Springfield Land Clearance for Redevelopment Authority

Tuesday, April 3, 2018

Conference Room 2-West, Busch Municipal Building

1. **Call To Order**

2. **Roll Call**

3. **Approval Of Minutes**

   3.I. **Minutes - March 6, 2018**

   Documents:

   MINUTES LCRA MARCH 6 2018.PDF

4. **New Business**

   4.I. **Request For Real Property Tax Abatement For Redevelopment Project Located Inside The Downtown Redevelopment Area At 515 West McDaniel Street; Union Biscuit Lofts, LLC, Applicant**

   Documents:

   CHAPTER 99 - APPLICATION - 515 W MCDANIEL ST (OPT).PDF

5. **Other Business**

   5.I. **Report/Discussion On The Proposed Workable Program For The City Of Springfield**

   Documents:

   WORKABLE PROGRAM ORD.PDF

   5.II. **Board Communications**

6. **Adjourn**

Springfield Land Clearance for Redevelopment Authority

Tuesday, March 6, 2018 at 4:00 PM

Conference Room 2-West, Busch Municipal Building

Minutes

1. Call to Order

2. Roll Call

   Present: Ryan Cosby, Steve Jackson, Dan Scott and Ron Tappan
   Absent: Allen Grymes
   Others Present: Jason Murray, Union Biscuit Lofts, LLC
   Staff: Sarah Kerner, Bill Weaver, Tom Rykowski and Judy White

3. Approval of Minutes

   Ron Tappan made a motion to approve the minutes from January 9, 2018. Ryan Cosby seconded the motion. Motion approved (3-0)

4. New Business

   a. Request for Real Property Tax Abatement for Redevelopment Project located inside the Downtown Redevelopment Area at 515 West McDaniel Street; Union Biscuit Lofts, LLC, Applicant.

      The above Redevelopment Project was tabled to the April 3, 2018 meeting.

5. Other Business

   a. Dan Scott was sworn in as a new Commissioner with term expiring March 1, 2020

   b. Report/discussion on the proposed Workable Program for the City of Springfield

   c.

6. Adjourn

CITY OF Springfield

Land Clearance for Redevelopment Authority
Application for Real Property Tax Abatement

Sections 99.700-99.715, RSMo

Property Address: 524 W. College + 515 W. McDaniel

Redevelopment Area: See attached

Developer Name: Union Biscuit Lofts, LLC

Contact Person: Jason Murray

Mailing Address: P.O. Box 2965, Springfield, 65801

Telephone: 417-880-66661 **Fax:** 417-869-46516

Email: MurrayJKM@gmail.com

Does Applicant Own or Lease the Property? own

Signature: Jason Murray **Date:** 1-16-2018

Printed Name: Jason Murray

Required Attachments:

- Legal description of project
- $334 application fee
- Ten (10) hard copies and one electronic (.pdf) copy of the following:
  - Narrative identifying the scope of the proposed project
  - Site plan and floor plans
  - Concept plan and/or renderings, if available
  - Narrative describing relationship of project to the adopted redevelopment or urban renewal plan for the area.
- If property is located in the *Downtown Redevelopment Area*, please note additional requirements on page 2 of this application.

Chapter 99 Property Tax Abatement Information

Date: January 14, 2018

Developer: Union Biscuit Lofts, LLC – Jason Murray

Property Address: 524 W. College St., Springfield, MO

Project address: 515 W. McDaniel St., Springfield, MO

Project scope: We plan to redevelop an existing building located at 515 W. McDaniel Street into 10 loft apartments. Each unit will be partially two stories. There will be the kitchen, living room, bedroom, and bathroom on the ground level. The mezzanine level will have the second bedroom with private bathroom. The floorplans and site plans are attached to this application. You can see in the site plan that we have ample on-site parking for the future residents. Currently, the building is used as an office/warehouse. The exterior of the building is covered with metal siding. Under this tin siding is the shell of a beautiful brick building. This original structure was built as a mule barn for the Fallen Brothers between 1910-1933.

Project stages & time: We would like to begin renovations in April 2018 and finish in January 2019.

Sources of funds: I plan to invest +-$551,000 of my personal savings in the project. The balance of the renovations will be paid for with a construction loan. Current market terms are 4.5% fixed rate for 5 years with a 20 year amortization. I anticipate borrowing $550,000 from the bank.

Projected Rental Rates & Occupancy Rates: Projected rental & occupancy rates in my projections are based on my 18 years of leasing my other loft apartments in the downtown Springfield area. I own four other loft apartment buildings that immediately surround this redevelopment site. The floor plans for the proposed redevelopment are almost identical to units I have in the neighboring building. Currently, I do not have any vacancies in the surrounding units. Attached is a rent roll with square footage data, etc. for several of my surrounding buildings. I have also included the rental rate and vacancy info from the appraisal of my current project located at 519-525-529 E. Cherry Street. The full appraisal report for the

E. Cherry Street project will be in the electronic copies of this application. All of this data suggest a 5% vacancy rate and a lease rate for this size two bedroom/two bathroom of +- $950/month. The appraisal is attached in a separate digital file.

Proof of Developer's Financial Capability: I have attached a personal financial statement in a separate confidential packet.

Photos of the property are attached.

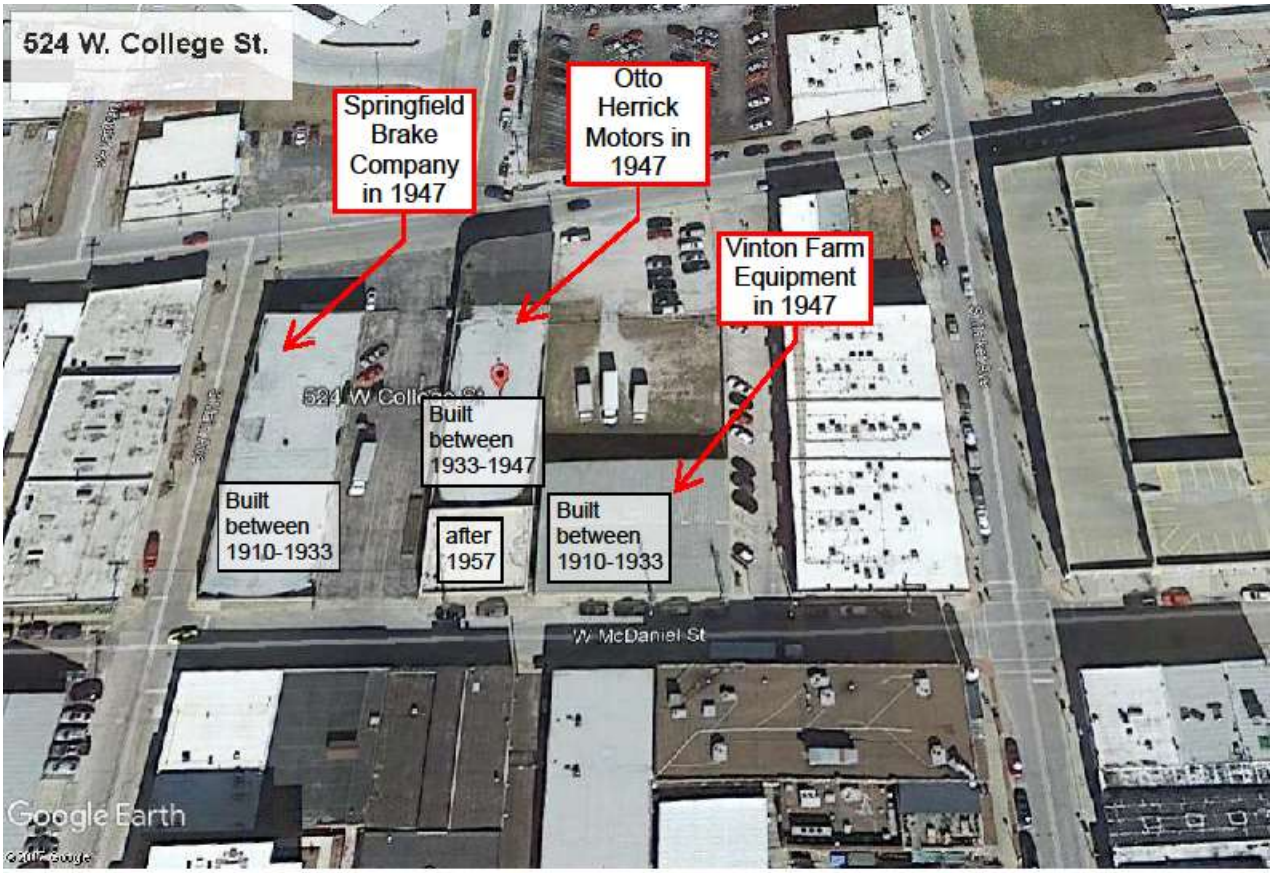
All financial projections are attached.

Please contact me with any questions or clarifications.

Sincerely,

Jason Murray
Murrayjkm@gmail.com
417-880-6661

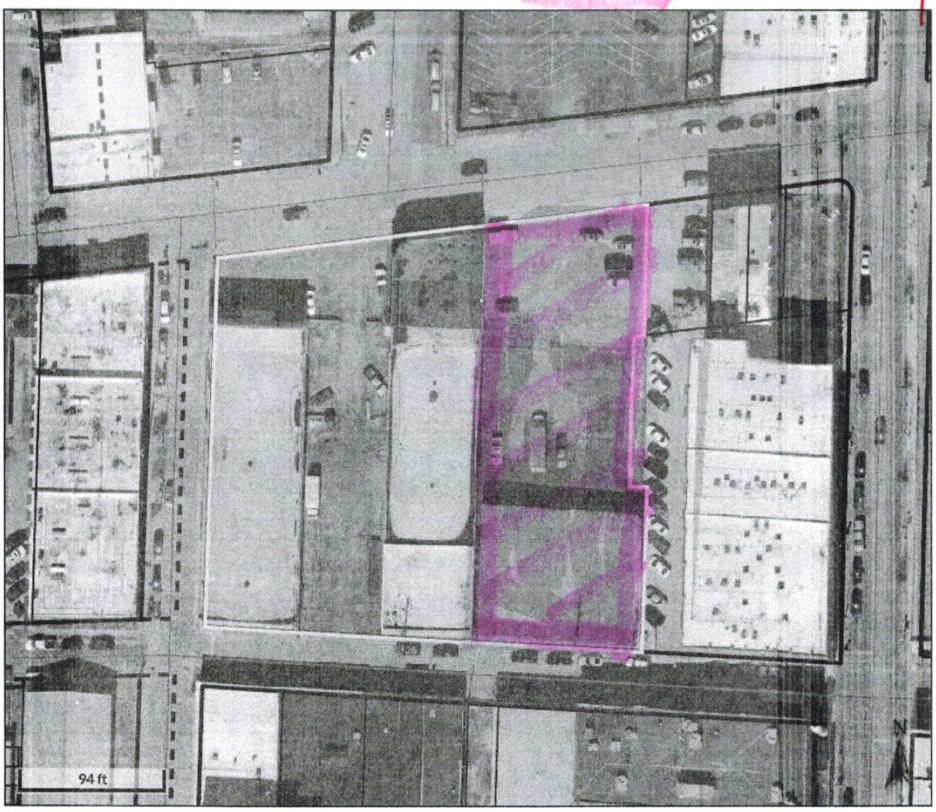
Aerial View of site with Historic notes:



Areal from Beacon GIS – Yellow Area is Development Site:

Beacon™ Greene County, MO

= Redevelopment Area



Legend

- Parcel Lines
  - <all other values>
  - DASHROW
  - MUNIRWD
  - PROPDASH
  - PROPLINE
  - RRROW
  - ZONING
- Section Lines
  - Quarter Section Lines
  - Section Lines
- Streets
  - <all other values>
  - 8
- County Boundary
- Assessor's Parcels
- Floodplains
- City Limits

Parcel ID	881323109014	**Alternate ID**	n/a	**Owner Address**	UNION BISCUIT LOFTS LLC
Sec/Twp/Rng	23-29N-22W	**Class**	C		PO BOX 2965
Property Address	524 W COLLEGE ST SPRINGFIELD	**Acreage**	1.6081		SPRINGFIELD MO 65806
District	220				
Brief Tax Description	1.6081A M/L BEG SW COR COLLEGE & MAIN STS NELY 274 FT S 75 FT W 6.68 FT S 86.66 FT E 10.41 FT S 100 FT W 277 FT N 235 FT TO BEG 23/29/22 (Note: Not to be used on legal documents)				

The sinkhole layer represents surface depressions from LiDAR imaging obtained in 2010 and 2011. Most of the sinkholes shown have not been field verified and are provided for informational purposes only. This layer should not be used as a substitute for a geological or geotechnical investigation. Questions regarding sinkholes should be directed to the Environmental Section of the Resource Management Department (417) 868-4147. For sinkhole information inside the city limits of Springfield, please call (417) 864-1901.

