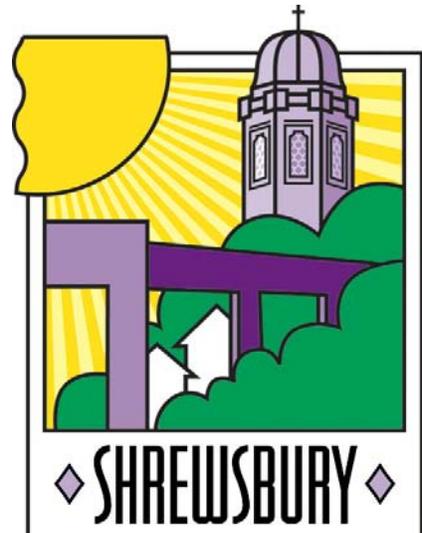


Analysis for Designation of Kenrick Plaza as a Blighted Area Under the Provisions of Chapter 353



Prepared for:
City of Shrewsbury, Missouri

February 24, 2010

**CITY OF SHREWSBURY
ANALYSIS FOR DESIGNATION OF
ANALYSIS FOR DESIGNATION OF KENRICK PLAZA
AS A BLIGHTED AREA UNDER THE PROVISIONS OF CHAPTER 353**

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SECTION I

INTRODUCTION

The Mayor and Board of Aldermen of the City of Shrewsbury (the “City”) have expressed concern over the persistent vacancies at Kenrick Plaza and the subsequent deterioration of several properties located along the Watson Road commercial corridor. The Watson Road commercial corridor has experienced a significant decline in consumer sales activity due to new and increased regional retail market competition. The current underutilization and deterioration of Kenrick Plaza illustrates this economic shift. In addition, the configuration and design of the existing site and buildings are outmoded and not conducive to attracting stable and quality retail tenants. The City is interested in the redevelopment of a portion of Kenrick Plaza in order to adapt the facility to the changing market and to maintain the economic viability of the Watson Road commercial corridor.

A. PURPOSE OF THIS REPORT

The City is seeking to redevelop a portion of the City for the purposes of increasing tax revenues and to eliminate certain conditions that have resulted in the physical and economic underutilization of Kenrick Plaza (the “Area”). It must be clearly understood that the Area described and evaluated herein does not include the commercial area to the east which is known as Kenrick Plaza II which is owned by William E. Clasen Family Corp., Et al. **Plate 1 – Area Boundaries and Parcel Locator Numbers**, in **Appendix A, Supporting Plates** of this report, displays the boundaries of the Area and the St. Louis County Locator Numbers for each parcel located therein. An aerial view of the Area is also provided on **Plate 2 – Aerial View** in **Appendix A**.

The purpose of this analysis is to determine whether this Area qualifies as a “blighted area” under the provisions of R.S. Mo, Section 353.010 to assist in the acquisition of property to provide for a comprehensive and unified development approach to facilitate future redevelopment and, ultimately, the elimination of blight. **It is not the intent of this report to designate the Area as a 353 redevelopment area to facilitate the right to tax abatement.**

B. PROVISIONS OF CHAPTER 353

The Missouri General Assembly adopted the Urban Redevelopment Corporations Law in 1943, and it is found in Chapter 353 of the Revised Statutes of the State of Missouri (R.S. Mo). The law is often referred to simply as “Chapter 353”.

Chapter 353 allows cities and counties to:

1. identify and designate redevelopment areas that qualify as “Blighted Areas”;
2. adopt a development plan that designates an area in need of redevelopment and states the objectives to be attained and the redevelopment project to be undertaken;
3. approve a redevelopment project for implementation of such development plan; and

4. utilize the tools set forth in Chapter 353 to assist in reducing or eliminating those factors and conditions that cause the area to qualify as a “Blighted Area” through the completion of a redevelopment project.

Chapter 353 defines “Area” as follows:

...that portion of the city which the legislative authority of such city has found or shall find to be blighted so that the clearance, replanning, rehabilitation, or reconstruction thereof is necessary to effectuate the purposes of this law. Any such area may include buildings or improvements not in themselves blighted, and any real property, whether improved or unimproved, the inclusion of which is deemed necessary for the effective clearance, replanning, reconstruction or rehabilitation of the area of which such buildings, improvements or real property for a part. §353.020(1) R.S.MO.

Chapter 353 also defines a “Blighted Area” as follows:

...that portion of the city within which the legislative authority of such city determines that by reason of age, obsolescence, inadequate or outmoded design or physical deterioration, have become economic and social liabilities, and that such conditions are conducive to ill health, transmission of disease, crime or inability to pay reasonable taxes;

In considering the ability for an area to qualify as a “blighted area” under Chapter 353, it is also important to look at judicial rulings from other Missouri redevelopment statutes which have similar qualification criteria and relationship to the State Constitution. One of the most significant court decisions can be found in the so-called *Tierney* decision by the Missouri Supreme Court based on the designation of an area by the City of Kansas City under the provisions of the Planned Industrial Expansion Authority Law found in Chapter 100 R.S. Mo.

This decision reinforces the concept that economic underutilization of properties within a redevelopment area can, in and of itself, be a blighting factor. In other words, an area that is capable of supporting a use (or uses) that provides for greater economic utilization can be considered when determining whether or not an area is “blighted”. This premise was explicitly stated by the Missouri Supreme Court in the Tierney case (Tierney v. Planned Industrial Expansion Authority of Kansas City, Missouri, 742 S.W. 2d 146, 151 (Mo.1987)).

