CITY OF JOPLIN
COUNCIL AGENDA ITEM

ITEM:
Council Bill No. 2023-298

MEETING DATE:
December 4, 2023

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 and City Manager- Nicholas Edwards.

SUMMARY REQUEST:
Request for the abatement of ad valorem taxes on improvements made to real property located at 512-518 S. Virginia Ave.

BACKGROUND:
The attached Council Bill states that the City Council has reviewed the redevelopment plan for the rehabilitation of the Pennington Drug Company Building located at 512-518 S. Virginia Ave. The proposed redevelopment project was recommended for approval by the Joplin Redevelopment Corporation (JRC), Inc., 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 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.

200 Block Commons, LLC (Jeff and Carolina Neal) are the property owners. They are rehabilitating the existing building located on the property. The rehabilitated building area encompasses 38,630 sq. ft. 200 Block Commons wants to construct a mixed-use building containing 21 residential units and 2 commercial retail/office units for lease. Savings accrued from the ad-valorem tax abatement will be reinvested into the construction project.

The property owners are investing approximately $3.2 million 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 approximately $943,000. The owners currently pay $2,946.64 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. The annual property tax increase after the abatement period is completed is estimated at $58,500.

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. 2023-298

ATTACHMENTS

Council Bill No. 2023-298, Joplin Redevelopment Corporation Minutes, Abatement Application/Redevelopment Plan (Exhibit A), Legal Description (Exhibit B)