

# Appendices





### **Appendix A:** **Land Clearance for Redevelopment Authority** **(LCRA)**

In 1957 Independence voters, as provided by Chapter 99 of the Missouri statutes, approved the creation of a Land Clearance for Redevelopment Authority (LCRA). While state statutes provide that the City Council itself, persons appointed by the City Council, or the members of the Housing Authority could serve on the LCRA board of directors, the Council chose to appoint local citizens to direct the LCRA. As part of the Urban Renewal efforts, the Department of Housing and Urban Development (HUD) began offering financial assistance to LCRAs to support local redevelopment efforts. The financial assistance was focused on providing funds for specific redevelopment projects and for the rehabilitation of residential and commercial structures.

Locally, the LCRA administered three redevelopment plans that were approved by the City Council: MO-R-31 (1964) Northwest Parkway; MO-R-39 (1967) Jackson Square; MO-A-8 (1971) Old Town. In 1974, HUD replaced urban renewal grants with the Community Development Block Grant Program. With this change in federal policy and because the LCRA had basically completed its financial obligations, the terms of the LCRA board members were allowed to lapse, and the City Council assumed the role of the LCRA.

In 1975, the City Council adopted Resolution 928, authorizing the LCRA to "close out the neighborhood development program and acknowledging that the assets and liabilities become the property" of the city. In 1977, the City Council adopted Ordinance No. 4830, accepting all remaining responsibilities from the LCRA for a separate urban renewal project. A recent court ruling has determined that the previously approved LCRA plans are still valid and property within the existing plan areas could be eligible for tax abatement per statutory requirements.

Based on the recent court determination, the City has been evaluating the existing LCRA plan and has identified the following issues:

#### State Law Compliance Issue:

Section 99.620 requires the Authority (LCRA) to file with the "clerk" (would be City Clerk) a report of its activities for the preceding year. Based on initial research, yearly reports have not been filed since the consolidation of the LCRA in 1975.

Section 99.620 required the "governing body" (City Council) to hold a public hearing within 60 days of August 13, 1982 and every five years thereafter regarding any Land Clearance Projects under the jurisdiction of the Authority. The City Council amended the Jackson Square Project as late as 1982, however, it does not appear the Council was holding the required public hearings under this provision of the Statute. This was partially due to the fact that the City Council considered the LCRA projects closed.

#### Steps to Revise the Existing Urban Renewal Plans

There are currently three Urban Renewal Plans which are still active: Project No. MO-R-31 –Northwest Parkway Project; No. MO-R-39 – Jackson Square; Project No. MO-A-8 – Old Town. All of these projects will need to be revised or terminated.

- **Determine if the City Council is going to act as the LCRA or re-establish a separate body.** This step would determine if a new body would have to make recommendations regarding changes to the plans or if the City Council would make such recommendations. All appointees must be taxpayers who have resided for a period of five years in Independence.

- **Confirm "blighted or insanitary" conditions.** Confirm that the three project areas still meet the statutory requirements of 99.320 by confirming the areas meet the definition of either "blighted or insanitary." This confirmation should also confirm that the redevelopment of such areas "is necessary in the interest of the public health, safety, morals or welfare of the residents." (99.320)

- **Revise "Workable Program" as required.** Prior to revising any specific project plans, the Workable Program must be revised. The workable program "is the official plan of action for effectively dealing with the problems of urban slums and blight within the community and for the establishment and preservation of well-planned community with well-organized residential neighborhoods of decent homes and suitable living environment for family life." (99.320) The existing State Statutes do not spell out specific content requirements for a Workable Program. Staff is currently trying to determine if there are content requirements for a "Workable Program."

- **Revise Urban Renewal Plans.** The existing plans were developed as a requirement to access Urban Renewal funds. The LCRA participated in rehabilitation and acquisition, relocation, and clearance activities. Because tax abatement was not allowed until 1986, the issuance of tax abatement was not contemplated by the LCRA under any of the existing plans. A discussion needs to be held about what activities will be undertaken with the Urban Renewal Plans.

One of the issues involved with revising the existing plans is the requirement that the plans may be revised "*provided that, if it is changed, modified, or amended after the lease or sale of real property in the project area by the Authority, the change, modification, or amendment must*



*be consented to by the redeveloper or redevelopers of the real property affected thereby, or his successors in interest.” 99.430 The LCRA purchased land not only for public use, but also sold land to private entities and individuals for redevelopment. It is unclear how many parcels of land were sold to private entities or individuals.*

In reviewing LCRA Law, it appears that the consent provision may only apply to “redevelopers” and not to all entities or individuals who purchased land from the LCRA. Section 99.320 defines a “redeveloper” as “*any person, partnership, or public or private corporation or agency which enters or proposes to enter into a redevelopment or rehabilitation or renewal contract.*” (99.320) Although it is probable that each sale of property by the LCRA contained redevelopment contract provisions, review of LCRA transactions will need to be conducted to verify the content of each sale contract. A legal opinion should also be sought regarding who must be consulted and consent to changes to the redevelopment plan.

The existing Urban Renewal Plans contain provisions which were required as part of the Federal Urban Renewal Projects and State Statutes. State Statutes state an Urban Renewal Plan must contain the following items:

- a) The boundaries of the land clearance or urban renewal project area, with a map showing the existing uses and condition of the real property therein;
- (b) A Land Use Plan showing proposed uses of the area;
- (c) Information showing the standards of population densities, land coverage and building intensities in the area after redevelopment or urban renewal;
- (d) A statement of the proposed changes, if any, in zoning ordinances or maps, street layouts, street levels or grades, building codes and ordinances;

- (e) A statement as to the kind and number of additional public facilities or utilities which will be required in the area after redevelopment or urban renewal; and
- (f) A schedule indicating the estimated length of time needed for completion of each phase of the plan (99.430.1 (4)).