Date created: 12/20/2017

Developed by
The Schneider Corporation

Diagram of Legal - Redevelopment Area Only

Photos – Fall 2017 South/East Side

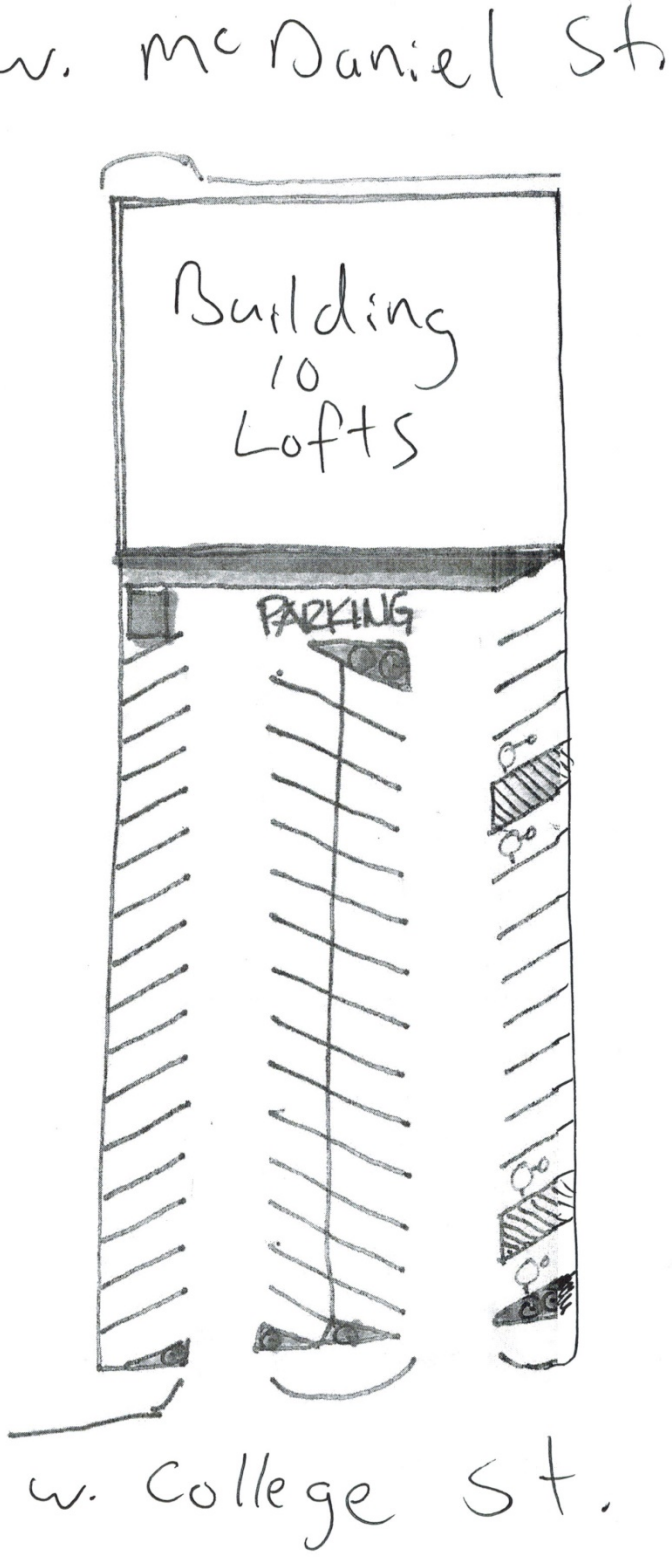
Photos – Fall 2017 East Side

Photos – Fall 2017 – North With Parking Lot

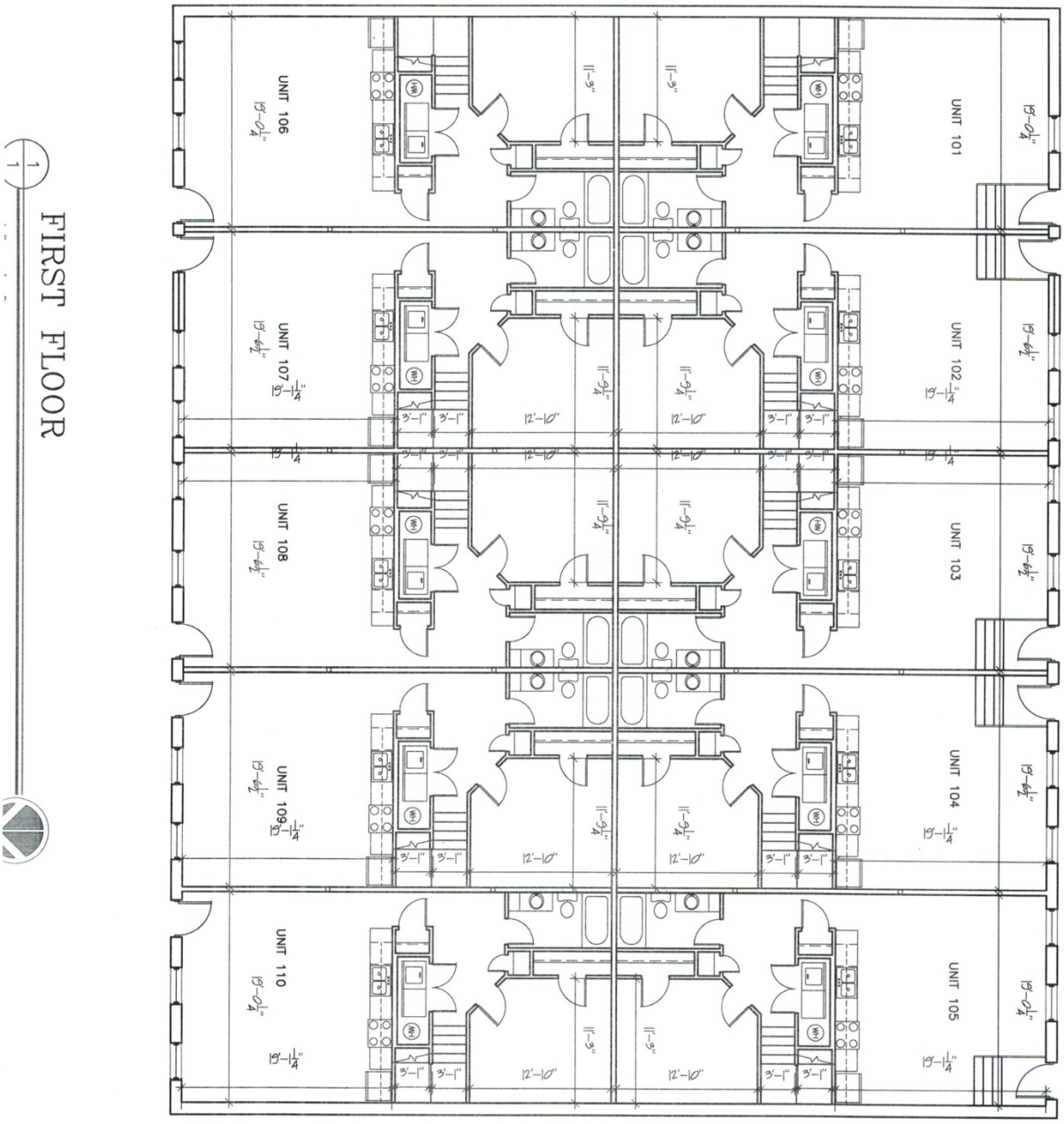
Photos – Fall 2017 North Side

Photos – Fall 2017 West Side

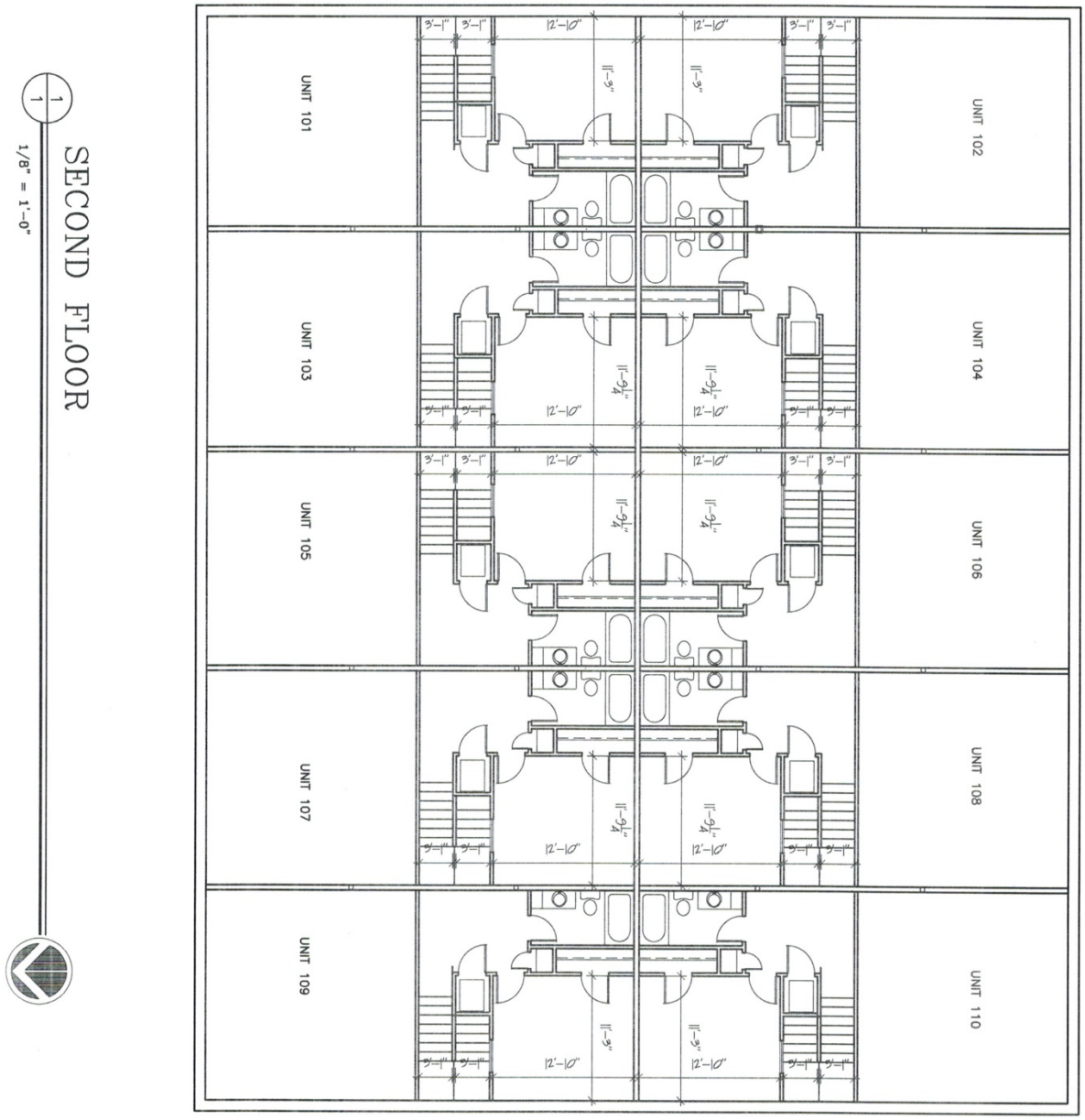
Site Plan:



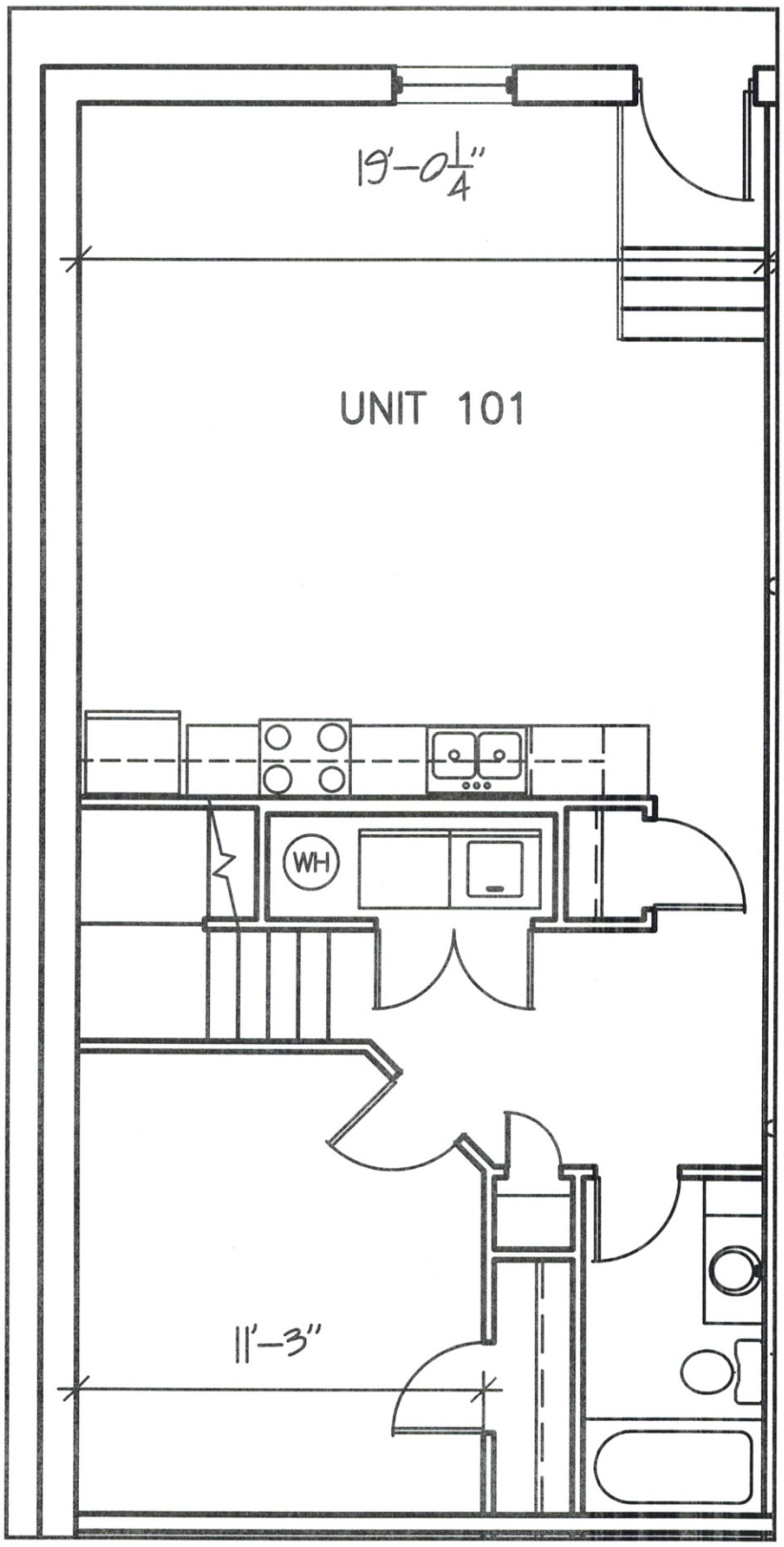
Floor Plans – Main Level:



