



## CHAPTER 353 PROPERTY TAX ABATEMENT DOWNTOWN LIBERTY RESIDENTIAL DISTRICT PROGRAM GUIDELINES

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The Program Guidelines for the Chapter 353 Downtown Liberty Residential District establishes procedures for the implementation of the Downtown Liberty Residential District Redevelopment Plan approved by the City of Liberty City Council by Ordinance No. 10236, on July 14, 2014 as amended on November 27, 2017

The Downtown Liberty Residential Chapter 353 District (“Downtown Residential District”) allows the Liberty Municipal Redevelopment Corporation (LMRC) to receive partial abatement of property taxes for properties within the redevelopment area in accordance with the Downtown Residential District that are rehabilitated or redeveloped in accordance with the Redevelopment Plan. The purpose of the corporation is to provide a streamlined, cost-effective means for individual property owners to obtain partial tax abatement on their properties in return for making improvements. Stock in the corporation is owned wholly by the City of Liberty and the corporation is managed by a board of directors.

Incorporated in 1829, Liberty is the second oldest incorporated town west of the Mississippi River. Portions of the residential area that surrounds the downtown are included on the local and national register of historic places and include individual buildings on the national register as well.

Properties included in the Downtown Residential District are generally bounded by William Jewell College and Suddarth Place/Michael Arthurs 2<sup>nd</sup> Addition neighborhoods on the east; then along the south side of Michael Arthurs 2<sup>nd</sup> Addition neighborhood to Leonard Street; the boundary continues south on Leonard Street to 291 Highway; the boundary continues west from 33 Highway to the west side of South Village Addition; then continues north along the west side of South Village Addition/Ford Place/Lincoln Place/Grooms Addition neighborhoods to Shrader Street; the boundary continues west along Shrader Street to the west side of Baldwin Place neighborhood; the boundary continues north along Fairview Avenue to approximately Mississippi Street; the boundary then runs east along Mississippi Street to Morse Avenue then continues north on Morse Avenue; the boundary then runs east along Corbin and Doniphan Streets to the west side of College Place West neighborhood. The area excludes the existing

Chapter 353 Liberty Downtown Area. The exact boundary is depicted by the Boundary Map included as part of the Development Plan.

This area includes 927 parcels.

**Purpose**

The purpose of this program is to provide the owners of specific parcels an incentive to rehabilitate their properties to remove any blighting influences, encourage reinvestment, encourage preservation as appropriate and improve the value and appearance of neighborhoods. As properties are improved over time and other improvements are made in accordance with the redevelopment plan, the redevelopment area is revitalized.

**Description of Program**

The program is intended to preserve and enhance the homes within the neighborhoods included in the Abatement Area and thereby enhance the neighborhoods they're included in. Five neighborhoods have been identified as local historic districts ("Historic Districts") and will require adherence to specific design guidelines and approval steps previously identified through adopted Historic District Design Guidelines and the Unified Development Code, Section 30-70, Historic Preservation Overlay District. Other neighborhoods not identified as a Historic District do not have specific guidelines but are required to follow eligible and non-eligible improvement guidelines contained herein in order to participate in the tax abatement program. See Attachment A for a list of improvements.

Chapter 353 tax abatement program provides that, once a property is transferred through a redevelopment corporation, the real property shall not be subject to assessment or payment of general ad valorem taxes for a period not to exceed ten (10) years except on the basis of the assessed value of the land, exclusive of improvements, during the calendar year prior to the year in which the LMRC acquired title to the property (title to the property is immediately transferred back to the homeowner). Thus, under a standard 353 project, the property owner is only paying taxes on the value of the land during the first ten years of abatement.

In addition, Missouri law allows for 50% abatement on the whole value of the property (land plus improvements) for up to an additional 15 years. Although Missouri law allows for an additional 15 years of abatement, Liberty program guidelines only allow for an additional five (5) year abatement in certain circumstances.

The abatement period will cease once the project cost has been reimbursed or the approved number of years of abatement has expired.

