

GENERAL

Ordinance Fact Sheet

120618

Ordinance Number

Brief Title	Approval Deadline	Reason
KCI Corridor TIF Plan 12th Amendment		

<p>Details</p> <p>Specific Address</p> <p>The Redevelopment Area includes an area generally bound by NE 108th Street on the North, Barry Road on the South, Interstate 29 on the West, and Platte-Clay County Line on the East in Kansas City, Platte County, Missouri.</p> <p>Reason For Legislation</p> <p>The Twelfth Amendment, if approved, would provide (a) for expansion of the boundaries of the Redevelopment Area along Greens Hills Road between Old Tiffany Springs Road and south to the properties at the intersection of Barry Road, (b) for the addition of Redevelopment Projects (c) for modifications to the Budget of Redevelopment Project Costs including updating project costs for Old Tiffany Springs Road, N Green Hills Road and adding Old Tiffany Springs Road from Green Hills Road to Line Creek Parkway as a reimbursable cost and (d) for modifications to the Projected Economic Activity Taxes.</p> <p>Discussion</p> <p>The KCI Corridor Tax Increment Financing Plan was approved by Ordinance No. 990256 and subsequently amended by Ordinance No. 040618, Ordinance No. 040619, Ordinance No. 040620, Ordinance No. 040621, Ordinance No. 050104, Ordinance No. 060326, Ordinance No. 080211, Ordinance No 090260, Ordinance No 100497, Ordinance No 101007, Ordinance No 110603 and Ordinance No 120485.</p> <p>Estimated Redevelopment Costs and Reimbursable Costs: Redevelopment Project Costs are estimated to be approximately \$141,715,919 of which an estimated \$93,829,815 will qualify as Reimbursable Project Costs.</p> <p>The Twelfth Amendment, if approved, would provide (a) for expansion of the boundaries of the Redevelopment Area along Greens Hills Road between Old Tiffany Springs Road and south to the properties at the intersection of Barry Road, (b) for the addition of Redevelopment Projects (c) for modifications to the Budget of Redevelopment Project Costs including updating project costs for Old Tiffany Springs Road, N Green Hills Road and adding Old Tiffany Springs Road from Green Hills Road to Line Creek Parkway as a reimbursable cost and (d) for modifications to the Projected Economic Activity Taxes.</p>

Positions/Recommendations	
Sponsor	Randy Landes, Director Finance
Programs, Departments, or Groups Affected	City Finance
Applicants / Proponents	Applicant Tax Increment Financing Commission City Department Other
Opponents	Groups or Individuals None Known Basis of opposition
Staff Recommendation	<input checked="" type="checkbox"/> For <input type="checkbox"/> Against Reason Against
Board or Commission Recommendation	By <input checked="" type="checkbox"/> For <input type="checkbox"/> Against <input type="checkbox"/> No action taken <input type="checkbox"/> For, with revisions or conditions (see details column for conditions) <input type="checkbox"/> Not Applicable
Council Committee Actions	<input type="checkbox"/> Do pass <input type="checkbox"/> Do pass (as amended) <input type="checkbox"/> Committee Sub. <input type="checkbox"/> Without Recommendation <input type="checkbox"/> Hold <input type="checkbox"/> Do not pass

Details

Cost Benefit Analysis: The cost benefit includes a fiscal impact study for the affected taxing districts. The cost benefit showed a net fiscal benefit of \$9,376,053 for the Park Hill and Platte County R-III School Districts, a net fiscal benefit of \$34,044,185 for the City of Kansas City, Missouri, a net fiscal benefit of \$5,858,976 for Platte County and \$769,872 for the Library District.

But-For Analysis: An independent analysis, prepared by Applied Real Estate Analysis (AREA), evaluated the Internal Rate of Return (IRR) with and without Tax Increment Financing assistance for the Redevelopment Area. In addition to using the Redeveloper's assumptions for the analysis, AREA also made assumptions regarding the rent that Menard's would have paid a third party developer. Based on Realty Rates Second Quarter survey shows cap rates for anchored retail investments at 5.3% to 13.1% with an average of 10.25%. With TIF assistance, the estimated internal rate of return on equity is 9.21%. Without TIF assistance the Redevelopment Projects would have an estimated internal rate of return of 8.61%.

The consultant's report stated that although the difference between with and without TIF is not large, it would prompt the developer to reexamine the development cost estimates and this would be a likely place to cut costs. With comparatively low returns and without reimbursement for the additional road improvements, a typical developer would be unlikely to contribute an extra \$3 million to road improvements while paying for traffic lane improvements, signalization at the entrance and sewer improvements. Therefore, the analysis concluded these Redevelopment Projects meet the "But-For Test". Found in Exhibit 14 is evidence of the "But-For Test" analysis conducted for these Project Improvements.

Recommendation: The staff recommends approval of this ordinance.

Policy/Program Impact

Policy or Program Change	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes
Operational Impact Assessment	Not Applicable

Finances

Cost & Revenue Projections -- Including Indirect Costs	
Financial Impact	Redevelopment Project Costs are estimated to be approximately \$141,715,919 of which an estimated \$93,829,815 will qualify as Reimbursable Project Costs.
Fund Source (s) and Appropriation Account Codes	
Is this Ordinance or Resolution Good for the Children?	Yes. The KCI Corridor TIF Plan stimulates infrastructure development that creates jobs that ultimately impact our children.

Applicable Dates:

Twelfth Amendment was approved by TIF Commission on June 22, 2012 by Resolution No. 6-24-12.

Fact Sheet Prepared by:

Kellee Madinger, Development Services Specialist, EDC

Reviewed by:

Reference Numbers