

**BILL NO. 21-41**

**ORDINANCE NO. 4.577**

**AN ORDINANCE AUTHORIZING THE CITY OF GLADSTONE, MISSOURI, TO ISSUE ITS TAXABLE INDUSTRIAL DEVELOPMENT REVENUE BONDS (PARKSIDE INVESTORS PROJECT), SERIES 2021, IN A PRINCIPAL AMOUNT NOT TO EXCEED \$35,380,000 TO FINANCE THE COSTS OF A PROJECT FOR PARKSIDE INVESTORS, LLC, A MISSOURI LIMITED LIABILITY COMPANY, CONSISTING OF CONSTRUCTING AND IMPROVING REAL PROPERTY; APPROVING A PLAN FOR AN INDUSTRIAL DEVELOPMENT PROJECT FOR THE COMPANY; INVITING AFFECTED TAXING DISTRICTS TO SUBMIT COMMENTS TO THE CITY COUNCIL NO LATER THAN DECEMBER 13, 2021, FOR FAIR AND DUE CONSIDERATION BY THE CITY COUNCIL; AUTHORIZING AND APPROVING CERTAIN DOCUMENTS; AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION WITH THE ISSUANCE OF THE BONDS.**

**WHEREAS**, the City of Gladstone, Missouri (the "City") is a third-class city and political subdivision of the State of Missouri, duly created, organized and existing under and by virtue of the Constitution and laws of the State of Missouri; and

**WHEREAS**, the City is authorized under the provisions of Article VI, Section 27 of the Missouri Constitution, as amended, and Sections 100.010 to 100.200, inclusive, of the Revised Statutes of Missouri, as amended (collectively, the "Act"), to purchase, construct, extend and improve certain projects (as defined in the Act) for the purposes set forth in the Act and to issue industrial development revenue bonds for the purpose of providing funds to pay the costs of such projects and to lease or otherwise dispose of such projects to private persons or corporations for manufacturing, commercial, warehousing and industrial development purposes upon such terms and conditions as the City shall deem advisable; and

**WHEREAS**, in order for Parkside Investors, LLC, a Missouri limited liability company (together with any successors or assigns, the "Company"), to construct and improve certain real property (collectively, the "Project"), the Council hereby determines and declares the official intent of the City to finance the costs of the Project out of the proceeds of industrial development revenue bonds to be issued under the Act (the "Bonds"); and

**WHEREAS**, the City has prepared a plan for industrial development with respect to the Project (the "Plan") as required by Section 100.050 of the Act, notice of the Project was given to the taxing jurisdictions in accordance with Section 100.059.1 of the Act, and the City now desires to approve the Plan; and

**WHEREAS**, the City has and does hereby find and determine that it is desirable for the economic development of the City and within the public purposes of the Act that the City proceed with the issuance of the Bonds for the purpose described above; and

**WHEREAS**, because the Bonds will be payable solely out of payments, revenues and receipts derived by the City from the lease of the Project to the Company and from no other source, the City has determined that it is appropriate that the Bonds be sold to the Company pursuant to

Section 108.170 of Revised Statutes of Missouri, as amended, which provides that notwithstanding any other provisions of any law or any charter provision to the contrary, industrial development revenue bonds may be sold at private sale.

**WHEREAS**, the City further finds and determines that it is necessary and desirable in connection with the approval of the Plan and the issuance of the Bonds that the City enter into certain documents, and that the City take certain other actions and approve the execution of certain other documents as herein provided;

[Ordinance continues on next page]

**NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF GLADSTONE, MISSOURI, AS FOLLOWS:**

**Section 1. Public Purpose.** The Council hereby finds and determines that the Project will promote the economic welfare and the development of the City, and the issuance of the Bonds by the City to pay the costs of the Project will be in furtherance of the public purposes set forth in the Act.

**Section 2. Approval of Plan.** The Council hereby approves the Plan for Industrial Development Project attached hereto as **Exhibit A** in accordance with Section 100.050 of the Act.

**Section 3. Authorization and Sale of the Bonds.** The City is hereby authorized to issue and sell its Taxable Industrial Development Revenue Bonds (Parkside Investors Project), Series 2021, in an aggregate principal amount not to exceed \$35,380,000, for the purpose of providing funds to pay the costs of the Project. The Bonds shall be issued and secured pursuant to the herein authorized Trust Indenture and shall bear such date, shall mature at such time, shall be in such denominations, shall bear interest at such rate (not to exceed 8.00%), shall be in such form, shall be subject to redemption, shall have such other terms and provisions, shall be issued, executed and delivered in such manner and shall be subject to such provisions, covenants and agreements as are specified in the herein authorized Trust Indenture upon the execution thereof, and the signatures of the officers of the City executing the Trust Indenture shall constitute conclusive evidence of their approval and the City's approval thereof. The sale of the Bonds to the Company at private sale pursuant to the provisions of Section 108.170 of Revised Statutes of Missouri, as amended, at the interest rate and upon the terms set forth in the Trust Indenture is hereby approved.

**Section 4. Limited Obligations.** The Bonds and the interest thereon shall be limited obligations of the City payable solely out of the payments, revenues and receipts derived by the City from the herein authorized Lease Agreement, and such payments, revenues and receipts shall be pledged and assigned to the Trustee as security for the payment of the Bonds as provided in the Trust Indenture. The Bonds and interest thereon shall not be deemed to constitute a debt or liability of the City within the meaning of any constitutional provision, statutory limitation or City code provision and shall not constitute a pledge of the full faith and credit of the City. The issuance of the Bonds shall not, directly, indirectly or contingently, obligate the City to levy any form of taxation therefore or to make any appropriation for their payment.

**Section 5. Approval and Authorization of Documents.** The following documents (the "City Documents") are hereby approved in substantially the forms presented to the Council at this meeting (copies of which documents shall be filed in the records of the City), and the City is hereby authorized to execute and deliver the City Documents with such changes therein as shall be approved by the officials of the City executing such documents, such officials' signatures thereon being conclusive evidence of their approval thereof:

- (a) Trust Indenture dated as of the date set forth therein (the "Trust Indenture"), between the City and Security Bank of Kansas City, Kansas City, Kansas (the "Trustee"),

pursuant to which the Bonds shall be issued and the City shall pledge and assign the payments, revenues and receipts received pursuant to the Lease Agreement to the Trustee for the benefit and security of the owners of the Bonds upon the terms and conditions as set forth in the Trust Indenture;

(b) Lease Agreement dated as of the date set forth therein (the "Lease Agreement"), between the City and the Company, under which the City will (i) provide funds for the construction and improvement of the Project and (ii) lease the Project to the Company pursuant to the terms and conditions in the Lease Agreement, in consideration of rental payments by the Company which will be sufficient to pay the principal of, premium, if any, and interest on the Bonds;

(c) Bond Purchase Agreement dated as of the date set forth therein, between the City and the Company, pursuant to which the Company agrees to purchase the Bonds; and

(d) Performance Agreement dated as of the date set forth therein, between the City and the Company, pursuant to which the City will grant the Company certain rights with respect to the abatement of *ad valorem* real property taxes on the Project in consideration for the Company's agreement to operate the Project as a commercial facility.

**Section 6. Execution of Documents.** The Mayor or the City Manager of the City is hereby authorized and directed to execute the Bonds and to deliver the Bonds to the Trustee for authentication for and on behalf of and as the act and deed of the City in the manner provided in the Indenture. The Mayor or the City Manager of the City is hereby authorized and directed to execute the City Documents and such other documents, certificates and instruments as may be necessary or desirable to carry out and comply with the intent of this Ordinance, for and on behalf of and as the act and deed of the City. The City Clerk of the City is hereby authorized and directed to attest to and affix the seal of the City to the Bonds and the City Documents and such other documents, certificates and instruments as may be necessary or desirable to carry out and comply with the intent of this Ordinance.

**Section 7. Further Authority.** The City shall, and the officials, agents and employees of the City are hereby authorized and directed to, take such further action, and execute such other documents, certificates and instruments as may be necessary or desirable to carry out and comply with the intent of this Ordinance and to carry out, comply with and perform the duties of the City with respect to the Bonds and the City Documents.

