

## LCRA WORKABLE PROGRAM

### 5.0 Financial Analysis.

- (a) Each Application shall be reviewed within an analytical framework approved by the Board that permits the Board and the Authority staff to evaluate the return on the investment of the LCRA Benefits in the proposed Project. This framework may include an internal rate of return (IRR) calculation, or debt coverage ratio (DCR) or City fiscal model or other analysis acceptable to the Authority.
- (b) The proposed outlay of the LCRA Benefits shall be evaluated by the same standard that a reasonable person would apply to a personal or business investment, and LCRA Benefits shall be granted only if the Board concludes that such LCRA Benefits are reasonable and appropriate in light of the Public Benefits which the granting of the LCRA Benefits are intended to produce.
- (c) The performance of approved Projects shall be monitored by the Authority in accordance with the Workable Program to determine whether the Public Benefits that justified the grant of LCRA Benefits are being realized. The maintenance of tax abatement should be based on the completion of the proposed development and achievement of anticipated increased property value. Once the abatement term has commenced, any decrease in the market value of the development property as established by the County Assessor as a result of the owner/developer's action maybe considered a factor by LCRA in determining whether the project has failed to achieve the Public Benefits approved by LCRA when the LCRA Benefits were granted.
- (d) The Authority may develop or adopt a Community Impact Statement that must be completed by the Applicant as part of the Application, the purpose of which will be to provide useful data to enable the Authority to evaluate the proposed Project, and which shall include an economic impact analysis and a strategic analysis to determine to what extent the requested LCRA Benefits and the proposed Project are consistent with the fourteen (14) principles of FOCUS and the seven (7) FOCUS Strategic and Comprehensive Plans.
- (e) Each Applicant shall be required to pay for the preparation of a fiscal impact analysis in accordance with 5(a) above by the staff of the Authority or by another party selected by the Authority. The fiscal impact analysis may include, but need not be limited to, an evaluation of the direct and indirect private and public investment in the proposed Project, the financing methods and structure for the proposed Project (including sources of projected revenue to fund the Public Benefits), the potential for the proposed Project through LCRA Benefits for tax exemption or abatement savings and the generation of additional revenue, an analysis of any lost opportunity costs, and a cost/benefit analysis of the Project as a whole (including the impact on jurisdictions other than the City from the relocation of economic activities).
- (f) The Workable Program shall apply also when a single developer proposes a multi-building project that is either contiguous or proximate to another project owned and developed by the same developer or related developer. Proximity shall be defined as

being located within the same existing or proposed Urban Renewal Area (URA.) (This policy became effective 1/24/05.) The Applicant must inform LCRA of other projects of that applicant or any affiliate within or proximate to the proposed development site.

- (g) To further stimulate investment and redevelopment on the traditional “East Side” of Kansas City, Missouri – generally described as properties on both the west and east sides of and facing Troost Avenue and east of Troost Avenue – that are located within urban renewal areas and in continuously distressed census tracts, the Authority will no longer require that a developer of projects of up to \$15 million in total development costs within such area submit or pay for a financial analysis in connection with an application for standard tax abatement from the Authority. For projects over \$15 million in total development costs within such area, the Authority, in its sole discretion, may waive the requirement that a developer submit or pay for a financial analysis in connection with an application for standard tax abatement from the Authority. All such projects must comply with all other LCRA restrictions, requirements, and policies, applicable neighborhood plans, and must demonstrate a consensus of neighborhood support. This exception to the financial analysis requirement in the Workable Program shall remain in effect until further action of the Board of Commissioners of the Authority. *(Added September 26, 2018)*