City of Joplin Staff Analysis of Prospect Village
Tax Increment Financing Redevelopment Plan and Projects

Introduction

The City of Joplin has received an application for approval of the Prospect Village Tax Increment Financing Redevelopment Plan (the "TIF Plan") submitted by Prospect Village, LLC (the "Applicant"). The TIF Plan proposes the redevelopment of approximately 89.37 acres of property generally located east of Geneva Avenue and south of 20th Street (the "Redevelopment Area"). Under the TIF Plan, the Redevelopment Area will initially be redeveloped as seven separate Redevelopment Projects including an approximately 135,000 square foot indoor Sports Complex along with 2 adjacent artificial turf outdoor athletic fields. In addition to the Sports Complex, the Plan provides for construction of a major anchor tenant and additional retail and hotel space totaling approximately 186,300 square feet. After a future amendment to the TIF Plan as noted below, it is anticipated that approximately 375 multifamily housing units will be constructed. Improvements necessary to redevelop the Redevelopment Area also include construction of streets, utility improvements, sidewalks, storm water improvements, and other site improvements.

The Redevelopment Area has significant challenges related to its status as an environmental/super fund site, wetlands, and floodplain issues. The designation by the EPA as a super fund site in the 1990's was due to mining, milling and smelting operations on the property along with wood treatment/creosote operations that had occurred for approximately 150 years. The site also contains numerous abandoned mine shafts from mining operations over 100 years ago that will need to be remediated. A portion of the Redevelopment Area is currently located within a FEMA designated floodplain.

The Plan contemplates separate action by property owners and the City Council to form two community improvement districts that will include the Redevelopment Area. One of these community improvement districts will seek to impose a one percent (1%) sales tax used to fund acquisition and construction of public infrastructure, site mitigation and cleanup, mass grading, property acquisition, demolition and other eligible costs. The second community improvement district will seek to fund land acquisition and construction of the Joplin Sports Complex with a one percent (1%) sales tax. TIF revenue will be used to help fund on-site improvements and professional engineering, architectural, and related development costs associated with the overall redevelopment. The Plan proposes that this will be pay-as-you-go tax increment financing and does not include issuance of any debt in the form of TIF bonds to fund redevelopment project costs.

As noted above, a portion of the property in the Redevelopment Area is currently located within a FEMA designated floodplain. After mass grading for the Redevelopment Area is complete, a large portion of this property will be eligible for removal from the FEMA floodplain maps and available for development. At that time, the Applicant intends to seek an amendment to the TIF Plan to include additional Project Areas tentatively referred to as Project Areas 1C, 3C, 4A and 4B which includes the proposed multifamily apartments planned to be constructed as part of the overall development. Even though it is not currently a part of the TIF Plan, the Applicant has included the multifamily development in all of the Exhibits in order to provide a complete picture of the overall development. None of the floodplain property is currently within a designated Redevelopment Project Area in the TIF Plan.

The TIF Plan identifies the need for public assistance through the adoption of tax increment financing to help eliminate blighted conditions through the funding of the improvements described above and other Redevelopment Project Costs which will ultimately enhance the tax base of the taxing districts within the Redevelopment Area. It is not reasonably anticipated that the Redevelopment Area will be developed through private investment without the use of tax increment financing.

State law in Sections 99.800 through 99.865 RSMo (the "TIF Act") provides for the allocation of 100% of the incremental increase in real property taxes generated by the property in the form of payments in lieu of taxes (PILOTS) and 50% of the incremental increase in economic activity taxes (EATS) generated by the property to help fund a portion of the Redevelopment Project Costs. The TIF Plan provides for use of TIF revenues to reimburse the Applicant for eligible Redevelopment Project Costs associated with the Redevelopment Projects until the costs for each Redevelopment Project have been paid or for 20 years from the date of activation of each Redevelopment Project, whichever occurs first. Upon completion of this TIF Plan, and the payment of all eligible reimbursable Redevelopment Project Costs as provided in the TIF Plan, all tax revenue from the Redevelopment Area will be paid to all taxing entities within the area as prescribed by law.

