

**ORDINANCE #68780**  
**Board Bill No. 174**

An Ordinance designating a portion of the City of St. Louis, Missouri as a redevelopment area known as the 4249 Michigan Redevelopment Area pursuant to the Real Property Tax Increment Allocation Redevelopment Act; approving a redevelopment plan and a redevelopment project with respect thereto; adopting tax increment financing within the redevelopment area; making findings with respect thereto; establishing the 4249 Michigan Special Allocation Fund; authorizing certain actions by City officials; and containing a severability clause.

**WHEREAS**, the City of St. Louis, Missouri (the “City”), is a body corporate and a political subdivision of the State of Missouri, duly created, organized and existing under and by virtue of its charter, the Constitution and laws of the State of Missouri; and

**WHEREAS**, on December 20, 1991, pursuant to Ordinance No. 62477, the Board of Aldermen of the City created the Tax Increment Financing Commission of the City of St. Louis, Missouri (the “TIF Commission”); and

**WHEREAS**, the TIF Commission is duly constituted according to the Real Property Tax Increment Allocation Redevelopment Act, Sections 99.800 to 99.865 of the Revised Statutes of Missouri (2000), as amended (the “TIF Act”), and is authorized to hold public hearings with respect to proposed redevelopment areas and redevelopment plans and to make recommendations thereon to the City; and

**WHEREAS**, staff and consultants of the City prepared a plan for redevelopment titled the “4249 Michigan TIF Redevelopment Plan” dated July 30, 2010 (the “Redevelopment Plan”) for an area containing one parcel located in City Block 2654 and commonly known as 4249 Michigan Avenue in St. Louis (the “Redevelopment Area” or “Area”), which Redevelopment Area is more fully described in the Redevelopment Plan, attached hereto and incorporated herein as **Exhibit A**; and

**WHEREAS**, the Redevelopment Plan proposes to redevelop the Redevelopment Area by rehabilitation and redevelopment of the building in the Redevelopment Area into residential space, as set forth in the Redevelopment Plan (the “Redevelopment Project,” or “TIF Project”); and

**WHEREAS**, on September 15, 2010, after all proper notice was given, the TIF Commission held a public hearing in conformance with the TIF Act and received comments from all interested persons and taxing districts relative to the Redevelopment Area, the Redevelopment Plan, and the Redevelopment Project; and

**WHEREAS**, on September 15, 2010, the TIF Commission found that completion of the Redevelopment Project would provide a substantial and significant public benefit through the elimination of blighting conditions, the creation of new jobs in the City, increased property values and tax revenues, stabilization of the Redevelopment Area, facilitation of the economic stability of the City as a whole, and further found that without the assistance of tax increment financing in accordance with the TIF Act, the Redevelopment Project is not financially feasible and would not otherwise be completed; and

**WHEREAS**, on September 15, 2010, the TIF Commission voted to recommend that the Board of Aldermen adopt an ordinance in the form required by the Act (i) adopting tax increment financing within the Redevelopment Area, (ii) approving the Redevelopment Plan, (iii) designating the Redevelopment Area as a “redevelopment area” as provided in the Act, (iv) approving the Redevelopment Project as described within the Redevelopment Plan, and (v) approving the issuance of one or more tax increment financing revenue notes in the amount as specified in the Redevelopment Plan; and

**WHEREAS**, the Board of Alderman hereby recognizes that redevelopment of the Redevelopment Area in accordance with the Redevelopment Plan is of economic significance to the City, and will (i) serve to eliminate the conditions that cause the Redevelopment Area to be blighted, (ii) assist physical, economic, and social development of the community, (iii) encourage a sense of community identity, safety and civic pride, (iv) eliminate substandard buildings, and (v) eliminate impediments to land disposition and development, and therefore, the Redevelopment Project, through tax increment financing, will serve to benefit the general welfare of the City; and

**WHEREAS**, Chariton TIF, Inc. (the “Developer”), has demonstrated that the Redevelopment Project would not reasonably be anticipated to be developed without the adoption of tax increment financing and, therefore, redevelopment of the Redevelopment Area in accordance with the Redevelopment Plan is not feasible and would not otherwise be completed; and

**WHEREAS**, the Board of Aldermen has received the recommendations of the TIF Commission regarding the Redevelopment Area and the Redevelopment Plan and finds that it is desirable and in the best interests of the City to designate the Redevelopment Area as a “redevelopment area” as provided in the TIF Act, adopt the Redevelopment Plan and Redevelopment Project in order to encourage and facilitate the redevelopment of the Redevelopment Area; and

**WHEREAS**, the Redevelopment Area qualifies for the use of tax increment financing to alleviate the conditions that qualify it as a “blighted area” as provided in the TIF Act and as set forth herein; and

**WHEREAS**, the property constituting the Redevelopment Area is underutilized and vacant, thus discouraging investment and encouraging crime and vagrancy, and the Redevelopment Area represents a social and economic liability to the City; and

**WHEREAS**, it is necessary and desirable and in the best interest of the City to approve the Redevelopment Project to allow the rehabilitation of the building in the Redevelopment Area into residential space; and

**WHEREAS**, it is necessary and desirable and in the best interest of the City to adopt tax increment allocation financing within the Redevelopment Area and to establish a special allocation fund for the Redevelopment Area in order to provide for the promotion of the general welfare through redevelopment of the Redevelopment Area in accordance with the Redevelopment Plan which redevelopment includes, but is not limited to, assistance in the physical, economic, and social development of the City of St. Louis, providing for a stabilized population and plan for the optimal growth of the City of St. Louis, encouragement of a sense of community identity, safety and civic pride, and the elimination of impediments to land disposition and development in the City of St. Louis.

