



## Legislation Text

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**File #: 241051**

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### ORDINANCE NO. 241051

Approving the application of Historic Northeast Lofts LLC (“HNEL”) for a loan from the Kansas City Brownfields Revolving Loan Fund in an amount not to exceed \$7,575,000.00 and authorizing the Director of City Planning and Development to execute the necessary loan documents and authorizing further acts.

WHEREAS, a Brownfields Revolving Loan Fund (RLF) Program has been established by the City of Kansas City, Missouri (the “City”), and the U.S. Environmental Protection Agency (EPA) has awarded Brownfields RLF grant funds to the City in the amount of \$10,400,000, and the City has entered into federal cooperative agreement No. 4B-97798101 with EPA; and

WHEREAS, on March 6, 2024 the Kansas City Brownfields Commission (the “Commission”) received the application of Historic Northeast Lofts, LLC (HNEL) to the Kansas City RLF Program for a loan in the amount of \$7,575,000.00 to abate asbestos containing materials (ACM), lead-based paint (LBP) and other hazardous substances, and perform other related work necessary for the remediation of Buildings No. 1 and 2 of the former Hardesty Federal Complex located at 5401 Independence Ave., Kansas City, Missouri (the “Subject Properties” or “Site”) (collectively, the “HNEL Loan”); and

WHEREAS, HNEL has diligently pursued plans and financing to redevelop the Subject Properties for a project with an estimated value of approximately \$180 million that includes 389 residential units of which approximately 82% will be affordable with a range of 30% to 80% average median income (AMI), an approximately 30,000 square foot daycare and after school care facility, 2 MW of solar power generation to supply 50% of the site energy needs, passive house energy efficiency construction standards, transit-oriented development (TOD) features, 60,000 square feet of greenspace, and other common area amenities; and

WHEREAS, HNEL has secured commitments, letters of intent, and/or approvals for federal, state and local tax credits, grants, incentives, and private equity and financing sufficient to meet the estimated costs of development, as confirmed by the City’s underwriter for the RLF Program, AltCap; and

WHEREAS, on March 8, 2024, the Commission adopted Resolution 002-024 thereby recommending to the City Council an RLF loan to HNEL for the cleanup of Buildings No. 1 and 2 be granted in the amount of up to \$7,575,000.00, subject to certain preconditions; and

WHEREAS, Precondition No. 1 that HNEL acquire fee simple title to the Subject Properties was satisfied on October 15, 2024 when HNEL acquired the Subject Properties from One Hardesty LLC, in addition to the properties of the former Hardesty Federal Complex from Hardesty Renaissance Economic Development Corporation (HREDC) located at 607 Hardesty Ave., Kansas City, Missouri (the “Former Hardesty Federal Complex”); and

WHEREAS, Precondition No. 2 that the City prepare a determination that the requirements for borrower eligibility and site eligibility under the EPA Cooperative Agreement are met and that EPA concurs in such determination has been partially satisfied by a determination prepared by the City, and EPA’s concurrence will be confirmed prior to execution of the Loan Agreement and related documents; and

WHEREAS, Precondition No. 3 that HNEL pay to the City the full outstanding balance of principal, and the total of interest, fees and penalties (if any) due or overdue for the three certain RLF Loans issued by the City to HREDC for the remediation of Building Nos. 9, 10 & 11 of the Former Hardesty Federal Complex was satisfied on October 15, 2024 when the City received from HNEL the amount of \$1,405,207.02 as payment in full for the above-mentioned loans; and

WHEREAS, Precondition No. 4 that firm and detailed costs are estimated for the remediation of all hazardous substances identified on the Site, and related demolition and construction activities necessary for remediation, has been partially satisfied by preliminary estimates provided by HNEL and will be confirmed by the City prior to execution of the Loan Agreement and related documents; and

WHEREAS, Precondition No. 5 that HNEL identify sufficient additional funding to cover the full costs of remediation should the firm estimated costs exceed funds identified by HNEL for remediation has been satisfied by an adequate contingency in the budget for the HNEL Project; and