## **Minimum Project Improvements Required**

**Base Improvement Value** – In order to qualify for the 353 tax abatement, there is a minimum project improvement value that must be met. The “Base Improvement Value” minimum requirement for the improvements shall be the value of not less than the net Present Value @6.5 percent of the taxes abated over a ten year abatement period based on the current assessed value (with an assumed annual increase in value of 0.54 percent), but not less than \$3,500 for the eligible improvements on the existing structure(s) on the property. Net present value is utilized because it demonstrates the future value of an investment over time.

Certain improvement costs do not qualify for abatement (described below under **Ineligible Improvements**).

Fifty percent of actual construction cost must be for exterior improvements. Project Costs includes the entire cost of the project (construction, materials, architectural and engineering costs, fees, permits) excluding ineligible improvements. Construction Costs includes materials and labor excluding architectural and engineering costs, fees, permits and financing costs.

**A. Base Project Improvements** – The minimum improvements required for all construction receiving tax abatement must comply with the following and will count towards the Base Improvement Value:

- All construction must conform to City codes.
- To improve thermal efficiency of a dwelling, all doors and windows must be weather-stripped to reduce infiltration of air when existing is inadequate or nonexistent. All openings, cracks or joints must be caulked or sealed.
- All broken windows/window panes and doors must be replaced.
- Each project must, as prescribed by City code, be provided with a minimum of one approved, listed, labeled and operational smoke detector per bedroom and one on each floor. Carbon Monoxide Detectors must be installed on each floor.
- In conformance with the ordinances of the City of Liberty, any sidewalk adjacent to a lot shall be in good repair. Any portion of a sidewalk that is not in good repair must be replaced. New or replacement sidewalks shall match the width of sidewalks on adjacent properties and be constructed to the construction standards of the City of Liberty. A right-of-way permit is required for any sidewalk replacement. A right-of-way permit may be obtained from the Engineering Department. If a property owner is required to replace sidewalk, the property could qualify for up to an additional three (3) year tax abatement (beyond the initial 10 years) based on 50% of the then current full value of the property. This extension is available only if the cost of the sidewalk is not repaid within the initial ten (10) year tax abatement period and/or for the length of time necessary to recoup the cost of the sidewalk up to the additional three (3) years.

The applicant may contact the Public Works Department of the City of Liberty for an inspection of sidewalks at any time. Guidelines have been prepared to assist in evaluation of sidewalk replacement. Applicants should be aware that sidewalks might become damaged over time or as a result of extensive home rehabilitation or construction activities. Applicants may want to be certain that the contractors they choose to do their rehabilitation work will guarantee that they will repair sidewalks that they damage, otherwise the applicant will be responsible for repairing a sidewalk damaged by the contractor.

- If a homeowner is replacing a driveway or any portion thereof and /or is required to replace sidewalk adjacent to the driveway, Public Works Department may require that the driveway approach also be repaired/replaced. Guidelines have been prepared to assist in evaluation of driveway approach repair.
- Existing retaining walls must be in good condition and restored to maintain structural integrity.
- Turf and/or planted beds are required in the front and back yards. Plantings shall not be overgrown.
- Electrical service must be provided to 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.
- One street tree per City code is required.

### **Eligible Improvements**

A. General Improvements - Any repair is acceptable in the Base Project Improvements requirement that may affect the health and safety of the occupants. Minor or cosmetic repairs by themselves, however, cannot be included as a part of the Base project. Examples of eligible improvements are listed below. This is not inclusive and only lists the types of work that may be done. The Base Project Improvements, specify the improvements that must be done for a property to receive tax abatement. The following improvements may apply toward the Base Project Value. A more complete list can be found in Attachment A.