**BE IT ORDAINED BY THE CITY OF ST. LOUIS AS FOLLOWS:**

**SECTION ONE.** The Board of Aldermen hereby adopts the foregoing recitals as findings and makes the following additional findings:

A. The Redevelopment Area on the whole is a “blighted area”, as defined in Section 99.805 of the TIF Act, and 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. This finding includes, the Redevelopment Plan sets forth, and the Board of Aldermen hereby finds and adopts by reference: (i) a detailed description of the factors that qualify the Redevelopment Area as a “blighted area” and (ii) an affidavit, signed by the Developer and submitted with the Redevelopment Plan, attesting that the provisions of Section 99.810.1(1) of the TIF Act have been met, which description and affidavit are incorporated herein as if set forth herein.

B. The Redevelopment Plan conforms to the comprehensive plan for the development of the City as a whole.

C. In accordance with the TIF Act, the Redevelopment Plan states the estimated dates of completion of the Redevelopment Project and retirement of the financial obligations issued to pay for certain redevelopment project costs and these dates are twenty three (23) years or less from the date of approval of the Redevelopment Project.

D. A plan has been developed for relocation assistance for businesses and residences as set forth in Ordinance No. 62481 adopted December 20, 1991.

E. A cost-benefit analysis showing the economic impact of the Redevelopment Plan on each taxing district which is at least partially within the boundaries of the Redevelopment Area is on file with the St. Louis Development Corporation, which cost-benefit analysis shows the impact on the economy if the Redevelopment Project is not built, and if the Redevelopment Project is built pursuant to the Redevelopment Plan as well as a fiscal impact study on every affected political subdivision and sufficient information for the TIF Commission to evaluate whether the Redevelopment Project is financially feasible.

F. Redevelopment of the Redevelopment Area in accordance with the Redevelopment Plan is not financially feasible without the assistance of tax increment financing and would not otherwise be completed.

G. The Redevelopment Plan does not include the initial development or redevelopment of any “gambling establishment” as that term is defined in Section 99.805(6) of the TIF Act.

H. The Redevelopment Area includes only those parcels of real property and improvements thereon directly and substantially benefitted by the proposed Redevelopment Project.

**SECTION TWO.** The Redevelopment Area described in the Redevelopment Plan is hereby designated as a “redevelopment area” as defined in Section 99.805(11) of the TIF Act.

**SECTION THREE.** The Redevelopment Plan as reviewed and recommended by the TIF Commission on September 15, 2010, including amendments thereto, if any, and the Redevelopment Project described in the Redevelopment Plan are hereby adopted and approved. A copy of the Redevelopment Plan is attached hereto as **Exhibit A** and incorporated herein by reference.

**SECTION FOUR.** There is hereby created and ordered to be established within the treasury of the City a separate fund to be known as the “4249 Michigan Special Allocation Fund.” To the extent permitted by law and except as otherwise provided in the Redevelopment Plan, the City hereby pledges funds in the 4249 Michigan Special Allocation Fund for the payment of redevelopment project costs and obligations incurred in the payment thereof.

**SECTION FIVE.** Tax increment allocation financing is hereby adopted within the Redevelopment Area. After the total equalized assessed valuation of the taxable real property in the Redevelopment Area exceeds the certified total initial equalized assessed valuation of the taxable real property in the Redevelopment Area, the ad valorem taxes, and payments in lieu of taxes, if any, arising from the levies upon taxable real property in the Redevelopment Area by taxing districts and tax rates determined in the manner provided in Section 99.855.2 of the TIF Act each year after the effective date of this Ordinance until redevelopment costs have been paid shall be divided as follows:

A. That portion of taxes, penalties and interest levied upon each taxable lot, block, tract, or parcel of real property which is attributable to the initial equalized assessed value of each such taxable lot, block, tract, or parcel of real property in the area selected for the Redevelopment Project shall be allocated to and, when collected, shall be paid by the City Collector to the respective affected taxing districts in the manner required by law in the absence of the adoption of tax increment allocation financing;

B. Payments in lieu of taxes attributable to the increase in the current equalized assessed valuation of each taxable lot, block, tract, or parcel of real property in the area selected for the Redevelopment Project and any applicable penalty and interest over and above the initial equalized assessed value of each such unit of property in the area selected for the Redevelopment Project shall be allocated to and, when collected, shall be paid to the City Treasurer, who shall deposit such payments in lieu of taxes into the 4249 Michigan Special Allocation Fund for the purpose of paying redevelopment costs and obligations incurred in the payment thereof. Payments in lieu of taxes which are due and owing shall constitute a lien against the real estate of the Redevelopment Project from which they are derived and shall be collected in the same manner as the real property tax, including the assessment of penalties and interest where applicable.

**SECTION SIX.** In addition to the payments in lieu of taxes described in Section Five of this Ordinance, fifty percent (50%) of the total additional revenue from taxes, penalties and interest which are imposed by the City or other taxing districts, and which are generated by economic activities within the area of the Redevelopment Project over the amount of such taxes generated by economic activities within the area of the Redevelopment Project in the calendar year prior to the adoption of the Redevelopment Project by ordinance, while tax increment financing remains in effect, but excluding personal property taxes, taxes imposed on sales or charges for sleeping rooms paid by transient guests of hotels and motels, taxes levied pursuant to Section 70.500 of the Revised Statutes of Missouri (2000) as amended, or taxes levied for the purpose of public transportation pursuant to Section 94.660 of the Revised Statutes of Missouri (2000) as amended, licenses, fees or special assessments other than payments in lieu of taxes and penalties and interest thereon, shall be allocated to, and paid by the collecting officer to the City Treasurer or other designated financial officer of the City, who shall deposit such funds in a separate segregated account within the 4249 Michigan Special Allocation Fund.

**SECTION SEVEN.** The Comptroller of the City is hereby authorized to enter into agreements or contracts with other taxing districts as necessary to ensure the allocation and collection of the taxes and payments in lieu of taxes described in Sections Five and Six of this Ordinance and the deposit of the said taxes or payments in lieu of taxes into the 4249 Michigan Special Allocation Fund for the payment of redevelopment project costs and obligations incurred in the payment thereof, all in accordance with the TIF Act.

