



**NDC Headquarters**

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**MEMORANDUM**

Date: November 29, 2016

To: Britt Crum-Cano, Economic Development Coordinator, City of Lawrence

From: Tom Jackson, Senior Director, National Development Council

RE: Comparison of Net Property Tax Revenues for Proposed 815 Vermont Development and Alternative Commercial-Only Development

In response to a question raised by Commissioner Boley, NDC projected property tax revenue in excess of the current, base taxes, for a 50-year period for two scenarios:

- 1) The mixed-use (residential condominium and commercial) development proposed by Schumm Property Company, LLC (the "Developer"); and,
- 2) An alternative project that the Developer indicated might be built if subsidies for the proposed project are not available. The alternative would include only the two floors of retail/commercial space proposed by the Developer without the proposed underground parking or residential improvements.

NDC's analysis on the gap financing needs of the proposed project, provided to the City through a memorandum dated October 3, 2016, only considered property tax revenues over a 15-year period. For the purposes of this memo, the assumptions used in the 15-year analysis were extended through a 50-year period to arrive at the projections of net property tax revenues included in the table below. These assumptions included:

- Use of the total property tax levy for the subject property as estimated by the Douglas County Appraiser's office for 2017. The total levy was not adjusted over the period of the analysis.
- Projection of a 2.5% annual escalation of property valuations.
- An initial valuation on the commercial component for both scenarios as estimated by the Douglas County Appraiser's office.

Given these assumptions, property tax collections – net of the current base taxes and the current base taxes - for all taxing entities over a 50-year period are summarized as follows:

Scenario	Net Property Tax Collection Over 50 Years
Mixed-Use Project as Proposed with a 10-year, 75% NRA Abatement	\$13,196,360
2-Story Commercial-Only Development, No NRA Abatement	\$6,271,713

**Conclusion:** The scenario with the project as proposed, a mixed-use development with a 10-year 75% NRA Abatement, is projected to generate \$6,924,647, or 110.4% more net property tax revenue over a 50-year period than the alternative, commercial-only scenario. Please let me know if you have questions regarding the assumptions and estimates outlined above.