

Capitol Avenue

THE INTERSECTION OF DANGEROUS BUILDINGS,
HISTORIC PRESERVATION, EMINENT DOMAIN AND
ECONOMIC DEVELOPMENT

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JEFFERSON CITY, MISSOURI

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Once Upon A Time....

► In heart of the neighborhood:




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Building an Empire

► Map of all properties owned by Barbara Buescher at start of 2016 LCRA Project

► 32 Properties in a 4 Block area



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LCRA Blight Clearance Project

- ▶ Blight Removal Guarantee Agreement 2017
- ▶ LCRA would acquire property using their own funds, voluntarily or eminent domain
 - ▶ In Cole County, LCRA is the Housing Authority
- ▶ LCRA would then dispose.
- ▶ City would make up \$ difference between acquisition price and sale price.
- ▶ GOAL: Get properties in hands of Redevelopers looking to restore historic buildings

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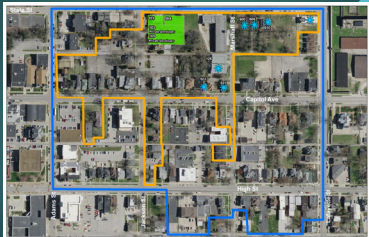
LCRA Blight Clearance Project

- ▶ PROs:
 - ▶ LCRA had access to cashflow which could be used to fund these types of acquisitions
- ▶ CONs:
 - ▶ LCRA was in control of pace of acquisitions
 - ▶ LCRA was in control of redevelopment solicitation and selection

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LCRA Blight Clearance Project

- ▶ Phase 1 Acquisitions 2017 - Condemnation Action on Four Properties



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LCRA Blight Clearance Project

- ▶ Phase 1 Acquisitions
- ▶ Problem:
 - ▶ HIGH Acquisition Price (Commissioner's Award)
 - ▶ LOW Sale Prices
 - ▶ REMEMBER: City had to make up the difference

Solution:



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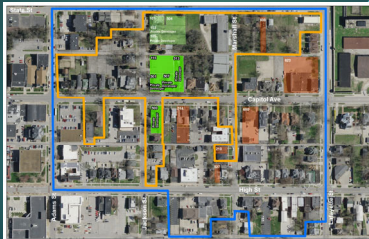
Solution to High Commissioner's Awards

- ▶ Property Owner did not participate in Condemnation Lawsuit
 - ▶ Commissioners could not access interiors of Buildings
 - ▶ Likely lead to assumptions about condition of interiors by Condemnation Commissioners or rote application of per square foot values
- ▶ In Phase 2 acquisitions, LCRA presented Dave Helmick Property and Housing Inspector and City Nuisances Records (photos) as evidence in Commissioner's property viewing
 - ▶ Result: Much Lower Condemnation Awards!

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LCRA Blight Clearance Project

- ▶ Phase 2 Acquisitions (2018) - Condemnation Action on Five Properties



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LCRA Blight Clearance Project

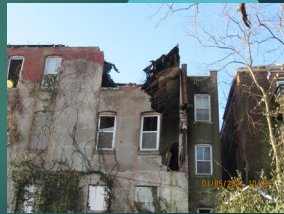
▶ Phase 3 Acquisitions (2022) - Condemnation Action on Five Properties



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In the Meantime....

- ▶ Structures are deteriorating to the point of no return:
 - ▶ Example: 519 E. Capitol
 - ▶ Tree fell through building rear
 - ▶ City forced to demolish
 - ▶ Demo cost of \$90,000+



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In the Meantime....

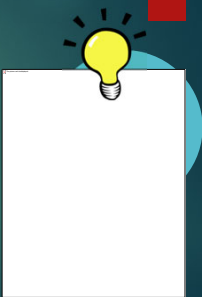
- ▶ The Masses are Getting Anxious!
- ▶ Complaints about LCRA process:
 - ▶ Too slow
 - ▶ Too expensive
 - ▶ Lack of control/input from City



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In the Meantime....


