

City of Lawrence Neighborhood Revitalization Plan and Program: 705 Massachusetts Street

Definition:

Area - used interchangeably with "Property", referring to the property located at 705 Massachusetts Street, Lawrence, Douglas County, Kansas and legally described as:

Lot 25 and the North Half of Lot 27 on Massachusetts Street, in the City of Lawrence, Douglas County, Kansas, as set forth in Section 2 of this Plan.

Increment, means that amount of ad valorem taxes collected from real property located within the neighborhood revitalization area that is in excess of the amount which is produced from such property and attributable to the assessed valuation of such property prior to the date the neighborhood revitalization area was established.

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Plan:

Eldridge Hotel, LLC, (project Owner) is proposing the expansion of the existing Eldridge Hotel located at 701 Massachusetts Street by developing the vacant parcel at 705 Massachusetts Street. This parcel is located next to the existing hotel and also owned by Eldridge Hotel, LLC.

Located along the historic Downtown Massachusetts Street corridor in Lawrence, Kansas, the Eldridge Hotel has been part of community history and culture since 1855. The hotel underwent a complete restoration in 2005 and features historic accommodations including, 48 guest suites, a full-service restaurant and lounge, and banquet room space.

The expansion project would add approximately 54 new guest rooms and provide approximately 57,000 feet for additional meeting/banquet room space, hotel kitchen expansion, and restaurant and bar concept.

This Plan is required by the Kansas Neighborhood Revitalization Act (the "Act") (see Appendix 1) in order to create a neighborhood revitalization area intended to encourage both reinvestment and improvements to a specific area or Property of the community.

The Governing Body has determined that the real property, legally described as: Massachusetts Street LT 25 & N1/2 LT 27 (DIV 2000 U01144A) in the City of Lawrence, Douglas County, Kansas, and commonly known as 705 Massachusetts Street, Lawrence, Douglas County, Kansas, constitutes an area which by reason of the presence of a substantial number of deteriorated or deteriorating structures, defective or inadequate streets, incompatible land use relationships, faulty lot layout in relation to size, adequacy, accessibility or usefulness, unsanitary or unsafe conditions, deterioration of site or other improvements, diversity of ownership, tax or special assessment delinquency exceeding the actual value of the land, defective or unusual conditions of title, or

the existence of conditions which endanger life or property by fire and other causes, or a combination of such factors, substantially impairs or arrests the sound growth of a municipality, retards the provision of housing accommodations or constitutes an economic or social liability and is detrimental to the public health, safety or welfare in its present condition and use. Accordingly, pursuant to the Act, the Governing Body designates that real property, legally described above, as the 705 Massachusetts Street Neighborhood Revitalization Area ("the Revitalization Area").

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

1. A general description of the Plan's purpose;
2. A legal description and map of the Property (Area);
3. The existing assessed valuation of the real estate comprising the Property;
4. A list of the name and address of the owner of record within the Property;
5. The existing zoning classifications and Property boundaries and the existing and proposed land uses of the Property;
6. The proposals for improving or expanding municipal services within the Property;
7. The term of the Plan;
8. The criteria used to determine what property is eligible for revitalization, including a statement specifying that property, existing buildings, and new construction is eligible for revitalization;
9. The contents, procedure and standard of review for an application for a rebate of property tax increments;
10. A statement specifying the maximum amount and years of eligibility for a rebate of property tax increments; and
11. A section regarding the establishment of a Neighborhood Revitalization Fund.

Section 1: Purpose

Establish a property revitalization tax rebate program (the "Program" or "Revitalization") to provide incentives for property owners to build public and private improvements. The Program is intended to encourage the development of 705 Massachusetts Street.