In *Tierney* at 151, the Missouri Supreme Court stated:

The owners, finally, attack the concept of “economic underutilization” as a basis for condemnation. They suggest that almost all land could be put to a higher and better use, and argue that the concept of economic underutilization is so broad as to confer upon the legislative authority and PIEA the unlimited discretion to take one person’s property for the benefit of another, contrary to Mo. Const. Art. I, Sec. 28.

*We do not find the fault or the danger perceived. The concept of urban redevelopment has gone far beyond “slum clearance” and the concept of economic underutilization is a valid one. This is explicit in *State ex rel. Atkinson v. Planned Industrial Expansion Authority of St. Louis*, 517 S.W.2d 36 (Mo. Banc 1975), sustaining the statutes governing this case. Centrally located urban land is scarce. The problems*

of assembling tracts of sufficient size to attract developers, and of clearing uneconomic structures, are substantial and serious. The willingness of the owners to sell is not controlling. We need not repeat all of the evidence which was before the city council tending to show that redevelopment of this area would promote a higher level of economic activity, increased employment, and greater services to the public...

In other words, the performance of a property or group of properties below its economic potential is a symptom of a blighted area when examining that area's existing uses versus potential future uses that have the potential to generate increased or sustainable economic activity. As the court stated in *Tierney*, urban redevelopment is far more than mere slum clearance, and includes the concept that economic underutilization is evidence of blight. The economic underutilization of an area is further evidence that the area exhibits those factors that qualify it as a blighted area.

With the foregoing discussions of this section in mind, the next section of this report evaluates the conditions that are present in the Area relative to the provisions of the definition of Blighted Area under Chapter 353.

SECTION II

AREA DESCRIPTION AND BACKGROUND

The Area is located near the south-eastern municipal limits of the City of Shrewsbury along Watson Road, one of the City’s main arterial roadways (MO Route 366) and a major commercial and business corridor within the City. Located at the intersection of Watson Road and Trianon Parkway, the Area is comprised of approximately 24.4 acres of real property and is zoned C-2 Planned Commercial. When initially developed, Kenrick Plaza would have been classified as a “community shopping center.” Typically, the primary purpose of this type of shopping center was to provide daily goods and services to the surrounding community from an approximate geographic area of 2 miles.

The Area includes seven (7) individual parcels that are owned by three (3) separate entities. Parcel information from the St. Louis County Assessor is provided in **Table 1 – Area Parcel Data** in **Appendix A**. In total, the Area provides an estimated 181,253 square feet of space that is devoted primarily to shopping, office and entertainment activities. In addition to the primary commercial shopping center building, this shopping, office and entertainment center includes the stand-alone two story First Bank building which houses the bank and several independent offices, a Cabinets Flooring & More retail business, a 1,155 foot guyed-mast communications tower and building, a vacant eight (8) screen theater, and a vacant fast food restaurant. An on-site survey of land use and exterior building conditions conducted on February 3, 2010, revealed a building vacancy rate of nearly 60%. **Table 2 – Building Size and Vacancy Rate** provides information regarding building occupancy within the Area.

TABLE 1

**AREA PARCEL DATA
KENRICK PLAZA & ADJACENT PROPERTIES
CITY OF SHREWSBURY, MISSOURI
2009**

Locator #	Owner	Use	Appraised Value			Assessed Value		
			Land	Improve.	Total	Land	Improve.	Total
24J440122	Lipton Kenrick Associate LP	Theater Parking Lot	753,100	138,100	891,200	240,990	44,190	285,180
24J440133	Lipton Kenrick Associate LP	Theater and Parking	622,500	306,300	928,800	199,200	98,020	297,220
24J440144	First Bank Tax Dept Mc 019	Bank	449,800	965,600	1,415,400	143,940	308,990	452,930
23J120102	Lipton Kenrick Associate LP	Fast Food Restaurant	380,600	204,500	585,100	121,790	65,440	187,230
23J120120	Lipton Kenrick Associate LP	Kenrick Plaza I	3,571,000	2,029,000	5,600,000	1,142,720	649,280	1,792,000
23J120032	KDNL Inc C/o Sinclair Broadcast Group Inc	Communications Tower	607,200	42,800	650,000	194,300	13,700	208,000
23J120111	Lipton Kenrick Associate LP	Retail Carpet Store	568,900	181,100	750,000	182,050	57,950	240,000
Total			6,953,100	3,867,400	10,820,500	2,224,990	1,237,570	3,462,560

TABLE 2
BUILDING SIZE AND VACANCY RATE
KENRICK PLAZA & ADJACENT PROPERTIES
CITY OF SHREWSBURY, MISSOURI
(As of 02/03/10)

Kenrick Plaza					
Locator #	Owner	Use	S.F. Under Roof	S. F. Vacant	% Vacant
24J440122	Lipton Kenrick Associate LP	Theater Parking Lot	NA	NA	NA
24J440133	Lipton Kenrick Associate LP	Theater and Parking	28,615	28,615	100.0%
24J440144	First Bank Tax Dept Mc 019	Bank	15,670	2,000	12.8%
23J120102	Lipton Kenrick Associates IP	Fast Food Restaurant	3,149	3,149	100.0%
23J120120	Lipton Kenrick Associates IP	Kenrick Plaza I	114,794	74,895	65.2%
23J120032	KDNL Inc C/o Sinclair Broadcast Group Inc	Communications Tower	1,102	NA	NA
23J120111	Lipton Kenrick Associates IP	Cabinets Flooring & More	17,923	0	0.0%
Total			181,253	108,659	59.9%

With the exception of the communications tower and building which was constructed in 1969, all building and site improvements within the Area were completed between 1984 and 1986.