Review Process of the TIF Application

The TIF Commission has adopted procedures for the submission of applications in accordance with the TIF Act that sets forth a process whereby a draft application was submitted to and reviewed by the City staff. The Applicant then submitted a TIF Plan which the City staff reviewed and determined to be complete. In addition, the Applicant entered into a funding agreement with the City to pay for costs incurred by the City to complete the review process. Once the City staff received and reviewed the TIF Plan and determined it was in conformance with applicable City policies and requirements, on behalf of the TIF Commission, the statutorily required 45 day notice of the TIF Commission public hearing was sent to the affected taxing jurisdictions and statutorily required notices were published in the newspaper and mailed to affected property owners. Between the date on which the notice of public hearing was mailed and the public hearing date, proposals were solicited for alternative proposals from other developers to develop the property at issue, as required by the TIF Act. No alternative proposals were received.

As part of City staff's due diligence in reviewing the proposed TIF Plan, the City retained Baker Tilly, a consulting firm that specializes in assisting governmental entities on real estate and economic development projects, to conduct an independent analysis of the financial feasibility of the TIF Plan. The City also retained the services of special counsel Williams & Campo, P.C., to assist in the legal review of the application and process.

In order for the TIF Plan to be adopted, the TIF Act requires that the City Council make the following six findings:

1. The development area on the whole is a blighted area, a conservation area, or an economic development area 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. Such a finding shall include, but not be limited to, a detailed description of the factors that qualify the development area or project pursuant to this

subdivision and an affidavit, signed by the developer or developers and submitted with the development plan, attesting that the provisions of this subdivision have been met;

2. The development plan conforms to the comprehensive plan for the development of the municipality as a whole;

3. The estimated dates, which shall not exceed more than twenty-three years from the adoption of the ordinance approving a development project within a development project area, of completion of any development project and retirement of obligations incurred to finance development project costs have been stated, provided that no ordinance approving a development project shall be adopted later than ten years from the adoption of the ordinance approving the development plan under which such project is authorized and provided that no property for a development project shall be acquired by eminent domain later than five years from the adoption of the ordinance approving such development project;

4. A plan has been developed for relocation assistance for businesses and residences;

5. A cost-benefit analysis showing the economic impact of the TIF Plan on each taxing district which is at least partially within the boundaries of the development area. The analysis shall show the impact on the economy if the project is not built, and is built pursuant to the development plan under consideration. The cost-benefit analysis shall include a fiscal impact study on every affected political subdivision, and sufficient information from the developer for the commission established in Section 99.820, RSMo to evaluate whether the project as proposed is financially feasible; and

6. A finding that the TIF Plan does not include the initial development or development of any gambling establishment.

FINDING # 1 - The City Council must find that the Redevelopment Area is a blighted area, a conservation area, or an economic development area and *as a whole* 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.

Analysis:

Nature of Area

The Applicant is requesting that the Redevelopment Area be designated as a "Blighted Area." The TIF Act defines a "Blighted Area" as:

> An area which, by reason of the predominance of insanitary or unsafe conditions, deterioration of site improvements, 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, or welfare in its present condition and use.

Exhibit 7 of the TIF Plan is a Blight Study that documents the conditions found to be present in the Redevelopment Area and analyzes how those conditions qualify it to be a "Blighted Area" as defined in the TIF Act. This analysis concludes that the Redevelopment Area meets the

requirements for designation as a "Blighted Area" constituting an economic liability and a menace to the public health, safety, morals, or welfare based upon a predominance of the following factors:

- Insanitary or unsafe conditions
- Deterioration of site improvements
- The existence of conditions which endanger life or property by fire and other causes

"But For" Test

Exhibit 8 of the TIF Plan includes an affidavit from the Applicant stating that the Redevelopment Area would not reasonably be anticipated to be developed without the adoption of tax increment financing. In addition, Baker Tilly has completed an independent, detailed analysis of various financial aspects of the TIF Plan including the reasonableness of the development assumptions and the accuracy of calculations used in the TIF Plan. The results of this analysis were provided to the City in a But-For Determination Report dated December 6, 2024, that concludes that the proposed project, without assistance, would not likely be undertaken at this time without the requested assistance.

Percentages of Reimbursable Costs

The City's adopted Policy for the Consideration and Evaluation of Tax Increment Financing Applications (the "Policy") establishes general goals and policies to be used by the City in considering applications for TIF assistance. The Policy establishes as a general goal that TIF assistance for a redevelopment project should typically not exceed 15% of the total project costs. This TIF Plan contemplates local tax increment financing assistance totaling $38,025,000 which represents approximately 12.37% of the anticipated total costs of the Redevelopment Project of $307,310,843. This TIF Plan is consistent with the 15% goal.