Floor Plans – Mezzanine Level:

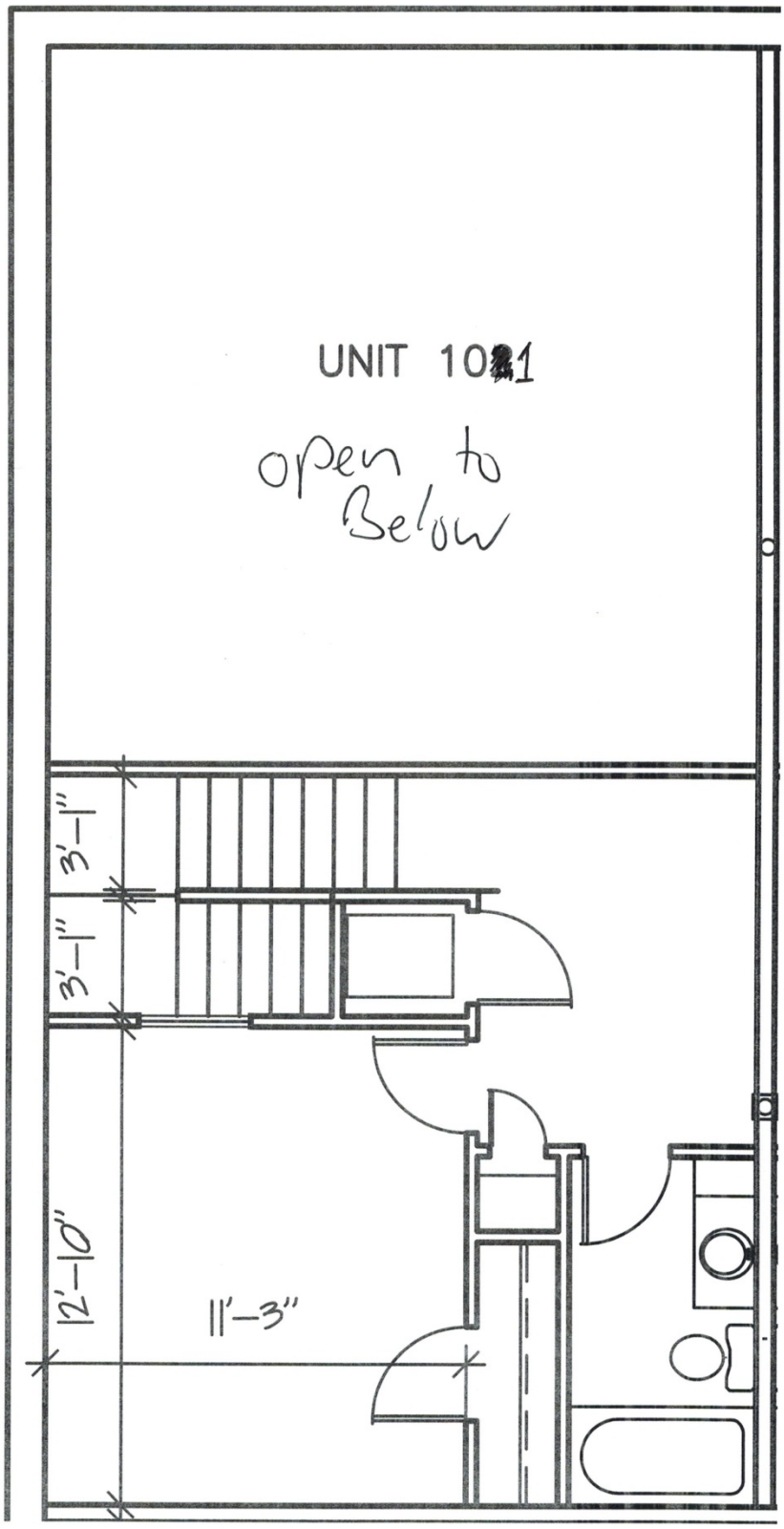


Floor Plans Close up – Mezzanine Level:



Main Level

Floor Plans Close up – Mezzanine Level:



LEGAL DESCRIPTION OF TAX ABATEMENT AREA

524 W. COLLEGE ST IS ENTIRE TAX TRACK, BUT THIS DESCRIPTION BELOW IS FOR THE PORTION OF THE PROPERTY CALLED 515 W. McDANIEL ST.

A TRACT OF LAND BEING A PART OF NORTHEAST QUARTER (NE¼) OF THE NORTHEAST QUARTER (NE¼) OF SECTION 23, TOWNSHIP 29N, RANGE 22W, BEING MORE PARTICULARLY DESCRIBED AS FOLOWS: BEGINNING AT AN IRON PIN ON THE SOUTH LINE OF COLLEGE STREET IN SPRINGFIELD, MISSOURI 126.25 FEET WESTERLY OF THE SOUTHWEST CORNER OF COLLEGE STREET AND MARKET AVENUE; THENCE SOUTH ALONG A WEST WALL OF BRICK BUILDING (BUILDING TORN DOWN), 75.00 FEET; THENCE N 81°41'45" E 3.86 FEET; THENCE S 00°39'34" E 13.15 FEET; THENCE S 89°07'39" W 2.41 FEET; THENCE S 00°39'34" E 86.20 FEET; THENCE S 88°14'59" E 10.41 FEET; THENCE S 00°15'35" E 100.20 FEET TO THE NORTH LINE OF McDANIEL STREET; THENCE N 88°08'53" W ALONG SAID NORTH LINE OF McDANIEL STREET 113.99 FEET; THENCE N 00°15'53" W 256.09 FEET TO THE SOUTH LINE OF ABOVE MENTIONED COLLEGE STREET; THENCE N 81°26'23" E ALONG THE SAID SOUTH LINE OF COLLEGE STREET 101.36 FEET TO THE POINT OF BEGINNING. SUBJECT TO AN PARKING RIGHT-OF-WAY EASEMENT ACROSS THE EAST 10.41 FEET OF THE SOUTH 100.20 FEET THEREOF. ALL IN THE CITY OF SPRINGFIELD, GREENE COUNTY, MISSOURI.

Legal Description of ENTIRE Property page 1 of 2:

File No. 16-37607

EXHIBIT A

TRACT A:
BEGINNING ON THE NORTH LINE ON CONVENTION HALL AVENUE 227 FEET WEST OF THE WEST LINE OF MARKET STREET, THENCE EAST 82 FEET; THENCE NORTH 100 FEET; THENCE WEST 82 FEET; THENCE SOUTH 100 FEET TO THE PLACE OF BEGINNING; EXCEPT THE NORTH 20 FEET TO BE USED AS ALLEY, IN THE CITY OF SPRINGFIELD, GREENE COUNTY, MISSOURI, EXCEPT FOR ANY PART TAKEN OR USED FOR ROAD PURPOSES.

BEGINNING ON THE NORTH LINE OF CONVENTION HALL AVENUE, IN THE CITY OF SPRINGFIELD, MISSOURI; 125 FEET WEST OF THE WEST LINE OF MARKET STREET FOR A BEGINNING; THENCE NORTH 100 FEET; THENCE WEST 20 FEET AND THENCE SOUTH 100 FEET; THENCE EAST 20 FEET TO THE PLACE OF BEGINNING; EXCEPT THE NORTH 20 FEET TO BE USED AS AN ALLEY; IN THE CITY OF SPRINGFIELD, MISSOURI, EXCEPT FOR ANY PART TAKEN OR USED FOR ROAD PURPOSES.

TRACT B:
BEGINNING ON THE SOUTH SIDE OF COLLEGE STREET AT THE NORTHEAST CORNER OF A LOT SOLD BY JAMES H. MCCLUER AND WIFE TO W.F. MCPHERSON AND THEODORE BANNISTER, THENCE RUNNING EAST ALONG THE SOUTH LINE OF COLLEGE STREET 110 FEET TO A LIMESTONE ROCK WITH A CROSS CUT ON THE TOP, THENCE RUNNING NEARLY SOUTH 273 FEET TO A LIMESTONE ROCK PLANTED ON THE NORTH SIDE OF AN ALLEY WITH A CROSS ON THE TOP OF SAID ROCK, THENCE ALONG THE NORTH SIDE OF SAID ALLEY NEARLY WEST 110 FEET TO THE SOUTHEAST CORNER OF SAID LOT SOLD BY J.H. MCCLUER AND WIFE TO SAID W.F. MCPHERSON AND THEODORE BANNISTER, THENCE NEARLY NORTH WITH THE EAST SIDE OF SAID LOT 254 FEET TO THE PLACE OF BEGINNING, IN THE CITY OF SPRINGFIELD, GREENE COUNTY, MISSOURI, EXCEPT THAT PART OF THE SOUTH END TAKEN FOR STREET PURPOSES.

ALSO

BEGINNING AT A CORNER STONE IN THE CENTER OF ALLEY RUNNING EAST AND WEST THROUGH ABBOTT'S ADDITION AND ON THE EAST SIDE OF AN ALLEY OR MAIN STREET RUNNING NORTH AND SOUTH ON EAST SIDE OF SAID ADDITION, EAST 60 FEET, MORE OR LESS, TO A LIMESTONE CORNER ROCK WITH A CROSS CUT ON TOP OF SAID ROCK BURIED UNDERGROUND IN CENTER OF ALLEY NORTH 264 FEET, MORE OR LESS, TO CORNER LIMESTONE ROCK WITH CROSS TO COLLEGE STREET, WEST WITH SOUTH LINE OF COLLEGE 60 FEET, MORE OR LESS, TO MAIN STREET 252 1/2 FEET, MORE OR LESS, TO BEGINNING, EXCEPT FOR ANY PART TAKEN OR USED FOR STREET AND ROAD PURPOSES, IN THE CITY OF SPRINGFIELD, GREENE COUNTY, MISSOURI

TRACT C:
BEGINNING AT A POINT ON THE SOUTH LINE OF COLLEGE STREET, IN THE CITY OF SPRINGFIELD, MISSOURI 195 FEET, WESTERLY FROM THE SOUTHWEST CORNER OF COLLEGE AND MARKET STREET IN SAID CITY, SAID BEGINNING POINT BEING 33 FEET, EASTERLY FROM THE NORTHWEST CORNER OF WHAT IS KNOWN AS THE MCCLUER TRACT OF LAND AND THE NORTHEAST CORNER OF THE CLAY TOMPKINS LOT, THENCE

Legal Description of ENTIRE Property page 2 of 2:

FROM SAID BEGINNING POINT RUNNING SOUTH ALONG THE EAST WALL OF A BRICK BUILDING TO A POINT 60 FEET SOUTH OF THE SOUTH LINE OF COLLEGE STREET; THENCE EASTERLY PARALLEL WITH THE SOUTH LINE OF COLLEGE STREET, 33 FEET, THENCE NORTH TO THE SOUTH LINE OF COLLEGE STREET, 33 FEET, THENCE NORTH TO THE SOUTH LINE OF COLLEGE STREET, THENCE WESTERLY ALONG THE SOUTH LINE OF COLLEGE STREET 33 FEET MORE OR LESS TO THE PLACE OF BEGINNING: IT BEING INTENDED HEREBY TO CONVEY THE EAST 33 FEET OF THE LAND DESCRIBED IN DEED RECORDED IN BOOK 390, PAGE 272, RECORDER'S OFFICE IN GREENE COUNTY, MISSOURI, EXCEPT FOR ANY PART TAKEN OR USED FOR ROAD PURPOSES.