The site has a number of obstacles that may have had a negative influence on its success as a retail, office and entertainment center; obstacles that will certainly need to be resolved as part of any future redevelopment. Included among those obstacles are:

- The 1,155 ft. tall KDNL communications tower occupies perhaps one of the highest points on the site. The tower is held in place by a series of cables that are anchored at three (3) points within the Area and at least two (2) other points beyond the Area boundaries. **Plate 3 – KDNL Communications Tower & Guy Wire Anchor Locations** in **Appendix A** shows the placement of these anchors. Of those located within the Area, two (2) are on the parcel occupied by the vacant theater building and the third on the parking lot immediately behind the main Kenrick Plaza building which houses retail, office and entertainment activities.

The primary issues associated with these anchors and guy wires are that their locations on the theater site have a significant influence on how the site can be configured and, in that regard; the anchor locations impede certain types of development. Additionally, during the winter season, it is not uncommon for ice to form on the guy wires. As the wind moves the cables or as the ice begins to thaw, pieces of ice can fall on the vehicles and/or people below.

- The topography within the site varies considerably throughout the Area. At the southeastern most portion of the Area the surface elevation is 440 feet above mean sea level. The surface elevation increases to 500 feet in the vicinity of the KDNL communications tower, a rise in elevation of at least 60 feet across much of the Area. The site elevation drops again as one moves from the tower to the southwest corner of the Area. This change in elevation, particularly as it occurs along the primary commercial shopping center building, makes entry to many of the lease spaces difficult in that customers/clients must navigate a series of steps

as they move from the parking lot to the covered walkway and business entrances. **Plate 4 – Area Contours** in **Appendix A** illustrates the changes in elevation that occur throughout the site. In addition, a series of photographs illustrating these changes is provided in **Appendix B, Supporting Photographs**.

- The loop road which services much of this Area (Trianon Parkway and Kenrick View Drive) and provides access from Watson Road also functions as an obstacle since it creates a significant barrier that separates the theater site to the south from the main retail, office and entertainment area immediately to the north. A contemporary site design would eliminate that barrier, creating a more pedestrian friendly environment in which theater patrons would walk between shopping, restaurant and other entertainment venues.

Plate 5 – Area Uses in **Appendix A** illustrates the use and location of the buildings in the Area. As is shown on the aerial photo, the businesses within the center are accessible from Watson Road and a perimeter road that separates the theater from the main retail, office and entertainment complex to the east.

SECTION III

QUALIFICATION ANALYSIS

This section of the report analyzes the existing conditions as they relate to the definition of a “Blighted Area” in Chapter 353. This analysis is based on on-site investigations of the Area conducted by PGAV staff on February 3 and February 18, 2010, in addition to information provided by City staff, the Developer, and St. Louis County. This report will not reflect changes in conditions or events that have occurred subsequent to the date of the site visit and/or publication of this report.

A. OBSOLESCENCE

The ability of structures to continue as viable land uses, based on the manner in which they were built and/or placed on the land, is relevant in determining if they have longer-term value in the real estate marketplace. Obsolescence takes many forms, including: functional obsolescence, economic obsolescence, obsolete platting, and obsolete site improvements. The Area is functionally and economically obsolete in its current condition. The extraordinary vacancies (the Kenrick 8 Cine’ Theater and Burger King fast food restaurant have both been vacant for over two years) exemplify the functional obsolescence of the Area resulting from the inadequate and outmoded design of the buildings as a location for a theater and many small retail tenants. **Table 2 – Building Size and Vacancy Rate in Section II – Area Description and Background**, clearly illustrates the extraordinary vacancies that exist within the Area. The economic obsolescence of Kenrick Plaza as a retail, entertainment and office attraction is indicated by the vacancy rate of approximately 60% (approximately 108,650 square feet of the total 181,250 square feet is vacant) and the corresponding decline in sales taxes for the affected taxing jurisdictions.

When Kenrick Plaza and the Kenrick 8 Cine’ Theater were first constructed in the period between 1984 and 1986, the Watson Road commercial corridor was one of the main retail districts for South St. Louis County. Crestwood Plaza, formally a regional retail mall 3.25 miles to the west of Kenrick Plaza, served as the primary anchor and attracted residents and visitors to other retail centers along the Watson Road commercial corridor, including Kenrick Plaza. Kenrick Plaza, although not connected to Crestwood Plaza, benefited from a portion of the customer traffic to and from the mall. Since 1990, new retail “power centers” have been constructed at the Interstate 44 and Lindbergh Road interchange and at Gravois Bluffs in Fenton. These new “power center” retail developments, due to their superior location, have altered the shopping patterns in Southwest St. Louis County. As a result, the balance of community economic activity at major retail anchored shopping centers along the Watson Road commercial corridor has shifted west, toward the Interstate 44 and Lindbergh Boulevard interchange.

It is also noteworthy that the Kenrick 8 Cine’ Theater, built in 1984, was, for many years, a major draw to the Area. Several years before closing, the Theater had annual gross sales of \$3 to \$3.6 million. In 2000, gross sales at the Theater dropped to \$1.6 million, a drop that coincided that year with the opening of Ronnie’s 20 Cine on south Lindbergh Boulevard. After years of struggling to maintain sales, the Kenrick 8 Cine’ Theater finally closed its doors on November 25, 2007.

Today, the Kenrick 8 Cine’ Theater represents an obsolete building that, because of changing market conditions and the physical design of the structure, has little value in the real estate

market. The building's, high ceilings, sloping floors and second story projection room represent obstacles for any reuse that would be appropriate for the site and still provide an economic benefit to the City.

