

MEMO

RE: Kansas City Public Schools' initial response to Ordinance 220701

Kansas City Public Schools has long believed that KCPS should be treated equitably with the other school districts and that it is appropriate for all districts to have a say over their potential revenues. As the current proposal to change incentive policy primarily impacts projects within the KCPS boundaries, and dilutes school district input on projects, it's critical KCPS buy-in to the final policy. Otherwise, this raises ongoing equity concerns.

By-Right development is not currently consistent with the Kansas City Public Schools' Board Policy regarding tax incentives. Therefore, before KCPS can offer an endorsement of any final plan, it will need to be evaluated by staff and that evaluation will need to be shared with the KCPS Board for final review and approval.

ALL PROJECTS

- KCPS is open to by-right Tier 1 levels east of Troost only.
 - Need to prioritize 3rd and 5th Districts — incentivizing downtown and midtown at such high rates is going to equal developers continuing to focus on 4th District projects.
- No by-right 100 percent abatement level in the 4th and 6th Districts. No 25-year abatements in the 4th and 6th Districts.
 - KCPS gets to have a say over our potential revenues in the 4th and 6th Districts and for anything beyond 10 years at 75 percent.
- Projects fall in line with the development plan – projects still must meet the merits of community review.
- All projects not getting by-right will undergo a 3rd party financial analysis, including projects going to Port KC and KCATA's RideKC Development Corporation.
- Developers qualifying for by-right must be doing good work on any other projects.
- True plan for annual + 5-year analysis: what clawbacks will be put into place?
 - How many projects have occurred?
 - Where are projects located?
 - What kind of projects are being created?
 - Is this project contributing to the displacement of current residents?
 - What are the abatement impacts on each TJs? What are the revenues generated by each TJ?
 - What is the cost per job / cost per affordable unit (at each AMI range) / cost per residential unit?
 - Evaluation of AMI need vs. supply (similar to what DataKC did in 2020) — are we focusing public resources where we have the greatest need?

- Who has benefitted?
- Do respective projects still need the same level of assistance?

RESIDENTIAL

- Need to discuss affordability definition before discussing appropriate abatement levels.
 - In order to establish the appropriate AMI level we need to be looking at the difference between KC numbers and regional numbers with MFI.
 - Note: Schools should not be bearing the majority of the cost for affordable housing — this is a city obligation. The city should be committing a higher level of abatement, Housing Trust Fund dollars, or some other city incentive to cover this cost vs. redirecting potential school district revenues.

OFFICE

- KCPS is only open to automatic approval for office projects west of Troost that do not exceed abatement levels of 10 years at 75 percent.
 - If the city wants to offer a longer incentive term, the city should reimburse the other taxing jurisdictions from EATs so that they are made whole after Year 10 (i.e., city priority = city cost.)
- No by-right on the Plaza.
- Parking costs for office should not be included in the incentive.
 - If so, only for the first X number of projects and developers must consent to a shared parking plan. Future projects must participate in shared parking.
- How would this impact projects that have already gone before the city?
 - Strata, 27th/Main, downtown projects in expiring TIF plans, etc.
- Note: KC currently has an empty Class A office and an over-incentivized Class A office.