

TIF Commission – Public Hearing October 30, 2017



Broadway Hotel Phase Two

Applicant Representatives

- David Parmley, Broadway Lodging Two, LLC
- Robert Hollis, Van Matre Law Firm
- Pat Nasi, Development Dynamics, LLC

Project Information – Location (1104 E. Walnut)

New
Project
Location



Project Information



- ▶ New 8 story Hotel Tower at 1104 E. Walnut
- ▶ Parcel is 11,000 SF –
 - infill (smart) development to serve university driven demand with nearby supply rather than on the outskirts of town;
 - promotes pedestrian traffic rather than automobile;
 - accommodates parking needs with garage rather than on the streets
- ▶ Parcel for 1st Tower was 22,500 SF
- ▶ Original Hotel Tower-Approx. 98,000 SF
- ▶ Proposed New Tower-Approx. 73,000 SF
- ▶ Reception Lobby access from Walnut
- ▶ Meeting Space on Ground Floor & 8th Floor
- ▶ Additional 80 Guest Rooms

Project Information

- ▶ Ground Floor Meeting & Board Rooms- 2,000 SF
- ▶ 8th Floor 6,000 SF Rooftop Ballroom/Reception Area with panoramic views
- ▶ Banquet Seating for 300+
- ▶ Connections to The Broadway and parking garage

the roof

Meets City TIF Guidelines & State TIF Criteria

- ▶ Developer is able to complete and operate the project,
- ▶ No financial assistance from the City required and does not negatively impact the credit rating of the City,
- ▶ Creates and maintains a significant number of jobs,
- ▶ Conservation Area - Redevelops a deteriorating commercial area,
- ▶ Encourages an inflow of customers from outside the City and fills a currently vacant lodging niche,
- ▶ Employs green building standards
- ▶ Public Benefits:
 - **Strengthening of City's employment/economic base**
 - **Increase in property values/tax revenues (Positive economic impacts on taxing districts)**
 - ▶ City, State, County, and Downtown CID will receive the following approximate amounts: City - \$5,800,000; State - \$5,200,000; County - \$2,200,000; and, D'town CID - \$770,000.
 - ▶ School district will receive approximately \$208,000 without any additional demand on its resources (no additional, school children).
 - ▶ With TIF, the taxing jurisdictions will receive over \$9,000,000, as opposed to without TIF, which would be about \$116,000.
 - **Implements City's economic development strategy** - Highest and best use for downtown/city center property
 - **Facilitate economic stability, stabilize/upgrade existing neighborhoods and areas**
- ▶ Unreasonable to anticipate redevelopment without TIF ("but for" analysis)
- ▶ Consistent with City's Comprehensive Plan,
- ▶ Financially feasible project

Redevelopment Plan – Conservation Area Designation

The redevelopment area on the whole must be a "blighted area", "**conservation area**" or "economic development area" as defined in the TIF Act.

- ▶ The Redevelopment Plan addresses conditions under the conservation area criteria. A conservation area is an improved area in which 50 percent or more of existing structures are **more than 35 years old**, which is **not yet blighted**, but **detrimental to the public health, safety, morals or welfare** and **may become blighted** due to one or more of the following factors: dilapidation, obsolescence, deterioration, illegal use of individual structures, presence of structures below minimum code standards, abandonment, excessive vacancies, overcrowding of structures and community facilities, lack of ventilation, light or sanitary facilities, inadequate utilities, excessive land coverage, deleterious land use or layout, depreciation of physical maintenance, and a lack of community planning, §99.805(3), RSMo. (see Pages 4-7) A conservation area must meet at least three (3) of the factors.