Although it is not included as part of this Analysis, Kenrick Plaza II which is located northeast of the creek which separates Kenrick Plaza from Kenrick Plaza II, also suffers from a vacancy rate that is well above the accepted rate. Based on a recent exterior survey (February 3, 2010), approximately 22.4% of the Kenrick Plaza II building appeared vacant. The 60% vacancy rate for Kenrick Plaza (including the theater and fast food restaurant buildings) and the estimated 22.4% for Kenrick Plaza II represent rates which, according to Urban Land Institute's (ULI) Dollars & Cents of Shopping Centers / The Score 2008, are completely out of line for similar facilities. According to this ULI publication, similarly sized and aged facilities throughout the Midwest have vacancy rates that generally fall within a range of 7% to 9%. One nearby community commercial center that adds credence to the ULI findings is the Mackenzie Point center which, based on a February 17, 2010 exterior survey revealed that Mackenzie Point had a vacancy rate estimated to be 5%. According to various industry standards (i.e. ULI and the International Council of Shopping Centers), an annual vacancy rate of 5% is considered "normal" for shopping centers. **Tables 3-A and 3-B** illustrate the vacancy rates at both Kenrick Plaza and Mackenzie Point.

TABLE 3-A
BUILDING SIZE AND VACANCY RATE
KENRICK PLAZA & MACKENZIE POINT
CITY OF SHREWSBURY, MISSOURI

Kenrick Plaza					
Locator #	Owner	Use	S.F. Under Roof	S. F. Vacant	% Vacant
24J440122	Lipton Kenrick Associate LP	Theater Parking Lot	NA	NA	NA
24J440133	Lipton Kenrick Associate LP	Theater and Parking	28,615	28,615	100.0%
24J440144	First Bank Tax Dept Mc 019	Bank	15,670	2,000	12.8%
23J120102	Lipton Kenrick Associates IP	Vacant Fast Food Restaurant	3,149	3,149	100.0%
23J120120	Lipton Kenrick Associates IP	Kenrick Plaza I	114,794	74,895	65.2%
23J120032	KDNL Inc C/o Sinclair Broadcast Group Inc	Communications Tower	1,102	NA	NA
23J120111	Lipton Kenrick Associates IP	Cabinets Flooring & More	17,923	0	0.0%
Total			181,253	108,659	60%

TABLE 3-B
Mackenzie Point

Locator #	Owner	Use	S.F. Under Roof	S.F. Vacant	% Vacant
23J210816	Caplaco ...	Undeveloped	0	0	0%
23J210807	HCP Medical Office Bldg	Medical offices	44,706	0	0%
23J220572	Caplaco ...	Comm Shopping Center	89,050	10,600	11.90%
23J220583	Caplaco ...	McDonalds	4,292	0	0%
23J240273	Caplaco ...	Taco Bell - Pizza Hut	3,027	0	0%
23J240284	Caplaco ...	Parking	0	0	0%
23J240295	Caplaco ...	Dierbergs Super Market	76,993	0	0%
23J240121	Preferred Development Corp	Car Wash	3,836	0	0%
23J240262	Caplaco ...	Unimproved Lot	0	0	0%
Total			221,904	10,600	5%

Due to these changing commercial and retail market conditions, Kenrick Plaza, can no longer serve purely as a “community shopping center”. A “community shopping center” offers a larger variety of merchandise and specialty goods and today is typically anchored by a discount department store and/or supermarket. Instead, Kenrick Plaza must now be positioned to function in a new capacity, one that will insure increased gross revenues for businesses and, in turn, increased sales taxes for the City and the various taxing districts that are supported by sales and other taxes.

As a result of changing markets, the physical layout of Kenrick Plaza must be altered to accommodate tenants that offer convenience goods and personal services, or specialty retailers commensurate with those offered in “Regional Centers” rather than “community shopping centers”. This includes the development of anchor space to accommodate a wider variety of retailers that fall into the category “A” or “B” class anchor tenants.¹ In order to overcome the functional and economic obsolescence of Kenrick Plaza and improve the overall viability of the Area, the Area must be redeveloped so as to accommodate new retail uses with a regional draw.

B. INADEQUATE OR OUTMODED DESIGN

The current configuration of the Area which encompasses Kenrick Plaza is one that has been dictated by the presence of the KDNL Communication Tower and the ancillary guy wire anchor locations within the Area, topographic constraints, and the natural environment which existed prior to the development of the Plaza, Kenrick 8 Cine’ Theater, and the various out buildings.

- The placement within the Area of the anchor locations for the guy wires that support the 1,155 foot communications tower has and continues to restrict layout of the Area and the placement of buildings within it. Furthermore, the accumulation of ice on the guy wires during the winter creates a hazard to people and vehicles below that may be struck by falling ice.
- As currently built, the main commercial building within the Area has been influenced by the topographic features of the site. For example, the highpoint of the site is in the vicinity of the KDNL Tower and sloping to the north, east and south. The net effect of these topographic changes is clearly seen in the construction of the main commercial building which is generally located in the center of the Area. The photographs in **Appendix B – Supporting Photographs**, clearly show that patrons of certain businesses within the main commercial building may be required to navigate as many as twelve (12) steps in order to gain access to those businesses, after they have parked their car. Though the number of steps climbed varies along the main commercial building, this is, nevertheless, a site condition that exists at four locations along one side of the building. Patrons affected by certain physical handicaps and many older adults will have considerable difficulty gaining access to business located within this area. Contemporary

¹ Class “A” and “B” retailers include national and regional companies that serve as “premium” tenants in power center developments due to their consumer drawing power and the quality and price value they provide customers. Examples of Class “A” retailers include Wal-Mart, Target, Kohl’s, Home Depot and Supermarkets. Class “B” retailers provide “discount” merchandise. Examples include Marshalls, TJ Maxx, Home Goods and discount Supermarkets.

site and building designs dictate ease of access for all employees and users of businesses occupying space within these centers.

