

LCRA

JUNE 27, 2023



ECONOMIC DEVELOPMENT CORPORATION

3. **HYATT HOUSE** **900 BROADWAY**



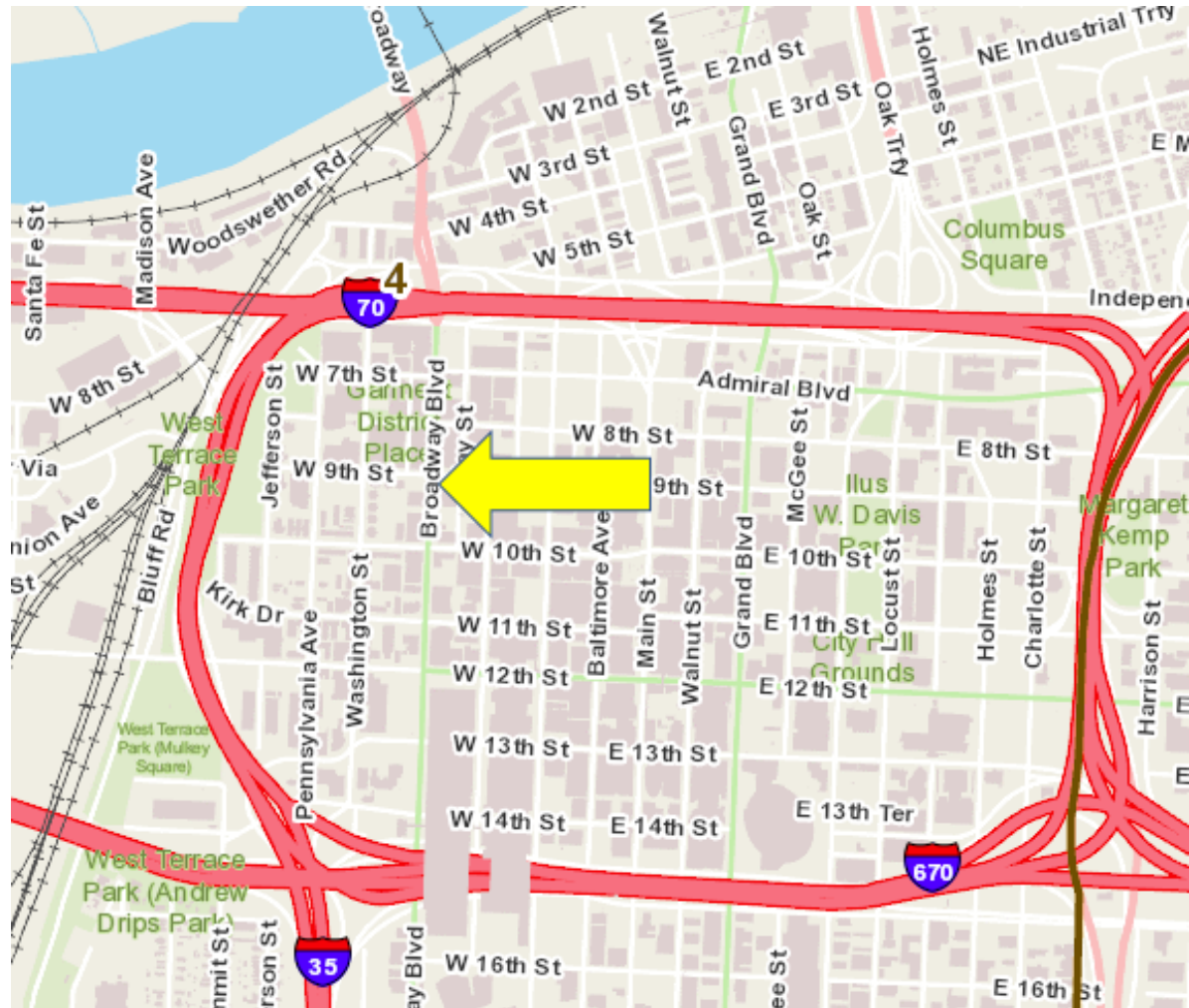
ECONOMIC DEVELOPMENT CORPORATION

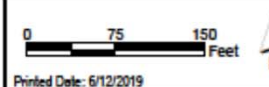
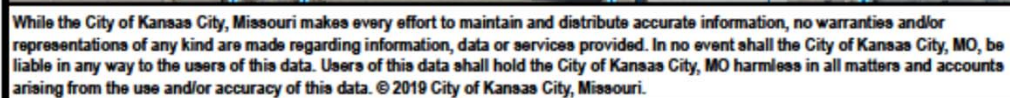
Hyatt House

