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May 6, 2008

COUNCIL APPROVES FIRST TIF FUNDING FOR RETAIL REDEVELOPMENT



By a unanimous vote Monday night, the City Council approved a \$3.5 million tax incentive package for a \$23 million retail redevelopment project.

Tri-Land Properties sought a [Tax Increment Financing](#) proposal for its Cherokee South Shopping Center on the southwest corner of 95th Street and Antioch. The 11.6 acre retail site was originally built in the 1960s.

Improvements include demolition of the former Sun Fresh Supermarket, construction of a nearly 15,000 square-foot free-standing Walgreens, 10,000 square feet of new retail shops, an 1,800 square-foot free-standing building, complete renovation of the exterior, and total reconstruction of the parking lot with landscaping and brick pavers to update the look.

Monday night's approval marks the first use of a [TIF](#) in Overland Park.

"We, the Governing Body, took time and deliberated, discussed, evaluated, and asked nearly every conceivable question of Tri-Land before accepting the proposal," said [Mayor Carl Gerlach](#).

"Other local communities are offering various tax incentive programs to retain or attract businesses and jobs. By taking our time, we think we have been thorough and prudent."

Our consultants concluded this type of revitalization would not have happened without TIF funding, Gerlach said.

[TIF](#) is a tool to use future gains in taxes to finance improvements.

When this project is developed, there will be an increase in the value of the property. This increased site value and investment creates more taxable property, which increases tax revenues. The increased tax revenues are the "tax increment." TIFs dedicate the increased revenue to pay the \$3.5 million debt to the city.

Additionally, of the incremental increase in new sales tax revenue from this project, one-half of the sales tax also will be used to pay back this debt.

The city's [1/8 cent sales tax](#) for road improvements will remain intact and will not be used.

A TIF is designed to channel funding toward commercial improvements in a distressed or underdeveloped area where development is not occurring.

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