- **Review by Planning Commission.** After each Urban Renewal Plan has been revised, the Planning Commission must be given an opportunity to review and make recommendations as to each plan’s conformity with the City’s Comprehensive Plan. Written comments are provided to the LCRA.
- **LCRA Determinations.** The LCRA must then determine that the proposed uses within the proposed area are consistent with the Comprehensive Plan. (99.430.1 (6)) In addition, the LCRA must determine that the proposed plan will promote health, safety, morals, order, convenience, prosperity, and the general welfare of the community (99.430.1 (6)).
- **Submission of the Urban Renewal Plans to the City Council.** After meeting the statutory requirements, the LCRA would submit the revised Redevelopment Plans to the City Council with the written recommendations from the Planning Commission, the LCRA recommendations, methods and costs for completing the plan, anticipated proceeds and revenues from disposal of land to developers, proposed financing, relocation plan, and timeline for completion (99.430.1 (7)).
- **Public Hearing on Urban Renewal Plans.** The City Council would then hold a public hearing, subject to the appropriate public notice, at which all interested parties must be given an opportunity to speak (99.430.1 (8)).
- **Approval or Rejection by City Commission.** Subsequent to the public hearing the City Council may approve the proposed revised Urban Redevelopment Plans if it finds that the plans are feasible and in conformity with the general plan for the development of the community as a whole (99.430.2 (9)). A redevelopment or urban renewal plan which has not been approved by the governing body when recommended by the authority may be recommended again with any modifications deemed advisable.



## Appendix B: 353 Redevelopment Corporations

Chapter 353 of the Missouri statutes was approved to give private corporations the ability to revitalize and rehabilitate blighted areas within a community. The City adopted the required ordinance provisions related to Urban Redevelopment Corporations in 1999. Redevelopment Corporations must submit a redevelopment plan for Planning Commission review and City Council for approval.

The Independence Square 353 Plan was adopted in 1984 and has since received only one minor revision (1997). In order to meet the vision and goals established in the *Independence Square Master Plan: A Comprehensive Revitalization and Development Strategy*, the current Independence Square 353 Plan needs to be revised. The following bullet points summarize the primary areas of concern with the current Plan.

- **The current 353 Plan establishes a number of significant new construction projects**

The current 353 Plan calls for the construction of several significant new construction projects including the construction of a 30,000 sq. ft. convenience center, 40-100 unit housing project, and a hotel (see pages 2-5 and 14-17 of the Plan for more detail). The proposed new construction has not been developed. The Independence Square Redevelopment Corporation has recently been sold. It is City staff's current understanding that the new owner(s) does not intend to construct the projects identified in the 1986 353 Plan. If this is the case, the current 353 Plan will need to be revised or declared in default and dissolved.

- Time of performance of completing the current 353 Plan has been exceeded  
The Plan indicates that improvements will take place in three phases according to the following schedule:

Phase I: 1985-1988

Phase II: 1988-1991

Phase III: 1991-1995

Paragraph 22 of the current 353 Plan (page 27) describes the process for receiving extensions from the City Council only after presentation of documentation for reasons of delay. Extensions should be requested. As discussed under Item #1, if the new owners of the Corporation do not plan to complete the development projects identified in the current 353 Plan, the phasing schedule may not be applicable.

- **The current 353 Plan calls for the demolition of buildings that are now considered valuable to the Square and should be rehabilitated**

Since the approval of the current 353 Plan, the City of Independence has endorsed a plan to expand the existing Harry S Truman National Historic Landmark Historic District. The proposed National Landmark District boundaries include a large portion of the area covered under the current 353 Plan. The establishment of the National Historic Landmark District would allow property owners with contributing structures to be eligible for state and federal historic preservation tax credits. The designation of the Harry S Truman National Landmark Historic District is a key component of the *Independence Square Master Plan: A Comprehensive Revitalization and Development Strategy*.

The current 353 Plan calls for the demolition of a number of properties which would need to be demolished and redeveloped to qualify for tax abatement. For example, the existing 353 Plan calls for the demolition of existing structures and redevelopment of the block bounded by Main, Lynn, Lexington and Kansas with a 150-250 room hotel. All but one of the properties in this block is eligible for historic preservation tax credits (40% of eligible rehabilitation costs). Because the current 353 Plan

excludes the rehabilitation of the existing structures, the property owners could not take advantage of both the historic preservation tax credits and tax abatement incentives available under Chapter 353 provisions.

- **Proposed land uses and their location in the current 353 Plan need to be more flexible in order to provide incentives for bringing the most preferred uses to the Square in a variety of locations**

The current 353 Plan precludes any use but hotel use for the block bounded by Main, Lynn, Lexington and Kansas. The existing 353 Plan states that a hotel with 150-250 rooms would be built there. Anything different would not be in accordance with the current 353 Plan, and therefore would not be eligible for tax abatement.

Yet, the City has identified a different site, at the northeast corner of Main and Truman, as the site for a limited-service hotel. If the hotel is constructed on this site it would not be eligible for tax abatement because the current 353 Plan limits the use of this site to a 40-100 unit housing development.

The 353 Plan should be more flexible in the location of various land uses and yet provide some assurance for providing the types of uses preferred in an acceptable manner. The following is suggested:

1. List several uses that are to be encouraged within the "loop" and provide tax abatement if they are built within the loop, subject to certain criteria, like the Secretary of Interior Standards for Rehabilitation and other architectural standards. For instance, tax abatement could be offered to property owners that have one or more of the target uses identified in marketing portion of the Square revitalization strategies. A comparison to



the mix of uses at other more vibrant and successful downtowns may reveal other uses that should be added to the optimum mix for the Square. Also, connecting the tax abatement to use will help forge the relationship between property owner and the retailer who leases the property. In order for the property owner to receive the tax abatement, they must make certain that the preferred uses are within their building.

