



# Douglas Station

Conceptual Presentation to  
Lee's Summit City Council

June 20, 2023

# Overview

- Proposed Developer
- Proposed Project
  - The Challenge – Attainability
  - Strategies – “SLA” + “Smart Green”
  - Resident Cost Savings
- Proposed Public Incentives
- Value Proposition for City

# Proposed Developer

- Andy Mackey + Brian Mertz
- Extensive Residential Development History
  - High-Quality Apartments, Townhomes, Single Family
  - More than 3,000 residential units
  - Few examples -
    - Sunset Plaza
    - Thrive at Creekside
    - Brighton Crossing

# Sunset Plaza





# Thrive at Creekside





# Brighton Crossing





# Proposed Project – *Project Site*



Just North of the Lees Summit Police Station

## **Previously Approved:**

1. All 2 and 3 Bedroom
2. Approved with NO pool
3. Approved with NO exercise facilities
4. The goal for this developer was for this to be a low income tax credit project



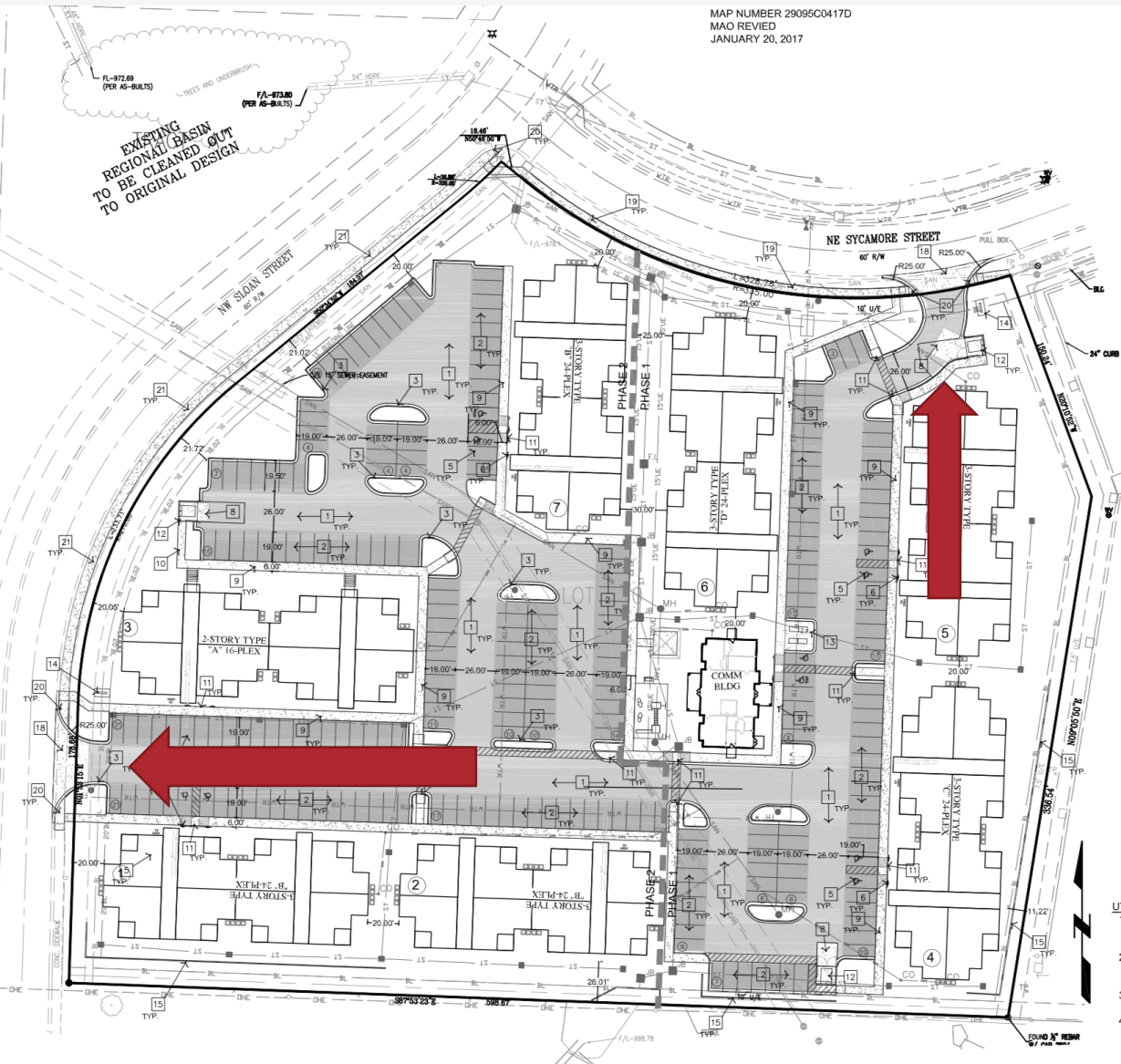
# Proposed Project – *Project Site*



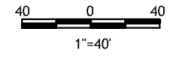
1. 150 Units +/-
2. Added Pool
3. Luxury Finishes
4. Added Garages