**Section 8. Severability.** The sections, paragraphs, sentences, clauses and phrases of this Ordinance shall be severable. In the event that any such section, paragraph, sentence, clause or phrase of this Ordinance is found by a court of competent jurisdiction to be invalid, the remaining portions of this Ordinance are valid, unless the court finds the valid portions of the Ordinance are so essential to and inseparably connected with and dependent upon the void portion that it cannot be presumed that the City Council has enacted the valid portions without the void ones, or unless the court finds that the valid portions, standing alone, are incomplete and are incapable of being executed in accordance with the legislative intent.

**Section 9. Governing Law.** This Ordinance shall be governed exclusively by and construed in accordance with the applicable laws of the State of Missouri.

**Section 10. Effective Date.** This Ordinance shall be approved and shall take effect and be in full force from and after its passage by the City Council and this Ordinance is signed by the Mayor.


[Signature Page Follows]

**INTRODUCED, PASSED, SIGNED, AND MADE EFFECTIVE BY THE COUNCIL OF  
THE CITY OF GLADSTONE, MISSOURI, THIS 13th DAY OF DECEMBER, 2021.**

  
\_\_\_\_\_  
R.D. Mallams, Mayor

(SEAL)

ATTEST:

  
\_\_\_\_\_  
Becky Jarrett, Deputy City Clerk

First Reading: December 13, 2021

Second Reading: December 13, 2021



## *Request for Council Action*

RES  # City Clerk Only

BILL  # R-21-41

ORD # 4.577

Date: 12/7/2021

Department: Community Development

Meeting Date Requested: 12/13/2021

Public Hearing: Yes  Date:

Subject: Parkside at Hobby Hill – Chapter 100 Bonds

Background:

In July 2021, the City Council approved the Parkside at Hobby Hill Mixed-Use project located approximately at the block of 76<sup>th</sup> Street to the south and west of North Oak Trafficway.

This 35 million dollar mixed-use project includes the construction of a 216-unit luxury style apartment complex with community amenities including a pool, clubhouse, fitness center, as well as commercial retail and office space adjacent to N. Oak Trafficway. This development offers 87 one bedroom apartments and 129 two bedroom apartments. The commercial aspect of this project is approximately 10,000 square feet and a total of 325 parking spaces will serve the development.

As discussions regarding the development progressed, the Developer requested incentives in which city staff engaged Baker Tilly to perform a rate of return (But-For) analysis to judge the financial feasibility of the project. In summary of that analysis, Baker Tilly determined that the proposed return with abatement provided for a period of 10 years at 100% and 10 years at 50% represents a reasonable rate of return for the project with assistance and would not result in the development being over-incented. The projected internal rate of return is approximately 7.55%.

Mr. Rick McConnell, Partner with Armstrong Teasdale LLP was engaged by city staff to represent the city and develop the Chapter 100 Bond program. Mr. McConnell has worked with the City in the past on projects such as the Heights at Linden Square and the Fairfield Inn & Suites by Marriott.

The various taxing jurisdictions were notified of the planned Taxable Industrial Development Revenue Bonds (Chapter 100 Bonds) and both the Mid-Continent Public Library and North Kansas City School District Board of Education voiced concern and cannot support the Parkside at Hobby Hill project with incentives.

Taking into consideration the concerns of the taxing jurisdictions, city staff re-negotiated with the Developer for a higher Payment In Lieu of Taxes (PILOT), that is approximately three times the original proposed dollar figure as well as a 2% increase year after year through the duration of the tax abatement.

**RCA DUE TO CITY CLERK WEDNESDAY 12:00 PM**

City leadership understands that Gladstone is 9 square miles and approximately 95% developed. For the city to grow and maintain property values, we must reinvest in ourselves through redevelopment. The extraordinary cost of assembling parcels and the redevelopment process require the incentive for this project to come to fruition. Finally, city leadership is selective in our requests for incentives in that two other projects have recently been denied by city staff that were considered to be too lucrative for the developer or not supportable by the community.

It is city staff's determination that this project is desirable for the economic development of the City and recommend that the City Council proceed with the issuance of the Bonds to support this development.

Budget Discussion: Funds are budgeted in the amount of \$      from the      Fund. Ongoing costs are estimated to be \$ 0 annually. Previous years' funding was \$0

Public/Staff Input/Commission:

The various taxing jurisdictions were notified of the planned Taxable Industrial Development Revenue Bonds (Chapter 100 Bonds) and both the Mid-Continent Public Library and North Kansas City School District Board of Education voiced concern and cannot support the Parkside at Hobby Hill project with incentives.

It is city staff's determination that this project is desirable for the economic development of the City and recommend that the City Council proceed with the issuance of the Bonds to support this development.

Provide Original Contracts, Leases, Agreements, etc. to: City Clerk and Vendor

Austin Greer, Community Development Director

City Attorney

City Manager





***Department of Community Development  
Memorandum ASG 21-12***

**DATE:** December 7, 2021  
**TO:** Scott Wingerson, City Manager  
**FROM:** Austin Greer, Community Development Director & Asst. To The City Manager  
**SUBJECT:** Parkside at Hobby Hill – Chapter 100 Bonds

In July 2021, the City Council approved the Parkside at Hobby Hill Mixed-Use project located approximately at the block of 76<sup>th</sup> Street to the south and west of North Oak Trafficway.

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As discussions regarding the development progressed, the Developer requested incentives in which city staff engaged Baker Tilly to perform a rate of return (But-For) analysis to judge the financial feasibility of the project. In summary of that analysis, Baker Tilly determined that the proposed return with abatement provided for a period of 10 years at 100% and 10 years at 50% represents a reasonable rate of return for the project with assistance and would not result in the development being over-incented. The projected internal rate of return is approximately 7.55%.

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Taking into consideration the concerns of the taxing jurisdictions, city staff re-negotiated with the Developer for a higher Payment In Lieu of Taxes (PILOT), that is approximately three times the original proposed dollar figure as well as a 2% increase year after year through the duration of the tax abatement.

City leadership understands that Gladstone is 9 square miles and approximately 95% developed. For the city to grow and maintain property values, we must reinvest in ourselves through redevelopment. The extraordinary cost of assembling parcels and the redevelopment process require the incentive for this project to come to fruition. Finally, city leadership is selective in our requests for incentives in that two other projects have recently been denied by city staff that were considered to be too lucrative for the developer or not supportable by the community.

It is city staff's determination that this project is desirable for the economic development of the City and recommend that the City Council proceed with the issuance of the Bonds to support this development.

Thank you,

Austin Greer



**MID-CONTINENT  
PUBLIC LIBRARY**

November 18, 2021

Scott Wingerson, City Administrator  
Gladstone City Hall  
7010 N Holmes Street  
Gladstone, MO 64118

Mr. Wingerson,

I am in receipt of the Planned Industrial Development documents for the Parkside at Hobby Hill project. As you know, and as we've discussed, Mid-Continent Public Library cannot support this project. Library Board Policy 522 adopted in 2008 states the following.

The Mid-Continent Public Library Board of Trustees, in general, will not support tax diversion or abatement for any development that increased the demand for Library services and may actively oppose such projects including encouraging other taxing jurisdictions to do the same.

Individual developers, who wish, may present their need and situation the Mid-Continent Public Library Board of Trustees, or appropriate subcommittee, for consideration by the full Board.

This policy has generally been interpreted to mean that MCPL will not support residential projects or projects creating residences. The proposal calls for 220 new apartments. Conservatively, this could result in about 300 new residents wanting library service. This could cost \$22,500 annually to provide such service. However, the proposal eliminates the new library revenue needed to provide such service until ten years from now (as the soonest). We cannot hope to provide excellent service for the community without revenue to do so.

MCPL would welcome conversations with the city to search for ways to create win-win situations, like allowing a modest PILOT to pass through in early years. As the project is proposed, however, the library must be in opposition.

