

3660 S. LINDBERG BOULEVARD
REDEVELOPMENT AREA
DEVELOPMENT PLAN

Submitted by:

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SECTION 1

INTRODUCTION

PURPOSE OF THE PLAN

This document constitutes the Development Plan for an area approximately 5.72 acres in size located along S. Lindberg Boulevard in the City of Sunset Hills, Missouri (the “City”). The area in question includes one parcel which bears two different St. Louis County parcel identification numbers 25M120727 and 25M120718 that together comprise the 3660 S. Lindberg Boulevard Redevelopment Area (the “Area” or “Redevelopment Area”). A map and legal description of the Area are attached as **Appendix A**. The Developer (herein defined) will establish a redevelopment corporation to facilitate tax abatement in accordance with the requirements of Chapter 353 of the Revised Statutes of Missouri (RSMo).

The Area's current site improvements include an existing and deteriorated Days Inn Hotel, a Comfort Suites Hotel in the initial stages of construction, a stand along commercial building which is home to the Helen Fitzgerald Restaurant, and parking lots. The Area is bounded by an Ameren UE facility to the south, five residential homes to the east, a retail development to the north, which currently includes a Longhorn Steakhouse and a Ross Dress for Less store, and S. Lindberg Boulevard to the west. Development Dynamics LLC produced a qualifications analysis of the Area to determine if it qualified as a “Blighted Area” pursuant to Chapter 353 RSMo. The analysis conducted did determine that the Area meets the qualifications for a Blighted Area. Redevelopment of the Area is planned by the current owner, BGMR SSHD LLC or an affiliate or subsidiary thereof (the “Developer”).

PROVISIONS OF CHAPTER 353

The Missouri General Assembly adopted the Urban Redevelopment Corporations Law in 1943, and it may be found in Chapter 353 of RSMo. The law is often referred to simply as “Chapter 353”.

Chapter 353 allows cities and counties to:

1. Identify and designated redevelopment areas that qualify as “Blighted Areas”;
2. Adopt a Development Plan that designates an area in need of redevelopment and states the objectives to be attained and the redevelopment project to be undertaken;
3. Approve a redevelopment project for implementation of such Development Plan; and
4. Utilize the tools set forth in Chapter 353 to assist in reducing or eliminating those factors and conditions that cause the area to qualify as a “Blighted Area” through the completion of a redevelopment project.

This Development Plan describes the Redevelopment Project for the Area and provides information as required by Chapter 353.

SECTION 2

REDEVELOPMENT AREA

The Area is located in the City along S. Lindberg Boulevard just south of Watson Road. The Area is bounded by commercial and retail uses to the north, single family residential uses to the east, and commercial uses to the south. A significant retail development called the Plaza & Shoppes at Sunset Hills, and other restaurant and retail uses, is located to the west of the Area across S. Lindberg Boulevard.

The Area contains the entirety of County parcels 25M120727 and 25M120718 and comprises approximately 5.72 acres of land. A map and legal description of the Area may be found in **Appendix A. Table 1 — Most Recent Equalized Assessed Valuation (EAV) and Taxpayer Data** provides information on the parcels in the Area.

**Table 1
Most Recent Equalized Assessed Valuation (EAV) and Taxpayer Data¹
3660 S. Lindberg Boulevard Redevelopment Area
City of Sunset Hills, Missouri**

Parcel ID#	Owner Name	Assessed Value - Land	Assessed Value – Improvements -	2019 Total Assessed Valuation
25M120727	BGMR SSHD LLC	\$494,020	\$633,700	\$1,127,720
25M120718	BGMR SSHD LLC ²	\$143,840	\$553,440	\$697,280
	TOTAL:	\$637,860	\$1,187,140	\$1,825,000

The Area suffers from several conditions that challenge its success as a commercially viable property in its current condition, site layout, and design. There are a variety of conditions present in the Area that cause the Area to meet the definition of a “Blighted Area” as stated in Chapter 353. An analysis of these conditions was conducted by Development Dynamics LLC and is attached hereto in **Appendix B.**

¹ Source: St. Louis County Assessor

² St. Louis County Assessor currently lists the owner as ‘A & R Properties, Inc.’; however, this is an error and the property is owned by BGMR SSHD LLC

SECTION 3

REDEVELOPMENT PROJECT

GENERAL DESCRIPTION

The Developer proposes to construct two hotels within the Redevelopment Area, one a 78-room hotel under the ‘Comfort Suites’ flag and a 90-room hotel under a Hilton flag. Developer also proposes to construct a new structured 2-story parking garage of 86-100 spaces, as well as material upgrades to internal traffic circulation, parking, utilities and landscaping and beautification

REHABILITATION AND CONSTRUCTION

The Redevelopment Project includes the demolition of existing site improvements and the construction of two hotels: one a 78-room hotel, and another a 90-room hotel. The CID project includes new structured parking along with public safety improvements. The existing Helen Fitzgerald’s Irish Grill and Pub restaurant will remain but internal site circulation and parking will be upgraded. The Redevelopment Project will require site preparation, construction, systems, finishes, and furnishings for a total estimated project cost of \$18.426 million, including acquisition costs and another \$3.12 million in CID project costs. **Table 2 — Redevelopment Project Costs** provides an approximate breakdown of the anticipated costs associated with the implementation of the Redevelopment Project.

