EXHIBIT 6A
LCRA 3/26/24

March 7, 2024

But-For Determination Report

929 Walnut

Kansas City, Missouri

Contents

1. Executive Summary

The City of Kansas City has retained Baker Tilly Municipal Advisors ("BTMA") to review the proposed redevelopment plan of the Kansas City Title and Trust Building at 929 Walnut Street ("the Project") to determine if the proposed redevelopment would reasonably be undertaken without adoption of the requested financial assistance. The redevelopment will adapt the eight-story, former office building of 45,869 square feet to a mixed-use multi-family and commercial property. Constructed in 1922 and renovated in 2005, the residential conversion will provide a total of 57 apartments, of which 3 apartments are located on a new ninth floor, and approximately 1,500 square feet of commercial (food and beverage) space on the ground floor. The Developer for the proposed project is Exact 929, LLC, (the "Developer").

The measurement index to determine the need for assistance is the return on investment, termed the internal rate of return, (the "IRR"), as compared to comparable projects in the current marketplace. BTMA reviewed project costs, operating revenue and expense information and the requested assistance revenues to determine the Project's need for assistance. BTMA reviewed a ten-year cash flow pro forma provided by the Developer and evaluated their revenue and cost assumptions. The evaluation compared the Developer's representations to industry benchmarks.

BTMA determined that the **subject investment is unlikely to proceed "but for" the requested assistance.**

The estimated rates of return for the Project with and without assistance are illustrated below along with the rate at which assumptions would have to change for the Project to be considered feasible without assistance.

Unlevered Internal Rate of Return (IRR) – Return Analysis

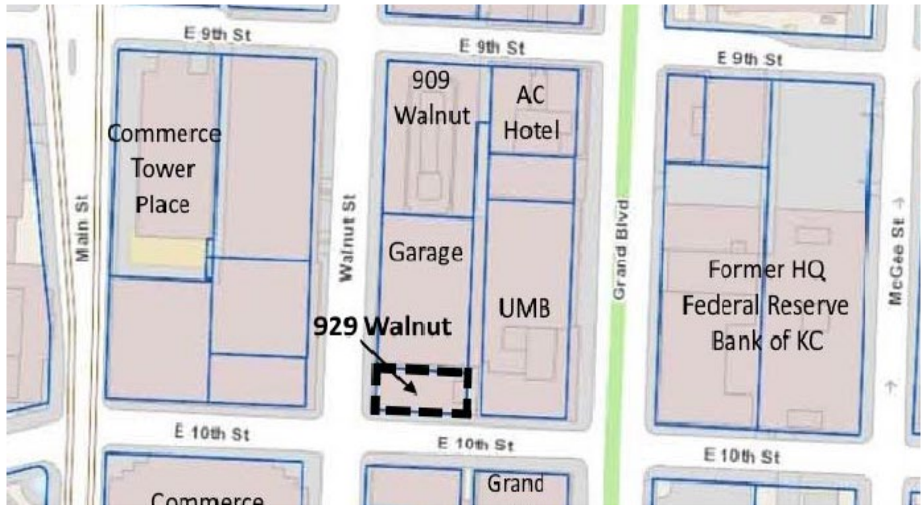
Unlevered Return	IRR Analysis
Return Without Assistance	**3.75%**
Return With Assistance	**6.95%**

Benchmark Return based on *PwC Real Estate Investor Survey, Q4 2023*

Unlevered Return	
National Apartment Return Range	**6% - 8%**
National Apartment Average Required Return	**7%**

2. Purpose

The City of Kansas City EDC has retained BTMA to review the proposed redevelopment plan at 929 Walnut. The plan proposes the redevelopment of the of the Kansas City Title and Trust Building at 929 Walnut Street, which consists of approximately .12 acres located at the southwest corner of E 10th Street and Walnut.



The proposed redevelopment plan includes the following:

- Convert the former office building of 45,869 square feet to a mixed-use multifamily and commercial property
- Install 57 new apartment units
- 1,500 square feet of commercial (food and beverage) space on the ground floor
- Parking will be leased from nearby properties
- The redevelopment will feature energy efficient features such as: heat pumps, low-E glass thermal windows, adaptive reuse and recycled structure, high SRI roofing, low-VOC finishes, Energy Star appliances, smart thermostats, and LED lighting

The KCEDC has requested this analysis to estimate the Project's need for the requested assistance, based on the cost and operating pro forma information provided by the Developer. The analysis that follows examines whether either of the proposed redevelopment scenario would reasonably take place without the requested financial assistance.

