

**ORDINANCE #66684**  
**Board Bill No. 458**

**AN ORDINANCE DESIGNATING A PORTION OF THE CITY OF ST. LOUIS, MISSOURI, AS A REDEVELOPMENT AREA KNOWN AS THE PET BUILDING REDEVELOPMENT AREA PURSUANT TO THE REAL PROPERTY TAX INCREMENT REDEVELOPMENT ACT; APPROVING A REDEVELOPMENT PLAN AND A REDEVELOPMENT PROJECT WITH RESPECT THERETO; ADOPTING TAX INCREMENT FINANCING WITHIN THE REDEVELOPMENT AREA; MAKING FINDINGS WITH RESPECT THERETO; ESTABLISHING THE PET BUILDING SPECIAL ALLOCATION FUND; AUTHORIZING CERTAIN ACTIONS BY CITY OFFICIALS; AND CONTAINING A SEVERABILITY CLAUSE.**

**WHEREAS**, the City of St. Louis, Missouri (the "City"), is a body corporate and a political subdivision of the State of Missouri, duly created, organized and existing under and by virtue of its charter, the Constitution and laws of the State of Missouri; and

**WHEREAS**, on December 20, 1991, pursuant to Ordinance No. 62477, the Board of Aldermen of the City created the Tax Increment Financing Commission of the City of St. Louis, Missouri (the "TIF Commission"); and

**WHEREAS**, the TIF Commission is duly constituted according to the Real Property Tax Increment Allocation Redevelopment Act, Sections 99.800 to 99.865 of the Revised Statutes of Missouri (2000), as amended (the "TIF Act"), and is authorized to hold public hearings with respect to proposed redevelopment areas and redevelopment plans and to make recommendations thereon to the City; and

**WHEREAS**, staff and consultants of the City and Balke Brown Associates, Inc., a Missouri corporation (the "Developer"), prepared a plan for redevelopment titled "PET Building TIF Redevelopment Plan" dated December 3, 2004, as amended on February 4, 2005, (the "Redevelopment Plan"), for an area which includes the now-vacant Pet Building and consists of 2.248 acres of land encompassing all of City Block 6470 and generally bounded by South Fourth Street on the west, Poplar Street on the south, Spruce Street on the north and Arthur on the east (the "Redevelopment Area" or "Area"), which Redevelopment Area is more fully described in the Redevelopment Plan, attached hereto and incorporated herein as **Exhibit A**; and

**WHEREAS**, the Redevelopment Plan proposes to redevelop the Redevelopment Area by rehabilitating and renovating the Area into residential space with certain ancillary commercial space, as set forth in the Redevelopment Plan (the "Redevelopment Project," or "TIF Project"); and

**WHEREAS**, on January 19, 2005, after all proper notice was given, the TIF Commission held a public hearing in conformance with the TIF Act and received comments from all interested persons and taxing districts relative to the Redevelopment Area, the Redevelopment Plan, and the Redevelopment Project; and

**WHEREAS**, on January 19, 2005, the TIF Commission found that completion of the Redevelopment Project would provide a substantial and significant public benefit through the preservation of historic structures, the creation of new housing, the strengthening of the employment and economic base of the City, increased property values and tax revenues, stabilization of the Redevelopment Area, and facilitation of economic stability for the City as a whole, and further found that without the assistance of tax increment financing in accordance with the TIF Act, the Redevelopment Project is not financially feasible and would not otherwise be completed; and

**WHEREAS**, on January 19, 2005, the TIF Commission voted to recommend that the Board of Aldermen adopt an ordinance in the form required by the Act (i) approving the Redevelopment Plan, (ii) approving and designating the Redevelopment Area as a "redevelopment area" as provided in the Act, (iii) approving the Redevelopment Project as described within the Redevelopment Plan, and (iv) approving the issuance of a tax increment financing revenue note in the amount as specified in the Redevelopment Plan; and

**WHEREAS**, the Developer has demonstrated that the Redevelopment Project would not reasonably be anticipated to be developed without the adoption of tax increment financing and, therefore, redevelopment of the Redevelopment Area in accordance with the Redevelopment Plan is not feasible and would not otherwise be completed; and

**WHEREAS**, the Board of Aldermen has received the recommendations of the TIF Commission regarding the

Redevelopment Area and the Redevelopment Plan and finds that it is desirable and in the best interests of the City to designate the Redevelopment Area as a "redevelopment area" as provided in the TIF Act, adopt the Redevelopment Plan and Redevelopment Project in order to encourage and facilitate the redevelopment of the Redevelopment Area; and

**WHEREAS**, the Redevelopment Area qualifies for the use of tax increment financing to alleviate the conditions that qualify it as a "blighted area" as provided in the TIF Act and as set forth herein; and

**WHEREAS**, it is necessary and desirable and in the best interest of the City to adopt tax increment allocation financing within the Redevelopment Area and to establish a special allocation fund for the Redevelopment Area in order to provide for the promotion of the general welfare through redevelopment of the Redevelopment Area in accordance with the Redevelopment Plan which redevelopment includes, but is not limited to, assistance in the physical, economic, and social development of the City of St. Louis, providing for a stabilized population and plan for the optimal growth of the City of St. Louis, and in particular, the downtown St. Louis area, encouragement of a sense of community identity, safety and civic pride, preservation and restoration of property of historical and architectural value and significance and the elimination of impediments to land disposition and development in the City of St. Louis.

**BE IT ORDAINED BY THE CITY OF ST. LOUIS AS FOLLOWS:**

**SECTION ONE.** The Board of Aldermen hereby makes the following findings:

A. The Redevelopment Area on the whole is a "blighted area", as defined in Section 99.805 of the TIF Act, 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. This finding includes, the Redevelopment Plan sets forth, and the Board of Aldermen hereby finds and adopts by reference: (i) a detailed description of the factors that qualify the Redevelopment Area as a "blighted area" and (ii) an affidavit, signed by the Developer and submitted with the Redevelopment Plan, attesting that the provisions of Section 99.810.1(1) of the TIF Act have been met, which description and affidavit are incorporated herein as if set forth herein.

B. The Redevelopment Plan conforms to the comprehensive plan for the development of the City as a whole.

C. In accordance with the TIF Act, the Redevelopment Plan states the estimated dates of completion of the Redevelopment Project and retirement of the financial obligations issued to pay for certain redevelopment project costs and these dates are twenty three (23) years or less from the date of approval of the Redevelopment Project.

D. A plan has been developed for relocation assistance for businesses and residences in Ordinance No. 62481 adopted December 20, 1991.

E. A cost-benefit analysis showing the economic impact of the Redevelopment Plan on each taxing district which is at least partially within the boundaries of the Redevelopment Area is on file with the St. Louis Development Corporation, which cost-benefit analysis shows the impact on the economy if the Redevelopment Project is not built, and is built pursuant to the Redevelopment Plan.

F. Redevelopment of the Redevelopment Area in accordance with the Redevelopment Plan is not financially feasible without the assistance of tax increment financing and would not otherwise be completed.

G. The Redevelopment Plan does not include the initial development or redevelopment of any "gambling establishment" as that term is defined in Section 99.805(6) of the TIF Act.

H. The Redevelopment Area includes only those parcels of real property and improvements thereon directly and substantially benefited by the proposed Redevelopment Project.

**SECTION TWO.** The Redevelopment Area described in the Redevelopment Plan is hereby designated as a "redevelopment area" as defined in Section 99.805(11) of the TIF Act.

**SECTION THREE.** The Redevelopment Plan as reviewed and recommended by the TIF Commission on January 19, 2005, including amendments thereto, and the Redevelopment Project described in the Redevelopment Plan are hereby adopted and approved. A copy of the Redevelopment Plan is attached hereto as **Exhibit A** and incorporated herein by reference.

**SECTION FOUR.** There is hereby created and ordered to be established within the treasury of the City a separate fund to be known as the "PET Building Special Allocation Fund." To the extent permitted by law, the City hereby pledges funds in the PET Building Special Allocation Fund for the payment of redevelopment project costs and obligations incurred in the payment thereof.

