



City of Kansas City, Missouri

Docket Memo

Ordinance/Resolution #: 241051

Submitted Department/Preparer: City Planning

Revised 6/10/24

Docket memos are required on all ordinances initiated by a Department Director. More information can be found in [Administrative Regulation \(AR\) 4-1](#).

Executive Summary

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.

Discussion

HNEL has applied to the Kansas City Brownfields Revolving Loan Fund (RLF) 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 from Buildings No. 1 and 2 of the former Hardesty Federal Complex located at 5401 Independence Ave., Kansas City, Missouri. HNEL is the developer and owner of 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.

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. The RLF Program operates with grant funding from the U.S. Environmental Protection Agency (EPA) in the amount of \$10,400,000 pursuant to federal cooperative agreement no. 4B-97798101 and program income earned on prior RLF loans. On March 8, 2024 the Kansas City Brownfields Commission adopted Resolution 002-2024 recommending approval of HNEL’s loan application, subject to certain preconditions. Certain of these preconditions have been met and others will be met prior to execution of the loan agreement and related documents. The terms of the loan include a rate of 0.0% annual interest, an origination fee of 0.75% and an annual service fee of \$12,000. The loan term is 16 years with a balloon payment at the end of the term. No matching fund requirements apply to the federal cooperative agreement that funds the RLF Program, nor to the HNEL loan. The remediation project funded, in part, by the RLF Loan is required to comply with Davis-Bacon Act wage requirements and certain Disadvantaged Business Enterprise (DBE) requirements of the terms and conditions of the federal cooperative agreement.

Fiscal Impact

1. Is this legislation included in the adopted budget? Yes No
2. What is the funding source?
25-2550-645020-B-G64SBRLF; Brownfields Revolving Loan
3. How does the legislation affect the current fiscal year?
All funding for the loan in an amount not to exceed \$7,575,000 will be encumbered from EPA grant funds previously estimated and appropriated to the above-referenced account. It is anticipated that the loan will be closed and funds encumbered in the current fiscal year by April 30, 2025.
4. Does the legislation have a fiscal impact in future fiscal years? Please notate the difference between one-time and recurring costs.
In future fiscal years, program income from the borrower in repayment of the loan will be collected by the City.
5. Does the legislation generate revenue, leverage outside funding, or deliver a return on investment?
The loan directly leverages approximately \$3.3 million in Borrower funds for the remediation project, and an additional estimated \$170 million for the redevelopment project. The loan will generate a nominal return on investment as program income from the borrower in repayment of the loan.

Office of Management and Budget Review

(OMB Staff will complete this section.)

1. This legislation is supported by the general fund. Yes No
2. This fund has a structural imbalance. Yes No
3. Account string has been verified/confirmed. Yes No

Additional Discussion (if needed)

Click or tap here to enter text.

Citywide Business Plan (CWBPs) Impact

1. View the [Adopted 2025-2029 Citywide Business Plan](#)

2. Which CWBP goal is most impacted by this legislation?
Housing and Healthy Communities (Press tab after selecting.)
3. Which objectives are impacted by this legislation (select all that apply):
 - Utilize planning approaches in neighborhoods to reduce blight, ensure sustainable housing, and improve resident wellbeing and cultural diversity.
 - Maintain and increase affordable housing supply to meet the demands of a diverse population.
 - Address the various needs of the City's most vulnerable population by working to reduce disparities.
 - Foster an inclusive environment and regional approach to spur innovative solutions to housing challenges.
 - Ensure all residents have safe, accessible, quality housing by reducing barriers.
 - Protect and promote healthy, active amenities such as parks and trails, play spaces, and green spaces.

Prior Legislation

Related Ordinances Nos. 220747, 230439, 230962, 240258 and 240823.

Service Level Impacts

The RLF loan approved by this ordinance will produce an estimated 600,000 square feet of remediated building space and support construction of 389 housing units of which approximately 82% will be affordable with a range of 30% to 80% average median income.

Other Impacts

1. What will be the potential health impacts to any affected groups?
Vulnerable populations, environmental justice communities, and current and future residents living or working on or near the HNEL Project will benefit from the cleanup activities performed with the grant funds accepted by the ordinance.
2. How have those groups been engaged and involved in the development of this ordinance?
Stakeholders, including non-profits, neighborhood organizations, and interested residents were informed and invited to provide input concerning the remediation and redevelopment Project through local newspaper advertisements and a public meeting hosted by HNEL, and through

other public meetings of the Kansas City Brownfields Initiative and the Kansas City Brownfields Commission.

3. How does this legislation contribute to a sustainable Kansas City?

The RLF loan helps cleanup and reuse vacant, idle and blighted property, and reuse and improve existing infrastructure. Reuse of the Former Hardesty Federal Complex helps the City make more efficient use of its existing investments, increase density, promote public transit, reduce vehicle miles traveled and related carbon emissions, and reduce the overall cost of providing services to residents. Moreover, cleanup and redevelopment of the Site enhances environmental quality, helps to address social inequity and environmental justice issues, and contributes to the economic vitality of the old northeast neighborhoods and the City overall.

4. Does this legislation create or preserve new housing units?

Yes (Press tab after selecting)

Total Number of Units The RLF loan approved by this ordinance will support construction of 389 housing units of which approximately 82% will be affordable with a range of 30% to 80% average median income.

Number of Affordable Units [Click or tap here to enter text.](#)

5. Department staff certifies the submission of any application Affirmative Action Plans or Certificates of Compliance, Contractor Utilization Plans (CUPs), and Letters of Intent to Subcontract (LOIs) to CREO prior to, or simultaneously with, the legislation entry request in Legistar.

Yes - I have submitted documents for CREO Review (Press tab after selecting)
Please attach or copy and paste CREO's review.

[Click or tap here to enter text.](#)

6. Does this legislation seek to approve a contract resulting from an Invitation for Bid?

No(Press tab after selecting)

[Click or tap here to enter text.](#)

7. Does this legislation seek to approve a contract resulting from a Request for Proposal/Qualification (RFP/Q)?

No(Press tab after selecting)