**SECTION EIGHT.** The City Register is hereby directed to submit a certified copy of this Ordinance to the City Assessor, who is directed to determine the total equalized assessed value of all taxable real property within the Redevelopment Area as of the

date of this Ordinance, by adding together the most recently ascertained equalized assessed value of each taxable lot, block, tract or parcel of real property within the Redevelopment Area, and shall certify such amount as the total initial equalized assessed value of the taxable real property within the Redevelopment Area.

**SECTION NINE.** The Mayor and Comptroller of the City or their designated representatives are hereby authorized and directed to take any and all actions as may be necessary and appropriate in order to carry out the matters herein authorized, with no such further action of the Board of Aldermen necessary to authorize such action by the Mayor and the Comptroller or their designated representatives.

**SECTION TEN.** The Mayor and the Comptroller or their designated representatives, with the advice and concurrence of the City Counselor and after approval by the Board of Estimate and Apportionment, are hereby further authorized and directed to make any changes to the documents, agreements and instruments approved and authorized by this Ordinance as may be consistent with the intent of this Ordinance and necessary and appropriate in order to carry out the matters herein authorized, with no such further action of the Board of Aldermen necessary to authorize such changes by the Mayor and the Comptroller or their designated representatives.

**SECTION ELEVEN.** It is hereby declared to be the intention of the Board of Aldermen that each and every part, section and subsection of this Ordinance shall be separate and severable from each and every other part, section and subsection hereof and that the Board of Aldermen intends to adopt each said part, section and subsection separately and independently of any other part, section and subsection. In the event that any part, section or subsection of this Ordinance shall be determined to be or to have been unlawful or unconstitutional, the remaining parts, sections and subsections shall be and remain in full force and effect, unless the court making such finding shall determine that the valid portions standing alone are incomplete and are incapable of being executed in accord with the legislative intent.

**SECTION TWELVE.** After adoption of this Ordinance by the Board of Aldermen, this Ordinance shall become effective on the 30th day after its approval by the Mayor or adoption over his veto; *provided that* if, within ninety (90) days after the effective date of an ordinance authorizing the City to enter into a redevelopment agreement pertaining to the Redevelopment Project, the Developer or its affiliate or designee, has not (i) executed such redevelopment agreement and (ii) paid all fees due to the City in accordance with the terms of the redevelopment agreement, the provisions of this Ordinance shall be deemed null and void and of no effect and all rights conferred by this Ordinance on Developer, shall terminate, *provided further*, however, that prior to any such termination the Developer may seek an extension of time in which to execute the Redevelopment Agreement, which extension may be granted in the sole discretion of the Board of Estimate and Apportionment of the City of St. Louis.

**EXHIBIT A  
4249 MICHIGAN TIF REDEVELOPMENT PLAN**

**4249 MICHIGAN**

**TIF REDEVELOPMENT PLAN**

**Submitted to  
the City of St. Louis  
Tax Increment Financing Commission  
July 30, 2010**

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#### **4249 MICHIGAN**

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#### **I. INTRODUCTION**

The following is a plan prepared for redevelopment of certain real property in the City of St. Louis (the "City") consisting of one parcel in City Block 2654 located at 4249 Michigan Avenue (the "Redevelopment Area" or "Area"). The Area currently contains a multi-family residential building (the "Building"). A legal description and map of the Redevelopment Area are attached hereto as **Appendix 1** and incorporated herein by this reference.

The Redevelopment Area qualifies as a blighted area under Missouri's Real Property Tax Increment Allocation Redevelopment Act, Section 99.800-99.865 of the Revised Statutes of Missouri (2000) (the "TIF Act"). This Redevelopment Plan contemplates the redevelopment of the Area into residential uses (the "Redevelopment Project" or "Project").

This Redevelopment Plan proposes that the City initially authorize and issue one or more Tax Increment Financing Notes

("TIF Notes") in an amount up to Three Hundred Sixty-Seven Thousand Six Hundred Forty and No/100 Dollars (\$367,640.00) plus issuance costs to fund a portion of the costs of the Redevelopment Project. The TIF Notes issued shall be reimbursed from the revenue stream of Payments In Lieu of Taxes ("PILOTS") and Economic Activity Taxes ("EATS"), if any, generated by the Project over a twenty-three year period. One hundred percent of PILOTS within the Redevelopment Area and fifty percent of EATS will be allocated to retire the TIF Notes. The City may issue TIF Note(s) or other TIF obligations to the developer of the Project ("Developer") or a third party to evidence the City's obligation to reimburse the Developer for a portion of the costs of the Redevelopment Project. Such TIF Note(s) will be paid from revenues on deposit in the 4249 Michigan Special Allocation Fund, in accordance with and pursuant to the TIF Act. Upon receipt by the City of a written request by Developer and evidence that the Developer has met certain criteria agreed upon by the City and Developer in a Redevelopment Agreement, the City shall cause one of its agencies to immediately proceed to issue tax increment financing bonds ("TIF Bonds") to repay the TIF Note.

## **II. OVERVIEW OF TAX INCREMENT FINANCING**

In order to promote the redevelopment of a declining area or to induce new activity in an area that has been lacking in growth and development, the State of Missouri has provided statutory tools to counties and municipalities to assist private and initiate public, investment. One such tool is the TIF Act.

The TIF Act allows cities and counties to (1) identify and designate redevelopment areas that qualify as Blighted Areas, Conservation Areas, or Economic Development Areas as each are defined in the TIF Act; (2) adopt a redevelopment plan that designates the redevelopment area and states the objectives to be attained and the program to be undertaken; (3) approve a redevelopment project(s) for implementation of the redevelopment plan; and (4) utilize the tools set forth in the TIF Act to assist in reducing or eliminating those conditions that cause the area to qualify as a redevelopment area. Generally, the TIF Act allows municipalities to foster economic and physical improvements in a redevelopment or project area and to enhance the tax base of all taxing districts that levy taxes in such area. Within redevelopment areas, municipalities may use the power of eminent domain to provide necessary property acquisition for the implementation of a redevelopment plan and redevelopment project.