Digitally signed by  
Steven V. Potter

Location:  
Independence, MO

Date: 2021.11.18  
16:36:43 -06'00'

Steven V. Potter  
Library Director

cc: Mayor R. D. Mallams, Dan Clemons

Access **Your World**

**From:** Matt Fritz <[rmatt.fritz@nkcschools.org](mailto:rmatt.fritz@nkcschools.org)>  
**Date:** November 12, 2021 at 3:21:39 PM CST  
**To:** Scott Wingerson <[scottw@gladstone.mo.us](mailto:scottw@gladstone.mo.us)>  
**Cc:** Paul Harrell <[paul.harrell@nkcschools.org](mailto:paul.harrell@nkcschools.org)>, Daniel Clemens <[daniel.clemens@nkcschools.org](mailto:daniel.clemens@nkcschools.org)>  
**Subject:** FW: Your scan (Scan to My Email)

Scott,

I just wanted to let you know that we received the notice regarding the multifamily Chapter 100 project. As I mentioned previously, abatements above 50% and ten years are typically heavily scrutinized by our Board of Education especially when it is for housing. I am forwarding this on to the Board of Education today. I will let you know what I hear back.

I do have a couple questions that I know I will be asked.

Was there a "but for" analysis done?

Is there profitability analysis that the developer prepared to determine that the abatement was needed and at what level?

Has anyone talked to the developer to see if there is another way to structure the abatement and PILOTS?

As I mentioned in my last email, we see about 3/10 of a student per unit which would be over 60 students on the 220 units. Each student costs approximately \$11,000-\$12,000 a year to educate. Our local taxes represent more than 65% of our revenue. That puts the District in the hole at almost \$450 thousand annually for the first 10 years.

**Matthew Fritz, MBA, SFO**

*Chief Financial Officer*

(816) 321-4641

[Matt.Fritz@nkcschools.org](mailto:Matt.Fritz@nkcschools.org)

North Kansas City School District

2000 NE 46<sup>th</sup> Street

Kansas City, MO 64116

Scott,

In general terms our demographer tells us that we get approximately 3/10 of a student per unit. As far as questions we would have, it's easier to formulate questions once we've seen a financial pro forma of some sort. Also it's helpful to know what type of abatement is contemplated and what the projected terms are of the abatement.

Finally, I know that our board isn't in favor of anything that is more than 50% for ten years just on the face of a deal.

Thanks,

Matt

**Matthew Fritz, MBA, SFO**

*Chief Financial Officer*

(816) 321-4641

[Matt.Fritz@nkcschools.org](mailto:Matt.Fritz@nkcschools.org)

North Kansas City School District

2000 NE 46<sup>th</sup> Street

Kansas City, MO 64116

**MEMORANDUM**

**TO:** Scott Wingerson, City Manager  
 Austin Greer, Assistant to the City Manager  
  
**FROM:** Thomas Denaway, Baker Tilly  
  
**DATE:** September 1, 2021  
  
**SUBJECT:** Review of Proposed Hobby Hill Multi-Family Project

**Introduction**

Baker Tilly Municipal Advisors was retained by the City of Gladstone to review the request for tax abatement related to the proposed Hobby Hill multi-family project. The Developer, Cardinal Crest Commercial, is proposing the development of a two-phase mixed-use development containing two apartment buildings and a commercial building. The developer is seeking tax abatement assistance from the City via the Chapter 100 program. The purpose of this memo is to evaluate the reasonableness of the proposed request and if the project would be unlikely to proceed but for the requested assistance, as well as what would be a reasonable abatement proposal.

The Hobby Hill apartment project is proposed to be located on a group of four parcels located generally near the southwest corner of the intersection 76<sup>th</sup> Terrace and North Oak Trafficway. The first phase of the project is proposed to include the development of a 129-unit apartment building along with an approximately 14,742 square foot clubhouse building contain a fitness center, club room, an outdoor pool, and outdoor amenities including a living, grilling, and pet areas. The Developer provided a total cost estimate of approximately \$20,100,118 for the acquisition and development of the phase 1 apartment building, clubhouse, and related amenities.

The second phase is proposed to include an additional separate 92-unit apartment building, and a stand along retail building of approximately 10,599 square feet. The total cost estimate for the development of the second phase was \$13,995,152.

**Project Cost Assumption**

Total Project Costs	Phase 1	Phase 2	Total
Land Acquisition	\$770,000	\$525,000	\$1,295,000
Hard Costs	\$18,187,247	\$12,678,955	\$30,866,202
Soft Costs	\$1,142,871	\$791,198	\$1,934,069
<b>Total Cost</b>	<b>\$20,100,118</b>	<b>\$13,995,152</b>	<b>\$34,095,270</b>

We reviewed the project cost information submitted by the Developer to ensure that the project costs were reasonable and not overstated in a manner to attempt to show a need for assistance.

In reviewing the Developer's cost assumptions, we found them to be reasonable and likely to be incurred. The largest category is the Hard Costs of \$30,866,202, which accounts for 90.5% of the total project costs. The largest individual line-item within this cost category is the building Hard Costs line-item for the two apartment buildings which totals \$23,209,656 for both phases. This equates to a per square foot cost of approximately \$81.39 per square foot. We utilized the Marshall and Swift Swiftestimator to estimate construction costs for an apartment building in the Kansas City metropolitan area. The Swiftestimator provided an average cost estimate of \$82.39, with a range from \$61.63 to \$105.02 depending on construction material type. Based on this the Developer's Building Hard Cost estimate appears reasonable.

For the Soft Cost the Developer provided a mix of individual soft cost line-items related to the development of the site, including line-items for due diligence, design/architecture, permits, legal, working capital and marketing. The largest line-item, comprising the majority of the soft cost category, was for design/architecture services. In total the soft cost category equates to approximately 5.6% of the overall development cost, which is a reasonable percentage. A developer fee was not included within the soft cost line-items provided by the Developer.

Our review found the Developer's assumptions for project costs to be reasonable and likely to be incurred as projected. The Developer's submittal indicates they are seeking a sales-tax exemption on the purchase of construction materials, it is our assumption that the cost estimates provided reflect the costs following the sales-tax exemption.

#### **Tax Abatement Assistance Request**

The Developer is requesting assistance in the form of a Chapter 100 tax abatement provided at a rate of 10-years at 100% of the incremental increase in property taxes that would occur without abatement, followed by 15-years at 50% of the increment increase in property taxes. Additionally, the Developer is requesting a sales-tax exemption on the purchase of construction materials.

In order to prepare an estimate of the valuation of the requested property tax abatement, first we needed to estimate what the potential property taxes would be post-development. To estimate the post-development market value of the project we researched existing county appraised values for comparable properties within Clay and Platte County. Based on this review we estimated a post-development appraised value per unit of approximately \$121,000. This market value estimate equates to an appraised market value of approximately 82% of hard construction costs. In order to estimate the market value of the commercial portion of the development we utilized the construction cost for the retail building and applied an appraised value assumption of 82% of construction costs.

In preparing an estimate of the value of the tax abatement, we have assumed that a PILOT payment will be made by the project during the first 10-year period of 100% tax abatement. During this period, we have assumed the project will make a PILOT payment of \$8,435 annually, based on the current property tax amount paid by the four parcels comprising the development site. We have assumed this amount will increase annually at the rate of 1.5%. Following the first 10-years of the abatement period the property tax paid by the project will revert to being based on 50% of the appraised market value of the site.

In order to estimate the value of the requested property tax abatement, we ran a Net Present Value (NPV) calculation of the proposed property tax savings based on varying terms for the tax abatement. The following NPV calculation is based on a 5% interest rate. A Net Present Value calculation is used to illustrate the value of the future property tax abatement savings represented

in today's dollar amount. The chart below illustrates the potential Net Present Value of varying levels of tax abatement.

