

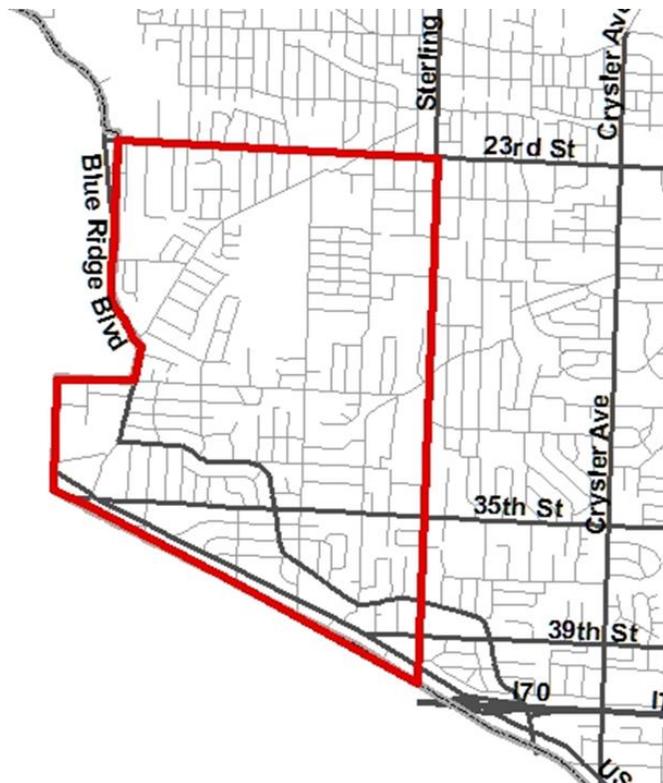
Southwest Independence Redevelopment Corporation

353 Residential Tax Abatement and Program Guidelines

for Parcel Specific Properties

I. Introduction

- A. This document (“Guidelines”) establishes guidelines for the utilization of Parcel Specific Tax Abatement (“PSTA”) included in the Southwest Independence 353 Redevelopment Plan (“Plan”) approved by the City of Independence, Missouri (“City”), by Ordinance No. 19073 on December 30, 2019. The Plan allows the Southwest Independence Redevelopment Corporation (“Corporation”) to receive abatement of property taxes for properties that are redeveloped or rehabilitated in accordance with the Plan and these Guidelines. The Corporation will “pass through” the real estate tax abatement to the owners of the specific parcels.
- B. Properties included in the Southwest Redevelopment Area (“Area”) are located in southwest Independence, generally south of 23rd Street and west of Sterling Avenue. The boundaries on the west and south are the city limits.



II. Purpose and Applicability

- A.** The purpose of this program is to give owners of real property an incentive to reinvest in and rehabilitate their properties. The intent is to focus this program primarily on residential properties as a means to stabilize neighborhoods and provide quality affordable workforce housing. As properties are improved over time and blighting conditions removed, the redevelopment area overall will be revitalized, which is a primary goal of this plan.
- B.** These Guidelines specify minimum standards and requirements that should be met to ensure that the rehabilitation of parcel specific properties accomplishes the goals of the Plan for neighborhood revitalization. These Guidelines apply only to rehabilitation projects where PSTA is used.
- C.** To encourage redevelopment and rehabilitation, Section 353.110 of the Missouri Revised Statutes provides that real estate taxes may be abated on the redeveloped property according to the following schedule: The application period shall remain open for a period of ten (10) years beginning in 2020 and be followed by a seven (7) year period of tax abatement for all tiers. This tax abatement is specific to each approved parcel (excludes land assessment).