- Structural alterations and reconstruction including additions, chimney repair, finish basements.
- Masonry work
- Elimination of lead based paint and asbestos removal on homes built prior to 1978.
- Changes for aesthetic appeal and elimination of obsolescence (i.e. new exterior finishes, new porch and/or enclosed decks)
- Replacement of plumbing, furnace replacement, air conditioning including replacement of window units with central systems, new plumbing fixtures.
- ADA accessible improvements
- Roof replacement/repair, gutters and downspouts

- Window and door replacement/repair
- Flooring, tiling, carpeting, painting (interior and exterior)
- Energy conservation improvements. Solar panels should be mounted flush with the roof on a secondary façade.
- Demolition
- Major landscaping, drainage improvements to preserve the property from erosion and/or fixing drainage problems.
- Labor and materials.

Construction materials shall be purchased from businesses within the City. For those purchased outside the City limits the items must be pre-approved as part of LMRC action. Materials may also be purchased outside the City limits if materials are not available from businesses within the City or where a contractor has a purchase agreement with a specific business. If receipts show purchases that clearly can be purchased from a business within the City and the purchases were not pre-approved, the item may become ineligible to count toward abatement project. In addition, wherever a property is located within the Chapter 353 Residential Area A, there are items that, while they may be allowed, may or may not be eligible for Chapter 353 tax abatement. Refer to Attachment A for a complete list.

- B. Local Historic District Properties - Properties located within local historic districts must follow the Historic District Design Guidelines. If a property owner within a local historic district removes any aluminum or synthetic siding and restores with a wood/wood based product (as required within the Historic District Design Guidelines), the property could qualify for up to an additional five (5) years of tax abatement (beyond the initial 10 years) based on 50% of the then current full value of the property. This extension is available only if the cost of the historic district improvement is not repaid within the initial ten (10) year tax abatement period and/or for the length of time necessary to recoup the cost of the historic district improvement up to the additional five (5) years. Properties within local historic districts must have exterior work approved by the HDRC.
- C. Properties Outside Local Historic Districts - If a property located outside of the local historic districts opts to comply with the adopted Historic District Design Guidelines, the property could qualify for up to an additional five (5) years of tax abatement (beyond the initial 10 years) based on 50% of the then current full value of the property. This extension is available only if the cost of the historic district improvement is not repaid within the initial ten (10) year tax abatement period and/or for the length of time necessary to recoup the cost of the historic district improvement up to the additional five (5) years.

ABATEMENTS WILL NOT EXCEED A TOTAL OF 15 YEARS.

## **Ineligible Improvements**

Although conventional improvements are encouraged within the neighborhoods, there are certain improvements that cannot be applied towards a tax abatement calculation. These ineligible improvements are included in Attachment A.

## **Program Implementation**

### **A. Application Process**

- The applicant is required to attend a preliminary meeting with Economic Development staff.
- Upon initial review by staff, the applicant will subsequently provide an itemized cost of improvements including listing by exterior and interior as well as drawings of improvements to be completed.
- Based upon this information, and as a result of an inspection, staff will verify that the improvements proposed include the Base Project Improvement, and that the proposed improvements have not already occurred and upon completion of the improvements, the inspector will verify that the work has been completed.
- Properties receiving tax abatement must meet and be maintained in compliance with the minimum standards, codes and ordinances of the City. Non-compliance may result in loss of tax abatement.
- The LMRC shall consider a development performance agreement between the property owner and LMRC describing the obligations to carry out the development plan. Included are procedures the tax abatement period, the schedule for construction and the transfer of title to the property.
- Applicant applies for a building permit, if necessary.
- Work commences.
- A total period of up to two (2) years is allowed for full compliance to the Development Agreement. A request for extension of time to complete improvements or inclusion of additional improvements may be submitted along with reason for extension or additional improvements to staff for consideration. The request must include a list of required improvements still to be completed and a proposed time frame for completion (not to exceed one (1) year). Inclusion of additional improvements must meet the requirement of 50% exterior construction cost.
- When all improvements are complete, the applicant must submit copies of paid receipts, invoices and approved permits to show property is ready for final inspection.
- A final inspection is conducted to certify completion and a Certificate of Completion is issued.
- The LMRC files and records Deeds (deed to LMRC in a.m.; deed back to property owner in p.m.).
- The applicant shall pay, each year during the abatement period, the taxes based upon the existing land value in accordance with state statutes.

