LAND CLEARANCE FOR REDEVELOPMENT AUTHORITY

Tuesday, September 2, 2014
3:30 p.m.
2nd Floor West Conference Room, Busch Municipal Building

MEMBERS PRESENT: Matthew Aug, Keith Chaffin, Steve Jackson, Frank Romines and Ron Tappan

MEMBERS ABSENT:

STAFF: Bill Weaver, Matt Schaefer, Judy White, Planning and Development Staff and Sarah Kerner, City Attorney

OTHERS PRESENT: Shawn Whitney

- **Call to Order**

Chairman, Frank Romines called the meeting to order at approximately 3:30 p.m. and roll was taken.

- **Approval of Minutes**

Ron Tappan made a motion to approve the minutes of May 6, 2014 meeting. Matthew Aug seconded the motion. Motion was approved.

- **Request for Chapter 99 Property Tax Abatement – Miller Commerce, LLC, 626 & 634 East Bear Boulevard – Resolution No. 2014-3190.**

Matt Schaefer, Staff explained that the redevelopment plan was recommended for approval and approved by City Council previously and this is the actual application for tax abatement for the project within the redevelopment area. The scope of the project mirrors the redevelopment plan and Staff has reviewed and recommends approval of the plan.

Shawn Whitney represents Miller Commerce who is the principle on the project. This is located in the South Central A Redevelopment Area so a blight destination was not required but a redevelopment plan was submitted which was approved by City Council. The application that has been submitted complies with the redevelopment plan. This will be twenty-nine units, called "The Q"ube which was originally called "The Q" with 116 beds in 1, 2 and 4 bedrooms.

Frank Romines inquired about the time frame.

Shawn Whitney responded that the goal is to be completed by the 2015 leasing season.

Frank Romines asked about how many parking spaces were designated for 116 units.

Shawn Whitney responded that he did not know.

Ron Tappan and Steve Jackson responded that there were to be 54 parking spaces per the submitted documentation.

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Matt Schaefer responded that satisfies the 1.5 parking spaces per unit requirement. Parking requirement is based on the number of units not students.

Frank Romines asked if there were any further questions or discussion.

Frank Romines asked to vote to approve the Resolution for property tax abatement.

Matt Aug made a motion to approve Resolution 2014-3190. Ron Tappan seconded the motion. Motion was approved (5 to 0).

- **Request for Chapter 99 Property Tax Abatement – Bear Village II, LLC, 831 South Kimbrough Avenue – Resolution No. 2014-3191.**

Matt Schaefer, Staff explained that this is Phase II of Bear Village located in the Madison and Kimbrough Redevelopment Area B which is south of Madison Street. The building has 29 units and includes the parking lot and the adjoining outdoor pool. The applicant has submitted an application that complies with the redevelopment plan as approved. Staff has reviewed and recommends approval.

Shawn Whitney represents Bryan Properties, Bryan Majors with Phase II of a three phase project known as Bear Village, Phase I was completed 1 ½ years ago. Both blight and redevelopment plan were approved by ordinance. This project will have 33 – 1, 2, 3 and 4 bedroom units for a total of 83 residences, will have on-site parking total 77 with 58 required.

Frank Romines inquired as the on-going construction.

Shawn Whitney responded that it is near completion but they still have the final masonry work, final landscaping, electrical and installation of cabinetry/doors. Final site clean-up is also on-going.

Frank Romines asked how many interiors of the units were still being worked on as it appears quite a few residents are moved in.

Shawn Whitney responded that they are working around the units that have been moved into.

Frank Romines inquired if it was fully leased.

Shawn Whitney responded that he did not know.

Ron Tappan responded that yes, two weeks ago all but ten units were leased.

Keith Chaffin asked if this was brought to the Board before as isn't it typical to see these projects before construction is this far along.

Shawn Whitney responded that the entire project was approved in front of P&Z and City Council and with LCRA starting the process. This is the final stage coming back for a final approval.

Bill Weaver stated that this was the application for the actual tax abatement.

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Frank Romines stated that he is in agreement with Keith Chaffin that LCRA normally sees the application for the project before it is completed. Frank mentioned that this process has been discussed previously among the Board.

Bill Weaver stated that there is legal opinion that has established as policy that as long as the project is continuously engaged in doing the completion work with punch list that they would be considered eligible. Frank Romines stated that there is mention that there's not a Certificate of Occupancy granted yet. How is it that students are living there if that is the case?