5. Added EV Chargers
6. 8 Buildings down to 5
7. Re-Aligned Entrances



# Re-Designed Entrances



- 8 HEAD
  - 9 CUR
  - 10 SITE
  - 11 SITE
  - 12 TRAC
  - 13 MAIL
  - 14 SITE
  - 15 WOOD
  - 16 PLAY
  - 17 GAZE
  - 18 CON
  - 19 5' C
  - 20 CITY
  - 21 6' C
- GENERAL
- 1. CO
  - 2. PE
  - 3. AL
  - 4. CE
  - 5. PL
  - 6. AL
  - 7. LA
- DEVELOP
- 1. TOTAL L
  - 2. TOTAL E
  - 3. TOTAL U
  - 4. UNITS P
  - 5. PARKING
- PLUS 0.5
- PR
- ADA VAN
- (SEE PRO
- 6. TOTAL C
  - 7. PHASE
- WILL
- COM
- TOT
- TOT
- UTILITY NOTES:
- 1. STORM WATER STORM CONVEY EXISTING REGI
  - 2. THE EXISTING R OUT AND VERIF VOLUME AND O
  - 3. SANITARY SEWE AND BE BUILT T
  - 4. WATER MAIN EX PRIVATE FIRE H



PRELIMINARY

# Proposed Project – “*The Challenge*”

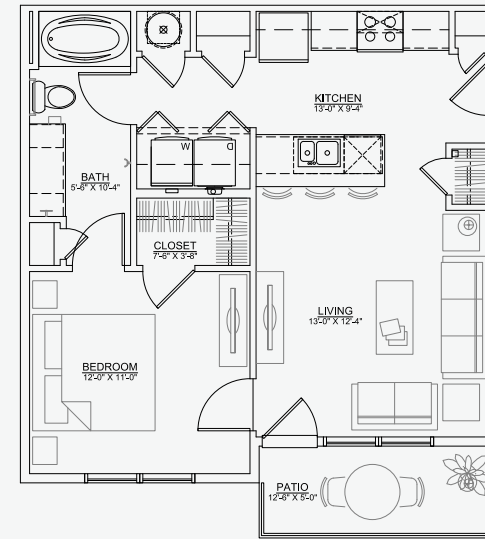
- Affordability Challenges in Lee’s Summit
  - “Threading the needle” on quality and affordability
- Lowest listing for new construction:
  - Duplex - \$294,000 (\$188/SF) [MLS #2420750]
  - Split Level - \$389,000 (\$206/SF) [MLS #2401184]
- Average new home: \$572,564
- New apartment projects report costs >\$220,000/unit