- ▶ EUREKA!
- ▶ \$90,000 Demolition Cost = \$90,000 Tax Lien
 - ▶ §67.410.5 RSMo.
- ▶ In condemnation, Court will distribute Taxes/Tax Liens to County prior to distributing to Property owner.
- ▶ Cost to acquire Phase III = \$0.00 + soft costs
- ▶ Allowed City to get 2-for-1
 - ▶ Same taxpayer dollar was used twice; Once to demolish a dangerous building and once to acquire a blighted property.
 - ▶ Third Use? – Acquired property can be sold/incentivized to create economic development opportunities



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A Plan is Born

- ▶ THE CONCEPT IS SCALABLE!



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A Plan is Born....

Next steps:

- ▶ Use current abatement tax liens to build up "credit" to be used to acquire properties.
- ▶ Increase pace of work on dangerous building hearings and demolitions to further build up more "credits" for acquisition.
 - ▶ Most properties had already been through dangerous building process and were just waiting on funding to be demolished.
- ▶ Secure funding to demolish dangerous buildings.
- ▶ Acquire Phase III properties (5 parcels) from Housing Authority.

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A Plan is Born....

What:

- ▶ 5 Capitol Avenue properties to acquire from LCRA
 - ▶ § 99.450(3)(c) allows for direct conveyance from LCRA to City for "public purposes"
- ▶ 17 Capitol Avenue Properties in area to acquire from Buescher
 - ▶ 14 Dangerous Buildings (i.e., Potential Demolitions)
 - ▶ 2 previously demolished (vacant) lots
 - ▶ 1 parking lot
- ▶ 3 more Buescher properties outside Capitol Avenue to be acquired
- ▶ City Council approves \$575,000 for demolition and acquisition costs
 - ▶ Demo, acquire, and then issue redevelopment RFP

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Time for Action

19 Properties have been declared dangerous buildings under City Code/§67.410 RSMo.

- ▶ Most properties have been vacant for 5-15 years
- ▶ Extreme problem with squatting
- ▶ Police and Code Enforcement presence at vacant, dangerous buildings on weekly and eventually daily basis.

Staff brings ordinance to Council to approve demolition of 19 buildings

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Time for Action

Staff brings ordinance to Council to approve demolition of 19 buildings

Result:



HERE COME THE HISTORIC PRESERVATIONISTS!

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Council and Community Climate

- Demo Them All**
 - Process has taken long enough
 - Assemble land and offer as package to allow for large scale redevelopment
- Save What Can Be**
 - Provide opportunities for buildings to be saved where possible.
 - City should not tolerate inaction on Dangerous Buildings (can't wait forever to find investors to save buildings)
- Save Them All!**
 - Each building can and should be saved
 - City should repair buildings to stop deterioration

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In the Meantime...

March 19, 2012

Members of the Jefferson City Police Department escort Barbara Buehler from her home on East Capitol Avenue on Friday evening. She had failed to comply with an order for her to leave because city inspectors found the home to be dangerous to live in.

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Concerns of Historic Preservationists

1. Staff is too over-enthusiastic and quick to declare a building dangerous and to demolish
 - ▶ City Code includes prohibition that City cannot repair a dangerous building if cost of repair exceeds 50% of value of building
2. "Someone" can save these buildings!

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Concerns of Historic Preservationists

1. Claim: Staff is too over-enthusiastic and quick to declare a building dangerous and to demolish; staff also over-estimated cost of repair
 - ▶ Solution: City hired forensic structural engineer to conduct structural analysis and provide estimate of cost repair to occupiable status
 - ▶ Result: All studied structures were dangerous and needed to be immediately repaired or demolished.
 - ▶ Estimated repair costs between \$300,000 and \$1.1MM, per building
 - ▶ Paid for with Historic Preservation Fund Grant (NPS/SHPO)

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Concerns of Historic Preservationists

2. "Someone" can save these buildings!
 - ▶ But who???
 - ▶ Disposition of LCRA-acquired buildings was very slow and tepid in response; low sale prices and slow project progress.
 - ▶ Solution: Call for Interested Parties

