

East Village developer asks KC Council to reconsider request for federal money

By Jim Davis. Kansas City Business Journal: March 16, 2007.

The East Village's housing developer expects to ask the Kansas City Council to reject a city staff's recommendation not to provide federal money for the first residential project in the long-awaited reinvestment east of City Hall.

Brian Gorecki, a vice president with Sherman Associates Inc., said Friday that he's mystified why city staff didn't back the Minneapolis-based company's request for a \$3 million federal fund appropriation from the city.

"We've put enormous resources ... in the last 60 days," Gorecki said. "We're hoping the city will step forward and help us with that last gap."

This money would help build the 10th Street Lofts, containing about 100 units of affordable housing at 555 E. 10th St., between Holmes and Cherry streets. The building could open in late 2008.

Officials of the City Planning & Development Department, which made the recommendation during the week of March 5, couldn't be reached for comment.

Kansas City Councilman Troy Nash chairs the council's Planning, Zoning and Economic Development Committee, which will hear Sherman's plea. Nash said he continues to support the East Village as the best way to extend Downtown's revitalization to the city's East Side.

But time to find federal money is growing short. The city's allocation of Community Development Block Grants and money from the HOME Investment Partnership Program will be made March 28.

Additional urgency comes from a March 31 deadline for the city to give the Missouri Department of Economic Development a master development agreement for the East Village's housing.

Donovan Mouton, a consultant to Sherman, said his client won't sign the agreement until the financing gap is closed.

"When you're signing that agreement, you're saying your project financing is in place," said Mouton, who worked for Kansas City Mayor Kay Barnes when the East Village was proposed in 2005.

Sherman applied in February for state tax credits from the Missouri Housing Development Commission. The 4 percent credits would provide \$11.1 million of equity and support \$4 million of bond financing.

The financing request, to be heard in April, would replace another tax credit request the state rejected in December.

Gorecki said he expects to ask for the 9 percent tax credits again this year to build more housing in the East Village.

Plans call for Sherman to build 600 to 800 housing units in the East Village. Buildout could take four to eight years, Gorecki said. Market-rate apartments and condominiums would be built after affordable units. This progression matches that of a project Sherman built in Minneapolis.

"It's building density," Gorecki said. "It's one step at a time."

Sherman's partner in the East Village, Swope Community Builders, is lobbying the General Services Administration to construct a federal office building next to JE Dunn Construction Co.'s new headquarters in the East Village. Swope, a Kansas City-based community development corporation whose work focuses on the East Side, was the East Village's original proponent.