

City of Lawrence Neighborhood Revitalization Plan and Program: Cider Building, 810/812 Pennsylvania Street

Definition:

Area - used interchangeably with "Property", referring to the property located at 810/812 Pennsylvania Street, the Cider Building, which includes Lot 2, Final Plat of 8th and Pennsylvania Neighborhood Redevelopment Addition No. 3, Lawrence, Douglas County, Kansas

Plan:

The Cider Building, at 810/812 Pennsylvania, southwest of the Poehler Building, is located in East Lawrence. Mr. Anthony Krsnich has proposed converting the lower level of the Cider Building into an arts gallery and event space, while the second level will be converted into office spaces. Mr. Krsnich believes these plans complement the creative nature of the East Lawrence neighborhood. This complements the overall plan and continues to enhance the creative nature of East Lawrence. Mr. Krsnich estimates the costs for these renovations to the Cider Building to be \$1.2 million to \$1.4 million. Mr. Krsnich has requested a Neighborhood Revitalization Act (NRA) be placed on the property. The following is the Neighborhood Revitalization Plan ("Plan") for this area.

This Plan is required by the Kansas Neighborhood Revitalization Act (the "Act") (see Appendix 1) in order to create a neighborhood revitalization area intended to encourage both reinvestment and improvements to a specific area or Property of the community. The governing body of the City of Lawrence (the "Governing Body" has determined that the a "neighborhood revitalization area" as described in K.S.A. 12-17,115(c) (3):

An area in which there is a predominance of buildings or improvements which by reason of age, history, architecture or significances should be preserved or restored to productive use.

The Governing Body has also determined that the rehabilitation, conservation, and redevelopment of the Property is necessary to protect the public health, safety and welfare of the residents of the City of Lawrence, as required by K.S.A. 12-17,116.

In accordance with K.S.A. 12-17,117, the components of this Plan include:

1. A general description of the Plan's purpose;
2. A legal description and map of the Property (Area);
3. The existing assessed valuation of the real estate comprising the Property;
4. A list of the name and address of the owner of record within the Property;
5. The existing zoning classifications and Property boundaries and the existing and proposed land uses of the Property;
6. The proposals for improving or expanding municipal services within the Property;
7. The term of the Plan;

8. The criteria used to determine what property is eligible for revitalization, including a statement specifying that property, existing buildings, and new construction is eligible for revitalization;
9. The contents, procedure and standard of review for an application for a rebate of property tax increments;
10. A statement specifying the maximum amount and years of eligibility for a rebate of property tax increments; and
11. A section regarding the establishment of a Neighborhood Revitalization Fund.

Section 1: Purpose

Establish a property revitalization tax rebate program (the "Program" or "Revitalization") to provide incentives for property owners to build public and private infrastructure. The Program is intended to revitalize the Cider Building at 810/812 Pennsylvania Street.

The Program will provide a valuable incentive to private developers/property owners to redevelop the Area and will accomplish the following city goals including, but not limited to, the following:

- The opportunity to promote redevelopment activities which enhance east Lawrence
- The opportunity to promote redevelopment activities for properties which have been vacant or significantly underutilized on site around Lawrence
- The opportunity to attract unique retail and/or mixed use development which will enhance the economic climate of the City and diversify the economic base

For Purposes of this Plan, the term "improvements" shall include the private and public infrastructure for remodeling and redeveloping the Property to achieve the foregoing goals.

Section 2: Legal Description & Map of Neighborhood Revitalization Property

The Property shall include the Area described herein:

Lot 2, Final Plat of 8th and Pennsylvania Neighborhood Redevelopment Addition No. 3, Lawrence, Douglas County, Kansas

As depicted below:

Pennsylvania Street Redevelopment District



Section 3: Value of Real Properties

The appraised value of the real estate in the Area is:

2011 Appraised Values

Land:	\$60,240
Building:	\$65,760
Total Value:	\$126,000

The assessed value of the real estate in the Area is:

2011 Assessed Values

Land:	\$15,060
Building:	\$16,440
Total Value:	\$31,500

Total Taxes: \$3,947.70 (not including special assessments)

