

Ordinance Fact Sheet

Ordinance Number

Brief Title	Approval Deadline	Reason
Bannister & Wornall TIF Plan		

Details

TIF Plan Area: The Redevelopment Area described by the Bannister & Wornall TIF Plan includes the area generally bounded by Ward Parkway on the north, Wornall Road on the east, Bannister Road (95th Street) on the south, and the Ward Parkway Office Park South subdivision on the west in Kansas City, Jackson County, Missouri

Notices: In accordance with the Sections 99.825 and 99.830 of the Revised Statutes of Missouri, staff prepared and delivered all required notices of the public hearing scheduled for April 9, 2014 at 9:45AM, at which time the public hearing was continued to April 22, 2014 at 10:30AM.

Notice was sent to all affected taxing jurisdictions by certified mail on February 21, 2014.

Notices were published in The Pulse on March 12, 2014 and April 2, 2014, in the Kansas City Call on March 14, 2014 and April 4, 2014, and in the Kansas City Hispanic News on March 13, 2014 and April 3, 2014.

Staff prepared and delivered notices by certified mail on March 27, 2014 and March 28, 2014 to the person or persons in whose names the general taxes for the last preceding year were paid on each lot, block, tract or parcel of land located within the redevelopment project or plan area, which shall be subjected to payments in lieu of taxes and economic activity taxes.

Staff prepared a ten (10) day notice to the affected taxing districts on April 25, 2014 and published in The Pulse on April 25, 2014 and April 30, 2014 and such notice described the following modifications to the TIF Plan that was considered by the TIF Commission on April 22, 2014: A separate Special Allocation Fund will be established for each of Redevelopment Project Area A and Redevelopment Project Area B. 50% of the Economic Activity Taxes generated within Redevelopment Project Area A will be deposited into the Special Allocation Fund established in connection with Redevelopment Project Area A and 50% of the Economic

Activity Taxes generated within Redevelopment Project Area B will be deposited into the Special Allocation Fund established in connection with Redevelopment Project Area B.”

Additionally, the ten (10) day notice included a request by the Developer, 9400 Wornall, LLC. 9400 Wornall, LLC is also requesting for inclusion in the TIF Plan a change in the categories of costs eligible for reimbursement, which changes do not increase the total amount of Reimbursable Project Costs identified by the TIF Plan.

General Description of Proposed TIF Plan:

Project Improvements: The Redevelopment Plan contemplates the demolition of an existing 75,000 square foot structure located at 9400 Wornall Road, construction of approximately 471,467 square feet of office space, to be undertaken in two phases, along with approximately 340 surface parking spaces, an approximately 1,583 space parking garage, and all necessary infrastructure to support such improvements, including site preparation, utility construction and relocation, curbs, sidewalks, aesthetic improvements, landscaping and other improvements within and adjacent to the two Redevelopment Project Areas.

Redevelopment Project Costs: The total cost to implement the Plan is estimated to be \$231,817,836, of which \$189,913,480 (approximately 82 % of the total cost) will be financed through a combination of equity and/or debt financing. The remaining \$41,904,356 (approximately 18% of the total cost) is eligible for reimbursement from Economic Activity Taxes generated within Redevelopment Project Areas A and B. The Reimbursable Project Costs are identified in Exhibit 5A, attached to this Plan.

Projections and Application of Payments in Lieu of Taxes and Economic Activity Taxes: It is anticipated the Redevelopment Area will receive Chapter 100 benefits in the form of 100% real property tax abatement for 15 years and 50% tax abatement for 10 years; therefore, no Payment in Lieu of Taxes will be redirected to pay for any

Reimbursable Project Costs.

The projected Economic Activity Taxes to be deposited in the Special Allocation fund during the time tax increment financing remains in effect, with respect to Redevelopment Project Areas A and B is approximately \$43,498,962.