900 Broadway

Incentive Area: Central Business District URA

Council District: 4





Hyatt House

900 Broadway/ Incentive Area: Central Business District URA/ Council District: 4



KANSAS CITY HOTEL

MAY 27, 2018

4. AT&T BUILDING

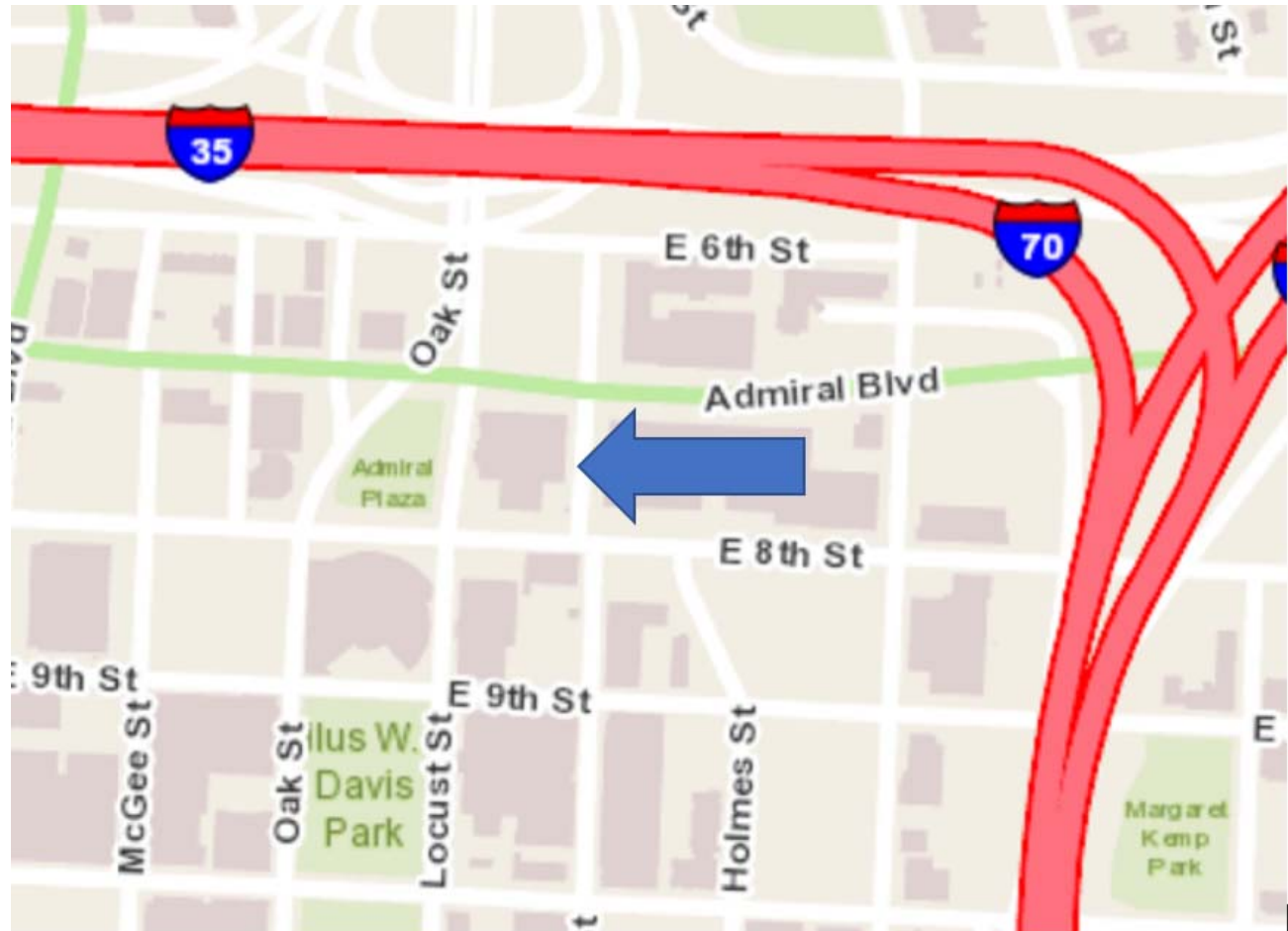
500 E. 8TH STREET



ECONOMIC DEVELOPMENT CORPORATION

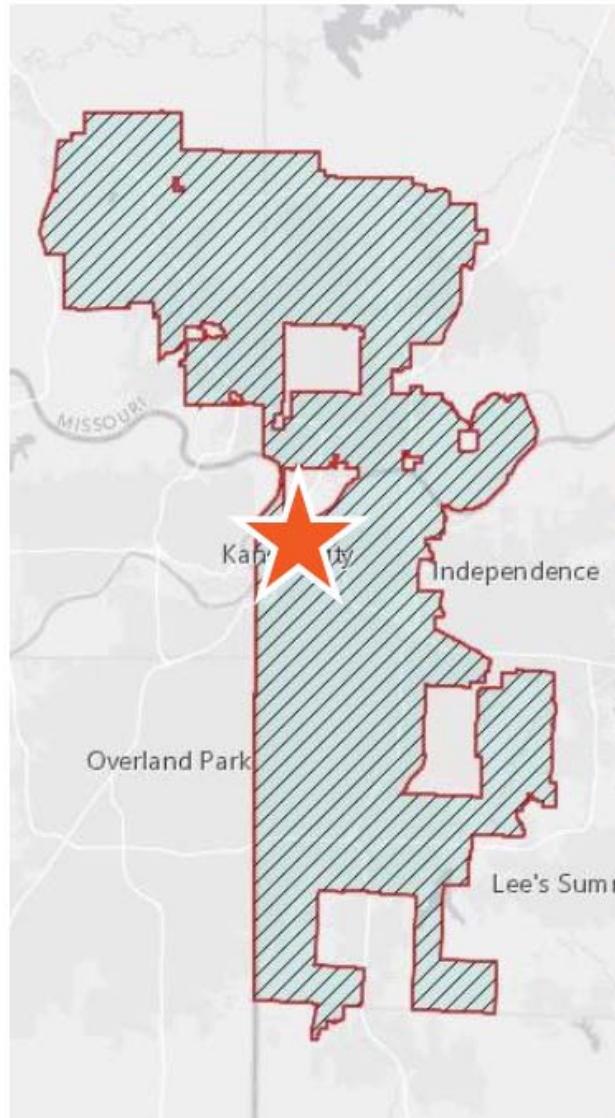
AT&T BUILDING – 500 E. 8TH STREET

Eastside URA
Council District: 4



AT&T BUILDING – 500 E. 8TH STREET





NEIGHBORHOOD:

Downtown KC

Council District:

4th

**EXISTING INCENTIVE
DISTRICT(S):**

- Civic Mall TIF
- Eastside URA

**OTHER LOCATION
ATTRIBUTES:**

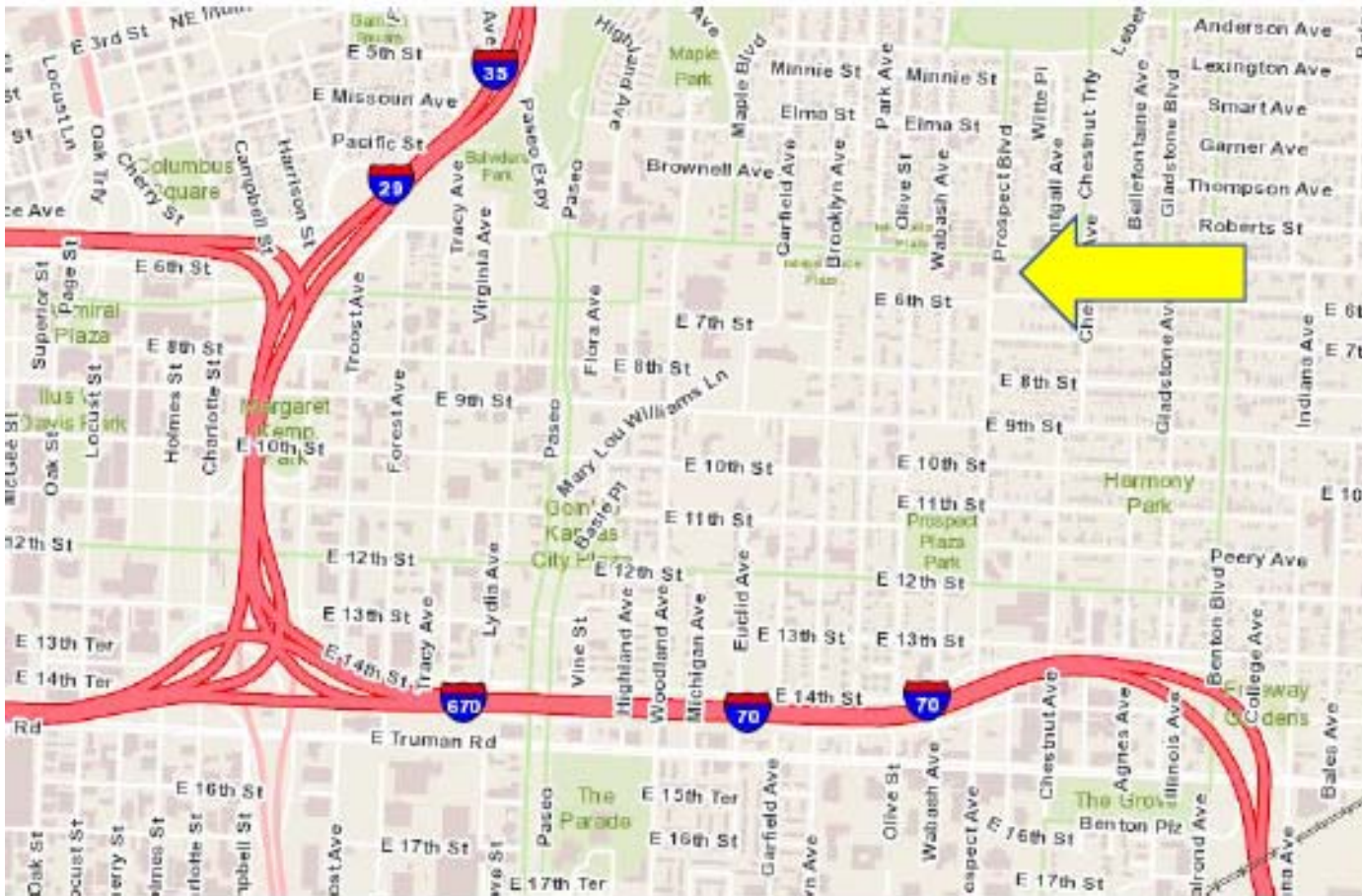
- Opportunity Zone

Source: City of Kansas City,
Esri, Well TBC Kansas City JV,
LLC, SB Friedman

5. CITIHOME KC

A MIXED – USE PROJECT





CITIHOME KC

Independence Plaza URA
Citihome KC
Council District: 3

CITIHOME KC



CITIHOME KC



CITIHOME KC



CITIHOME KC

- BkT Development, LLC – affiliated with experience local developer
- Vacant site one block south of Independence
- In Independence Plaza URA
- Continuously distressed census tract
- \$14.2 Million TPC
- Two buildings w/78 apts. & 9,300 sq. ft. commercial
- 95 off-street parking spaces behind buildings
- Excellent bus access
- 16 of 78 apts. affordable at 60% AMI
- Seeking sales tax exemption & tax abatement

CITIHMES KC

Policy Considerations:

- Financial analysis not required, per LCRA policy
- Continuously distressed c.t.
- Eligible for full abatement
- Exempt from prevailing wage
- 16 units affordable – 3 studios, 9 1-bdrm, 4 2-bdrm

Recommendations:

- Approval of sales tax exemption & 10 years of tax abatement
- Approval of Sale/Leaseback & Redevelopment Contract with BkT Development, LLC

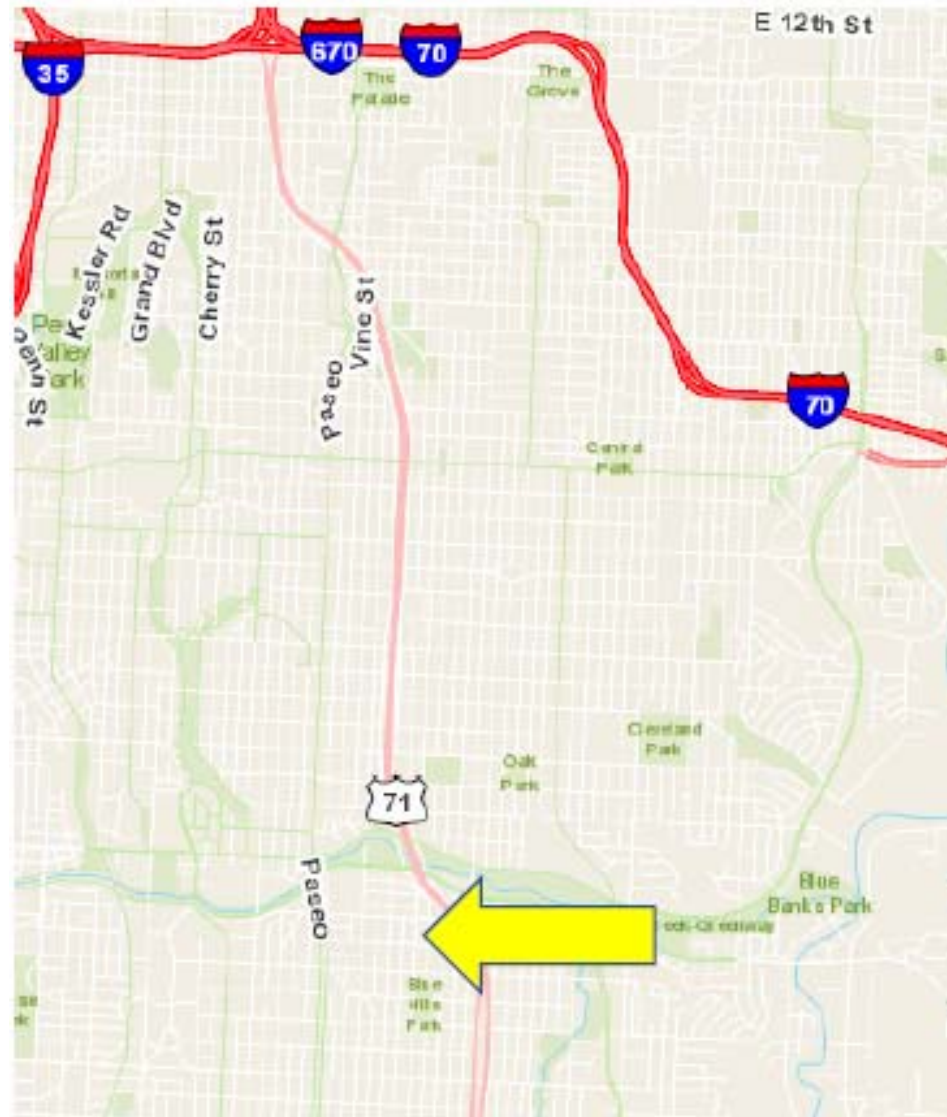
6. BLUE HILLS TOWNHOMES

AFFORDABLE FAMILY TOWNHOMES



ECONOMIC DEVELOPMENT CORPORATION

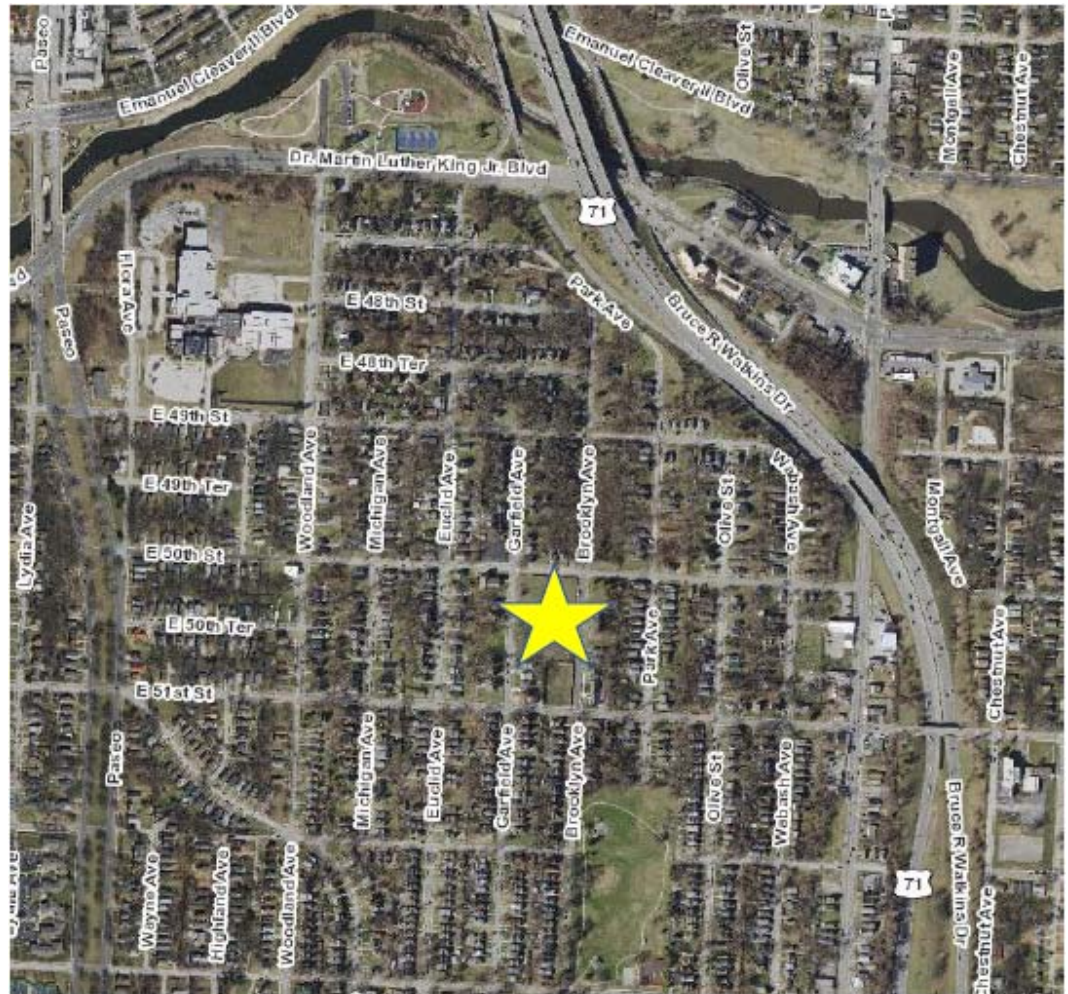
BLUE HILLS TOWNHOMES



Wabash Village URA
Blue Hills Townhomes
Council District: 3

BLUE HILLS TOWNHOMES

Wabash Village URA
Blue Hills Townhomes
Council District: 3



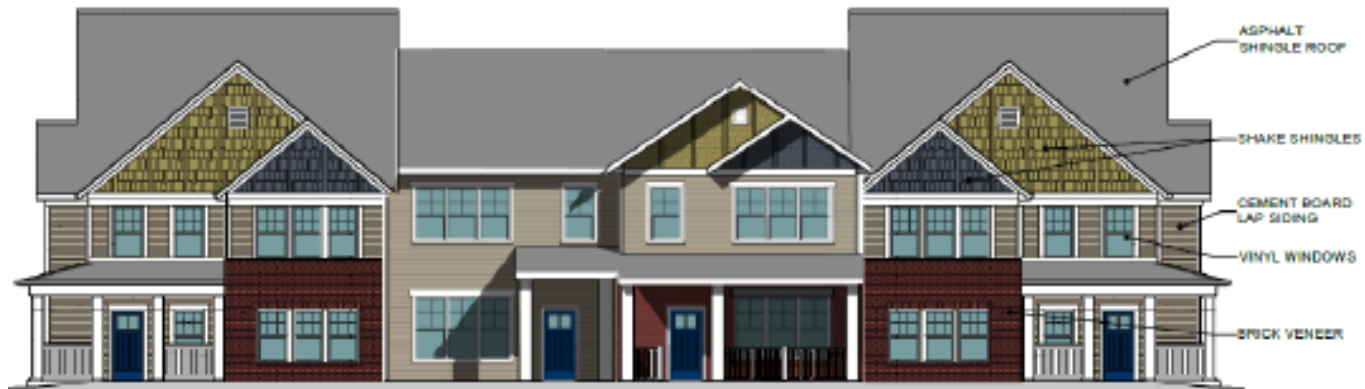
BLUE HILLS TOWNHOMES



BLUE HILLS TOWNHOMES



2 5 UNIT - REAR ELEVATION
32'0" x 13'0"



BLUE HILLS TOWNHOMES

- Blue Hills Townhomes, LP
– affiliated with Missouri Housing/Fulson Housing
- In Wabash Village URA
- Continuously distressed census tract
- Site of former Willard School
- Low Income Housing Tax Credits & financing in-hand
- \$12.4 Million TPC
- 9 buildings with total of 45 townhomes + community building
- 31 of 45 units affordable to very-low (30% AMI) and low (50% AMI) tenants
- 14 units listed as market-rate (but affordable at 60% AMI)

BLUE HILLS TOWNHOMES

Policy Considerations:

- Financial analysis not required, per LCRA policy
- Continuously distressed c.t.
- Eligible for full abatement
- Exempt from prevailing wage
- All units affordable at 60% AMI or below

Recommendations:

- Approval of 10 years abatement at 100% of the increased taxes
- Approval of a Redevelopment Contract with Blue Hills Townhomes, LP (or affiliate)

LCRA Board Approval Presentation

Blue Hills Townhomes



Fulson Housing Group

- Group of companies dedicated to providing quality affordable housing to communities and families
- LIHTC, federal, state, and HUD administered loan and subsidy programs
- Develop, Construct, and Manage
- Since 2003, successfully helped more than 2,400 units and in excess of \$300 million of development
- 21 Communities in Missouri, Kansas & Oklahoma



Other Key Team Members

Architect



Other Key Team Members

General Contractor



Other Key Team Members

Property Manager



Other Key Team Members


Legal Counsel

MTR MARTINEZ TOBIN & REDMAN LLC

ROSENBLUM



GOLDENHERSH



Previous Experience Developing & Managing Affordable Housing

Fulson Housing Group

Hillcrest Manor

General Partner/ Developer / Contractor / Management Agent



\$10.4 MM in Development Costs

Funding Sources:

- Federal 4% LIHTC
- Seller Financing
- Affordable Housing Program Loan
- Income During Construction
- Privately Placed Tax-Exempt Bonds



Shepard Apartments

Developer / General Partner / Management Agent



\$16.5 MM in Development Costs

Funding Sources:

- Federal 4% LIHTC
- State 4% LIHTC
- Privately Placed Tax-Exempt Bonds
- MHDC Loan
- Income During Construction
- HOME



Crown Center for Senior Living

Lead Developer / Partner



\$19.5 MM in Development Costs

Funding Sources:

- Federal 9% LIHTC
- Seller Financing
- Affordable Housing Program Loan
- Nonprofit Donations
- AHAP Donations

Townhouse

General Partner / Developer



\$41.8 MM in Development Costs

Funding Sources:

- Federal 4% LIHTC
- Federal Historic Credits
- State Historic Credits
- Privately Placed Tax-Exempt Bonds
- Seller Financing
- Income During Construction
- National Trust Fund

Morningstar Senior

General Partner / Developer / Contractor / Management Agent



\$8.5 MM in Development Costs


Funding Sources:

- Federal 9% LIHTC
- State 9% LIHTC
- MHDC HOME Funds
- City of KC HOME Loan

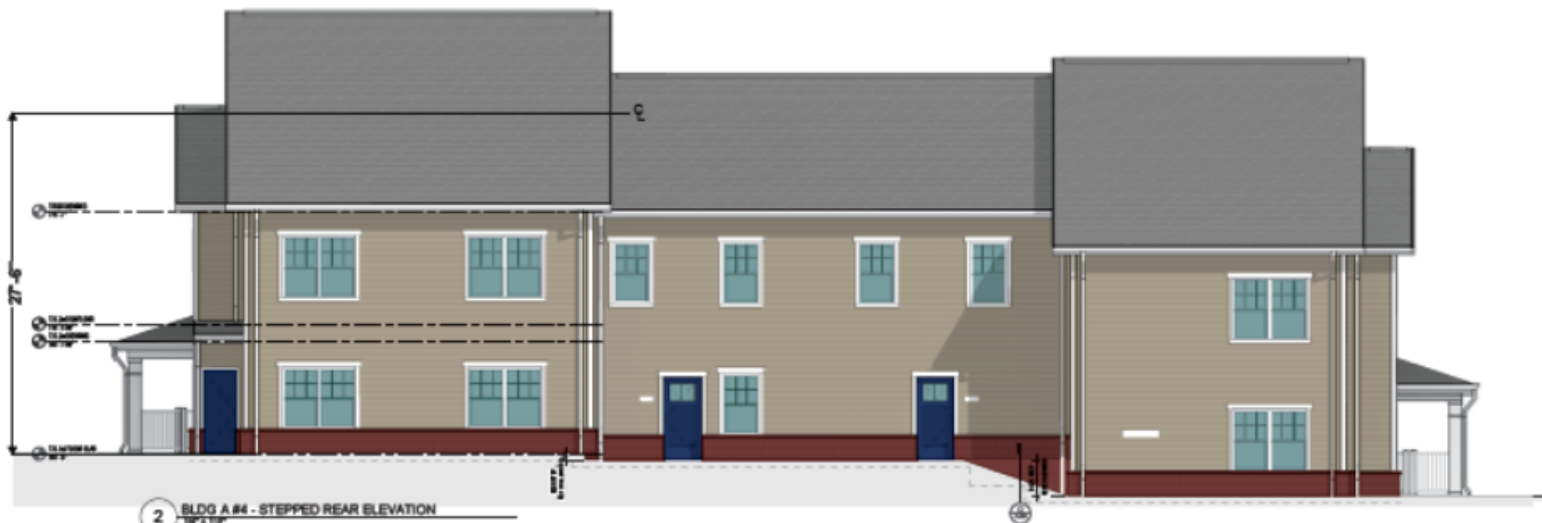


Development Overview:

- 45 units
- Mix of 24 2-BR & 21 3-BR ranging from \$505 to \$960/month
- Create revitalization for the neighborhood and site.
- 31 LIHTC units and 14 Market units



Blue Hills Townhomes Conceptual Design







Development Process Overview

- Select & design Development Site – 100%
- Financial Projections - Pending
- Structuring Financing - Pending
- Prepare Financing Applications – 100%
- Gather Community Support – 100%
- Resolve Building Code/Zoning Issues – 100%
- Secure Lenders & Investors – 100%
- Close on Project Financing - Pending
- Monitor Construction Progress - Pending
- Monitor Lease Up & Conversion to permanent financing - Pending


Demand for Affordable Housing (from 3rd Party Market Study)

- The subject is a proposed LIHTC property. The subject's proposed LIHTC units will be set at 30 and 60 percent of the area median income. The subject will also contain market units. The subject's capture rates are good. Based on the subject's demand and capture rate, the subject will not have a negative impact on the existing comparables in the market area. In addition, it will be able to draw its tenants from waiting lists from competing properties with similar rents and unit types.



Stakeholder Involvement

- Community Meetings
- KC City Counsel Meetings



How Will the Tax Abatement
Financially Allow This Project
to Work??

