the “Enhanced Enterprise Zones”); and directed that improvements to real property within the Enhanced Enterprise Zones shall be exempt from assessment and payment of at least 50% of the ad valorem taxes on such improvements for a period of ten years, and shall be eligible for abatement of ad valorem taxes for rates and periods exceeding the 50% for 10 year abatement by passage of an ordinance or resolution by the City Council authorizing the abatement and establishing the terms of such abatement; and

WHEREAS, on November 22, 2005, by Ordinance Nos. 051411, 051412 and 051413, the City Council identified the types of business by NAICS sector names which would qualify for state and local incentives within the Enhanced Enterprise Zones; and

WHEREAS, eligible enhanced business enterprises located within defined corridors of the Enhanced Enterprise Zones, periodically request and merit longer and deeper abatement in a manner that complies with the requirements of Section 135.963, RSMo, and the City’s ordinances and resolutions governing the Enhanced Enterprise Zones; and

WHEREAS, pursuant to Section 135.963.3, RSMo, the requisite public notices with respect to such targeted corridors were timely and properly mailed and published, and the requisite public hearing was timely and properly held; and

WHEREAS, the City Council deems it advisable that the provisions of this ordinance sunset in a ten-year period so that the City Council can gauge the effectiveness of these policies in incentivizing economic development within the East Side, and determine whether the same should be extended or revised in any fashion; NOW, THEREFORE,

BE IT ORDAINED BY THE COUNCIL OF KANSAS CITY:

Section 1. That this ordinance and the programs enacted herein shall be referred to as the “Revive the East Side” initiative.

Section 2. That there is hereby established an area to be denominated the “East Side Investment Zone” which shall be defined as including the area encompassed within the following geographical boundaries and which shall further include, with respect to its exterior boundaries, those parcels immediately adjacent to and abutting each side of the public right-of-way:

An area generally enclosed by 4th Street on the north, 95th Street on the south; Troost Avenue on the west; and the City’s corporate boundaries on the east; and those areas included within the Ruskin neighborhoods of south Kansas City.

Section 3. That, except as otherwise provided for herein, any proposed economic development projected located within the boundaries of the East Side Investment Zone

ORDINANCE NO. 170962

and receiving a total job-based score categorized as “Standard Impact” or “High Impact” under the Job Based Project Evaluation as adopted by Committee Substitute for Ordinance No. 160683, as the same may be amended, shall not be subjected to a financial return analysis pursuant to Section 2, Paragraph B, of Second Committee Substitute for Ordinance No. 160383, As Amended, nor shall the EDC require such an analysis as a condition of any AdvanceKC related process or procedure. Notwithstanding the foregoing, the EDC may elect to require and prepare an in-house financial return analyses for any proposed economic development project if the EDC has cause to believe that one or more of the incentives authorized by this ordinance should not be extended, or that the extension of the same might cause the proposed development project to be incentivized in excess of an appropriate market benchmark.

Section 4. That the “Reinvestment in Economic Growth Program” (the “Reinvestment Program”) is hereby established for the purposes of allowing certain public funds generated within the East Side Investment Zone to be reinvested therein for the primary public purpose of incentivizing economic development.

- A. For purposes of the Reinvestment Program only, the following definitions shall be applicable:

**Allocable Earnings Tax** shall mean, with respect to a given fiscal year (May 1 through April 30), an amount equal to not less than fifty percent (50%) nor more than one hundred percent (100%) of the incremental increase in the Earnings Tax over the fiscal year having expired immediately prior to the effective date of the applicable Reinvestment in Economic Growth Agreement which is due for work done or services performed or rendered for an Employer within the East Side Investment Zone by those employees whose wages, or portions thereof, the Employer has been approved by the Missouri Department of Economic Development to claim as a federal tax credit under the federal Work Opportunity Tax Credit (“WOTC”) program, or who were hired through the services of the Full Employment Council, Inc., in its capacity as the strategic workforce organization/fiscal agent for the Kansas City & Vicinity (“KCV”) and Eastern Jackson County (“EJC”) Local Workforce Development Boards, or who graduated from Metropolitan Community College (“MCC”) with an associate’s degree or technical certificate.