**SECTION FIVE.** Tax increment allocation financing is hereby adopted within the Redevelopment Area. After the total equalized assessed valuation of the taxable real property in the Redevelopment Area exceeds the certified total initial equalized assessed valuation of the taxable real property in the Redevelopment Area, the ad valorem taxes, and payments in lieu of taxes, if any, arising from the levies upon taxable real property in the Redevelopment Area by taxing districts and tax rates determined in the manner provided in Section 99.855.2 of the TIF Act each year after the effective date of this Ordinance until redevelopment costs have been paid shall be divided as follows:

A. That portion of taxes, penalties and interest levied upon each taxable lot, block, tract, or parcel of real property which is attributable to the initial equalized assessed value of each such taxable lot, block, tract, or parcel of real property in the area selected for the Redevelopment Project shall be allocated to and, when collected, shall be paid by the City Collector to the respective affected taxing districts in the manner required by law in the absence of the adoption of tax increment allocation financing;

B. Payments in lieu of taxes attributable to the increase in the current equalized assessed valuation of each taxable lot, block, tract, or parcel of real property in the area selected for the Redevelopment Project and any applicable penalty and interest over and above the initial equalized assessed value of each such unit of property in the area selected for the Redevelopment Project shall be allocated to and, when collected, shall be paid to the City Treasurer, who shall deposit such payment in lieu of taxes into the PET Building Special Allocation Fund for the purpose of paying redevelopment costs and obligations incurred in the payment thereof. Payments in lieu of taxes which are due and owing shall constitute a lien against the real estate of the Redevelopment Project from which they are derived and shall be collected in the same manner as the real property tax, including the assessment of penalties and interest where applicable.

**SECTION SIX.** In addition to the payments in lieu of taxes described in Section Five of this Ordinance, fifty percent of the total additional revenue from taxes, penalties and interest which are imposed by the City or other taxing districts, and which are generated by economic activities within the area of the Redevelopment Project over the amount of such taxes generated by economic activities within the area of the Redevelopment Project in the calendar year prior to the adoption of the Redevelopment Project by ordinance, while tax increment financing remains in effect, but excluding personal property taxes, taxes imposed on sales or charges for sleeping rooms paid by transient guests of hotels and motels, taxes levied pursuant to Section 70.500 of the Revised Statutes of Missouri (2000) as amended, or taxes levied for the purpose of public transportation pursuant to Section 94.660 of the Revised Statutes of Missouri (2000) as amended, licenses, fees or special assessments other than payments in lieu of taxes and penalties and interest thereon, shall be allocated to, and paid by the collecting officer to the City Treasurer or other designated financial officer of the City, who shall deposit such funds in a separate segregated account within the PET Building Special Allocation Fund.

**SECTION SEVEN.** The Comptroller of the City is hereby authorized to enter into agreements or contracts with other taxing districts as is necessary to ensure the allocation and collection of the taxes and payments in lieu of taxes described in Sections Five and Six of this Ordinance and the deposit of the said taxes or payments in lieu of taxes into the PET Building Special Allocation Fund for the payment of redevelopment project costs and obligations incurred in the payment thereof, all in accordance with the TIF Act.

**SECTION EIGHT.** The City Register is hereby directed to submit a certified copy of this Ordinance to the City Assessor, who is directed to determine the total equalized assessed value of all taxable real property within the Redevelopment Area as of the date of this Ordinance, by adding together the most recently ascertained equalized assessed value of each taxable lot, block, tract or parcel of real property within the Redevelopment Area, and shall certify such amount as the total initial equalized assessed value of the taxable real property within the Redevelopment Area.

**SECTION NINE.** The Mayor and Comptroller of the City and all other officers, agents, representatives and employees of the City are hereby authorized to take any and all actions as may be deemed necessary, desirable, convenient or proper to carry out and comply with the intent of this Ordinance with regard to the implementation of the Redevelopment Plan and to execute and deliver for and on behalf of the City all certificates, instruments or other documents as may be necessary, desirable, convenient or proper to carry out the matters herein authorized.

**SECTION TEN.** The Mayor and the Comptroller or their designated representatives are hereby further authorized and

directed to make any changes to the documents and instruments approved and authorized by this Ordinance as may be consistent with the intent of this Ordinance and necessary, desirable, convenient or proper in order to carry out the matters herein authorized.

**SECTION ELEVEN.** It is hereby declared to be the intention of the Board of Aldermen that each and every part, section and subsection of this Ordinance shall be separate and severable from each and every other part, section and subsection hereof and that the Board of Aldermen intends to adopt each said part, section and subsection separately and independently of any other part, section and subsection. In the event that any part, section or subsection of this Ordinance shall be determined to be or to have been unlawful or unconstitutional, the remaining parts, sections and subsections shall be and remain in full force and effect, unless the court making such finding shall determine that the valid portions standing alone are incomplete and are incapable of being executed in accord with the legislative intent.

**SECTION TWELVE.** After adoption of this Ordinance by the Board of Aldermen, this Ordinance shall become effective on the 30th day after its approval by the Mayor or adoption over his veto; provided that if, within one hundred eighty (180) days after the effective date of this Ordinance, the Developer has not (i) executed a redevelopment agreement pertaining to the Redevelopment Project and (ii) paid all fees due to the City pursuant to any such redevelopment agreement, the provisions of this Ordinance shall be deemed null and void and of no effect and all rights conferred by this Ordinance on Balke Brown Associates, Inc., shall terminate; provided further, however, that prior to any such termination the Developer may seek an extension of time in which to execute a redevelopment agreement and to make any payment of fees, which extension may be granted in the sole discretion of the Board of Estimate and Apportionment of the City of St. Louis.

**EXHIBIT A  
PET BUILDING TIF REDEVELOPMENT PLAN**

Amended  
TIF Redevelopment Plan

The Pet Building  
400 South Fourth Street  
St. Louis, MO

Submitted to the TIF Commission of the City of St. Louis  
December 3, 2004  
Amendment Dated February 4, 2005

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**SECTION 1  
INTRODUCTION**

CONCEPT OF TAX INCREMENT FINANCING

In pursuing the redevelopment of a declining area or to induce the development of an area which has been deficient in growth and development, the State of Missouri has provided various statutory tools a municipality may use in order to initiate private and public development/redevelopment. One such tool is the Real Property Tax Increment Allocation Redevelopment Act (R.S. MO. Section

99.800 et seq.) also known as Tax Increment Financing (TIF) and hereinafter referred to as the Act. This legislation provides for the establishment of tax increment financing districts referred to in the Act as "redevelopment areas". In order to establish a TIF redevelopment area, the area proposed for designation must meet certain criteria set forth in the Act. These criteria are established in accordance with one of three types of redevelopment areas that may be designated. These types of redevelopment areas are:

- Blighted area;
- Conservation area; or
- Economic development area.

For an area to be designated as one of these, a redevelopment plan must be prepared which identifies specific redevelopment projects within the redevelopment area. The plan must outline the objectives that the plan intends to accomplish, how the redevelopment projects accomplish those objectives and provide a program by which the objectives and the redevelopment projects will be accomplished. The purpose of establishing the redevelopment area is to reduce or eliminate blighting conditions, foster economic and physical improvements and enhance the tax base of the taxing districts that levy taxes within the redevelopment area.

The concept of TIF is relatively simple. Incremental revenue is created when there is an increase in tax revenues in the designated area (the "Redevelopment Area") above the annual revenue that the redevelopment area generated in the year prior to its establishment. New development is "induced" to occur through the ability to use the incremental revenue created by the new development to finance certain costs of developing or redeveloping an area. Bonds or other financial obligations can be issued to capture the revenue at the inception of a project to repay these costs.

Typically, bonds or other financial obligations are issued to finance the costs associated with the various capital improvements and redevelopment projects that are proposed to occur in the area. These financial obligations are then retired on an annual basis using the incremental revenue generated from the new development. This revenue is set aside in a special fund known as the "special allocation fund". During the period in which the incremental revenue is dedicated to the purposes specified in the redevelopment plan (up to 23 years), all taxing districts that levy ad valorem taxes in the redevelopment area continue to receive the taxes based upon the property values and tax rates which existed prior to the new development and adoption of TIF. Those local jurisdictions that levy economic activity taxes (sales, utility, earnings, and payroll taxes) also continue to collect the amount of these taxes that existed prior to the implementation of a TIF district in addition to 50% of the new economic activity taxes generated by the project. In addition, local jurisdictions receive 100% of the new revenues generated by the Merchants and Manufacturers Replacement Tax and 100% of the new personal property taxes.