TRACT D:
BEGINNING AT A POINT ON THE SOUTH LINE OF COLLEGE STREET IN THE CITY OF SPRINGFIELD, MISSOURI, 228 FEET WESTERLY FROM THE SOUTHWEST CORNER OF COLLEGE AND MARKET STREET IN THE CITY OF SPRINGFIELD, GREENE COUNTY, MISSOURI, SAID BEGINNING POINT BEING AT THE NORTHWEST CORNER OF WHAT IS KNOWN AS THE J.H. MCCLUER TRACT OF GROUND AND AT THE NORTHEAST CORNER OF WHAT IS KNOWN AS THE CLAY TOMKINS LOT, THENCE FROM SAID BEGINNING POINT RUNNING SOUTH ALONG THE LINE DIVIDING SAID MCCLUER TRACT AND TOMPKINS LOT 75 FEET MORE OR LESS TO THE NORTH WALL OF THE BRICK BARN AS NOW LOCATED ON THE LOT ADJOINING ON THE SOUTH, THENCE EAST ALONG THE NORTH WALL OF THE BRICK BARN AS NOW LOCATED ON THE LOT ADJOINING ON THE SOUTH, THENCE EAST ALONG THE NORTH WALL OF SAID BARN A DISTANCE OF 33 FEET, THENCE NORTH PARALLEL WITH SAID WEST LINE TO THE SOUTH LINE OF COLLEGE STREET, THENCE WESTERLY ALONG THE SOUTH LINE OF COLLEGE STREET TO THE PLACE OF BEGINNING, EXCEPT FOR ANY PART TAKEN OR USED FOR ROAD PURPOSES, IN GREENE COUNTY, MISSOURI.

ALSO

ALL BEGINNING AT A POINT ON THE SOUTH LINE OF COLLEGE STREET IN SPRINGFIELD, MISSOURI 126 ¼ FEET WEST OF SOUTHWEST CORNER OF COLLEGE AND MARKET STREETS; THENCE SOUTH ALONG THE WEST WALL OF BRICK BUILDING 75 FEET; THENCE SOUTHWESTERLY ON A LINE PARALLEL WITH THE SOUTH LINE OF COLLEGE STREET TO NORTHEAST CORNER OF A BRICK BUILDING FORMERLY USED AS A WAGON YARD; THENCE SOUTH ALONG THE CENTER OF THE EAST WALL OR LINE OF SAID BRICK BUILDING 86 2/3 FEET TO SOUTHEAST CORNER OF SAID BRICK BUILDING; THENCE WEST 104 FEET MORE OR LESS TO THE SOUTHWEST CORNER OF SAID BUILDING; THENCE NORTH TO THE NORTHWEST CORNER OF SAID BUILDING; THENCE EAST ALONG THE NORTH WALL OF SAID BUILDING 33 FEET; THENCE NORTH 15 FEET; THENCE EAST 33 FEET TO SOUTHEAST CORNER OF A LOT HERETOFORE CONVEYED TO DURBIN; THENCE NORTH TO THE SOUTH LINE OF COLLEGE STREET 35 FEET MORE OR LESS TO POINT OF BEGINNING; ALL IN SPRINGFIELD, GREENE COUNTY, MISSOURI, EXCEPT ANY PART THEREOF DEEDED IN BOOK 2011, PAGE 43300-11, GREENE COUNTY, MISSOURI.

Apartment Data from my Neighboring Properties:

UNION BISCUIT WAREHOUSE, LLC

211 S. MARKET AVE

APT #	RENT/MO	DESCRIPTION	SQ. FT
106	2,000.00	4 BED / 2 BATH	1,835
107	2,000.00	4 BED / 2 BATH	1,850
108	1,350.00	3 BED / 2 BATH	1,335
109	1,350.00	3 BED / 2 BATH	1,335
110	950.00	2 BED / 2 BATH	1,235
111	950.00	2 BED / 2 BATH	1,235
112	950.00	2 BED / 2 BATH	1,235
113	950.00	2 BED / 2 BATH	1,205
201	950.00	2 BED / 2 BATH	1,150
202	930.00	1 BED&OFFICE/1 BATH	1,150
203	950.00	2 BED / 2 BATH	1,150
204	775.00	1 BED / 1 BATH	725
205	950.00	2 BED / 2 BATH	1,150
206	775.00	1 BED / 1 BATH	725
207	775.00	1 BED / 1 BATH	725
208	1,900.00	4 BED / 2 BATH	1,600
209	1,900.00	4 BED / 2 BATH	1,550
210	950.00	2 BED / 2 BATH	1,050
211	950.00	2 BED / 2 BATH	1,050
212	950.00	2 BED / 2 BATH	1,050
213	900.00	2 BED / 1 BATH	1,050
214	900.00	2 BED / 1 BATH	1,050
215	950.00	2 BED / 2 BATH	1,050

PALACE HOTEL, LLC - 507 W COLLEGE, 65806

APT #	RENT/MO	DESCRIPTION	SQ. FT
10	650.00	1 BED/ 1 BATH	850
101	900.00	2 BED/ 1 BATH	1,100
102	900.00	2 BED/ 1 BATH	1,100
103-104	1,800.00	4 BED/ 2 BATH	2,200
105	850.00	2 BED/ 1 BATH	1,000
106	1,700.00	4 BED/ 2 BATH	2,200
107	700.00	STUDIO LOFT/1 BATH	1,000
201	850.00	2 BED/ 1 BATH	1,000
202	850.00	2 BED/ 1 BATH	1,000
203-204	1,800.00	4 BED/ 2 BATH	2,200
205	850.00	2 BED/ 1 BATH	1,000
206	700.00	1 BED/ 1 BATH	800
207	650.00	1 BED/ 1 BATH	550
208	700.00	1 BED/ 1 BATH	850

MARKET ST. LOFTS, LLC - 504 W. OLIVE ST. / 235 N. MARKET ST. 65806

APT #	RENT/MO	DESCRIPTION	SQ. FT
MO-101	1,760.00	4 BED/ 2 BATH	2,100
MO-201	750.00	1 BED/1 BATH	1,111
MO-202	695.00	1 BED/1 BATH	847
MO-203	725.00	1 BED/1 BATH	948
MO-204	850.00	2 BED/ 1 BATH	1,048
M-101	1,800.00	4 BED/ 2 BATH	2,220
M-102	1,800.00	4 BED/ 2 BATH	2,000
M-103	800.00	2 BED/ 1 BATH	1,100
M-104	800.00	2 BED / 1BATH	1,100
M-105	850.00	2 BED/ 1 BATH	1,200
M-201	900.00	2 BED/ 1 BATH	1,357
M-202	925.00	2 BED/ 2 BATH	1,314
M-203	1,750.00	3 BED/ 2 BATH	2,220

Pages from Beverly Lofts Appraisal:

INCOME APPROACH TO VALUE

The income approach is an appraisal technique in which the net operating income that the property is capable of producing is capitalized into an indication of market value.

The steps within this approach are as follows;

1. Determine the potential gross income the property is capable of producing by comparing the present income to other comparable and competing properties.

2. Deduct all operating expenses paid by the owner to determine the total net operating income the property is expected to produce.

3. Determine the best method of estimating an indication of value for the subject. It is true that different investors will pay different prices for the same property due to differing personal liabilities, investment objectives, etc. However, it is the mode of these prices that the appraiser is attempting to estimate. Not the investment value to one particular investor. There are several methods of developing an indication of value and they vary directly with the type of property and the nature of the income stream. The method considered appropriate for the subject is to capitalize the stabilized net operating income by a capitalization rate. The rate was determined considering rates extracted from the market and by completing a Band of Investment formula.

Subject Rental History: Once the proposed renovations are completed, the borrower has indicated the 16 units will lease at $900 per month. The units are 975 sf which indicates a rental rate of $0.92 per sf.

The first step within this approach is to set a market rental rate for the subject proposed residential two bedroom apartment units. The following rental survey of residential units in the Park Central Business District will be considered in setting a market rental rate for the subject's proposed residential units.

DOWNTOWN RESIDENTIAL LOFT RENTAL RATES

	OWNER	ADDRESS	BDRMS	TOTAL AREA	MONTHLY RENT	MONTHLY RENT/SF
1)	MARKET ST LOFTS	520 OLIVE ST STE 202	1	847	$625.00	$0.74
2)	MARKET ST LOFTS	235 N MARKET STE 202	2	1,314	$950.00	$0.72
3)	PALACE HOTEL LOFTS	507 W COLLEGE STE 208	1	850	$650.00	$0.76
4)	TODD TUROCI	430 S CAMPBELL STE 201	2	1,300	$900.00	$0.69
5)	PALACE HOTEL LOFTS	507 W COLLEGE ST 201	2	1,000	$775.00	$0.78
6)	SPRINGFIELD LOFT APTS	521 S. JEFFERSON	2	1,000	$695.00	$0.70
7)	STOVE WORK LOFTS	505 N JEFFERSON STE 106	1	840	$625.00	$0.74
8)	STOVE WORK LOFTS	505 N JEFFERSON STE 201	2	1,215	$850.00	$0.70
9)	SEAN MCKAY ETAL	210 S CAMPBELL	1	1,750	$1,200.00	$0.69
10)	FRANKLIN MOTORS REDV	312 E OLIVE	1	700	$650.00	$0.93
		312 E OLIVE	2	1,685	$840.00	$0.50
11)	MURRAY LOFT APTS	318-320 PARK CENTRAL WEST	1	610	$550.00	$0.90
		318-320 PARK CENTRAL WEST	2	1,250	$775.00	$0.62
		318-320 PARK CENTRAL WEST	2	895	$695.00	$0.78
12)	TILLMAN INVESTMENTS	410 SOUTH AVE	2	800	$850.00	$1.06
13)	MARIA'S LOFTS	406 SOUTH AVE	2	2,500	$2,200.00	$0.88
		406 SOUTH AVE	1	720	$900.00	$1.25
14)	LOFTS AT INSPIRED COMMERCE	214 W PHELPS	1	850	$1,000.00	$1.18
15)	COLLEGE STATION LOFTS	MCDANIEL & CAMPBELL	1		$800.00	
			2		$980.00	
16)	406-408 W WALNUT	406 W WALNUT	2	1,762	$1,000.00	$0.57
		408 W WALNUT A	1	800	$700.00	$0.88
		408 W WALNUT B	1	550	$550.00	$1.00
		408 W WALNUT C	1	950	$850.00	$0.89
17)	WHEELER LOFTS	400 SOUTH AVE #201	2	1,392	$1,630.00	$1.17
		400 SOUTH AVE #203	2	1,617	$2,297.00	$1.42
		400 SOUTH AVE #204	2	1,756	$2,333.00	$1.33
		400 SOUTH AVE #205	2	1,236	$1,661.00	$1.34
		400 SOUTH AVE #206	2	1,404	$1,955.00	$1.39
		400 SOUTH AVE #301	2	1,392	$1,704.00	$1.22
		400 SOUTH AVE #302	2	1,541	$2,367.00	$1.54
		400 SOUTH AVE #303	2	2,109	$2,410.00	$1.14
		400 SOUTH AVE #304	2	1,511	$2,100.00	$1.39
		400 SOUTH AVE #306	2	1,510	$2,212.00	$1.46

The appraiser has recited residential rental rates for 17 loft style apartment facilities in downtown Park Central Business District of Springfield. The units surveyed have unit sizes ranging from 550 to 2,500 sf with an average size of 1,239 sf. The rental rates range from $550.00 to $2,410.00 with an average calculated to $1,214.00. This equates to per sf rental rates ranging from $0.50 to $1.54 per sf with an average rental rate of $0.98 per sf.

The subjects projected rental rate is $900.00. Based on the unit size this equates to per sf rental rates ranging from $0.92 per sf.

Based on the subject's location and proposed quality of the subject units, it is the opinion of the appraiser that the projected rental rates appear to be in line with the market and will be used within the projected income and expense statement.

Based on the historical residential occupancies within the subject's general neighborhood, it is estimated that the subject residential units would lease up rather quickly following the competition of the proposed improvements. Based on other mixed use properties located within the subject' immediate neighborhood that are in good condition or recently renovated, the overall occupancy rate for these types of properties typically ranges between 90% to 100% with an average of 95%.

The expenses considered for the subject are described as follows;

Real Estate Taxes: This expense is estimated based on the similar properties within the neighborhood. Noting, the subjects proposed development is applying to be granted a tax abatement which freezes the current tax assessment for 10 years. More information for the subject's tax liability is available for review within the Tax and Assessment Analysis section of this report.

Insurance, building hazard insurance only: Estimated based on the reported expenses as estimated by the borrower and compared to other similar type properties in the subjects market.

Building & Site Maintenance: Based on reported expenses from the borrower and compared to similar type properties.

Utilities: Based on reported expenses from the borrower and compared to similar type properties. The cost of these utilities is typically paid by the owner and included in the monthly rental rate.

Management: Based on reported expenses from similar type properties and from the borrower.

Reserves allowance: is for the replacement of short lived items. It is assumed reserve funds are deposited into a money market account.

