Draft Catalyst Program

What is the Catalyst Program?

- Temporary economic development program meant to stimulate economic development in Lawrence VenturePark and East Hills Business Park

- Offers a streamlined approval process and a specified economic development incentive package for projects that meet certain thresholds

Why is the Catalyst Program needed?

- Industrial space availability in Lawrence is only at 1%.
- The speculative industrial market is particularly strong in the region. KC market delivered 7.5 M square feet of spec industrial in 2016, surpassing the previous record of 3.9 M square feet in 2015.
- Many companies are preferring to lease space which allows more flexibility than owning. Built to suit construction can also have long lead times.
- A couple of examples of local companies looking to lease space that had to go lease in the Kansas City area due to lack of inventory.

Why is the Catalyst Program needed?

- Cities in Johnson County area are offering incentives for spec industrial development- Olathe example 50% 10-year abatement; Lenexa example 55% 10-year abatement; Shawnee example 80% 10-year abatement.

- Lawrence currently at a disadvantage because our policies require specific job creation numbers and wage targets and benefits- all of this is typically not known for speculative development.

- Getting first few tenants in LVP important to spur additional investment.

Catalyst Program Requirements

- Construct a building or expansion on LVP or EHBP:
  - 75,000 square feet in LVP
  - 25,000 square feet in EHBP
  - 15,000 square foot expansion of existing business in EHBP
- Must be taxable entity and taxable use
- Must execute a land transfer agreement requiring issuance of building permit within 18 months and breaking ground within 12 months of building permit issuance- land will not transfer until building permit issued and land will revert to City if project does not break ground or get completed.

Catalyst Program Requirements

- Applicant must be current on all property tax, special assessments or other obligations

- Applicant must complete brief application, provide description of the project, provide sufficient evidence of financial and marketing capacity to complete a successful project with the City reserving the right to work with applicant regarding property that would best meet proposed use and prioritize working with applicant that the city believes would best meet goals of project delivering tax base and employment.

- Building must be constructed, maintained and operated in accordance with applicable federal, state and local laws.

Catalyst Program Requirements

- Applicant must pay the special assessments that will be due on any of the lots in Lawrence VenturePark. This is an obligation that otherwise the City or County will be responsible to pay.

Catalyst Program Benefits

- Industrial Revenue Bond financing with a base 50% 10-year property tax abatement. Additional 20% 10-year property tax abatement for projects that are built to LEED Silver equivalent standards. Additional property tax exemption related to job creation or wages could be considered through regular process and subject to performance agreement.

- City to waive IRB and property tax application fees and bond origination fees with applicant being responsible for IRB issuance costs.

Catalyst Program Benefits

- Land provided at no cost to applicant (County owned property will be subject to Douglas County approval.)
- Expedited approval process- approval only considered by the City Commission. Project will not go through PIRC for recommendation. All other requirements of the City's economic development policies will be suspended for applicants applying through this limited duration program, except those requirements specifically set forth with the Catalyst Program.

Summary

- Temporary program that staff believes will spur economic development projects to proceed in Lawrence VenturePark and may spur some expansion of existing businesses.

- Balance of the program between benefits and requirements