Anticipated Sources of Funds and Evidence of Commitments to Finance: The Developer will initially finance the construction of the Project Improvements and Public Improvements through the use of private capital in the form of equity and/or debt financing. The Developer has provided a letter of interest indicating the ability to finance the Project Improvements and Public Improvements.

Initial Equalized Assessed Value: The total initial equalized assessed valuation of the Redevelopment Area according to current records at the Jackson County Assessor's Office is approximately \$2,645,558. The 2013 combined ad valorem property tax levy was \$11.1765 per \$100 assessed valuation. The 2013 annual ad valorem tax revenue from the Redevelopment Area was approximately \$505, which is a boulevard tax, as the property was tax exempt since it was a religious facility. Following the completion of all of the Project Improvements and Public Improvements, it is estimated that the assessed value of the property within the Redevelopment Area will increase to approximately \$18,833,884.

Recommended Statutory Findings: The Plan states or incorporates the following information, which the Commission may rely upon to make the following statutory findings:

Blight: The Blight Study prepared by Belke Appraisal & Consulting Services, Inc., and attached as Exhibit 10 to the Plan documents the blighting factors and conditions within the Redevelopment Area and confirms that the Redevelopment Area is a Blighted area as defined by Section 99.805(1) of the Act. The Blight Study provides evidence of insanitary or unsafe conditions, deterioration of site improvements, and other blighting conditions stated within the Redevelopment Act in Section 99.805 RSMo. The TIF Plan is accompanied by an affidavit, signed by the Developer, attesting to the blighting conditions of the Redevelopment Area.

But-For Analysis: The Plan incorporates an analysis prepared by Springsted Incorporated on Exhibit 9 to the Plan and such analysis provides sufficient information to satisfy the "but for" test set forth in Section 99.810 of the

Revised Statutes of Missouri, which requires a finding that the Redevelopment Area has not been subject to growth and development through investment by private enterprise and would not reasonably be anticipated to be developed without the adoption of tax increment financing, and the TIF Plan is accompanied by an affidavit, signed by the Developer, attesting to this statement.

In the analysis, Springsted Incorporated reviewed the financial information associated with the Plan examining Chapter 100 Tax Abatement and Tax Increment Financing ("TIF") assistance for the Project Improvements and Public Improvements. The report concluded an overall internal rate of return without any incentives for the Project Improvements would be 3.45%, with Chapter 100 Abatement (15 years at 100% and 10 years at 50%) 6.44%, and with Chapter 100 and Tax Increment Financing 8.75%.

To evaluate the rate of return for a project of this nature, Springsted, Incorporated consulted Korpacz/Price Waterhouse Cooper Real Estate Investor Survey prepared for the first quarter of 2014. This survey provides a resource for comparing the Developer's rate of return to a market benchmark to help determine feasibility. According to the developers surveyed, the typical unleveraged market return necessary for a Developer to pursue a project of this nature falls in a range from 6.0% to 11.0%; with an average return of 8.02%. Based upon the Blight Study, Redeveloper affidavit and the financial analysis, Springsted Incorporated concluded that the proposed project would not occur on this site at this time without a public subsidy.

Conforms to the City's Comprehensive Plan: The Redevelopment Plan identifies the property to be redeveloped for office use, which is currently zoned R7.5 and will be re-zoned to District UR (Urban Redevelopment). The Redevelopment Project shall be subject to the applicable provisions of the City's Zoning Ordinance as well as other codes and ordinances as may be amended from time to time. The TIF Plan conforms with the FOCUS Plan, as well as the Red Bridge N.W. Land Use Plan Area Plan.

Estimated Date of Completion: The Plan contains both the estimated date of completion of the Project Improvements and Public Improvements and estimated dates for the retirement of obligations incurred (if any) to finance redevelopment project costs, and said dates are not more than twenty-three (23) years from the adoption of an ordinance approving the Redevelopment Project Areas. It is anticipated that the Project Improvements and Public Improvements will be

completed by 2019.