PROJECTED INCOME AND EXPENSE STATEMENT

INCOME PROJECTIONS			
16 TWO BEDROOM UNIT @ $900/MONTH		$172,800.00	$0.92 PER SF/YEAR
LESS VACANCY CREDIT LOSS	5.0%	$8,640.00	
EFFECTIVE GROSS INCOME		$164,160.00	
EXPENSES			
REAL ESTATE TAXES		$16,004.70	$0.87 PER SF
INSURANCE		$6,500.00	$0.35 PER SF
BLDG & SITE MAINTENANCE		$18,000.00	$0.97 PER SF
UTILITIES		$9,300.00	$0.50 PER SF
MANAGEMENT/ADMINISTRATIVE		$10,750.00	$0.58 PER SF
RESERVES FOR REPLACEMENT @ 1.5% OF EGI		$2,462.40	$0.13 PER SF
TOTAL EXPENSES		$63,017.10	38.4% EXPENSE RATIO
NET OPERATING INCOME		$101,142.90	

1. **Information About the Respondent:**
    - Union Biscuit Lofts, LLC - Principle: Jason K. Murray
      P.O. Box 2965
      Springfield, MO 65801
      Office: 417-831-2676
      Mobile: 417-880-6661
      E Mail: Murrayjkm@gmail.com
      Website: www.SpringfieldLoftApartments.com
    - Photos of some of our existing properties can be seen on our **Website: www. SpringfieldLoftApartments.com**
    - I own and operate all the properties that I renovate and keep them as long-term investments.
    - I have renovated 11 buildings in the downtown Springfield area over the last 17 years. This includes 164,883 square feet of residential space and 21,398 feet of commercial space.
    - My company owns and operates over $20 Million in local real estate investments.
    - One of the most recent buildings I renovated was the Union Biscuit Warehouse located at 211 South Market Ave, Springfield. See before and after photos below.
    - We are nearing completion of renovations to the Beverly Apartments, 529 E. Cherry St. near MSU. Info below.
    - Beginning renovation to the Bailey School at 501 W. Central St, Springfield this coming spring. Info below.

Union Biscuit Warehouse – before & after

Jason Murray
Real Estate Development Experience:

Union Biscuit Warehouse, LLC
211 South Market Ave, Springfield
- 42,000 Square Feet
- 6 Commercial Spaces
- 22 Loft Apartments
- 18 Space Parking Garage
- Purchased in 2011

Jason & Andre Murray inside the Union Biscuit Warehouse before the renovation.

Before Construction and Renovation

Interior view after renovation

Locally quarried marbleized limestone from the Phoenix Quarry in Walnut Grove, hand cut by a local artisan

Beverly Lofts, LLC

529 E. Cherry St, Springfield

22 Lofts

18,500 Square Feet

Under renovation, estimated completion date April 2018

Bailey Lofts, LLC

501 W. Central St, Springfield

25 Lofts

30,000 Square Feet

Renovations beginning spring 2018, estimated completion date May 2019

Palace Hotel Lofts, LLC

507 W. College St, Springfield

16 Lofts

18,000 Square Feet

Renovated 2002

Stove Works Lofts, LLC

505 N. Jefferson Ave, Springfield

28 Lofts

34,000 Square Feet

Renovated: 2004

Artifacts Warehouse, LLC

520 W. Olive Street, Springfield

23 Loft Apartments, 20 Car parking Garage

43,000 Square Feet

Year Renovated (phases): 2003, 2005, 2011

Market Street Lofts, LLC

504 W. Olive/235 N. Market, Springfield

14 Lofts

20,000 Square Feet

Renovated: 2001 & 2003

Park Central Lofts, LLC
222 N. Park Central, Springfield
2 Lofts
1 Restaurant
4,000 Square Feet
Renovated: 2010

Downtown Lofts, LLC
308 S. Campbell, Springfield
3 Lofts
5,000 Square Feet
Year Renovated: 2002

511 Project, LLC
511 N. Boonville, Springfield
3 Lofts, Parking Garage
6,000 Square Feet
Renovated: 2009

Springfield Loft Apartments, LLC
521 N. Jefferson Ave, Springfield
6 Lofts
6,000 Square Feet
Renovated: 2006

Metropolis Holding Company, LLC
300-308 W. McDaniel, Springfield
4,200 Square Feet
4 Commercial Spaces
Purchased in 2009 already renovated

515 W. McDANIEL LOFTS

Property Address:	**515 W. McDaniel St, Springfield, MO**	
# of Units	10	
Price Completed	$1,102,225.00	from budget page
%Down	25.00%	
Down Payment	$275,556.25	
Historic Tax Credits - State Net	$0.00	from budget page
Historic Tax Credits - Federal Net	$0.00	
Total Equity Combined	$275,556.25	
Cost per Unit	$110,222.50	

RETURN ON CASH	11.68%
NOI/DEBT	3.89%
GRM	9.67
Cap Rate-No Abate	6.25%
Debt Coverage Ratio	109.72%

Lender Name:	Central Bank		**Lender Name:**	
First Loan Amount:		$826,668.75	**Second Loan Amount:**	$0.00
Interest Rate:		4.50%	Interest Rate:	4.50%
Start Date of Loan		1/1/2019	Start Date of Loan	4/1/2019
Term:		20	Term:	20
Monthly Payment:		$5,229.91	Monthly Payment:	$0.00
Optional Extra Payment		$0.00	Optional Extra Payment	
Total Monthly Loan Pymts Loan 1:		$5,229.91	Total Monthly Loan Pymts Loan 2	$0.00
Combined Total Monthly Loan Payments:			**$5,229.91**	

Rents/mo.:	TOTAL	EACH	QUANTITY	SQ. FEET	PRICE/ SQ. FT/MONTH	SQ. FEET TOTALS
2 BED/ 2 BATH - TWO STORY	$9,500.00	$950.00	10	1,150	0.83	11,500.00
Residential Totals	$9,500.00					11,500.00

Grand Totals	$9,500.00	TOTAL UNITS	10			11,500.00

Vacancy Reserve - Residential	5.00%	Expenses/Gross Rent	34.60%
Vacancy Reserve - Commericial		Cost/Square Foot	95.85

BUDGET

515 W. McDANIEL LOFTS

515 W. McDaniel St, Springfield, MO

RENOVATION COST - RENOVATIONS

Quantity	Description	Per Unit	Total
1	Application Fees	2,500.00	2,500.00
1	Architect & Engineering	17,000.00	17,000.00
10	Bath Hardware	250.00	2,500.00
10	Cabinets	2,500.00	25,000.00
1	City Utilities Install	15,000.00	15,000.00
10	Cleaning - Final	200.00	2,000.00
1	Concrete Cutting	1,000.00	1,000.00
1	Concrete - Labor - Interior	20,000.00	20,000.00
1	Concrete - Materials - Interior	20,000.00	20,000.00
1	Construction Period Interest	12,000.00	12,000.00
1	Construction Supervision/Contracting	25,000.00	25,000.00
1	Construction Utilities	4,000.00	4,000.00
1	Contengency	10,000.00	10,000.00
10	Counter Tops - Kitchen	950.00	9,500.00
20	Counter Tops - Bathrooms	200.00	4,000.00
25	Curtain Rods	35.00	875.00
10	Doors - Exterior Entry	500.00	5,000.00
10	Doors - Lofts	1,500.00	15,000.00
10	Door Hardware - Knobs, Stops Etc.	300.00	3,000.00
15	Dumpster & Haul Off	400.00	6,000.00
10	Electrical	5,000.00	50,000.00
10	Electrical Fixtures	650.00	6,500.00
	Environmental Studies	0.00	0.00
1	Fire Alarm	2,500.00	2,500.00
1	Fire Sprinkler	45,000.00	45,000.00
8,000	Flooring - Polished Concrete	2.00	16,000.00
0	Flooring -	0.00	0.00
4,000	Flooring - Install - Labor Wood	2.00	8,000.00
4,000	Flooring Materials - Wood	2.75	11,000.00
10	Flooring - Stairs - Materials	200.00	2,000.00
10	Flooring - Stairs - Labor	250.00	2,500.00
10	Framing Labor	2,800.00	28,000.00
0	Framing Labor - Structure	0.00	0.00
1	General Labor	7,500.00	7,500.00
1	Hardware	4,200.00	4,200.00
0	Historic Consultant	0.00	0.00
10	HVAC	5,000.00	50,000.00

10	Insulation	1,250.00	12,500.00
1	Insurance	3,000.00	3,000.00
1	Interior Excavation	15,000.00	15,000.00
10	Iron Work	1,000.00	10,000.00
1	Legal Fees	750.00	750.00
10	Lumber	2,000.00	20,000.00
1	MailBox	1,350.00	1,350.00
1	Masonry - Labor	20,000.00	20,000.00
1	Masonry - Supplies	5,000.00	5,000.00
20	Mirrors - Bathrooms	100.00	2,000.00
0	Paint Removal	0.00	0.00
10	Painting Labor	1,800.00	18,000.00
10	Painting Supplies	1,000.00	10,000.00
1	Misc	5,000.00	5,000.00
1	Permits	2,500.00	2,500.00
10	Plumbing Labor & Material	4,500.00	45,000.00
10	Porta Pottie	85.00	850.00
1	Proffessional Fees	500.00	500.00
0	Property Tax	0.00	0.00
1	Rental Equipment	5,000.00	5,000.00
1	Roofing	40,000.00	40,000.00
1	Sand Blasting	2,500.00	2,500.00
10	Sheet Rock - Labor	3,000.00	30,000.00
10	Sheet Rock Material	2,200.00	22,000.00
10	Shelving & Bath Fixtures	250.00	2,500.00
0	Shower Doors	0.00	0.00
10	Structural Steel	250.00	2,500.00
10	Supplies & Equipment	1,000.00	10,000.00
1	Survey	500.00	500.00
0	Temp Fencing	0.00	0.00
400	Tile - Materials	3.00	1,200.00
400	Tile - Install Labor	2.50	1,000.00
10	Trim - Materials	600.00	6,000.00
10	Trim Carpentry - Labor	1,500.00	15,000.00
0	Video Camera System		0.00
25	Window Install - Labor	200.00	5,000.00
25	Windows	500.00	12,500.00
		TOTAL	759,725.00

RENOVATION COST - Acquisition & Exterior

Quantity	Description	Per Unit	Total
1	Acquisition - Proportion of property	275,000.00	275,000.00
10	Appliances	3,000.00	30,000.00
1	Sidwalks etc	6,000.00	6,000.00
1	Landscaping	1,500.00	1,500.00
1	Parking lot Improvements	25,000.00	25,000.00
1	Gate and Fence	5,000.00	5,000.00
		TOTAL	342,500.00

TOTAL COMBINED COST 1,102,225.00

Property Tax Information:

*Current and future appraised values/allocations on this page came from conversations with Rick Kessinger and Joe Durnall (Greene County Appraiser) - December 2017

Levy - Commercial	0.065311
Levy - Residential	0.054911
Levy - CID	0.00402

Current Property Taxes - As Is

	Appraised Value - Residential	Appraised Value - Commercial	Assessment Rate	Assessed Value
Parking Lot	110,900.00	0.00	19.00%	21,071.00
Building - 515 W. McDaniel	0.00	100,000.00	32.00%	32,000.00
Total Current Assessed Value				53,071.00

Total Current Assessed Value	53,071.00
Commercial Tax	2,089.95
Residential Tax	1,157.03
CID Tax	213.35
Total Current Property Taxes 2017	3,460.33

Property Tax - Estimated as Completed with No Abatement

	Appraised Value - Residential	Appraised Value - Commercial	Assessment	Assessed Value
Parking Lot	110,900.00	0.00	19.00%	21,071.00
Building - 515 W. McDaniel	500,000.00	0.00	19.00%	95,000.00
Total Current Assessed Value				116,071.00

Total Assessed Value	116,071.00
Commercial Tax	0.00
Residential Tax	6,373.57
CID Tax	466.61
Total Estimated Property Taxes	6,840.18

Property Tax - Estimated as Completed with Abatement

	Appraised Value - Residential	Appraised Value - Commercial	Assessment	Assessed Value
Parking Lot	110,900.00	0.00	19.00%	21,071.00
Building - 515 W. McDaniel	100,000.00	0.00	19.00%	19,000.00
Total Current Assessed Value				40,071.00

Total Assessed Value	40,071.00
Commercial Tax	0.00
Residential Tax	2,200.34
CID Tax	161.09
Total Estimated Property Taxes	2,361.42

Annual Expenses - NO ABATEMENT	PROJECTED	
Property Taxes - NO ABATEMENT	$6,840.18	From "Prop Tax I
Accounting	$1,500.00	
HVAC	$5,000.00	
Insurance	4,500.00	
Internet	0.00	
Gate Service	0.00	
Fire Sprinkler Monitoring	500.00	
Landscaping/mowing	1,000.00	
Management	7,500.00	
Utilities	3,600.00	
Maintenance & Repair	6,000.00	
Trash	3,000.00	
Phone Line	0.00	
Total	$39,440.18	