SOURCE: HMLS Kansas City



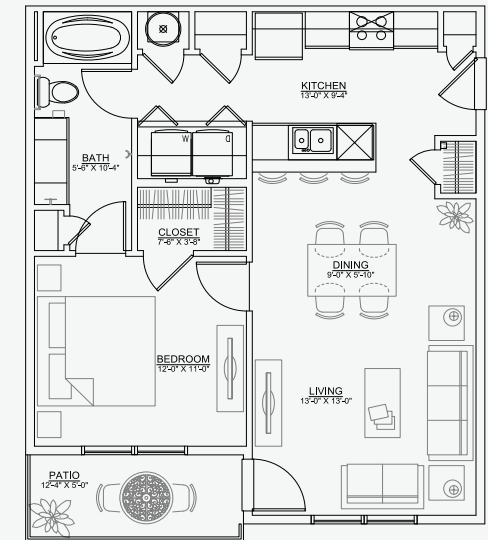
# Proposed Project – “Strategy #1 - SLA”

- “**SLA**” – **S**maller, **L**ivable, More **A**ffordable
  - Average size of Lee’s Summit “Class A” Apartment: 1,181 SF
  - Bigger Units = Bigger Rents
  - What if we retained the quality but reduced the size (& cost) of units?



UNIT TYPE - A

1BR / 1BA | 650 G.S.F. | 1/2" = 1'-0" | ANSI TYPE-B



UNIT TYPE - A1

1BR / 1BA | 731 G.S.F. | 1/2" = 1'-0" | ANSI TYPE-B

# SLA – Whats the difference?





# SLA – Whats the difference?



\$1850  
1196 SF



\$2885- \$2100  
1865 SF

# Proposed Project – “Strategy #1 - SLA”

- Douglas Station
  - Two-phase, high-end MF community (~150 units)
  - “SLA” design: average unit size of ~885 SF
  - Avg. size / unit near project area: ~1,082 SF
    - Vanguard Villas/Century/Signature at West Pryor – 1279
    - The Donovan – 965
    - Summit Square - 1002
  - Average rent reduction (assuming \$1.50/SF for SLA and \$1.65/SF avg. rent near project):

**\$264 - \$360 / month**



# Proposed Project – “Strategy #1 - SLA”

- Why don't more developers build “SLA”?
  - Does not maximize financial return
    - Same fixed costs (e.g., kitchen, bathroom), less rentable SF
    - Additional SF is least expensive to construct, while generating same additional rent per SF
  - Marketing “need” for new product to be “bigger and better”

# Proposed Project – “Strategy #2 – Smart Green”

## ■ Three “green” strategies

- 1. No cost Electric Vehicle (EV) charging
- 2. “E-Units” – minimal, flat electric bill
- 3. “Smart” green = designed to reduce residents’ costs, not increase rental rates!

### **Better for business and the bottom line**

LEED-certified buildings are a solid asset for investors, occupiers, and communities. They've proven to be top-performing commercial real estate investments.

#### **Help meet investor's ESG goals**

- ➔ Command higher rents
- ➔ Boast lower vacancies post-pandemic
- ➔ Increased occupancy rates
- ➔ Acquire premium pricing

LEED helps investors measure and manage their real estate performance. It allows investors to implement management practices that prioritize building efficiency, decrease operational costs and increase asset value.



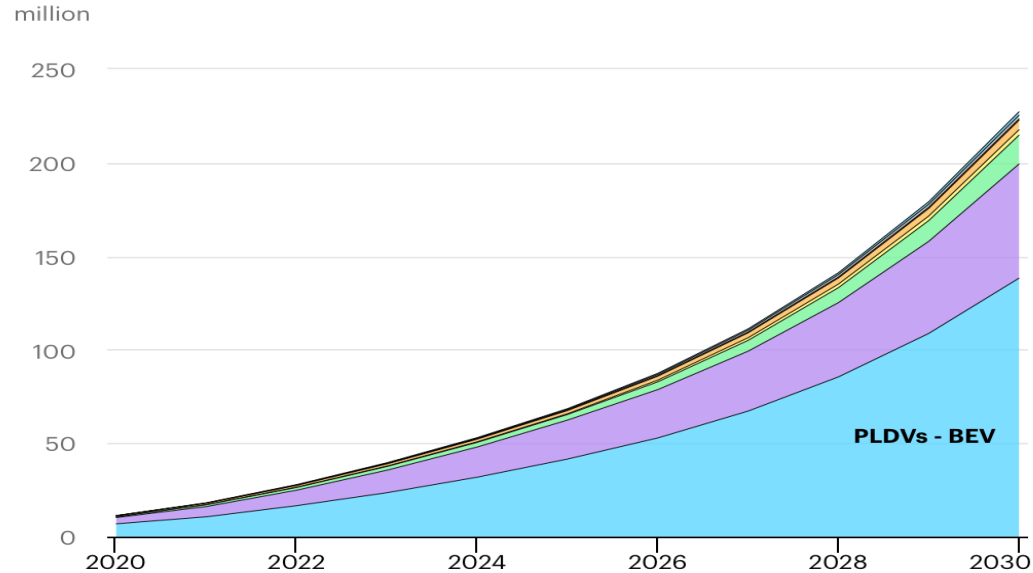
# 1. No cost Electric Vehicle (EV) charging