2. The Plan should include a provision that tax abatement should be withdrawn if the use discontinues and the property becomes vacant. Right now there are properties with tax abatement that are vacant. The incentive to sell the property for viable use is severely reduced if the property owner has no taxes to pay on the property. Perhaps a provision for yearly reviews could be included in the Plan.
3. Perhaps put a limit to the number of certain types of uses, giving tax abatement to only a limited number of each of certain use. It is possible to get too much of a good thing, especially if an over-abundance of one type of use makes it difficult for other uses to locate on the Square. It may be good to take a look at the way successful malls limit uses of a single type.
4. Specify a minimum percentage of ground floor street frontage to be retail.

5. Prohibitions on certain uses that would operate against the objectives of revitalization of the Square. Such uses could include those listed as “Not Targets” in the *1998 Historic Independence Square Development Strategy*, such as dollar type stores and department stores.

- **The amended 353 Plan should emphasize both elements of design and construction materials**

The current 353 Plan is specific about the type of materials that should be used for construction, usually specifying masonry. The Plan mentions that certain buildings should be one- or two-story buildings, but additional elements of design should be considered as part of the approval process for tax abatement.

The Plan should be amended to identify design standards which will be used and the process used to evaluate proposed designs to determine if a property is eligible to receive tax abatement. Standards should be in keeping with the Secretary of Interior Standards for Rehabilitation plus include consideration of architectural and other features. Preservation of structures which contribute to the Harry S Truman National Landmark Historic District should be an object of the standards. In addition, non-contributing structures or in-fill construction should be in keeping with the overall character of the area.

- **The amended 353 Plan should specify minimum rehabilitation requirements to receive tax abatement**

Like the Midtown/Truman Road 353 Development Plan, the Square 353 Redevelopment Plan should specify a minimum dollar amount to be expended to receive tax abatement for a property. The Plan does mention, for instance, that “minor remodeling” includes facade

improvements, modification to the HVAC system, energy improvements and interior decorating”, but it should specify how much improvement is required in each of these categories. It could also specify a minimum standard for which these elements, or any other elements, should meet to qualify for tax abatement.

- **The amended 353 Plan should be used as a tool to address other important issues**

Other issues that should be addressed in an amended 353 Plan include:

- a. Signage
  - i. Exterior
  - ii. Window
- b. Window Displays
- c. Trash receptacles
- d. Landscaping
- e. Lighting
- f. Outside displays, benches and tables
- g. Awnings
- h. Maintenance
  - i. Interior
  - ii. Exterior
- i. Parking Design
- j. Minimum hours of operation

The Plan could be changed to require standards to be met with regard to each of the above. Also, a process of revoking tax abatement should be spelled out in the amended 353 Plan for properties that do not continue to meet the standards.



If the current owner(s) of the Independence Square Redevelopment Corporation agree to the proposed changes, there are a number of steps which are necessary to amend the plan. Chapter 353 of the Missouri Revised Statutes and Article 7. Urban Redevelopment Corporation of the City of Independence Code are the main governing documents. The steps in the amendment process are:

- Revision of the Plan document
- Notification of all property owners within the 353 Plan area
- Notification of all political subdivisions
- Public Hearing before the Planning Commission
- New Evidence Public Hearing before the City Commission
- Enactment of Ordinance in compliance with State Statute requirements
- Execution of Development of Agreement with Redevelopment Corporation



**Appendix C: Implementation Tools**

General Funding Sources

| Capital Improvement Program  |  |
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| The Capital Improvements Program (CIP) establishes proposed expenditures for systematically constructing, maintaining, upgrading, and replace the City’s physical infrastructure. Funding for projects listed in the CIP come from a variety of sources including the General Fund, Stormwater Sales Tax Fund, Street Sales Tax Fund, Utility Funds, and the Parks Sales Tax Fund. While the CIP is not a specific funding mechanism it does establish priorities on how the City will allocate future funding related to infrastructure improvements. |  |
| <b>Conditions of Eligibility:</b>  | Projects must be listed in the Capital Improvement Program and identified for funding. |
| <b>Contact Information:</b>  | City of Independence<br>Community Development Department<br>816-325-7000               |

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Property Tax Abatement Tools

| Chapter 353 Corporations   |   |
|--|---|
| Chapter 353 of the Missouri Revised Statutes allows Urban Redevelopment Corporations in certain cases to receive property tax abatement equal to 100% of property taxes, excluding land value, for 0-10 years and 50% of property taxes for years 11-15. The tax abatement is granted to a “353” Development Corporation who then may “pass on” the abatement to other property owners who conform to the Corporation’s approved Development Plan. While the City of Independence has not typically granted eminent domain powers, state law allows the Development Corporation to be granted eminent domain powers by the City Council in order to facilitate a particular redevelopment proposal.                                      |   |
| Summary of Steps:  |   |
| <ol style="list-style-type: none"> <li>1. 353 Corporation must be formed.</li> <li>2. Blight Study must be completed.</li> <li>3. 353 Corporation proposes a redevelopment plan to the City.</li> <li>4. Tax Impact Analysis must be completed and sent to all taxing jurisdictions.</li> <li>5. City sends notice to property owners within the proposed 353 area.</li> <li>6. Planning Commission holds public hearing and then makes recommendation to City Council regarding plan for development or redevelopment.</li> <li>7. City Council may approve plan and declare area blighted. Once plan is approved, the 353 Corporation receives tax abatement for property it acquires and uses in compliance with the plan.</li> </ol> |   |
| The amount and duration of abatement is specified in the Plan the Council approves. The 353 Corporation may transfer any property it acquires and the new owner will retain the tax abatement (i.e. the property tax abatement is “passed on”). The deed can then be transferred back to the owner if desired. The effective duration of the plan (or the time during which tax abatement is available) is specified in the plan, but in no case exceeds 25 years. Phases may also be specified in the plan which specify dates when different areas will be developed or redeveloped.   |   |
| <b>Conditions of Eligibility:</b>  | Properties must be within the boundaries of an established 353 Plan and must meet the established criteria in the 353 Plan. |
| <b>Contact Information:</b>  | City of Independence<br>Community Development Department<br>816-325-7000  |