515 W. McDANIEL LOFTS
Pro-Forma Income Statement - No Abatement

	2019	2020	2021	2022	2023
Gross Potential Income - Lofts	$114,000.00	$117,420.00	$120,942.60	$124,570.88	$128,308.00
Gross Potential Income - Commercial	$0.00	$0.00	$0.00	$0.00	$0.00
Combined Gross Potential Income	$114,000.00	$117,420.00	$120,942.60	$124,570.88	$128,308.00
- Vacancy - Residential @ 5.00%	5,700.00	5,871.00	6,047.13	6,228.54	6,415.40
Adjusted Gross Income	108,300.00	111,549.00	114,895.47	118,342.33	121,892.60
-Operating Expenses	39,440.18	40,623.39	41,842.09	43,097.35	44,390.27
Net Operating Income	68,859.82	70,925.61	73,053.38	75,244.98	77,502.33
-Interest Expense	36,666.30	35,467.60	34,213.84	32,902.48	31,530.88
-Principal Payments	26,092.68	27,291.37	28,545.13	29,856.49	31,228.09
Pre-Tax Cash Flow	6,100.84	8,166.64	10,294.41	12,486.01	14,743.36
-Depreciation Building	36,072.82	36,072.82	36,072.82	36,072.82	36,072.82
-Depreciation Personal Prop.	7,873.04	7,873.04	7,873.04	7,873.04	7,873.04
Income After Depreciation	-37,845.01	-35,779.22	-33,651.45	-31,459.85	-29,202.50
+ Principal Reduction	26,092.68	27,291.37	28,545.13	29,856.49	31,228.09
Taxable Income	-11,752.33	-8,487.84	-5,106.31	-1,603.35	2,025.60
-Income Taxes (Tax Credit)	-3,173.13	-2,291.72	-1,378.70	-432.91	546.91
Net Income (loss) after tax	-$8,579.20	-$6,196.13	-$3,727.61	-$1,170.45	$1,478.69
After Tax Cash Flow	**$9,273.97**	**$10,458.36**	**$11,673.11**	**$12,918.91**	**$14,196.45**

Tax Rate	27.00%	Pre-tax Cash Flow + Equity Build Year 1	32,193.52
Annual Rents Increase	3.00%		
Annual Expense Increase	3.00%		

515 W. McDANIEL LOFTS
Pro-Forma Income Statement - No Abatement

2024	*2025*	*2026*	*2027*	*2028*
$132,157.24	$136,121.96	$140,205.62	$144,411.79	$148,744.14
$0.00	$0.00	$0.00	$0.00	$0.00
$132,157.24	$136,121.96	$140,205.62	$144,411.79	$148,744.14
6,607.86	6,806.10	7,010.28	7,220.59	7,437.21
125,549.38	129,315.86	133,195.34	137,191.20	141,306.94
45,721.98	47,093.64	48,506.45	49,961.64	51,460.49
79,827.40	82,222.23	84,688.89	87,229.56	89,846.45
30,218.30	28,723.38	27,159.79	25,524.37	23,813.82
32,540.68	34,035.59	35,599.18	37,234.60	38,945.15
17,068.43	19,463.25	21,929.92	24,470.58	27,087.47
36,072.82	36,072.82	36,072.82	36,072.82	36,072.82
7,873.04	7,873.04	7,873.04	7,873.04	7,873.04
-26,877.43	-24,482.60	-22,015.94	-19,475.27	-16,858.38
32,540.68	34,035.59	35,599.18	37,234.60	38,945.15
5,663.25	9,552.99	13,583.25	17,759.33	22,086.77
1,529.08	2,579.31	3,667.48	4,795.02	5,963.43
$4,134.18	$6,973.68	$9,915.77	$12,964.31	$16,123.34
$15,539.35	**$16,883.94**	**$18,262.44**	**$19,675.56**	**$21,124.04**

Return Analysis

Cash-on-Cash Return (NO Abatement)

	Construction	Year 1	Year 2	Year 3
Initial Equity/Residual Value	(1,102,225)			
Cash Flow		6,101	8,167	10,294
Total Cash Flow	(1,102,225)	6,101	8,167	10,294
Cumulative Cash Flow	(1,102,225)	(1,096,124)	(1,087,958)	(1,077,663)

Cumulative Cash on Cash Return at Stabilization (year 3) **-391.09%**

Year 3 Cash on Cash Return **3.74%**

Project Assumptions (NO Abatement)

Cap rate - Without Abatement - Year 1 NOI	**6.25%**
Union Biscuit Lofts Rehab Costs	827,225.00
Union Biscuit Lofts - Acquistion	275,000.00
Total Investment:	1,102,225.00
Private Debt:	826,668.75
Private Equity	275,556.25
Construction Period	2018 End Early 2019
Pro forma Start	1/1/2019

Operating Expenses - With Tax Abatement

Annual Expenses	PROJECTED	
Property Taxes - WITH ABATEMENT	$2,361.42	From "Prop Tax Info"
Accounting	$1,500.00	
HVAC	$5,000.00	
Insurance	4,500.00	
Internet	0.00	
Gate Service	0.00	
Fire Sprinkler Monitoring	500.00	
Landscaping/mowing	1,000.00	
Management	7,500.00	
Utilities	3,600.00	
Maintenance & Repair	6,000.00	
Trash	3,000.00	
Phone Line	0.00	
Total	$34,961.42	

515 W. McDANIEL LOFTS

Pro-Forma Income Statement - With Tax Abatement

	2019	2020	2021	2022	2023
Gross Potential Income - Lofts	$114,000.00	$116,280.00	$118,605.60	$120,977.71	$123,397.27
Gross Potential Income - Commercial	$0.00	$0.00	$0.00	$0.00	$0.00
Combined Gross Potential Income	$114,000.00	$116,280.00	$118,605.60	$120,977.71	$123,397.27
- Vacancy - Residential @ 5.00%	5,700.00	5,814.00	5,930.28	6,048.89	6,169.86
Adjusted Gross Income	108,300.00	110,466.00	112,675.32	114,928.83	117,227.40
-Operating Expenses	34,961.42	36,010.27	37,090.57	38,203.29	39,349.39
Net Operating Income	73,338.58	74,455.73	75,584.75	76,725.53	77,878.01
-Interest Expense	36,666.30	35,467.60	34,213.84	32,902.48	31,530.88
-Principal Payments	26,092.68	27,291.37	28,545.13	29,856.49	31,228.09
Pre-Tax Cash Flow	10,579.60	11,696.76	12,825.77	13,966.56	15,119.04
-Depreciation Building	36,072.82	36,072.82	36,072.82	36,072.82	36,072.82
-Depreciation Personal Prop.	7,873.04	7,873.04	7,873.04	7,873.04	7,873.04
Income After Depreciation	-33,366.25	-32,249.10	-31,120.09	-29,979.30	-28,826.82
+ Principal Reduction	26,092.68	27,291.37	28,545.13	29,856.49	31,228.09
Taxable Income	-7,273.57	-4,957.72	-2,574.95	-122.80	2,401.28
-Income Taxes (Tax Credit)	-1,963.87	-1,338.59	-695.24	-33.16	648.34
Net Income (loss) after tax	-$5,309.71	-$3,619.14	-$1,879.71	-$89.65	$1,752.93
After Tax Cash Flow	**$12,543.46**	**$13,035.34**	**$13,521.01**	**$13,999.71**	**$14,470.69**

Tax Rate	27.00%	Pre-tax Cash Flow + Equity Build Year 1	36,672.28
Annual Rents Increase	2.00%		
Annual Expense Increase	3.00%		

515 W. McDANIEL LOFTS
Pro-Forma Income Statement - With Tax Abatement

2024	*2025*	*2026*	*2027*	*2028*
$125,865.21	$128,382.52	$130,950.17	$133,569.17	$136,240.55
$0.00	$0.00	$0.00	$0.00	$0.00
$125,865.21	$128,382.52	$130,950.17	$133,569.17	$136,240.55
6,293.26	6,419.13	6,547.51	6,678.46	6,812.03
119,571.95	121,963.39	124,402.66	126,890.71	129,428.53
40,529.87	41,745.77	42,998.14	44,288.09	45,616.73
79,042.08	80,217.62	81,404.52	82,602.62	83,811.80
30,218.30	28,723.38	27,159.79	25,524.37	23,813.82
32,540.68	34,035.59	35,599.18	37,234.60	38,945.15
16,283.10	17,458.64	18,645.54	19,843.65	21,052.82
36,072.82	36,072.82	36,072.82	36,072.82	36,072.82
7,873.04	7,873.04	7,873.04	7,873.04	7,873.04
-27,662.75	-26,487.21	-25,300.31	-24,102.21	-22,893.03
32,540.68	34,035.59	35,599.18	37,234.60	38,945.15
4,877.93	7,548.38	10,298.87	13,132.40	16,052.12
1,317.04	2,038.06	2,780.69	3,545.75	4,334.07
$3,560.89	$5,510.32	$7,518.17	$9,586.65	$11,718.05
$14,966.06	**$15,420.58**	**$15,864.85**	**$16,297.90**	**$16,718.75**

Return Analysis

Cash-on-Cash Return (with Abatement)

	Construction	Year 1	Year 2	Year 3
Initial Equity	(1,102,225)			
Cash Flow		10,580	11,697	12,826
Total Cash Flow	(1,102,225)	10,580	11,697	12,826
	(1,102,225)	(1,091,645)	(1,079,949)	(1,067,123)

Cumulative Cash on Cash Return at Stabilization (year 3) **-387.26%**

Year 3 Cash on Cash Return **4.65%**

Project Assumptions (with Abatement)		
Cap rate - With Abatement - Year 1 NOI	**6.65%**	
Union Biscuit Lofts Rehab Costs		827,225.00
Union Biscuit Lofts - Acquistion		275,000.00
Total Investment:		1,102,225.00
Private Debt:		826,668.75
Private Equity:		275,556.25
Construction Period	2018 End Early 2019	
Pro forma Start	1/1/2019	

One-rdg. _____
P. Hrngs. _____
Pgs. 18
Filed: 3-21-18

Sponsored by: Ollis, Hosmer & Schilling

First Reading: _____ Second Reading: _____
AMENDED SUBSTITUTE
COUNCIL BILL: 2018- 015 GENERAL ORDINANCE: _____

AN ORDINANCE

AMENDING the Springfield City Code, Chapter 40, Article II, 'Chapter 353 – Urban Redevelopment,' by repealing Article II and enacting in lieu thereof a new Article II and Article III; amending Chapter 2, 'Administration,' Article IV, 'Boards, Commissions and Committees,' Division 5, 'Tax Abatement and Tax Increment Financing Advisory Commission,' by repealing Division 5 and enacting a new Division in lieu thereof; for the purpose of adopting, and updating, various code provisions related to tax abatement administration and to adopt a Workable Program for the City.

_____

WHEREAS, the Land Clearance for Redevelopment Authority ("LCRA") Law, currently found at §§ 99.300 through 99.715 RSMo., provides the City of Springfield with the authority to offer tax abatement incentives to persons and entities who redevelop or rehabilitate blighted property in conformance with an approved Redevelopment Plan; and

WHEREAS, the LCRA Law authorizes cities to adopt a Workable Program to assist cities with, among other things, the appropriate utilization of private and public resources to eliminate and prevent the development or spread of blighted areas; and

WHEREAS, the LCRA Law further provides that Redevelopment Plans must comply with the requirements of an adopted Workable Program; and

WHEREAS, this Ordinance adopts a Workable Program to govern the use of the incentives authorized by the LCRA Law, thus amendments to various City Code provisions are required to implement this Workable Program.

NOW THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF SPRINGFIELD, MISSOURI, as follows, that:

Section 1 – Springfield City Code, Chapter 40, Article II, 'Chapter 353 – Urban Redevelopment,' is repealed and a new Article II and Article III are enacted in lieu thereof, to read as follows:

(Note: Language to be added to existing code provisions is underlined and language being removed is ~~stricken~~.)

ARTICLE II. – WORKABLE PROGRAM.

Sec. 40-10. - Declaration of Policy.

When a developer receives real property tax abatement, as authorized by the Land Clearance for Redevelopment Authority Law, the project becomes more than a private development. It becomes a public-private partnership supported by the incremental increase in real property taxes foregone by the various taxing jurisdictions of our community. To ensure that tax dollars are supporting projects that contribute to the quality, attractiveness, and unique character of Springfield, the City Council of Springfield, Missouri hereby adopts this Workable Program to govern the use of property tax abatement authorized pursuant to the Land Clearance for Redevelopment Authority Law, to incentivize the redevelopment of blighted properties within the City.

Sec. 40-11. - Definitions.

As used in this Article, the following terms shall mean:

(a) "But-for Test," a finding by City Council that a Project, or Projects, described in a Redevelopment Plan would not occur, or would not be financially feasible if Tax Abatement is not provided.

(b) "LCRA," the duly authorized Land Clearance for Redevelopment Authority of Springfield, Missouri.

(c) "LCRA Law," those sections of Missouri statutes contained within §§ 99.300 through 99.715 RSMo.

(d) "Project," shall have the same meaning as "Land Clearance Project," as defined by § 99.320.10 RSMo.

(e) "Redevelopment Agreement," shall mean any agreement approved by City Council in connection with approval of a Redevelopment Plan.

(f) "Redevelopment Plan," shall have the same meaning as "Redevelopment Plan" and "Urban Renewal Plan" as provided for in the LCRA Law.

(g) "Tax Abatement," an abatement, authorized pursuant to the LCRA Law, of the increase in ad valorem taxes on real property related to a Project.

(h) "Tax Abatement Scorecard," shall mean the City Council approved formula for computing the amount of Tax Abatement to be granted in connection with a Project in addition to the minimum abatement amount as described in section 40-15.

Sec. 40-12. - Applicability of this Article.

Redevelopment Plans, and any Amended Redevelopment Plans, prepared and submitted pursuant to the LCRA Law shall comply with the provisions contained in this Article, in addition to any other requirements imposed by law. No Redevelopment Plan shall be approved unless the provisions of this Article have been complied with. The provisions of this Article shall not apply to any Redevelopment Plan application submitted to the City prior to October 16, 2017.