**Blue Hills Townhomes
Operating Expense Analysis**

Category	Application Expenses / Unit	Expenses Per unit	Notes
Conventions and Meetings	500.00	11.11	
Management Consultants	-	-	
Advertising and Marketing	500.00	11.11	
Other Renting Expense		-	
Office Salaries	10,000.00	222.22	
Office Expenses, Supplies, Postage	1,680.00	37.33	
Office or Model Apartment Rent		-	
Leased Furniture		-	
Management Fee	22,680.00	504.00	
Manager or Superintendent Salaries	40,000.00	888.89	
Administrative Rent Free Unit		-	
Legal Expenses - Project	2,716.00	60.36	
Audit Expenses	11,450.00	254.44	
Bookkeeping Fees / Accounting Services	2,500.00	55.56	
Telephone	1,500.00	33.33	
Bad Debts		-	
Miscellaneous Administrative Expenses	2,000.00	44.44	
Fuel Oil/Coal		-	
Electricity	15,000.00	333.33	
Water	26,000.00	577.78	
Gas	-	-	
Sewer	26,000.00	577.78	
Cable T.V./Internet Access	3,000.00	66.67	
Maintenance Payroll	35,000.00	777.78	
Supplies	7,500.00	166.67	
Contracts	8,000.00	177.78	
Operating and Maintenance Rent Free Unit		-	
Garbage and Trash Removal	3,000.00	66.67	
Security Payroll / Contract		-	
Security Rent Free Unit		-	
Heating / Cooling Repairs and Maintenance	2,500.00	55.56	
Grounds	6,750.00	150.00	
Snow Removal	1,575.00	35.00	
Pool		-	
Exterminating	1,500.00	33.33	
Vacant Unit Prep (carpets, painting, etc.)	1,500.00	33.33	
Maintenance, Tools, Equipment	600.00	13.33	
Elevator Maintenance		-	
Miscellaneous Operating & Maintenance Expense		-	
Real Estate Taxes	-	-	
Property & Liability Insurance	20,000.00	444.44	
MISC Insurance, Licenses, Permits	1,449.00	32.20	
Other Tax Assessments (Personal Property Taxes)	4,000.00	88.89	
Other: Payroll, Health Insurance, Misc.	1,200.00	26.67	
		-	
TOTAL ANNUAL OPERATING EXPENSES	260,100.00	5,780.00	
Annual Replacement Reserve Contribution (\$300 PUPA Minimum)	300	13,500.00	
TOTAL ANNUAL OPERATING EXPENSES & RESERVE PAYMENTS			
Total Number of Units Planned :		45	

Blue Hills Townhomes
45 Residential Units (Big Houses)
15 Year Pro-forma Cash Flow

	Year 1 2019	Year 2 2020	Year 3 2021	Year 4 2022	Year 5 2023	Year 6 2024	Year 7 2025	Year 8 2026	Year 9 2027	Year 10 2028	Year 11 2029	Year 12 2030	Year 13 2031	Year 14 2032	Year 15 2033
Rent Revenue															
Residential Rent	410,460	418,669	427,043	435,583	444,295	453,181	462,245	471,490	480,919	490,538	500,348	510,355	520,563	530,974	541,593
Other Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Less: Residential Vacancy	(28,732)	(29,307)	(29,893)	(30,491)	(31,101)	(31,723)	(32,357)	(33,004)	(33,664)	(34,338)	(35,024)	(35,725)	(36,439)	(37,168)	(37,912)
GROSS ANNUAL INCOME	381,728	389,362	397,150	405,093	413,194	421,458	429,888	438,485	447,255	456,200	465,324	474,631	484,123	493,806	503,682
TOTAL EXPENSES	(\$283,500)	(\$292,005)	(\$300,765)	(\$309,788)	(\$319,082)	(\$328,654)	(\$338,514)	(\$348,669)	(\$359,129)	(\$369,903)	(\$381,000)	(\$392,430)	(\$404,203)	(\$416,329)	(\$428,819)
REPLACEMENT RESERVE	(\$13,500)	(\$13,905)	(\$14,322)	(\$14,752)	(\$15,194)	(\$15,650)	(\$16,120)	(\$16,603)	(\$17,101)	(\$17,614)	(\$18,143)	(\$18,687)	(\$19,248)	(\$19,825)	(\$20,420)
TOTAL EXPENSES & RESERVE	(\$297,000)	(\$305,910)	(\$315,087)	(\$324,540)	(\$334,276)	(\$344,304)	(\$354,634)	(\$365,273)	(\$376,231)	(\$387,518)	(\$399,143)	(\$411,117)	(\$423,451)	(\$436,155)	(\$449,239)
NOI Before DS	84,728	\$83,452	\$82,062	\$80,553	\$78,918	\$77,154	\$75,254	\$73,213	\$71,024	\$68,682	\$66,181	\$63,513	\$60,672	\$57,651	\$54,443
Developer Fee Paid During Construction															
Mortgage Payment	(35,415)	(35,415)	(35,415)	(35,415)	(35,415)	(35,415)	(35,415)	(35,415)	(35,415)	(35,415)	(35,415)	(35,415)	(35,415)	(35,415)	(35,415)
Available Cash Flow	49,313	\$48,038	\$46,648	\$45,138	\$43,504	\$41,739	\$39,839	\$37,798	\$35,610	\$33,268	\$30,766	\$28,098	\$25,257	\$22,236	\$19,028
Debt Coverage Ratio	2.39	2.36	2.32	2.27	2.23	2.18	2.12	2.07	2.01	1.94	1.87	1.79	1.71	1.63	1.54

* Assumes 2.0% increase in Revenue annually & 3.0% increase in expenses annually.