III. Eligible Property

- A.** All parcels in the Area as defined by the Plan are potentially eligible for PSTA so long as the parcel is taxable and the owner is the direct recipient. These Guidelines outline the project requirements for properties up to two (2) residential units. The assignment of PSTA to property owners for rehabilitation or reconstruction will be administered through the Corporation's Board of Directors ("Board"). City staff will be used to assist the Board as necessary. Proposed residential projects on parcels valued less than or equal to the average home value (as determined by Jackson County) will be deemed automatically eligible for PSTA assuming the project meets these Guidelines and is approved by the Board. All other residential projects at parcels valued above the average must be submitted to the Board for a case-by-case pre-approval. If approved, the Board will issue a Notice to Proceed.
- B.** The Plan is not intended to allow investors to utilize tax incentives to rapidly accumulate properties that clearly and collectively constitute multi-family projects. An investor utilizing tax abatement shall not have an interest in more

than five (5) units in a two (2) block area. The use of tax abatement shall not be utilized for converting owner-occupied dwelling units to rental units or for the purpose of further subdivision of rental properties into a larger number of units. However, tax abatement may be used for the conversion of rental units to owner occupancy and/or for reducing the number of rental units within a previously converted structure. The Corporation will not assign tax abatement to any proposed project where, upon consideration, the obvious intent is contrary to the intent of the Plan as stated above.

IV. Tax Abatement Description

- A.** A three-tiered abatement system allows individual property owners options to fit the needs of their property and finances.

TIER I: FREEZE ON PROPERTY IMPROVEMENTS VALUE

This tier requires a minimum rehabilitation investment greater than or equal to 10% of the current value of the existing structure(s) on the property (as determined by Jackson County) at the time of application. Investment that meets this threshold provides the owner a seven (7) year freeze on the improvements value portion of property taxes. The land value portion of property taxes is not affected by this freeze and taxes on the underlying property remain unchanged and taxed appropriately.

Example: Rehabilitation of an eligible single-family residence with a current improvements value of \$100,000 must reflect investment costs that total at least ten thousand dollars ($\$100,000 \times .10 = \$10,000$).

TIER II: 25% REDUCTION OF PROPERTY IMPROVEMENTS VALUE

This tier requires a minimum rehabilitation investment greater than or equal to 25% of the current value of the existing structure(s) on the property (as determined by Jackson County) at the time of application to receive an abatement of 25% of the improvements value of the property for seven (7) years. The land value portion of property taxes is not affected by this abatement and taxes on the underlying property remain unchanged and taxed appropriately.

Example: Rehabilitation of an eligible single-family residence with a current improvements value of \$100,000 must reflect investment costs that total at least twenty-five thousand dollars ($\$100,000 \times .25 = \$25,000$).

TIER III: 100% REDUCTION OF PROPERTY IMPROVEMENTS VALUE

This tier requires a minimum investment greater than or equal to the current value of the existing structure(s) on the property (as determined by Jackson County) and must result in the reconstruction or new construction of an appropriate structure

for the site. Investments that meet this threshold provide the owner a full reduction in their property improvements value to zero (0) for seven (7) years. The land value portion of property taxes is not affected by this abatement and taxes on the underlying property remain unchanged and taxed appropriately.

Example: Demolition of an eligible single-family residence with a current improvements value of \$100,000. Reconstruction of a single-family residence must reflect investment costs that total at least \$100,000.

V. Program Guidelines for Residential Properties

- A. Documentation** - All projects require before and after source documentation of improvements such as a project description, receipts, before and after photos, etc.
- B. Project Timeline** – The project timeline begins the day the Memorandum of Understanding is issued by the City and signed by the property owner and a Notice to Proceed with Construction Work is issued by the City. A total period of one (1) year to complete the project is allowed. Projects that exceed this time require an extension to be approved and coordinated by the Board and City staff. Failure to complete required improvements within the extended deadline approved by the Board will result in removal from the abatement process.

In order to maximize the impact of the Plan, residential projects completed within one year prior to applying for PSTA under this Plan, which would otherwise meet all program eligibility and documentation requirements as outlined in these Guidelines, may be submitted to the Board for consideration of PSTA.