The TIF Act requires the city seeking to create a redevelopment area to create a TIF Commission. This body is comprised of six individuals who are appointed by the chief elected officer of the city and three individuals who are appointed by the other taxing districts within the proposed redevelopment area. The three representing other taxing districts are appointed in two ways. Two of the three non-municipal appointments represent the school district that has territory within the redevelopment area. One member is appointed to represent all other taxing districts. The TIF Commission's role is to review and consider the area proposed to be designated as a redevelopment area and to make a recommendation to the governing body of the city regarding the establishment of the redevelopment area and the associated redevelopment plan and project(s). Once the TIF Commission's initial work is done, the members appointed by the school board and other taxing districts' terms expire. Of the six members appointed by the city, two shall serve two years, two for three years, and two for four years from the date of initial appointment. Thereafter, the members appointed by the city serve for terms of four years.

There are several advantages in choosing TIF over other redevelopment programs. Because the Act authorizes the TIF revenues to be pledged to bonds or other financial obligations, the developer and the city have funds available at the beginning of the development process when they are typically the most needed. Another advantage is that TIF requires all the taxing entities to share in foregoing the receipt of new revenue during the period while the obligations are being retired. This is because, unlike tax abatement schemes, the city must dedicate at least 50% of all of its local economic activity tax revenue that is generated by the new development to the special allocation fund, not just its property tax increment. In addition, in the TIF process the city is vested with control over where and how the increment will be used. An additional advantage is that the city is allowed to use the power of eminent domain to ensure that necessary property acquisition occurs and that public improvements are built.

The initial step in forming a TIF district and establishing the redevelopment area is to analyze the area being contemplated for designation. This is necessary to determine whether the area can meet the criteria specified in the Act for designation as a blighted, conservation, or an economic development area. Once the governing body of a city has determined that the area will qualify, it may approve a redevelopment plan (hereinafter referred to as "Redevelopment Plan" or the "Plan"). The Redevelopment Plan identifies objectives, policies, redevelopment projects, activities and costs necessary to accomplish the redevelopment of the area. Funding and

financing aspects of the Plan are also outlined, as well as Plan schedules and dates for implementation.

#### THE AREA

The Pet Building Redevelopment Area ("Area") is located in the City of St. Louis ("City") and contains approximately 2.248 acres of land. The Area encompasses all of City Block 6470. The Area is bound by South Fourth Street on the west, Poplar Street on the south, Spruce Street on the north, and Arthur on the east. The boundaries of the Redevelopment Area are shown on Plate 1, Redevelopment Project Area Boundary Map located in Attachment One of the Appendix and further described in the boundary description contained in the Appendix as Attachment Two. There is only one structure in the area, the vacant Pet Building. Existing land uses within the Redevelopment Area are shown on Plate 2, Existing Land Use Map in Attachment One of the Appendix. The Area consists of one parcel as well as the abutting public rights-of-way of the roads listed previously.

The only building in the Area is the now-vacant Pet Building. The Pet Building has formerly served as corporate offices for the Pet Corporation, then the Sverdrup engineering firm. However, after Sverdrup was acquired by Jacobs Engineering, Jacobs relocated the offices and the building has been vacant for several years.

The Area suffers from economic and physical deterioration of site improvements. The combination of these factors constitutes an economic and social liability and is a menace to the public health, safety, morals, or welfare in its present condition and use.

#### PLAN PURPOSE

It is anticipated that the Area will contain a single Redevelopment Project Area (RPA). This Plan assumes that the boundaries of the Area and RPA are one and the same. In order to establish an Area and RPA as described above, the overall Area and RPA must meet certain criteria set forth in the Act. One of the purposes of this Plan is to document the qualifications of the Area and the RPA with respect to designation under the terms and conditions of the Act.

In addition, this document serves as the basis for establishing the general redevelopment program and TIF financing parameters that will financially assist the selected redeveloper(s) of the Area.

This assistance is anticipated to

- facilitate the comprehensive and unified redevelopment of the Area;
- and construct necessary improvements (pubic and private) within the Area.

The primary purpose of this Plan is to establish the process by which redevelopment of the entire Area can occur. This process will enable the City to select a redeveloper(s) to carry out the comprehensive and unified redevelopment envisioned by this Plan. Without the assistance provided through TIF, the Area is not likely to experience significant new growth and development through investment by private enterprise.

### SECTION 2

#### REDEVELOPMENT AREA BASIS FOR DESIGNATION & SUMMARY OF THE REDEVELOPMENT PROPOSAL

##### Basis For Redevelopment Area Designation

In order to establish a TIF Redevelopment Area, the area proposed for designation must meet certain criteria set forth in the TIF Act. These criteria are established in accordance with one of three types of redevelopment areas that may be designated. These types of redevelopment areas are:

- Blighted area;
- Conservation area; or
- Economic development area.

As determined by field investigations and analyses undertaken for this Plan, the Area was found to exhibit the requirements necessary for designation under the TIF Act as a Blighted Area. The analysis of existing conditions and evidence of the factors present in the Area are described in detail in Section 3, Analysis of Blighting Area Factors. The principle factors are summarized below:

- The current site improvements associated with the Area are deteriorated. The roof of the building is leaking allowing

water infiltration and associated damage. Plumbing and HVAC systems are aged and in need of repair and replacement. All of the windows are in need of replacement. In addition, the adjoining streets and sidewalks exhibit deteriorated conditions.

- The deteriorated building conditions create conditions which endanger life or property by fire or other causes.
- The Area has been an economic and social liability since Jacobs Engineering moved out of the area, and is a menace to the public health, safety, morals, or welfare in its present condition and use.

Certain factors found in the Redevelopment Area lead to the conclusion that without the use of tax increment financing, as envisioned in this Plan, the Area would not be subject to growth and development by private enterprise in a manner consistent with the development goals and objectives for the Area. These factors are:

- The cost of demolition and environmental remediation;
- The cost of renovation of the existing building; and
- The cost required to construct infrastructure capable of supporting the new development envisioned by this Plan.

#### Summary Of The Redevelopment Program

The redevelopment program for the Area, as outlined later in Section 4 of this document, envisions that redevelopment will occur through a redevelopment project that provides for the rehabilitation of the existing building into new residential and commercial uses. The program concept is intended to foster the redevelopment of the Area with quality residential and commercial uses that will generate increased tax revenues for the affected taxing districts, provide necessary housing, and provide for job growth in the City of St. Louis. The Redevelopment Project will alleviate the conditions now in evidence and cause the Area to once again be a significant revenue generator for the City and Area and taxing jurisdictions.

### SECTION 3 ANALYSIS OF BLIGHTING FACTORS

#### INTRODUCTION

This Section sets forth the factors present in the Area that meet the definition of a "Blighted area" according to Section 99.805 of the TIF Act. The Act defines a "Blighted area" as follows:

...an area by which, by reason of the predominance of defective or inadequate street layout, unsanitary or unsafe conditions, deterioration of site improvements, improper subdivision or obsolete platting, 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, morals, or welfare in its present condition and use;

Those factors found within the Redevelopment Area are identified in the following narrative. As background to this analysis, a brief description of the existing land uses, zoning, and prior redevelopment efforts within the Area are first provided.

#### EXISTING LAND USE AND ZONING

The existing land uses are shown on Plate 2 entitled Existing Land Use Map, located in the Appendix in Attachment One of this document. The Area and RPA are comprised solely of vacant land and the deteriorated Pet Building. Existing zoning is shown on Plate 3 entitled Existing Zoning Map, located in the Appendix in Attachment One of this document.

#### PRIOR REDEVELOPMENT EFFORTS

In 1996, the Area was designated part of the South Broadway/Spruce/South Third/Poplar Area under the provisions of Sections 99.300 et seq. of the Revised Statutes of Missouri (Land Clearance for Redevelopment Authority Law herein referred to as "LCRA"). In order to establish a redevelopment area under the LCRA, the conditions of the area must be found to constitute both an economic liability to the City and present a hazard to the health and well being of its citizens. These conditions were found to exist in the South

Broadway/Spruce/South Third/Poplar Area and, therefore, the Area qualified as blighted within the definition of blighted under the LCRA statute.