Tax Abatement Scenario	Net Present Value (5%)
10-Years @ 100% of increase over base amount	\$3,381,884
10-Years @ 100% and 10-Years @ 50% of increase	\$4,476,287
10-Years @ 100% and 15-Years @ 50%	\$4,945,228

### **Developer Pro Forma**

The Developer prepared 10-year operating pro forma for each phase of the development. These pro forma identified their assumptions as it relates to anticipated rental income, vacancy, operating assumptions, and rental income from the commercial property. In reviewing their submittal information we found the assumptions regarding rental rates and operating assumptions to be reasonable. The Developer included a market study within their submittal identifying how they arrived at their proposed rental rates by unit type. We reviewed this market study as well as utilized information from Costar to pull comparable property rental rate information for the Northland area and found the Developer's rental rate assumptions to be inline with current market rates.

We did make an adjustment to the rental rate assumption in regard to the retail building. The Developer's assumption assumed a \$15 per square foot. We found this rental rate to be below current market conditions and adjusted this rate to \$19 per square foot to be more representative of the market. Additionally, we broke out the property tax amount for the retail property separately and modified the pro forma to assume that this property tax amount, or its equivalent with abatement, was being passed on to the tenant on the traditional triple-net basis on which most commercial leases are based. In a triple-net lease, which is the common structure for retail leases, the majority of operating expenses such as property taxes are passed along and paid separately by the tenant. The rate of return analysis identified below is based on our revised assumptions for the retail property.

Part of projecting of the potential rate of return realized by a Developer is the inclusion of a hypothetical sale in the 10<sup>th</sup> (or final) year of the pro forma. The purpose of this hypothetical sale is to ensure that the value of the created asset is included within the return calculation, so that the return calculation is based on the full lifecycle of a development (construction, operation, and sale). It is not necessarily indicative of the assumption that the Developer is going to sell the property within the 10<sup>th</sup> year, but is a mathematical construct to ensure that the value of the asset is counted within the return analysis.

The estimate of the sale value of the asset is determined by applying a capitalization rate to the annual net operating income (NOI) of the project in the sale year. The available net operating income divided by the capitalization rate, results in the assumed fair market value of the asset. In preparing our analysis we assumed a capitalization rate of 7.5% and a 3% cost of sale assumption, to calculate the hypothetical sale value.

### **Internal Rate of Return Analysis**

For purposes of this review we calculated the potential Unleveraged Internal Rate of Return realized by the Developer with and without the requested tax abatement. This analysis allows us to illustrate the impact that the requested abatement has on the financial feasibility of the project. An unleveraged IRR calculation is used in order to compare the potential return to the Developer with the PriceWaterhouseCooper (PWC) Real Estate Investor Survey, Second Quarter 2021,

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which provides a market comparison on which project feasibility can be judged. The PWC survey is a national survey of real estate investors seeking to identify the desired rate of return necessary for their investment/acquisition of an existing real estate development. We can use the return threshold identified within this survey as a benchmark against which project feasibility can be measured. If the return without assistance is below the average return identified within the survey, we can conclude that the project would not be considered financially feasible and therefore unlikely to occur without assistance. The PWC Survey identifies a range in the most recent survey of 5.00% to 10.00% with an average of 6.69%. It should be noted that since this is a survey of investors in existing real estate projects it is a conservative benchmark, and represents a lower hurdle rate than might be sought by investors in new construction.

The Table below illustrates our calculations for the potential Unleveraged IRR realized by the Developer without the requested abatement, and with varying levels of abatement assistance.

Unleveraged IRR Analysis	Unleveraged IRR
Without Assistance	5.53%
With 10-Years Abatement at 100%	6.93%
With 10-years Abatement at 100% and 10-years at 50%	7.55%
With 10-years Abatement at 100% and 15-years at 50%	7.74%

**Need for Assistance Finding**

By calculating the Developer’s anticipated IRR without abatement we are able to determine if the project would be considered feasible without assistance. Using the PWC Survey average of 6.69% as a feasibility threshold, we can see that the Developer’s anticipated rate of return without abatement falls significantly below this conservative benchmark for project feasibility. As such we can conclude that the project would be unlikely to proceed but-for abatement assistance.

In reviewing the projected IRR with varying levels of abatement we can calculate how the abatement assistance changes the anticipated IRR to a more feasible level. In reviewing the IRR with abatement we feel the proposed return with abatement provided for a period of 10-years at 100% and 10-years at 50% represents a reasonable rate of return for the project with assistance and would not result in the project being over-incented.





## ***Request for Council Action***

RES  # *City Clerk Only*

BILL  # *City Clerk Only*

ORD # *City Clerk Only*

Date: 11/23/21

Department: Community Development

Meeting Date Requested: 12/13/21

Public Hearing: Yes  Date: [Click here to enter a date.](#)

Subject: Approval of Building Permit

Background: The proposed project consists of five separate buildings each with four floors that will contain 216-unit luxury style apartments; including a swimming pool, clubhouse, fitness center, as well as commercial retail/office space adjacent to N Oak Trafficway. The development will offer 87 one-bedroom apartments and 129 two-bedroom apartments. The commercial aspect of the project is 9,000 square feet.

This project is primarily based on submitted plans from Anderson Engineering, ACI Boland Architects and Cardinal Crest Development; but is also a design build project and will have ongoing plan submittals. City Staff, Anderson Engineering, ACI Boland Architects and Cardinal Crest Development will be working together to review plans for compliance with construction codes and ordinances of the City.

Budget Discussion: Funds are budgeted in the amount of \$ 0.00 from the N/A Fund. Ongoing costs are estimated to be \$ 0.00 annually. Previous years' funding was \$0.00

Public/Board/Staff Input: See attached Building Permit Staff Report and accompanying plans.

Provide Original Contracts, Leases, Agreements, etc. to: City Clerk and Vendor

Alan D. Napoli, C.B.O.  
Community Development Administrator | Building Official

**RCA DUE TO CITY CLERK WEDNESDAY 12:00 PM**

# BUILDING PERMIT STAFF REPORT



CITY OF GLADSTONE  
Community Development Department  
7010 N. Holmes Street  
Gladstone, Missouri 64118  
Tel. (816) 436-2200 Fax (816) 436-2228



**TO: CITY COUNCIL**  
**FROM: COMMUNITY DEVELOPMENT**  
**DATE: NOVEMBER 23, 2021**  
**PERMIT NO.: BP21-00421**

## GENERAL INFORMATION

**BUSINESS/PROPERTY NAME:** Parkside at Hobby Hill  
**APPLICANT:** Anderson Engineering, Inc.  
**STATUS OF APPLICANT:** Engineer of Record  
**OWNER:** Cardinal Crest Development  
**REQUESTED ACTION:** Approval of Building Permit  
**PURPOSE:** Construction of a Multi-Building Apartment  
Neighborhood  
**LOCATION:** 7510 N Oak Trafficway  
**SIZE:** 192,000 sq. ft.

## ZONING INFORMATION

**EXISTING LAND USE:** MXD  
**SURROUNDING LAND USE-N:** CP-1 & R-1  
**E:** C-1, CP-1 & C-3  
**W:** R-1  
**S:** CP-3 & R-1  
**COMPREHENSIVE PLAN:** Mixed Use Community  
**ZONING HISTORY:** Rezoned MXD 2021

