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URBAN REDEVELOPMENT CORPORATION LAW UNDER CHAPTER 353, MISSOURI REVISED STATUTES

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PREPARED BY:

James E. Mello
Robert D. Klahr
Lauren Ashley Smith

Armstrong Teasdale LLP
7700 Forsyth Blvd., Suite 1800
St. Louis, MO 63105 / 314.621.5070

URBAN REDEVELOPMENT CORPORATION LAW

- 1. Purpose.** Enacted in 1947, the Urban Redevelopment Corporation Law is the earliest vehicle providing tax abatement assistance to private corporations involved in urban redevelopment.
 - a. Available to any city within the state.
 - b. Provides for the creation of a specialized corporation to acquire, construct, maintain, and operate redevelopment projects. The Urban Redevelopment Corporation's ("URC") conditions of organization are set forth in §353.030.
- 2. Formation and Governance.** The articles of agreement or association shall be prepared and filed in the Office of the Secretary of State pursuant to the general corporation laws of the state.
 - a. Must state that the purpose for which the redevelopment corporation is formed is to acquire, construct, maintain, and operate a redevelopment project or projects.
 - b. Must contain a declaration that the corporation has been organized to serve a public purpose.
 - c. The board of directors of a URC must consist of at least three but not more than thirteen directors.
- 3. Powers.** The URC shall operate one or more redevelopment projects pursuant to an authorized development plan.
 - a. A redevelopment project involves the clearance, replanning, reconstruction, or rehabilitation of any blighted area and the provision for such industrial, commercial, residential, or public structures and spaces as may be appropriate, including recreational and other facilities incidental or appurtenant thereto.
 - b. The municipality must authorize the plan and the project to be undertaken by the URC.
 - i. A public hearing is required before the municipality can authorize the plan or project.
 - ii. The municipality shall also determine that the area covered by the plan is blighted. A blighted area is a portion of the city that, by reason of age, obsolescence, inadequate or outmoded design, or physical deterioration, has become an economic and social liability and where such conditions are conducive to ill health, transmission of disease, crime, or inability to pay reasonable taxes.
 - c. A URC may acquire real property by gift, grant, lease, purchase, or otherwise—including the power of eminent domain, provided that such power may be exercised only pursuant to a redevelopment agreement with a municipality executed prior to December 31, 2006 and subject to Chapter 523 of the Revised Statutes of Missouri.
- 4. Finances and Taxes.**
 - a. Net earnings of the URC paid as dividends are limited to eight percent per year, with net earnings calculated by deducting from gross earnings the costs of operation and maintenance, taxes, assessments, insurance, and debt service.
 - b. Excess earnings may be held by the corporation as a reserve for years in which earnings are less than eight percent, to offset previous years in which maximum dividends were not paid, or used to enlarge the project, accelerate debt amortization, or reduce rents.
 - c. Any surplus remaining at the termination of the period of tax abatement is paid to the city.

- d. Real estate taxes on land may be frozen at pre-improvement assessment with any ad valorem taxes on improvements and increased value of land abated for a period up to ten years. An additional fifteen years of fifty percent abatement on land and improvements is also authorized.
 - i. Abatement requires adoption of an ordinance approving the redevelopment plan.
 - ii. A public hearing is required following notice to other taxing jurisdictions of the impact of the abatement.

- iii. Payments in lieu of taxes may be contracted for to be distributed pro rata between taxing jurisdictions.

- e. A URC may borrow funds by mortgage.

- f. A URC may accept grants or loans of money from the federal government or any department or agency thereof.

5. Miscellaneous. Any corporation organized under the laws of the State of Missouri or admitted to conduct business in the State of Missouri may purchase any or all of the shares of stock of an URC.