

West Bank Development Proposals

City Council Workshop
June 25, 2013

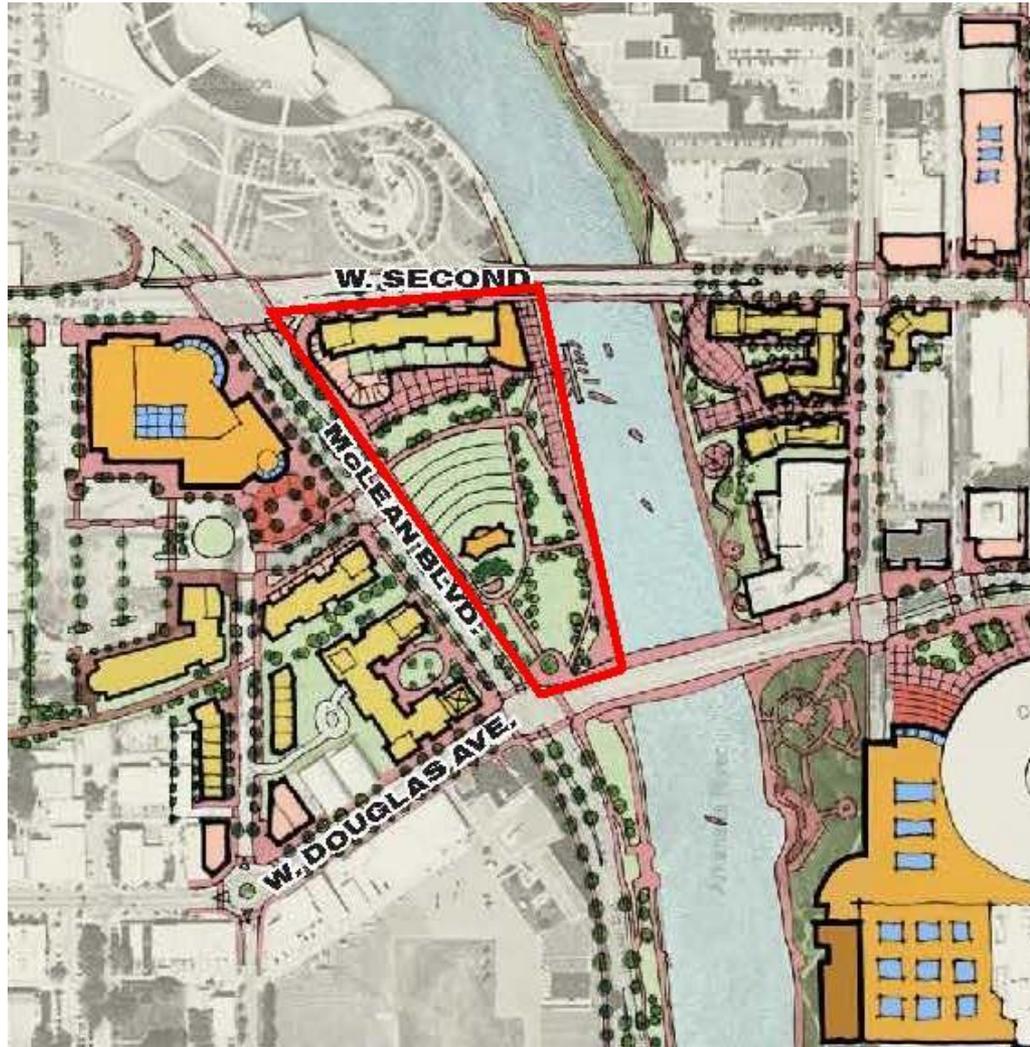


Catalyst Site Prospectus

- Issued in January 2011 to determine developer interest in catalyst sites
- Letters of interest with RFP to follow
- Program for Catalyst Site 1
 - Mixed use (housing and commercial)
 - Building views of river and downtown
 - Connection to new Central Library
 - Bike and boat rental facility
 - Wichita State crew team facility
 - Improve Delano Park and riverfront



Catalyst Site 1



Clark Investments

- **Submitted letter of interest**
- **On-going discussions with staff of project proposal for the site**
- **Brought on HCW for public-private partnership experience**
- **RFP for site issued after receiving formal proposal**
- **Second formal proposal received as a result of the RFP process**



Business Plan for Downtown

- **Public-private partnerships needed to overcome barriers to investment**
- **Private sector alone can't invest in property to tap optimum value**
- **Public investment must be based on a plan with consensus priorities**
- **A bundle of incentives is typically required to make a project work**



Development Incentives Policy

“A prudent public investment policy designed to unlock private investment”

- Target investments to support market-driven development
- Maximize existing public investment
- “Build it as they come”
- Make public investments that bring lasting public benefits
- Target investments to enable people to benefit and invest further
- Bring clarity and predictability to applying for and administering public incentives



Projects Using the Following Incentives are Subject to the Policy:

- **Tax Increment Financing (TIF)**
- **Capital Improvement Projects (CIP)**
- **Hotel Guest Tax**
- **Forgivable Loans**
- **STAR Bonds**
- **Land**
- **Cash**
- **Others to be determined by the City Council**



Evaluation Criteria (100 points)

- **Threshold Criteria for Developer**
- **Threshold Criteria for Project**
- **Public Benefit/Compatibility with Downtown Plan (40)**
- **Project Characteristics (35)**
- **Experience/Qualifications of Developer (25)**



Threshold Criteria for Developer

- **Development entity or key partners provide at least 10% equity**
- **Development entity or key partners provide a proportional guarantee for public revenue shortfall**
- **Development entity and key partners pass City vetting process**
- **Submittal of Letter of Interest from primary lender or equity investor**

Threshold Criteria for Project

- **Consistent with Project Downtown's general and district design guidelines**
- **Economic analysis confirms that project is infeasible "but for" public investment**
- **Public investment is in a public asset as defined in Project Downtown**
- **Minimum proportional private to public capital investment ratio of 2 to 1**
- **Minimum public debt service coverage ratio of 1.2 to 1**



Public Benefit

- **Project Location/Design**
 - Catalyst sites
 - Walkable focus areas
 - Extraordinary design – “community of distinction”
 - Fosters additional development ; connect downtown districts
- **Return on Public Investment** - exceeds 1.3:1 CEDBR model
- **Public Purpose**
 - Public asset serves other developments
 - Accomplishes downtown vision/strategies
 - Enhances economic base
 - Promotes environmental sustainability



Project Characteristics

- **Market Analysis**
 - Confirms feasibility; third party analysis
- **Pro Forma Evaluation**
 - Rate of private investment return
 - Rents/prices consistent with comparables
 - Rate of absorption
 - Long-term project solvency
- **Developer Equity**
 - Exceeds 10% threshold
- **Share of Public Funding**
 - Ratio of private to public investment
- **Lender/Investor Commitment**
 - Financial stability of lender
 - Firmness of lender commitment



Developer Experience & Creditworthiness

- **Financial Statements**
 - Third-party analysis
 - Financial statement analysis of developer/investors/private funder
- **Experience and Qualifications**
 - Credit History
 - Good standing with previous lenders
 - Experience with similar public-private city projects, same development team
 - References from municipal partners



Questions?