- C. Compliance with Property Maintenance and City Codes** - Properties receiving tax abatement must maintain compliance with all minimum standards, codes and ordinances of the City (collectively, “City Codes”). Any existing violations of the City Codes must be addressed prior to application for a tax abatement. The Guidelines may exceed City Codes to achieve the purposes of the Plan. Unresolved violations or failure to comply with the Guidelines after abatement has begun may result in repeal of the tax abatement. The Corporation may initiate proceedings to revoke tax abatement any time City Codes’ violations or non-compliance with these standards are reported as unresolved. Applicants must apply for all required permits through the City and comply with the City’s

Unified Development Ordinance (“UDO”) and 2018 International Residential Building and International Building Codes.

- D. Fees** - Nominal fees for the processing of an application for the assignment of real estate tax abatement under this program will be charged as listed below. Inspection fees will be charged as listed below.
- Application Fee - \$25 per unit payable to Corporation
 - Initial Inspection Fee - \$200 per unit for residences with less than five thousand (5,000) square feet payable to Inspector; additional fees may be charged for residences with larger square footage also payable to Inspector
 - Final Inspection Fee - \$50 per unit payable to Inspector
 - Three-Year Compliance Inspections Fee - \$50 per unit payable to Corporation
- E. Definitions** - Definitions of terms not defined herein are found in the Plan or in Article 14 of the City of Independence Municipal Code, known as the UDO.
- F. Variances** - In the event of a practical hardship, the Corporation may vary the strict application guidelines provided the general intent and spirit of the Plan is preserved. From time-to-time, the Board may develop other policies regarding variances that can be made available upon request. Procedural requirements will not be varied without a specific written request to the Board. All requests must be considered by the Board and receive an affirmative vote for the variance to be granted. No variances on project minimums or those that are not in accordance with the Plan will be considered. In addition, the Corporation has no authority regarding City Codes.
- G. Application, Approval, and Appeals Processes** – The typical systematic application and approval process for PSTA is as follows:
1. Applicants for PSTA are required to attend an orientation meeting at which a copy of the Guidelines, a list of Inspectors, lead-based paint booklets, and an application will be provided. City staff will work with the property owner throughout the project to provide guidance.
 2. The property owner must complete the application and return it with a check for \$25 per unit payable to the *Southwest Independence*

Redevelopment Corporation to the City's Community Development Department.

3. Prior to the initial inspection described below, City Staff will verify through Jackson County that all property taxes are paid to date. If the property owner is a landlord, City Staff will also ensure the landlord's business license is in order and that all Rental Ready inspections are current. Any deficiencies must be corrected before the initial inspection.
4. An Inspector will conduct an initial inspection to identify the required improvements, approve the elected improvements, provide an estimate of costs, and indicate if permits are required. Please see subsection V(D) above regarding fees for the initial inspection. Staff will review the Inspector's report to verify that all of the required improvements are listed and the items requiring building permits are indicated and draft the Property Inspection Summary. The property owner must apply for all required permits through the City.
 - a. Residential projects at parcels valued less than the average value (as determined by Jackson County) are deemed automatically eligible for PSTA without pre-approval by the Board so once the City has determined that all of the above requirements have been met, the City will issue the applicant a Memorandum of Understanding which the applicant must sign and a Notice to Proceed with Construction Work.
 - b. Residential projects at parcels valued greater than the average home value (as determined by Jackson County) must be submitted to the Board for pre-approval before work can begin. The applicant must include with the application: photos (time stamped) of the project site, description of the project site or needed improvements and obtained drawings, if necessary. If approved by the Board, the City will issue the applicant a Memorandum of Understanding which the applicant must sign and a Notice to Proceed with Construction Work.
5. Once the work has been completed, all work requiring a City Building Permit must receive a final inspection by the City.
6. An Inspector will conduct a final inspection to approve the property and/or building improvements. The fee for the final inspection is \$50 per unit payable directly to the Inspector.
7. The Board, in coordination with City staff, will review the relevant documentation to ensure the needed improvements have been identified

and made, costs are documented with receipts, the project meets these Guidelines, there are no outstanding property taxes due, and there are no violations of City Codes. If the property owner is a landlord, City Staff will also ensure the landlord's business license is in order and that all Rental Ready inspections are current.