The concept of tax increment financing is outlined as follows: implementation of a redevelopment project within the redevelopment area will produce increased real estate assessments attributable to the redevelopment within the area. The area then generates PILOTS on the increased assessed value of the improved property. The project also generates new EATS resulting from operations within the redevelopment or project area. The TIF Act authorizes the capture of certain PILOTS and EATS in the redevelopment or project area over and above such levels within that area in the year of approval of the redevelopment project (with respect to PILOTS) and in the year prior to the approval of the redevelopment project (with respect to EATS). New development is made possible within the redevelopment area through the municipality's use of incremental revenues to finance certain costs of developing or redeveloping the area.

The municipality segregates these incremental revenues into a special account, the "special allocation fund," during the period of time in which the incremental revenues are dedicated to the purposes identified in the redevelopment plan. The municipality is further authorized to pledge additional net new revenues from the project to the purposes identified in the redevelopment plan. Taxing districts also benefit from the increase in certain other taxes resulting from the increased economic activity in the redevelopment or project area. These taxes resulting from development of the redevelopment project are not deposited in the special allocation fund pursuant to the provisions of the TIF Act.

## **III. REDEVELOPMENT PLAN INCLUDING NECESSARY FINDINGS**

### **1. Legal Description of the Redevelopment Area**

A legal description and map of the Redevelopment Area are included herein as **Appendix 1**. The Area includes all real property located at 4249 Michigan Avenue in the City of St. Louis.

### **2. Redevelopment Plan Objectives**

The City of St. Louis has established the following objectives for the 4249 Michigan TIF Redevelopment Plan. These objectives are consistent with those purposes outlined in the TIF Act, as amended:

- To reduce or eliminate the conditions that cause the Redevelopment Area to be a "blighted area" as defined by Section 99.805(1) of the TIF Act and as described in this Redevelopment Plan;



The total estimated Equalized Assessed Value of all property subject to PILOTS in the Redevelopment Area after redevelopment and completion of the Redevelopment Project Area is approximately \$487,365.

8. Acquisition

The use of eminent domain is not contemplated within the Area to complete the Redevelopment Project.

9. Blighted Area

As described in greater detail in the *Analysis of Conditions Representing a Blighted Area for the 4249 Michigan Redevelopment Area* attached hereto as **Appendix 3** and incorporated herein by this reference, the Redevelopment Area as a whole is a blighted area, and has not been subject to growth and development through investment by private enterprise and will not reasonably be expected to be developed without the adoption of tax increment financing. The Developer has executed an affidavit attesting to the existence of these conditions, which affidavit is included herein as **Appendix 6**.

The cost of redevelopment precludes private enterprise from developing the Redevelopment Area to its highest and best use without public assistance. The cost of curing the existing conditions of blight and rehabilitation of improvements as contemplated in this Redevelopment Plan is not economically viable if fully borne by the Developer.

10. Conforms with the Comprehensive Plan of the City

The Redevelopment Plan conforms to the development of the City as set forth in the "Strategic Land Use Plan" (2005). The Area is designated as a "Neighborhood Preservation Area." The Redevelopment Project for this TIF matches the goals set for this designation.

11. Plan for Relocation Assistance

The relocation of residents or businesses is not anticipated to be necessary within the Redevelopment Area with respect to the Redevelopment Project; however, to the extent any relocation is necessary, this Plan will follow the regulations established by the City of St. Louis for relocation according to Ordinance 62481.

12. Cost Benefit Analysis

A cost benefit analysis showing the fiscal impact of the Project on each taxing district impacted by this Redevelopment Plan and sufficient information to determine the financial feasibility of the Project is on file with the St. Louis Development Corporation, 1015 Locust Street, Suite 1200, St. Louis, MO 63101.

Additionally, certain taxing districts will benefit from the additional real and personal property taxes and economic activity taxes which will be paid and not contributed to the TIF. The TIF Act allows for the collection of only 50% of the EATS for payment of project costs. The other 50% are distributed to the appropriate taxing authorities.

13. Does Not Include Gambling Establishment

The Redevelopment Plan does not include the initial development or redevelopment of any gambling establishment.

14. Reports to DED

As required by the TIF Act, the City shall report to the Department of Economic Development regarding the Redevelopment Area.

15. Historical Land Use of Property within the Redevelopment Area

Located in the Mount Pleasant Neighborhood of South St. Louis City, the Building was constructed in 1971 by the Franciscan Tertiary Province of Missouri, Inc. (A non-profit corporation formed by the Third Order of Saint Francis, lead by Fr. Mark Hegener). The nonprofit partnered with HUD to construct the affordable senior housing nearby St. Anthony of Padua Church. The Building was constructed utilizing modernist style components with a brick and concrete façade and covered walkway. The 11-story building has 122 apartments, including 80 studio units and 42 one bedroom units. The first floor consists of common areas, including

a kitchen and dining area, as well as utility and service rooms. The Building has slowly deteriorated over time due to age and periods of deferred maintenance. Since 2006, the Area has been the subject of 37 Citizens Service Bureau complaints relating to a range of issues from safety and health concerns, mechanical issues, overcrowding, graffiti, and infestations. Currently, the property is only about 66% occupied and in need of extensive rehabilitation of common areas and vacant units and the modernization of elevators.

*Sources: St Louis Recorder of Deeds Office, City of St. Louis, and Third Order of Saint Francis.*

#### **IV. FINANCING PLAN**

##### **1. Eligible Redevelopment Project Costs**

The TIF Act provides for the use of tax increment revenues generated by a designated redevelopment area to pay all reasonable or necessary costs incurred, estimated to be incurred, or incidental to a redevelopment plan or redevelopment project within a designated TIF redevelopment area. A municipality may pledge all or any part of the funds in and to be deposited in the special allocation fund established for a redevelopment project area to the payment of redevelopment project costs and obligations within the redevelopment area, including the retention of funds for the payment of future redevelopment costs.