Shawn Whitney stated that there is a temporary Certificate of Occupancy not a permanent.

Matt Schaefer stated that at the time the application was submitted that not all the units were approved for occupancy. There were a handful of units still needing to be finished out.

Frank Romines asked for the date of application.

Matt Schaeffer stated that the application was submitted on August 12, 2014 and work was still on-going to the interior.

Bill Weaver stated that when an application is received staff verifies if the final Certificate of Occupancy has been issued.

Frank Romines asked if there were any further questions or discussion.

Frank Romines asked to vote to approve the Resolution for property tax abatement.

Ron Tappan made a motion to approve Resolution 2014-3191. Keith Chaffin seconded the motion. Motion was approved (4 to 1 with Frank Romines absenting).

- **Request for Blight Report and Redevelopment Plan for the East Cherry Flats Redevelopment Area - Resolution No. 2014-3192.**

Matt Schaefer, Staff explained this area is mid-block on the north side of Cherry Street between National Avenue and Kickapoo Avenue. This is close to the Missouri State University campus and the area is currently zoned RHD, high density multi-family residential. The blight study outlines the current condition of the property, three single family residential structures that were built between 1909 and 1931 and a commercial structure that was a former beauty shop. The applicant has submitted building inspection reports that show the condition of the buildings. Looking at the area as a whole and with the deteriorated condition of the structures it shows that it would be economically difficult to bring the property into the condition that they could be leased. There was a property directly east that was demolished due to deteriorated condition several years ago. Staff has reviewed and recommends the area to be declared blighted. In the Redevelopment Plan the plan is to demolish all the structures and construct a four storey, twenty-four unit apartment building. Twenty-four – four (4) bedroom units that would have 96 residences. Project conforms to the City's Comprehensive Plan, located within the Rountree Urban Conversation District and the proposed use multi-family residential does conform with the UCD and is located within a section of the Rountree UCD that currently has multi-family residential and when the UCD was adopted the plan for the neighborhood and at that time the areas was recognized the area has a substantial number of multi-family residential structures and college students living in the area and deemed that multi-family would be appropriate use provided that it is sensitivity to the neighborhood. There are provisions that in the UCD

document imposes requirements on the project prior to issuance of permits. Staff recommends approval of the Redevelopment Plan.

Shawn Whitney represents RJK Properties has owned the properties since 2004 gave an overview of the conditions of the structures that they meet the requirements of blight and there is obsolete platting and under utilization. These parcels can go from 7 to 96 residences and the parcels are long and narrow with one having two separate buildings within the boundaries of one property. Multiple blight conditions exist in all structures, i.e., foundation issues; roofing issues; electrical wiring; and water damage.

Steve Jackson expressed concern that this is spot blighting. Previously Lone Pine was approved with the City having the developer propose a large redevelopment area that they were part of. Now we are focusing on one piece of land that we know was never utilized at its highest and best use and it would accommodate several units.

Keith Chaffin express that we worry about this becoming a common practice.

Steve Jackson commended that the surrounding area was not included in the blight so is it proper to take a specific location and say that it's blight but the area around it is not. What makes this area blighted?

Shawn Whitney stated that to do Galloway was an extremely difficult project taking years and very expensive. If the goal is to encourage redevelopment and we state that if a developer did not purchase property in a redevelopment area that was established years ago then we are not going to proceed with the development.

Steve Jackson expressed that when the properties were purchased in 2004 the developer's cost basis in the land and the difference in what land prices have done in the last ten years and we get to the "but for" without the tax abatement this will not proceed feasibility, he disagrees. He could build the units and they will lease and work feasibility without the abatement.

Shawn Whitney stated that we do not have a "but for" test on this project. We are here to determine blight for this property with the obsolete platting and under utilization of the properties and we have met the definition of blight for this project.

Frank Romines stated that the under utilization issue is the strongest of the factors but does not equally apply, it is one of the five factors.

Shawn Whitney gave an overview that the above factors added up to predominance of blight for the project.

Frank Romines inquired about tenants in three of the buildings as they are occupied at this time. What are the lease terms and rental rates?