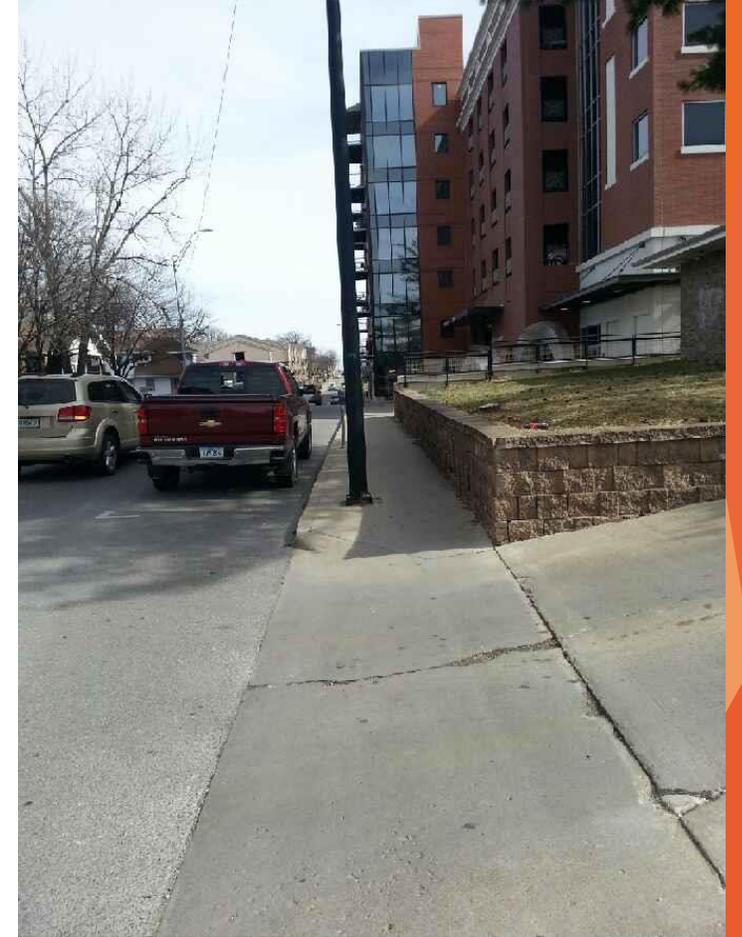
Cost/Benefit Analysis – Also see applicant letter

- ▶ The purpose of the cost/benefit analysis is intended to satisfy provisions within the “TIF Act” to show the “...economic impact of the plan on each taxing district which is at least partially within the boundaries of the Redevelopment Area. The analysis shall show the impact on the economy if the project is not built, and is built pursuant to the redevelopment plan under consideration. The cost-benefit analysis shall include a fiscal impact study on every affected political subdivision, and sufficient information from the developer for the (TIF) commission to evaluate whether the project as proposed is **financially feasible**” §99.810, RSMo. **Applicant Letter** – “The rate of return with TIF/CID assistance is sufficient to obtain loan approval and therefore makes the project financially feasible.”
- ▶ The Cost Benefit Analysis supplies a narrative and accompanying tables describing the impacts of “build” and “no build” scenarios on each taxing district in the Redevelopment Area that are anticipated to result from the Redevelopment Project described in the Broadway Hotel Phase Two Redevelopment Plan.
- ▶ Local jurisdictions major sources of revenue, included in the cost/benefit analysis:
 - real property taxes,
 - personal property taxes, and
 - sales taxes.

