CITY OF JOPLIN
COUNCIL AGENDA ITEM

ITEM:
Council Bill No. 2024-295

MEETING DATE:
November 18, 2024

ORIGINATING DEPARTMENT:
Planning, Development and Neighborhood Services

REVIEWED BY:
Director of Planning, Development & Neighborhood Services-Troy Bolander, Director of Finance-Leslie Haase, City Attorney-Peter Edwards, Assistant City Manager-Tony Robyn, City Manager-Nicholas Edwards.

SUMMARY REQUEST:
Request for the abatement of the ad valorem taxes on improvements made to real property located at 401-411 S. Virginia Ave.

BACKGROUND:
The attached Council Bill states that the City Council has previously reviewed the redevelopment plan for the rehabilitation of the Holcraft-Stults Building located at 401-411 S. Virginia Ave. and the Council is currently approving the abatement of the increase in the ad valorem taxes. The proposed redevelopment project was recommended for approval by the Joplin Redevelopment Corporation at their meeting on November 14, 2023. The JRC is a corporation authorized by Chapter 353 of the Missouri State Statutes which has the authority to abate property (ad valorem) taxes in designated "blighted" areas to encourage redevelopment and reinvestment opportunities. The city council reviewed the redevelopment plans at their meeting on December 3, 2023. The properties proposed to be redeveloped are in an area that was declared "blighted" by City Council in 2003. The area was reaffirmed by Council as "blighted" due to an expansion of the blighted area in 2007. The previous approved redevelopment plan allows the owners to request a tax abatement on the property conditioned upon their investment and improvements to the property.

Systole Holding Company, LLC (Ryan and Jennifer Longnecker) are the current property owners. They are rehabilitating the existing building located on the property. The rehabilitated building area encompasses 28,900 sq. ft. The proposal includes converting the building into 10-12 new market rate apartments with indoor parking. Savings accrued from the ad-valorem tax abatement will be reinvested into the construction project.

The estimated total project cost is $3.7 million dollars. The Joplin Redevelopment Corporation recommended that 100% of the increase in ad valorem taxes to the real property resulting from the improvements be abated for 10 years and 50% of the increase in ad valorem taxes resulting from the improvements be abated an additional 15 years. The abatement on the real property over the life of the 25-year program is estimated at approximately $1.1 million.

The owners currently pay $3,471.47 in ad-valorem taxes per annum on the property. The current ad-valorem taxes on the properties will continue to be paid by the owners to the county and distributed to the taxing subdivisions. The annual property tax increase after the abatement period is completed is estimated at approximately $69,000.

Approval of the Council Bill will allow the property owners to enter into a property exchange agreement with the Joplin Redevelopment Corporation. After the exchange is complete and the Redevelopment Corporation takes title to the property, the property is eligible for tax abatements. The Redevelopment Corporation will immediately transfer the property back to the property owner with the proposed property tax abatement. The redevelopment plan will become part of the title transfer and recorded which will require the property owners and/or their successors to follow the recorded redevelopment plan to continue to be eligible for the property tax abatement.

PUBLIC COMMENT;
No public comments were submitted or made during the public hearing of the Joplin Redevelopment Corporation meeting.

FUNDING SOURCE
N.A.

RECOMMENDATION:
Staff recommends approval of Council Bill No. 2024-295

ATTACHMENTS
Council Bill No. 2024-295, Abatement Application/Redevelopment Plan (Exhibit A), Legal Description (Exhibit B)