Section 4: Owner of Record of the Lots

East Lawrence Historic Partners, LLC
10334 Lee Boulevard
Leawood, KS 66206

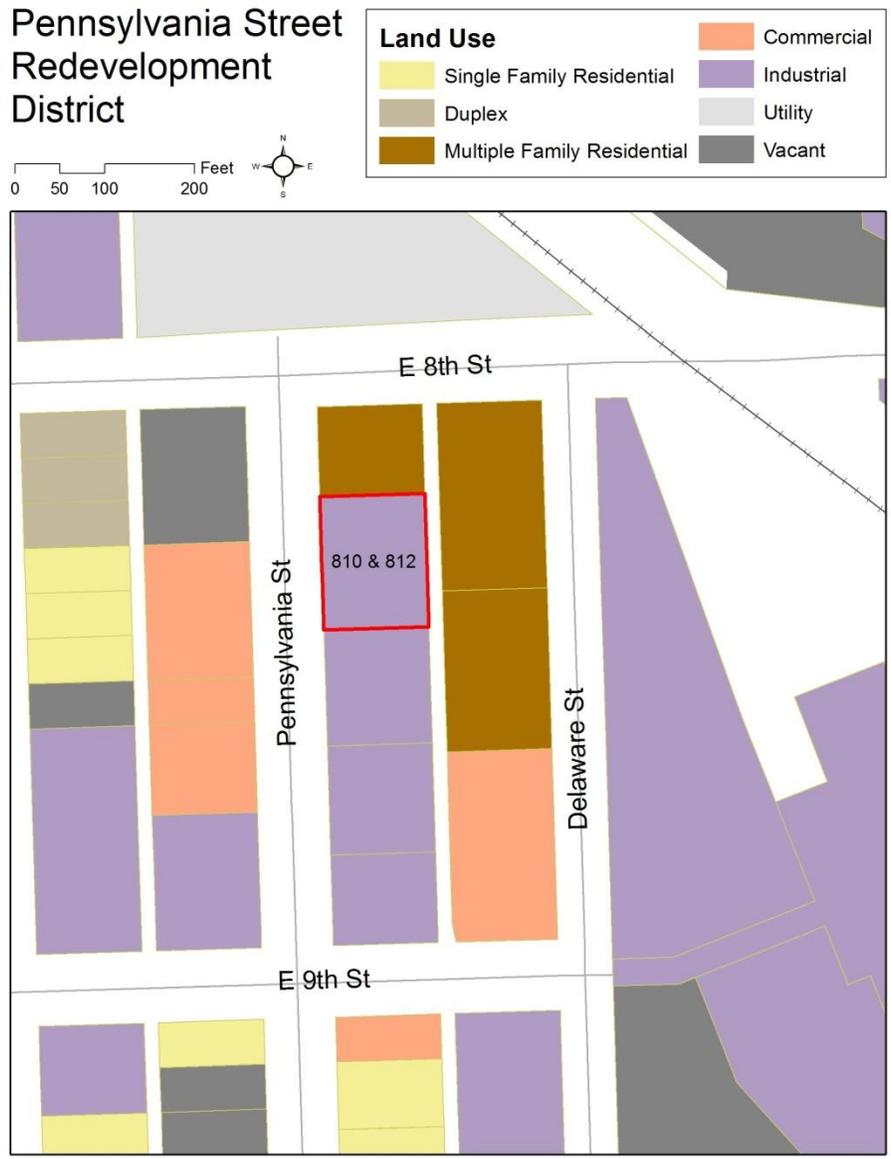
Section 5: Existing Zoning Classifications and Property Boundaries; Existing and Proposed Land Uses

The Area is located in the previously designated 8th and Pennsylvania Neighborhood Redevelopment District created in 2007; however, the district expired in April 2012. The land use is designated as industrial. No changes are being proposed to the existing zoning. Please see the Existing Zoning Map and Existing Land Use Map below.

Existing Zoning Map.



Existing Land Use Map.



