

DEPARTMENT OF ECONOMIC DEVELOPMENT

Distressed Areas Land Assemblage Tax Credit Act PROGRAM GUIDELINES

STATUTORY AUTHORITY:

99.1205. 1. This section shall be known and may be cited as the "Distressed Areas Land Assemblage Tax Credit Act".

DEFINITIONS:

"Acquisition costs", the purchase price for the eligible parcel, costs of environmental assessments, closing costs, real estate brokerage fees, reasonable demolition costs of vacant structures, and reasonable maintenance costs incurred to maintain an acquired eligible parcel for a period of five years after the acquisition of such eligible parcel. Acquisition costs shall not include costs for title insurance and survey, attorney's fees, relocation costs, fines, or bills from a municipality;

"Applicant", any person, firm, partnership, trust, limited liability company, or corporation, which has:

(a) Incurred, within an eligible project area, acquisition costs for the acquisition of land sufficient to satisfy the requirements under subdivision (8) of subsection 2 of this section; and

(b) Been appointed or selected, pursuant to a redevelopment agreement by a municipal authority, as a redeveloper or similar designation, under an economic incentive law, to redevelop an urban renewal area or a redevelopment area that includes all of an eligible project area or whose redevelopment plan or redevelopment area, which encompasses all of an eligible project area, has been approved or adopted under an economic incentive law. In addition to being designated the redeveloper, the applicant shall have been designated to receive economic incentives only after the municipal authority has considered the amount of the tax credits in adopting such economic incentives as provided in subsection 8 of this section. The redevelopment agreement shall provide that:

a. The funds generated through the use or sale of the tax credits issued under this section shall be used to redevelop the eligible project area;

b. No more than seventy-five percent of the urban renewal area identified in the urban renewal plan or the redevelopment area identified in the redevelopment plan may be redeveloped by the applicant; and

c. The remainder of the urban renewal area or the redevelopment area shall be redeveloped by co-redevelopers or redevelopers to whom the applicant has assigned its redevelopment rights and obligations under the urban renewal plan or the redevelopment plan;

"Certificate", a tax credit certificate issued under this section;

"Condemnation proceedings", any action taken by, or on behalf of, an applicant to initiate an action in a court of competent jurisdiction to use the power of eminent domain to acquire a parcel within the eligible project area. Condemnation proceedings shall include any and all actions taken after the submission of a notice of intended acquisition to an owner of a parcel within the eligible project area by a municipal authority or any other person or entity under section 523.250, RSMo;

"Department", the Missouri department of economic development;

"Distressed community", means either a Missouri municipality within a metropolitan statistical area which has a median household income of under seventy percent of the median household income for the metropolitan statistical area, according to the last decennial census, or a United States census block group or contiguous group of block groups within a metropolitan statistical area which has a population of at least two thousand five hundred, and each block group having a median household income of under seventy percent of the median household income for the metropolitan area in Missouri, according to the last decennial census. In addition the definition shall include municipalities not in a metropolitan statistical area, with a median household income of under seventy percent of the median household income for the nonmetropolitan areas in Missouri according to the last decennial census or a census block group or contiguous group of block groups which has a population of at least two thousand five hundred each block group having a median household income of under seventy percent of the median household income for the nonmetropolitan areas of Missouri, according to the last decennial census. In metropolitan statistical areas, the definition shall include areas that were designated as either a federal empowerment zone; or a federal enhanced enterprise community; or a state enterprise zone that was originally designated before January 1, 1986, but shall not include expansions of such state enterprise zones done after March 16, 1988.

"Economic incentive laws", any provision of Missouri law pursuant to which economic incentives are provided to redevelopers of a parcel or parcels to redevelop the land, such as tax abatement or payments in lieu of taxes, or redevelopment plans or redevelopment projects approved or adopted which include the use of economic incentives to redevelop the land. Economic incentive laws include, but are not limited to, the land clearance for redevelopment authority law under sections 99.300 to 99.660, the real property tax increment allocation redevelopment act under sections 99.800 to 99.865, the Missouri downtown and rural economic stimulus act under sections 99.915 to 99.1060, and the downtown revitalization preservation program under sections 99.1080 to 99.1092;

"Eligible parcel", a parcel:

- (a) Which is located within an eligible project area;
- (b) Which is to be redeveloped;

(c) On which the applicant has not commenced construction prior to the effective date of this section;

(d) Which has been acquired without the commencement of any condemnation proceedings with respect to such parcel brought by or on behalf of the applicant. Any parcel acquired by the applicant from a municipal authority shall not constitute an eligible parcel; and

(e) On which all outstanding taxes, fines, and bills levied by municipal governments that were levied by the municipality during the time period that the applicant held title to the eligible parcel have been paid in full;

"Eligible project area", an area, which shall have satisfied the following requirements:

(a) The eligible project area shall consist of at least seventy-five acres and may include parcels within its boundaries that do not constitute an eligible parcel;

(b) At least eighty percent of the eligible project area shall be located within a Missouri qualified census tract area, as designated by the United States Department of Housing and Urban Development under 26 U.S. C. Section 42, or within a distressed community as that term is defined in section 135.530, RSMo;

(c) The eligible parcels acquired by the applicant within the eligible project area shall total at least fifty acres, which may consist of contiguous and noncontiguous parcels;

(d) The average number of parcels per acre in an eligible project area shall be four or more;

(e) Less than five percent of the acreage within the boundaries of the eligible project area shall consist of owner-occupied residences which the applicant has identified for acquisition under the urban renewal plan or the redevelopment plan pursuant to which the applicant was appointed or selected as the redeveloper or by which the person or entity was qualified as an applicant under this section on the date of the approval or adoption of such plan;