# Proposed Project – “Strategy #2 – Smart Green”

## ■ EV Demand - Get Ready!

Global EV stock by mode in the Sustainable Development Scenario, 2020-2030

Open ↗



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● PLDVs - BEV   
 ● PLDVs - PHEV   
 ● LCVs - BEV   
 ● LCVs - PHEV   
 ● Buses - BEV  
● Buses - PHEV   
 ● Trucks - BEV   
 ● Trucks - PHEV

electrek ▼

Kentucky	2,650	0.26%	4,220	0.29%	+59.30%
Louisiana	1,950	0.19%	3,180	0.22%	+63.10%
Maine	1,920	0.19%	3,040	0.21%	+58.33%
Maryland	17,970	1.8%	25,630	1.76%	+42.63%
Massachusetts	21,010	2.1%	30,470	2.09%	+45.03%
Michigan	10,620	1%	17,460	1.20%	+64.41%
Minnesota	10,380	1%	15,000	1.03%	+44.51%
Mississippi	780	0.08%	1,310	0.09%	+68.00%
Missouri	6,740	0.66%	10,050	0.69%	+49.11%
Montana	940	0.09%	1,650	0.11%	+75.53%
Nebraska	1,810	0.18%	2,710	0.19%	+49.72%
Nevada	11,040	1.1%	17,380	1.19%	+57.43%
New Hampshire	2,690	0.26%	4,000	0.28%	+48.70%
New Jersey	30,420	3%	47,830	3.29%	+57.23%
New Mexico	2,620	0.26%	4,150	0.29%	+58.40%
New York	32,590	3.2%	51,870	3.57%	+59.16%
North Carolina	16,190	1.6%	25,190	1.73%	+55.60%
North Dakota	220	0.02%	380	0.03%	+72.73%



# Proposed Project – “Strategy #2 – Smart Green”

- Access to ~ 10 EV charging stations
  - 4 at leading multi-family community in Lee’s Summit (for a fee)
- Solar + batteries provide charge for 40-70 miles per day at no cost to resident



# Proposed Project – “Strategy #2 – Smart Green”

- Tenant Savings
  - Conversion to an EV: ~\$343/month\*
  - Existing EV driver: ~\$108/month\*\*

\*Assumes 50 miles/day, 16 MPG, and \$3.54 / gallon

\*\*Assumes 50 miles/day and 0.0725 cents/mile for EV charging costs



## 2. “E-Units” – minimal, flat electric bill

# Proposed Project – “Strategy #2 – Smart Green”

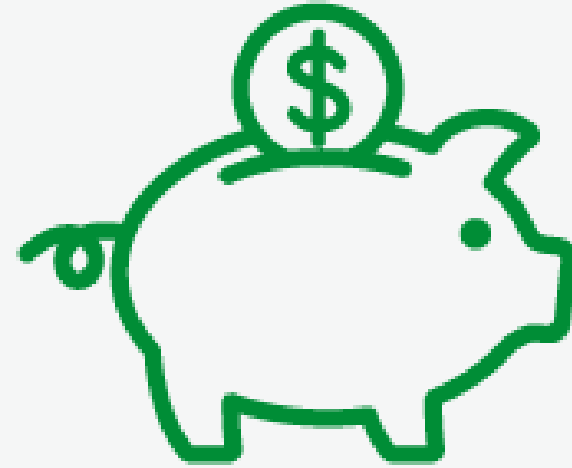
- Approximately 8 solar-powered “E-units”
- No Tenant bill from Evergy
- Fixed electric payment to Landlord
  - Initial target: \$25/month
  - Est. savings: \$75/month