Section 6: Proposals for Improving Municipal Services in the Property

There are no proposals currently for improving municipal services or infrastructure in the Area with this Plan.

Section 7: Term of the Plan

1. This Plan and tax rebate Program shall be effective upon the adoption of this Plan by ordinance of the Governing Body of the City of Lawrence.
2. This Plan and tax rebate program (the "Term") shall expire after **ten (10) years** from the date of adoption unless extended by the ordinance of the Governing Body prior to its expiration. The Governing Body reserves the right to evaluate the Program at any time.

The owner of the property at the time the property taxes are paid will be eligible for a property tax rebate on the incremental taxes associated with improvements to the Property (the "tax increment"). The Tax Increment will equal the property tax assessment against the Property for the first year after the improvements are completed (i.e. determined including the value that such improvements add to the assessed value of the Property) reduced by the property tax assessed against the Property for the base year (the year this Plan is approved) (i.e. determined without the value that the improvements add to the assessed value of the Property). The Tax Increment will then remain constant throughout the Term of the rebate program. The tax rebate will be determined based on the Tax Increment and the following table:

Table 1

Year	Rebate % to be refunded to property owner
2013	95% of increment
2014	95% of increment
2015	95% of increment
2016	95% of increment
2017	95% of increment
2018	95% of increment
2019	95% of increment
2020	95% of increment
2021	95% of increment
2022	95% of increment

3. This Plan and the Program is subject to approval of each taxing unit, including Douglas County and USD 497 and the City entering into an agreement with such other taxing units relating to the implementation and payment of tax rebates provided for under this plan.

Section 8: Contents of an Application for Rebate, Application Procedures and Standards of Criteria Used to Review an Application

The Letter of Proposal submitted by Mr. Krsnich shall serve as the application for the Program under this Plan. **No further applications are anticipated related to the Property. Please refer to Exhibit A.**

1. The improvements must result in an assessed value increase for the Property within twelve months of completing the improvements. Some improvements, regardless of cost, may not result in an increase in assessed value and thus would not make the property eligible for a property tax rebate. Such determinations will be made solely and independently by the Douglas County Appraiser's Office and the County Clerk.
2. Property eligible for tax incentives under any other program adopted pursuant to statutory or constitutional authority, including, but not limited to historic tax credits, housing tax credits, Tax Increment Financing, and Industrial Revenue Bonds, shall not be eligible for the Program.
3. General Provisions Applicable to all Rebate Applications on Eligible Property
 - a) Any otherwise eligible Property with delinquent real property or special assessments shall not be eligible for a rebate until such time as all taxes and assessments have been paid. If delinquency occurs after entry into the Program, the rebate will be suspended until such time as all taxes are paid in full. The County Treasurer will monitor real estate tax delinquencies for Property participating in the Program. The County Treasurer will notify the City if a Property becomes ineligible for the program due to tax or special assessment delinquencies.
 - b) The Property owner shall notify the City when all improvements covered under the application have been completed and the city shall inspect the improvements for compliance with the required building, health and safety codes of the City. The City shall notify the County Appraiser by December 1st that the improvements have been substantially completed.
 - c) The County Appraiser shall conduct an on-site appraisal as a part of the normal valuations following completion of the Improvements and determine the increase in the taxable valuation due to the Improvements. On or before December 1st of each calendar year, the City shall notify the County Appraiser, in writing, of each property in the Area for which Improvements have been determined to be substantially completed so that the County Appraiser may conduct on-site inspections as a part of the normal valuations to determine the increase in taxable valuations due to the Improvements. The County Appraiser will notify the City and the County Clerk of the valuation.
 - d) A tax rebate will be based on the Tax Increment as provided in Section 7.3.
 - e) Upon payment in full of the real estate tax (first and second installments) for the Property for the year following the completion of the improvements provided for in Section 7.3 and within thirty (30) days after

the County distributes property tax collections to the City, The City shall pay the owner the amount determined under the Plan. If the owner appeals the appraised value of the Property to the County Appraiser, no payment will be made until the appeal is resolved.