*Property Tax Abatement Tools continued*

*Tax Credit Tools*

| Chapter 353 Corporations  |   |
|---|---|
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| <b>Conditions of Eligibility:</b>   | Properties must be within the boundaries of an established 353 Plan and must meet the established criteria in the 353 Plan. |
| <b>Contact Information:</b>   | City of Independence<br>Community Development Department<br>816-325-7000  |

| Community Development Corporation Tax Credit Program  |  |
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| <p>The purpose of this tax credit is to induce the creation of Community Development Corporations (CDC) which would then invest in new or growing small businesses, owner occupied housing, certain types of real estate development, or redevelopment projects in a targeted area. A "Fundor" (contributor or investor) may obtain state tax credits based on 50% of their investments or contributions in a pre-approved CDC. The CDC would then make equity investments or loans to a specific project within the designated redevelopment area.</p> |  |
| <b>Conditions of Eligibility:</b>   | Nearly any type of commercial business operation or real estate development project located in the designated redevelopment area is eligible to receive funding by the CDC projects. The targeted area is specified by the CDC, and must comply with certain demographic requirements specified by the Department of Economic Development (DED). |
| <b>Contact Information:</b>   | Missouri Department of Economic Development<br><a href="http://www.ded.mo.gov/communities/communitydevelopment/cdc/">http://www.ded.mo.gov/communities/communitydevelopment/cdc/</a>   |



| Historic Building Renovation Tax Credits   |   |
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| <p>Historic tax credits are received after making eligible expenses for the rehabilitation of a historic property. The credits can be used to pay income taxes. The rehabilitation must be considered substantial and eligible activities may include work on the building itself, architectural fees, legal expenses and development fees. It may not include any work to expand the building or grounds.</p> <p>There are actually three different programs available:</p> |   |
| <p>State 25% Tax Credit<br/>Historic</p>   | <p>The State of Missouri 25% Historic Tax Credit Program provides tax credits for 25% of eligible costs and expenses of the rehabilitation of approved historic structures. The tax credits may be used to offset Missouri income tax liability for up to three previous years or up to 10 years forward. Any person, firm, partnership, trust, estate, or corporation is eligible to participate in this program, with the exception of not-for-profit entities and/or government entities. The tax credits are also sellable and transferable. However, the only eligible properties must be either (a) listed individually on the National Register of Historic Places, or (b) certified by the MO Department of Natural Resources as contributing to the historical significance of a certified historic district listed on the National Register, or (c) of a local historic district that has been certified by the US Department of the Interior. Also, the costs and expenses associated with the rehabilitation must exceed 50% of the "total adjusted basis of the property" (acquisition cost minus depreciation).</p> |
| <p>Federal 20% Tax Credit<br/>Historic</p>   | <p>The Federal 20% Tax Credit is much like the state historic tax credit but an individual receives tax credits which may be used to offset federal income tax liability for up to 20 tax periods (none of which may be in the past). There are also other differences. For one thing, the property must be income-producing (meaning owner-occupied homes would not be eligible). Also, federal credits cannot be sold like the credits received from the state (there are ways to structure partnerships so that federal tax credits can be used by equity partners).</p>   |
| <p><b>Conditions of Eligibility:</b></p>   | <p>Properties must be either determined eligible for or currently listed on the National Register of Historic Places.</p>   |
| <p><b>Contact Information:</b></p>   | <p>City of Independence<br/>Historic Preservation Manager<br/>816-325-7000</p> <p>Missouri State Historic Preservation Office (SHPO)<br/>573-751-7858<br/><a href="http://www.dnr.state.mo.us/shpo/">www.dnr.state.mo.us/shpo/</a></p>  |

| Low Income Housing Tax Credits (State and Federal) (LIHTC)  |   |
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| <p>This program provides a federal tax credit and a state tax credit to investors in affordable housing. The credit can be used each year for 10 years and is allocated to developers, who may sell it to raise equity to construct or acquire and rehabilitate affordable rental housing. The Housing Credit is limited to a percentage of the Qualified Basis, based upon depreciable basis, and the percentage of affordable units in the development. The minimum number of qualifying units is (a) 40% of the total number of units affordable to persons at 60% of the median income or (b) 20% affordable to persons at 50% of the median income. Projects are selected by the Missouri Housing Development Corporation (MHDC), who is charged not only with the allocation of credit, but also with assuring compliance with the regulations. This includes the performance of a physical inspection of the property and a review of management and occupancy procedures during the compliance period of the initial 15 years and the extended use period (an additional 15 years). A copy of the Tax Credit Compliance Manual is available on the MHDC website at <a href="http://www.mhdc.com/program_compliance/LIHTC/">http://www.mhdc.com/program_compliance/LIHTC/</a>.</p> <p>Typically, a Notice of Funding Availability (NOFA) is published during the month of August. Once the NOFA is released, an application packet is available on the MHDC web site or by mail, upon request. The deadline for proposal submission is typically in late October, and recommendations are made to the Commission in January or February.</p> |   |
| <p><b>Conditions of Eligibility:</b></p>  | <p>Developers (for-profit and not-for-profit) are eligible to apply for tax credits. Applicants must demonstrate prior, successful housing experience and engage the services of housing professionals, such as architects, appraisers, attorneys, accountants, contractors and property managers with demonstrable tax credit and housing experience. Developers must have the financial capacity to successfully complete and operate the proposed housing development. Proposed housing developments must:</p> <ol style="list-style-type: none"> <li>1. Meet a demonstrated affordable housing need;</li> <li>2. Provide housing for low income persons and families;</li> <li>3. Demonstrate local support;</li> <li>4. Leverage tax credit funding with other financing and/or rental assistance;</li> <li>5. Be economically feasible; and</li> <li>6. Balance sources and uses of funds.</li> </ol> |
| <p><b>Contact Information:</b></p>  | <p><a href="http://www.mhdc.com/rental_production/low_inc_tax_pgrm.htm">www.mhdc.com/rental_production/low_inc_tax_pgrm.htm</a></p> <p>City of Independence<br/>Community Development Department<br/>816-325-7000</p>   |