Site Photos



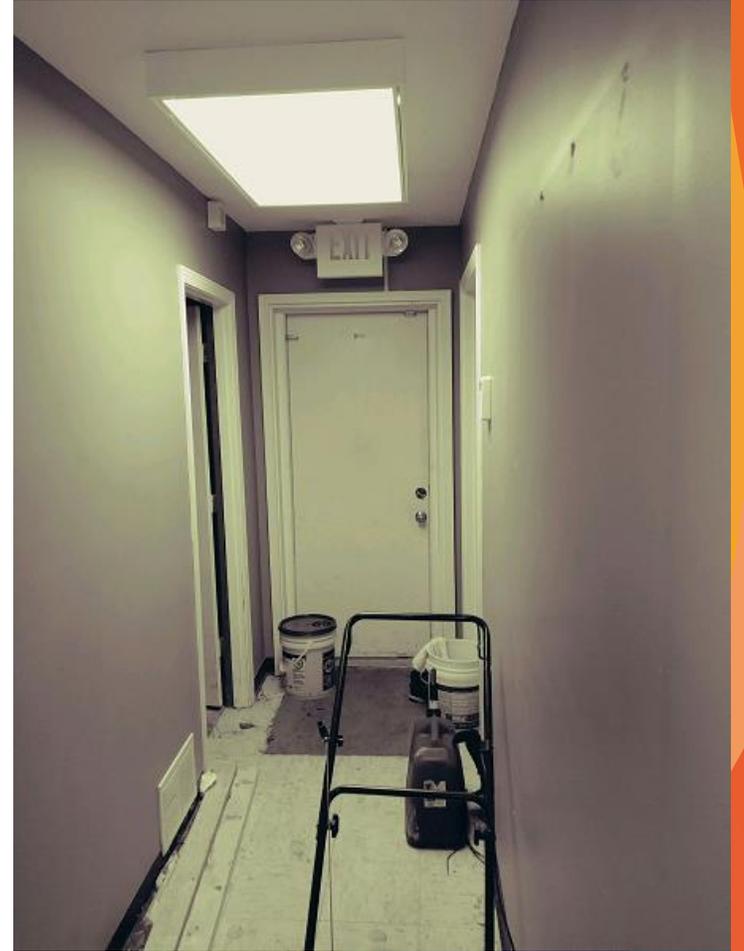
Site Photos



Site Photos



Site Photos



Site Photos



Cost/Benefit– But For - Why TIF is Essential



- ▶ Creates new and better paying jobs – increase of \$700,000 per year
- ▶ Development Budget- 1st Tower- \$17.50M
 - Actual cost 25-30% higher
 - 1st Tower TIF Amount Approved- \$3,318,395
- ▶ Development Budget- 2nd Tower- \$20.25M
 - 2nd Tower TIF Amount Requested- \$2,064,949
 - TIF request is smaller
 - TIF & synergistic development and operations (specific to this developer) make redevelopment possible, i.e; another developer (which there are none) would require additional TIF assistance
- ▶ Economic Rebound Driving Significantly Higher Costs for Construction/Land/FFE
- ▶ Project Costs are Prohibitively High
- ▶ Banks have indicated the financing of this project would **not be feasible without** the assistance and provision of public financing including, but not limited to, **tax increment financing**.

Is it a Conservation Area that meets the “But-For” Test?

All of the documentation and information provided clearly establishes the fact that the Statutory requirements have been met.

The same was true for the old Regency site (now The Broadway because TIF was approved) when the TIF Commission recommended approval

Boone County Auditor Letter Dated October 30, 2017 Confuses the Issues

Misinterprets Statutes and enhances Statutory requirements for both Cons. Area and But-for
[“serious problem” “clear and present” “health and safety” “NO development whatsoever”]

See Sections III and IV of Redevelopment Plan for evidence of conservation area and but-for

It is a Conservation Area Per Statutory Requirements

Three (3) components of a conservation area are below:

(1) Must be more than **35 years old** and

(2) the site is detrimental (i.e., tending to cause harm or moving in the direction of causing harm) to the public health, safety, morals, or welfare

Moving in the direction of causing harm to public health, [OR] safety, [OR] morals, OR welfare and

(3) **may become blighted** because of certain factors (dilapidation, obsolescence, deterioration, excessive vacancies, deleterious land use or layout)

It is a Conservation Area - Component (1)

(1) Must be more than 35 years old



IT IS MORE THAN 35 YEARS OLD (closer to 50)

It is a Conservation Area – Component 2

(2) Moving in the direction of causing harm to public health, [OR] **safety**, [OR] morals, OR welfare



Safety because of deleterious land layout

Dangerous to enter onto Walnut because of **poor sight and elevation conditions**

Dangerous for **pedestrians** to traverse along Walnut

Dangerous to **park** on site due to **elevation differences**

It is a Conservation Area – Deleterious Layout



It is a Conservation Area – Deleterious Layout



It is a Conservation Area – Component 2

(2) Moving in the direction of causing harm to public health, [OR] safety, [OR] morals, OR welfare



Vacant since Dec. 2010 except for temporary construction/training office during hotel construction - Leased at a “depressed price” since 2012

Health and Morals because of excessive vacancies

Dog excrement, loitering and loud music, used prophylactics, alcohol containers

Welfare (aka prosperity or well-being)

(prosperity) by continuing to remain **obsolete, vacant**, and in a state of continuing **dilapidation**