**Allocable Electrical Utility License Fees** shall mean, with respect to a given fiscal year (May 1 through April 30), an amount equal to not less than fifty percent (50%) nor more than one hundred percent (100%) of the incremental increase in the Electrical Utility License Fees over that which was recouped by the electrical utility provider from an Energy-Intensive Business in the form of a franchise or city license fee with respect to a facility located within the East Side Investment Zone during the fiscal year having expired immediately prior to the effective date of the applicable Reinvestment in Economic Growth Agreement.

ORDINANCE NO. 170962

**Earnings Tax** shall mean the City's tax on earnings levied pursuant to Section 68-382 of the Kansas City, Missouri Code of Ordinances, as the same may be amended, or any successor thereto.

**East Side Investment Zone** shall include that area as defined in Section 2 of this ordinance.

**Electrical Utility License Fees** shall mean the City's license fees and emergency license taxes on the gross receipts of electrical utility providers levied pursuant to Sections 40-344 and 40-345 of the Kansas City, Missouri Code of Ordinances, as the same may be amended, or any successors thereto.

**Employer** shall an individual, corporation (including a corporation not for profit), partnership, governmental administration agency, arm, authority, board, body, branch, bureau, department, division, subdivision, section or unit, or any other entity, who or that employs one or more persons on a salary, wage, commission or other compensation basis within the East Side Investment Zone.

**Energy-Intensive Business** means a business within the East Side Investment Zone that uses significant quantities of electrical energy in the performance of its primary economic activities, which shall include information technology, including data centers containing electrical equipment used in processing, storing, and transmitting digital information; and the bulk manufacturing of aluminum, chemicals, forest and paper products, metal casting, glass, petroleum refining, mining and steel.

**Reinvestment in Economic Growth Agreement** shall mean a written agreement between the City and an Employer or Energy-Intensive Business with respect to the reinvestment of certain Allocable Earnings Tax and Allocable Electrical Utility License Fees, individually or collectively, for the purpose of promoting economic development within the East Side Investment Zone.

- B. For purposes of the Reinvestment Program only, the following provisions shall be applicable:
1. Except as otherwise provided for herein, an Energy-Intensive Business or Employer proposing to expand its operations within the East Side Investment Zone and engaged with the EDC for the purposes of identifying those incentives which might be available shall be eligible for consideration as a participant under this Reinvestment Program as the same is applicable to their respective

ORDINANCE NO. 170962

operations. The EDC shall make its written recommendation to the City Manager with respect to such participants and the portion of the Allocable Electrical Utility License Fees and/or Allocable Earnings Tax that it recommends be committed, and the City Manager shall thereafter be authorized to execute such Reinvestment in Economic Growth Agreement as he shall determine to be in the City's best interest.

2. Notwithstanding the provisions of paragraph B.1, the following exceptions shall be applicable:
  - i. No Employer or Energy-Intensive Business electing to compensate any employee at a rate less than Fifteen dollars (\$15.00) per hour, exclusive of benefits, shall be eligible to receive any incentive under this Reinvestment Program.
  - ii. No Employer or Energy-Intensive Business shall be eligible to receive any incentive under this Reinvestment Program if they are otherwise deemed ineligible for incentives under the provisions of Committee Substitute for Ordinance No. 140031, As Amended, as the same may be further amended, or any successor thereto.
  - iii. No business located within the geographical boundaries of Kansas City, Missouri as of the effective date of this ordinance and subsequently relocating to the East Side Investment Zone shall be eligible to receive any incentive under this Reinvestment Program unless the City Manager shall have designated the Employer or Energy-Intensive Business as being the subject of an effort to retain the same.

Section 5. That the "Affordable Housing Program" (the "Housing Program") program is hereby established for the purposes of incentivizing the availability of affordable housing within the East Side Investment Zone.

- A. For purposes of the Housing Program only, the following definition shall be applicable:

**Affordable** shall mean that which a household having a median family income of eighty percent (80%) of the rounded estimate for the Kansas City, MO-KS HUD Metro FMR Area, as annually updated, would be able to rent if applying a thirty percent (30%) front-end ratio.