- f) For any improvements that are only partially completed as of December 1st of each year, the Property owner shall file a written document with the City indicating the status of construction as of December 1st. The City shall share that document with the County Appraiser.
- g) If this Plan is repealed or the rebate criteria changed, any approved applications shall be eligible for rebates for the remaining Term of the rebate originally provided in the plan
- h) Any taxes paid under protest for a eligible property will suspend the rebate until the protest has been resolved.
- i) Construction of an Improvement must begin on or after the date of the designation of the District and be located within the District.

Section 9: Amount of Tax Rebate, Rebate Term, and Maximum Rebate Limit

- 1. The eligible tax rebate is set forth in Table 1, Section 7. If there is no Tax Increment generated for a specific property due to a diminution of assessed values, no tax rebate shall be provided for the Property.
- 2. Douglas County will retain an annual administrative fee of \$100 from the Increment of the rebate program. The remaining Increment for any given year shall be distributed to the taxing jurisdictions in accordance with regular property tax distribution procedures.
- 3. The maximum rebate shall be the sum of all incremental increases in taxes for the duration of the ten year period as further defined in the Table 1, Section 7.

Section 10: Neighborhood Revitalization Fund

Upon Governing Body approval of the Plan, the Cider Building 810/812 Pennsylvania Street Neighborhood Revitalization Fund will be established.

Section 11: Other City Requirements

- 1. The Improvements must conform to all codes, rules, and regulations that are in effect at the time the improvements are made. Improvements must be authorized by public improvement plans or building permit when applicable.
- 2. Any otherwise eligible property with delinquent taxes or special assessments shall not be eligible for a rebate until such time as all delinquent taxes and assessments have been paid.

Appendix I: Summary of the Kansas Neighborhood Revitalization Act

The Kansas Neighborhood Revitalization Act (NRA) allows the governing body of any municipality to pass an ordinance designating an area within that municipality as a "Neighborhood Revitalization Area" if it finds that "the rehabilitation, conservation or redevelopment of the area is necessary to protect the public health, safety or welfare of the residents of the municipality." K.S.A. 12-17,116.

KSA 12-17,115(b) and 12-17,116 provide that all municipalities are authorized to participate in Neighborhood Revitalization Area programs. In addition, KSA 12-17,119, provides that two or more (i.e. all) taxing jurisdictions within a Neighborhood Revitalization Area are specifically authorized to enter into interlocal agreements pursuant to 12-2901 to exercise the powers authorized by the Act (including utilizing all or a part of the other taxing jurisdictions tax increment). The interlocal agreement(s) must be submitted to and approved by the Kansas Attorney General.

The Neighborhood Revitalization Area Act expressly provides for additional home rule provisions which are not in conflict with this act. KSA 12-17,120 permits cities to enact and enforce additional laws and regulations on the same subject of revitalization, provided they are not in conflict with the Act. This would mean, for example, that cities should be able to adopt provisions permitting use of some of the increment which is not returned to taxpayers, to be used instead for other infrastructure improvements within the NRA Property, and conceivably, even for revitalization grants or other incentives that would spur revitalization and rehabilitation in the NRA Property. The ability of cities to go beyond the statutes will depend in a large part upon the scope of their agreement with the other taxing jurisdictions.

Exhibit A: Mr. Krsnich's Letter of Proposal

June 7, 2012

I am requesting a Neighborhood Revitalization Area be established for the Cider Building at 810/812 Pennsylvania. I am planning to convert the Cider Building into an arts gallery on the lower level which can host events. The upper level will be converted into offices for entrepreneurs. This complements the overall plan and continues to enhance the creative nature of East Lawrence. The Cider Building will have to request the full amount of abatement for the entire term.

Finally, this project is unique in the fact that we are able to save one of the most historic structures in Lawrence. On the Poehler Building, we estimated over 140 people will have received a paycheck by the time it is completed. This NRA request is a jobs generator and we estimate another 100 jobs will be created/sustained by these efforts, not to mention the catalytic effects these projects will continue to have on the surrounding area.

Please let me know if you need additional information.

Thank you,

Tony Krsnich