BTMA approached this determination based on the proposed plans regarding development costs, outcomes, financing sources, and timing, to develop an independent measure of the Developer's expected return compared to the amount of risk. If the development is owned and operated as an investment, a measure of return is calculated considering the time value of money and involves an assumed sale of the property at a price appropriate in the marketplace. The final determination is based on whether the potential return is reasonable without the requested assistance, within the current marketplace, and at the present time.

The Developer is requesting assistance in the following forms:

- **Chapter 99 abatement through the Land Clearance Redevelopment Authority (LCRA) –**
    - The requested incentive is an 80% property tax abatement for 10 years
    - The developer is also requesting that the base value for the abatement is set at the current taxes being paid per the terms of a prior abatement.

3. The Project

The table below provides the anticipated sources that will be utilized to fund the redevelopment.

Sources:	Amount
Private Debt (Construction Loan)	6,138,658
Historic Tax Credit Equity	2,683,379
Developer Equity	2,313,851
Total Sources	**$11,135,888**

The Developer has prepared budgets which can be broken down into the following categories: land acquisition, site preparation/infrastructure, building construction costs, soft costs, and contingency. These costs are outlined in the table below

Hard Costs	Total	Costs per GSF	Cost Per unit
Construction	5,848,500	127.50	102,605.26
Contingency	584,850	12.75	10,260.53
Total Construction Costs	**6,433,350**	**140.25**	**112,865.79**
Soft Costs	**Total**	**% of Hard costs**	**Cost Per unit**
Engineering/Design	$418,960.00	6.51%	$7,350.18
Survey	$11,000.00	0.17%	$192.98
Legal	$15,000.00	0.23%	$263.16
Appraisal / Market Study / Cost certification	$15,100.00	0.23%	$264.91
Construction Taxes & Insurance	$54,000.00	0.84%	$947.37
Environmental	$7,500.00	0.12%	$131.58
Title	$6,301.00	0.10%	$110.54
Historic Preservation Application	$90,000.00	1.40%	$1,578.95
Tax Credit/Fee	$35,000.00	0.54%	$614.04
Tenant Improvements	$50,000.00	0.78%	$877.19
LC	$20,000.00	0.31%	$350.88
EDC/LCRA - Tax Abatement Fees	$48,408.00	0.75%	$849.26
Contingency (10%)	$121,319.00	1.89%	$2,128.40
Total	**$892,588.00**	**13.87%**	**$15,659.44**
Land Costs	**Total**	**% of Hard costs**	**Cost Per unit**
Acquisition	$2,475,000.00	38.47%	$43,421.05
Closing	$74,250.00	1.15%	$1,302.63
Contingency	$7,425.00	0.12%	$130.26
Total	$2,556,675.00	39.74%	$44,853.95
Developer Fee	**$200,000.00**	**3.11%**	**$3,508.77**
Financing	**Total**	**% of Hard costs**	**Cost Per unit**
Construction Interest	$708,131.00	11.01%	$12,423.35

Construction Loan Fee	$35,000.00	0.54%	$614.04
State HTC Issuance Fee	$68,227.00	1.06%	$1,196.96
Lease-Up & Operating Reserve	$241,917.00	3.76%	$4,244.16
Total	**$1,053,275.00**	**16%**	**$18,478.51**
TOTAL DEVELOPMENT COSTS	**$11,135,888**		**$195,366.46**

Land Acquisition

The Developer's cost for acquiring the redevelopment site was $2,457,000, which occurred on January 3, 2024.

Hard Costs

The Developer is proposing the redevelopment of an existing historic building and the construction of a new floor; all of which will require substantial hard-cost investment. The Developer budgets for $2,683,379 in historic tax credit equity which means the redevelopment must adhere to historical rehabilitation standards necessary to receive the credits the Developer is seeking. Given the unique nature of historical rehabilitation, it is not possible to provide general third-party cost estimates as a comparison without engaging independent architects and engineers.

The Developer is anticipating incurring costs related to remodeling of 45,869 square feet and has estimated this expense to be $242.78 per square foot.

It should be also be noted that the amount of Historic Tax Credits available to the Developer are based on the amount of eligible expenditures incurred by the Developer. Therefore, if the Developer were to realize actual remodeling project costs lower than projected, this would lead to a decrease in the value provided by the tax credits, thus partially offsetting the beneficial impact on the Developer's return due to lower costs.

Soft Costs

The individual line-items categorized as soft costs total $892,588 which equates to 13.87% of the total Project costs. The largest line-item under the soft cost heading is the engineering fee which is 6.51% of the total construction cost. The second largest line-item is the developer fee cost of $200,000 or 3.11% of the total construction costs.