| Non-Historic Building Renovation Tax Credits  |  |
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| <p>The federal 10% tax credit is far easier to qualify for than the other tax credits. With this program, a tax payer receives tax credits worth 10% of the costs of rehabilitation of a building that was placed in service before 1936 and is NOT on the National Register or determined eligible for the National Register. The property rehabilitation does not need to meet the same rehabilitation guidelines of the 20% historic tax credit. The tax credits may be used toward the payment of one's own federal tax bill. To claim the credit, a tax payer simply fills out a certain schedule and attaches it to their income tax return to the Internal Revenue Service. This credit is only available for income-producing commercial or industrial buildings.</p> |  |
| <b>Conditions of Eligibility:</b>   | Properties must be income producing, be constructed prior to 1936 and not eligible for or listed on the National Register of Historic Places.  |
| <b>Contact Information:</b>   | <p>City of Independence<br/>                     Historic Preservation Manager<br/>                     816-325-7000</p> <p>Missouri State Historic Preservation Office (SHPO)<br/>                     573-751-7858<br/> <a href="http://www.dnr.state.mo.us/shpo/">www.dnr.state.mo.us/shpo/</a></p> |

| Rebuilding Communities Tax Credits   |   |
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| <p>This State of Missouri program aims to attract certain types of businesses to certain census block groups ("distressed areas") throughout Missouri by offering the businesses State of Missouri income tax credits. It also will give tax credits to existing businesses in the eligible areas if they meet program requirements. Historically, the area north of U.S. 24 Highway and west of Ash, the area south of U.S. 24 Highway and west of Home, and the area south of U.S. 24 Highway and east of Chrysler were eligible under this program.</p>   |   |
| <p>New or relocating eligible businesses receive either:</p> <ol style="list-style-type: none"> <li>40% Income Credit: State income tax credit to the taxpayer for three years based on 40% of their income taxes due; or,</li> <li>40% Specialized Equipment Credit: State income tax credit of 40% based on the amount of funds expended for computer equipment and its maintenance, medical laboratories and equipment, research laboratory equipment, manufacturing equipment, fiber optic equipment, high speed telecommunications, wiring or software development expense. In addition, qualified employees of a new or relocating business may receive a tax credit against state individual income tax, equal to 1.5% of their gross salary paid at such facility. This credit can be earned for each of three years that the facility receives one of the 40% tax credits.</li> </ol> |   |
| <p>Eligible business already located in a distressed area, which expend funds for specialized equipment, exceeding their average of the prior two years for such equipment, shall be eligible to receive a 25% tax credit against state income taxes owed. Any existing business that doubles the number of existing employees (based on FTE equivalent) at the facility, measured from the submittal date of the Pre-Application, can apply for the 40% tax credits and the 1.5% Employee tax credit as a "New or Relocating" business.</p>   |   |
| <b>Conditions of Eligibility:</b>  | <ol style="list-style-type: none"> <li>Businesses must relocate to the distressed area from a non-distressed area or begin as new business in a distressed area, or already exist in the distressed area.</li> <li>Business must be manufacturing, biomedical, medical devices, scientific research, animal research, computer software design or development, computer programming, telecommunications or certain types of professional firms.</li> <li>Business must have more than 75% of its employees employed in a distressed community, prior to the issuance of tax credits.</li> <li>Business must have fewer than 100 employees total for all facilities at the time a pre-application is submitted.</li> </ol> |
| <b>Contact Information:</b>  | <p>Missouri Department of Economic Development<br/> <a href="http://www.ded.mo.gov">http://www.ded.mo.gov</a></p>   |



| Neighborhood Assistance Program (NAP)  |  |
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| <p>A qualifying nonprofit organization can be granted assistance to administer a community or neighborhood project if the community or neighborhood itself does not have the ability or resources. A tax credit worth up to 50 percent of a donation can be given to those who donate to a nonprofit organization that will provide community services, physical revitalization, or economic development. The maximum tax credits available are \$18 million per fiscal year. The tax credits are allocated according to the following and are subject to change:</p> <ul style="list-style-type: none"> <li>• \$12,000,000 in 50% credits</li> <li>• \$6,000,000 in 70% credits (reserved for projects in rural areas with populations below 15,000. All municipalities in St. Louis, St. Charles, and Jackson Counties are ineligible for 70% credits).</li> </ul> <p>Applicant organizations may request a maximum of \$250,000 in 50% tax credits per year or \$350,000 in 70% tax credits per year if the organization is located in a qualifying rural area.</p> |  |
| <b>Conditions of Eligibility:</b>  | <ul style="list-style-type: none"> <li>▪ Nonprofit corporations under the provisions of Chapter 355, RsMO;</li> <li>▪ Organizations holding a 501(c)3 ruling from the IRS; and</li> <li>▪ Missouri businesses</li> </ul>   |
| <b>Contact Information:</b>  | <p>Missouri Department of Economic Development<br/> <a href="http://www.ded.mo.gov/communities/communitydevelopment/nap/">www.ded.mo.gov/communities/communitydevelopment/nap/</a><br/>                     City of Independence<br/>                     Community Development Department<br/>                     816-325-7000</p> |