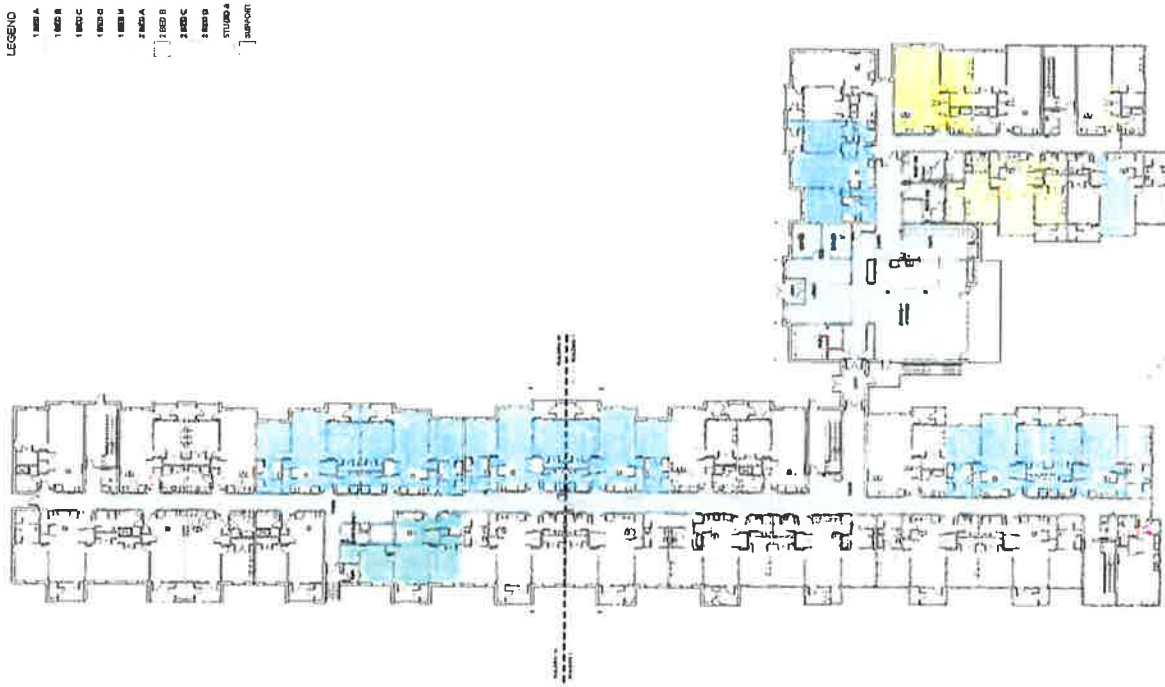
## APPLICABLE REGULATIONS

2018 IBC, 2018 IEBC, 2017 NEC, 2018 IFC, 2018 IECC, 2018 IFGC, 2018 IMC, 2018 IPC, 2018 ISPSC AND 2017 ICC A117.1

## ADDITIONAL COMMENTS

No Additional Comments

LEGEND  
1 MED A  
1 MED B  
1 MED C  
1 MED D  
1 MED E  
2 MED A  
2 MED B  
2 MED C  
2 MED D  
STUDIO A  
SUPPORT

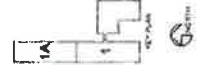


A4 2nd-3rd Floor Units

LEGEND  
1 MED B  
1 MED C  
1 MED H  
2 MED A  
2 MED B  
3 MED A  
3 MED B  
3 MED A  
SUPPORT



A1 2nd-3rd Floor Units



PROFESSIONAL  
REGISTERED  
CONSTRUCTION,  
RECORDING,  
SURVEYING,  
ENGINEERING,  
ARCHITECTURE,  
PLUMBING,  
ELECTRICAL,  
MECHANICAL,  
AND  
PAINTING CONTRACTORS  
10022021 4:27:04 PM

**ACI**  
BOLAND  
ARCHITECTS

2505 N. UNIVERSITY  
SUITE 100  
ANN ARBOR, MI 48106  
734.763.1330

2505 N. UNIVERSITY  
SUITE 100  
ANN ARBOR, MI 48106  
734.763.1330

**STRUCTURAL CONSULTANT**  
12000 UNIVERSITY AVE  
SUITE 100  
ANN ARBOR, MI 48106  
734.763.1330

**MEDIA CONSULTANT**  
12000 UNIVERSITY AVE  
SUITE 100  
ANN ARBOR, MI 48106  
734.763.1330

**OWNER**  
ANN ARBOR  
SUITE 100  
ANN ARBOR, MI 48106  
734.763.1330

**LANDSCAPE**  
ANN ARBOR  
SUITE 100  
ANN ARBOR, MI 48106  
734.763.1330

**DATE**  
10/22/2021

**PROJECT**  
PARKSIDE AT HOBBY HILL  
GLADSTONE, MISSOURI

PARKSIDE AT HOBBY HILL  
GLADSTONE, MISSOURI

3000/21  
320/13  
340/11  
360/9

**REV**  
NO. DATE BY

1 10/22/21 JLD  
2 10/22/21 JLD  
3 10/22/21 JLD  
4 10/22/21 JLD

**SCALE**  
1/8" = 1'-0"

PRELIMINARY.  
NOT FOR  
CONSTRUCTION.  
REVISIONS  
PENDING  
IMPLEMENTATION



**ACI BOLAND ARCHITECTS**  
 1000 N. GARDNER STREET  
 SUITE 100  
 OMAHA, NE 68102  
 (402) 442-1111  
 WWW.ACIARCHITECTS.COM

**LANDSCAPE ARCHITECTS**  
 1000 N. GARDNER STREET  
 SUITE 100  
 OMAHA, NE 68102  
 (402) 442-1111  
 WWW.ACIARCHITECTS.COM

**HOBBY HILL MULTIFAMILY COMPLEX  
 GLADSTONE, MISSOURI**

DATE: 08/21/2018  
 DRAWN BY: J. B. BULLOCK  
 CHECKED BY: J. B. BULLOCK  
 SCALE: AS SHOWN

**1100**  
 PRELIMINARY LANDSCAPE SITE PLAN

**CONCEPTUAL TREE SCHEDULE**

ID	SYMBOL	COMMON NAME	SCIENTIFIC NAME	HEIGHT	SPREAD	PLANTING	REMARKS
1	(Symbol)	Small Tree		10'	10'		
2	(Symbol)	Medium Tree		20'	20'		
3	(Symbol)	Large Tree		30'	30'		
4	(Symbol)	Shrub		6'	6'		
5	(Symbol)	Plant		3'	3'		

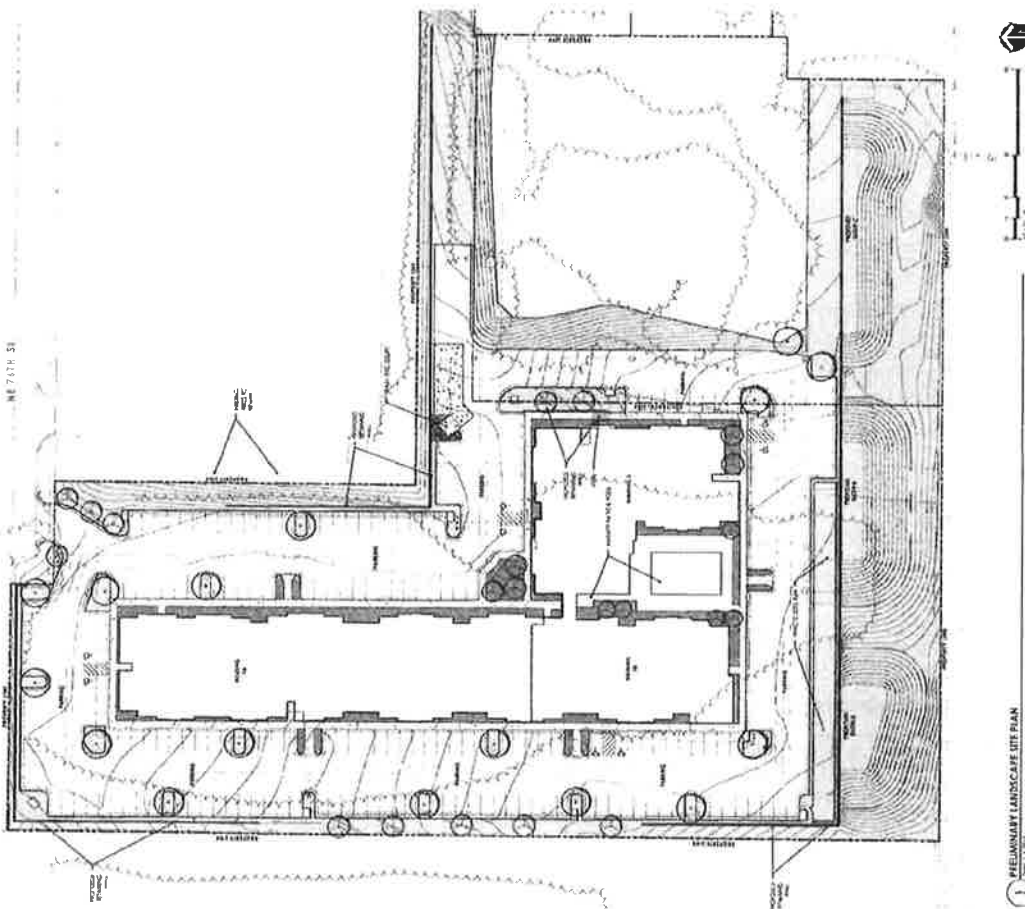
1. 10' x 10' (10' x 10')