"Interest costs", interest, loan fees, and closing costs. Interest costs shall not include attorney's fees;

"Maintenance costs", costs of boarding up and securing vacant structures, costs of removing trash, and costs of cutting grass and weeds;

"Municipal authority", any city, town, village, county, public body corporate and politic, political subdivision, or land trust of this state established and authorized to own land within the state;

"Municipality", any city, town, village, or county;

"Parcel", a single lot or tract of land, and the improvements thereon, owned by, or recorded as the property of, one or more persons or entities;

“Qualified Census Tract”, 26, U.S.C. 42, means any census tract which is designated by the Secretary of Housing and Urban Development and, for the most recent year for which census data are available on household income in such tract, either in which 50 percent or more of the households have an income which is less than 60 percent of the area median gross income for such year or which has a poverty rate of at least 25 percent. If the Secretary of Housing and Urban Development determines that sufficient data for any period are not available to apply this clause on the basis of census tracts, such Secretary shall apply this clause for such period on the basis of enumeration districts.

"Redeveloped", the process of undertaking and carrying out a redevelopment plan or urban renewal plan pursuant to which the conditions which provided the basis for an eligible project area to be included in a redevelopment plan or urban renewal plan are to be reduced or eliminated by redevelopment or rehabilitation; and

“Redevelopment agreement”, the redevelopment agreement or similar agreement into which the applicant entered with a municipal authority and which is the agreement for the implementation of the urban renewal plan or redevelopment plan pursuant to which the applicant was appointed or selected as the redeveloper or by which the person or entity was qualified as an applicant under this section; and such a appointment or selection shall have been approved by an ordinance of the governing body of the municipality, or municipalities, or in the case of any city not within a county, the board of aldermen, in which the eligible project area is located. The redevelopment agreement shall include a time line for redevelopment of the eligible project area. The redevelopment agreement shall state that the named developer shall be subject to the provisions of chapter 290, RSMo.

APPLICATION CYCLE:

Open, applications accepted year round.

APPLICATION PROCESS:

Send Completed Applications to:

301 W. High, Room 770
P.O. Box 118
Jefferson City, MO 65102
573.522.8004
ann.perry@ded.mo.gov

Applicants:

Eligible applicants may apply to the DED to gain access to tax credits. The funds generated from use or sale of the sellable and transferable tax credit must be used for the redevelopment activities in the eligible project area.

Applicants may only apply to the DED after they receive their designation as a redeveloper of record in an area that has been designated by the local municipality through proper ordinance and been designated to receive economic incentives in an area established by the local municipality, under an executed redevelopment agreement, from the municipality and after they have incurred acquisition costs for at least 50 acres of eligible parcels within the eligible project area.

Projects:

Eligible project areas exist within an area defined by an urban renewal plan or the redevelopment area identified in a redevelopment plan.

No more than 75% of that urban renewal area or redevelopment area identified in a redevelopment plan may be redeveloped by the applicant. The remainder of the urban renewal area or redevelopment area shall be redeveloped by co-developers or redevelopers to whom the applicant has assigned its redevelopment rights and obligations under the urban renewal plan or the redevelopment plan.

The eligible project area shall consist of at least 75 acres (although all parcels may not fit the definition of eligible parcel).

Eighty percent of that 75 acres (or more) must be within a Missouri qualified census tract area (26 USC Section 42), or within a distressed community (135.530, RSMo).

At least 50 acres within the 75 acre, or more, of the eligible project area must consist of acquired eligible parcels (not all of which must be contiguous.)

The average number of parcels per acre within the 75 acre, or more, eligible project area shall be four or more.

Less than 5% of the **acreage** within the boundaries of the 75 acre, or more, eligible project area shall consist of owner occupied residents, which have been identified for acquisition under the urban renewal or redevelopment plan on the date of the approval or adoption of the plan.

A parcel is a single lot or tract of land, and its improvements, owned by, or recorded as the property of one or more persons or entities.

Eligible parcels: are located within the eligible project area; are scheduled for redevelopment; are parcels on which no construction has commenced prior to November 28, 2007; were acquired without commencing condemnation proceedings with respect to the parcels; were not acquired from a municipal authority; and are parcels for which all outstanding taxes, fines, or bills levied by the municipal government during the time period that the applicant held title to the eligible parcels have been paid in full.

Tax Credit:

The tax credit may be used to offset taxes imposed under Chapters 143, 147, and 148, except for sections 143.191 to 143.265, RSMo, in an amount equal to 50% of the acquisition costs, and 100% of the interest costs incurred for a period of 5 years after the acquisition of an eligible parcel. No tax credits may be issued until after January 1, 2008.

The tax credit has a carry forward period of 6 years. The tax credit is sellable, transferable and assignable. Tax credits granted to a partnership, a limited liability company taxed as a partnership or multiple owners of property shall be passed through to the partners, members, or owners respectively pro rata or pursuant to an executed agreement among the partners, members, or owners documenting an alternate distribution method.

Total aggregate amount of tax credits authorized shall not exceed \$95 million.

The annual amount of tax credits issued shall not exceed \$20 million.

No tax credits may be authorized under this program after August 28, 2013.

No tax credits will be issued on parcels acquired through or where condemnation proceedings have commenced.

No tax credits will be issued on parcels previously owned by the municipal authority.

Redevelopment:

The proceeds from the issuance of tax credits shall be used for the redevelopment of property within the eligible project area.

Redevelopment economic incentives, other:

The municipal authority and the state shall consider these tax credits in the sources and uses and cost benefit analysis for the purpose of awarding other economic incentives.

The credits shall be considered in measuring the reasonableness of rate of return to the applicant with respect to such award of other economic incentives.