| New Markets Tax Credit (NMTC) Program  |  |
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| <p>The New Markets Tax Credit (NMTC) Program permits taxpayers to receive a credit against Federal income taxes for making qualified equity investments (QEIs) in designated Community Development Entities (CDEs). Substantially all of the qualified equity investment must in turn be used by the CDE to provide investments in low-income communities. The credit provided to the investor totals 39% of the cost of the investment and is claimed over a seven-year credit allowance period. In each of the first three years, the investor receives a credit equal to five percent of the total amount paid for the stock or capital interest at the time of purchase. For the final four years, the value of the credit is six percent annually. Investors may not redeem their investments in CDEs prior to the conclusion of the seven-year period.</p> <p>NMTCs are allocated annually by the Community Development Financial Institution Fund (CDFI Fund) to CDEs under a competitive application process. These CDEs then sell the credits to taxable investors in exchange for stock or a capital interest in the CDEs. However, before the CDE's can make loans or investments, it must have capital. The New Market Tax Credits are supposed to entice investors to provide capital to a CDE. If the CDE receives an allocation of NMTCs, it can "sell" those tax credits to its investors. For instance, if a bank, corporation or other tax payer invests \$100,000 in the CDE, after the first year, that tax payer will receive \$5000 (5%) in federal tax credits. After the second year, the tax payer receives another \$5000, and the same after the third year. After the fourth year the tax payer receives \$6000 (6%), and the same after the fifth, sixth and seventh years. After the seventh year (and not before) the investor can redeem their initial investment. The CDE can also pay dividends to its stock holders / investors, besides the tax credits it provides to them.</p> |  |
| <b>Conditions of Eligibility:</b>  | The program or project must be sponsored by a CDE which has received New Market Tax Credits.   |
| <b>Contact Information:</b>  | <p><a href="http://www.newmarketstaxcreditcoalition.org">http://www.newmarketstaxcreditcoalition.org</a><br/>                     City of Independence<br/>                     Community Development Department<br/>                     816-325-7000</p> |



*Tools that Provide Funding/Financing through Taxes or Assessments*

| <b>Community Improvement District (CID)</b>   |  |
|---|--|
| <p>Section 67.1400 of the Revised Statutes of Missouri allows for the creation of a Community Improvement District (CID) by ordinance in which revenue can be raised and then used to complete projects or perform services for the residents and/or owners of property within the district boundaries. A CID’s revenue can come through several different methods: special assessments, real property taxes, sales tax, or fees. The special assessments can be structured in many different ways, depending on the improvement or service to be funded by the assessment. For instance, an assessment can be levied based on a certain dollar amount per linear foot of street frontage, or it could be per square foot of property, or per square foot of building floor area. The duration of an assessment or tax is flexible.</p> <p>Using a CID to generate funds through assessments or taxes is a two-part process: first, the CID must be established; second, the special assessment or tax must be approved by a majority of residents and/or property owners. To establish a CID, a petition must be signed by:</p> <ol style="list-style-type: none"> <li>1. Property owners who collectively own real property representing more than 50% of the assessed value of the real property within the CID; and,</li> <li>2. More than 50% per capita of all owners of the real property located within the CID.</li> </ol> <p>The petition must include an initial five-year plan specifying the type and estimated costs of the improvements or services to be provided by the CID. The petition must also declare the CID area, the duration of the CID and the maximum rates of real property taxes and/or special assessments that it may impose. After the petition is filed and verified by the City Clerk, the City Council holds a public hearing on the establishment of the proposed CID. Amendments may be made to the petition through the hearing process, and at the close of the hearing the Council may adopt an ordinance establishing the CID.</p> <p>After the CID is established and a board of directors in place, the CID still cannot levy special assessments until after a petition is submitted to the CID board requesting that the CID levy such assessment. As with the petition to establish the CID, the petition must be signed by (1) property owners who own property that represent more than 50% of the assessed value of real property within the CID, and by (2) more than 50% per capita of the owners of all real property within the CID.</p> <p>In order for the CID to be able to levy a real property tax, a majority of the registered voters who live within the CID must vote to approve such a tax. If no registered voters live inside the CID, then a majority of the owners of property inside the CID must vote in favor of the tax.</p> |  |
| <b>Conditions of Eligibility:</b>   | Boundaries are established with each district.                           |
| <b>Contact Information:</b>   | City of Independence<br>Community Development Department<br>816-325-7000 |

| <b>Missouri Downtown Economic Stimulus Act (MODESA )</b>  |  |
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| <p>The Missouri Downtown Economic Stimulus Act ("MODESA") is basically a modified and enhanced version of tax increment financing. MODESA provides for new state revenue associated with a “major initiative” to be redirected to help fund a portion of the costs of public infrastructure related to the major initiative. A major initiative is one that promotes tourism, cultural activities, arts, entertainment, education, research, multi-purpose facilities, libraries, mass transit, museums and conventions, or business locations or expansions creating new jobs within three years. For Independence, the major initiative must also be in excess of \$5,000,000 or create 50 new jobs. The state statute provisions require the establishment of Downtown Economic Stimulus Authority which is considered a public body corporate and politic, exercising public and essential governmental functions as outlined in the statute.</p> |  |
| <b>Conditions of Eligibility:</b>   | City Council establishes area which is covered under MODESA.             |
| <b>Contact Information:</b>   | City of Independence<br>Community Development Department<br>816-325-7000 |



| Neighborhood Improvement District (NID)   |  |
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| <p>Similar to CID in that its purpose is to assess those within a proposed district for the cost of improvements in the district. However, the NID is limited to a one-time project that is specified in the petition. (Although the petition may also provide for an annual assessment of maintenance costs of the improvement in each year after the bonds issued for the original improvement are paid in full.)</p> <p>There are two procedures by which a District may be established:</p> <ol style="list-style-type: none"> <li>1. Voter Approval. The City Council may by resolution submit the question of creating a District to all qualified voters residing within the proposed District.</li> <li>2. Proper Petition. The governing body of the city may create a District when a petition has been filed by the owners of at least two-thirds by area of all real property located within the proposed District. The petition must be filed with the city clerk. After receiving requisite voter approval or upon the filing of a proper petition, the governing body would need to approve the establishment of the NID. Upon completion of a number of public hearings the City Council would then issue bonds to pay for the proposed improvements. The property within the NID would then be required to pay a yearly assessment (typically 10-20 years) to pay off the bonds. Property owners would have the option of paying the total assessment after the completion of the project rather than paying a yearly assessment.</li> </ol> |  |
| <b>Conditions of Eligibility:</b>   | Boundaries are established with each district.                           |
| <b>Contact Information:</b>   | City of Independence<br>Community Development Department<br>816-325-7000 |

