

CITY COUNCIL OF THE CITY OF AURORA, MISSOURI

Meeting: May 25, 2021

TO: City Council of the City of Aurora, Missouri
FROM: City Staff; City's Economic Development Counsel
RE: Summary of Lyla Corners Redevelopment Plan

History: The Tax Increment Financing Commission of the City of Aurora, Missouri held a public hearing for the Redevelopment Plan on April 29, 2021, and unanimously approved a resolution in support of the Redevelopment Plan.

Development: The Redevelopment Plan land area is comprised of approximately 19 acres located south west of the intersection of 60 Highway and Highway 39, in the City of Aurora, Lawrence County, Missouri. The Developer proposes to develop a commercial use development within the Redevelopment Area shown on the Proposed Land Uses included in Exhibit 14 to the TIF Plan. The development includes mixed uses implemented in a single phase.

Sources and Uses: The following table shows the sources and uses for each of the proposed categories of expenditures.

<u>Uses</u>	<u>Sources</u>		
	Private	TIF	
Land Acquisition Costs	\$874,300	\$774,300	\$100,000
	\$15,000,000	\$15,000,000	
Cost of Buildings	- 20,000,000	- 20,000,000	\$0
Professional Fees	\$114,000	\$0	\$114,000
Financing Fees	\$300,000	\$0	\$300,000
Parking Lot	\$500,000	\$0	\$500,000
Lighting	\$50,000	\$0	\$50,000
Signage	\$45,000	\$0	\$45,000
Sitework	\$1,667,805	\$0	\$1,667,805
	\$18,551,105	\$15,744,300	
Totals	- 23,551,105	- 20,774,300	\$2,776,805

Approximately 12% to 15% of the total costs of the development are anticipated to be reimbursable from tax increment financing revenues.

Private Sources of Funding: Developer will be initially funding all redevelopment costs. The costs will be funded by the Developer from a mix of private equity and private debt.

Property Investment and Valuation:

- Current assessed valuation: \$47,480
- Total Project Costs: \$18,551,105 – \$23,551,105
- Projected assessed valuation after Project is constructed: \$4,800,000

TIF Reimbursement and Financing Structure:

- Payments in Lieu of Taxes (PILOTS): Over the 23-year period that tax increment financing could be in place it is projected that the TIF will generate \$5,708,278 in PILOTS. The TIF Plan would capture 100% of the incremental increase in real property taxes.
- Economic Activity Taxes (EATs): Fifty percent (50%) of the incremental increase in sales taxes will be captured. Over the 23-year period that tax increment financing could be in place it is projected that the TIF will generate \$5,122,301 in EATs.
- Reimbursable Project Costs: The TIF Plan provides for reimbursement of \$2,776,805 in Reimbursable Project Costs from TIF Revenue, together with 6.0% interest from the date such costs are certified for reimbursement until repaid (total interest paid is estimated at \$954,430 if revenues are generated as projected).
- The amortization tables in Exhibit 9 show that, assuming the Project is built as anticipated by the Developer, the \$2,776,805 in Reimbursable Project Costs, with interest at the rate of 6%, will be repaid in approximately ten years. The actual termination date of the TIF Plan may be in a later year than as projected if the TIF revenues do not meet Developer's projections.

Benefit to Taxing Districts:

- Individual Taxing Jurisdiction Summaries, which are included in the Cost-Benefit Analysis in Exhibit 11, show the projected tax revenues to be generated by the project for each taxing district if the project does not occur and if the project does occur with the use of TIF.

Required Findings: The following is a list of the findings required to be made by the City Council, with a recommendation from the TIF Commission, along with references to the pages in the TIF Plan where supporting information may be found:

- **Blight:** The Redevelopment Area must be a blighted area, as such term is defined in Section 99.805(1), RSMo, as follows:

an area which, by reason of the predominance of defective or inadequate street layout, unsanitary or unsafe conditions, deterioration of site improvements, improper subdivision or obsolete platting, or the existence of conditions which endanger life or property by fire and other causes, or any combination of such factors, retards the provision of housing accommodations or constitutes an economic or social liability or a menace to the public health, safety, morals, or welfare in its present condition and use.