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Call for Interested Parties

- City would open up "Call" for eight weeks
- ▶ Parties interested in saving building had to:
 1. Put greater of \$5,000 or 1% of reno cost into escrow with City
 2. Sign "Proposal Guarantee Agreement"
 - ▶ Guarantees that if City does not demo applicable building and acquires (via eminent domain or otherwise), Party will submit a redevelopment proposal for the property
 - ▶ If Party fails to submit proposal, escrow is forfeited
 - ▶ If Party submits proposal and is not selected, escrow is returned
 - ▶ If Party submits successful proposal, escrow is applied to purchase

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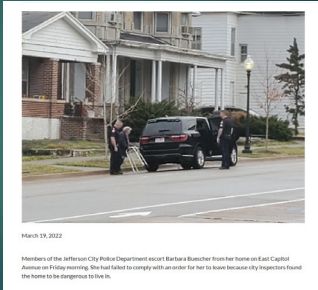
Call for Interested Parties

- ▶ If no Interested Parties submit escrow and execute agreement, City would demo building
- ▶ Strictly to discover potential interest in redeveloping individual buildings
- ▶ Did not give "Interested Parties" advantage in RFP process
 - ▶ Would still have to compete in open RFP process.

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In the Meantime...

Remember This?



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In the Meantime...

Demolition begins on historic Jefferson City home

10:44 AM - October 11, 2022 at 429.4m



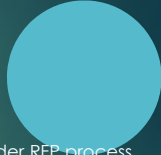
Mrs. Buescher's residence caught fire and was destroyed on October 2022.

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Call for Interested Parties

Result:

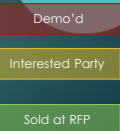
- ▶ Three properties garnered Interested Parties
- ▶ Nine properties to be demolished by City
- ▶ Two LCRA properties sold to redeveloper under RFP process
- ▶ Structural Engineer and Call for Interested Party allowed those residents who were attached to the historic nature of Capitol Ave. to have a "funeral process"



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Sale of LCRA Properties

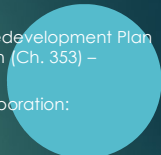
- ▶ Phase III condemned Properties conveyed to City from LCRA
- ▶ Original plan was hold off on offering in RFP until rest of properties were acquired
- ▶ Council decided that saving buildings was priority over creating opportunity for large-scale land assemblage and redevelopment



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Chapter 353

- ▶ City Council Approved Chapter Blight Study and Redevelopment Plan submitted by Jefferson Redevelopment Corporation (Ch. 353) – December 2022
- ▶ Board of Directors of Jefferson Redevelopment Corporation:
 - ▶ Mayor
 - ▶ City Administrator
 - ▶ City Finance Director
- ▶ Provides statutory authority to condemn blighted properties
- ▶ Provide potential opportunity to incentivize redevelopment through tax abatement



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Bit of a Sidetrack... New Legislation

City and City's lobbyist worked with local legislative delegation to enact new language to §523.061 RSMo.

▶ "Notwithstanding any other provision of law in sections 523.001 to 523.061 to the contrary, a circuit judge who determines that heritage value is payable as provided in this section shall not increase the commissioners' award or jury verdict to provide for the additional compensation due where heritage value applies if the plaintiff is a city, town, or village that is incorporated in accordance with the laws of this state and the plaintiff moves for exclusion of the heritage value and shows after an evidentiary hearing by a preponderance of the evidence that the property taken has been:

- (1) Abandoned;
- (2) Declared a nuisance and been ordered to be vacated;
- (3) Demolished or repaired after notice and hearing; or
- (4) Materially and negatively contributed to a blighted area as that term is defined in section 99.805."

Part of HB 1606 (2022) (homelessness bill), being challenged in *Byrd v. St. of Mo.* (SC100045)

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Demos Complete - Spring 2023

▶ As of May 2023, Barbara Buescher owed the City **\$497,768.53** in nuisance abatement costs, dangerous building demolition costs, and abandoned building registry fees, plus interest.

- ▶ Eminent Domain Case Filed February 21, 2023
 - ▶ 20 properties
 - ▶ Currently Pending

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Next Steps after Condemnation

- ▶ RFP for Redevelopment
- ▶ City will make available 21 Properties available for private redevelopment
 - ▶ 16 vacant properties
 - ▶ 5 residential buildings

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