- The northeast boundary of the Area is defined by a creek that creates a barrier between Kenrick Plaza and Kenrick Plaza II (not included within the Area). Although vehicular access is provided by two bridges that connect Kenrick Plaza and Kenrick Plaza II, the creek remains a barrier to the easy and convenient flow of both pedestrians and vehicles between the two centers. Clearly, this obstruction to the ebb and flow of people from one center to the other has been a major deterrent to the overall vitality and success of both commercial areas.
- Another significant barrier within the Area that further demonstrates its inadequate and outmoded design is the loop road which services much of this Area (Trianon Parkway Drive and Kenrick View Drive) Again, a more contemporary site design would eliminate this barrier to create a more pedestrian friendly environment in which theater patrons would walk between shopping, restaurant and entertainment venues.

As demonstrated by these conclusions, the inadequate and outmoded design of the Area and the majority of buildings within it create conditions which combine to influence the Area's ability to pay reasonable taxes and, therefore, these conclusions support a finding of "blight". Furthermore, the resolution these conditions will only occur through redevelopment.

C. PHYSICAL DETERIORATION

A survey of the exterior condition of buildings and improvements located within the Area was conducted by PGAV senior staff on February 3, 2010. This exterior survey was followed by an interior survey of the Kenrick 8 Cine' on February 18, 2010. Photographs were taken during these surveys to document the presence of conditions which demonstrate that either minor or major repairs were required, or that the condition was beyond reasonable repair. Those photographs are provided in **Appendix B – Supporting Photographs**.

Table 4 – Parcels Exhibiting 353 Blighted Area Factors, identifies the four determinants which individually or in combination may provide the justification for a designation of blight. The actual determination of blight can only occur when these conditions are found to have become economic and social liabilities and that such conditions are conducive to ill health, transmission of disease, crime or inability to pay reasonable taxes.

As shown in Table 4, five (5) of the seven (7) properties located within the Area have been found to exhibit one or more deficiencies which can be cause for a determination of blight and, furthermore, these five (5) properties constitute 83.9% of the total area. It should be noted that for each of the items checked in Table 4 there have typically been multiple factors or incidences which have led to the placement of the ✓. For example, the physical deterioration of the Theater is based on such conditions as the presence of damaged signs that cannot be repaired; the need for painting; the presence of deteriorating curbs, sidewalks, parking lots; water damaged ceilings, walls and carpeting; the presence of mold brought about as a result of a leaking roof; vandalism and the destruction/theft of copper electrical wiring and copper plumbing fixtures; etc.

TABLE 4
Parcels Exhibiting 353 Blighted Area Factors

Parcel	Over 35 Years of Age	Obsolescence	Physical Deterioration Inadequate or Outmoded Design	Parcel Acreage	
24J440122 / Theater Parking Lot			✓	3.39	
24J440133 / Theater and Parking		✓	✓	3.91	
24J440144 / Bank				1.13	
23J120102 / Fast Food Restaurant		✓	✓	1.08	
23J120120 / Kenrick Plaza I		✓	✓	8.99	
23J120032 / Communications Tower				2.97	
23J120111 / Cabinets Flooring & More			✓	2.91	
Subtotal	0	3	4	5	24.38

Given the obvious physical deterioration of various buildings and site improvements that are located within the Area it has been determined that the Area is “blighted” and in need of redevelopment in accordance with approved City plans.

D. ECONOMIC LIABILITY

There are several indicators that the Area is an economic liability in its existing condition and use to the affected taxing districts. One of these is the declining level of sales generated by businesses located in the Area. According to sales tax collection trends provided by the St. Louis County Collector’s office, the annual gross receipts generated by the Area have generally declined over the past ten (10) years. As a result of declining gross receipts, the annual total sales tax revenues produced by Area businesses have *declined* by 59.7% between the years 2000 and 2009. The declining trend in sales tax collection is shown on **Table 5 – Sales Tax Collection**. Clearly, the nearly 60% vacancy rate for businesses located within the Area has a tremendously detrimental impact on the collection of sales tax revenues. In addition to the decline in sales taxes, other economic activity taxes such as utility taxes have likely declined as vacancies within the Area have risen.

TABLE 5
Sales Tax Collection
Kenrick Plaza I
City of Shrewsbury, Missouri

Year	Gross Receipts	Total Sales Tax Revenues	Percentage Change in Taxes Collected
2000	\$ 11,218,237	\$ 224,365	-
2001	\$ 9,830,199	\$ 201,510	-10.2%
2002	\$ 9,927,677	\$ 208,475	3.5%
2003	\$ 9,982,442	\$ 209,637	0.6%
2004	\$ 6,302,720	\$ 132,375	-36.9%
2005	\$ 7,928,303	\$ 166,507	25.8%
2006	\$ 7,399,259	\$ 155,401	-6.7%
2007	\$ 7,483,732	\$ 157,170	1.1%
2008	\$ 5,037,578	\$ 105,806	-32.7%
2009	\$ 4,042,238	\$ 90,352	-14.6%

The Area's inability to generate reasonable and sustained revenues places the City and other taxing districts in a position where budgets for such services as police, fire, schools, vector and rodent control, parks, and other municipal services cannot be provided at preferred levels. A drop in revenues that support these or other municipal or district services translates into an economic liability for the residents of Shrewsbury and the beneficiaries of those districts typically funded by Area property, sales and business taxes.

In addition, the Equalized Assessed Valuation (the "EAV") of the Area has *declined* by 22.6% since 2005. **Table 6 – Equalized Assessed Value** shows the declining trend in EAV. The corresponding real property taxes have likewise declined with the decrease in EAV of the Area.