The basis presented by the Developer in support of a blight finding is the presence of several blighting factors as set forth in the Blight Study prepared by the City (*Exhibit 3*). The Redevelopment Plan is also accompanied by an affidavit, signed by the Developer, attesting to the

blighting conditions of the Redevelopment Area (*Exhibit 13*). The following is an overview of the blighting factors noted in the Blight Study:

- Defective or Inadequate Street Layout
 - Substandard driveway definition and parking layout
 - Substandard or nonexistent pedestrian circulation
 - Deterioration of Site Improvements
 - Weeds and grass growing through gravel road
 - Minimal electric service is supported by hodgepodge of stakes
 - Unsanitary or Unsafe Conditions
 - No organized storm water drainage
 - Southern border used as dumping ground
 - The TIF Plan states that the above blighting factors contribute to the Redevelopment Area being an economic and social liability.
- **But-For:** The proposed redevelopment must satisfy the “but for” test set forth in Section 99.810, RSMo, in that the Redevelopment Area has not been subject to growth and development through investment by private enterprise and would not reasonably be anticipated to be developed without the adoption of tax increment financing. The TIF Plan is accompanied by an affidavit, signed by the Developer, attesting to this statement (*Exhibit 13*).
 - **Cost-Benefit Analysis:** A cost-benefit analysis is required showing the economic impact of the TIF Plan on each taxing district and political subdivision within the Redevelopment Area if the project is built pursuant to the TIF Plan or is not built. A cost-benefit analysis has been provided with the TIF Plan (*Exhibit 11*).
 - **Financial Feasibility:** There must be evidence that the proposed project is financially feasible for the Developer to construct with TIF assistance. The affidavit provided by Developer provides support for this finding (*Exhibit 13*).
 - **TIF Plan Contents:** The TIF Plan must contain the following information, and the page references below indicate where the information may be found in the TIF Plan:
 - A general description of the program to be undertaken to accomplish its objectives (*Page 1*).
 - The estimated redevelopment project costs (*Page 6 and Exhibit 5*).
 - The anticipated sources of funds to pay the costs (*Page 7 and Exhibit 6*).
 - Evidence of the commitments to finance the project costs (*Page 8 and Exhibit 12*).
 - The anticipated type and term of the sources of funds to pay costs. (*Exhibit 6* shows the sources of funds and *Exhibit 9* contains an amortization table associated with the TIF incentive)
 - The anticipated type and terms of the obligations to be issued (*No Obligations to be Issued*).

- The most recent equalized assessed valuation of the property within the Redevelopment Area which is to be subjected to payments in lieu of taxes and economic activity taxes pursuant to Section 99.845, RSMo (*Page 8 and Exhibit 7*).
- An estimate as to the equalized assessed valuation after redevelopment (*Page 9 and Exhibit 8*).
- The general land uses to apply in the Redevelopment Area (*Page 9 and Exhibit 14*).
- Estimated dates for the retirement of obligations incurred to finance redevelopment project costs, and said dates are not more than twenty-three (23) years from the adoption of an ordinance approving a Redevelopment Project within the Redevelopment Area (*No Obligations to be Issued; Page 11*).
- Estimated dates of completion of the Redevelopment Project (*Page 6 and Exhibit 8*).
- **Plan Requirements:** The TIF Plan must also meet the following requirements, and the page numbers below indicate where the information supporting these requirements may be found in the TIF Plan:
 - The TIF Plan is in conformance with the Comprehensive Plan for the development of the City as a whole (*Page 10*).
 - A Relocation Assistance Plan has been developed for relocation assistance for businesses and residences, and the relocation of any business or residents in the Redevelopment Area, if necessary, will take place in accordance with the Relocation Assistance Plan (*Page 11 and Exhibit 4*).
 - The TIF Plan does not include the initial development or redevelopment of any gambling establishment (*Page 11*).
 - The areas selected for the Redevelopment Project include only those parcels of real property and improvements thereon which will be directly and substantially benefited by the Redevelopment Project improvements (*Page 1*).