(well-being) by continuing to remain unsafe because of **layout and lack of community planning (developed long before recent comp plans)**

It is a Conservation Area – Component 3

(3) may become blighted because of certain factors (dilapidation, obsolescence, deterioration, excessive vacancies, deleterious land use or layout)



May become a **menace (thing likely to cause harm)** to public health, safety, morals, or welfare

Safety because of deleterious land layout

Dangerous to enter onto Walnut because of poor sight and elevation conditions
Dangerous for pedestrians to traverse along Walnut
Dangerous to park on site due to elevation differences

Health and Morals because of excessive vacancies

Dog excrement, loitering and loud music, used prophylactics, alcohol containers

Welfare (aka prosperity or well-being)

(prosperity) by continuing to remain **obsolete, vacant**, and in a state of continuing **dilapidation**
(well-being) by continuing to remain unsafe because of **layout**

May become something constituting an economic or social liability

- economic liability due to costs associated with safety, health, morals, and welfare risks (also by failing to generate revenues for the public) and
- social liability by remaining underutilized (vacant, deteriorating, and dilapidated like the Regency site)

It is a Conservation Area – 1, 2, 3 Summary

It is (1) **more than 35 years old** and is (2) **moving in the direction of causing harm to public** health, safety, morals, OR welfare and (3) **may become blighted** because of certain factors (dilapidation, obsolescence, deterioration, excessive vacancies, deleterious land use or layout, lack of community planning)

Second question - Does it pass the “But-for” test?

The Verdict – It Passes the “But-For Test”

The site has (1) not been subject to growth and development through investment by private enterprise and (2) would not reasonably be anticipated to be developed without the adoption of TIF.

3 incontrovertible facts support the verdict

- A. There has been no growth and development for over 50 years
- B. The applicant is uniquely situated to develop the site
- C. Even the applicant cannot develop the site without TIF

The site has had no growth and development and there is no reason to anticipate development without TIF when there are no other proposals and when the uniquely situated applicant cannot develop the site without TIF.

Miscellaneous

- ▶ New Markets Tax Credits
 - ▶ Mr. Parmley is the sole owner of the applicant
 - ▶ Neither Mr. Parmley or any of his entities have received NMTCs
 - ▶ Advantage Capital is a lender/partner that sometimes obtains and sells NMTCs
 - ▶ Mr. Parmley's relationship with Advantage Capital is another benefit that he has brought to Columbia

Miscellaneous

▶ Eagle Bank and Trust

10/20/2017

FDIC: BankFind Search Details

Eagle Bank and Trust Company of Missouri (FDIC # 17691)

Inactive as of February 11, 2017

Merged or acquired without government assistance

Data as of: October 18, 2017

Eagle Bank and Trust Company of Missouri is no longer doing business under that name because it has been merged or acquired without government assistance. See the successor institution, Enterprise Bank & Trust (FDIC #: 27237)

FDIC Certificate#:

17691

Headquarters:

10596 Highway 21
Hillsboro, MO 63050
Jefferson County

Established:

April 29, 1911

Insured:

November 21, 1956

Bank Charter Class:

Non-member of the Federal Reserve System

Contact the FDIC about:

Eagle Bank and Trust Company of Missouri or Enterprise Bank & Trust

Locations

History

Identifications

Financials

Other Names /
Websites

Location information is not available for inactive or renamed banks

Miscellaneous – Benefits to Taxing Districts

Summary of Revenues to Local Tax Districts Generated by Broadway Lodging II TIF Development						
Revenues Generated for Local Tax Districts - See Cost Benefit Analysis - August 10, 2017	City	County	CPS	Library	CID	Totals
Room charges sales tax excluded from TIF (see Table 11)						
City (2%)	\$ 1,574,519					\$ 1,574,519
County (.175%)		\$ 1,377,705				\$ 1,377,705
Downtown CID (.50%)					\$ 393,630	\$ 393,630
Lodging tax excluded from TIF (see Table 11)						
City (5%)	\$ 3,936,000					\$ 3,936,000
County surtax (\$.61/\$100 eav), county fam. resource (\$.1146/\$100 eav) excluded from TIF (see Table 8)						
Surtax		\$ 377,247				\$ 377,247
Fam Res.		\$ 70,873				\$ 70,873
Personal property taxes (\$.2764/\$100 eav) excluded from TIF - (see Table 9)						
City	\$ 14,159					\$ 14,159
County		\$ 9,827				\$ 9,827
School			\$ 208,697			\$ 208,697
Library				\$ 17,575		\$ 17,575
Sub-Total from Cost Benefit Analysis	\$ 5,524,678	\$ 1,835,652	\$ 208,697	\$ 17,575	\$ 393,630	\$ 7,980,232
Additional Revenues and Incomes Generated for Local Tax Districts	City	County	CPS	Library	CID	Totals
Downtown CID real property special assessment excluded from TIF (.4778/\$100 EAV) (.4778/\$100 EAV)					\$ 295,490	\$ 295,490
County Assessor & Collector Processing / Handling Fees (1% + .625%) Deducted Off Top Est. fees retained by County from real property taxes paid annually for 23 Years		\$ 79,255				\$ 79,255
Food & Beverage Sales Tax (EATS) Generated in Tower #2 / Collected at Tower/TIF #1	City	County	CPS	Library	CID	Totals
City Revenue - 1% of Food and Beverage Sales through 2033	\$ 328,974					\$ 328,974
County Revenue - .0875% of Food and Beverage Sales through 2033		\$ 287,853				\$ 287,853
Downtown CID Revenue - .0025% of Food and Beverage Sales through 2033					\$ 82,244	\$ 82,244
EATS Food & Beverage Sale Tax Sub-Total **	\$ 328,974	\$ 287,853			\$ 82,244	\$ 699,071
Total of All Revenues Generated for Local Tax Districts	\$ 5,853,652	\$ 2,202,760	\$ 208,697	\$ 17,575	\$ 771,363	\$ 9,054,048
* Assessed value of redevelopment area property has remained stagnant since 2005 (Table 1)		\$57,120				
** Estimated Food and Beverage Sales In Tower #2 through 2033		\$ 32,897,440				

Miscellaneous

Revenues Generated for Local Tax Districts - See Cost Benefit Analysis - August 10, 2017	City
Room charges sales tax excluded from TIF (see Table 11)	
City (2%)	\$ 1,574,519
County (1.75%)	
Downtown CID (.50%)	
Lodging tax excluded from TIF (see Table 11)	
City (5%)	\$ 3,936,000
County surtax (\$.61/\$100 eav), county fam. resource (\$.1146/\$100 eav) excluded from TIF (see Table 8)	
Surtax	
Fam Res.	
Personal property taxes (\$7.2764/\$100 eav) excluded from TIF - (see Table 9)	
City	\$ 14,159
County	
School	
Library	
Sub-Total from Cost Benefit Analysis	\$ 5,524,678
Additional Revenues and Incomes Generated for Local Tax Districts	City
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Miscellaneous

► Be

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City (2%)	
County (1.75%)	\$ 1,377,705
Downtown CID (.50%)	
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Sub-Total from Cost Benefit Analysis	\$ 1,835,652
Additional Revenues and Incomes Generated for Local Tax Districts	County
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County Revenue - .0875% of Food and Beverage Sales through 2033	\$ 287,853
Downtown CID Revenue - .0025% of Food and Beverage Sales through 2033	
EATS Food & Beverage Sale Tax Sub-Total **	\$ 287,853
Total of All Revenues Generated for Local Tax Districts	\$ 2,202,760

Summary

- ▶ Meets Statutory Requirements (financially feasible, conservation area, but-for)
- ▶ No risk to the City
 - ▶ No guarantee of payments / No impact on bond ratings
 - ▶ Return is ONLY the TIF increment created by the project
 - ▶ Applicant bears entire risk
- ▶ No up-front, lump sum payment to the applicant
 - ▶ Only receives benefit if TIF increments are created
 - ▶ Pays all costs up front and is reimbursed over time
 - ▶ Reimbursements only come from additional taxes applicant actually pays
- ▶ Taxing districts receive benefits from substantial tax revenues generated by the project
 - ▶ \$9,000,000 to LOCAL taxing districts
 - ▶ Catalytic effects on the economy benefits districts

Questions/Comments ???