\*Subject to legal requirements, preference for teachers, 1<sup>st</sup> responders, other city employees



# Proposed Project – “Strategy #2 – Smart Green”

- Example Tenant “Smart Green” Savings
  - Tenant #1: \$900 / year
    - E-unit (no EV)
  - Tenant #2: \$2,196 / year
    - E-unit + EV Tenant
  - Tenant #3: \$5,016 / year
    - E-unit + EV Conversion





# Proposed Project – Impact on Attainability

- **Estimated resident cost savings from “SLA” + “Smart Green”**

- Community “X”:  $1,023 \text{ SF} \times \$1.65 = \$1,688$

- Douglas Station:  $885 \text{ SF} \times \$1.50 = \$1,327$

E-unit + EV Conversion: *minus* (\$75 + \$343)

❖ **Total cost savings per year: \$4,332 - \$9,348**

# Proposed Public Incentives – Chapter 100

## Two Ch. 100 Benefits:

### 1. Predictable Property Taxes

- Protects against County appraisal uncertainty
- Proposed 10-yr PILOT: \$1,350/unit (+ 3% biennial increase)
  - Benchmark: \$1,800/unit
  - 13% adjustment to reflect reduced unit size (885/1,015): \$1,566/unit
  - \$216/unit adjustment to partially assist with “Smart Green” costs: \$1,350/unit

New frustrations over property taxes in Jackson County after average rates increase 30 percent



Updated: 5:46 PM CDT Mar 24, 2023



Andy Alcock   
KMBC 9 News Reporter

# Proposed Public Incentives – Chapter 100

## Two Ch. 100 Benefits:

2. Sales Tax Exemption on Construction Materials
  - Reduces construction costs to make “SLA” more viable
  - Assists with extraordinary site costs and “Smart Green” capital expenditures



# Sales Tax Exemption

Est. Construction Budget	\$	24,930,000
Est. Materials Percentage		40.00%
Est. Materials Cost	\$	9,972,000
Total Sales and Use Tax Rate		8.35%
<b>Est. Sales and Use Tax Savings</b>	<b>\$</b>	<b>609,850</b>
City Sales and Use Tax Rate		2.750%
County Sales Tax Rate		1.250%
State Sales and Use Tax Rate		4.225%
Zoo Sales Tax Rate		0.125%
		8.350%
Est. Allocation of Material Purchases:		
Lee's Summit		5.00%
Missouri (outside Lee's Summit)^		45.00%
Outside Missouri		50.00%
Lee's Summit Sales Tax Savings	\$	13,712
Lee's Summit Use Tax Savings	\$	137,115
<b>Total Lee's Summit Sales and Use Tax</b>	<b>\$</b>	<b>150,827</b>
County Sales Tax Savings	\$	34,279
State Sales and Use Tax Savings	\$	421,317
Zoo Sales Tax Savings	\$	3,428
<b>Lee's Summit % of Total Savings</b>		<b>24.73%</b>