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

- Promote redevelopment activities which enhance downtown
- Promote redevelopment activities for properties which have been vacant or significantly underutilized on site around Lawrence

- Attract unique retail and/or mixed use development which will enhance the economic climate of the City and diversify the economic base
- Enhance the vitality of a neighborhood within the City as supported by the City's Comprehensive Plan and/or other sector planning documents

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

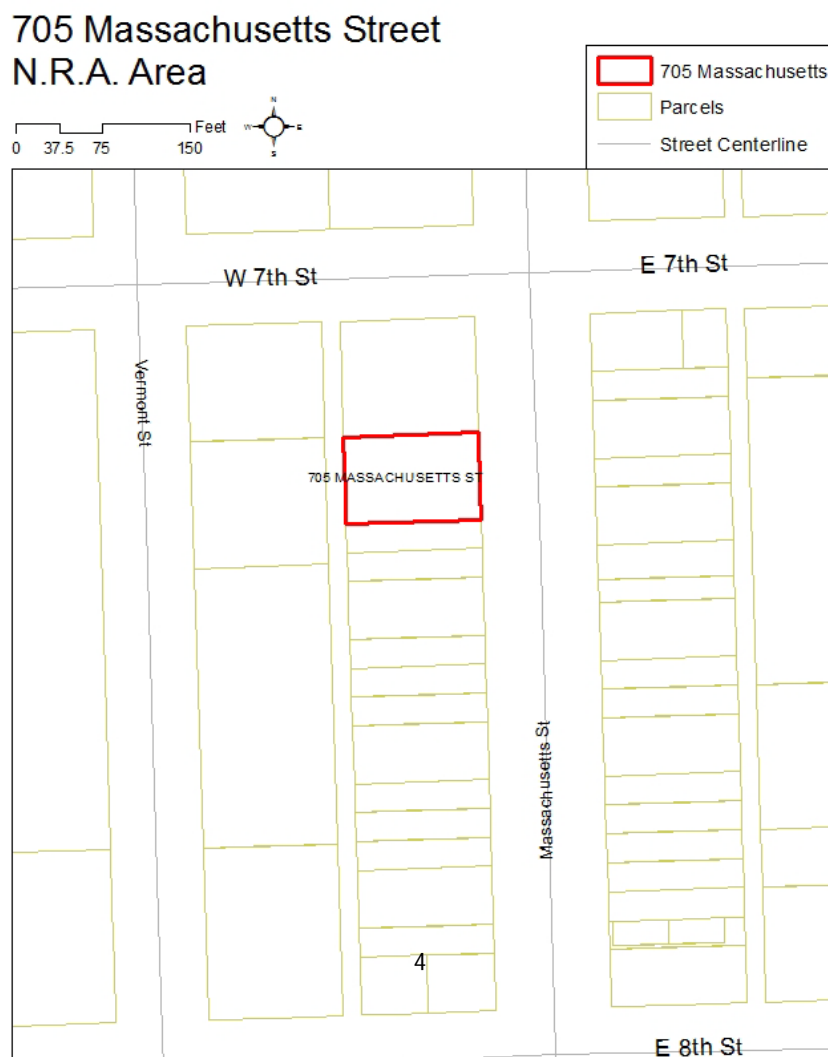
Section 2: Legal Description & Map of Neighborhood Revitalization Property

The Property shall include the Area described herein:

Lot 25 and the North Half of Lot 27 on Massachusetts Street, in the City of Lawrence, Douglas County, Kansas Massachusetts Street LT 25 & N1/2 LT 27 (DIV 2000 U01144A)

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As depicted below: This property is reflected on the map below. The area shall not include the existing hotel property located at 701 Massachusetts, whether or not the parcels of 705 Massachusetts and 701 Massachusetts would be combined during the term of this Plan. Further, the property owner shall not claim and shall not be entitled to a rebate of ad valorem property taxes of the real estate adjacent to the Project Area even if the assessed valuation of the adjacent real estate results from the improvements in the Project Area.