Using the definitions described in the Redevelopment Plan for the South Broadway/ Spruce/South Third/Poplar Area, portions of the Area were classified as being in "Fair Condition". The meaning of "Fair Condition", as outlined in the South Broadway/Spruce/South Third/Poplar Area Redevelopment plan, means (1) property that is generally structurally sound but suffers from inadequate maintenance and upkeep, or (2) vacant unimproved property that is underutilized. It should be noted, that since the adoption of the South Broadway/Spruce/South Third/Poplar Area Plan the physical conditions within the Area have not improved and the building located within the Area that is the subject of this report has further deteriorated.

The designation under LCRA clearly points out that conditions of the Area had been declining for an extended period of time, that conditions have not improved since the adoption of the Redevelopment Plan under the LCRA, and that the Area is considered blighted when measured by other redevelopment mechanisms within Missouri law.

#### BLIGHTING FACTORS

In determining if the Area meets the eligibility requirements for TIF per statutory provisions, a number of sources of information were utilized. These include field investigations; records and data from local sources, including the St. Louis City Assessor; interviews with local officials knowledgeable as to the Area's conditions and history; information on site improvements, building conditions; and data on market conditions.

##### (a) Deterioration of Site Improvements

Deterioration of site improvements refers to the physical and economic deterioration of the improvements of the Area. Physical deterioration refers to physical deficiencies or disrepair in buildings or site improvements requiring treatment or repair. Deterioration of buildings which is not easily correctable in the course of normal maintenance may also be evident in buildings such as defects in secondary components such as doors, windows, porches, and fascia materials, etc., and major defects in primary components such as cracked or damaged foundations, frames, roofs, etc. Physical deterioration of site improvements could include: surface cracking, crumbling, or potholes in parking areas, and damaged signage, fences, retaining walls, utility poles, and dead or decaying landscaping.

Economic deterioration refers to a decline in the economic viability of an Area to continue to generate tax revenue. Economic deterioration is one of the root causes for an area becoming an economic liability to a municipality and other taxing jurisdiction. Examples of economic deterioration include: declining sales and sales taxes, declining Equalized Assessed Value (EAV) and real property taxes, lost jobs, high vacancy rates, obsolete structures, underutilized property and changes in land use.

##### (i) Physical Deterioration

The only building in the Area is the Pet Building. The building is deteriorated with a leaking roof, interior water damage, and obsolete and deficient HVAC, electrical and plumbing systems. In addition, virtually every window in the building is in need of replacement. Also, the surfaces of surrounding sidewalks are deteriorated and in need of repair.

##### (ii) Economic Deterioration

Economic deterioration is evident in that the Area has been stagnant in terms of real property taxes and has generated virtually no economic activity taxes since Jacobs Engineering abandoned the Pet Building. In addition, since Jacobs Engineering left the building, several attempts have been made to reuse the site. However, all of these efforts have been unsuccessful.

In summary, the Area has seen a deterioration of its value to generate economic activity and thereby generate tax revenue for local taxing jurisdictions. This declining economic viability is reflected in the inability of the private sector to utilize the property and thereby generate revenue for the City and Area taxing jurisdictions and the decline in revenues since the site was vacated. The decline has been present for some time and likely will not be corrected without the ability to utilize redevelopment incentives to facilitate redevelopment.

##### (b) Conditions Which Endanger Life or Property by Fire or Other Causes

The Pet Building is currently suffering from water infiltration due to a leaking roof. Uncontrolled water infiltration on the

interior of a building gives rise to the threat of mold and interior structural damage, which can endanger life or property. In addition, vacant buildings are at greater risk to uncontrolled fire damage. The building lacks a sprinkler system.

(c) Economic Liability

In the arena of public, tax-supported jurisdictions, a major component of economic growth is the locally generated tax revenues that support the service delivery mission of those jurisdictions. In situations where a given area fails to maintain reasonable levels of tax generation over an extended period of time, the taxing jurisdictions that rely upon the area for revenue generation suffer. Such situations hinder the ability of the taxing jurisdictions to experience a stable and/or growing economic base that will generate the revenues necessary to provide services. An unstable or declining economic base is an economic liability for all taxing jurisdictions that would otherwise benefit from an economically healthy area.

Section 99.805 (1) of the Act provides that, when one or more of the factors noted previously give rise to "an economic or social liability" the area may be designated a "Blighted area". The Area suffers from deterioration of site improvements and the buildings are obsolete. The economic liability that the Area represents is a result of this physical and economic deterioration.

Property that has become functionally obsolete becomes difficult to lease to quality tenants. Landlords generally accept lower rents, which act as disincentives to property maintenance and/or renovation. As buildings begin to experience a "worn" appearance or no longer serve their purpose and tenants become harder to attract, and vacancies increase.

In terms of the Area, the Pet Building demonstrates the situation. Since Jacobs Engineering vacated the building, the Area has generated no earnings taxes, greatly reduced utility taxes, no sales taxes, no personal property taxes, and no increase in assessed value of land or improvements. These declining conditions and the inability of the private sector to develop the building are reflective of the obsolescence of the improvements on the site and the impediments to development that exist.

In addition, no Personal Property Tax has been generated in the Area since the business that once occupied the Area closed. The Area currently has little tax revenue generation capability.

(i) Economic Activity Taxes

Economic activity taxes refer to sales, utility, and other taxes generated by economic activity. Since the Area contains vacant land and a vacant building, it generates no sales taxes, corporate profit or payroll taxes, earnings taxes, or utility taxes. The job loss associated with the Pet Corporation closing and Jacobs Engineer relocation have never been recovered from, and the Area has not generating any economic activity since.

The Area suffers from economic underutilization. The courts of Missouri have recognized economic underutilization as a blighting condition or one that contributes to blight. This premise was explicitly stated by the Missouri Supreme Court case Tierney v. Planned Industrial Expansion Authority of Kansas City, Missouri, 742 S.W. 2d 146, 151 (Mo.1987).

In Tierney at 151, the Missouri Supreme Court stated:

"...(10) The owners, finally, attack the concept of "economic underutilization" as a basis for condemnation. They suggest that almost all land could be put to a higher and better use, and argue that the concept of economic underutilization is so broad as to confer upon the legislative authority and PIEA the unlimited discretion to take one person's property for the benefit of another, contrary to Mo. Const. Art. I, Sec. 28.

"We do not find the fault or the danger perceived. The concept of urban redevelopment has gone far beyond "slum clearance" and the concept of economic underutilization is a valid one. This is explicit in State ex rel. Atkinson v. Planned Industrial Expansion Authority of St. Louis, 517 S.W.2d 36 (Mo. Banc 1975), sustaining the statutes governing this case. Centrally located urban land is scarce. The problems of assembling tracts of sufficient size to attract developers, and of clearing uneconomic structures, are substantial and serious. The willingness of the owners to sell is not controlling. We need not repeat all of the evidence which was before the city council tending to show that redevelopment of this area would promote a higher level of economic activity, increased employment, and greater services to the public..."

In other words, the performance of a use below its economic potential is a symptom of a blighted area when examining uses that generate economic activity, (i.e., commercial uses). As the court stated in Tierney, urban redevelopment is far more than

mere slum clearance, and includes the concept that economic underutilization as evidence of blight. The economic underutilization of the Area is further evidence that the Area exhibits those factors that qualify it as a Blighted Area.

#### LACK OF GROWTH AND DEVELOPMENT BY PRIVATE ENTERPRISE

The Area has not been subject to growth and development through investment by private enterprise and would not reasonably be anticipated to do so without the adoption of tax increment financing. The acquisition costs for land, infrastructure cost, and cost of rehabilitation are substantial. The combination of these conditions leads to the conclusion that the Area would not reasonably be expected to be developed without the adoption of tax increment financing. An affidavit signed by the prospective developer of the Redevelopment Project attesting that the provisions of RSMO 99.810(1) have been met is provided in the Appendix as Attachment Three.

#### SUMMARY

The Area meets the requirements for a Blighted Area. Conditions in the area display evidence of deterioration of site improvements. The presence of this condition has led to the Area being an economic liability to the City and local taxing jurisdictions. As such, this analysis shows that the Area meets the criteria for declaration as a Blighted Area within the requirements of the Act.

### SECTION 4 REDEVELOPMENT PLAN

#### PROGRAM OBJECTIVES

To establish a Redevelopment Area, a Plan must be reviewed by and receive a favorable recommendation by the TIF Commission and be approved by the Board of Aldermen. The Plan outlines the program that the City proposes to undertake to accomplish the objectives for the Redevelopment Area. The objectives forming the basis for the Redevelopment Plan for the Southtown Redevelopment Area are outlined in the following paragraphs.