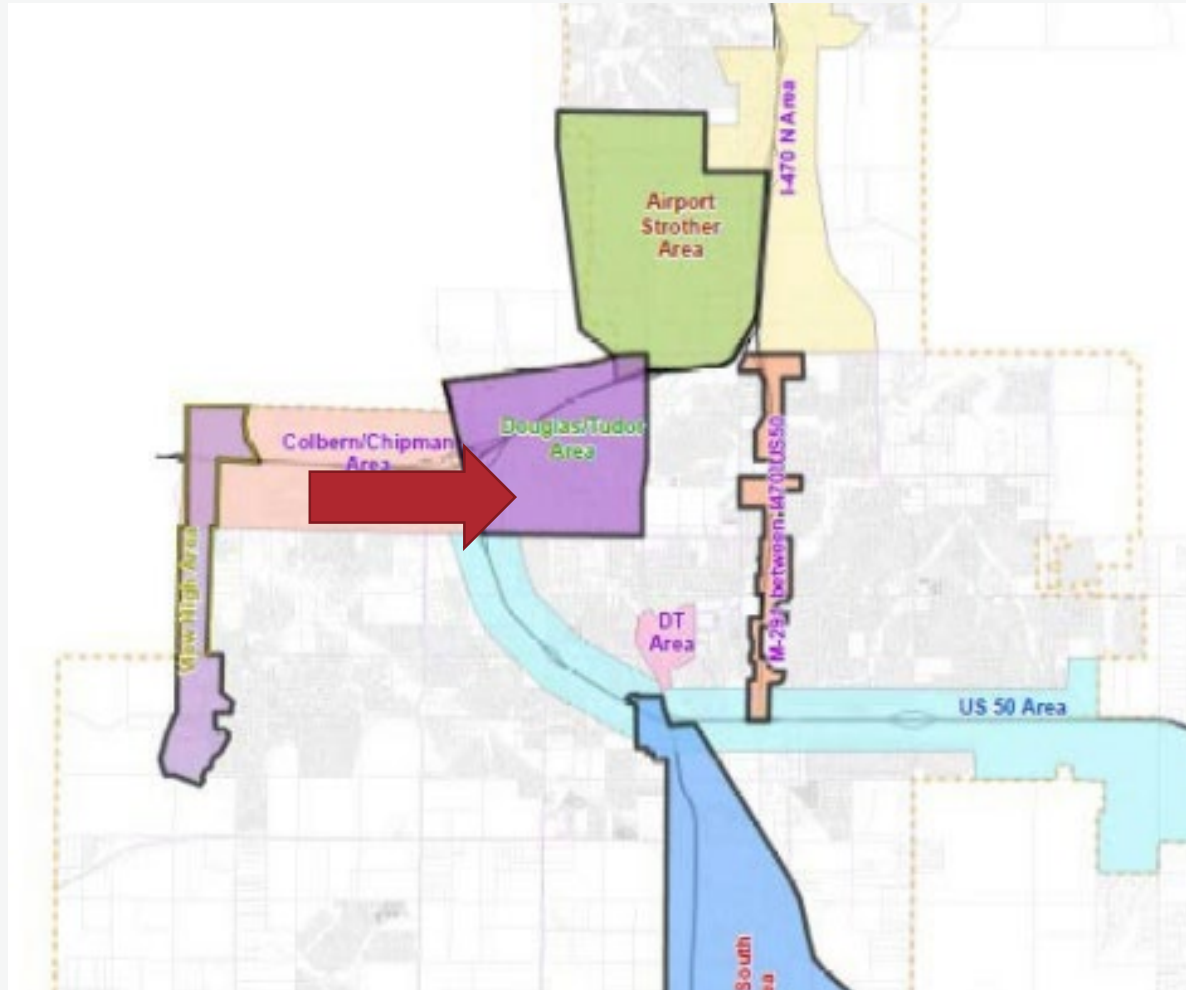
^50% of sales in MO outside City are assumed to be subject to County and Zoo Sales Tax

# Value Proposition for City

- Targeted area for development
- City planning goals
- City tax revenues
- Economic and social growth and prosperity

# Targeted Area for Development

- Douglas/Tudor Targeted Planning Area





# City Planning Goals

- Ignite!
  - “diverse housing options”



# City Tax Revenues

- Property Tax / Fee Generation

  - Today

    - Annual real property taxes: ~\$42 (\$7 to City)

  - During 10-year Ch. 100 Period

    - Real property taxes to City: ~\$378,000
    - Real property taxes to School District: ~\$1,414,000
    - Excise taxes paid to City

# Economic and Social

- Fight the “young adult drain”
  - Bring back our young adult children / college graduates to housing they want (expect) and can afford
  - This generation is the lifeblood of the next chapter in the City’s growth and prosperity
  - Increased likelihood of filling/creating jobs and Lee’s Summit and starting new businesses
- Empty-nester second homes
- Essential Workers
- Value-focused, renters by choice



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