The estimated Redevelopment Project Costs to be incurred in connection with the TIF Project are approximately \$2,394,283, excluding developer fees, and are set forth in Appendix 2. More specifically, the TIF Act allows the City and/or its designated developer(s) to incur redevelopment costs associated with implementation of an approved Redevelopment Plan and approved Redevelopment Project. These costs include all reasonable or necessary costs incurred, and any costs incidental to a Redevelopment Project. Thus, this Redevelopment Plan anticipates that a portion of the sources of funds used to pay the Project Costs will come from the TIF revenues (as described in Section 3 of this Article IV); such Project Costs, in accordance with the TIF Act, may include, but are not limited to:

- Costs of studies, surveys, plans and specifications;
- Professional service costs including, but not limited to, architectural, engineering, legal, marketing, financial, planning or special services;
- Property assembly costs including, but not limited to, acquisition of land and other real or personal property rights, or interests therein;
- Costs of rehabilitation, reconstruction, or repair or remodeling of existing buildings and fixtures;
- Costs of construction new structures as permitted by the TIF Act, of public works or other improvements;
- Financing costs including, but not limited to, all necessary and incidental expenses related to the issuance of obligations, and which may include the payment of interest on any obligation issued under the provisions of this Redevelopment Plan accruing during the estimated period of construction of any Redevelopment Project for which such obligations are issued and for not more than eighteen months thereafter, and including reasonable reserves related thereto; and
- All or a portion of a taxing district's capital costs resulting from the Redevelopment Project necessarily incurred or to be incurred in furtherance of the objectives of the Redevelopment Plan and Project, to the extent the City, by written agreement, accepts and approves such costs.

The costs shown on **Appendix 2** represent the total approximate costs of the project regardless of the source of funding. This table does not include all custom finishes over and above Developer-supplied finishes, which are unknown at this time. Typical plan implementation and financing costs are based on the experience of the Developer. It should be noted that these costs are based on the knowledge of the Project at this time and that the actual redevelopment cost items for implementing the Redevelopment Plan and the Redevelopment Project may vary from these estimates.

The following table illustrates the anticipated categories costs that will be funded in part by TIF, assuming the funding of up to \$2,394,283 in Redevelopment Project Costs.

CATEGORY	
	Acquisition Costs
	Demolition Costs (includes, but is not limited to, demolition of existing buildings and structures or parts thereof).
	Site Preparation and Improvements Costs (includes, but is not limited to, site work, street and sidewalk improvements, utility work, resetting of curbs, landscaping and lighting in the right of way).
	Financing Costs (includes, but is not limited to, loan fees, construction period interest, disbursing fees, construction monitoring and inspection fees, lender’s legal fees, loan appraisals, flood certificates, title, recording, disbursing costs, tax credit investor fees and any and all other costs incurred by the Developer in connection with obtaining financing for and a tax credit investor in the Redevelopment Project).
	Environmental Testing, Remediation and/or Abatement Costs (includes, but is not limited to, the testing for and removal and disposal of toxic or hazardous substances or materials).
	Professional Service Costs (includes, but is not limited to, architectural, engineering, surveying, legal, marketing, advertising, financial, planning, or special services).
	TIF Costs & Issuance Costs incurred by the Developer.
	Rehabilitation, renovation or reconstruction of existing buildings and structures and construction of common improvements to the Redevelopment Area and construction of new structures as permitted by the TIF Act.
<b>\$2,394,2830</b>	<b>TOTAL</b>

It is not the intent of **Appendix 2**, the table provided above, or this Redevelopment Plan to restrict the City or the Developer to the cost amounts, categories or allocations as outlined. During the life of the Redevelopment Area, Plan, and Project, other costs may be incurred or adjustments may be made within and among the line items specified in **Appendix 2** and additional categories may be added to the extent allowed by the TIF Act, if necessary and reasonable to accomplish the program objectives of the Redevelopment Plan.

2. Anticipated Sources of Funding to Pay Redevelopment Project Costs

There are three (3) principal sources of potential funds that are anticipated to be used to pay the costs of implementation of the Redevelopment Plan and the Redevelopment Project previously described. These sources are:

- Owner equity;
- Private financing;
- Funds available through the issuance of TIF notes, bonds, loans, or other certificates of indebtedness (herein collectively referred to as “TIF Note(s)”).

The anticipated type and term of the sources of funds are set forth in **Appendix 2**. It is not the intent of **Appendix 2** or this Redevelopment Plan to restrict the City or the Developer to the sources or source amounts as outlined. During the life of the Redevelopment Agreement, Plan, and Project, other sources may be found or adjustments may be made within or in addition to the sources specified in **Appendix 2**.

3. TIF Note Funding

This Redevelopment Plan proposes that the City initially authorize and issue one or more TIF Notes in an amount up to Three Hundred Sixty-Seven Thousand Six Hundred Forty and No/100 Dollars (\$367,640.00) plus issuance costs to fund a portion of the Redevelopment Project Costs associated with completion of the Redevelopment Project, with a term of retirement for all such issues not more than 23 years. The TIF Notes or other financial obligations will be issued only to finance the Redevelopment Project

and Redevelopment Project Costs as outlined in **Appendix 2**, which are eligible costs as specified in Section 99.805(11) of the TIF Act, including any costs of issuing the TIF Notes or other financial obligations.

The TIF Notes may be issued in one or more series and may include notes, temporary notes, or other financial obligations to be redeemed by TIF Notes upon completion of the Redevelopment Project. In addition, these TIF Notes or other financial obligations may be privately placed. It is the City's intent to pay for the principal and interest on these TIF Notes or other financial obligations, in any year, solely with money legally available for such purpose within the 4249 Michigan Special Allocation Fund.