The City's objective for this Plan is to facilitate redevelopment of the Pet Building Area for a quality residential development and ancillary commercial use. It is the City's objective as a result of this project to: provide new housing, new jobs and generate new revenue for the affected taxing districts. The Area has been subject to economic and physical deterioration and is an economic liability for the City and local taxing jurisdictions.

The following, more general objectives, also form the basis for the Redevelopment Plan:

1. Eliminate and/or reduce the presence of conditions that are an economic liability to the City and local taxing jurisdictions through growth in the tax base;
2. Eliminate the conditions that have qualified the Area as a "Blighted Area" under the terms of the Act and under the LCRA designation;
3. Stimulate redevelopment of the Area through private investment in new residential land uses that will provide the revenue base for retirement of TIF obligations and long-term revenue generation for all affected taxing districts;
4. Provide an implementation mechanism which will accelerate the achievement of these objectives and complement other community and economic development objectives and programs; and
5. Further the objectives of the City's Plan for this Area.

#### GENERAL LAND USES TO APPLY

The land uses to apply to the Redevelopment Area are displayed on Plate 4, General Land Use Plan, contained in the Appendix in Attachment One. Plate 4 identifies the entire Area for residential and commercial uses. The proposed land uses are appropriate and consistent with local objectives as defined by the General Plan of the City of St. Louis which includes the "Comprehensive City Plan" (1947), the "St. Louis Development Program" (1973), the "Economic Development Strategy" (1978). In addition, the land uses proposed in this Plan are consistent with the land uses proposed in the 1996 LCRA Plan, as amended by

LCRA Resolution \_\_\_\_\_ approved November 16, 2004, which indicated that the entire Area should be utilized for residential and commercial uses. Therefore, the objectives and goals of this Redevelopment Plan are consistent with prior redevelopment efforts and planning documents relating to the Area.

#### ESTIMATED REDEVELOPMENT PROJECT COSTS

In order to establish an estimate of the redevelopment project costs to apply to the Redevelopment Area, the concepts for redevelopment presented in the General Land Use Plan discussed earlier in this Section must be used. More specifically, the following Redevelopment Plan and project implementation elements and costs attributable to them must reflect:

6. The actual land area that will be available for redevelopment purposes. This is based on the amount of land and buildings that is envisioned, at this time, to be used for redevelopment purposes;
7. The cost of demolishing existing infrastructure improvements in order to rebuild at required configuration and capacity;
8. The amount of rehabilitation construction activities of various types;
9. The cost of infrastructure improvements required, such as street improvements; curbing and sidewalk improvements; and to upgrade utilities on the site;
10. The miscellaneous costs associated with development such as loan fees, construction loan interest, permit and inspection fees, appraisals, title insurance, surveying, soils engineering and compaction, architect/engineer fees, environmental testing, etc.;
11. Bond or other financial obligations issuance costs which will be incurred over the life of the project; and
12. Planning, legal and financial advisory costs associated with the preparation of the Redevelopment Plan and implementation of the redevelopment project which have occurred and will occur in the Area in the future.

In deriving the estimated costs, which are shown in Table 4-1 presented later in this Section, the following source of information was used:

13. Information provided by the proposed developer Balke Brown Associates, Inc. ("Developer") which submitted a proposal for redevelopment of the Area in response to the City's solicitation for redevelopment proposals as part of the process of preparing and implementing this Redevelopment Plan; and
14. The Project concept for the Area and RPA is based on the Project proposal submitted by the Developer. The Project concept is for the acquisition of the Pet Building, its rehabilitation into over one hundred eighteen (118) residential units, totaling approximately 124,726 square feet, and an additional 8,500 square feet of restaurant space, with associated parking and common area improvements.

The Act allows the City and/or its designated developer(s) to incur redevelopment costs associated with implementation of an approved redevelopment plan and approved redevelopment project. These costs include all reasonable or necessary costs incurred, and any costs incidental to a redevelopment project. Thus, this Redevelopment Plan provides for the use of TIF revenues for the following costs, in accordance with the TIF Act, which may include, but are not limited to:

1. Cost of studies, surveys, plans and specifications;
2. Professional service costs including, but not limited to, architectural, engineering, legal, marketing, financial, planning or special services;
3. Property assembly costs including, but not limited to, acquisition of land and other property, real or personal, or rights or interests therein, demolition of buildings, and the clearing and grading of land;
4. Costs of rehabilitation, reconstruction, or repair or remodeling of existing buildings and fixtures;

5. Costs of construction of public works or improvements;
6. Financing costs including, but not limited to, all necessary and incidental expenses related to the issuance of obligations, and which may include the payment of interest on any obligations issued under the provisions of this Redevelopment Plan accruing during the estimated period of construction of any redevelopment Project for which such obligations are issued and for not more than eighteen months thereafter, and including reasonable reserves related thereto;
7. All or a portion of a taxing district's capital costs resulting from the Redevelopment Project necessarily incurred or to be incurred in furtherance of the objectives of the Redevelopment Plan and Project, to the extent the City, by written agreement, accepts and approves such costs;
8. Relocation costs to the extent the City determines that relocation costs shall be paid or are required to be paid by Federal or State law; and
9. Payments in lieu of taxes.

Table 4-1, entitled Estimated Redevelopment Plan & Project Costs, shown below identifies the potential costs of implementing the Plan and developing the Project described above.

These costs represent the total cost of the project regardless of the source of funding. This Table does not include the cost of tenant finishes over and above Developer supplied finishes, which are unknown at this time. Typical plan implementation, bond issuance and financing costs are based on consultation with the Developer and City staff. It should be noted that these costs are estimated based on the knowledge of the project at this time and that the actual redevelopment cost items for implementing the Redevelopment Plan and the Redevelopment Project may vary from these estimates.

Table 4-1  
ESTIMATED REDEVELOPMENT PLAN & PROJECT COSTS  
Pet Building Redevelopment Area

<b>Redevelopment Plan and Project Cost</b>	<b>Cost in \$</b>
Building Construction/Rehabilitation	\$26,338,375
Land Acquisition and Relocation	9,100,000
Demolition and Environmental	1,142,000
Site Preparation and Paving	760,000
(includes site regrading and excavation for new structures and paving for parking lot)	
Infrastructure and Utilities	53,625
Lighting, Signage and Landscaping	58,000
(includes installation of lighting, signage and landscaping)	
Furnishing, Fixtures and Equipment	
(includes tenant finish for anchors and small shops)	
Professional Fees	6,043,000
(includes architecture, engineering, surveying, legal, planning consulting, builder's risk insurance, interest fees and leasing commission fees)	
<b>Total Anticipated Redevelopment Plan and Project Costs</b>	<b>\$43,495,000</b>

NOTE: includes \$3 million cost of conversion to condominiums in 2003.  
SOURCE: Cost estimated provided by Developer.

It is not the intent of Table 4-1 or this Plan to restrict the City or the Developer to the cost amounts or cost items as outlined in the Table. However, such costs will be restricted to those previously specified that are those provided for in Section 99.805(14) of the TIF Act. During the life of the Area, Plan and Project, other costs may be incurred or adjustments may be made within and among the line items specified in Table 4-3, if necessary and reasonable to accomplish the program objectives of the Redevelopment Plan.

#### ANTICIPATED SOURCES OF FUNDS TO PAY COSTS

It is anticipated that there are two principal sources of funds to be used to pay the costs of implementation of the Redevelopment Plan and the Redevelopment Project previously described. These sources are:

- 10. Capital which is available to the Developer through its own cash reserves or financing entities; and
- 11. Funds available through the issuance of Tax Increment Financing Bonds ("TIF Bonds"), short and long term notes, loans, certificates or other certificates of indebtedness (herein collectively referred to as "TIF Bonds or other financial obligations").

In addition to these sources, the Developer may utilize other redevelopment mechanisms such as Federal and State Historic Tax Credits, Brownfield Remediation Credits or other programs to further the objectives of this Plan.

