

Manhattan Downtown Redevelopment District Financing

CLIENT:
City of Manhattan

LOCATION:
Manhattan, Kansas



SERVICE AREAS:
Public-Private Partnership
Community Redevelopment
Financial Analysis

As in many other projects around the country, Manhattan, Kansas is crafting a public-private partnership using committed sales tax and property tax revenues to support long term debt. Real Estate Research Consultants (RERC) was retained to validate the key operating assumptions, evaluate the context, and to project sales and property tax revenues used to retire the anticipated bond debt associated with a redevelopment project in the downtown area. In this case, it was necessary to balance both the long term needs of possible investors with those of the city's team responsible for financing the project. Because of the market context, it was essential to explore the fundamental economic and demographic trends defining the project's long term potential.

The City of Manhattan is the home of Kansas State University and Fort Riley. By definition, the community is a small retail market but secondary demographic sources undercount both the actual population and the incomes available for spending. As a consequence, the area has often been overlooked as a major retail center. A small shopping mall is located adjacent to the proposed project. The current project is envisioned as a way of enhancing the downtown retail environment by capitalizing on the financial opportunities provided through Sales Tax Anticipation Revenue (STAR) bond debt and tax increment financing. In the initial phase of development, the transaction will represent approximately \$50,000,000 in tax exempt debt. The project includes, among others, Best Buy, a Hy-Vee grocery store, PetCo, Bed Bath & Beyond, Office Max and a mix of other shopping, movie theater, conference hotel, dining, and entertainment options.

RERC completed our initial analysis in 2007. A separate demand study for the grocery store component was conducted in late 2007 and early 2008. The City has indicated RERC will be retained in 2009 to update our sales tax and property tax projections in preparation for a bond issue that year.

Other Related or Similar Projects and Studies

- The Highlands, Wheeling, WV
- The Legends at Village West, Kansas City, KS
- Museum Plaza, Louisville, KY
- The Legends at Sparks Marina, Sparks, NV