



Let's Cross Paths

CHAPTER 353 PROPERTY TAX ABATEMENT

MIDTOWN RESIDENTIAL AREA

PROGRAM GUIDELINES

These Program Guidelines for the Sedalia Chapter 353 Midtown Residential Area establishes procedures for the implementation of the tax abatement portions of the Sedalia Midtown Residential Area Redevelopment Plan approved by City Council by Ordinance No. 11168, on May 18, 2020.

The Midtown Residential Area (MRA) Development Plan (Plan) allows the Sedalia Redevelopment Corporation (SRC) to provide tax abatement of property taxes for properties within the redevelopment area in accordance with the provisions under Chapter 353 of the State Statutes. The Plan provides a method to pass through the SRC to individual property owners partial tax abatements on their properties in return for making improvements that remove the blighted conditions of the property. This document is intended to clarify the procedures and process for the tax abatements, refer to the full redevelopment plan for additional provisions.

Stock in the SRC Corporation is wholly owned by the City of Sedalia and is managed by a board of directors appointed by the Mayor and City Council. The MRA consists almost exclusively of residential properties, some vacant properties previously occupied as residential units, and a few commercial and industrial properties adjacent to Downtown. The MRA contains the City's oldest housing units many of which have fallen into disrepair. Some of the larger single-family units have been split into multi-family structures. Development of some parts of the Area represent relatively dense residential neighborhoods. Some of the neighborhoods (i.e. Victorian Towers) have residences with architecturally significant features. Unit sizes, types of construction, condition, and lot sizes vary. In terms of age, some buildings date from the late 1800's and early 1900's, with a large number developed between 1901 and 1920. No significant number of new housing units have been built after 1950. Also, only a relatively small number of units have had a substantial level of rehabilitation. The more details and boundaries of the MRA is depicted by the Boundary Map included as part of the Development Plan.

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, increase home ownership 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. ***In order to receive a tax abatement, all exterior blight must be removed or abated prior to an abatement of taxes. Failure to maintain a blight-free property will result in a loss of the tax abatement.***

Description of Program

The program is intended to preserve and enhance the homes within the neighborhoods included in the

MRA and thereby enhance the neighborhoods they're included in. The Victorian Towers historic neighborhood has been identified as a local historic district and will require adherence to specific design guidelines and approval steps previously identified through adopted Historic District Design Guidelines. 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 SRC acquired title to the property. With Council approval, the SRC can pass through the tax abatement to the owner upon transfer of title. ***Thus, under a standard 353 project, the property owner is only paying taxes on the value of the land up to the first ten years of abatement.***

In addition, Missouri law allows for 50% abatement on the whole value of the property for up to the next fifteen (15) years. ***Thus, under a 353 project, the property owner may only be paying a portion of the real estate taxes for up to twenty five years after the rehabilitation to help offset the costs of such rehabilitation.***

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

Eligible Properties

In order to qualify for tax abatement the property must fall within the MRA boundaries. In addition, properties that meet the following conditions will be excluded from the tax abatement program so long as these conditions exist:

- Properties that have been issued a notice from law enforcement regarding illegal activity on the property pursuant to Section 36-96 of the City's Code of Ordinances within the last six (6) months or if the owner is / was not cooperative with the order, so long as such owner still owns the property.
- Properties which have property maintenance code compliance citations outstanding. Also, properties owned by common ownership where other property maintenance code compliance citations are outstanding.
- Blight on all properties with common ownership interests must be eliminated for any such property to qualify.
- Properties with delinquent property tax assessments, including special assessments of the City of Sedalia.

Minimum Project Improvements Required

- A. 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 0.5 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).

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.

B. 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. Any existing code violation shall be brought into compliance by the end of construction of the project.
- 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 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 if any fuel burning appliances or attached garage is present.
- Any sidewalk in front or alongside of a house or 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 materials and width of sidewalks on adjacent properties and be constructed to the construction standards of the City of Sedalia. The applicant may contact the Public Works Department of the City of Sedalia for an inspection of sidewalks at any time. 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.
- 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, as well as, to satisfy the current electrical utility (Evergy) requirements.

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, are not 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, specifies 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 including tuck pointing existing masonry
- 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 decks)
- Replacement of plumbing, furnace replacement, air conditioning including replacement of window units with central systems, new plumbing fixtures.
- Handicapped accessibility 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 facade.
- Demolition
- Major landscaping, drainage improvements to preserve the property from erosion and/or fixing drainage problems, and fencing.
- Labor and materials.

Wherever a property is located within the Chapter 353 Residential Area, 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 listing.