This Plan provides for certain costs to be paid through the issuance of TIF Notes, TIF Bonds or other financial obligations to finance all or a portion of the demolition, rehabilitation, infrastructure, utility, and other Redevelopment Project costs as listed in Table 4-2, entitled Anticipated Redevelopment Plan & Project Implementation Costs to be Paid by TIF Notes, TIF Bonds or Other Financial Obligations, displayed on the next page. As is the case with the cost items and figures presented in Table 4-1, the cost item amounts in Table 4-2 are based on the conceptual Project, as outlined previously in this Plan, and on cost data submitted by the Developer whose proposal is currently under consideration by the TIF Commission and the City staff. It should be clearly noted that the Project costs shown in Table 4-2 are based, only in part, on the Developer's proposal. Therefore, the actual redevelopment items, their associated cost amounts and the specific Project to be financed by TIF Notes, TIF Bonds or other financial obligations may vary from these estimates.

It is likely that a portion of the costs shown in Table 4-2 will initially be financed through the issuance of notes purchased by the Developer or parties associated with the Developer. Such notes shall pay an interest rate equal to seven percent (7%). Once the Project is completed and is generating tax revenue, the City may issue TIF Bonds to the public or others to refinance the TIF notes. Such bonds shall be issued on a negotiated basis. It is anticipated that such TIF Bonds shall be issued through the Industrial Development Authority of the City. It is not the intent of Table 4-2 or this Plan to restrict the City or Developer to the use of TIF Bonds or other financial obligations to finance only those cost amounts or cost items as outlined in Table 4-2. However, such cost amounts and cost items shall be restricted as specified previously with respect to Table 4-1, which are those provided for in Section 99.805(14) of the TIF Act.

Table 4-2  
**ANTICIPATED REDEVELOPMENT PLAN & PROJECT IMPLEMENTATION  
 ESTIMATED TIF REIMBURSABLE EXPENSES  
 Pet Building Redevelopment Area**

<b>Redevelopment Plan and Project Cost</b>	<b>Cost in \$</b>
Building Construction/Rehabilitation	\$2,000,000
Land Acquisition and Relocation	1,000,000
Demolition and Environmental (includes demolition of obsolete utilities and some pavement areas)	0
Site Preparation and Paving (includes site regrading and excavation for new structures and paving for parking lot)	0
Infrastructure and Utilities (includes construction of stormwater and sanitary sewers, water lines and installation of utilities)	0
Lighting, Signage and Landscaping (includes installation of lighting, signage and landscaping)	0
Furnishing, Fixtures and Equipment (includes tenant finish for anchors and small shops)	0
Professional Fees (includes architecture, engineering, surveying, legal, planning consulting, builder's risk insurance, interest fees and leasing commission fees)	0
<b>Total Anticipated Redevelopment Plan and Project Costs</b>	<b>\$3,000,000</b>

SOURCE: Cost estimated provided by Developer.

If the Project proposal is approved by the City for the Area, the cost items to be financed by TIF Bonds or other financial obligations may vary from those outlined in Table 4-2. However, the aggregate of such costs (exclusive of financing or refinancing costs) shall not exceed \$3,000,000. The principal amount of the TIF Bonds, or other financial obligations may exceed \$3,000,000 to the extent required to establish a reserve fund, to pay costs of issuance, to pay capitalized and accrued interest and to pay other eligible financing costs.

The primary sources of revenue to retire TIF Bonds or other financial obligations will be those provided for in the Act. As stated in the Act these sources are:

...payments in lieu of taxes attributable to the increase in the current equalized assessed valuation of each taxable lot, block, tract, or parcel or real property in the area selected for the redevelopment project over and above the initial equalized assessed value of each such unit of property in the areas selected for the redevelopment project...

This source is anticipated to generate incremental revenue resulting from increased EAV following redevelopment of the Area. To provide an additional source of revenue, the Developer intends to enter into a minimum PILOT payment agreement which would provide additional revenue if revenue from EAV provided insufficient for debt service.

...50% of the total additional revenue from taxes, penalties and interest imposed by the municipality or other taxing districts which are generated by economic activities within the area of the redevelopment project over the amount of such taxes generated by economic activities within the area of the redevelopment project in the calendar year prior to the adoption of the redevelopment project by ordinance...but excluding personal property taxes, taxes imposed on sales or charges for sleeping rooms paid by transient guests of hotels and motels, taxes levied for the purpose of public transportation pursuant to Section 94.660 RSMo, licenses, fees or special assessments...

The above economic activity taxes shall include, among other taxes, the City Transportation Sales Tax, and the Metropolitan Parks and Recreation Tax. This source is anticipated to generate incremental revenue from sales, utilities, earnings, payroll and graduated business license taxes levied by the City following redevelopment of the Area. It is not the intent of this Plan to seek utilization of the new State revenue generated as a result of redevelopment.

The City may elect, but is not obligated to use other sources of revenue to finance these costs or alternatively, the City may make advances from funds available. These advances would be reimbursed, with interest, as and when there are sufficient monies in the Special Allocation Fund after payment of all other financial obligations. TIF Bonds or other financial obligations issued for a Project may be marketed through a program developed by the bond underwriter, or they may be privately placed.

It is anticipated that the remaining Project costs not funded by TIF Bonds or other financial obligations will be paid primarily through two other sources. These sources are: 1) internal capital resources of the private developer selected by the City to implement the Project within the Area; and 2) private financing secured by a developer which would use these sources of revenue to pay those costs that are not to be financed by TIF Bonds or other financial obligations.

By comparing the figures for the Area from Tables 4-1 and 4-2, the costs associated with implementation of the Redevelopment Plan and Redevelopment Project to be financed by private capital or financing or other sources of revenue are as shown in Table 4-3, entitled Anticipated Redevelopment Plan and Project Implementation Costs to be Privately Financed, displayed on the next page.

Table 4-3  
 ANTICIPATED REDEVELOPMENT PLAN AND PROJECT  
 IMPLEMENTATION COSTS TO BE PRIVATELY FINANCED  
 Pet Building Redevelopment Area

<b>Redevelopment Plan and Project Cost</b>	<b>Cost in \$</b>
Total Redevelopment Plan and Project Implementation Costs	\$43,495,000
Redevelopment Plan and Project Costs to be financed by TIF Bonds or other Financial Obligations <sup>1</sup>	3,000,000
Costs to be Privately Financed	\$40,495,000

<sup>1</sup> Excludes reserve fund, capitalized interest and cost of issuance.

ANTICIPATED TYPE AND TERM OF THE SOURCES OF FUNDS AND THE TYPES AND TERMS OF TIF OBLIGATIONS TO BE ISSUED

It is anticipated that the City will issue TIF Bonds or other types of TIF obligations in an amount not to exceed \$3,000,000 in the aggregate of all such issues, exclusive of the costs of financing or refinancing costs as described above, and with a term of retirement for all such issues of not more than 23 years. The TIF Bonds or other financial obligations will be issued only to finance the Redevelopment Plan and project costs as previously outlined in Table 4-2 in this section which are eligible costs as specified in Section 99.805(11) of the TIF Act, including the funding of a debt service reserve fund, capitalized and accrued interest and any costs of issuing the TIF Bonds or other financial obligations.

The Bonds may be issued in one or more series and may include notes, temporary notes or other financial obligations to be redeemed by TIF Bonds upon completion of the Redevelopment Project. In addition, these Bonds or other financial obligations may be privately placed. It is the City's intent to pay for the principal and interest on these Bonds or other financial obligations, in any year, solely with money legally available for such purpose within the City's Special Allocation Fund. In the event there are insufficient funds in the Special Allocation Fund to cover principal and interest payments on the TIF obligations, the City may draw upon revenues to be provided by the Developer by way of a PILOT Payment Agreement until such time as the PILOT Payment Agreement may expire by provision therein of reaching an agreed upon level of EAV. Repayment of any obligations will not be an obligation, general or otherwise, of the City of St. Louis.

TIF Bonds or other financial obligations may be issued only after acceptance of the Redevelopment Proposal from the Developer for the Redevelopment Project. This proposal was submitted in conjunction with an open and competitive Request for Proposals conducted in accordance with the TIF Act. In conformance with the general terms stated herein, a separate bond ordinance or trust indenture will set forth the terms of the TIF Bonds or other financial obligations to be issued in conjunction with said project and the anticipated revenue to be received as a result of the implementation of the Redevelopment Project and its sufficiency with respect to retirement of the TIF Bonds or other financial obligations to be issued.