TABLE 6
Equalized Assessed Value 2005 - 2009
Kenrick Plaza
City of Shrewsbury, MO

Year	Assessed Value (\$)	Percentage Change in Assessed Value
2005	4,472,150	-
2006	4,472,150	0.00%
2007	4,748,080	6.17%
2008	4,748,080	0.00%
2009	3,462,560	-27.07%

The vacancy rate (approximately 60%) further jeopardizes what little remaining economic activity and tax generation remains from existing retailers and tenants. Without viable businesses to improve the attraction of customers to the Area, the probability of these existing tenants relocating is greatly enhanced. In fact, at least two of the larger existing tenants (occupants of space in the 15,000 to 17,900 square feet range) have negotiated month-to-month leases, a trend that further destabilizes the owner's ability to plan and finance expensive building and site improvements. Factors such as those described in this section render the Area an economic liability to the City and other affected taxing districts.

E. SOCIAL LIABILITY

The social liabilities associated with this Area are related to the presence of various hazardous conditions that threaten or endanger the health, safety and welfare of both City residents and non-resident patrons of the Area. Specific liabilities include:

1. Water and moisture infiltration through a leaking roof into the vacant Kenrick 8 Cine' has damaged ceilings, walls and carpeting and caused the growth of mold to be pervasive and existent throughout much of the structure.
2. The theft and/or destruction of major building components of the Kenrick 8 Cine' have the building with non-functioning or nearly non-functioning heating, ventilation, air-conditioning, and plumbing systems, a circumstance that calls into question the functionality of the building's fire suppression capabilities.

3. Damage to the Kenrick 8 Cine' caused by vandals.
4. Failure to fence and/or replace damaged fencing along the creek which crosses the north eastern boundary of the Area.
5. Failure to replace damaged fencing along the portions of the parking lot located at the rear of the main commercial building at 100 Kenrick Plaza (fence is needed to keep pedestrians from falling from a retaining wall along the parking lot).

Given the presence of the conditions outlined above, the Area has become a social liability in that such conditions are conducive to ill health, transmission of disease, and crime. Additionally, the presence of these conditions dictates that the City pursues redevelopment opportunities that are consistent with its Comprehensive Plan.

F. INABILITY TO PAY REASONABLE TAXES

The Area's condition as an economic liability contributes to its inability to pay reasonable taxes for the affected taxing districts as sales and real estate taxes have decreased along with a likely similar decrease in both personal and utility taxes. Assessed value, which is the basis for property tax collection, is based in part on the rents obtained from businesses in the Area. The longer Kenrick Plaza maintains vacancy rates in the 60% range, the more likely the assessed value and, consequently, the property taxes collected will continue to decrease. As noted previously, the owner is being pressured to renegotiate leases to a month-to-month rental and/or at lower rates. If this trend continues and the owner is forced to consider "below cost" rentals, the Area will enter into a spiraling decline and the subsequent continued loss in revenues for the City and other taxing districts.

SECTION IV

SUMMARY AND FINDINGS

There are a variety of blighting conditions present in the Area that represent those outlined in Chapter 353. Included among these are:

- The decline in assessed valuation of approximately 27% and the prolonged vacancy of two major buildings and certain other building spaces (the current vacancy rate is approximately 60%) is an indication that blighting influences exist. Thus, the parcels and improvements comprising the Area are not paying reasonable taxes in spite of the Area's otherwise marketable and desirable location for a variety of high-quality uses.
- The Area suffers from economic and functional obsolescence due to changing market conditions and inadequate design.
- The Area suffers from inadequate and outmoded design.
- The physical deterioration of the Area and, more noticeably, certain entire buildings is apparent and is a condition that is likely to worsen without redevelopment of the entire site.
- Conditions exist which are conducive to ill health, transmission of disease, and crime which render the Area an economic and social liability to the City as evidenced by decreased sales and property taxes;

These conditions render the Area unable to generate reasonable taxes and, unless a program of redevelopment can be devised to eliminate the blighting influences that exist within the Area, further physical deterioration is likely and investment of the type the City envisions as appropriate and economically feasible for the Area will not occur. Thus, if taken as a whole, the Area represents a portion of the City that by reason of age, obsolescence, inadequate or outmoded design or physical deterioration, has become economic and social liabilities, and that such conditions are conducive to ill health, transmission of disease, crime or inability to pay reasonable taxes. Accordingly, the Area meets the definition of "Blighted Area" as stated in §353.020(1) R.S.MO.