2. 20' x 20' (20' x 20')

3. 30' x 30' (30' x 30')

4. 6' x 6' (6' x 6')

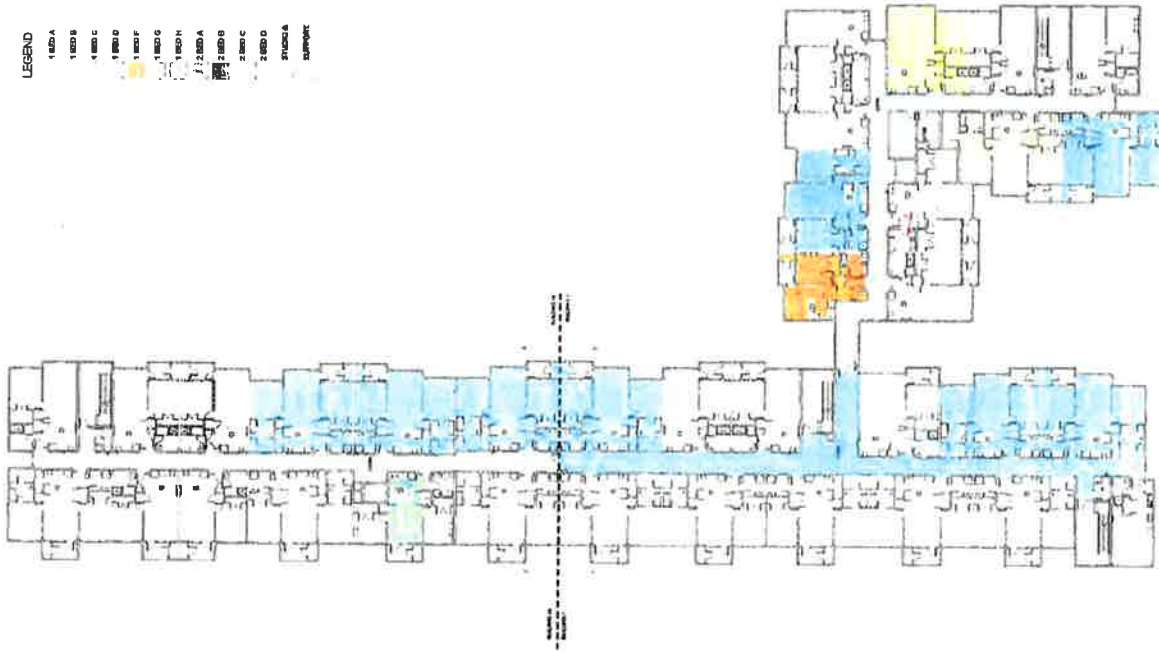
5. 3' x 3' (3' x 3')



1 PRELIMINARY LANDSCAPE SITE PLAN

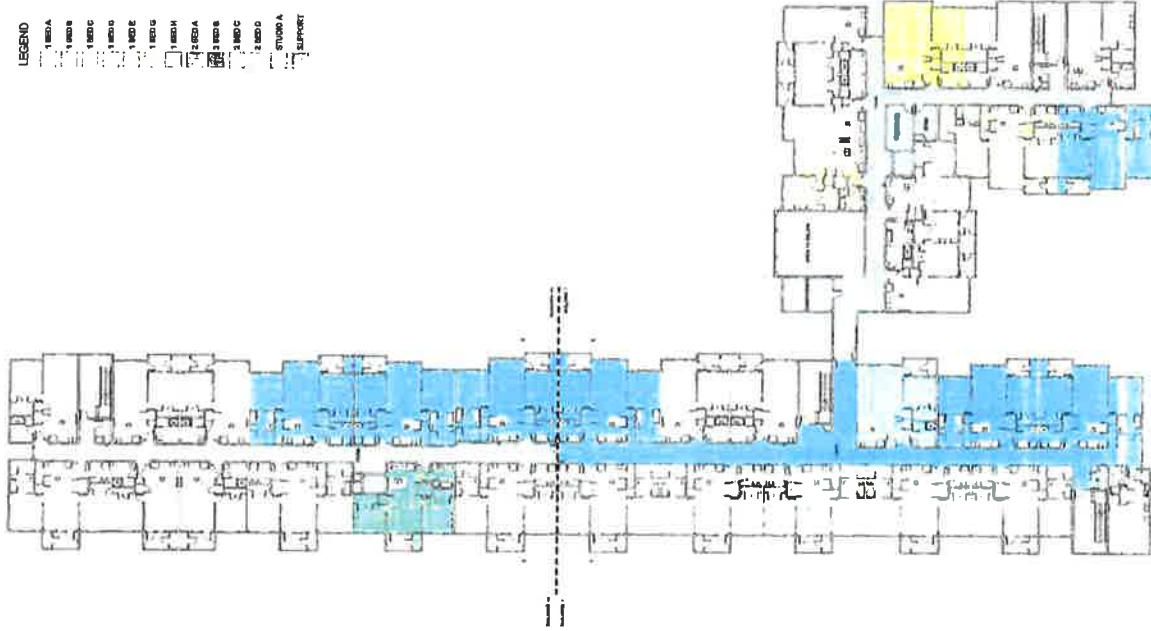


- LEGEND**
- 1 BED A
  - 1 BED B
  - 1 BED C
  - 1 BED D
  - 1 BED E
  - 1 BED F
  - 1 BED G
  - 1 BED H
  - 2 BED A
  - 2 BED B
  - 2 BED C
  - 2 BED D
  - STUDIO A
  - SUPPORT

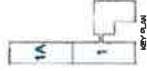


A4 5'x10' BLOOR LIMITS

- LEGEND**
- 1 BED A
  - 1 BED B
  - 1 BED C
  - 1 BED D
  - 1 BED E
  - 1 BED F
  - 1 BED G
  - 1 BED H
  - 2 BED A
  - 2 BED B
  - 2 BED C
  - 2 BED D
  - STUDIO A
  - SUPPORT



A1 5'x10' BLOOR LIMITS



REV PLAN  
A2.0.2

DATE: 10/11/14 10:00:00

# PARKSIDE AT HOBBY HILL GLADSTONE, MISSOURI

REV	DATE	DESCRIPTION
01	10/11/14	ISSUE FOR PERMITS
02	10/11/14	ISSUE FOR PERMITS

FOR AGENCY  
NOT FOR  
CONSTRUCTION  
RECORDING  
OR  
FOR PERMITS  
MPL DESIGNATION  
10/22/2014 4:27:11 PM



1000 W. GARDNER  
ST. LOUIS, MO 63102  
314.433.1111  
www.acibolland.com

**STRUCTURAL CONSULTANT**  
HOK  
1000 W. GARDNER  
ST. LOUIS, MO 63102  
314.433.1111

**MECHANICAL CONSULTANT**  
HOK  
1000 W. GARDNER  
ST. LOUIS, MO 63102  
314.433.1111

**PLUMBING CONSULTANT**  
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314.433.1111

**ELECTRICAL CONSULTANT**  
HOK  
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ST. LOUIS, MO 63102  
314.433.1111

**LANDSCAPE**  
HOK  
1000 W. GARDNER  
ST. LOUIS, MO 63102  
314.433.1111

**CIVIL**  
HOK  
1000 W. GARDNER  
ST. LOUIS, MO 63102  
314.433.1111

BEST QUALITY  
 CONSTRUCTION  
 RECORDING  
 PURPOSES OR  
 ARCHIVAL  
 10/22/2021 4:30:36 PM

**ACI**  
**BOLAND**  
**ARCHITECTS**  
 100 N. 1st St.  
 Suite 200  
 St. Louis, MO 63102  
 TEL: 314.433.1000  
 FAX: 314.433.1001  
 WWW.ACIBOLAND.COM