**Blue Hills Townhomes
Operating Expense Analysis**

Category	Application Expenses / Unit	Expenses Per unit	Notes
Conventions and Meetings	500.00	11.11	
Management Consultants	-	-	
Advertising and Marketing	500.00	11.11	
Other Renting Expense		-	
Office Salaries	10,000.00	222.22	
Office Expenses, Supplies, Postage	1,680.00	37.33	
Office or Model Apartment Rent		-	
Leased Furniture		-	
Management Fee	22,680.00	504.00	
Manager or Superintendent Salaries	40,000.00	888.89	
Administrative Rent Free Unit		-	
Legal Expenses - Project	2,716.00	60.36	
Audit Expenses	11,450.00	254.44	
Bookkeeping Fees / Accounting Services	2,500.00	55.56	
Telephone	1,500.00	33.33	
Bad Debts		-	
Miscellaneous Administrative Expenses	2,000.00	44.44	
Fuel Oil/Coal		-	
Electricity	15,000.00	333.33	
Water	26,000.00	577.78	
Gas	-	-	
Sewer	26,000.00	577.78	
Cable T.V./Internet Access	3,000.00	66.67	
Maintenance Payroll	35,000.00	777.78	
Supplies	7,500.00	166.67	
Contracts	8,000.00	177.78	
Operating and Maintenance Rent Free Unit		-	
Garbage and Trash Removal	3,000.00	66.67	
Security Payroll / Contract		-	
Security Rent Free Unit		-	
Heating / Cooling Repairs and Maintenance	2,500.00	55.56	
Grounds	6,750.00	150.00	
Snow Removal	1,575.00	35.00	
Pool		-	
Exterminating	1,500.00	33.33	
Vacant Unit Prep (carpets, painting, etc.)	1,500.00	33.33	
Maintenance, Tools, Equipment	600.00	13.33	
Elevator Maintenance		-	
Miscellaneous Operating & Maintenance Expense		-	
Real Estate Taxes	75,000.00	1,666.67	
Property & Liability Insurance	20,000.00	444.44	
MISC Insurance, Licenses, Permits	1,449.00	32.20	
Other Tax Assessments (Personal Property Taxes)		-	
Other: Payroll, Health Insurance, Misc.	1,200.00	26.67	
		-	
TOTAL ANNUAL OPERATING EXPENSES	331,100.00	7,357.78	
Annual Replacement Reserve Contribution (\$300 PUPA Minimum)	300	13,500.00	
TOTAL ANNUAL OPERATING EXPENSES & RESERVE PAYMENTS			
Total Number of Units Planned :		45	

Blue Hills Townhomes
45 Residential Units (Big Houses)
15 Year Pro-forma Cash Flow

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Other Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Less: Residential Vacancy	(28,732)	(29,307)	(29,893)	(30,491)	(31,101)	(31,723)	(32,357)	(33,004)	(33,664)	(34,338)	(35,024)	(35,725)	(36,439)	(37,168)	(37,912)
GROSS ANNUAL INCOME	381,728	389,362	397,150	405,093	413,194	421,458	429,888	438,485	447,255	456,200	465,324	474,631	484,123	493,806	503,682
TOTAL EXPENSES	(\$331,110)	(\$341,043)	(\$351,275)	(\$361,813)	(\$372,667)	(\$383,847)	(\$395,363)	(\$407,224)	(\$419,440)	(\$432,023)	(\$444,984)	(\$458,334)	(\$472,084)	(\$486,246)	(\$500,834)
REPLACEMENT RESERVE	(\$13,500)	(\$13,905)	(\$14,322)	(\$14,752)	(\$15,194)	(\$15,650)	(\$16,120)	(\$16,603)	(\$17,101)	(\$17,614)	(\$18,143)	(\$18,687)	(\$19,248)	(\$19,825)	(\$20,420)
TOTAL EXPENSES & RESERVE	(\$344,610)	(\$354,948)	(\$365,597)	(\$376,565)	(\$387,862)	(\$399,497)	(\$411,482)	(\$423,827)	(\$436,542)	(\$449,638)	(\$463,127)	(\$477,021)	(\$491,331)	(\$506,071)	(\$521,254)
NOI Before DS	37,118	\$34,414	\$31,553	\$28,528	\$25,333	\$21,961	\$18,405	\$14,658	\$10,713	\$6,562	\$2,197	(\$2,390)	(\$7,208)	(\$12,266)	(\$17,572)
Developer Fee Paid During Construction															
Mortgage Payment	(35,415)	(35,415)	(35,415)	(35,415)	(35,415)	(35,415)	(35,415)	(35,415)	(35,415)	(35,415)	(35,415)	(35,415)	(35,415)	(35,415)	(35,415)
Available Cash Flow	1,703	(\$1,001)	(\$3,862)	(\$6,887)	(\$10,082)	(\$13,454)	(\$17,010)	(\$20,756)	(\$24,701)	(\$28,853)	(\$33,218)	(\$37,805)	(\$42,623)	(\$47,681)	(\$52,987)
Debt Coverage Ratio	1.05	0.97	0.89	0.81	0.72	0.62	0.52	0.41	0.30	0.19	0.06	-0.07	-0.20	-0.35	-0.50

* Assumes 2.0% increase in Revenue annually & 3.0% increase in expenses annually.

7. ST. MICHAEL'S VETERANS CENTER



ECONOMIC DEVELOPMENT CORPORATION



St. Michael's Veterans Center Phase 3

5100 Leeds Trafficway