Conclusions of Analysis

Exhibit 7 of the TIF Plan concludes that the Redevelopment Area meets the requirements for designation as a "Blighted Area." Based on a review of this information and independent knowledge and observations of the Redevelopment Area, it is the opinion of City staff that the Redevelopment Area qualifies as a "Blighted Area" per the TIF Act.

With regard to the "But For" test, the Applicant has submitted an affidavit stating under oath that without the use of TIF assistance, the proposed project is not economically feasible. Further, in the TIF Plan, the Applicant has articulated a number of factors supporting the conclusion that the Redevelopment Area will not likely be developed as proposed without TIF assistance. In addition, as noted above, Baker Tilly has provided an independent But-For Determination Report that concludes that the project, as proposed, meets the "But For" test. Based on the affidavit submitted by the Applicant, a review of the information included in the TIF Plan, and information provided by Baker Tilly in its But-For Determination Report, City staff believes that the Redevelopment Area on the whole would not be likely to develop and the Redevelopment Projects would not occur as proposed "But For" TIF assistance.

FINDING # 2 - The City Council must find that the TIF Plan conforms to the Comprehensive Land Use Plan for the development of the municipality as a whole.

Analysis:

City staff has provided a letter confirming that the TIF Plan is in compliance with the *Joplin Moving Forward: Comprehensive Plan 2012* of the City of Joplin. Therefore, City staff has determined that a finding should be made that this requirement has been met.

FINDING # 3 - The City Council must find that the estimated dates for the completion of projects and retirement of obligations incurred to finance the development do not exceed twenty-three (23) years from the time a redevelopment project is authorized, that no redevelopment project is scheduled to begin more than ten (10) years after the adoption of the TIF Plan, and that no property will be secured by eminent domain later than five (5) years from the adoption of any ordinance approving a redevelopment project.

Analysis:

A review of the TIF Plan indicates that the estimated date for completion of the Redevelopment Projects and retirement of any obligations will not exceed 20 years from the anticipated date of the adoption of the ordinance approving a Redevelopment Project and that this ordinance will be adopted within 10 years. The TIF Plan further states that the Applicant is not requesting that the City issue obligations for the Redevelopment Projects. The Plan notes that Applicant owns or controls all of the necessary real property within the Redevelopment Area to construct the improvements but does not own or control all of the property required to construct the proposed new public street. As a result, it states that the Applicant may request that the City acquire temporary and permanent rights-of-way in the event that the Applicant is unable to do so privately. In accordance with state law, no property for the Redevelopment Project shall be acquired by eminent domain later than five (5) years from adoption of the ordinance approving such Redevelopment Project. Therefore, City staff concludes that sufficient information exists for the City Council to make this finding.

FINDING # 4 - The City Council must find that a plan has been developed for relocation assistance for businesses and residences.

Analysis:

Exhibit 10 of the TIF Plan includes a relocation assistance plan which meets the requirements of the TIF Act.

FINDING # 5 - The City Council must find that the cost-benefit analysis shows the economic impact of the TIF Plan on each taxing district which is at least partially within the boundaries of the development area, that the analysis shows the impact on the economy if the project is not built, as well as if it is built pursuant to the development plan under consideration, that the cost-benefit analysis includes a fiscal impact study on every affected political subdivision, and that there is sufficient information from the developer for the commission to evaluate whether the project as proposed is financially feasible.

Analysis:

A cost-benefit analysis has been included as Exhibit 11 to the TIF Plan showing the economic impact of the TIF Plan on each taxing jurisdiction and political subdivision that is at least partially within the boundaries of the proposed development area. As required by the TIF Act, the analysis includes the impact on the economy if the project is not built or is built in accordance with the TIF Plan.

As noted previously, the City has retained Baker Tilly to review the financial aspects of the TIF Plan including its financial feasibility. After review of the TIF Plan and Baker Tilly's report, City staff believes that with TIF assistance this project is financially feasible.

FINDING # 6 - The City Council must find that the TIF Plan does not include the initial development or development of any gambling establishment.

Analysis:

A review of the TIF Plan indicates that it does **not** include the initial development or development of any gambling establishment, as required by the TIF statute.

CONCLUSION AND RECOMMENDATION

City staff believes that the use of tax increment financing is a necessary component to the development of the Redevelopment Area as contemplated by the TIF Plan. Based on a review of the TIF Plan and the requirements of the TIF Act, City staff believes that there is a sufficient basis to support making each of the required findings.