WHEREAS, Precondition No. 6 that equity investors for low-income housing tax credits and federal and state historic preservation tax credits for the Project are deemed acceptable to the City, as advised by AltCap, will be satisfied prior to execution of the Loan Agreement and related documents; and

WHEREAS, Precondition No. 7 that the City Council authorize the issuance of TIF Bonds in an amount of not less than \$46 million for the HNEL project, pursuant to the HNEL TIF Plan approved by the TIF Commission on December 27, 2023 has been satisfied by Ordinance 240258; and

WHEREAS, Precondition No. 8 that HNEL shall provide documentation acceptable to the City and its Qualified Environmental Professional (QEP) that replacement of windows contaminated with LBP and ACM is a reasonable and necessary remediation expense of the HNEL Loan will be satisfied prior to execution of the Loan Agreement and related documents; and

WHEREAS, Precondition No. 9 that HNEL make available for public comment an Analysis of Brownfields Cleanup Alternatives (ABCA) concerning the remediation of the Subject Properties for a period of at least 30 days was satisfied by documentation provided to the City by HNEL; and

WHEREAS, Precondition No. 10 that HNEL provide an appraisal of the Subject Properties in accordance with applicable industry standards that determines an "As Stabilized" value of at least \$51 million will be confirmed by the City's loan underwriter, AltCap, prior to execution of the Loan Agreement and related documents; and

WHEREAS, Precondition No. 11 that HNEL furnishes evidence of an approved permanent debt loan for the Project in the amount of at least \$32.2 million will be satisfied prior to execution of the Loan Agreement and related documents; and

WHEREAS, Precondition No. 12 that HNEL agrees to provide City a Second Deed of Trust on the Subject Properties has been confirmed by the City; and

WHEREAS, Precondition No. 13 that HNEL provides a detailed plan for Phase II of the Project concerning redevelopment of the Former Hardesty Federal Complex, including estimated costs and identification of known or potential sources of funds will be satisfied prior to execution of the Loan Agreement and related documents; and

WHEREAS, HNEL estimates the costs to remediate ACM, LBP and other hazardous substances in Buildings 1 & 2 at approximately \$10,828,900.00; and

WHEREAS, there currently remains approximately \$10,280,526.43 available for loans in the RLF grant account and RLF Program Income account; NOW, THEREFORE,

BE IT ORDAINED BY THE COUNCIL OF KANSAS CITY:

Section 1. Subject to the satisfaction of unmet preconditions 2, 4, 6, 8, 10, 11 and 13 to Commission Resolution 002-2024, the actions described in Sections 2, 3 and 4 are approved.

Section 2. In accordance with Section 1, the application of HNEL for a loan from the City in an amount not to exceed \$7,575,000.00 is hereby approved and funded from funds previously appropriated in Account No. 25-2550-645020-B-G64SBRLF (Supplemental Brownfields Revolving Loan Fund).

Section 3. In accordance with Section 1, the Director of the City Planning and Development Department is authorized to execute with HNEL the necessary loan documents to memorialize, issue and secure the Loan, all in accordance with the terms and conditions of the City's EPA Cooperative Agreement governing the RLF. A copy of the loan documents, approved in substantial form, is on file with the City Planning and Development Department.

Section 4. In accordance with Section 1, the Director of City Planning and Development is authorized to take such necessary further acts related to the loan documents, all consistent with this ordinance.

I hereby certify that there is a balance, otherwise unencumbered, to the credit of the appropriation to which the foregoing expenditure is to be charged, and a cash balance, otherwise unencumbered, in the treasury, to the credit of the fund from which payment is to be made, each sufficient to meet the obligation hereby incurred.



Authenticated as Passed

Quinton Lucas, Mayor

Marilyn Sanders, City Clerk

DEC 19 2024

Date Passed

Tammy L. Queen  
Director of Finance

Approved as to form:

Abigail Judah  
Assistant City Attorney