Shawn Whitney responded that all the tenants have been given relocation arrangements. Estimated that there are seven (7) units that could be occupied and only 3-4 are occupied. Of the 3-4, all have received notices, 2 of them are moving to another property owned by Mr. Mack under the same conditions. The other (s) were on month to month leases and they are moving elsewhere.

Matt Aug asked Staff about the process of this blight request versus Galloway.

Matt Schaefer responded that Staff suggested that Galloway Redevelopment Area encompass a broader area than just the proposed site due to it being outside of Center City. It is an area that benefits the entire corridor to see a larger area of redevelopment rather than a smaller project. Galloway also deviates from the City's adopted policy in regards to using Chapter 99, the City's Policy Manual states that a preference would be given or the City strongly recommend that these redevelopment areas be located in the urban core where blighting conditions are more prevent lent.

Discussion occurred between the Board and Staff regarding the areas designated as blight in the Center and outside. An area could be designated blight if it meets the definition of blight and a redevelopment plan that conforms with the City's Comprehensive Plan and the project conforms with the City's adopted policies regarding the use of Chapter 99 than an expectation of blight and tax abatement is reasonable.

Keith Chaffin questioned if all five (5) conditions need to be met.

Shawn Whitney responded that the LCRA law defines blighted area as an area as an area which by reason it ends up that the predominance of defected or inadequate street layout, insanitary or unsafe conditions, deterioration of site improvements, improper subdivision or obsolete platting or the existence of conditions which endanger life or property by fire and other causes, or any combination of such factors or hinders the provision of housing accommodations, constitutes an economic or social liability, or constitutes a menace to the public health, safety, morals, or welfare in its present condition and use. Missouri courts have determined that a finding of blight is proper where, when considering an area in its present condition and use, the first five factors listed in the first half of this section whether individually or in combination, produce one of the circumstances named in the second half of this section.

Frank Romines inquired to repairs during the last ten (10) years. The report made mention substantial repairs but not identified.

Shawn Whitney responded that he did not know and did not want to guess. Shawn will provide the Board with the list of repairs for the last ten (10) years.

Matt Schaefer responded that he did check the properties and it looks like the properties were painted and area cleaned up. A structure at 1249 East Cherry was demolished sometime between 2007 -2012. The Beauty Shop has remained an operating commercial location.

Frank Romines stated that half of the properties appear to be vacant or unapproved, is that correct assumption? Are there any known environmental conditions affecting the vacant land?

Shawn Whitney confirmed that assumption. No, there are no environmental conditions on the vacant land and a Phase I has not been done.

Matt Aug asked Staff if this project met all five factors or which factors were met as Staff recommended to proceed.

Matt Schaefer responded that it did not meet the requirement for inadequate street layout as it is not implicable in this case. Deterioration of site improvements were considered as a whole you since you could not economically feasibly rehab the structures to get a positive return on investment, obsolete platting, the area is zoned for RHD but when considering the properties on

their own they are well under 15,000 s.f. in area and that is the minimum lot size to develop multi-family residential on these properties. In this case the lots are being combined and will exceed the 15,000 s.f. requirement in order for the project to be completed. Other issues that could cause endangerment to life and property, i.e., outdated wiring. The residential structures at 1235, 1239 and 1243 are under insulated and in order to insulate the buildings the exterior walls would have to be re-wired due to knob and tube currently being used. When all the factors are considered together there is retarding the provision of housing accommodations and it is a social and economic liability for the city as the properties are not generating tax revenue as they should.

Frank Romines express concern for the rehab for best use of the properties as all of them are currently occupied and rented.

Steve Jackson stated that he considered them an interim use with agreement from Frank Romines and Staff.

Frank Romines asked if there were any further questions or discussion.

Frank Romines asked to vote to approve the Blight Report and Redevelopment Plan for East Cherry Flats.

Ron Tappan made a motion to approve. Steve Jackson seconded the motion. Motion was approved (4 to 1 (Frank Romines).

Frank Romines asked for a motion to recommend approval to Council.

Keith Chaffin made a motion for recommendation to Council. Ron Tappan seconded the motion. Motion was approved (4 to 1 (Frank Romines).

Other Business

General Discussion occurred regarding the statues on the definition of blight and what percentage of predominance meets the requirement of blight.

Staff to begin the process of scheduling training sessions.

Staff to provide the Board with any legal opinions regarding blight for their review.

With no further business to come before the LCRA, the meeting was adjourned at approximately 4:50 p.m.

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