Contingency

The total contingency budgeted for the Project is $713,594; this amount includes the construction contingency, soft-cost contingency, and their contingency for the land acquisition. The hard cost contingency amount is approximately 9% of the total building construction costs. The soft cost contingency was accompanied by a 10% label in their pro forma,. Combined these contingencies account for 11.09% of the total construction costs or 6.41% of the total cost of redevelopment. These within the range of contingencies typical to development of this nature

Operating Assumptions

The proposed rental rates for each unit are as follows in the table below. Note that these are the proposed rents assuming the Developer receives the requested assistance:

Unit Type	Approximate size (square feet)	Number of Units	Estimated Rent	Area Median Income (AMI)
Studio	459	13	$1,274	74%
One-bedroom	563	38	$1,474	80%
One-bedroom	563	4	$1,225	67%
Two-bedrooms	1002	2	$1,750	80%

The Developer provided three comparative buildings and indicated whether the building offered comparable features. The market comparisons used to derive their proposed rents are as follows:

Unit Type	Sky on Main	Midland Lofts	Argyle on 12th street
Comparison to 929 Walnut	Superior	Equal	Less than Equal
Studio	NA	$861 - $1,338,	NA
One-bedroom	$1,544 - $1,869	$1,118 - $1,587	$1,065 -$1,725
Two-bedrooms	$2,332 -$2,487	NA	$1,650 - $1,900

The rental estimates provided by the developer of the 929 Walnut Project are based on a combination of averages from several comparable buildings. The Developer stated that the price of the studio is the median of the Midland Lofts which are of comparable size and quality. For the one-bedroom units the Developer used an average rent that was close to the middle of the Midland's monthly rents at $1,474, or $2.64 per square foot – just slightly higher rents per square foot than each of
the comparable properties. Finally, the Developer used an average of price of the two-bedroom units at Argyle on 12th to arrive at their price of $1,750. Additional market data was review using the CoStar database

On the operating expense side, the Developer assumed a 32% allowance for operating overhead expenses, 5% for a vacancy, and 3% for replacement reserves. The Developer is assuming both scenarios are tenanted over a 2-year period with stabilization occurring in year 3.

Based on a market review utilizing Costar data and other comparable projects, BTMA found the Developer's lease rate and operating assumptions to be reasonable.

Hypothetical Sale Assumptions:

The calculation of an internal rate of return requires the assumption of a hypothetical sale of the asset in the final year of the operating pro forma. The inclusion of this hypothetical sale is used only for the purpose of evaluating the return on the Developer's investment. The determination of the potential market value of the project, through a hypothetical sale, is necessary as it allows for the inclusion of the value of the asset in the rate of return calculation. The use of a hypothetical sale assumption is not indicative of the Developer's intention to sell the development in the final year.

The critical assumption when valuing the asset at the time of the sale is the capitalization rate. The available net operating income divided by the capitalization rate results in the assumed fair market value of the asset. The Developer has used a capitalization rate of 6.00% for the project to calculate the hypothetical sale value. In reviewing capitalization rate trends for office developments, BTMA feel that 6.00% is an appropriate assumption.

4. Assistance Request

Chapter 99 abatement through the Land Clearance Redevelopment Authority (LCRA) –

- The requested incentive is an 80% property tax abatement for 10 years
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5. Return Analysis

BTMA evaluated the need for assistance for the proposed redevelopment by comparing the potential return with and without assistance. Baker Tilly evaluate information provided by the developer and calculated the following expected returns.

	IRR	
	Without incentive	With Incentive
Unlevered	**3.75%**	**6.93%**

Benchmark Return based on *PwC Real Estate Investor Survey, Q4 2023*

Unlevered Return	
National Apartment Return Range	**6% - 8%**
National Apartment Average Required Return	**7%**

Market Return Benchmark:
BTMA consulted the *PwC Real Estate Investor Survey* to determine what would be an acceptable benchmark to consider a standalone, non-incentivize project as being feasible absent any financial incentives. According to the developers surveyed, the typical unlevered market return necessary to pursue a development of this nature falls in a range of 5.75% and 8%; with an average return of 6.77%.

6. Conclusions

The proposed Project contemplates the redevelopment of the existing site and the conversion of the commercial property into mixed-use development. Given the nature of the incentives requested, the Developer will bear all the financing risk until project completion and the continued operating risk thereafter. This level of risk demands a positive return with a comparable national market range of 6% and 8%with an average of 7%% as indicated in the *PwC Real Estate Investor Survey, Q4 2023*.

As detailed above, the projected unlevered IRR of 3.75% for the unlevered scenario without assistance, 3,75% is significantly below the average return used as our feasibility benchmark. In comparison, the return with assistance for both scenarios is within the range and relatively consistent with the average return used in our analysis.