- B. For purposes of the Housing Program only, the following provisions shall be applicable:

ORDINANCE NO. 170962

1. The City Council shall not approve any redevelopment plan or amendment thereto recommended by the Tax Increment Financing Commission of Kansas City, Missouri (“TIF Commission”); plan, or substantial modification thereto, recommended by the Planned Industrial Expansion Authority of Kansas City, Missouri (“PIEA”); redevelopment plan, urban renewal plan, or substantial modification thereto, recommended by the Land Clearance for Redevelopment Authority of Kansas City, Missouri (“LCRA”); development plan, or substantial modification thereto, recommended by the Kansas City Chapter 353 Advisory Board; or any leaseback structure pursuant to the provisions of Section 100.010 through 100.200, RSMo (the entirety of such documents being collectively referred to herein as a “plan”), that contemplates any project providing for the construction or rehabilitation of one-hundred (100) or more dwelling units comprised of single or multi-family housing, or any combination thereof, within the East Side Investment Zone, unless the relevant plan shall provide that not less than fifteen percent (15%) of the entirety of such housing stock shall be Affordable.

Section 6. That pursuant to Section 135.963, RSMo, the City Council hereby approves the extension of real property tax abatements to eligible enhanced business enterprises on real property not otherwise categorized by the applicable County Assessor as residential real property for ad valorem taxation purposes, and located within the following geographical corridors of the Enhanced Enterprise Zones, which geographical corridors shall be defined as including the area encompassed within the following geographical areas:

Troost Avenue (both sides) between 4th Street and 95th Street;  
Prospect Avenue (both sides) between Lexington Avenue and Blue River Road;  
Independence Boulevard between Paseo and Benton Boulevard;  
18th & Vine in the area bounded by Paseo, Woodland Avenue, 17th Terrace and 20th Street;  
Southwest Boulevard between Broadway Boulevard and Stateline Road; and  
Those commercial corridors in the Ruskin neighborhoods of south Kansas City area as bounded by 470 Highway to the north, 49 Highway to the west, Blue Ridge Boulevard connecting to Longview Road to the south and Raytown Road to the east.

Section 7. That any tax abatement extended by the board of the applicable Enhanced Enterprise Zone pursuant to the grant of Section 6 of this ordinance shall be 100% of the value of any eligible improvements pursuant to the provisions of Section 135.963.5, RSMo, as amended. Further, the approval for longer and deeper abatement granted herein shall apply to the qualified level of ad valorem taxes, imposed by all political subdivisions with the power to tax, on improvements made on the Property after August 19, 2005, subject to continued compliance with Section 135.963, RSMo, and the

ORDINANCE NO. 170962

City's ordinances and resolutions governing Enhanced Enterprise Zones. The affected political subdivisions are:

[INSERT LIST OF ALL IMPACT TAXING JURISDICTIONS (DEPENDENT ON THE FINAL LOCATIONS OF THE GEOGRAPHICAL CORRIDORS)]

Notwithstanding the foregoing, this section shall not be construed to authorize terms of abatement in excess of those terms available to speculative industrial or warehouse buildings as provided in Section 135.963.4, RSMo and Committee Substitute for Resolution No. 140861, as the same may be amended, unless the speculative industrial or warehouse building remains at least twenty percent (20%) occupied by an enhanced business enterprise for any extend term of abatement.

Section 8. That the City Manager shall identify funding sufficient to fund a blight study with respect to the following geographical corridors, which geographical corridors shall be defined as including the area encompassed within the following geographical boundaries and which shall further include, with respect to their exterior boundaries, those parcels immediately adjacent to and abutting each side of the public right-of-way:

Troost Avenue (both sides) between 4th Street and 95th Street;  
Prospect Avenue (both sides) between Lexington Avenue and Blue River Road;  
Independence Boulevard between Paseo and Benton Boulevard;  
18th & Vine in the area bounded by Paseo, Woodland Avenue, 17th Terrace and 20th Street;  
Southwest Boulevard between Broadway Boulevard and Stateline Road; and  
Those commercial corridors in the Ruskin neighborhoods of south Kansas City area as bounded by 470 Highway to the north, 49 Highway to the west, Blue Ridge Boulevard connecting to Longview Road to the south and Raytown Road to the east.

for the purpose of assisting in a determination as to whether the collective area might be deemed a blighted area under the provisions of the Urban Redevelopment Corporations Law ("Chapter 353") and to engage the EDC for the purposes of utilizing an existing urban redevelopment corporation, or establishing a new urban redevelopment corporation if the same be deemed advisable, for the purpose of formulating and proposing a development plan that would provide such property tax abatements as are determined to be advisable pursuant to Chapter 353 and Second Committee Substitute for Ordinance No. 160383, As Amended, as the same may be further amended, or any successors thereto, with the primary objective being the remediation of blight through the revitalization of housing in the collective area.