APPENDIX A - PLATES

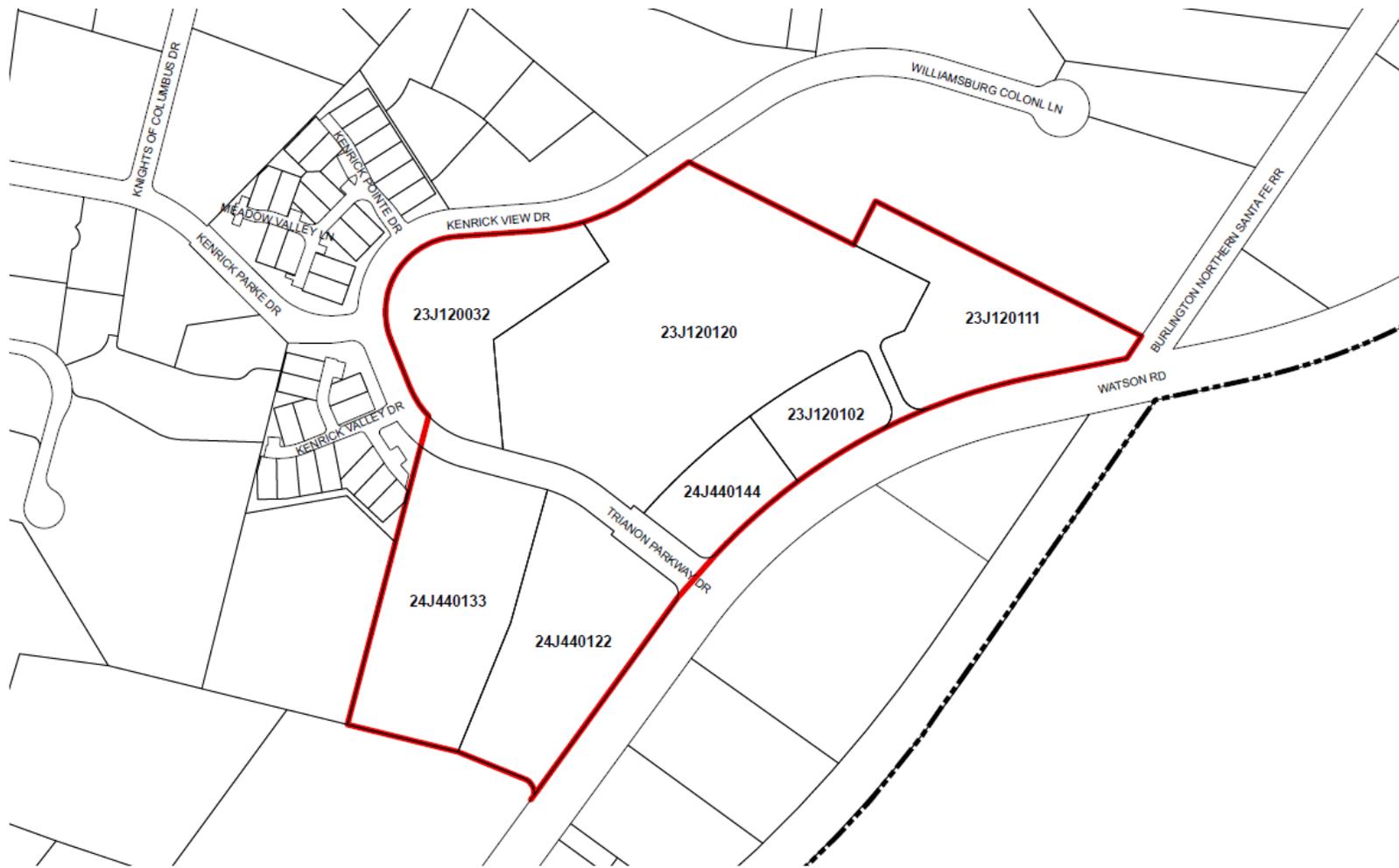
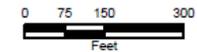


Plate 1
Area Boundaries and
Parcel Locator Numbers
 Kenrick Plaza Redevelopment Area
 City of Shrewsbury, Missouri

Legend

-  Kenrick Plaza Redevelopment Area
-  Shrewsbury Municipal Limits

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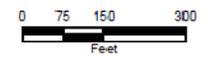


Plate 2
Aerial View
 Kenrick Plaza Redevelopment Area
 City of Shrewsbury, Missouri

Legend

-  Kenrick Plaza Redevelopment Area
-  Shrewsbury Municipal Limits

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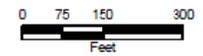


Plate 3
KDNL Communications Tower & Guyed Wire Anchor Lotations
 Kenrick Plaza Redevelopment Area
 City of Shrewsbury, Missouri

Legend

-  Kenrick Plaza Redevelopment Area
-  Shrewsbury Municipal Limits
-  Anchor Locations

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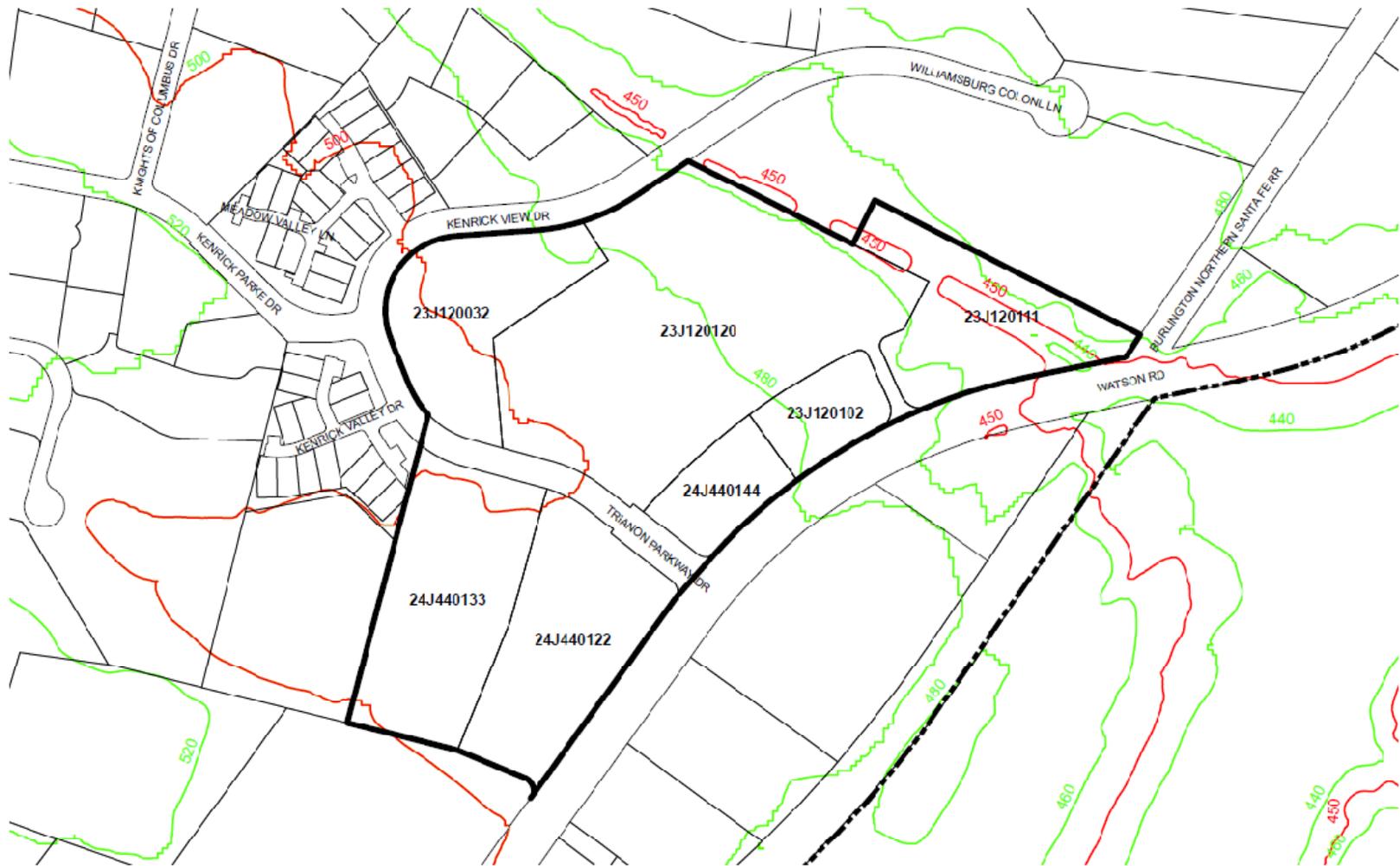