B. Submittal Requirements

- Completed Application
- Pictures of the site and existing structures (interior and exterior)
- Legal description of the property
- Itemized cost of improvements including listing by exterior and interior
- Most current real estate tax statement.
- Application Fee (\$200).
- Additional information may be required depending upon the project and requests by the LMRC.

C. Application Fee - \$200 provided prior to LMRC determining Base Improvement Value.

D. Application Acceptance - Applications will be accepted during the 10- year period from 2014 to 2024. New applications will be accepted each year during this period, however, the property tax amount abated as a result of applications received each year will not exceed a total of \$25,000 in new abated property taxes. For example, in any one year, the City Council may grant up to \$25,000 (cumulative) in property tax abatement amount regardless of the number of applications. The City Council may continue to grant an additional \$25,000 in property tax abatement each year. The City Council shall have the ability to grant an additional increase in the annual allowed amount on a case by case basis. At such time as the maximum annual allowed amount is realized each year, staff shall provide the City Council with an update of any outstanding applications submitted for consideration. The City Council, can at that time recommend an increase in the maximum allowed amount to accommodate the applications submitted for that year.

The City Council shall receive notification of each Redevelopment Project approved by the LMRC, including project improvements and estimated tax abatement amount. An annual report shall be submitted each year by November 30 to the City Council.

E. Performance Agreement - The granting of tax abatements are conditioned upon the property owners executing a Performance Agreement with the LMRC in a form acceptable to LMRC. The City Council reserves the right to alter these guidelines upon proper noticing of the property owners within the Residential Tax Abatement Area.

## ATTACHMENT A

IMPROVEMENT	CLARIFICATION
<b>Base Required Improvements</b>	
Weather-strip, caulk and seal all openings, cracks and joints to reduce air infiltration	
Replace exterior broken windows/window panes and doors	
Installation of smoke detectors and carbon monoxide detectors	<i>Each sleeping area must include at least 1 approved, listed, labeled and operational smoke detector plus each common area and basement. Carbon monoxide detectors installed and operational on each floor.</i>
Insulate all openings in exterior walls where cavity has been exposed in rehab work	
Minimum 1 off-street paved/permeable parking space must be required per unit or in accordance with zoning requirements	<i>Dimensional standards according to City Code. No space shall be within right-of-way; only driveway or alley approaches are permitted. Driveway approach shall not exceed the width identified within the Unified Development Ordinance for residential areas. Some properties may need to apply for variance.</i>
Sidewalk in front or adjacent to lot shall be in good repair. If not in good repair or nonexistent the sidewalk must be replaced/reconstructed (see Sidewalk/Drive Evaluation Criteria).	<i>The public works inspector will utilize the Sidewalk/Drive Approach Evaluation Criteria when determining whether a sidewalk or drive approach needs repair or replacement. Must match the width of sidewalks on adjacent properties and be constructed to standards of City of Liberty. May qualify for an additional 3 years of abatement. Sidewalk requirement per City Code (i.e. sidewalk may only be required on one side of street).</i>
The driveway approach shall be in good repair. If not, the driveway approach shall be repaired/replaced (see sidewalk/Drive Approach Evaluation Criteria)	<i>The public works inspector will utilize the Sidewalk/Drive Approach Evaluation Criteria when determining whether a driveway approach needs repair or replacement. May qualify for the additional 3 years of abatement. If the applicant qualifies for an additional 3 years abatement through sidewalk replacement, driveway approach /replacement will qualify for the same 3 year abatement, not an additional 3 years.</i>
Any retaining walls must be restored to show structural integrity	
Permanent plantings on property must not be overgrown	
Front yard must contain turf and planting beds	
One street tree must be maintained in front yard	<i>Tree species as approved within the Liberty street tree list.</i>

