



Kansas City

Kansas City Convention & Visitors Association

March 31, 2008

Mayor Mark Funkhouser
Members of the Kansas City, Missouri
City Council
414 E. 12th Street
Kansas City, MO 64106

It has been brought to our attention that a plan is being developed for a neighborhood revitalization project in the Southmoreland District of Kansas City, Missouri. The project would include the conversion of 1.87 acres on the block bounded by Cleaver II Boulevard, 46th Street, Main Street and Warwick Boulevard from an area currently occupied by eleven (11) apartment buildings to a mixed-use project that would include a small, boutique hotel. If our understanding is correct, the developer is considering a request for Tax Increment Financing for this project.

The widespread use of Tax Increment Financing for projects like this has long been of concern to the leadership of the Kansas City Convention & Visitors Association of Greater Kansas City because of the questionable value that this type of project brings to the Greater Kansas City area. For this reason, in December of 2007 the Board of Directors adopted an official Position on Kansas City Hotel Development and Economic Incentives, a copy of which is enclosed and details the board's rationale.

It is with the above policy in mind, that on Tuesday, March 25, 2008, the Board of Directors voted to oppose the Southmoreland development plan should it call for the use of Tax Increment Funding for a hotel. We respectfully request that this organization be contacted and given an opportunity to comment, should such a proposal be presented for the City's consideration.

Thank you for the opportunity to share this organization's concerns.

Sincerely,

William P. Lucas
Chairman

Richard L. Hughes
President & CEO

WPL:RLH:kl

Enclosure

cc: Mr. Wayne Cauthen, City Manager

KCCVA BOARD POSITION ON KANSAS CITY HOTEL DEVELOPMENT AND ECONOMIC INCENTIVES

1. The Kansas City Convention & Visitors Association supports utilization of Tax Increment Financing (TIF) and other economic development incentives under an expanded economic development policy. The KCCVA supports the use of TIF to develop a 1,000-room convention hotel.
2. The KCCVA urges responsible reform in the creation of a new economic development policy and procedures. We encourage the use of TIF and other incentives when it is clear that incremental demand and revenue with accompanying local taxes is clearly evident, measured and monitored.
3. If the use of Super TIF (remaining 50% of EATS) must be considered, it should be restricted to "high-priority projects", as defined by the EDC.
4. The KCCVA has a mission and mandate to market the Kansas City destination. As such, the KCCVA believes that it would be extremely rare that any development project (hotel or otherwise) would warrant the use of the Convention Tourism (CT) tax in a Super TIF or other incentive configuration, whereby capitalization/renovation dollars for the City's Convention and Entertainment centers and marketing dollars for the KCCVA would be redirected away from respective organizations and the essential promotional mission. Use of the CT Tax should, in most cases, be eliminated.
5. With respect to any future Hotel Development Projects that propose to use Tax Increment Financing, the KCCVA should be notified and given the opportunity to comment.

Adopted September 25, 2007 with revision approved by Executive Committee on October 30, 2007 and full board on December 18, 2007.