- 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 additional tax abatement beyond the initial ten (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. Properties within local historic districts must have exterior work approved by the Sedalia Historic Preservation Commission (SHPC).
- 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 additional of tax abatement beyond the initial ten (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.
- D. **Conversion to home ownership** - Tax abatement is not intended for the conversion to additional rental units. The use of tax abatement shall not be utilized for the purpose of converting owner-occupied dwelling units to rental units or for the purpose of further subdivision of rental properties into a larger number of units. However, tax abatement may be used for the

conversion of rental units to owner occupancy and/or for the purpose of reducing the number of rental units within a previously converted structure.

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

This describes a typical step-by-step application/approval process for parcel specific tax abatement.

1. The applicant is required to attend a preliminary/orientation meeting. At this time, applicants will receive the tax abatement policies and guidelines and a copy of the property evaluation form.
 - a. To begin the process, the applicant should bring
 - current pictures of the site and existing structures (interior and exterior),
 - most current real estate tax statement, and
 - a completed property evaluation form if applicant has completed form.
2. The applicant must identify all elected projects, complete the property evaluation form, and obtain drawings, if necessary, prior to arrival of the inspector.
3. An inspector, utilized by the SRC will examine and review the property to identify needed improvements. The inspector will provide the owner of the property with a copy of the required improvements. The applicant will be responsible for getting estimate of costs, and any required permits. City staff will review evaluation forms to verify that the items requiring building permits are indicated.
4. SHPC (Sedalia Historic Preservation Commission) shall review all applications for properties within any designated historic district or any properties registered as historically significant to determine SHPC guidelines are met.
5. Upon satisfactory completion of the application review, and a determination that the proposed project would be in compliance with the parcel specific tax abatement guidelines, a proposed commitment for tax abatement is issued in the form of a Memorandum of Understanding (MOU) by the SRC. For minimum interior and exterior property standards, properties receiving tax abatement must meet and be maintained in compliance with the minimum standards, codes and ordinance of the City. Non-compliance may result in loss of tax abatement.
 - a. Property owner to submit processing fee. Fee will be negotiated on a case by case basis to cover the costs of processing the tax abatement application.
 - b. SRC with the assistance of City staff, shall then prepare impact statements on the ad valorem taxes the proposed tax abatement would have on each affected taxing jurisdiction. The impact statements shall then be mailed certified return receipt requested to each affected taxing jurisdiction. Impact statements shall also include notice of a public hearing to be held in front of the City Council no less than fifteen (15) days and no more than thirty (30) days after mailing of the notice.
 - c. Notice of the public hearing shall also be published in the Sedalia Democrat no less than

fifteen (15) days and no more than thirty (30) days prior to the hearing.

- d. Upon conclusion of the hearing, City Council may consider adoption of an ordinance approving the terms of the memorandum of understanding, including the tax abatement provisions.
 - e. Upon approval by the City Council of Sedalia, the memorandum of understanding will be executed and a notice to proceed will be issued and construction may commence.
6. The applicant must apply for all required permits through the City
 7. Depending on the extent of work to be completed, homeowners are through the MOU provided a specific amount of time in which to accomplish substantial rehabilitation. As a general rule, no more than a total period of up to one (1) year for full compliance is allowed for substantial rehabilitation.
 8. Property owners failing to complete required improvements within the time frame specified in the MOU must submit a request for extension to the SRC to maintain the abatement. This request must state the reason for the extension, required improvements that remain to be completed, and proposed time frame for completion. Failure to complete required improvements within the amended date approved by the SRC Board will result in removal from the abatement process.
 9. When all work is complete in accordance with the approved architectural exhibits and change orders, the applicant provides copies of paid invoices and approved permits, to indicate that the property is ready for final inspection. A final inspection will be conducted by a City inspector to certify completion and a Certificate of Compliance will be issued.
 10. The Sedalia Redevelopment Corporation (SRC) Board of Directors will review and recommend for approval to the City Council each Parcel Specific Tax Abatement Project and the execution of the Missouri Deeds. The owner will deed the property to the Authority and the Authority deeds the property thereafter back to the owner. These deeds provide that the Redevelopment Authority has "ownership" of the parcel for 24 hours so that the Parcel Specific Tax Abatement can "flow through" the authority to the specific parcel of land with City Council approval.
 11. Those filings and recording of the respective deeds will be performed by the staff assigned to the Sedalia Redevelopment Corporation.
 12. Upon receipt of the Certificate of Compliance and the signed and notarized Missouri Deed, the City will issue a Certificate of Tax Abatement. Copies of these documents are filed with the Pettis County Assessor, Pettis County, Missouri, and the Finance Director, City of Sedalia, Missouri. The term and amount of the tax abatement shall be as approved by SRC and City Council. Abatement runs with the property for the term of the approved abatement, and therefore continues in the event ownership of the property is transferred.
 13. The SRC will determine the amount of the base project minimum requirement (The current minimum requirement is \$3,500).
 14. The SRC, in cooperation with City staff of the City of Sedalia and, when appropriate the SHPC, reviews applications to determine that:
 - a. Requirements for the base project would be met
 - b. Other requirements relating to minimum property standards, driveways and off-street

parking, landscape, etc. would be met.