The 4249 Michigan Special Allocation Fund will contain at least two accounts as provided for and in accordance with the TIF Act:

1. The "PILOTS Account" will contain all payments in lieu of taxes derived from all taxable lots, blocks, tracts, and parcels of real property (or any interest therein) within the Redevelopment Area as contemplated by this Redevelopment Plan and in accordance with the TIF Act; and
2. The "Economic Activity Taxes ("EATS") Account" will contain fifty percent (50%) of the total funds from taxes imposed by the City which are generated by the operations and activities within the Redevelopment Area, excluding licenses, fees or special assessments, and excluding personal property taxes and payments to the PILOTS Account, in accordance with the TIF Act.

Funds on deposit in the PILOTS Account and EATS Account, if any, will be pledged to the payment of the Redevelopment Project Costs. Such payment obligations shall not constitute debts or liabilities of the City, the State of Missouri, or any political subdivision thereof within the meaning of any constitutional or statutory debt limitation or restriction and neither the City nor the State of Missouri shall be liable thereon except from such accounts.

4. Evidence of Commitment to Finance Redevelopment Project Costs

**Appendix 7** contains a preliminary commitment letter providing evidence of a commitment to provide financing of Redevelopment Project Costs associated with the Redevelopment Project.

**APPENDIX 1  
4249 MICHIGAN TIF REDEVELOPMENT PLAN  
LEGAL DESCRIPTION AND MAP OF REDEVELOPMENT AREA**

Parcel 1: A parcel of ground in Block 2654 of the City of St. Louis, Missouri, being more particularly described as follows: Commencing at the point of intersection of the Northern line of Chariton Street, 30 feet wide, with the Eastern line of Compton Avenue, 60 feet wide; thence South 81 degrees 23 minutes East, 174.00 feet, along the Northern line of said Chariton Street, to the Point of Beginning of the parcel herein described; thence North 9 degrees 01 minutes 20 seconds East 275.00 feet, along a line parallel with the Eastern line of said Compton Avenue; thence South 81 degrees 23 minutes East 96.65 feet, along a line parallel with the Northern line of said Chariton Street, to the Western line of said Michigan Avenue, 60 feet wide; thence South 9 degrees 00 minutes West, 275.00 feet, along the Western line of said Michigan Avenue, to the Northern line of said Chariton Street; thence North 81 degrees 23 minutes West, 96.76 feet, along the Northern line of said Chariton Street; to the Point of Beginning.

MAP OF THE 4249 MICHIGAN REDEVELOPMENT AREA

4249 MICHIGAN TIF



APPENDIX 2  
4249 MICHIGAN TIF REDEVELOPMENT PLAN  
ANTICIPATED SOURCES AND USES OF FUNDS (EXCLUDING DEVELOPER FEE)

**USES OF FUNDS**

<b>Acquisition</b>	\$	825,000
<b>Financing and Soft Costs</b>		
Architect	\$	8,000
Property Survey	\$	2,500
Property Appraisal	\$	5,000
Environmental Report	\$	2,500
Construction Period Insurance	\$	10,000
Construction Period/Lease Up Period Interest	\$	50,000
Construction Loan Fee	\$	17,300
Construction Period Real Estate Taxes	\$	4,823
TIF Legal	\$	25,000
City TIF Costs	\$	22,206
Title, Recording and Disbursing	\$	5,000
Construction Period Utilities	\$	5,000
Marketing	\$	15,000
Contingency	\$	17,233
<b>Construction Costs</b>		
Hard Costs	\$	929,292
Contingency	\$	125,429
Elevator Costs	\$	325,000
<b>Total Development Costs</b>	<b>\$</b>	<b>2,394,283</b>

**SOURCES OF FUNDS**

<b>Construction Debt + Owner's Equity</b>	\$	1,891,643
<b>Owner Carry-back Financing</b>	\$	135,000
<b>TIF Bridge Loan</b>	\$	367,640
<b>Total Development Sources</b>	<b>\$</b>	<b>2,394,283</b>

APPENDIX 3  
ANALYSIS OF CONDITIONS REPRESENTING A BLIGHTED AREA FOR THE  
4249 MICHIGAN REDEVELOPMENT AREA

**ANALYSIS OF CONDITIONS REPRESENTING  
A BLIGHTED AREA**

for the

4249 MICHIGAN  
TIF REDEVELOPMENT AREA

4249 MICHIGAN  
TIF REDEVELOPMENT PLAN

July 30, 2010

City of St. Louis, Missouri  
Tax Increment Financing Commission

**TIF ELIGIBILITY**

The 4249 Michigan Redevelopment Area (the “Redevelopment Area” or “Area”) established in the 4249 Michigan Redevelopment Plan (the “TIF Redevelopment Plan”) is a blighted area based on the fact that it exhibits the factors set forth in Section 99.805(1) of the Revised Statutes of Missouri (the “TIF Act”).

As defined, a “blighted area” is:

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.

Blighting factors and conditions present in the Redevelopment Area include:

- 1) Deterioration of Site Improvements:
  - a. Building exterior;
  - b. Building interior.
- 2) Unsanitary and unsafe conditions resulting from:
  - a. Deteriorated site improvements;
  - b. Improperly functioning elevators and systems;
  - c. Excessive vacancy.
- 3) Existence of Conditions which Endanger Lives or Property by Fire or Other Causes:
  - a. Deteriorating physical components;

These factors and conditions constitute:

- 1) A Menace to the Public Health, Safety, Morals or Welfare
- 2) An Economic or Social Liability:
  - a. Deferred maintenance;
  - b. Uncompetitive position;
  - c. Unsafe conditions.

The factors listed above will persist and continue to decline until the redevelopment of the Area is undertaken.

A map illustrating the boundaries of the area is attached hereto as Exhibit 1, along with photographs of conditions in the Area attached hereto as Exhibit 2.