Sec. 40-13. - Redevelopment Plans, finding of financial need required, application process, notifications required.

(a) *Required findings for City Council approval of a Redevelopment Plan.*

(1) The City Council shall only approve a Redevelopment Plan if it has been sufficiently demonstrated to the City Council that the But-for Test has been satisfied.

(2) In the case of a new or amended Redevelopment Plan proposed in an existing blighted area, the City Council shall only approve a Redevelopment Plan if the requirements of Section 40-16 have been met.

(b) *Application process, required documents, supporting information.*

(1) Before the approval of a Redevelopment Plan, the Applicant shall submit an application, along with the Redevelopment Plan, that shall include an analysis of the Project or Projects contemplated within said Redevelopment Plan as required by this Article.

(2) The Applicant shall submit with their Application a project budget which shall contain sufficient information to enable the City Council to make the required finding contained in section 40-13(a)(1). The project budget shall include a reasonably detailed description of all financial commitments and shall evidence the degree of financing for the Project from all funding sources.

(3) The Application shall contain pro forma financial statements and tax impact analysis for the Project showing the impact to each political subdivision which levies any ad valorem real property tax on any property subject to the proposed Redevelopment Plan.

(4) The Application shall also contain a reasonably detailed development schedule for the Project.

(5) The Application shall be supported by local market data from a qualified third-party.

(c) *Additional required contents of Redevelopment Plan.*

(1) In addition to the requirements contained in this Article, and the LCRA Law, all Redevelopment Plans shall include:

a. Specific reference to the Redevelopment Agreement which must be executed by the Applicant and the City prior to application for a Certificate of Qualification for Tax Abatement, issued pursuant to the LCRA Law and this Article, in connection with the Project.

b. The Redevelopment Plan shall contain a statement that the provisions of the Redevelopment Agreement are essential provisions of the Redevelopment Plan and that any violation of the terms of the Redevelopment Agreement shall also constitute a violation of the Redevelopment Plan.

(d) *Notification to property owners, registered neighborhood organizations, and political subdivisions.*

(1) Notice shall be given to each person or entity having a property interest of record within 500 feet of the area subject to the proposed Redevelopment Plan, to any registered neighborhood organization within whose boundaries the Project is located, and to each political subdivision which levies any ad valorem real property tax on any property subject to the proposed Redevelopment Plan at least ten-days prior to the City Council's first public hearing on the proposed Redevelopment Plan. Such notice shall be in writing and mailed by regular United States mail, postage prepaid.

(2) Any notice required by this section shall state the reason for the notice and the time, date, and place of the public hearing. The notice shall provide a general boundary description of the area within the Redevelopment Plan; the nature of the development; and in the notice to political subdivisions only, a written statement of the projected financial impact on ad valorem tax collection that any tax abatement associated with the Redevelopment Plan will have on such political subdivisions.

Sec. 40-14. – *Redevelopment Agreement – required to be executed, provisions included therein to be considered part of the Redevelopment Plan*.

(a) Prior to applying to the LCRA for a Certificate of Qualification for Tax Abatement, the applicant shall execute a Redevelopment Agreement with the City, which has been approved by Council concurrent with the Redevelopment Plan. Said agreement shall contain, at least, the following provisions:

(1) A mechanism for imposing and administering annual Payments in Lieu of Taxes

(PILOTs) to implement the level of Tax Abatement authorized by the City Council;

(2) A termination clause which states that in the event of a breach of the Redevelopment Agreement or the Redevelopment Plan, that the City is entitled to damages from the breaching party in an amount equal to all ad valorem taxes which would have been assessed subsequent to the date of the breach and otherwise be payable with respect to the property had the LCRA not issued a Certificate of Qualification for Tax Abatement for the Project. Said clause shall contain a notice and opportunity to cure before its provisions are acted upon.

(3) Provisions by which subsequent purchasers of property within the Redevelopment Area are bound by the provisions of the Redevelopment Agreement and Redevelopment Plan for the duration of any Tax Abatement authorized in connection with said Redevelopment Plan; and

(4) That the terms of the Redevelopment Agreement shall be considered essential terms of the approved Redevelopment Plan and that any violation of the Redevelopment Agreement shall constitute a violation of the Redevelopment Plan.

Sec. 40-15. – Amount of Abatement – how determined, provisions related thereto, payments in lieu of taxes – required.

(a) *Amount of Abatement.*

(1) The minimum level of authorized Tax Abatement for Projects with an approved Redevelopment Plan shall be 50 percent.

(2) The City Council is hereby authorized to increase the level of Tax Abatement for a Project within an approved Redevelopment Plan up to 75 percent utilizing Council's approved Tax Abatement Scorecard. The Tax Abatement Scorecard shall be adopted by the City Council and a copy of same shall be retained on file with the Department of Planning and Development.

(b) If the Tax Abatement amount is less than 100 percent, pursuant to an approved Redevelopment Agreement, the remainder of the Tax Abatement amount shall be collected by the City on an annual basis as Payments in Lieu of Taxes (PILOTs).

(1) Any PILOTs paid to the City, and any non-PILOT damages paid to the City as a result of a breach of the Redevelopment Agreement or Redevelopment Plan, shall be retained by the City and utilized as a Shared Success Fund for targeted economic development projects and/or expenses in connection with addressing blight remediation, assistance to homeowners, and/or dangerous buildings.

(2) Notwithstanding any other provision to the contrary, any PILOT amounts paid

to the City, not including any non-PILOT damages resulting from a breach of a Redevelopment Agreement or Redevelopment Plan, shall be remitted to the appropriate taxing jurisdictions, including the City, which levy taxes on the real property included in the Redevelopment Plan at a rate proportional to the taxes so levied by said taxing jurisdictions.

(c) This section 40-15 shall expire and cease to be in effect two years after final passage by City Council. The purpose of the foregoing sunset is to provide sufficient time and opportunity to facilitate a dialogue between the City and taxing jurisdictions regarding the City's revised comprehensive plan and to address long-term blight issues in the community, including; the negative impact of blight and the deteriorating condition of housing stock and its adverse effect on property values; and the most effective manner to collect and distribute PILOT amounts to address the foregoing challenges. To this end, the City shall seek to engage in discussions with taxing jurisdictions no later than 18 months from the final passage of this Ordinance.

Sec. 40-16. – Legacy Blighted Areas.

(a) If a Redevelopment Plan is proposed for an area that was declared blighted by City Council more than twenty-four (24) months prior to the approval of said Redevelopment Plan, the Applicant shall provide either:

(1) An updated blight study, or other evidence that the area still exhibits the blighting factors that existed at the time it was declared a blighted area; or

(2) A new blight study showing that sufficient blighting factors exist to support a finding that the area meets the definition of a blighted area, per the LCRA Law.

Sec. 40-17. – Review by the LCRA.

Prior to City Council action regarding a proposed Redevelopment Plan, the LCRA shall first make a recommendation to the City Council regarding an applicant's Redevelopment Plan. Part of the LCRA's recommendation shall be a determination of whether the provisions of this Article have been complied with.

Sec. 40-18. – Annual Reporting – Compliance.

During the period a Project is eligible for Tax Abatement, the City shall annually review conformance of all approved Projects with each Project's respective Redevelopment Plan, Redevelopment Agreement, and this Article, and such review shall be completed no later than March 31. In the event a Project is found non-compliant with the terms of an applicable Redevelopment Plan, Redevelopment Agreement, or this Article, the City shall enforce the terms of the Redevelopment Agreement.

Sec. 40-19. – Multi-Project Redevelopment Plans.

(a) The purpose of this section is to allow flexibility regarding the applicability of this Article, to ensure that Tax Abatement is available for future redevelopment of an area of the City which contains widespread evidence of blighting factors, where an overall plan for redevelopment is required to address said blighting factors.

(b) City Council, by resolution, shall have the authority to designate and declare that a Redevelopment Plan qualifies as a Multi-Project Redevelopment Plan.

(c) For purposes of this Section 40-19, factors that Council shall consider when designating a Redevelopment Plan as a Multi-Project Redevelopment Plan shall include:

(1) Size of the redevelopment area;

(2) If land assemblage is required;

(3) Whether the entire scope of the potential redevelopment projects within the Redevelopment Area is known at the time of application;

(4) Whether the Redevelopment Plan was initiated by the City to facilitate redevelopment in an area; and

(5) Whether there are multiple land owners of discrete parcels or properties within the Redevelopment Area.

(d) Any Multi-Project Redevelopment Plan or Project submitted in accordance with such Redevelopment Plan shall be exempt from the requirements of this Article except for the following provisions:

(1) Section 40-13(d), provided that the statement of projected tax impact described in 40-13(d)(2) shall not be required;

(2) Section 40-16; and

(3) This section 40-19.

(e) The Special Ordinance approving a Multi-Project Redevelopment Plan shall be effective for up to five years, after which the designation shall cease to be in effect and the Redevelopment Plan shall be void, unless the previous designation is extended by a subsequent resolution of Council prior to the Plan's expiration.

~~ARTICLE II. - CHAPTER 353—URBAN REDEVELOPMENT~~

ARTICLE III. - CHAPTER 353—URBAN REDEVELOPMENT

Sec. 40-31. - Title of article.

This article shall be known and may be cited and referred to as the Chapter 353 Urban Redevelopment Ordinance.

Sec. 40-32. - Findings; purpose of article.

The purpose of this chapter is to provide for the redevelopment of a blighted area through the clearance, replanning, reconstruction or rehabilitation of such area and for the provision of industrial, commercial, residential or public structures and spaces as may be appropriate, including recreational and other facilities incidental or appurtenant thereto as authorized and defined by RSMo ch. 353.

A "blighted area" is any portion of the city which the city council determines that by reason of age, obsolescence, inadequate or outmoded design or physical deterioration, has become an economic and social liability and that such conditions are conducive to ill health, transmission of disease, crime or inability to pay reasonable taxes.

An "area" is that portion of the city which the city council has found to be blighted so that the clearance, replanning, rehabilitation, or reconstruction thereof is necessary to effectuate the purposes of this chapter. Any such area may include buildings or improvements not in themselves blighted, and any real property, whether improved or unimproved, the inclusion of which is deemed necessary for the effective clearance, replanning, reconstruction or rehabilitation of the area of which such buildings, improvements or real property form a part.

Sec. 40-33. - Acceptance of state enabling act.

The provisions of the Urban Redevelopment Corporations Law, found at RSMo ch. 353, are hereby accepted and shall apply to all persons and corporations operating under this article, insofar as such provisions may be applicable thereto.

Sec. 40-34. - Definitions.

The words, terms and phrases used in this article shall have the meanings ascribed to them in the Urban Redevelopment Corporations Law, if so defined therein.

Sec. 40-35. - Redevelopment proposals.

(a) *Procedures.* The city manager or his designee shall establish requirements for applications for redevelopment under this article as well as procedures for the processing and approval/disapproval of such applications which shall be filed with the city clerk.

(b) *Additional rules.* The city manager or his designee shall further be empowered to make and adopt such rules and regulations necessary and proper to effectuate the purposes of this article which rules and regulations shall be filed with the city clerk.

(c) *Adoption of fees; payment of fees.* The proponent of any application under this chapter shall file with the city a deposit ~~$1,000.00~~ in accordance with the City's then-applicable fee study at the time the application is filed which is intended to cover the reasonable cost of the examining, inspection and supervisory services required under this article. If the cost of the work exceeds ~~$1,000.00~~ the amount specified in the City's then-applicable fee study, the additional costs shall be charged to and paid by the proponents of the redevelopment plan.

Sec. 40-36. - Supporting evidence of blight.

(a) *Blight study.* Any application for approval of a redevelopment plan shall include evidence that the area is a blighted area as defined by RSMo 353.020(2) and section 40-32, and such blight study shall meet the requirements of any procedures established under subsection 40-35(a).

(b) *Review by city council.* The city council shall analyze the blight studies required in this section, along with other evidence, and determine if the area is a blighted area.

Sec. 40-37. - Notification of property owners.

The city manager or his designee shall adopt regulations which provide for notice of the redevelopment plan and city council public hearing to each person or entity having a property interest of record in the proposed redevelopment area.

Sec. 40-38. - Notice to political subdivisions of proposed redevelopment plan.

(a) *Notice required.* In addition to the notification requirements of section 40-37, a ten-day written notice shall be given to each political subdivision having boundaries for ad valorem real estate taxation purposes which include any portion of the real property to be affected within the area which is the subject of the redevelopment plan prior to the city council public hearing on the tax abatement.

(b) *Method of notice.* Any notice required by this section shall be in writing and mailed in the regular United States mail, postage prepaid.

(c) *Contents of notice.* Any notice required by this section shall state the reason for the notice and the time, date and place of the public hearing. The notice shall provide a general boundary description of the area within the redevelopment plan; the nature of the development; and a written statement of the impact on ad

valorem taxes any tax abatement will have on such political subdivisions as required by RSMo 353.110.3.

Sec. 40-39. - Required findings and declarations in any ordinance approving redevelopment plan.

In any ordinance approving a redevelopment plan, the council shall make the following findings and declarations:

(1) That the area included within a redevelopment plan is a blighted area, and that the clearance, redevelopment, replanning, rehabilitation or reconstruction thereof is necessary for the public convenience and necessity.

