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University City Council Introduces Olive/I-170 and Related Redevelopment Bills for Public Review and Comment

Unprecedented deal gives \$15 million to Community Revitalization

University City, MO -- The University City Council has introduced for public review and comment four bills on the redevelopment and reinvestment plan for the Second and Third Ward.

The bills describing the redevelopment agreement between the City and Novus Development Company were introduced at the Council meeting on January 14, 2019, but renegotiated following the discovery of an error in how funds would be distributed. These bills pertain to only Redevelopment Project Area 1 (RPA 1), which is the proposed Olive and I-170 mixed-use project.

“University City is committed to a healthy, vibrant, stable community that is racially and economically diverse and inclusive. The Olive/1-170 Redevelopment is one component of a master plan to diversify and expand our local economy and revitalize and reinvest in the Third Ward of University City,” said Terry Crow, Mayor of University City.

“The redevelopment agreement with Novus is unique in that it benefits the City beyond the development’s footprint by including the City’s residential areas North of Olive and the Olive Boulevard Corridor,” Gregory Rose, City Manager of University City said.

The city is guaranteed \$3 million up front to begin revitalization efforts, with an additional \$12 million coming to the city over the next 20 years.

“What makes this project so beneficial to the community is that it’s one of the first projects I have ever seen to use a commercial development as a financial engine for community benefit beyond the physical site. Money from this development will be used to address housing, safety, and infrastructure needs of the area North of Olive and the Olive Boulevard Corridor,” Libbey M Tucker, University City Economic Development Director said.

Community input will continue to be crucial to this process. Over the past 12 months, the City has gathered and documented public input about the RPA 1 development through 10 public meetings, social media, a designated hotline and ongoing direct access to Council members. Many of the priorities, issues, and concerns expressed by hundreds of residents, non-residents and business owners have been integrated into the final redevelopment agreement. Going forward, resident input from the Hotline, email address, and social media accounts will be compiled and analyzed to influence how the money from the TIF is spent moving forward.

Impact on Residents and Businesses in RPA 1

In addition to providing relocation assistance for residents and businesses in RPA 1 in accordance with state statutes, University City is providing additional incentives, support and assistance for residents and businesses that choose to remain in the City.

Need for Third Ward Redevelopment

“A cost-benefit analysis projects that the City would receive an 8-fold increase in revenues with \$1,340,800 in revenues by 2040 if the project is built, compared to about \$167,175 if it isn’t built. The proposed development will enable reinvestment in the Third Ward neighborhoods, which have experienced deteriorating infrastructure,” said Rose. “We need this development to capture a larger share of sales taxes migrating out of University City to other commercial centers, to encourage home ownership in the Third Ward and produce tax revenue to support our schools and city services.”

Third Ward Council Members have voiced their support. Stacy Clay has said the project has a potentially “catalytic effect to spur other developments along the Olive Corridor and the entire community, including small businesses.” Bwayne Smotherson wrote of “increasing, improving and stabilizing the affordable housing we already have in the Third Ward with the help of the TIF funds.”

TIF revenues will benefit RPA 1, RPA 2 and RPA 3

Revenues generated by the primary commercial development portion of the TIF in RPA 1 will be transferred to other parts of the community to improve quality of housing, streets, landscaping, lighting, safety, and enhance the overall quality of life throughout the Third Ward. But for the TIF, these revenues would not be available for such improvements.

Approximately \$10 million in TIF revenue from the RPA 1 project will be set aside for improvements in the residential area north of Olive in the Third Ward, designated as RPA 2. With an estimated launch date of 2020, RPA 2 will be the focus of a strategic reinvestment plan to increase housing values, promote economic diversity, encourage homeownership, convert renters to owners, and stabilize and invigorate the Third Ward.

An additional \$5 million will be designated for investment and economic development along the 3.5-mile Olive business corridor east of McKnight/Woodson, designated as RPA 3. With an estimated launch date of 2021, RPA 3 includes the vast majority of businesses in the Third Ward on both north and south sides of Olive.

Under the TIF law, 50% of most sales taxes (totaling 3.6%) will be captured and deposited into the TIF special allocation fund. (The state sales taxes, the emergency communications sales tax, the community children’s service fund sales tax, the Metrolink sales tax, and part of the parks and trails sales tax are not captured.) TIF captures 50% of the enumerated taxes without regard to whether they are imposed by the County, the City or another political subdivision, and without regard to whether a city is a “point of sale” city or a “pool” city.

The other 50% of the taxes that would otherwise go to the City (the 1% general sales tax, the 0.5% capital improvement sales tax, the 0.5% parks sales tax, the 0.25% fire sales tax and the 0.25% economic development sales tax) are distributed to the City in the customary manner.

The City intends to use all captured TIF sales taxes to reimburse approximately \$70.5 million to Novus for RPA 1 project costs, \$10 million to the City for RPA 2 project costs and an additional \$5 million to the City for RPA 3 project costs. Additionally, the City also intends to utilize the allocated incremental increases, associated with the increased value of real property within the TIF, for the reimbursement of project costs.

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