CITY OF JOPLIN
COUNCIL AGENDA ITEM

ITEM:
Council Bill No. 2022-288

MEETING DATE:
November 21, 2022

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, City Manager- Nicholas Edwards.

SUMMARY REQUEST:
Request for the abatement of ad valorem taxes on improvements made to real property located at 906 through 912 S. Main St.

BACKGROUND:
The attached Council Bill states that the City Council has reviewed the redevelopment plan for the construction of a new downtown building addressed as 906 and 912 S. Main St. (Moss-DeGraff Building). The proposed redevelopment project was recommended for approval by the Joplin Redevelopment Corporation (JRC), Inc., at a public meeting on November 8, 2022. 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 properties proposed to be redeveloped are part of 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. Approval of the redevelopment plan will allow the owners to receive a tax abatement on the property conditioned upon their investment and improvements to the property.

Brad DeGraff and Kate Moss-DeGraff are the property owners. They are constructing a new building on vacant property that was the former location of the Raines Brothers Building. The Raines Brothers Building fell into disrepair and became a dangerous building that was demolished by the city. The new property owners want to construct a mixed-use building containing loft apartments and commercial retail/office space on the first floor. Savings accrued from the ad-valorem tax abatement will be reinvested into the construction project.

The property owners are investing approximately $3.4 million (not including property purchase) into the project. The Joplin Redevelopment Corporation is recommending 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 $544,625. The owners currently pay approximately $446 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 jurisdictions.

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. 2022-288. That this Ordinance, dealing with the ordinance setting any tax rate or assessment, is an emergency within the meaning of Section 2.12(5) of the Home Rule Charter of the City of Joplin, Missouri, and as such, shall be in full force and effect immediately from and after its adoption and approval.

ATTACHMENTS

Council Bill No. 2022-288, Abatement Application, Redevelopment Plan (Exhibit A), Legal Description (Exhibit B)