

Mission Trails

**6201 Johnson Drive
Mission Kansas**

Redevelopment Plan



May 9, 2017

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1. Introduction:

This Redevelopment Project Plan is presented on behalf of Mission Apartments, LLC to redevelop approximately 2.7 acres incorporated within a redevelopment district established in accordance with the Kansas tax increment financing statutes, K.S.A. 12-1770 by the City of Mission on April 19, 2017 via Ordinance No. 1457.

Mission Apartments, LLC as represented by EPC Real Estate Group (“Developer”) plans to redevelop the 2.7 acre property, last occupied by Pyramid Life Insurance in 2008. The building has been vacant since that time.

On December 20, 2016, EPC Real Estate Group, as developer for Mission Apartments, LLC entered into a contract to purchase the property, which contract remains in place. Following approval of the Redevelopment Plan and further upon closing, which is anticipated to occur during the 4th quarter of 2017, Developer expects to commence complete demolition of the existing 46,000 square foot building followed immediately by construction of a single 215,000 square building and a 287 car parking garage consisting of 52 stalls for retail and public and 235 residential stalls.

This project offers several advantages to the City of Mission. First, it will anchor the west side of the downtown area with a new beautiful structure. Second, the economic benefit of adding 200 Class A apartments (approximately 300 people) will have tremendous economic benefit for local retailers and tax revenue for the City. Third, the parking garage will contain public parking spaces to help accommodate parking in the downtown business district as well as at the Sylvester Powell, Jr. Community Center. Fourth, the building’s architecture will complement the “mission” style of architecture already present at Sylvester Powell and other buildings along Johnson Drive. Lastly, the building’s location along Johnson Drive will entice its residents to have street level experiences on a daily basis. That is to walk and ride bikes as much as possible thus reducing dependence on their automobiles. This not only is a very sustainable approach to living it also significantly adds to the overall sense of community.

In total the Mission Trails project, through the use of private debt and equity and TIF, will constitute and investment of over \$40,000,000.

2. Mission Trails Redevelopment Project Plan

a. The Property

The property included in the established Redevelopment District and subject to this plan is a 2.7 acre area within the City of Mission, Kansas located at 6201 Johnson Drive near the intersection of Johnson Drive and Lamar. A portion of the property fronts Beverly Street. Refer to **Exhibit C** for a complete legal description and **Exhibit B** for a map of the boundaries.

b. Established Redevelopment District

The Project comprises the entirety of an established Redevelopment District approved by the City of Mission on April 19, 2017. Boundaries of the Redevelopment District are shown below.



c. Project Description

Mission Trails will consist of a five-story wood frame building with approximately 200 residential units for lease and a structured parking garage with approximately 287 spaces consisting of 52 stalls for retail and public and 235 residential stalls. The total number of spaces, including surface parking is 325 stalls. It is anticipated that a certain number of the spaces (TBD) will be designated as public parking. The building will include a clubhouse with a leasing office on the first floor adjacent to an enclosed courtyard with all the amenities. A second open courtyard is planned on the west side of the building. The building will be mixed-use and include approximately 5,000 square feet of retail along with a 2,500 square foot courtyard fronting on Johnson Drive. Refer to **Exhibit D** for building elevations.

This project will enhance Mission's downtown area by bringing more residents living in a high-density environment. Furthermore, the 5,000 square feet of retail/restaurants facing an open courtyard will attract Mission residents to the location and thereby enhance the street environment.

Mission Trails will be very similar in quality and character to many of EPC's other projects in the Kansas City metro area including: Village at Mission Farms, Highlands Lodge in Overland Park, Mission 106 in Leawood, and The Domain in Lenexa. **Refer to Exhibit E.**

Current zoning for the site is MS-1.