**STRUCTURAL CONSULTANT**  
 100 N. 1st St.  
 Suite 200  
 St. Louis, MO 63102  
 TEL: 314.433.1000  
 FAX: 314.433.1001  
 WWW.ACIBOLAND.COM

**MEP-HVAC CONSULTANT**  
 100 N. 1st St.  
 Suite 200  
 St. Louis, MO 63102  
 TEL: 314.433.1000  
 FAX: 314.433.1001  
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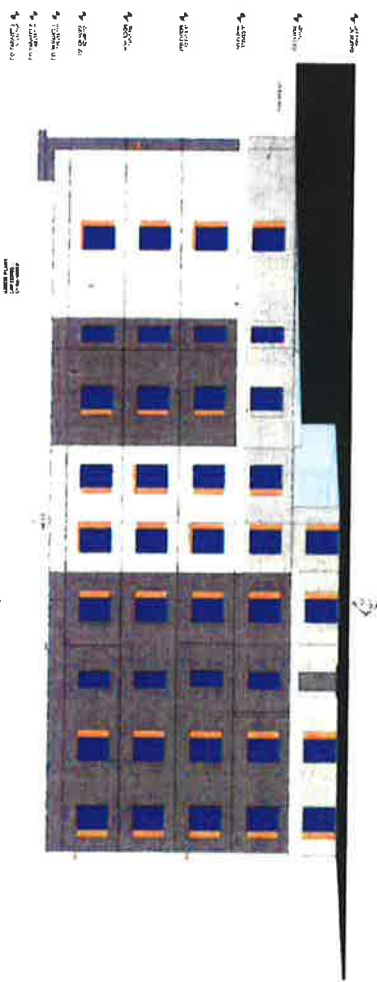
**CIVIL**  
 100 N. 1st St.  
 Suite 200  
 St. Louis, MO 63102  
 TEL: 314.433.1000  
 FAX: 314.433.1001  
 WWW.ACIBOLAND.COM

**LANDSCAPE**  
 100 N. 1st St.  
 Suite 200  
 St. Louis, MO 63102  
 TEL: 314.433.1000  
 FAX: 314.433.1001  
 WWW.ACIBOLAND.COM

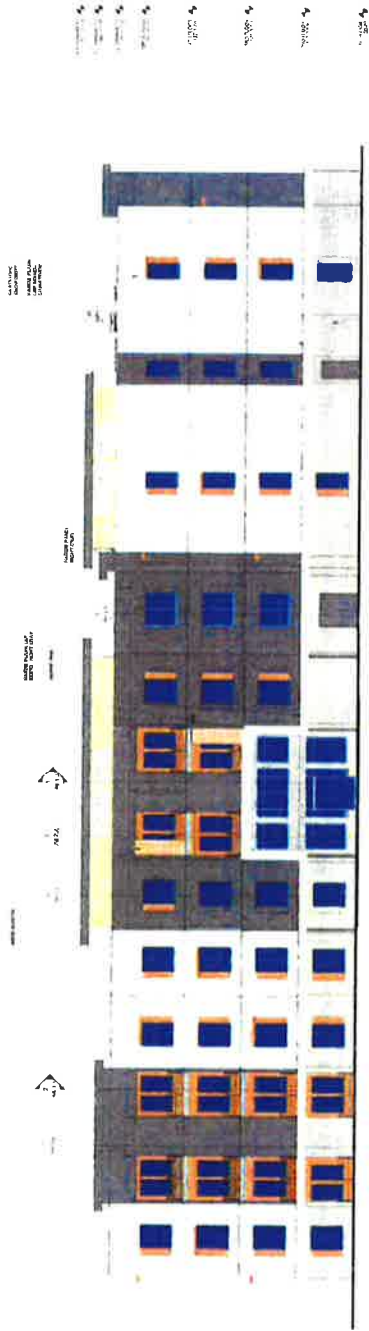
**PARKSIDE AT HOBBY HILL**  
 GLADSTONE, MISSOURI

DRAWN BY: [Name]  
 CHECKED BY: [Name]  
 DATE: [Date]  
 PROJECT NO.: [Number]

**A5.1.1**  
 GENERAL NOTES



C-1 EAST ELEVATION - BUILDING 1



A-1 NORTH ELEVATION - BUILDING 1 & 1A

PREPARED BY  
 CONSTRUCTION  
 RECORDING  
 PURPOSES OR  
 IMPLEMENTATION  
 10/22/2021 4:32:37 PM



1700 BROADWAY  
 SUITE 1000  
 ST. LOUIS, MO 63102  
 TEL: 314.241.1000  
 WWW.BOLANDARCHITECTS.COM

STRUCTURAL CONSULTANT  
 1700 BROADWAY  
 SUITE 1000  
 ST. LOUIS, MO 63102  
 TEL: 314.241.1000

MECHANICAL CONSULTANT  
 1700 BROADWAY  
 SUITE 1000  
 ST. LOUIS, MO 63102  
 TEL: 314.241.1000

ELECTRICAL CONSULTANT  
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LANDSCAPE  
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CIVIL  
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PLUMBING  
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 TEL: 314.241.1000

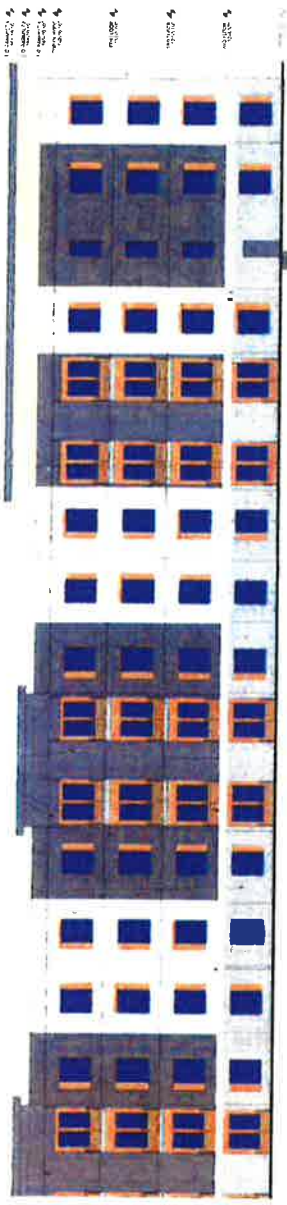
LANDSCAPE  
 1700 BROADWAY  
 SUITE 1000  
 ST. LOUIS, MO 63102  
 TEL: 314.241.1000