*Grants and Other Funding Tools*

| Commercial Facade Improvement Program (CFIP)   |   |
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| <p>The Commercial Facade Improvement Program (CFIP) offers financial assistance to property owners or tenants seeking to rehabilitate commercial building facades in older commercial districts of Independence such as the Square. Using Community Development Block Grant (CDBG) funds, the City makes grants available of \$10,000 per eligible facade, up to \$25,000 per building (or contiguous building facades), for well-designed exterior facade improvements to eligible commercial and mixed use structures. The types of improvements that can be funded include restoration of architectural details, window and door treatments, installation of awnings, and lighting. Grants are awarded in the form of a 5-year declining balance reimbursement loan/grant for eligible expenses. Loan balance declines at a rate of 20% per year provided the improved building is maintained in compliance with the program guidelines. Project applications are reviewed and funded on a first-come first-served basis until program funds are depleted. To be eligible, project applicants must either provide a sealed licensed engineers or architects report verifying that the building's structural, mechanical, plumbing and electrical systems meet the requirements of the current City Code or provide approved construction permits that verify that such systems will be brought to code. Project plans must also comply with the Design Guidelines for Independence Historic Commercial Districts, as adopted by the City. Projects must also meet other City and federal requirements, including the requirement to pay prevailing (Davis-Bacon) wages for projects that receive more than a \$2,000 grant.</p> |   |
| <b>Conditions of Eligibility:</b>  | Properties must be located within one of the designated areas: Square, Englewood Business District, Fairmount Business District, and the Maywood Business District. |
| <b>Contact Information:</b>  | City of Independence<br>Community Development Department<br>816-325-7000  |



| Historic Façade Easements   |  |
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| Federal tax deduction for giving a non-profit or government agency, such as the National Park Service, a historic façade easement. The tax deduction is determined by the fair market value of the donation and is taken in the year the easement is granted. |  |
| <b>Conditions of Eligibility:</b>   | Typically, buildings are historically significant. Eligible properties may be either income producing or non-income producing. Properties taking advantage of state or federal historic preservation tax credits at not eligible until the 5-year period of ownership is complete. |
| <b>Contact Information:</b>   | <a href="http://www.cr.nps.org">www.cr.nps.org</a><br>City of Independence<br>Historic Preservation Manager<br>816-325-7000  |

| Missouri Historic Preservation Revolving Loan   |  |
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| Administered by the State Historic Preservation Office these low interest loans are periodically made available for the stabilization of properties listed on the National Register of Historic Places. |  |
| <b>Conditions of Eligibility:</b>   | Property must be listed on the National Register of Historic Places  |
| <b>Contact Information:</b>   | Missouri State Historic Preservation Office (SHPO)<br>573-751-7858<br><a href="http://www.dnr.state.mo.us/shpo/">www.dnr.state.mo.us/shpo/</a> |

| Community Development Corporation Grant Program   |   |
|---|---|
| The Community Development Corporation (CDC) is a not-for-profit corporation whose board of directors is composed of business, civic and community leaders, which organization's primary purpose is to encourage and promote the industrial, economic, entrepreneurial, commercial and civic development or redevelopment of a community or area, including the provision of housing and community economic development projects that benefit low-income individuals and communities. The Community Development Corporation Grant Program (CDCGP) is designed to fund those projects designed to encourage communities to work together to strategically redevelop economically depressed areas by developing affordable housing, providing vital social services, providing impetus for business development for minority and small businesses, eliminating blighted neighborhoods, providing job readiness and job retention, education, childcare and transportation. |   |
| <b>Special opportunity grants:</b> to finance projects, including administrative salaries, that are linked to such expenses as travel, equipment, office supplies, industrial space, office space, business incubators, and other expenses related to, but not limited to, housing development, job creation, and commercial revitalization. Administrative salaries must also be tied to the project in some manner. A position that is not directly involved in carrying out the project will be ineligible and not considered for funding. (Due to considerable budget reductions, this grant has been temporarily decreased to \$75,000 with some stipulations)   |   |
| <b>Conditions of Eligibility:</b>   | <ul style="list-style-type: none"> <li>▪ Private, nonprofit, community-based organization.</li> <li>▪ 501(c) (3) designated/be granted tax-exempt status by the IRS.</li> <li>▪ A recognized community development corporation as defined by Senate Bill</li> <li>▪ A community-based organization whose commitment to improving community economic development is stated in their purpose of the articles of incorporation and bylaws.</li> <li>▪ The majority of the members of the governing body of the CDC must reside in the CDC's area of geographic focus.</li> </ul> |
| <b>Contact Information:</b>   | Missouri Department of Economic Development<br><a href="http://www.ded.mo.gov">http://www.ded.mo.gov</a><br>City of Independence<br>Community Development Department<br>816-325-7000  |