EPC anticipates a schedule of 9 months to complete planning, zoning and development incentive approvals and hope to start construction in January 2018. Construction is estimated to take 18 months.

d. Financing Plan

Mission Trails proposes to finance the Project mostly through private financing, both private debt and equity financing. Tax increment financing will provide necessary assistance for eligible expenses as defined herein.

e. Feasibility Study

As required by the TIF Act, a study has been performed to determine if the project benefits will exceed the cost, and the income derived will be sufficient to pay the cost of the project. EPC Real Estate Group, an experienced developer of multifamily projects in the Kansas City area have provided their expertise and experience in income, expense and cost analysis.

i. Project Costs

| <u>Project Costs</u> | |
|-----------------------------|------------------|
| <u>Land</u> | \$3,400,000 |
| <u>Hard Costs</u> | |
| Demo | \$250,000 |
| Building: | \$24,863,563 |
| Garage | \$3,780,000 |
| Site Costs: | |
| Onsite: | \$1,500,000 |
| Offsite: | <u>\$500,000</u> |
| Subtotal Hard Cost | \$34,293,562 |
| <u>Soft Costs</u> | |
| A&E Fees | \$1,157,000 |

| | |
|-------------------------------------|---------------------|
| Legal Fees | \$100,000 |
| Financing Fees and Closing | \$250,000 |
| Permit, Fees, Insurance, FF&E | \$1,894,438 |
| Interest | \$1,240,000 |
| Misc Fees | \$531,000 |
| Marketing, Advertising, Commissions | \$250,000 |
| Studies, Inspections and Testing | \$275,000 |
| Contingencies | <u>\$500,000</u> |
| Subtotal Soft Costs | <u>\$6,197,438</u> |
| Total Hard and Soft Costs | <u>\$40,491,832</u> |

ii. Eligible Costs

According to the TIF Act, only certain costs are eligible to be financed with TIF, with the primary exclusion being vertical development, subject to certain exceptions. The following costs are eligible expenses:

ELIGIBLE PROJECT COSTS

Hard Costs

| | |
|---------------------------------------------|------------------|
| Land acquisition | \$3,400,000 |
| Demo | \$250,000 |
| Garage | \$3,780,000 |
| Onsite Site Costs | \$1,500,000 |
| Offsite Site Costs | \$500,000 |
| A&E Costs | \$1,157,000 |
| Legal Fees (Est.) | \$100,000 |
| Financing Fees and Closing | \$250,000 |
| Interest During Construction- TIF Share 28% | \$327,200 |
| Contingencies | <u>\$500,000</u> |
| Total | \$11,784,200 |

iii. Project Revenues

TIF Revenues will be generated within the district over a period of 20 years and are estimated to generate a total projected property tax increment of \$9,227,820. This calculation is based on 2016 taxes of \$56,066.08 and an assessed value of \$437,001. The current mill levy rate is 122.308, less School and State of 21.5 for a net mill levy of 100.808.

f. Summary

In summary, this project will have a significant impact on the City of Mission. The existing building has deteriorated over time and continues to be vacant. A Conservation Study, prepared by the

applicant and confirmed by the City, indicates the property qualifies as a “conservation area” per the TIF Act.

g. City of Mission Minutes

Upon the approval of this plan, the City Clerk shall attach the minutes of all City meetings at which the Project was discussed as **Exhibit F**.

h. Relocation Plan

There are no relocations necessitated by the Project Plan.

3. Conclusion

Mission Trails hereby submits the Plan, as well as all Exhibits hereto, which are incorporated by reference, for consideration at a public hearing in accordance with the TIF Act.