- c. All historic district guidelines are met.
- d. All work items that require a building permit will be noted in the work write-up upon City staff review.

15. The SRC or City Staff may also provide some direction and advice to low and moderate income applicants about the availability of rehabilitation programs in addition to the tax abatement.

Review/Appeals

- A. Review: All completed work will be reviewed by City staff to ensure code compliance and by a representative of the SRC (these may be the same person) to determine compliance with the commitment for tax abatement prior to granting the tax abatement.
- B. Appeals Tax Abatement: Determinations by the SRC regarding the appropriateness of granting of tax abatement may be appealed to the City Council of Sedalia.

Periodic Review

The SRC will conduct on-site inspections and may conduct on-site interior inspections every year after the property has received tax abatement to ensure compliance with the guidelines. Properties receiving tax abatement must also be maintained in compliance with the minimum standards, codes and ordinances of the City. Unresolved code violations or failures to comply with the guidelines may result in repeal of the tax abatement. The SRC can initiate proceedings to revoke tax abatement anytime code violations or noncompliance with these standards are reported as unresolved. Property owners refusing access to their structure for the purpose of periodic review inspections shall have the property tax abatement rescinded.

ATTACHMENT A

IMPROVEMENT	CLARIFICATION
Base Required Improvements	
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	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.
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	Dimensional standards according to City Code. No space shall be within right-of-way; only driveway or alley approaches are permitted. Some properties may need to apply for variance. Applicants are encouraged to consult with public works staff on requirements and potential assistance.
Sidewalk in front or alongside of a house or lot shall be in good repair. If not in good repair the sidewalk must be replaced/reconstructed	Must match the materials and width of sidewalks on adjacent properties and be constructed to standards of the City. Applicants are encouraged to consult with public works staff on requirements and potential assistance.
Any retaining walls must be restored for structural integrity, storm water and erosion control, and aesthetics	Appearance should conform to the surrounding area.
Plantings on property must not be overgrown. Front and side yards must contain appropriate turf and planting beds	Landscaping should complement the surrounding area and enhance storm water management.
Trees shall be properly managed. Any danger to the property or surrounding properties shall be mitigated.	Applicants are encouraged to consult with public works staff, for results of recent tree resource management consulting.
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	Even by reason of inadequate service, improper fusing, insufficient receptacle and light outlets, improper wiring or installation, deterioration or damage, or for similar reasons.

Eligible Improvements that can apply towards base	
Structural alterations and reconstruction including additions, chimney repair, finished basements	
Masonry work	Including tuck pointing of existing masonry
Elimination of lead based paint and asbestos removal on homes built prior to 1978	
Changes for exterior aesthetic appeal and elimination of obsolescence	New exterior- finishes, new porch and/or decks
Installation and/or replacement of interior finishing for aesthetic appeal and elimination of obsolescence	Finishes could include countertops, cabinetry, sinks / tubs / showers including fixtures, flooring, and tile.
Replacement of plumbing, furnace replacement, new central air conditioning, replacement of window units with central systems, new plumbing fixtures	Priority should be given to increasing energy efficiencies.
Handicapped accessibility improvements	
Roof replacement/repair, gutters and downspouts	Downspout/sump pumps must not flow directly into storm sewer/wastewater lines.
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	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 facade.
Insulation	
Demolition	If a complete demolition, a replacement home must be compatible with the neighborhood.
Drainage improvements and certain landscaping improvement	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.
Labor and materials	

Improvements given added consideration for longer tax abatement periods	
Sidewalks and curbs	
Replacement of aluminum and synthetic siding to return to historic building styles	Must be replaced with wood/wood base siding material to qualify for tax abatement program. Must be reviewed by Sedalia Historic Preservation Commission if within designated historic district or on a historically significant designated property (aluminum and/or synthetic siding is allowed on homes not within local historic districts)
Improvements made to properties not within the local historic districts that meet historic district guidelines	Must be reviewed by City Staff or the Sedalia Historic Preservation Commission.

