
Monitoring Compliance with the City's Urban Redevelopment Program

Scope Statement – November 4, 2009

Background

Missouri's Urban Redevelopment Corporations Law - Chapter 353 is an economic development tool that encourages the removal of blight and redevelopment of property through the exemption of a portion of real estate taxes for up to 25 years and the use of eminent domain to assemble land in redevelopment project areas. In return for exempting property taxes, redevelopment corporations agree to remove blight and fulfill requirements specified in the redevelopment contract. The provisions of Chapter 353 are accepted and their implementation detailed in the city's Urban Redevelopment Ordinance - Chapter 74.

Why audit the city's urban redevelopment program?

In 2008, more than 3,000 Kansas City, Missouri, real property parcels, with a market value of more than \$1.5 billion, had a portion of their property taxes exempted through the city's and Planned Industrial Expansion Authority's use of Chapter 353. However, monitoring of the city's urban redevelopment program has not been a priority. Although many property owners have not complied with contract requirements, property tax exemptions have continued.

Audit objectives

Our objectives are to answer the following questions:

- What monitoring and compliance processes does the city's urban redevelopment program use?
- Can the city terminate urban redevelopment program exemptions when the original redeveloper or subsequent property owners have not fulfilled program and contractual obligations?

Audit methods

We will identify state and city urban redevelopment requirements. We will review files and interview staff to understand what processes the program uses. We will also review a sample of city projects to identify specific contract requirements and look for documentation demonstrating compliance.

Anticipated release date

We plan to present the audit report to the City Council in March 2010.