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Table 2
Redevelopment Project Costs
 3660 S. Lindberg Boulevard
 City of Sunset Hills, Missouri

	Phase 1 - Comfort Suites 5 Story, 78 Rooms	Phase 2	
		Hilton Flag - Select Service 5 Story, 90 Rooms	CID Project
Building Frame	\$ 3,522,389	\$ 7,280,112	
FF& E, finishing materials	920,756	945,888	
Opening Inventory	107,867	145,000	
Development Soft Costs, Engineering, Legal, Closing etc.	325,000	235,000	
Construction Interest	200,000	224,000	
Installation of Finishes, FF&E, Upload and Start Up	240,000	240,000	
Working Capital	200,000	200,000	
Contingencies, Includes Franchise Fees, Extensions & Misc.			
Legal Matters	160,000	180,000	
Construction Costs	\$ 5,676,012	\$ 9,450,000	
Site Improvements/Land Costs	1,150,000	900,000	
Site Preparation, New Parking, Retention Ponds, Bio Retention Ponds, Storm Sewer, Sanitary Sewer, Water, Gas & Landscaping	225,000	250,000	
Environmental Cleanup, Traffic Flow Improvements, Parking Improvements	375,000	400,000	
Parking Garage (86 - 100 spaces) (\$15,000 per space estimate)			1,500,000
Cross Access			250,000
Public Safety Improvements			150,000
Surface Lot Improvements			450,000
Landscaping			250,000
Demolition			210,000
Contingency			260,000
Prof. Fees/Soft Cost/Miscellaneous			50,000
Total All Estimated Costs	\$ 7,426,012	\$ 11,000,000	\$ 3,120,000

PROJECT BENEFITS

The City can expect to receive significant benefits from the completion of the Project, including, without limitation:

- The clearance and remediation of the conditions that cause the Redevelopment Area to be a “Blighted Area”;
- The revitalization of a neglected and largely vacant portion of the City;
- The provision of a select service ‘Hilton flag’ hotel in the City, which will provide an enhanced level of service to existing corporate users located within the City and also attract additional visitors and jobs to the City; and
- Enhanced parking and traffic circulation for the proposed hotels and the existing Helen Fitzgerald’s restaurant.

PROJECT CHALLENGES

The Project faces a number of challenges, including, without limitation:

- The extraordinary cost of removing and clearing an obsolete and deteriorating hotel structure, parking lot, and other supporting infrastructure;
- Business interruption and loss of operating income associated with closing and replacing the existing hotel over the construction period; and
- Business risk and uncertainty of future real property tax assessment increases related to the new hotel rooms.

ACTIONS REQUIRED

Permits will be required for construction and utility lines and easements may need to be moved and/or reconfigured as determined by the site plan for the Redevelopment Project.

FINANCING

The Redevelopment Project is anticipated to cost approximately \$21.546 million to complete. The Developer will pay for a portion of Redevelopment Project costs with their own money (i.e., equity). Sources of financing for the Redevelopment Project include construction debt, with long-term SBA financing, and Community Improvement District (“CID”) revenues.

DEVELOPER

The Developer and its affiliates have owned and operated multiple hotel properties in the St. Louis area and have a long track record of completed hotel projects. More information concerning the Developer and the preliminary plans for the Redevelopment Project may be found in **Appendix C**.

SECTION 4

TAX ABATEMENT

Property tax abatement will be granted pursuant to a City ordinance authorizing a redevelopment agreement (the “Redevelopment Agreement”) among the City, the Developer, the redevelopment corporation to be created by the Developer, and the CID. Pursuant to Chapter 353 and upon satisfaction of and continued compliance with the terms and conditions set forth in the Redevelopment Agreement, the real property within the Area shall be subject to a partial tax abatement equal to (i) abatement of 100% of the additional tax liability (excluding personal property tax) over and above the 2019 calendar year assessed value for the first 10 years, and (ii) abatement of 50% of the additional tax liability (excluding personal property tax) over and above the 2019 calendar year assessed value for the next 15 years (years 11-25). This 25-year period will commence on January 1 of the year after the year in which the redevelopment corporation created by the Developer acquires title to the real property. During the abatement period, the redevelopment corporation and subsequent owners of the property will pay the reduced amount of ad valorem property taxes required by Chapter 353 and the terms of the Redevelopment Agreement. **Notwithstanding the above, there will be no tax abatement on the portion of the property currently identified under Locator No. 25M120718 on the records of the St. Louis County Department of Revenue (the “Restaurant Property”), and the subsequent owners of the property will pay 100% of the taxes otherwise due and owing, but for the abatement.**

As required by Chapter 353, attached to this Development Plan, in **Appendix D** is the Tax Impact Statement. The Tax Impact Statement includes a description of the proposed tax abatement, the assessed valuation of the land and the improvements before development, the estimated assessed valuation of the land and improvements after redevelopment, and the impact on each political subdivision affected by the tax abatement. To the extent provided by Chapter 353, tax abatement will pass or inure to the benefit of subsequent owner(s) of the Area.

SECTION 5

EMINENT DOMAIN

The Developer (or an affiliate) currently owns all real property in the Area. Accordingly, no eminent domain will be needed to complete the Redevelopment Project and implement this Development Plan.

APPENDICES

APPENDIX A –
MAP AND BOUNDARIES OF
REDEVELOPMENT AREA



APPENDIX B –
ANALYSIS FOR DESIGNATION AS
BLIGHTED AREA

APPENDIX C – DEVELOPMENT SITE PLAN



**APPENDIX D –
TAX IMPACT STATEMENT**