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Cordish Co. plans to break ground in December on larger downtown apartment tower

By KEVIN COLLISON
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The plans for the tallest residential tower ever built from scratch in the heart of downtown Kansas City are getting even taller, gaining two floors and 61 apartments.

The revised proposal, presented by the Cordish Co., calls for a 25-story, 311-unit apartment building at 13th and Walnut streets in the Kansas City Power & Light District. The glass tower got the nod for a 25-year, 100 percent property tax abatement Tuesday from a development agency.

The \$79.2 million project is being developed by Cordish and the Kushner Cos., a New York real estate firm. It will be the first all-new residential high-rise downtown and the tallest downtown building since the 17-story H&R Block headquarters opened in 2006. Groundbreaking is expected in December, with work completed in spring 2015.

Last summer, Cordish, the Baltimore developer of the Power & Light District, announced the project would be a 23-story, 250-unit tower. Downtown has a taller residential building, the 36-story 909 Walnut building, but it's a renovated Depression-era office tower.

Other tall towers in Kansas City built from the start as residential projects include the 32-story San Francisco condo tower in Crown Center and the 25-story Sulgrave and 19-story Alameda condo towers near the Country Club Plaza.

The Planned Industrial Expansion Authority unanimously approved the tax abatement valued at \$2.87 million for the project over the 25 years. The development also is receiving \$7.5 million in direct cash assistance from the city.

The city is backing the project with hefty incentives because officials believe it will help raise downtown rents to the level required to make new construction viable without incentives. Estimated rents have to hit \$1.60 per square foot before that can happen. Currently about \$1.30 per square foot is the most downtown landlords can command.

"There is an expectation this project will create a higher market to help develop new construction downtown," said attorney David Frantze, who is representing Cordish.

The apartments will average 850 square feet, and the tower will include 28,000 square feet of amenities including an outdoor rooftop pool, a fitness center, a display kitchen, a library, a theater room and a fourth-level social space. Parking will be in the adjoining garage.

Nick Benjamin, the executive director of the Power & Light District, said the project, on the site of the former Jones Store, will help generate traffic to the entertainment district.

The eight-block retail, restaurant and bar project, which began opening in 2007, has been considered a success in helping rejuvenate downtown, but it has failed to meet its financial projections and has required substantial city subsidies, \$14.3 million this year alone.

"This is the first market-rate high-rise in the history of downtown Kansas City," Benjamin said told the development agency board. "It will add tremendous value to the Power & Light District and create a new market for high-rise development downtown."

The city is hedging its bet, however, with the 25-year property tax abatement authorized for the project.

In an unusual arrangement, 50 percent of the abatement will be returned to the city by the developer through what's called payment in lieu of taxes. The city will use its share, more than \$1.4 million, to help cover revenue shortfalls on the Power & Light District.

That special arrangement was protested by other taxing jurisdictions, which normally receive a proportional share of such payments in other development deals.

"We think this is a great project, but avidly disagree on the funding and how it's being dispersed," said Kevin Masters, director of government relations for the Kansas City Public Schools. "It's bad policy."

In a compromise, the city agreed to begin sharing its 50 percent of the abatement with the other taxing jurisdictions when the bonds are repaid on the Power & Light District.

The tax-increment financing plan established to repay the bonds is projected to end in about 18 years, leaving about seven years to share the surplus property tax abatement.

Cordish also plans to renovate the historic Midland office building at 13th Street and Baltimore Avenue into 68 apartments, but that project is not expected to begin until next year.

To reach Kevin Collison, call [816-234-4289](tel:816-234-4289) or send email to kcollison@kcstar.com. Follow him at [Twitter.com/kckansascity](https://twitter.com/kckansascity).

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