EXHIBIT A
TIF Revenue Projections- Mission Trails

| Year of TIF (1) | Distribution Year (2) | Total Assessed Value (3) | Base Year Assessed Value (4) | Captured Assessed Value (Column 3 - Column 4) (5) | Projected Property Tax Increment (6) |
|-----------------------------------------------|--------------------------------------|---------------------------------------------|-------------------------------------------------|----------------------------------------------------------------------|---------------------------------------------------------|
| 0 | 2017 | \$437,001 | \$437,001 | \$0 | \$0 |
| 1 | 2018 | \$437,001 | \$437,001 | \$0 | \$0 |
| 2 | 2019 | \$2,278,207 | \$437,001 | \$1,841,206 | \$185,608 |
| 3 | 2020 | \$4,556,415 | \$437,001 | \$4,119,414 | \$415,270 |
| 4 | 2021 | \$4,647,543 | \$437,001 | \$4,210,542 | \$424,456 |
| 5 | 2022 | \$4,740,494 | \$437,001 | \$4,303,493 | \$433,827 |
| 6 | 2023 | \$4,835,304 | \$437,001 | \$4,398,303 | \$443,384 |
| 7 | 2024 | \$4,932,010 | \$437,001 | \$4,495,009 | \$453,133 |
| 8 | 2025 | \$5,030,650 | \$437,001 | \$4,593,649 | \$463,077 |
| 9 | 2026 | \$5,131,263 | \$437,001 | \$4,694,262 | \$473,219 |
| 10 | 2027 | \$5,233,889 | \$437,001 | \$4,796,888 | \$483,565 |
| 11 | 2028 | \$5,338,566 | \$437,001 | \$4,901,565 | \$494,117 |
| 12 | 2029 | \$5,445,338 | \$437,001 | \$5,008,337 | \$504,880 |
| 13 | 2030 | \$5,554,244 | \$437,001 | \$5,117,243 | \$515,859 |
| 14 | 2031 | \$5,665,329 | \$437,001 | \$5,228,328 | \$527,057 |
| 15 | 2032 | \$5,778,636 | \$437,001 | \$5,341,635 | \$538,480 |
| 16 | 2033 | \$5,894,209 | \$437,001 | \$5,457,208 | \$550,130 |
| 17 | 2034 | \$6,012,093 | \$437,001 | \$5,575,092 | \$562,014 |
| 18 | 2035 | \$6,132,335 | \$437,001 | \$5,695,334 | \$574,135 |
| 19 | 2036 | \$6,254,981 | \$437,001 | \$5,817,980 | \$586,499 |
| 20 | 2037 | \$6,380,081 | \$437,002 | \$5,943,079 | \$599,110 |
| Total Projected Property Tax Increment | | | | | \$9,227,820 |

Anticipated Assessed and Appraised Values:

| Use | # of Units | Year of Completion | Appraisal Value | Assessment Rate | Assessed Value |
|---------------|-----------------------|-------------------------------|----------------------------|----------------------------|---------------------------|
| Apartments | 200 | 2020 | \$39,621,000 | 11.5% | \$4,556,415 |
| Totals | | | \$39,621,000 | | \$4,556,415 |
| | | | | Current Mill Levy | 122.308 |
| | | | | Less Sch/State | 21.500 |
| | | | | Net Mill Levy | 100.808 |

Assumptions:

- a) Development is fully stabilized on 1/1/2021 valuation date.
- b) Fully stabilized development generates property taxes of \$2,551 per unit annually.
- c) Appraised value increases by 2% annually after fully stabilized.
- d) Property tax collection rate will be 100%.
- e) Property tax increment is distributed twice each year.

EXHIBIT B

Tax Parcel ID: KF251208-4005

Legal Desc. 8-12-25 BG 825' W NE CR NW1/4 SE1/4 W 330' S 300' W 167.13' S 75' E 636.73' N 165' W 140' N 210' TO
(abbreviated) POB EX .29 AC & EX .1 AC 3.275 ACS ML

Property Map for KF251208-4005



EXHIBIT C

Legal Description

ALL THAT PART OF THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER (NW 1/4 SE 1/4) OF SECTION 8, TOWNSHIP 12, RANGE 25, IN MISSION, JOHNSON COUNTY, KANSAS, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE NORTH LINE OF SAID 1/4 1/4 SECTION 825 FEET WEST OF THE NORTHEAST CORNER THEREOF; THENCE WEST ALONG SAID NORTH LINE 330 FEET; THENCE SOUTH PARALLEL TO THE EAST LINE OF SAID 1/4 1/4 SECTION 300 FEET; THENCE WEST PARALLEL TO THE SAID NORTH LINE 167.13 FEET, MORE OR LESS, TO THE WEST LINE OF SAID 1/4 1/4 SECTION; THENCE SOUTH 75 FEET ALONG SAID WEST LINE; THENCE EAST PARALLEL TO SAID NORTH LINE 636.73 FEET, MORE OR LESS, TO A POINT 685 FEET WEST OF THE SAID EAST LINE; THENCE NORTH PARALLEL TO SAID EAST LINE 165 FEET; THENCE WEST PARALLEL TO SAID NORTH LINE 140 FEET; THENCE NORTH 210 FEET TO THE POINT OF BEGINNING, EXCEPT ANY PART TAKEN, USED OR DEDICATED FOR ROADS OR PUBLIC RIGHT OF WAYS.