Plate 4
Area Contours
 Kenrick Plaza Redevelopment Area
 City of Shrewsbury, Missouri

Legend

-  Kenrick Plaza Redevelopment Area
-  Shrewsbury Municipal Limits



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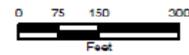


Plate 5
Area Uses
 Kenrick Plaza Redevelopment Area
 City of Shrewsbury, Missouri

Legend

- | | |
|--|---|
|  Kenrick Plaza Redevelopment Area |  Communication Tower |
|  Shrewsbury Municipal Limits |  Bank |
|  Theater |  Fast Food |
|  Retail / Office / Entertainment |  Retail |

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APPENDIX B – SUPPORTING PHOTOGRAPHS

Kenrick 8 Cine'



Signs announcing available space



Vacant Theater site



Deteriorated retaining wall



Graffiti on walls and equipment



Stair step cracks in wall



Deteriorated sign



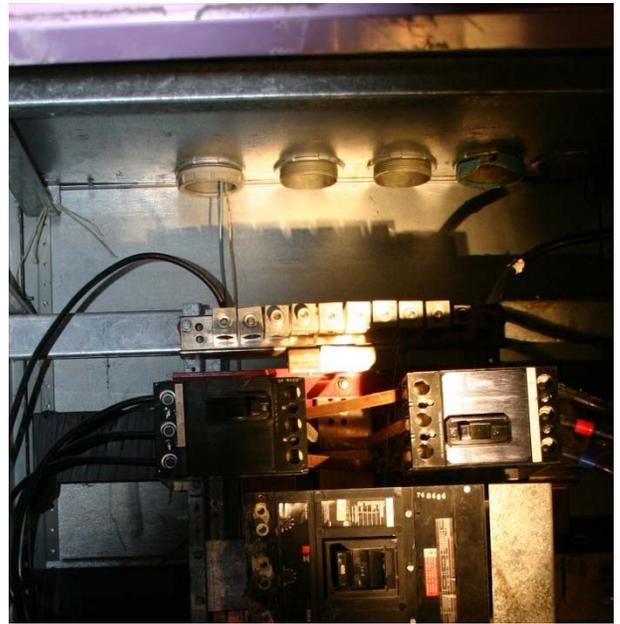
Water damaged wall and ceiling from leaking roof



Water damaged wall with mold



Copper cable abandoned by thieves



Main power leads stripped from electrical panel



Copper plumbing fixtures removed by thieves

Hazardous Conditions



Path leading to creek

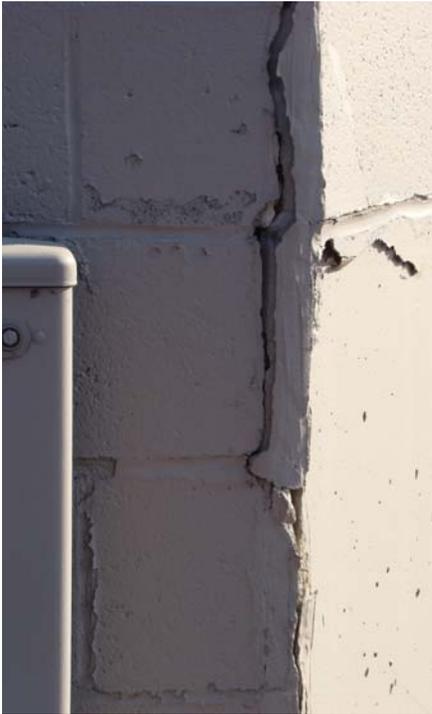


Unfenced creek adjacent to public parking



Missing fence at top of retaining wall which separates parking levels

Physical Deterioration



Deteriorated wall joints



Exposed rebar in steps



Damaged fence



Crumbling parking surfaces

Barriers to Handicapped and Senior Citizens



Barriers to Successful Development



Creek separating Kenrick Plaza & Kenrick Plaza II



Trianon Parkway separates Theater from main retail and entertainment complex of Kenrick Plaza