Section 3: Value of Real Properties

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

705 Massachusetts Street Tax History						
Year	Appraised			Assessed		
	Land	Improvements	Total	Land	Improvements	Total
2015	\$315,560	\$0	\$315,560	\$37,867	\$0	\$37,867

Section 4: Owner of Record of the Lot

Current Owner:

~~Thomas S. Fritzel and Dru S. Fritzel~~Eldridge Hotel, L.L.C.
~~P.O. Box 721~~701 Massachusetts Street

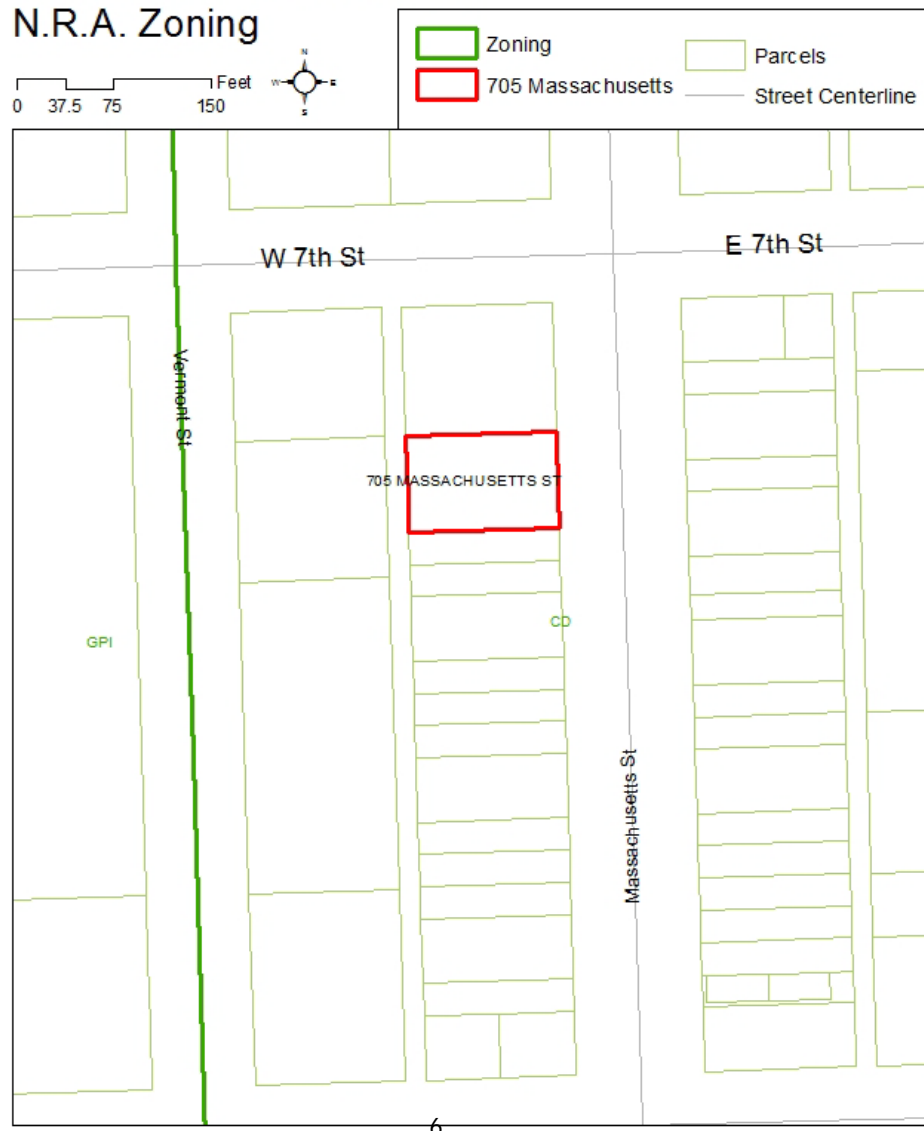
Lawrence, KS 66044

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

705 Massachusetts Street is zoned CD, Downtown Commercial District.

Existing Zoning Map.

**705 Massachusetts Street
N.R.A. Zoning**



Existing Land Use Map.



Section 6: Proposals for Improving Municipal Services in the Property

There are no proposals currently for improving municipal services or infrastructure in the Area with this Plan. All municipal services currently exist. The project will utilize current infrastructure.

