PETRA

Pathways at Kensington Farms
Incentive Request

October 1, 2025

INTRODUCTION

Petra, LLC is acting as Developer for approximately 129 acres located Southeast of the intersection of E. Cass Jackson Road and N. Prairie Lane in Lee's Summit, Cass County, Missouri. The Developer desires to develop this property into "Pathways at Kensington Farms", a premier residential area tucked between existing homes and amenities attractive to families ("Pathways at Kensington" or the "Development").

The Development will include single-family homes, townhomes, and 55+ rental concept along with ponds, pedestrian trail/green belt, and clubhouse, all adjacent to a new elementary school and City park.

This serves as our request for the City to support the development of Pathways at Kensington Farms by issuance of a Chapter 100 Bond with accompanying tax abatement/Payment in Lieu of Tax and sales tax exemption. Pathways at Kensington Farms will greatly benefit the City and its residents by infilling currently vacant land within the City boundaries, while simultaneously providing quality housing, expanding the City's tax-base, and preserving the character of the City.

MASTER PROJECT

Preliminary master plans depicting the proposed infrastructure, design, and uses within the Development is included in Exhibit A attached hereto.

As currently envisioned, the Development is generally divided into three Phases:

Phase I - single-family residential lots for sale, integrated with green space, walking trail, and pond

Phase II - Multi-family and townhomes for rent

Phase III – 55+ for rent concept including clubhouse

Developer and its affiliates will act as the land developer, developing the land, infrastructure, and significant environmental and site work to create the pond, greenspace, and lots available for sale, lease, and construction of the proposed uses. Total investment in the Development by Developer, its affiliates, and other third-party developers is expected to exceed $228,000,000 to full build-out over the next 3 to 7 years.

BENEFITS TO THE CITY AND COMMUNITY

The City has identified its current Strategic Directions and Consideration Criteria for Residential Projects as set out in the Economic Development Incentive Policy for Lee's Summit Missouri. The Development will promote many strategies included in the Strategic Directions and Consideration Criteria as described below:

The development and maintenance of infrastructure – The Development will include the construction and installation of water, sewer, street, drainage, and other infrastructure improvement commensurate with a first-class residential neighborhood. The Development will also include approximately 139.7 acres of green space, ponds, and trails open to enjoyment by residents.

Existing Infrastructure Removal - The site contains sewer infrastructure, including 75 inlets and approximately 3200 linear feet of pipe, which must be removed, and the site backfilled, to move forward with any new development. The costs of such removal are estimated at $450,000. **Criteria – Blight Clearance**

Wetlands Remediation - A portion of the site exists within a wetlands area. To develop the site, specific site preparation, drainage, and extensive soil work must be performed to preserve the wetlands and ensure the developed area is property drained and protected from flooding. This additional pre-development work is estimated at $500,000. **Criteria – Blight Clearance; Public Improvements**

Prairie Lane Access Road – As part the Development infrastructure, and the land-swap creating the City/School District Property, the Developer will agree to construct an access road, as presented in the master plans, from Prairie Lane to access the new school and City park. The estimated costs to construct the access road are $530,000. **Criteria – Public Improvements**

Preserves or enhances residential neighborhoods – The Development is designed to include varied types of residential products to offer housing choices attractive to today's lifestyles and future generations. Examples of expected designs have been submitted with this request.

Infill; Development Completion - The site is located amongst the existing "Kensington Farms" neighborhood. As a result of the challenges described above (existing sewer and wetlands), full development of the site has stagnated. Pathways at Kensington Farms will complete development of the area. **Criteria – Blight Clearance**

Walking Trail/Green Space – Developer desires the Development to have integrated green space throughout and a walking trail for resident enjoyment. The estimated costs of such amenities are $455,000. **Criteria – Public Improvements**

City Park/School – The Developer is in discussions with the City and Raymore-Peculiar Reorganized School District #R-II of Cass County, Missouri to swap certain land resulting in the City and the School District owning the approximately 25 prime acres at the intersection of E. Cass Jackson Road and N. Prairie Lane. The City intends to create a public park and the School District plans to build a new elementary school on such property. Such public services are fundamental to families and quality of life. **Criteria – Public Improvements**

Tax Stabilization - Through Phase I (for which no incentives are requested) and the PILOT upon Phase II and Phase III, Pathways at Kensington Farms will immediately generate property tax revenues upon development.

REQUEST

The Developer respectfully requests the City issue a Chapter 100 Bond with tax abatement/Payment in Lieu of Tax and sales tax exemption for the Phase II and Phase III projects to assist in alleviating the burdens of the costs of the challenges and amenities described above.

