

Oasis in a food desert finally has groundbreaking

By Lynn Horsley. The Kansas City Star: July 30, 2013.

Nothing has come easy during the nine years that Kansas City residents and city officials have been trying to bring an oasis to the food desert surrounding 39th Street and Prospect Avenue.

Even Tuesday's formal groundbreaking for a new Aldi grocery store was held in a driving rainstorm.

But after all the delays, bureaucratic hurdles and economic challenges, supporters weren't going to let a little wet weather and mud stop the celebration.

"Although there is rain, I believe that God showers blessings," said 3rd District City Councilman Jermaine Reed, a prime mover behind the project.

The quest for a decent market may seem strange to suburbanites, who can have two upscale groceries across the street from each other in affluent neighborhoods. But that's not the case in a large swath of Kansas City's central city.

Reed said the Aldi store will mean residents in surrounding neighborhoods finally can buy healthy fruits, vegetables and meat instead of having to rely on nearby convenience stores or on driving as far as Independence to shop.

The 16,850-square-foot grocery store is expected to open late this year and employ about 15 people.

Aldi has pledged to provide the same fresh produce, meats and other grocery items at the same prices as its stores in Johnson County, Blue Springs and elsewhere in the metro area, said Mark Bersted, Aldi regional vice president. Because of its proximity to a church, the store will not sell liquor.

Mayor Sly James and other city officials said the grocery store is just the latest in a string of promising projects within a few miles of 39th and Prospect. It comes on the heels of new housing developments in Beacon Hill, near the VA Medical Center and elsewhere, as well as plans for a new police station and crime lab at 27th and Prospect.

"We have over \$100 million in new developments under construction or approved east of Troost," said John Wood, the city's Neighborhood and Housing Services director. "These are done deals."

Aldi is investing about \$3.5 million in the store, and tax incentives bring the total cost of the project to about \$5 million, said Phil Klawuhn, real estate attorney for the project.

"I've been asked by many people, 'Why are you going into a food desert?'" Bersted said, adding that Aldi is interested in serving the entire Kansas City community.

But Bersted acknowledged it has definitely taken longer than anyone had anticipated and has been more of a challenge than building in a suburban greenfield.

The idea was first proposed in 2004, when then-City Councilman Troy Nash approached Aldi about building in the neighborhood. Nash had held a six-day campout at 39th and Prospect even earlier, in 2000, to raise awareness about the neglected corner and the need for some type of economic development.

The tax incentive plan to make the project financially viable was first approved in 2006. Tax increment financing, in which some of the tax revenues generated by the project are available to reimburse the developer, were needed to recoup investments in land acquisition, demolition and site preparation.

Aldi's development entity, AI Redevelopment Corp., was able to negotiate the purchase of 22 of the 24 properties, but two went through a condemnation process that took until 2009, Klawuhn said. By then, Aldi had shifted money set aside to build the store in that year's budget to another project. Then the recession further hindered progress.

The tax increment financing plan had to be amended to increase the amount of tax reimbursement because officials belatedly realized many of the store's intended customers would be using food stamps, which are exempt from sales taxes.

The city also had to work with environmental regulators and seek federal grants to deal with underground petroleum storage tanks. The project was delayed further, Klawuhn said, while regulators monitored groundwater and ensured it had no contamination. The site received final environmental clearance just a few months ago.

"The long waiting period has not been fun," conceded Margaret May, executive director of the Ivanhoe Neighborhood Council, who has been involved since the beginning. But she said all that effort has been worth it.

Mayor Sly James said he expects more progress on Prospect Avenue and sees the Aldi as one anchor and the East Patrol police station planned for 27th and Prospect as another.

"There's a lot of good things happening on Prospect," he said, "a lot of stuff we can fill in between those points."