**DATA COLLECTION METHODS**

This study has been designed and conducted to comply with the specific requirements of Section 99.805(1) RSMo. The study and the requisite fieldwork were performed in July 2010. Observations and conclusions are based upon on-site inspections of the Redevelopment Area and familiarity with the local market.

In determining whether the proposed Redevelopment Area meets the eligibility requirements for Tax Increment Financing per the TIF Act, a number of sources of information were utilized; including, but not limited to, the following:

- A. Survey of the condition and use of the Redevelopment Area;
- B. Public documents and records relating to the history and/or condition of the Area;
- C. Analysis of existing uses; and
- D. A review of the Phase I Environmental Assessment conducted by Environmental Operations, Inc. for the Area, dated April 20, 2010.

#### **OVERVIEW OF THE REDEVELOPMENT AREA**

The Redevelopment Area consists of one parcel in City Block 2654 located at 4249 Michigan Avenue as shown on Appendix 1 to the TIF Redevelopment Plan. The Area contains one building located at 4249 Michigan Avenue (the "Building").

#### **DISCUSSION OF BLIGHT IN THE REDEVELOPMENT AREA**

1) Deterioration of Site Improvements:

In general, deterioration refers to any physical deficiencies or disrepair in buildings or site improvements requiring treatment or repair. Deterioration may be evident in basically sound buildings containing minor defects, such as a lack of painting, loose or missing roof tiles, floor or ceiling plates, or holes and cracks over limited areas. Deterioration that is not easily curable, however, and that cannot be accomplished in the course of normal maintenance, includes buildings with defects in the primary and secondary building components. Primary building components include the foundation, exterior walls, floors, roofs, wiring, plumbing, etc. Secondary building components include the doors, windows, frames, fire escapes, gutters, downspouts, fascia materials, etc.

The Building suffers from deterioration of exterior and interior building components. Approximately one third of the Building is currently vacant and has steadily deteriorated. Primary components of the Building including wiring, plumbing, and elevators are either in need of repair or require significant updates. The site visit revealed a number of apartments within the Building to be in poor condition with extensive rehabilitation necessary to correct the deteriorated conditions. Some of these apartments are completely uninhabitable due to their deteriorated state. In these units, the cabinets, kitchen sinks, stoves, heating and cooling units, and carpets require complete replacement. In addition, the Building's common areas are outdated, deteriorated and in need of rehabilitation. The floor tiles and carpet throughout the Building require complete replacement.

The Area suffers from deterioration of site conditions. They cannot be corrected through normal maintenance but require rehabilitation, or replacement in order to be brought to an acceptable and marketable physical state.

2) Unsanitary or Unsafe Conditions:

In addition to the general physical deterioration of site improvements stated above, the Area contains unsanitary or unsafe conditions. The Area has had 37 Citizens Service Bureau complaints since 2006 relating to a range of issues from safety and health concerns, mechanical issues, overcrowding, graffiti, and roach infestations. It is clear that the Area has been subject to periods of deferred maintenance over the years.

During the site visit, it was noted that the elevators are severely outdated and have problems functioning correctly. As the residents in the Building are all elderly and/or have a physical disability, this is a safety concern on a daily basis that would be magnified should there ever be a fire or other emergency in the Building. This situation, combined with the underutilization and the deteriorated conditions within the Building, along with the improperly functioning elevators, represents an unsanitary or unsafe condition due to increased likelihood of fire and personal safety concerns within the Area.

These unsanitary and unsafe conditions prevent the full utilization of the Area and increase the cost of rehabilitation.

3) Existence of Conditions which Endanger Lives or Property by Fire or Other Causes:

The deteriorating condition of the Area has resulted in conditions that are unsafe and present a danger to property and

personal safety. As previously mentioned, the Building requires extensive repairs to its primary components. The lack of maintenance, deteriorated conditions, and improperly functioning elevators pose a potential danger to lives or property by fire in the Area and a condition which endangers lives or property by fire or other causes. In addition, the Building is partially vacant, causing security and safety issues. The deteriorated conditions and underutilization of the Area likely encourages vandalism and crime, as reported in the numerous complaints to the Citizens Service Bureau over the past four years.

The blighting factors and conditions as outlined above constitute the following:

1) Menace to the Public Health, Safety, Morals, or Welfare:

As discussed above, the Area exhibits factors that constitute a menace to the public health, safety, morals, or welfare in its present condition and use. The deteriorated condition and excessive vacancy in the Area has the potential to negatively impact surrounding residences and businesses through encouraging vandalism, and crime. The deteriorating, unsanitary, and unsafe conditions described above represent a menace to the public health and safety; the economic liability of the deteriorated structure also represents a menace to the public welfare.

2) Economic or Social Liability:

Due to the predominance of blighting factors discussed above, the Area in its current condition is a liability to the social welfare and economic independence of the City. As noted above, the Area suffers from a lack of investment. Deterioration of the Area has contributed to the lack of physical maintenance and underutilization of the Area. The significant costs necessary to bring the Area to a fully marketable residential development is a condition that is a major economic barrier to any future use for the Area. To overcome the underutilization of the Area, the conditions that contribute to economic and social liability must be remediated in order to allow for growth of existing uses in the Area.

The Area in its current condition hampers the economic vitality and independence of the City by failing to generate sufficient tax revenue and discouraging reinvestment in, or maintenance of, the Area. The Area's physical condition, combined with the underutilization of the Area, diminishes its potential to generate property taxes for the City up to its full potential. Without the redevelopment of the Area, its physical condition will continue to deteriorate and its economic efficiency will suffer.

The physical condition of and resulting lack of reinvestment in the Area have resulted in economic underutilization. The economic underutilization of the property contributes to the eligibility of the Redevelopment Area. The redevelopment of the site will foster much needed economic activity and contribute to the growth of the City.