| Transportation Development Districts (TDD)   |  |
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| <p>A Transportation Development District may be created by petition presented to a circuit court by property owners (in fact, by a single property owner) or by a vote of the registered voters in the district. Once the district is created it may impose:</p> <ol style="list-style-type: none"> <li>1. A sales tax,</li> <li>2. An ad valorem property tax,</li> <li>3. A special assessment, or</li> <li>4. A business license tax.</li> </ol> <p>Because the TDD allows for the assessment of a special sales tax, this tool is most effectively used in areas which are retail in nature.</p> <p>Revenue is used in order to pay for road improvements which will be turned over to the Missouri Department of Transportation or city after completion and payment of any bonds. The boundaries of the Transportation Development District may include several properties or a single parcel of property. TDDs are independent political subdivisions. Debt incurred by such districts is totally independent of the financial statements of the state Department of Transportation or the city or county which will own and maintain a project once it is completed.</p> |  |
| <b>Conditions of Eligibility:</b>  | Boundaries are established with each district.                           |
| <b>Contact Information:</b>  | City of Independence<br>Community Development Department<br>816-325-7000 |

| Tax Increment Financing (TIF)  |  |
|--|--|
| <p>Tax Increment Financing (TIF) is a mechanism that allows Cities in Missouri to fund public infrastructure and streetscape improvements by designating project redevelopment areas and capturing the increased retail sales (EATS) and property taxes (PILOTS) that result from revitalization. A TIF has been described as financing that “allows future real property taxes and other taxes generated by new development to pay for the costs of construction of public infrastructure and other improvements required to make the project possible. The purpose of tax increment financing is to encourage development of blighted, substandard and economically under-utilized areas which would not be developed without public assistance.” Some key points include:</p> <ol style="list-style-type: none"> <li>1. The amount of revenue captured annually (up to 23 years) to pay the costs of the project is equal to the increment between the previous taxes due and the new taxes due. Also captured are 50% of the local economic activity taxes (EATS) such as city sales tax.</li> <li>2. The redevelopment area on the whole must be either a "blighted area", "conservation area" or "economic development area" as defined in the TIF Act.</li> <li>3. The proposed redevelopment project must meet the "but for" test: but for tax increment financing the redevelopment area probably will not be developed.</li> <li>4. The city’s Tax Increment Financing Commission considers TIF proposals before the City Council. After proper notice and a public hearing, the TIF Commission makes a recommendation to the City Council. The TIF Commission negotiates the amount and length of the increment based on the least amount that would cause the project to occur.</li> <li>5. Prior to the implementation of tax increment financing the following actions must be taken in the following order or simultaneously: <ul style="list-style-type: none"> <li>• The redevelopment area must be designated by finding that the area is a blighted, conservation or economic development area;</li> <li>• A redevelopment plan must be adopted; and</li> <li>• One or more redevelopment projects must be adopted and the redevelopment area for each redevelopment project must be designated.</li> </ul> </li> <li>6. The redevelopment plan must analyze the economic impact to each taxing district.</li> <li>7. If TIF is approved, a development agreement will be executed between the City and developer which may include specific expectations by the developer and City.</li> <li>8. The approved projects costs may be funded either by issuance of bonds or the developer may also fund the approved project costs and be reimbursed from the increments over an approved time period (pay as you go).</li> </ol> |  |
| <b>Conditions of Eligibility:</b>  | Property must meet state and local provisions.                           |
| <b>Contact Information:</b>  | City of Independence<br>Community Development Department<br>816-325-7000 |



## Appendix D: Prioritization Criteria

The current physical and economic state of the Square is the product of changing commercial trends, economic conditions, and social conditions. The revitalization of the Square will also be dependant on a number of changing factors and opportunities. For this reason prioritization of all of the recommendations contained in the plan would not allow the community to adequately respond to changing events. To assist the community in the prioritization of current and future recommendations the following criteria has been established.

As the community begins to reassess priorities over time projects that meet several of the criteria should be given the highest priority for the short-term implementation. The community should also take into consideration the complexity of each of the recommendations.

### Financial

1. The proposed project **will generate funds** to cover a portion of the development costs.
2. The proposed project **will leverage funds** from other sources. This includes matching funds in the form of a NID, CID or grant for a portion of the project.
3. The proposed project has a **dedicated funding mechanism** for maintenance of the improvement.
4. The project is an **extension of a larger capital improvement project** that would result in a cost savings. For instance, if IPL is under grounding existing overhead power lines streetscape improvements should be completed at the same time.

### Historic Integrity

5. The proposed project **will maintain the historic integrity** of the Square.

### Location

6. The project is **located in a focus area** of the *Square Revitalization Plan*. The focus areas of the plan are:
  - Courthouse Square District
  - Truman Road Corridor District
  - Brick Office District
7. The project will have a **high public visibility**. For example the project is located on one of the entry ways such as Truman Road identified in Figure 14 of Chapter 2: Analysis (page?).

### Marketing

8. The proposed project **will strengthen the market position** of the Square within the region.

### Partnerships

9. The proposed project **will strengthen the partnerships** between the various entities working for the revitalization of the Square.

### Project Control

10. The proposed project **is under the appropriate ownership** or control.
11. The proposed project **ownership or control can be acquired** with reasonable effort.

### Project is Related to Other Projects

12. The proposed project **will be an extension of existing public improvements**. For example, the project is an extension of existing streetscape improvements on an adjacent block.
13. The proposed project **will enhance existing improvements**. For instance, installation of additional pedestrian amenities such as benches, etc.
14. The proposed project **will function upon its completion** and additional phases are not required to adequately achieve the desired effects.

### Public Benefit

15. The proposed project **will provide a direct benefit** to local residents.
16. The proposed project **will serve multiple uses**. For example, the restoration grounds surrounding the Historic Jackson County Courthouse will not only serve as a gathering place for the community but as an amenity for visitors.
17. The proposed project **will yield significant results** related to the level of investment. For instance, if the project eliminates existing blight and has a large visual impact on the Square.