Section 9. That the City Manager shall identify funding in the amount of \$10,000,000.00, in addition to those existing city-wide and targeted home improvement funds received and administered by the City in cooperation with the U.S. Department of Housing and Urban Development, for the purpose of improving residential properties within the East Side Investment Zone. The City Manager shall report back to the City

ORDINANCE NO. 170962

Council within 120 days of the adoption of this ordinance, and shall recommend any eligibility criteria which he deems advisable.

Section 10. That the City Manager shall act to cause the incorporation of a nonprofit community development corporation for the purposes of coordinating efforts among those neighborhood organizations within the East Side Investment Zone as may elect to participate with respect to coordinating neighborhood improvement and revitalization efforts. The City Manager shall identify funds sufficient to fund such corporation and shall engage the EDC for the purposes of providing staffing assistance to such corporation, if feasible.

Section 11. That the City Manager shall develop a plan for combating gentrification within the East Side Investment Zone and shall engage Jackson County and such other taxing jurisdictions as may be appropriate for the purposes of formulating a mechanism for freezing real property tax liabilities for long time homeowners, senior citizens and homes that have been held within the same family for multiple generations and that are located adjacent to any development which might be causing the assessed valuations of such real property to grow at a rate which exceeds the average growth for residential property within the East Side Investment Zone. The City Manager shall report back to the City Council within 150 days of the adoption of this ordinance with respect to any options that have been identified.

Section 12. That the City Manager shall engage the EDC and relevant City departments for the purpose of streamlining the application process for projects in the East Side Investment Zone.

Section 13. That the City Manager shall cause the City's Planning Department to implement concierge services to assist individuals and small businesses in establishing new projects in the East Side Investment Zone.

Section 14. That Committee Substitute for Ordinance No. 140031, As Amended, is hereby further amended by deleting Section C, Fiscal Responsibility Policies, Paragraph No. 9, of Exhibit A as attached thereto, and inserting in lieu thereof the following:

9. Direct earnings tax incentives are prohibited except as otherwise authorized pursuant to ordinance adopted by the City Council.

Section 15. That Second Committee Substitute for Ordinance No. 160383, As Amended, is hereby further amended by deleting Section 2 and inserting in lieu thereof the following:

Section 2. That the EDC shall make recommendations on economic development projects to the City Council for the capture and redirection, or abatement or exemption of real property taxes on the basis

ORDINANCE NO. 170962

of the following, except as otherwise authorized pursuant to ordinance adopted by the City Council:

- A. The EDC shall have evaluated the project using the AdvanceKC Scorecard for the purposes of determining the extent to which the project aligns with the City Council's priorities as set forth therein.
- B. The EDC shall have prepared, or caused a third party to prepare, a financial return analysis for the purposes of comparing the leveraged and unleveraged internal rate of return to determine whether and to what extent the project warrants public assistance consistent with incentivizing the project to an appropriate market benchmark. That analysis shall specifically include a review of the project's economic viability were the real property tax incentives limited to that which is provided herein.

Section 16. That nothing herein shall be construed as limiting or otherwise waiving any requirements imposed under any applicable provision of federal or state law, as the same may be amended from time to time.

Section 17. That the City Clerk is hereby directed to deliver a copy of this ordinance to the State Director of Economic Development within thirty days following passage of this ordinance.

Section 18. That the provisions of this ordinance shall expire ten (10) years from the date the ordinance shall have become effective, and no agreement executed or abatement tax credit issued pursuant to any provision of this ordinance shall continue in effect beyond such date notwithstanding anything therein to the contrary.

---

Approved as to form and legality:

---

Brian T. Rabineau  
Assistant City Attorney