Alternately, and in addition to the obligations outlined above, the City may make an interim advance from its funds (if available) for purposes of paying the costs of implementation of any Redevelopment Plan or Project implementation cost to be financed by TIF revenues. Any such advance would be reimbursed with interest when there are sufficient monies in the Special Allocation Fund after payment of other obligations. In addition to the obligations outlined above, the City may issue short-term obligations in the form of loans or bond anticipation notes. They would be issued for the purposes and uses as previously set forth in this Redevelopment Plan.

**EVIDENCE OF THE COMMITMENT TO FINANCE PROJECT COSTS**

Attachment Three of the Appendix contains letters providing evidence of a commitment to finance project costs as provided by the Developer. It is certain that the majority of the development costs of the selected Redevelopment Project will be financed using conventional financing provided by the respective Developer.

At the time of this writing, the financing structure for any TIF Bonds or other financial obligations for the Redevelopment Project is not known. The actual program for TIF Bonds or other financial obligations will be linked to the Redevelopment Project proposed to the City (subject to subsequent approval by the Board of Aldermen by ordinance). Before any Bonds or other financial obligations are issued under the provisions of this Plan, specific evidence of commitments to finance Redevelopment Project costs will be provided for the Redevelopment Project in conjunction with the subsequent review of the proposed project by the TIF Commission and the Board of Aldermen of the City of St. Louis.

**EQUALIZED ASSESSED VALUATION**

In accordance with the TIF Act, the most recent equalized assessed valuation (EAV) and an estimate of the EAV after redevelopment must be compiled for the Area and shown in this Plan. This data is provided in Table 4-4, entitled Estimated Equalized Assessed Valuation (EAV) after Redevelopment.

Table 4-4  
ESTIMATED EQUALIZED ASSESSED VALUATION (EAV)  
AFTER REDEVELOPMENT  
Pet Building Redevelopment Area

<b>Assessment Item</b>	<b>Estimated Appraised Value (\$)</b>	<b>Estimated EAV (\$)</b>
Total after Redevelopment	\$17,172,284	\$3,262,733

Less: Current Amount	4,729,687	1,513,500
Estimated Incremental Appraised and Assessed Values	\$ 12,442,597	\$ 1,749,233

The information for the current EAV was provided by the City of St. Louis Assessor's office and will reflect any adjustments that are made to the land or improvements for any parcels that are the result of appeals to the City of St. Louis, but will not necessarily reflect the results of any appeal to the State Tax Commission.

In order to estimate the EAV after redevelopment, the conceptual Redevelopment Project outlined earlier in this section must be used as the basis for the estimate. The estimate of market value for the building and site improvements comprising the conceptual Redevelopment Project are based on the market valuation estimates described earlier in this Section.

The parcel that comprises the Redevelopment Area currently has an assessed valuation basis for commercial uses and will be assessed as residential uses after redevelopment. The Developer intends to apply to the City Assessor's Office to have the building reclassified as residential effective January 1, 2005. Table 4-6 estimates the effect of potential reclassification of the property in the EAV.

Table 4-6  
ESTIMATED EQUALIZED ASSESSED VALUATION (EAV)  
IF PROPERTY RECLASSIFIED  
Pet Building Redevelopment Area

Assessment Item	Estimated Appraised Value (\$)	Estimated EAV (\$)
Total after Redevelopment	\$17,172,284	\$3,262,733
Less: Current Amount	4,729,687	898,637
Estimated Incremental Appraised and Assessed Values	\$ 12,442,597	\$ 2,364,096

The basis for the market value after redevelopment is based on a combination of current City of St. Louis Assessor's data for comparable uses; recent transactions in the general area; and data provided by consultants employed by the Developer.

During the course of implementation of the redevelopment program, some adjustment in assessed values may occur as certain site improvements are demolished. This will likely occur as portions of the existing building are demolished and new construction is not yet fully assessed. In such cases, this parcel may have an assessed value less than that which was attributed to it in the "base" year for the period of time until new construction occurs and a new assessment is derived. In addition, because the market value of this type of use can only be determined by the City of St. Louis Assessor after construction and is adjusted over time based on the tenant/occupant and market conditions, this may, in some instances, affect the amount of incremental revenue from property taxes that are available in a given year. It is anticipated that any PILOT Payment Agreement would expire once the condominium conversion has occurred and increases the EAV above a level acceptable to the City and the Developer.

The estimate of the EAV before and after redevelopment is based on a "snapshot" in time as opposed to a more precise projection of what may actually happen on an annual basis as redevelopment occurs.

#### ESTIMATED DATES FOR COMPLETION OF THE REDEVELOPMENT PROJECT & RETIREMENT OF OBLIGATIONS

The estimated date for complete implementation of the Redevelopment Plan and the Redevelopment Project is not later than 23 years from the adoption of any ordinances establishing a redevelopment project. Redevelopment of the Project is expected to be completed by December 31, 2007. Obligations incurred to finance the Redevelopment Plan and Redevelopment Project implementation costs will be retired on or prior to that date. The projected time schedule for full implementation of the Plan is outlined on the following page.

**Anticipated Program Schedule  
Pet Building Redevelopment Area**

<b>Action</b>	<b>Date</b>
1. Notification of Taxing Districts of Proposed Area and Project (Notification to taxing districts by certified mail. Taxing districts have 30 days to make appointments.)	10-20-04
2. City Advertises for Redevelopment Proposals	10-23-04
3. TIF Commission Meeting (Public Hearing date is set)	12-01-04
4. Hearing Notice to Taxing Districts (Written notices by certified mail, not less than 45 days prior to hearing.)	12-03-04
5. Hearing Notice	12-20-04
6. Hearing Notice to "Persons in whose name taxes were paid" (Written notices by certified mail, not less than 10 days prior to Hearing)	01-07-05
7. Hearing Notice (Published notice, not more than 10 days prior to hearing.)	01-10-05
8. Notice to Taxing Districts on Plan changes (if needed) (Written notice, by certified mail, of Plan changes, not less than 7 days prior to conclusion of Hearing.)	01-12-05
9. TIF Commission Public Hearing on Redevelopment Plan and Project Proposal,	01-19-05
and TIF Commission Meeting (Developer makes brief presentation. TIF Commission hears public comments.)	
10. TIF Commission Recommendation to Board of Aldermen (This assumes that the Commission will be able to make a recommendation to the Board of Aldermen regarding Redevelopment Plan, Project, and Developer at their meeting immediately following the Public Hearing.)	01-19-05
11. Introduce TIF Redevelopment Plan and Project(s) Ordinances (Ordinances cannot be introduced until 14 days following the conclusion of the public hearing. This will be the introduction, first reading and assignment to Housing, Urban Development and Zoning Aldermanic Committee.)	02-04-05
12. Board of Alderman - HUDZ Committee Public Hearing on Ordinances (All development-related ordinances receive a public hearing before this Committee.)	02-09-05
13. Board of Estimate and Apportionment Approval of Ordinance (This may occur the same day as the HUDZ Committee Public Hearing.)	02-09-05
14. Second Reading of Redevelopment Plan Ordinances	02-11-05
15. Perfection of the Board Bill Redevelopment Plan Ordinances (This assumes that the Board of Aldermen will not want to adopt the Ordinances at the same meeting as they are introduced.)	04-18-05
16. Third and Final Reading of Redevelopment Plan Ordinances (This assumes that the Board of Aldermen will not want to adopt the Ordinances at the same meeting as they are introduced.)	04-18-05
17. Mayor Signs Ordinances (Ten-day period for signature of Mayor)	05-02-05
18. TIF Obligations Issues	After adoption

**RELOCATION ASSISTANCE**

The provisions of Section 99.810 (4) of the TIF Act requires that a relocation plan be developed for the assistance of every resident and/or business which is to be displaced in conjunction with the implementation of the Redevelopment Plan and any Redevelopment Project. In addition, the provisions of Sections 523.200 and 523.215, RSMo (as amended) and its various subsections require that relocation plans have certain minimum requirements as contained therein. By Ordinance No. 62481, the City of St. Louis has adopted a Relocation Policy that incorporates the required provisions of Sections 523.200 to 523.205 as minimum requirements of a relocation plan for any TIF Redevelopment Plan approved by the City. The Relocation Assistance Plan incorporating these provisions will be adopted and incorporated herein by this reference. It should be noted that there are no businesses or residents located in the Area.

**SECTION 5 FINDINGS**

Section 99.810 of the TIF Act requires that the City of St. Louis make various findings before the adoption of this Redevelopment Plan. The foregoing sections of this report provide supporting data for the findings.