8. Upon satisfactory completion of the application process and a determination that the project meets these Guidelines, the Board will vote to issue a Certificate of Tax Abatement and approve the execution of the Missouri Deeds. The owner will deed the property to the Corporation and the Corporation deeds the property thereafter back to the owner. Abatement runs with the property for the full seven (7) years after it begins (except upon cancellation for failure to comply with the Requirements During the Abatement Period as noted below) and therefore continues in the event ownership of the property is transferred.
9. If the Board determines the project does not meet these Guidelines, the property owner will be notified of the deficiencies and corrections that must be made.
10. Determinations by the Corporation regarding the granting of tax abatement may be appealed to the Independence City Council.

VI. Requirements During the Abatement Period

- A. **Payment of Assessed Property Taxes** - The owner must continue to pay and be up-to-date on paying all assessed property taxes to Jackson County throughout the abatement period. Failure to do so will result in loss of the tax abatement.

- B. **Periodic Inspections** – An inspector from the City will conduct on-site exterior inspections and may conduct on-site interior inspections every three (3) years after a property has received tax abatement to ensure compliance with these Guidelines. Properties receiving tax abatement must also be maintained in compliance with the minimum standards, codes, and ordinances of the City. Unresolved code violations or failures to comply with the guidelines may result in repeal of the tax abatement. The Corporation can initiate proceedings to revoke tax abatement anytime code violations or noncompliance with these standards are reported as unresolved. Property owners refusing access to their structure for the purpose of Periodic Review inspections shall have the property

abatement rescinded. A \$50 per unit fee for each inspection will be charged payable to the Corporation.

VII. Residential Program Guidelines: Required Improvements

- A.** Minor or cosmetic repairs alone, especially to the interior of the property, will not meet the minimum threshold for an abatement, but the sum total of major and minor improvements together may qualify. The goal of this abatement program is to first address any conditions contributing to blight and structural issues existing at the property, and only after those issues are addressed will minor, cosmetic, or interior remodeling project be considered. This section states the requirements for residential participation in the program. Requirements outlined in this section will be judged applicable or not based on the findings of the inspector prior to acceptance of a final project proposal.

All residential rehabilitation, reconstruction, and/or new construction receiving PTSA *must address one or more of the following if deficiencies are found* during the initial, independent inspection:

- 1. Structural Repair and Correction** - If structural deficiencies exist prior to application, the project must include those repairs.
- 2. Blight Elimination**
 - a. Driveways and Off-Street Parking** - A minimum of one paved off-street parking space must be provided per unit or in accordance with other zoning requirements. A minimum of 8.5 feet by 18 feet per space must be provided or in accordance with other dimensional standards according to City Codes.
 - i.** Pavement must not be broken up or severely cracked in any location.
 - ii.** No new parking areas are allowed within the right-of-way and existing pull-off parking must be properly maintained; only driveway or alley approaches are permitted.
 - iii.** Existing gravel driveway approaches must be properly maintained. New driveway approaches must be paved and the width should match the original to maintain the historic intent of the property. This may be altered, if necessary, to accommodate current vehicular standards.

In no cases shall the driveway approach width be altered to exceed 20 feet in residential areas.