Relocation Assistance Plan: A Relocation Assistance Plan, attached as Exhibit 12 to the Plan, has been developed for relocation assistance for businesses and residences, and the relocation of any business or residents in the Redevelopment Area, if necessary, will take place in accordance with the Relocation Assistance Plan attached to the Plan. Relocation assistance is not contemplated by the Plan.

Cost Benefit Analysis: The Plan contains a cost-benefit analysis, attached as Exhibit 8 to the Plan, which describes the economic impact of the Plan on each taxing district and political subdivision. The analyses include a fiscal impact study on every Taxing District, and sufficient information for the Commission and City to evaluate whether this Plan, as proposed, is financially feasible. The cost benefit analysis contains a fiscal impact study which covers the life of the Chapter 100 and Tax Increment Financing Plan incentives, which is a 30 year time period. The cost benefit study identifies, a net fiscal benefits of \$93,671,527 for the City of Kansas City, Missouri, \$16,451,558 for Jackson County, \$294,770 for the Blind Pension Fund, \$2,664,225 for the Kansas City Zoological District, \$21,838,779 for the Center School District, \$5,258,585 for the Metropolitan Community Colleges and \$1,538,527,902 for the State of Missouri and a net fiscal cost of -\$339,081 for the Mental Health Fund, -\$216,824 for the Developmental Disability Services of Jackson County, and -\$1,919,013 for the Mid-Continent Library.

Gambling Establishment: The Bannister & Wornall TIF Plan does not include development or redevelopment of any gambling establishment.

Policy Considerations:

Affirmative Action: Staff met with the Developer and a representative from the Human Relations department to discuss the Affirmative Action Policy. The Developer has executed an Officer's Certificate, which certifies that the Developer has read and understands the Commission's Affirmative Action policy and intends to comply with it terms and conditions.

Neighborhood and Taxing Districts: Staff scheduled a meeting with the taxing jurisdictions to discuss the project and cost benefit analysis on April 14, 2014. The Developer held meetings with the adjacent neighborhood and other stakeholders to discuss the project.

Recommendation:

At the April 22, 2014 TIF Commission meeting, the TIF Commission made the following recommendation:

All statutory findings required by the TIF statute to approve the plan have been met; approval of the designation of the proposed Redevelopment Project Areas A and B and authorization of Tax Increment Financing within the Project Areas; and the TIF Commission is recommending that the Bannister & Wornall TIF Plan, as presented to the TIF Commission, be approved with the following modification: (i) A separate Special Allocation Fund will be established for each of Redevelopment Project Area A and Redevelopment Project Area B. 50% of the Economic Activity Taxes generated within Redevelopment Project Area A will be deposited into the Special Allocation Fund established in connection with Redevelopment Project Area A and 50% of the Economic Activity Taxes generated within Redevelopment Project Area B will be deposited into the Special Allocation Fund established in connection with Redevelopment Project Area B.”

Sponsor	
Programs, Departments, or Groups Affected	Council District 6 th District (Sharp and Taylor) Other Districts (school, etc.,) Center School District, Jackson County, and the Mid-Continent Library District
Applicants / Proponents	Applicant City Department

	Other:
Opponents	Groups or Individuals: Basis of opposition:
Recommendation	<p>At the April 22, 2014 TIF Commission meeting, the TIF Commission made the following recommendation:</p> <p>Approval of the Bannister & Wornall TIF Plan with modifications and the designation of the Redevelopment Areas A and B described by the Bannister & Wornall TIF Plan.</p>
Board or Commission Recommendation	<p>By Tax Increment Financing Commission (Votes: 7 Yes, 3 No) RES NO. 4-18-2014 TIF Resolution Nos. RES 4-17-2014, RES 4-18-2014, RES 4-19-2014 and RES 4-20-2014 Date: April 22, 2014</p>

Council Committee Actions	
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Fact Sheet Prepared by:
Jenna Wilkinson-Development Services Specialist
Economic Development Corporation
Date: May 5, 2014