**A BLIGHTED AREA**

As documented in Section 3 of this Plan, the Area meets the requirements for designation as a "Blighted Area" by virtue of the

predominance of the following factors:

12. deterioration of site improvements; and
13. unsafe conditions

The physical and economic deterioration and unsafe conditions have led to the Area becoming an economic liability to the City and local taxing jurisdictions and therefore meets the criteria for designation as a Blighted Area.

#### LACK OF GROWTH & DEVELOPMENT

Based on the data collected and analyzed in the course of the preparation of this Plan, it is hereby found that the Area has not been subject to growth and development. It is farther found that it would not reasonably be anticipated to be developed commensurate with its potential without the implementation of this Plan and the Project represented by the concept herein. An affidavit, signed by the Developer, is included as a part of this Redevelopment Plan and is provided in the Appendix as Attachment Three.

#### CONFORMANCE WITH THE COMPREHENSIVE PLAN

Land uses proposed for the Area in this Plan are consistent with the objectives as defined by the General Plan of the City of St. Louis that includes the "Comprehensive City Plan" (1947), the "St. Louis Development Program" (1973), the "Economic Development Strategy" (1978), and the proposed uses presented in the Redevelopment Plan for the Pet Building Area developed by the City in 1996 under the Land Clearance for Redevelopment Authority, as amended.

#### ESTIMATED DATES OF COMPLETION

It is hereby found that the estimated date for completion of the Project and retirement of obligations to finance said Project, as outlined in the Schedule included in Section 4 of this Plan, does not exceed a period of more than 23 years from the date of anticipated adoption of the Ordinance that will approve a Project. Neither does this schedule provide for the adoption of an Ordinance approving a Project later than 10 years from the date of adoption of the Ordinance approving this Plan.

In addition, the schedule specifically prohibits the acquisition by eminent domain of any property for a Project later than five years following the date of adoption of the Ordinance approving this Plan.

#### RELOCATION ASSISTANCE

It is hereby found that a policy for relocation assistance for businesses have been provided for in this Plan through inclusion by reference of the City's Relocation Policy adopted by Ordinance No. 62481 which complies with the provisions of Sections 523.200 to 523.215, R.S.MO (as amended), and its various subsections, which require that relocation plans have certain minimum requirements as contained therein.

The Board of Aldermen will adopt a Relocation Assistance Plan for the Area, which complies with the City's Ordinance. However, given that the Area is vacant no businesses or residents will be relocated. Thus, this Plan complies with the provisions of Section 99.810(4) of the TIF Act which requires that a relocation plan be developed for the assistance of every resident and business which is to be displaced in conjunction with the implementation of the Plan and Project.

#### COST-BENEFIT ANALYSIS

A cost-benefit analysis showing the economic impact of the Plan on each taxing district, which is at least partially within the boundaries of the Area is included as Attachment 4. The analysis shows the impact on the economy if the project is not built, and is built pursuant to the redevelopment plan under consideration. The cost-benefit analysis includes a fiscal impact study on every affected political subdivision, and sufficient information from the Developer for the TIF Commission to evaluate whether the project proposed is financially feasible.

#### GAMBLING ESTABLISHMENTS

This Plan does not include the initial development or redevelopment of any gambling establishment.

#### DEPARTMENT OF ECONOMIC DEVELOPMENT REPORT

By the last day of February of each year, the TIF Commission shall report to the Director of Economic Development the name, address, phone number and primary line of business of any business that relocates to the Area.

**APPENDIX**

**Attachment One  
Supporting Plates**

See attached Exhibit - Plate 1 (Pet Building Redevelopment Area Boundary Map)

**TABLE P-1**

**Most Recent (Base) Equalized Assessed Valuation (EAV) (2004) and Taxpayer Data  
City of St. Louis, Missouri**

**Pet Building Redevelopment Area**

<b>Parcel ID</b>	<b>Property Locator</b>	<b>Mailing Address</b>	<b>Party in Whose Name Taxes Were Paid</b>	<b>Total Assessed Value</b>	<b>Assessment Classification</b>	<b>Use</b>
1	64700000101	c/o Todd Massa 16141 Swingley Ridge Rd. Suite 300 Chesterfield, MO 63017	2840 Lincoln, LLC	\$1,513,500	Commercial	Vacant

See attached Exhibit - Plate 3 (Pet Building Redevelopment Area Existing Zoning Map Zone L - Jefferson Memorial District)

**Attachment Two  
Boundary Description of Redevelopment Area**

**Attachment Three  
Evidence of Commitment to Finance Redevelopment Project Costs and Developer Affidavit of Qualification**

See attached Exhibit - DEVELOPER'S AFFIDAVIT

THE LETTERS INDICATING EVIDENCE OF COMMITMENT  
TO FINANCE REDEVELOPMENT PROJECT COSTS

**Attachment Four  
Cost-Benefit Analysis**

**Amended  
TIF Redevelopment Plan  
Cost Benefit Analysis**

**The Pet Building  
400 South Fourth Street  
St. Louis, MO**

Submitted to the TIF Commission of the City of St. Louis  
December 3, 2003

Amended Redevelopment Plan submitted February 4, 2005

TABLE 1

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and Taxpayer Data  
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## Attachment Two

TABLE 2

**Estimated Base Economic Activity Taxes (Base Year 2002)**

**Pet Building Redevelopment Area**

Tax Type	Volume/ Cost	Base Taxes
Base Sales Volume	\$ 0	\$ 0
City General Sales Tax (1.375%)		0
City CIP Sales Tax (0.5%)		0
City Transportation Sales Tax (0.5%)		0
City Restaurant Sales Tax (1.5%)		0
Metropolitan Parks and Rec. District Sales Tax (0.1%)		0
School District Transitional Sales Tax (0.667%)		0
Metro Line (0.25%)		0
Total Base Sales Taxes		\$ 0
Base Utility Volume	\$50,000	
Utility Tax Revenues (12.375%)		\$1,485
Base Individual Earnings	0	
Individual Earnings Tax Revenues (1.0%)		0
Base Corporate Profit	0	
Corporate Profit (Earnings) Tax Revenues (1.0%)		0
Base Corporate Payroll	0	
Corporate Payroll Tax Revenues (0.5%)		0

**TABLE 3**  
**Projected Sales Upon Redevelopment**  
**Pet Building Redevelopment Area**

USE	SIZE (SQ. FT.)	SALES PER SQUARE FEET	PROJECTED SALES VOLUME	RESTAURANT SALES EXCLUDING ALCOHOLIC BEVERAGES
Restaurant	8,500	\$294	\$2,500,000	\$2,500,000

**TABLE 4**  
**Projected Sales Upon Redevelopment**  
**Pet Building Redevelopment Area**

USE	ESTIMATED APPRAISED VALUE \$	ESTIMATED EAV \$
Phase I (apartments)	\$11,660,421	\$2,215,479
Phase II (condominiums)	\$37,513,285	\$7,127,524

**TABLE 5**  
**2004 Property Tax Rates per \$100 of Assessed Valuation**  
**City of St. Louis**

Taxing Jurisdiction	Total Rate
School District	\$4.3040
Junior College District	0.2368
Metro St. Louis Sewer District General Fund Mississippi River Anti-Pollution Sewer District	0.0690
Community Mental Health	0.1459
Metropolitan Zoo, Park and Museum Zoological Subdistrict Art Museum Subdistrict Museum of Science and National History Subdistrict Botanical Garden Subdistrict Missouri History Museum Subdistrict	0.9894
Library	0.5561
City Municipal Operation Interest and Public Debt	0.2756

<b>TOTAL RATE APPLICABLE TO TIF</b>	\$7.2707
State of Missouri <sup>(1)</sup>	0.0300
Commercial Surcharge <sup>(2)</sup>	1.6400
<b>TOTAL TAX RATE ON COMMERCIAL PROPERTY</b>	\$8.9407

State of Missouri Blind Pension Fund tax is not captured for TIF purposes

- (1) Commercial Surcharge (Merchants and Manufacturers Replacement Tax) is applicable only to
- (2) commercial real properties and is not captured for TIF

Source: City of St. Louis

**Approved: April 29, 2005**

**ORDINANCE #66684 - EXHIBITS (PLATE 1, PLATE 2 and PLATE 3)** is on file with St. Louis Development Corporation.