Where it is found that the electrical, mechanical and plumbing system(s) in a structure constitutes a fire and/or other hazard to the occupants or structure, the defects must be corrected to eliminate the hazard	<i>Even by reason of inadequate service, improper fusing, insufficient receptacle and light outlets, improper wiring or installation, deterioration or damage, or for similar reasons.</i>
<b>Eligible Improvements that can apply towards base</b>	
Structural alterations and reconstruction including additions, chimney repair, finished basements	
Masonry work	
Elimination of lead based paint and asbestos removal on homes built prior to 1978	
Changes for exterior aesthetic appeal and elimination of obsolescence	<i>New exterior finishes, new porch and/or decks</i>
Installation and/or replacement of interior finishings for aesthetic appeal and elimination of obsolescence	<i>Finishes could include countertops, cabinetry, sinks/tubs/showers including fixtures, flooring, and tile.</i>
Replacement of plumbing, furnace replacement, new central air conditioning, replacement of window units with central systems, new plumbing fixtures	
ADA accessible improvements	
Roof replacement/repair, gutters and downspouts	<i>Downspout/sump pumps must not flow directly into storm sewer/wastewater lines.</i>
Exterior window and door replacement/repair and interior door replacement if associated with room addition/alterations	
Flooring, tiling, carpeting, painting (interior and exterior)	
Energy conservation improvements	<i>Permanent improvements only (excludes appliances such as refrigerators, washer/dryer units/stoves/ovens/dishwashers). Solar panels should be mounted flush with the roof on a secondary façade.</i>
Insulation	
Demolition	<i>If a complete demolition, a replacement home must be compatible with the neighborhood.</i>
Drainage improvements and certain landscaping improvements	<i>Qualified landscaping expenses must show landscaping made to preserve the property from erosion and/or fixing drainage problems. Drainage must not result in runoff onto neighboring properties. Excludes irrigation systems and other landscaping not associated with drainage improvements.</i>
Labor and materials	
Equipment rental	<i>Only equipment rented (hourly/weekly/monthly) specifically used for project. Excludes purchase of new/used equipment.</i>

<b>Improvement eligible for additional tax abatement years</b>	
Sidewalk/Drive Approach	<i>Eligible for up to an additional 3 years*</i>
Removal of aluminum and synthetic siding	<i>Must be replaced with wood/wood base siding material to qualify for tax abatement program.</i>  <i>(aluminum and/or synthetic siding is allowed on homes not within local historic districts but will not apply towards tax abatement calculation)</i>  <i>Eligible for up to an additional 5 years*</i>
Improvements made to properties not within the local historic districts that meet historic district guidelines	<i>Eligible for up to an additional 5 years*</i>
<b>Improvements not eligible for tax abatement</b>	
Aluminum or vinyl siding	
Replacement of window frames with aluminum, steel and vinyl window frames	<i>Unless the window frames are currently aluminum, steel or vinyl</i>
Removable fixtures	<i>Includes light fixtures, ceiling fans, blinds/window treatments, shelving (non built-ins), appliances (except as allowed under Eligible Improvements above)</i>
Any improvements completed as part of an insurance claim or being reimbursed as part of an insurance claim	
Sheds and foundation work to place sheds	
Pools, in-ground and above-ground	
Irrigation systems	
Use of hazardous materials	
Work included to create additional living units within a structure intended to be a single-family home	<i>Existing multi-tenant buildings cannot increase current number of units, unless zoning designation allows.</i>
Signage	
Value of labor by the property owner for work not requiring a building permit	
Minor landscaping improvements	
Fencing	
Materials not purchased within the City limits and/or not pre-approved	<i>Unless it is shown that materials are not available in the City</i>
Backyard decks not fully enclosed	
Food/refreshment purchases	
Equipment purchases	

Exterior improvements to properties located within the local historic districts must seek approval through the City’s preservation office and/or Historic District Review Commission.