CIVIL  
 1700 BROADWAY  
 SUITE 1000  
 ST. LOUIS, MO 63102  
 TEL: 314.241.1000

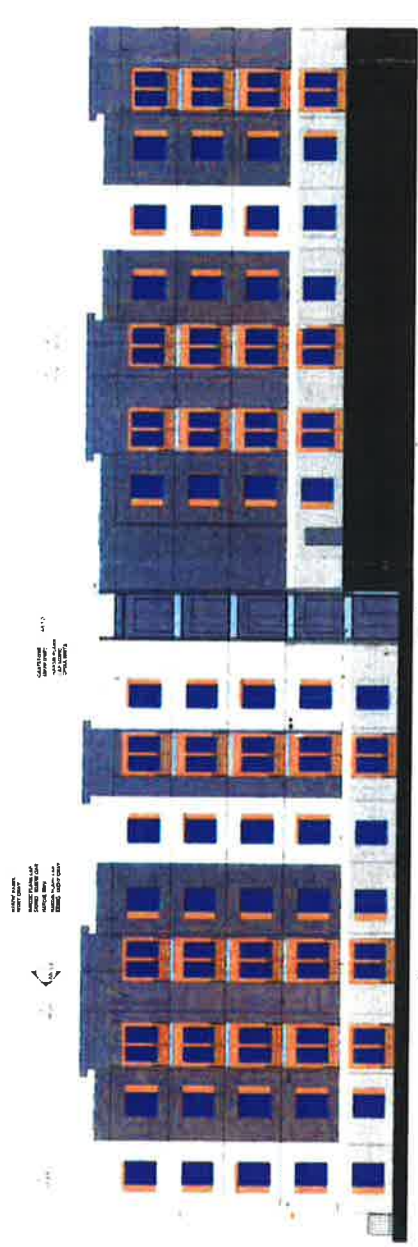
PARKSIDE AT HOBBY HILL  
 GLADSTONE, MISSOURI

SHEET NO. A5.1.3  
 DATE 10/22/2021

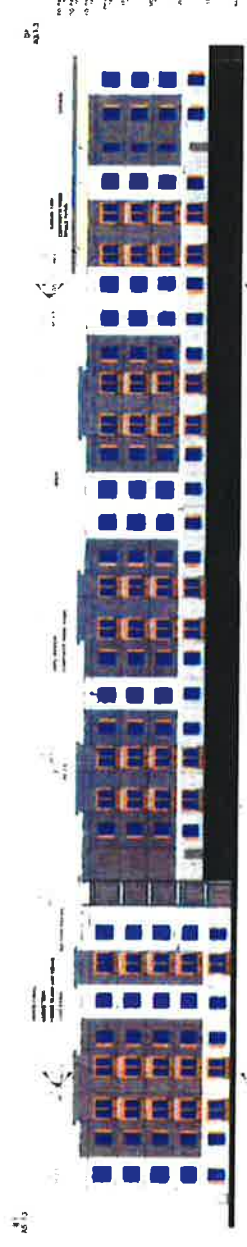
A5.1.3  
 EAST ELEVATION



D1 EAST ELEVATION - BUILDING 1A



B1 EAST ELEVATION - BUILDING 1 COURTYARD



A1 EAST ELEVATION - BUILDING 1 A 1A



NOT FOR CONSTRUCTION RECORDING PURPOSES OR REVISIONS  
10/22/2021 4:34:12 PM



ACI BOLLAND ARCHITECTS  
114 S. BROADWAY  
SUITE 1000  
ST. LOUIS, MO 63102  
TEL: 314.433.1100  
WWW.ACIBOLLANDARCHITECTS.COM

STRUCTURAL CONSULTANT  
114 S. BROADWAY  
SUITE 1000  
ST. LOUIS, MO 63102  
TEL: 314.433.1100  
WWW.ACIBOLLANDARCHITECTS.COM

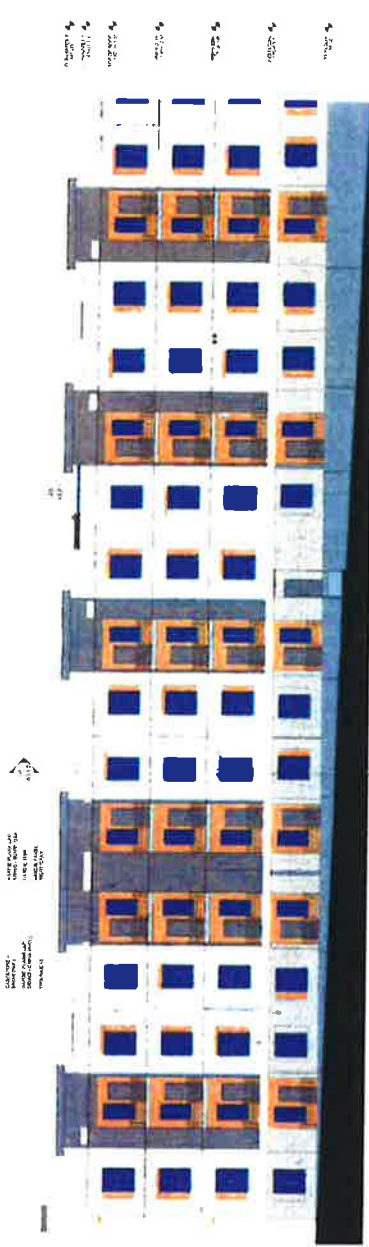
MEP CONSULTANT  
114 S. BROADWAY  
SUITE 1000  
ST. LOUIS, MO 63102  
TEL: 314.433.1100  
WWW.ACIBOLLANDARCHITECTS.COM

LANDSCAPE  
114 S. BROADWAY  
SUITE 1000  
ST. LOUIS, MO 63102  
TEL: 314.433.1100  
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GLADSTONE, MISSOURI  
PARKSIDE AT HOBBY HILL

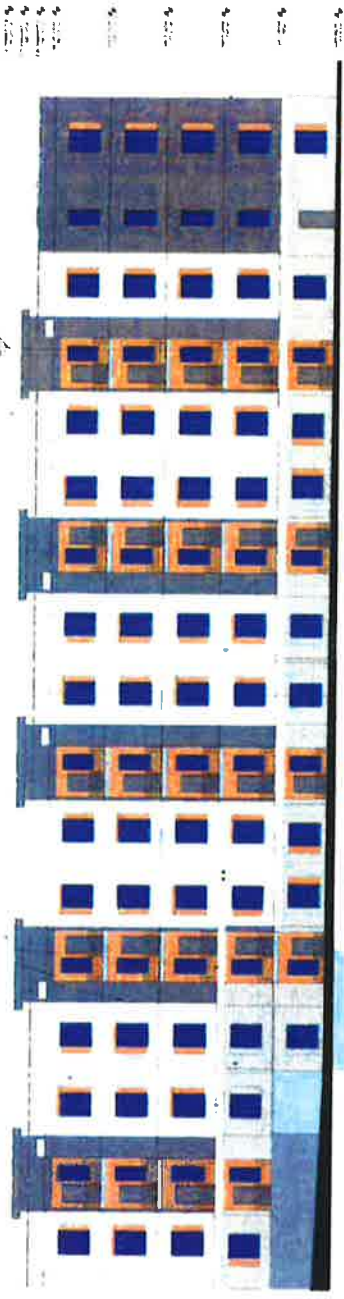
DATE: 10/21/21  
BY: [Name]  
CHECKED BY: [Name]  
PROJECT: [Name]

A5.1.4  
GROUP 1E (WEST)



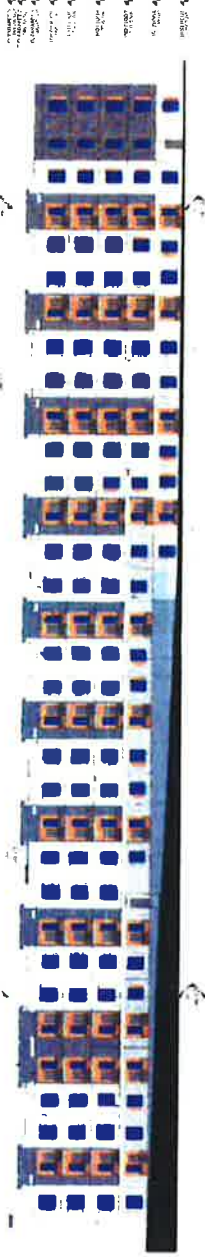
D1 WEST ELEVATION - BUILDING 1A  
1/8" = 1'-0"

EXTERIOR FINISHES  
WALLS: [Material]  
ROOF: [Material]  
FLOOR: [Material]  
PAVING: [Material]



B1 WEST ELEVATION - BUILDING

WALL FINISHES  
ROOF FINISHES  
FLOOR FINISHES  
PAVING FINISHES



A1 OVERALL WEST ELEVATION - BUILDING 1A  
1/8" = 1'-0"

EXTERIOR FINISHES  
WALLS: [Material]  
ROOF: [Material]  
FLOOR: [Material]  
PAVING: [Material]



HARDIE LAP

HARDIE LAP

HARDIE LAP

VINYL WINDOW

BRICKS

HARDIE LAP - NIGHT GRAY

HARDIE LAP - ARCTIC WHITE

HARDIE LAP - KHAKI BROWN

BRICK - COPPER SUNSET

BRICK - GALENA

# PARKSIDE AT HOBBY HILL | GLADSTONE, MISSOURI

## EXTERIOR MATERIALS