Improvements not eligible for tax abatement	
Removable fixtures	Includes light fixtures, ceiling fans, blinds/window treatments, shelving (non-built- ins), appliances (except as allowed under Eligible Improvements above)
Any improvements completed as a 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	Existing multitenant buildings cannot increase current number of units, unless zoning designation allows.
Signage	
Value of labor by the property owner for work not requiring a building permit	
Minor landscaping improvements	

Exterior improvements to properties located within the local historic districts or properties designated as historically significant must seek approval through the City's preservation office and/or Sedalia Historic Preservation Commission.

ATTACHMENT B
SEDALIA MIDTOWN REDEVELOPMENT AREA (MRA)

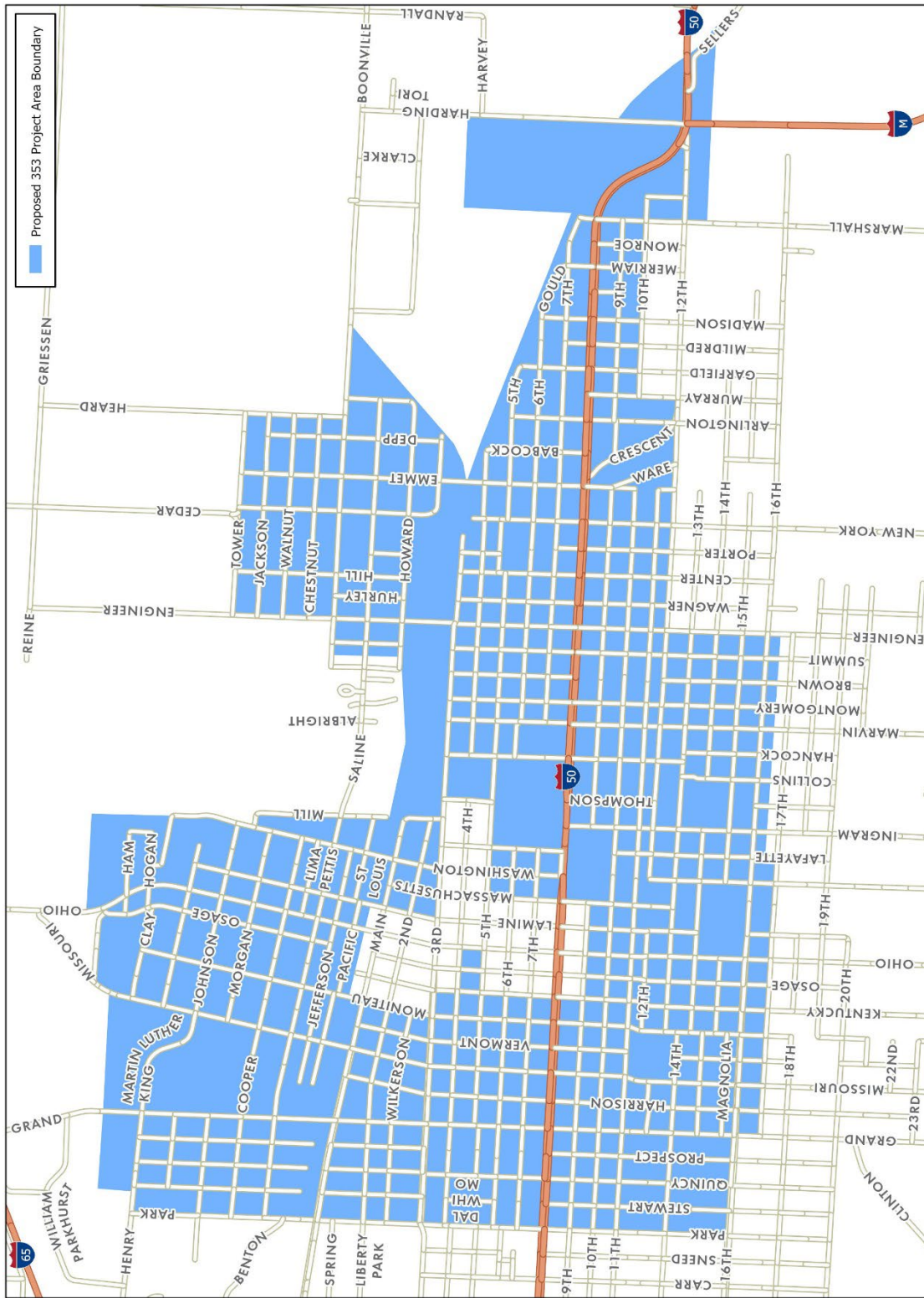


PLATE 2 - PROJECT AREA BOUNDARY

Midtown Residential 353
 Sedalia, Missouri

