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South Kansas City biotech office park would be bigger than Corporate Woods

BY MARK DAVIS - THE KANSAS CITY STAR

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An ambitious biotech office park — bigger than Sprint’s headquarters campus or Corporate Woods in Johnson County — is poised to emerge finally in south Kansas City.

Oxford on the Blue, a 350-acre project near the Blue River, has spent a decade in planning and would take longer to complete. Potential tenants — none are signed up yet — would bolster the city’s growing footprint in animal and human health.

“What we want to build is a biotech research and office park,” said Whitney Kerr Sr., a longtime Kansas City area broker who worked to assemble the land.

The land and idea belong to James E. Stowers III, who has been involved in assorted ventures since leaving American Century Investments, the mutual fund company his father founded. He declined a request for an interview. His development is not connected with the Stowers Institute for Medical Research in Kansas City.

Next month, project backers hope to gain zoning changes and redevelopment planning approval from Kansas City and a property tax abatement that would touch three school districts.

Kerr, a principal at Cassidy Turley commercial real estate, said Oxford on the Blue needs the tax break to bring research firms, clinical trial facilities and similar biotech operations to the site — as well as the jobs they would create.

The tax abatement comes before the city’s Planning, Zoning and Economic Development Committee on Sept. 10. If approved, the changes would face a final vote by the Kansas City Council the next day.

Several council members said they thought Stowers’ development would prevail.

“I can’t speak for my colleagues, but there is a positive vibe about the project,” said Mayor Pro Tem Cindy Circo, who was elected at large from the district where Oxford on the Blue sits.

Others, including school district officials, question whether it would extend tax incentives too far.

They see the nearby and heavily tax-supported Cerner Corp. Three Trails project as the kickstart south Kansas City needs. Projects that follow and benefit from Cerner may be less deserving of a property tax abatement or tax-increment financing help, commonly called TIF.

“I have no problem with people wanting to purchase land and bring jobs to Kansas City,” Councilman Russ Johnson said. “I just don’t think you have to abate everything or TIF everything.”

Tax plan

In many ways, Oxford on the Blue stands apart from other recent tax-supported developments. Stowers would create the office park without knowing who would come.

Cerner’s big project, on the other hand, gained millions in tax breaks with the assurance that the fast-growing local health care information technology company would build and occupy more than 4 million square feet of space. Similarly, the historic Kansas City Power & Light Co. building gained tax abatement approval with its residential developer and his \$63.6 million apartment project in hand.

“We’re more like Corporate Woods. Build it, and they will come,” said Jim Bowers, an attorney for Stowers’ companies. “That’s what happened in Corporate Woods, and that’s what we believe will happen here.”

It’s a key reason the project wants the property tax break. Not having to pay property taxes would lower the cost of doing business there. Kerr said the site needs that edge to compete with projects in other cities going after the same kinds of tenants.

Until Oxford on the Blue gains an abatement, Kerr said, he can’t sign any deals with tenants. He said he has a few leads in the works.

The city is being asked to approve a 10-year waiver so real property taxes on the site won't increase even as the construction of offices, commercial buildings, residences and retail space increases the property's value. Payments equal to current taxes would continue to be made.

Oxford on the Blue also seeks an additional 15 years during which property taxes on the site would be half the amount normally owed at that time.

Kerr said the project would take that long — 25 years — to completely build up, at which time its property tax breaks would end.

If the City Council approves the abatement, the exact amounts and length of the breaks will be determined through the Planned Industrial Expansion Authority, a state-chartered agency whose members are appointed by the Kansas City mayor.

Slow deal

Already, Oxford on the Blue has a long history.

Stowers became involved in 2006, meeting with Kerr and others about a 240-acre plot that they had assembled for a different investor. Stowers bought that property in April 2007 and has since acquired 39 houses on the project's east side and helped move a city and state transportation facility on the site.

"We've spent a little over 10 years working on this project to get to this point," Bowers said.

Kerr would not say how much Stowers had invested.

For that matter, he doesn't have an estimated value for the development. It will depend entirely on the size, type and scope of the research and other operations that locate there.

Plans to turn the site into a biotech office park surfaced publicly in early 2009. Stowers called it Oxford on the Blue after spending time in Oxford, England.

Bowers said the project also seeks tax abatement to offset additional costs of preserving the site's natural setting, including streams, undulating slopes and greenery.

"It is absolutely gorgeous and beautiful," said Circo, who has hiked the area.

She said the economic promise makes the tax break worthwhile. The land has remained mostly undeveloped and has generated little additional property tax revenue for many years.

“Ten years sounds like a lot,” she said, “but it will be over in a blink.”

Ed Ford, head of planing and zoning, said he sees a lot of support for the project among council members, including himself, though he won’t decide how to vote until the public sessions next month.

“I like everything I know about it,” he said.

Councilman John Sharp, who said he lives closest to the site among council members, said the project will do a lot for south Kansas City economically. And, he said he believes it needs the tax incentive.

Tax push back

Oxford on the Blue may face some push back.

Councilman Johnson has regularly voted against tax incentives for developments outside what he calls Kansas City’s urban core.

He also said that the site wasn’t widely blighted and that its tax incentives should be limited to the extent of blight rather than all future property tax increases.

“I love the project,” Johnson said. “I just don’t love the request for economic development incentives over and above the public good.”

Cerner’s project shades how some view Oxford on the Blue. The North Kansas City-based company plans a \$4.2 billion campus that could house 15,000 Cerner employees when completed in 2024.

“We gave away every dime of taxes on that site essentially for 33 years,” Johnson said.

Some of that money would have gone to the Hickman Mills School District. Still, Superintendent Dennis Carpenter supported the Cerner project even as he questioned the cumulative effect of tax breaks in a July letter to tax increment financing officials.

He declined to comment on Oxford on the Blue ahead of a meeting Thursday with its principals.

It also would affect the Raytown and Center school districts.

Allan Markley, superintendent of Raytown, said little of the property is in his district. Still, he sees an opportunity to focus attention on which projects need tax breaks to succeed.

He sees Cerner's project as the area's flagship development, unlikely to come to south Kansas City without tax incentives but boosting other projects that follow.

"When you have some big project like that, it's supposed to spawn development around it," Markley said. "Does the validity (for tax incentives) exist to the same degree for Stowers' project ... with Cerner sitting over there?"

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SIZING UP PROJECTS

Oxford on the Blue - 350 acres

Corporate Woods - 293 acres

Sprint Campus - 242 acres

Source: Cassidy Turley

OXFORD ON THE BLUE

- proposed biotech office park, with potential for retail and residences
- owned by James E. Stowers III
- flanked by Blue River Glades, Hillcrest Country Club, 87th Street
- access from Interstate 435 and Interstate 71
- plans would retain woodlands, streams and site topography
- seeks up to 25 years of property tax abatement