EXCEPT THAT PART IN JOHNSON DRIVE, AND EXCEPT THAT PART DESCRIBED AS FOLLOWS:

ALL THAT PART OF THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER (NW 1/4 SE 1/4) OF SECTION 8, TOWNSHIP 12, RANGE 25, IN MISSION, JOHNSON COUNTY, KANSAS, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE WEST LINE OF SAID QUARTER SECTION 375 FEET SOUTH OF THE NORTHWEST CORNER THEREOF; THENCE EAST PARALLEL TO THE NORTH LINE OF SAID QUARTER SECTION 167.13 FEET; THENCE NORTH PARALLEL TO THE EAST LINE OF SAID QUARTER SECTION, 75 FEET; THENCE WEST PARALLEL TO THE NORTH LINE OF SAID QUARTER SECTION 167.13 FEET, MORE OR LESS, TO THE WEST LINE OF SAID QUARTER SECTION; THENCE SOUTH ALONG THE WEST LINE OF SAID QUARTER SECTION 75 FEET, MORE OR LESS, TO THE POINT OF BEGINNING

EXHIBIT D

Building elevation looking east:



View along Johnson Drive looking west. The corner is an open plaza contiguous to retail

Site Plan:



EXHIBIT E

EPC Real Estate Group Description:

In general, EPC specializes in identifying infill locations in both urban and suburban markets. We select locations that are walkable, convenient, and have great access. Downtown Mission, Kansas is exactly that type of neighborhood. EPC designs a product that is not viewed as a typical apartment. Our customer is looking for a special place to live. That is, a building in a walkable community that is constructed of high quality materials and finishes. When combined with the appropriate mix of amenities our projects attract renters of all ages who were not necessarily part of the renter pool for existing apartments.

Developer Organizational Structure: EPC consists of approximately 50 employees. Jobs range from lawn maintenance, sales, leasing, and management. The following shows upper management positions.

Example of two of EPC's recent developments in the KC metro area:

Avenue 80



| | |
|------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Project Mix | 218 Units – 15,443 SF of Office / Retail |
| Location | 80th & Metcalf, Overland Park, KS <ul style="list-style-type: none">• Adjacent to Historic Downtown Overland Park.• Extremely walkable small town Main Street with Farmers Market. |
| Unique Features | Four story full garage wrap with office tower integrated into building with street level retail. 5th floor club level for entertaining and meetings. |
| Status | Commenced: June 2015 Completion: January 2017 |
| Cost | \$42 Million |
| Developer | EPC |

51MAIN



| | |
|------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Project Mix | 176 Units – 9,000 SF of Retail |
| Location | 51st & Main St, Kansas City, Missouri <ul style="list-style-type: none">• True Neighborhood Main Street environment with many of Kansas City's Favorite Restaurants. |
| Unique Features | Four to eight story garage wrap with two level courtyard featuring infinity pool. Street level retail complements the already vibrant pedestrian space. |
| Status | Completed: March 2015, in Lease-Up Stabilized: November 2015 |
| Cost | \$41 Million |
| Developer | EPC / VanTrust |



Terence O'Leary
Steve Coon
Michael McKeen



| Terence O'Leary



| Steve Coon



| Michael McKeen

EPC specializes in identifying opportunities to acquire land and create unique projects in the marketplace that deliver the "WOW Factor". By branding, differentiating and marketing our projects, EPC has had great success with project lease-up and since being formed in 1999.

Terence P. O'Leary and Steven W. Coon, as principals of EPC, provide full development services on each project including planning and zoning approvals, design, construction management, leasing and sales. With over 60 years of combined experience, Terry and Steve provide the ability to interpret market demand factors, procure land, and develop almost any type of commercial or residential project. Both are directly involved in all aspects of the project and pride themselves in the ability to assemble a team of experts to execute all facets of the development. As developers, EPC understands its responsibility for environmentally conscious development and as a result incorporates many of the industries best practices in its designs.

Vision

The EPC vision is centered on an in depth understanding of market demand factors unique to a site and designing a project to match that demand. Our core belief is recognizing that there is always a better way to plan, build and market property.

Awards and Recognition

EPC's first project, BarreWoods, won the Kansas City Apartment Association's highest achievement, "Outstanding Overall Apartment Property" three consecutive years, 2006 – 2008. BarreWoods also won thirteen Awards of Excellence, more than any other apartment property in the Kansas City metropolitan area.

