



DISTRICT TIF DEALS START-TO-FINISH





Policy Considerations for District TIF Deals

- District TIF Deals must further important and clearly definable public interests which should be identified in a community's economic development plan
 - Eliminating blight
 - Strengthening the employment and economic base
 - Increasing property values and tax revenue
 - Reducing and deconcentrating poverty





Policy Considerations

- Creating economic stability
- Revitalization of older and economically distressed areas
- Maintaining and developing affordable, quality housing opportunities
- Business recruitment, retention, and expansion





Due Diligence

- Developer Experience
- Adequacy of Funding to Complete Project
- Elements of the Redevelopment Projects
- Market/Competition
- Insurance
- Litigation
- Governmental Actions





Land Assembly

K.C. LIVE! Entertainment District

- MIXED USE PROJECT
 - Retail space
 - Restaurants
 - Office buildings
 - Entertainment venues
 - Parking garages





District Components

Block 110 - Service Retail

- 38,000 sf Grocery Store
- 40,000 sf High-end Gym
- 200 Residential Units
- 20,000 retail

Block 123 - Office / Residential

- 400,000 sf office space
- 200 Residential Units
- 20,000 sf retail

Block 124 - H&R Block HQ

- 500,000 sf Office Building
- Restaurants
- 200 Residential Units
- 30,000 sf retail

Block 125 - Power and Light Live

- Permanent Outdoor Stage
- High Energy Entertainment
- 60,000 sf clubs and restaurants

Block 138 - Empire Theater

- 2,000 seat concert venue
- 200 Residential Units
- 20,000 sf retail

Block 139 - Restaurant Row

- 5 High-end restaurants
- Valet Parking
- 200 Residential Units

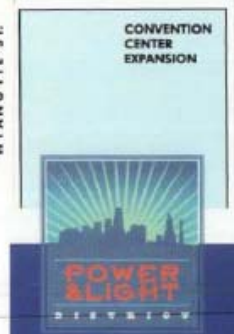
Block 140 - Restaurants

- 38,000 sf Retail
- 200 Residential Units

The Power and Light District:

Lower Level Plan:

Nine city blocks of retail entertainment space surrounded by a convention center, a proposed sports arena, millions of square feet of office space and nearly 10,000 urban loft dwellers.



Kansas City





Land Assembly

K.C. LIVE! Entertainment District

- PROPERTIES ACQUIRED: 44
- CONDEMNATION CASES: 15
- NUMBER OF CITY BLOCKS: 8
- SQUARE FOOTAGE OF RETAIL: 439,000 s.f.
- RESIDENTIAL UNITS: 214





K.C. Live!/Block 124





K.C. Live!/Blocks 125/126





K.C. Live!/Block 124





K.C. Live/Block 124





K.C. Live!/Blocks 125, 126





K.C. Live!/Block 110





K.C. Live!/Block 125





A Look Toward the Future Entertainment District





K.C. Live!/Power & Light









Land Assembly

- Land may be acquired by the following methods
 - Private negotiation by the Developer on its own behalf
 - Acquisition by the City on behalf of the Developer
 - Acquisition by the City or another Public Agency





Acquisition By City at Developer's Cost

Developer pays for costs of acquisition

- Expenses related to establishing an acquisition value for property
- Purchase price of the property, whether determined by negotiation or condemnation
- All costs associated with transferring or disposing of the property, including any pre-existing costs associated with the property





Acquisition By City at Developer's Cost

Developer pays for costs of acquisition

- Any costs, fees, or expenses related to losses, claims, actions, liabilities, or injunctive relief in connection with the property
- Legal fees, expenses paid to third parties, and expenses incurred by the commission while acquiring the land





Procedure For Developer's Payment of City's Costs

- Developer must deposit \$20,000.00 with the Commission for anticipated fees, charges and expenses
- Commission must give a written, itemized notice of expenditures and request reimbursement from the Developer so that the account balance remains at \$20,000.00





Procedure For Developer's Payment of City's Costs

- The Developer must pay the actual price of the property and 5% of the cost of the property for administrative costs, not to exceed \$5,000.00 within ten days of receiving the written notice
- If Developer does not pay on time, Developer pays for costs, interest, damages and liability incurred by the Commission





Acquisition of Property on Behalf of Developer at City's Cost

- City had obligation to acquire good and marketable title to the property
- City had obligation to keep developer apprised of its progress in acquiring the property





Acquisition of Property on Behalf of Developer at City's Cost

- The City at its sole expense had the obligation to obtain a survey, an environmental assessment, and title commitments and insurance
- The City also had an obligation to obtain funds and reimburse developer for pre-construction costs, a substantially different structure than what is used in a number of funding agreements





Land Acquisition – Condemnation

- After the Commission has received the \$20,000.00 deposit, an appraisal of the property that is acceptable to the Commission, an accurate legal description, and addresses of the owners of record, the Commission must provide notice of the intended acquisition and make preparations for condemnation proceedings





Land Acquisition – Condemnation

- If the city is not able to acquire the property by negotiation within 60 days, it must file a condemnation petition
- The Commission's action is subject to the direction of the Developer
 - A contract or agreement must be approved in writing by Developer before Commission executes it
 - Commission must promptly advise Developer of any damages assessed in a condemnation proceeding
 - Commission cannot make any payments into court pursuant to a condemnation proceeding until approved by Developer





Land Acquisition – Private Negotiation (Procedure)

- Commission may continue with the prosecution of a condemnation action, notwithstanding objections of adverse parties, without the prior consent of Developer
- Subject to the approval of the Developer, the Commission must use its best efforts to settle or appeal any condemnation proceeding





Land Acquisition – Condemnation

- Subject to the payment and performance of obligations by the Developer, within 21 days of acquiring the property, the Commission must dispose of the rights to the property as directed by the Developer





Land Acquisition – Condemnation (Valuation)

- Just compensation for the property is found by using the highest of the following three methods
 - Fair Market Value
 - For a homestead taking, Fair Market Value multiplied by 125%
 - For property owned by the same family for fifty or more years, Fair Market Value plus Heritage Value (50% of the Fair Market Value)





Environmental Considerations

- The Developer represents and warrants that it will comply with
 - The Commission's environmental policy
 - All applicable environmental laws
 - The Commission's soil management plan
- The Developer also represents and warrants that the property has not been contaminated with any hazardous substances at levels above appropriate cleanup levels





Environmental Considerations

- The Developer also represents that it has not received notice that it is subject to liability for hazardous waste disposal on the property
- Developer must submit any notice or request for information indicating that it may be in violation of an environmental law to the Commission





Environmental Considerations

- The Developer must indemnify the Commission against all environmental costs, including
 - All clean-up costs, which include remediation, testing, monitoring, restoration, and disposal of hazardous materials
 - All costs and liabilities for claims and damages associated with hazardous materials on the property.
 - All fines and other penalties associated with claims of noncompliance with environmental laws





Environmental Considerations

- Before the Commission acquires property, the Developer must obtain an environmental insurance policy containing coverage for
 - On-site cleanup of preexisting pollution conditions
 - Third party claims for on-site and off-site bodily injury and property damage
 - A severability of interest or separation of insureds endorsement