Tax Incentives

Tax Abatement/PILOT – Phase II Project

Request	10 Years	Per Unit
Abatement	55.01%	$1,957*
PILOT	44.99%	$1,600

*Estimated

Tax Abatement/PILOT – Phase III Project

Request	10 Years	Per Unit
Abatement	50.14%	$1,609*
PILOT	49.86%	$1,600

*Estimated

Benefit to Taxing Districts

Taxing District	Tax Rate	%	Annual PILOT	Total PILOT (10 Years)
R-2 Ray-Pec	5.0302	72.33%	$352,971.11	$3,529,711.12
State	0.03	0.43%	$2,105.11	$21,051.12
Cass Co. Rd& Brdg	0.2033	2.92%	$14,265.64	$142,656.41
Cass Co. Library	0.242	3.48%	$16,981.24	$169,812.35
Hospital	0.1181	1.70%	$8,287.12	$82,871.23
Shelter	0.0432	0.62%	$3,031.36	$30,313.61
Lee's Summit	1.2877	18.52%	$90,358.42	$903,584.15
Total	**6.9545**	**100.00%**	**$488,000.00**	**$4,880,000.00**

Abatement

	Tax Rate	%	Annual Abatement	Total Abatement (10 Years)
R-2 Ray-Pec	5.0302	72.33%	$399,456.79	$3,994,567.86
State	0.03	0.43%	$2,382.35	$23,823.51
Cass Co. Rd& Brdg	0.2033	2.92%	$16,144.40	$161,444.01
Cass Co. Library	0.242	3.48%	$19,217.63	$192,176.34
Hospital	0.1181	1.70%	$9,378.52	$93,785.23
Shelter	0.0432	0.62%	$3,430.59	$34,305.86
Lee's Summit	1.2877	18.52%	$102,258.46	$1,022,584.60
Total	**6.9545**	**100.00%**	**$552,268.74**	**$5,522,687.40**

Net Present Value of 10-Year Abatement (8% Discount Rate) = $592,795

Sales Tax Exemption

Taxing District	Sales Tax	Exemption	Use Tax	Exemption	Estimated Total Tax Exemption
State of Missouri	4.225%	$1,434,793.02	4.225%	$614,911.29	$2,049,704.31
Cass County	1.500%	$509,393.97	0.000%	$0.00	$509,393.97
City of Lee's Summit	2.750%	$933,888.95	2.750%	$400,238.12	$1,334,127.07
Children's Services Fund	0.125%	$42,449.50	0.000%	$0.00	$42,449.50
Total	**8.600%**	**$2,920,525.43**	**6.975%**	**$1,015,149.41**	**$3,935,674.85**

Value of Incentive to Developer

Total Project Costs	$228,319,793.00	
Net Present Value of Tax Abatement	$3,942,626.80	1.73%
Value of Sales Tax Exemption	$3,935,674.85	1.72%
Total	$7,878,301.64	3.45%

<u>No tax incentives are being requested to apply to Phase I.</u>

STATEMENT OF NEED

Due to the unusual upfront costs to prepare the site for development and current market conditions, the expected returns on investment without the requested incentives will make the project unlikely to proceed.

With the aid of the Chapter 100 Bond tax abatement on just Phase II and Phase III, the projected returns on investment for the entire project is more likely to generate the capital necessary to fuel the project. While no incentives are requested to specifically apply to Phase I, the unusual upfront costs and site work throughout the development, the costs of which are offset by the incentives on Phase II and III, are pre-requisites to the development of all three phases, including Phase I.

Yield on Costs is the primary metric to turn towards project viability. The project phases each need to hit a 7% Yield on Cost to pass capital threshold. Below is an analysis of the projected capital returns with and without the requested incentives.

Phase 2 Townhome But For Analysis

Yield on Cost - No Chapter 100		6.76%
Sales Tax Savings	$	-
Estimated Tax Expense (10 Years)	$	6,295,390
Yield on Cost - With Chapter 100 ($1,600/unit PILOT)		7.11%
Sales Tax Savings	$	2,363,311
Estimated Tax Expense (10 Years)	$	2,832,000
Estimated Tax Savings	**$**	**5,826,701**

Phase 3 55+ But For Analysis

Yield on Cost - No Chapter 100		6.44%
Sales Tax Savings	$	-
Estimated Tax Expense (10 Years)	$	4,707,344
Yield on Cost - With Chapter 100 ($1600/unit PILOT)		7.01%
Sales Tax Savings	$	1,166,795
Estimated Tax Expense (10 Years)	$	2,347,802
Estimated Tax Savings	**$**	**3,526,337**

Total Tax Abatement	$	9,353,038