Section 7: Term of the Plan

1. This Plan and tax rebate Program shall be effective upon the adoption of this Plan by ordinance of the Governing Body of the City of Lawrence.
2. This Plan and tax rebate program (the "Term") shall be congruent with the years outlined on the tax rebate schedule provided in the table within this Section. The Governing Body reserves the right to evaluate the Program at any time.
3. The owner of the property at the time the property taxes are paid will be eligible for a property tax rebate on the incremental taxes associated with improvements to the Property (the "tax increment"). ~~The Tax Increment will equal the property tax assessment against the Property for the first year after the improvements are completed (i.e. determined including the value that such improvements add to the assessed value of the Property) reduced by the property tax assessed against the Property for the base year (the year this Plan is approved) (i.e. determined without the value that the improvements add to the assessed value of the Property) shall be calculated in accordance with the increment definition outlined in this Plan Definitions at the beginning of the Plan document. The Tax Increment will then remain constant throughout the Term of the rebate program.~~ The tax rebate will be determined based on the Tax Increment and the following table:

Table 1

NRA Rebate Schedule: 705 Massachusetts Street			
NRA Year	Tax Year	Rebate %	Year Rebate Paid to Property Owner
--	2015	n/a	n/a
--	2016	n/a	n/a
1	2017	95% of increment	2018 (for 2017 Taxes)
2	2018	95% of increment	2019 (for 2018 Taxes)
3	2019	95% of increment	2020 (for 2019 Taxes)
4	2020	95% of increment	2021 (for 2020 Taxes)
5	2021	95% of increment	2022 (for 2021 Taxes)
6	2022	95% of increment	2023 (for 2022 Taxes)
7	2023	95% of increment	2024 (for 2023 Taxes)
8	2024	95% of increment	2025 (for 2024 Taxes)
9	2025	95% of increment	2026 (for 2025 Taxes)
10	2026	95% of increment	2027 (for 2026 Taxes)
11	2027	95% of increment	2028 (for 2027 Taxes)
12	2028	95% of increment	2029 (for 2028 Taxes)
13	2029	95% of increment	2030 (for 2029 Taxes)
14	2030	95% of increment	2031 (for 2030 Taxes)
15	2031	95% of increment	2032 (for 2031 Taxes)

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NRA Rebate Schedule: 705 Massachusetts St (Eldridge Exp.)				
NRA Year	Tax Year	City, USD Rebate %	County Rebate %	Year Rebate Paid to Property Owner
--	2015	n/a	n/a	n/a
--	2016	n/a	n/a	n/a
1	2017	95% of increment	85% of increment	2018 (for 2017 Taxes)
2	2018	95% of increment	85% of increment	2019 (for 2018 Taxes)
3	2019	95% of increment	85% of increment	2020 (for 2019 Taxes)
4	2020	95% of increment	85% of increment	2021 (for 2020 Taxes)
5	2021	95% of increment	85% of increment	2022 (for 2021 Taxes)
6	2022	95% of increment	85% of increment	2023 (for 2022 Taxes)
7	2023	95% of increment	85% of increment	2024 (for 2023 Taxes)
8	2024	95% of increment	85% of increment	2025 (for 2024 Taxes)
9	2025	95% of increment	85% of increment	2026 (for 2025 Taxes)
10	2026	95% of increment	85% of increment	2027 (for 2026 Taxes)
11	2027	95% of increment	85% of increment	2028 (for 2027 Taxes)

<u>12</u>	<u>2028</u>	<u>95% of increment</u>	<u>85% of increment</u>	<u>2029 (for 2028 Taxes)</u>
<u>13</u>	<u>2029</u>	<u>95% of increment</u>	<u>85% of increment</u>	<u>2030 (for 2029 Taxes)</u>
<u>14</u>	<u>2030</u>	<u>95% of increment</u>	<u>85% of increment</u>	<u>2031 (for 2030 Taxes)</u>
<u>15</u>	<u>2031</u>	<u>95% of increment</u>	<u>85% of increment</u>	<u>2032 (for 2031 Taxes)</u>

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

Section 8: The criteria used to determine what property is eligible for revitalization, including a statement specifying that property, existing building, and new construction is eligible for revitalization.

