

Legislation Details (With Text)

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Title:	Presentation: Conceptual Economic Development Incentive Request - Chapter 100 incentives for the Douglas and Tudor Apartments Project; Cityscape Residential, applicant.		
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Attachments:	1. Financial Incentive Pre-Application Worksheet, 2. Developer Presentation Slides, 3. Staff Analysis, 4. History of Residential Incentives in LS, 5. Historical County Assessment Summary		

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10/18/2022	1	City Council - Regular Session	presented	

Presentation: Conceptual Economic Development Incentive Request - Chapter 100 incentives for the Douglas and Tudor Apartments Project; Cityscape Residential, applicant.

Issue/Request:

This is a conceptual presentation pursuant to the City's Economic Development Incentive Policy for the request by Cityscape Residential acting through Archview Properties LLC as the buyer of the property ("Developer"), as the developer of the Douglas and Tudor Apartments Project consisting of multiple apartment buildings containing 358 residential units with an integrated clubhouse on approximately 13 acres of property located at 15 and 25 NW Tudor Road and 908 NE Douglas Street, for sales and use tax exemption on construction materials and fixed payments in lieu of taxes (PILOTs) starting at \$1744 per door pursuant to Chapter 100 of the Revised Statutes of Missouri.

Key Issues:

Evaluation of a request for incentives in the form of sales and use tax exemption on construction materials and fixed PILOTs for 10 years starting at \$1744 per door.

Proposed City Council Motion:

No motion requested as this is only a conceptual presentation. The Developer is seeking the City Council's feedback pursuant to the City's Economic Development Incentive Policy.

Background:

Developer is requesting a Chapter 100 economic incentive in the form of (1) sales and use tax exemption on construction materials and (2) fixed PILOTs starting at \$1744 per unit for a period of 10 years.

The property is located at 15 and 25 Tudor Road and 908 NE Douglas Street. The proposed development will be composed of multiple buildings containing 358 residential units

Impact/Analysis:

Sales and Use Tax Exemption

The sales tax exemption request would have an impact on the City based on the loss of sales and use tax revenues. City staff has preliminarily calculated that the lost sales and use tax revenue for the City would be about \$117,000 from lost sales taxes and \$486,000 from lost use taxes, for a total impact to the City of about \$585,000.

Fixed PILOTs / Real Property Tax Abatement

Developer has proposed a fixed PILOTs of \$1744 per unit in the first year of the project. The property is not currently generating any real property taxes because the property is owned by the City and is therefore exempt from real estate taxes. City staff has also calculated the projected taxes for the project using the calculation methodologies as explained by Jackson County staff.

The real property tax calculations prepared by staff shows that the per unit taxes would be about \$2094 per unit. This is effectively a 16% tax abatement request by Developer, with a 82% PILOT. City staff has calculated that the first year tax bill would be about \$750,000, as compared to \$624,000 through the proposed PILOTs structure.

Benefit to Developer

The total benefit to the Developer from the sales and use tax request is about \$1,537,000, which is about \$350,000 from sales tax savings and about \$1,187,000 from use tax savings. This is about 2.9% of the total project costs.

The total benefit to Developer from the fixed PILOTs, assuming that the County values as explained by County staff, would be about \$1.3 million over 10 years which has a net present value of \$971,000 at a 5.5% discount rate. This is about 1.8% of the total project costs.

The total benefit to Developer from both components of the incentive request is about 4.7% of total project costs.

Impact to City

The total impact to the City is about \$805,000 million, which includes \$220,000 from the fixed PILOTs structure and \$585,000 from the sales and use tax exemption.

Tax Projection Variables

There are variables that could impact the real property tax calculations:

- ☐ The County's valuation of the finished project might be higher or lower than we are projecting. We are using the methodology as explained to City staff by County Staff in the Assessment Department.
- ☐ If Cityscape was not receiving an incentive package, the company might appeal the County valuation.
- ☐ The company might be successful with the appeal, meaning the actual taxes per unit would be lower than our projections.

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