- iv. The minimum amount of parking that must be provided must adhere to current zoning codes for the proposed use even if the use has attained “legal, non-conforming” status per the City’s zoning code.
- v. Some properties may need to apply for a variance from the City’s Board of Adjustment concerning driveways.

b. Sidewalks & Curbs

- i. In conformance with City Codes, any sidewalk or curb in front or alongside of a house or lot shall be in good repair. Any portion of a sidewalk or curb that is not in good repair must be repaired.
- ii. New or replacement sidewalks and curbs shall match the width of sidewalks on adjacent properties and be constructed to the standards required by the City.
- iii. The applicant may contact the Community Development Department – Code Compliance Division for an inspection of sidewalks and curbs at any time. City Codes require that any portion of a sidewalk or curb that is determined to not be in good repair must be repaired. Applicants should be aware that sidewalks and curbs might become damaged over time or as a result of extensive home rehabilitation or construction activities. Therefore, the applicant may need to replace portions of the sidewalk and curb which were in acceptable condition at the beginning of a project. Applicants may want to be certain the contractors they choose to do their work will guarantee they will repair sidewalks and curbs they damage. Sidewalks and curbs shall remain in good repair throughout the period of tax abatement.

c. Landscape & Exterior Issues

- i. All broken windows or windowpanes must be repaired or replace.
- ii. All fencing must be up to City Code.
- iii. Trees must be kept pruned and dead trees must be removed. All other plants must not be overgrown.
- iv. To improve the visual appearance of the neighborhood, the repair or replacement of peeling paint, damaged siding

and roofs, or other exterior finishes that contribute to blight must be corrected.

3. **Smoke Detectors and Carbon Monoxide Detectors.** Smoke and carbon monoxide detectors must be provided in accordance with the requirements of the City Code.
4. **Architectural Review Criteria.** New and existing buildings, structures and appurtenances that are constructed, moved, reconstructed, materially altered or materially repaired shall be visually compatible with the neighborhood in accordance with applicable City Codes.
5. **Electrical Service.** There shall be a minimum of 100 amp electrical service to the electrical panel of each dwelling unit. Where it is found that the electrical system in a structure constitutes a hazard to the occupants or the structure by reason of inadequate service, improper fusing, insufficient receptacle and light outlets, improper wiring or installation, deterioration or damage, or for similar reasons, the City will require the defects to be corrected to eliminate the hazard.

VIII. Residential Program Guidelines: Improvements Eligible After All Required Items

- A. Minor or cosmetic repairs by themselves will not be eligible for tax abatement. Examples of improvements eligible for tax abatement after all required improvements are made are listed below. This list is not all inclusive and only lists the types of work that may be done. Section VII, Required Improvements, specifies the improvements that must be done for a property to receive a tax abatement. However, the following improvements may be included as part of the project after any required improvements are addressed as part of the owner's plan.
 1. **Structural alterations and reconstruction** such as chimney repair, additions to the structure, installation of an additional bath(s), finishing attics and/or basements, repair of termite damage and the treatment against termites or other insect infestation, etc.
 2. **Elimination of health and safety hazards** such as resolution of defective paint surfaces or lead-based paint problems on homes built prior to 1978, asbestos removal, and radon remediation.
 3. **Changes for aesthetic appeal and elimination of obsolescence** such as new exterior siding when not required because of blighting conditions, adding a second story to the home, constructing a covered porch, porch and stair railings, etc.

- 4. Reconditioning or replacement of plumbing and/or HVAC systems** which includes connecting to public water and/or sewer system and replacement of window units with a central system.
- 5. Improvements for accessibility to the handicapped** such as remodeling kitchens and baths for wheelchair access, lowering kitchen cabinets, installing wider doors and exterior ramps, etc. Exterior ramps require conformance with design standards.
- 6. Repair or replacement of roofing, gutters, and downspouts** when not required because of blighting conditions.
- 7. Flooring, tiling, and carpeting.**
- 8. Energy conservation improvements** such as new double pane windows, storm windows, steel insulated exterior doors, insulation, caulking, and weather stripping, etc.
- 9. Major landscape work and site improvement** such as patios, decks and terraces that improve the value of the property. The correction of grading and drainage problems is also acceptable. Tree removal on private property is acceptable if the tree is a safety hazard to the property.
- 10. Wiring or electrical system upgrades** such as improvements to the existing wiring or electrical panel to bring the property into conformance with City Codes.
- 11. Expansion of floor area** such as improvements that increase the overall floor area or will provide additional square footage to increase the value of the home.