The area consists of a single parcel of real estate. No other properties, other than the property legally described in Section 2 of this Plan, shall be eligible for revitalization under this NRA. The subject property is vacant land. Therefore, the land and new construction is eligible for revitalization.

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Section 98: Contents of an Application for Rebate, Application Procedures and Standards of Criteria Used to Review an Application

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

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1. The improvements must result in an assessed value increase for the Property within twelve months of completing the improvements. Some improvements, regardless of cost, may not result in an increase in assessed value and thus would not make the property eligible for a property tax rebate. Such determinations will be made solely and independently by the Douglas County Appraiser's Office and the Douglas County Clerk.
2. General Provisions Applicable to all Rebate Applications on Eligible Property
 - a) Any otherwise eligible Property with delinquent real property or special assessments shall not be eligible for a rebate until such time as all taxes and assessments have been paid. If delinquency occurs after entry into the Program, the rebate will be suspended until such time as all taxes are paid in full. The Douglas County Treasurer ("County Treasurer") will monitor real estate tax delinquencies for Property participating in the Program. The County Treasurer will notify the City if a Property becomes ineligible for the program due to tax or special assessment delinquencies.
 - b) The Property owner shall notify the City when all improvements covered under the application have been completed and the city shall inspect the improvements for compliance with the required building, health and safety codes of the City. The City shall notify the County Appraiser by December 1st that the improvements have been substantially completed.
 - c) The County Appraiser shall conduct an on-site appraisal as a part of the normal valuations following completion of the Improvements and determine the increase in the taxable valuation due to the Improvements. On or before December 1st of each calendar year, the City shall notify the County Appraiser, in writing, of each property in the Area for which Improvements have been determined to be substantially completed so that the County Appraiser may conduct on-site inspections as a part of the normal valuations to determine the increase in taxable valuations due to the Improvements. The County Appraiser will notify the City and the County Clerk of the valuation.

- d) A tax rebate will be based on the Tax Increment as provided in Section 7.3.
- e) Upon payment in full of the real estate tax (first and second installments) for the Property for the year following the completion of the improvements provided for in Section 7.3 and within thirty (30) days after the County distributes property tax collections to the City, The City shall pay the owner the amount determined under the Plan. If the owner appeals the appraised value of the Property to the County Appraiser, no payment will be made until the appeal is resolved.
- f) For any improvements that are only partially completed as of December 1st of each year, the Property owner shall file a written document with the City indicating the status of construction as of December 1st. The City shall share that document with the County Appraiser.
- g) If this Plan is repealed or the rebate criteria changed, any approved applications shall be eligible for rebates for the remaining Term of the rebate originally provided in the plan
- h) Any taxes paid under protest for an eligible property will suspend the rebate until the protest has been resolved.
- i) Construction of an Improvement must begin on or after the date of the designation of the ~~District Area~~ and be located within the ~~District Area~~.

Section 109: Amount of Tax Rebate, Rebate Term, and Maximum Rebate Limit

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

Section 119: Neighborhood Revitalization Fund

Upon Governing Body approval of the Plan, the 705 Massachusetts Street Neighborhood Revitalization Fund will be established.

Section 124: Other City Requirements

- 1. The Improvements must conform to all codes, rules, and regulations that are in effect at the time the improvements are made in accordance with the

[Performance Agreement](#). Improvements must be authorized by public improvement plans or building permit when applicable. —

2. Any otherwise eligible property with delinquent [or late](#) taxes or special assessments shall not be eligible for a rebate until such time as all delinquent [or late](#) taxes and assessments have been paid.

Appendix I: Summary of the Kansas Neighborhood Revitalization Act

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

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

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

Exhibit A: Applicant Proposal Letter



January 13, 2015

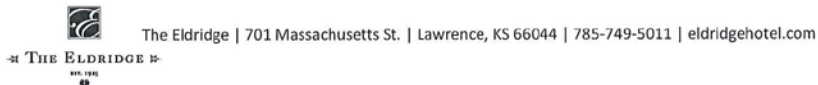
Dear Lawrence City Commissioners:

The Eldridge hotel has been an important and integral part of Lawrence history and the Lawrence community since the original hotel was built in 1855. The existing Eldridge is the fourth hotel on the most historic corner in Kansas and underwent a major renovation in 2005. The current hotel is on the National Register of Historic Places and remains a premiere hotel in the Midwest. The current owners have invested significantly in the property and in delivering the very best in customer service, enhancing the hotel's value to the community.

