

COMMITTEE SUBSTITUTE FOR ORDINANCE NO. 220701

Establishing processes for awarding standard incentive packages to residential, office, and industrial developments that meet certain criteria, and directing the City Manager to take certain acts to implement the standard incentive packages.

WHEREAS, the City Council, by Committee Substitute for Ordinance No. 140031, As Amended, adopted the City's Economic Development and Incentives Policy and directed the City Manager to develop the scoring system set forth therein; and

WHEREAS, the City Council, by Ordinance No. 140375, adopted a certain scoring system for purposes of implementing the City's Economic Development and Incentives Policy, and the City Council has, from time to time, adopted revisions to this scoring system; and

WHEREAS, the City Council wishes to prioritize incentives to achieve the City's development goals, and provide staff, outside agencies, and potential developers a clear understanding of those goals; and

WHEREAS, the Council desires to provide a streamlined pathway to accessing some incentives, so they can be granted consistently and in a more expedited fashion to qualifying developments that deliver community benefit aligned with the City's articulated goals; and WHEREAS, the Council desires to utilize available statutory incentives by going through the required processes for the creation of necessary entities, plans, and contracts in targeted area, in order to simplify the subsequent incentive application process for qualifying projects; and

WHEREAS, the creation of a standard incentive framework will provide standardization and efficiency, while still complying with statutory notification and hearing requirements; and

WHEREAS, the creation of a standard incentive framework will require an analysis to identify where new or amended urban redevelopment corporations, development plans, or urban renewal plans are necessary to effectuate the program outlined in this ordinance; and

WHEREAS, the standard incentives packages will only apply to certain qualifying projects, and existing caps and approval processes will remain in place for developments that do not qualify or that seek different levels of incentives than outlined in this ordinance; and

WHEREAS, the Council desires that City staff undertake the following steps in order to create a program that implements standard incentive packages to be available only to developments that meet certain criteria; NOW, THEREFORE,

BE IT ORDAINED BY THE COUNCIL OF KANSAS CITY:

Section 1. The Council establishes processes for awarding standard incentives to residential, office, and industrial developments in order to achieve the following goals by December 31, 2027:

- (a) 10,000 units of affordable housing in target areas, as part of new multifamily development.
- (b) 60,000 additional target sector employees in target areas or increased speculative Class A office space to 15% market share.
- (c) 1,750,000 square feet of new speculative Class A industrial space or 8% industrial vacancy rate for four consecutive quarters.

Section 2. That the standard incentive packages available to qualifying developments and the criteria required for developments to qualify for these incentive packages are enumerated in Attachment A.

Section 3. That the City Manager is directed to establish the standard incentive packages described in Attachment A and is authorized to negotiate and execute agreements with the Economic Development Corporation of Kansas City (“EDC”), Land Clearance for Redevelopment Authority, Port KC, and Kansas City Area Transportation Authority, (collectively the “incentive agencies”) as necessary to provide the standard incentive packages outlined in Exhibit A in a manner that is substantially consistent with the eligibility criteria in Exhibit A. To the extent necessary to effectuate the standard incentive packages described in Attachment A, the City Manager is further directed to initiate the creation of urban redevelopment corporations, development plans, or urban renewal plans, and amendments thereto, along with any necessary revisions to Resolution 191024.

Section 4. All agreements with incentive agencies authorized under Section 3 shall include:

- (a) A requirement that seven days before any incentive is granted pursuant to said agreements, a copy of the standard incentive package contract in substantial form shall be circulated to the City Manager and the EDC.
- (b) A requirement that for all standard incentive package contracts that require a community benefit agreement, the community benefit agreement will be reviewed through a process that includes community engagement and communication efforts to confirm the consensus within the neighborhood and labor union participation.
- (c) A requirement that all required community benefit agreements shall include at least three of the following elements:
  - (1) A contribution to the Housing Trust Fund equivalent to or exceeding 1% of the total local incentive amount
  - (2) A contribution workforce support programs or provision of workforce support services (e.g., childcare, healthcare, down payment assistance) equivalent to or exceeding 1% of the local incentive amount

- (3) Contribution to the Brownfields Remediation Loan Fund or environmental remediation activities equivalent to or exceeding 1% of local incentive amount
  - (4) Commitment to hire Kansas City residents for new jobs created
  - (5) Exceeding M/WBE hiring criteria to be set by CREO
  - (6) Commitment to use local suppliers and/or service in the construction and/or operation of the facility
  - (7) Historic preservation activities, equivalent to or exceeding 1% of the local incentive amount
- (d) A requirement that standard incentive package contracts that require a community benefit agreement include a provision that failure to comply with the community benefit agreement will result in a penalty of up to \$5,000 per day, and, if the developer fails to cure, termination of the incentives.
- (e) Include a requirement that standard incentive package contracts include a provision that failure to comply with the requirements provided in Exhibit A will result in a penalty of up to \$5,000 per day, and, if the developer fails to cure, termination of the incentives.

Section 5. That, in order to effectuate the standard incentive packages outlined in Exhibit A, the City Manager is authorized to negotiate and execute agreements that allow a redirection of 50% of increased economic activity taxes for up to 15 years for office and industrial developments eligible for such as outlined in Attachment A, subject to annual appropriation and applicable law. This authorization to execute contracts expires December 31, 2027. The City Manager is directed to prepare a comprehensive list of terms and requirements for redirection agreements authorized by this section, which shall be circulated to the Council and posted on the City's website.

Section 6. That any third-party financial analysis requirements that have previously been established by ordinance or resolution are waived for projects that receive standard incentive packages, as outlined in Attachment A. This section shall not be construed as repealing any other exceptions or requirements that may have previously been enacted by the Council.

Section 7. That this ordinance and the standard incentive packages outlined in Attachment A will be reviewed by the City Council no later than five years from the effective date of this Ordinance to evaluate impact on the target thresholds outlined in Section 1.

Section 8. That the City Manager is directed to monitor all standard incentives packages and annually report to the Council regarding the granting and progress of standard incentive packages and the City's progress in achieving the goals established in Section 1. This report shall include:

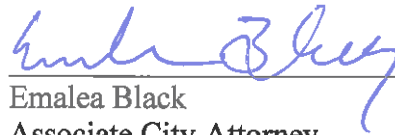
- (a) The number of projects that have received standard incentive package contracts;
- (b) The number of affordable units created by each project;
- (c) The location of the project, relative to changes in the Market Value Analysis, including amounts of displacement risk;
- (d) The level of affordability included in each project;
- (e) The amount of abatement per project, per unit or per job, and overall; and
- (f) The amount of revenue generated per project and overall.

Section 9. That any actions authorized in Section 3 to effectuate standard incentive packages must comply with all notification and hearing provisions required by Missouri law.

Section 10. That nothing in this ordinance modifies or waives existing requirements or approval processes for any incentives outside the standard incentive packages.

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Approved as to form and legality:

  
Emalea Black  
Associate City Attorney