Exhibit 1  
**4249 Michigan TIF Redevelopment Area**  
Blight Analysis



 Predominantly blighted

**Exhibit 2: Photographs of Blighted Conditions**



Example of deteriorated heating and cooling unit in vacant apartment



Severely deteriorated sink and cabinet in vacant apartment unit



Severely deteriorated sink and kitchen appliances in vacant apartment unit



Damage noted on interior hallway corridors



Carpets and flooring throughout common areas and vacant apartments are in need of replacement



Severely damaged door on first floor of Building



View of south side of Building



View of west side of Building

**APPENDIX 4  
4249 MICHIGAN TIF REDEVELOPMENT PLAN  
ANTICIPATED REDEVELOPMENT PROJECT SCHEDULE**

<b>First TIF Commission Meeting</b> ((\$5,000 Application fee due)	<b>7/21/2010</b>
<b>Mailing of Notice of TIF Commission Public Hearing to Taxing Districts</b> (not less than 45 days prior to hearing) (RSMo. 99.830.3)	<b>7/30/2010</b>
<b>Submit Redevelopment Plan to TIF Commission</b>	<b>7/30/2010</b>
<b>First Publication of Notice of TIF Commission Public Hearing</b> (not more than 30 days prior to hearing) (RSMo. 99.830.1)	<b>8/20/2010</b>
<b>Written Notice to Property Owners</b> (not less than 10 days prior to public hearing) (RSMo. 99.830.3)	<b>9/3/2010</b>
<b>Second Publication of Notice of TIF Commission Public Hearing</b> (not more than 10 days prior to public hearing) (RSMo. 99.830.1)	<b>9/7/2010</b>
<b>Public Hearing by TIF Commission</b> (RSMo. 99.825)	<b>9/15/2010</b>
<b>TIF Commission Recommendation to Board of Aldermen</b> (within 90 days of TIF Public Hearing) (RSMo. 99.820.3)	<b>9/15/2010</b>
<b>TIF Ordinances Introduced adopting plan, approving project, establishing district, establishing special allocation fund, approving redevelopment agreement and authorizing issuance of TIF Notes</b> (between 14 and 90 days after hearing) (RSMo. 99.820.1[1])	<b>10/1/2010</b>
<b>HUDZ Committee Hearing on TIF Ordinances</b>	<b>10/6/2010</b>
<b>Second Reading of TIF Ordinances</b>	<b>10/8/2010</b>
<b>Board of Estimate &amp; Apportionment</b>	<b>10/20/2010</b>
<b>Perfection of Board Bill(s)</b>	<b>10/15/2010</b>
<b>Third Reading and Final Passage of TIF Ordinances</b>	<b>10/15/2010</b>
<b>Mayor Signs Bills</b>	<b>10/25/2010</b>
<b>Construction Commences</b>	<b>6/1/2011</b>
<b>Construction Complete</b>	<b>12/31/2013</b>

**APPENDIX 5  
4249 MICHIGAN TIF REDEVELOPMENT PLAN  
EQUALIZED ASSESSED VALUE OF REDEVELOPMENT AREA**

<u>Street Address</u>	<u>Tax ID</u>	<u>Equalized Assessed Value (2010)</u>
4249 Michigan Avenue	26540000300	\$0

APPENDIX 6  
4249 MICHIGAN TIF REDEVELOPMENT PLAN  
DEVELOPER'S AFFIDAVIT

STATE OF MISSOURI        )  
  )  
CITY OF ST. LOUIS        )

AFFIDAVIT

I, the undersigned, am over the age of 18 years and have personal knowledge of matters stated herein.

The undersigned swears, affirms and certifies the following to be true to induce the approval of Tax Increment Financing for the Redevelopment Area described in the 4249 Michigan Tax Increment Financing Redevelopment Plan, initially dated July 30, 2010 (the "Redevelopment Plan").

1. I am a duly authorized representative of Barton Place, LLC (the "Developer") and am authorized by the Developer to attest to the matters set forth herein.

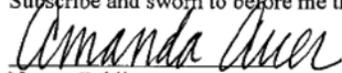
2. I am familiar with the Redevelopment Area described in the Redevelopment Plan. In my opinion, based on the factors set forth in the Redevelopment Plan, the Redevelopment Area, on the whole, qualifies as a "blighted area" as defined in Section 99.805(3) of the Missouri Revised Statutes (2000), and 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.

And Further Affiant Sayeth Not.

Barton Place, LLC  
a Missouri limited liability company

By:   
Name: Benjamin J. Simms  
Title: Manager

Subscribe and sworn to before me this 21<sup>st</sup> day of July 2010.

  
Notary Public

My Commission Expires: 1/08/12



APPENDIX 7  
4249 MICHIGAN TIF REDEVELOPMENT PLAN  
EVIDENCE OF COMMITMENT TO FINANCE PROJECT COSTS



SUN SECURITY BANK

4700 Mid Rivers Mall Drive  
St. Peters, MO 63376  
636-928-2265  
636-946-7557 (fax)

September 9, 2010

Re: Proposed 4249 Michigan TIF project, St. Louis, Missouri

Dear Benjamin,

The purpose of this letter is to evidence Sun Security Bank's preliminary commitment to provide financing for your proposed project involving the redevelopment of certain real property into residential uses in the 4249 Michigan TIF in the City of St. Louis, Missouri (the "Project").

This correspondence is intended as a preliminary expression of the Bank's interest in this Project, and the potential funding of this Project is subject to several contingencies, including the review of customary due diligence, the issuance of the necessary tax increment financing by the City of St. Louis, and the review and approval of the Bank's Loan Committee, acting in its sole subjective discretion.

As we have discussed, financing of the Project would not be feasible without the assistance of tax increment financing. Therefore, please be advised that we are excited to provide financing for the Project should the City of St. Louis issue the necessary tax increment financing.

Should you have any questions, please do not hesitate to call.

Sincerely,

Craig Schreuer  
Executive Vice President

APPENDIX 8  
4249 MICHIGAN TIF REDEVELOPMENT PLAN  
GENERAL LAND USES TO APPLY



 Residential Uses

Approved: November 3, 2010