(2) That, if a corporation seeks to acquire all or any part of the real property within a blighted area by exercise of the power of eminent domain, such acquisition by the exercise of the power of eminent domain is for a public purpose.

Sec. 40-40. - Tax relief for redevelopment corporations.

In any ordinance approving a redevelopment plan, the council shall make its determination regarding the amount of tax exemption or abatement to which the real property acquired by the redevelopment corporation will be entitled. Such tax exemption or abatement shall not exceed the maximum amount authorized in RSMo 353.110.

Section 2 – Springfield City Code, Chapter 2, Division 5, 'Tax Abatement and Tax Increment Financing Advisory Commission,' is repealed and a new Division 5 is enacted in lieu thereof, to read as follows:

(Note: Language to be added is underlined and language being removed is ~~stricken~~.)

DIVISION 5. - ~~TAX ABATEMENT AND~~ TAX INCREMENT FINANCING ADVISORY COMMISSION

Sec. 2-241. – Established; membership.

(a) The city council hereby creates a ~~tax abatement and~~ tax increment financing advisory commission to be appointed as follows:

(1) Two members shall be appointed by the school boards whose districts are included within the redevelopment plan or redevelopment area. Such members shall be appointed in any manner agreed upon by the affected districts.

(2) Two members shall be appointed by the chief elected officer of Greene County, with the advice and consent of the majority of the county commission.

(3) One member shall be appointed, in a manner agreed upon by the affected districts, to represent all other districts levying ad valorem taxes within the area selected for a redevelopment project or the redevelopment area, excluding representatives of the city council.

(4) Six members shall be appointed by the mayor, with the consent of the majority of the city council. Of the six members appointed by the city, one member shall be from the Springfield/Greene County Library Board, one member shall be from the city council, and ~~three~~ four members shall be from the public at large.

(b) The members who are appointed by the school boards, Greene County, and the other taxing districts shall serve on the commission for a term to coincide with the length of time a redevelopment project, redevelopment plan or designation of a redevelopment area is considered for approval by the commission, or for a definite term. If the members representing school districts, Greene County, and the other taxing districts are appointed for a term coinciding with the length of time a redevelopment project, plan or area is approved, such term shall terminate upon final approval of the project. Thereafter, the commission shall consist of the six members appointed by the city, except that members representing school boards, Greene County, and other taxing districts shall be appointed as provided in this section prior to any amendments to any redevelopment plans, redevelopment projects or designation of a redevelopment area. If any school district or, Greene County, or any other taxing jurisdiction fails to appoint members of the commission within 30 days of receipt of written notice of a proposed redevelopment plan, redevelopment project or designation of a redevelopment area, the remaining members may proceed to exercise the power of the commission. Of the members first appointed by the city, two shall be designated to serve for terms of two years, two shall be designated to serve for a term of three years and two shall be designated to serve for a term of four years from the date of such initial appointments. Thereafter, the members appointed by the city shall serve for a term of four years, except that all vacancies shall be filled for unexpired terms in the same manner as the original appointments.

Sec. 2-242. – Duties; procedures.

(a) *Tax increment financing*. On tax increment financing questions, the commission established by this division shall be subject to the following:

(1) The commission shall hold public hearings and provide notice pursuant to RSMo 99.825—99.830.

(2) The commission shall vote on all proposed redevelopment plans, redevelopment projects and designations of redevelopment areas, and amendments thereto, within 30 days following completion of the hearing on

any such plan, project or designation, and shall make recommendations to the city council within 90 days of the hearing referred to in RSMo 99.825 concerning the adoption of, or amendment to, redevelopment plans and redevelopment projects and the designation of redevelopment areas.

(3) The director of the department of planning and development or his designee shall act as the board secretary. The commission shall elect from one of its members a chairperson to preside at the meeting and a vice-chairperson to preside in the absence of the chairperson.

(4) The director of the department of planning and development shall provide the commission with information concerning tax increment financing questions prior to the city council authorizing tax increment financing. The commission shall advise the city council concerning tax increment financing issues. Final approval of plans and projects and the designation of the redevelopment area for tax increment financing purposes shall be in the city council.

(5) The commission shall convene on call from the chairperson or from the secretary to consider advising the city council about tax increment financing questions.

~~(b) *Tax abatement*. The commission also shall advise the city council about tax abatement issues prior to the city council taking action on a request for tax abatement.~~

Section 3 – City Council hereby adopts the Tax Abatement Scorecard attached hereto as "Exhibit A" which is incorporated herein by this reference. This document shall be considered the Council-approved Scorecard required by Section 40-15.

Section 4 – Savings Clause. Nothing in this Ordinance shall be construed to affect any suit or proceeding now pending in any court or any rights acquired or liability incurred nor any cause or causes of action occurred or existing, under any act or ordinance repealed hereby. Nor shall any right or remedy of any character be lost, impaired, or affected by this ordinance.

Section 5 – Severability Clause. If any section, subsection, sentence, clause, or phrase of this ordinance is for any reason held to be invalid, such decision shall not affect the validity of the remaining portions of this ordinance. The Council hereby declares that it would have adopted the ordinance and each section, subsection, sentence, clause or phrase thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses, or phrases be declared invalid.

Section 6 – This Ordinance shall be in full force and effect from and after passage.

Passed at meeting: _____

Mayor

Attest: _____, City Clerk

Filed as Ordinance: _____

Approved as to form: Franklin Don Robinson II, City Attorney

Approved for Council action: _____, City Manager

SUPPLEMENTAL EXPLANATION TO AMENDED SUBSTITUTE COUNCIL BILL: 2018-015

FILED: 03-21-18

ORIGINATING DEPARTMENT: Law Department

PURPOSE: Amending the Springfield City Code, Chapter 40, Article II, 'Chapter 353 – Urban Redevelopment,' by repealing Article II and enacting in lieu thereof a new Article II and Article III; amending Chapter 2, 'Administration,' Article IV, 'Boards, Commissions and Committees,' Division 5, 'Tax Abatement and Tax Increment Financing Advisory Commission,' by repealing Division 5 and enacting a new Division in lieu thereof; for the purpose of adopting, and updating, various code provisions related to tax abatement administration and to adopt a Workable Program for the City.

REMARKS: At the March 12, 2018, meeting of City Council, Councilman Ollis offered an amendment to Council Bill 2018-015, Substitute 1. The amendment was adopted by Council at said meeting.

The primary effect of the amendment is to alter the PILOT distribution process. Specifically, the amendment modifies the Workable Program by placing a sunset date of two years after passage of the Ordinance on the collection and distribution of PILOTs. The stated intent of this sunset clause is to provide the City with an opportunity to discuss, with other taxing jurisdictions, the City's Comprehensive Plan and solutions for blight-related issues.

Should the sunset date pass without any further action from City Council, PILOTs will no longer be collected by the City. Without a mechanism to collect PILOTs, City Code will not support imposition of less than 100 percent tax abatement on qualified projects. Also, certain language contained in Section 40-13(b)(3) and 40-15 (b)(2) were inconsistent with the effect of the amendment and were removed by the amendment.

The amendment was a substantive change to Council Bill 2018-015, Substitute 1, therefore the bill was held over until the March 26, 2018, City Council meeting. Any public comment on the bill may be limited to the amendment only.

Submitted by:

Nicholas Woodman,
Assistant City Attorney

Recommended by:

Frank Romines, City Attorney

Approved by:

Greg Burris, City Manager

EXPLANATION TO SUBSTITUTE COUNCIL BILL 2018-015

FILED: 2-20-18

ORIGINATING DEPARTMENT: Planning and Development Department

PURPOSE: Amending the Springfield City Code, Chapter 40, Article II, 'Chapter 353 – Urban Redevelopment,' by repealing Article II and enacting in lieu thereof a new Article II and Article III; amending Chapter 2, 'Administration,' Article IV, 'Boards, Commissions and Committees,' Division 5, 'Tax Abatement and Tax Increment Financing Advisory Commission,' by repealing Division 5 and enacting a new Division in lieu thereof; for the purpose of adopting, and updating, various code provisions related to tax abatement administration and to adopt a Workable Program for the City. (Finance and Administration Committee and Staff recommend approval.)

BACKGROUND INFORMATION: A Workable Program is defined in the LCRA Act as "an official plan of action, as it exists from time to time, for effectively dealing with the problem in insanitary, blighted, deteriorated or deteriorating areas within the community and for the establishment and preservation of a well-planned community with well-organized residential neighborhoods of decent homes and suitable living environment for adequate family life, for utilizing appropriate private and public resources to eliminate and prevent the development or spread of insanitary, blighted, deteriorated or deteriorating areas, to encourage needed urban rehabilitation, to provide for the redevelopment of blighted, insanitary, deteriorated and deteriorating areas, or to undertake such of the aforesaid activities or other feasible community activities as may be suitably employed to achieve the objectives of such a program." Sec. 99.320(23), RSMo.

The LCRA Act authorizes the preparation of a Workable Program for the City as a whole. Sec. 99.420(5), RSMo. All Redevelopment Plans submitted to City Council for approval must comply with the Workable Program. Sec. 99.320(20), RSMo.

This bill establishes a Workable Program for Springfield, and amends other provisions of the City Code related to tax abatement administration.

Supports the following Field Guide 2030 goal(s): Chapter 3, Economic Development; Objective 2b: Continue to explore creative and flexible methods to attract and retain jobs and business investment in the community; and Objective 7a, Continue the use of incentives such as low-interest loans and property tax abatement to advance the revitalization of center city.

REMARKS: This Workable Program is intended to establish a framework for the City of Springfield to evaluate property tax abatement requests under the LCRA Law, Sec. 99.300-715, RSMo. It includes essential elements such as a but-for test, requiring verification of blight in legacy blighted areas, as well as a Scorecard by which projects

will be rated on various measures of community benefit to determine the appropriate level of abatement. A base level of abatement of 50% is established for projects meeting the But-For Test and blight verification requirements; and 51-75% abatement will be available for projects depending on application of the Scorecard.

Exceptions to some of these requirements are made for Multi-Project Redevelopment Areas, which must be declared as such by Council resolution in order to be eligible for this more-flexible set of rules. The purpose of allowing such flexibility is to ensure that Tax Abatement is available for future redevelopment of an area of the City which contains widespread evidence of blighting factors, where an overall plan for redevelopment is required to address said blighting factors.

The proposed changes to City Code Chapter 2, Article IV, Division 5 remove references to Tax Abatement, since this section primarily regulates the use of TIFs in Springfield. Since the Workable Program is now the primary regulatory vehicle of LCRA Tax Abatement, provisions contained in Chapter 3, Article IV, Division 5 relating to the process of issuing Tax Abatement pursuant to the LCRA Law are no longer needed. The Workable Program will now regulate LCRA Tax Abatement administration.

In addition to the changes discussed above, part of the recodification of the Chapter 353 Urban Redevelopment Ordinance from Article II to Article III of Chapter 40 includes changes to the fee for filing a Chapter 353 application. Instead of the amount being expressly stated in the code, the language has been amended to refer to the Council approved fee study in operation at the time of application.

The Finance and Administration Committee discussed this bill at its meetings on October 2, October 11, October 31, November 8, and December 13, 2017.

City Council was scheduled to first read this bill at its regular meeting on January 16, 2018. However, consideration of the bill was postponed and at the February 12, 2018 regular meeting, Council referred the bill to the Finance and Administration Committee for further review. At the Finance and Administration Committee meeting on February 14, 2018, the Committee approved three amendments to the bill. The first amendment requires the City to collect and distributeall PILOT payments to the taxing jurisdictions which levy real property taxes upon any property subject to Chapter 99 tax abatement for two years. The Second amendment clarifies that the City can pursue a breach of contract claim against developers when appropriate, without delay and involvement of third parties whom are not party to the PILOT agreement. Finally, the third amendment imposed a cap on the maximum amount of authorized abatement at 75%.

Submitted by:

Sarah Kerner

Sarah Kerner, Economic Development Director

Recommended by:

Mary Lilly Smith

Mary Lilly Smith, Planning Director

Approved by:

Greg Burris, City Manager

Chapter 99 Scorecard	Max. Value		**Project** *address*
Development in financially distressed areas	7%		0%
50%+ below poverty level	7%		0%
35-50% below poverty level	5%		0%
25-35% below poverty level	3%		0%
Community Benefit	6%		0%
Job creation (2 points per FTE)	6%		0%
Affordable housing	4%		0%
Retail sales tax generation (Y/N)	2%		0%
Community Image/Design	5%		0%
Rehab of: existing bldg (3)/listed hist. bldg (5)	5%		0%
Similar height, bulk plane, setback, proportion	2%		0%
Articulated building faces	2%		0%
Exceed landscaping requirements (10%)	2%		0%
Enhanced public safety	4%		0%
Security cameras registered with SPD	3%		0%
CPTED analysis implemented	2%		0%
Environmental Stewardship	3%		0%
Brownfield remediation (clean letter)	3%		0%
LEED Silver or greater	2%		0%
No use of construction materials with PAHs (coal tar)	2%		0%
ADDITIONAL ABATEMENT BASED ON SCORECARD	**25%**		**0%**
BASE LEVEL ABATEMENT	50%		50%
TOTAL ABATEMENT	75%		50%