When the original Free State Hotel was rebuilt in 1856, after being burned down by the infamous Sheriff Sam Jones and again in 1863 after Quantrill's raid, it stood as an example of the Kansas Territory's commitment to Kansas entering the Union as a free state. When Billy Hutson and a group of investors rebuilt The Eldridge hotel in 1925, they demonstrated the Lawrence community's commitment to this historic property, and to our downtown.

Why NRA (Neighborhood Revitalization Act) for The Eldridge?

Parade Magazine has referred to Massachusetts Street in Lawrence, Kansas, as the number one attraction in the State of Kansas. On the corner of 7th and Massachusetts, The Eldridge has always been the cornerstone for this community; we could not be better situated for an expansion. The lot next to The Eldridge is vacant, unproductive, and underutilized, and this expansion provides the opportunity to remove this vacancy in exchange for a quality project, while maintaining the integrity of The Eldridge on Massachusetts Street.



Additionally, The Eldridge has the ability to add considerable tax dollars to the city of Lawrence; we are proud to be a contributing business helping to enrich the quality of life in Lawrence.

We see the proposed expansion as the perfect example of a Neighborhood Revitalization Plan, plans for which Neighborhood Revitalization Grants are intended; we are asking for your support as we move forward.

Project Overview:

The Eldridge is proposing an expansion of the historic Eldridge hotel, located at 701 Massachusetts, in Lawrence, Kansas. The proposed \$12.5 million dollar construction project consists of 50,000 square feet, on a .17-acre lot in Downtown Lawrence. Included will be approximately 54 new hotel rooms, a multi-purpose space, expansion of the current Eldridge hotel kitchen, and added restaurant and bar space. Not only will the project enhance the vitality of The Eldridge hotel, it also develops a vacant lot on Massachusetts Street – both of which help to strengthen one of our community's most treasured assets...downtown Lawrence.

Both the nature of our business and the patrons we serve bring new business and new spending dollars into our community – numbers that will only increase with the expansion of this property and its features. We have a team of sales managers enticing corporate businesses outside of Lawrence to use our facilities for conferences and as getaway retreats. The Eldridge provides the perfect setting for these business gatherings, while also offering close proximity to a myriad of amenities Downtown Lawrence has to offer. Other local merchants and restaurateurs will also enjoy the commerce generated by hotel traffic; this is a winning scenario for all!

Our request for support:

The Eldridge is requesting a Neighborhood Revitalization Act (NRA) be placed on this property. Our Neighborhood Revitalization Plan (the proposed project) will establish this as a neighborhood revitalization area, encouraging both reinvestment and improvements to this property in the community. (As defined by the City of Lawrence, a "neighborhood revitalization area" is "An area in which there is a predominance of buildings or improvements which by reason of age, history, architecture or significances should be preserved or restored to productive use.") We request economic developmental support in the form of a 95% rebate of property tax for a period of 15 years. This period would begin once the certificate of occupancy is completed.



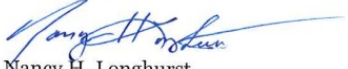
The Eldridge | 701 Massachusetts St. | Lawrence, KS 66044 | 785-749-5011 | eldridgehotel.com

The Eldridge is requesting a stand-alone IRB for a sales tax exemption on construction materials. This is a one-time benefit of materials and forgiveness of sales tax estimated to be approximately \$435,500.00.

During construction, this project will realize many jobs, both part- and full-time.

The Eldridge is proud to take this next step in expanding and protecting our development, and we look forward to working closely with the City Commission, the City of Lawrence, and the community.

Sincerely,



Nancy H. Longhurst
General Manager



The Eldridge | 701 Massachusetts St. | Lawrence, KS 66044 | 785-749-5011 | eldridgehotel.com