

Hotel Online

News for the Hospitality Executive



advertisement

Developer Jason Townsend Revamps Stalled Redevelopment Proposals in Kansas City and Omaha Choosing Hotel Projects Over the Original Condo Plans

Aiming at a 306-room Embassy Suites in Kansas City, Missouri and a 400-room Hotel in Omaha, Nebraska

By Kevin Collison, The Kansas City Star, Mo.McClatchy-Tribune Regional News

Aug. 09, 2011--Developer Jason Townsend is leaving the leaden condo market and seeking gold instead from the hotel world to get stalled redevelopment proposals moving in Kansas City and Omaha.

Townsend has revamped his plan for the historic Federal Reserve Bank of Kansas City building at 925 Grand Blvd. and now wants to renovate it as a 306-room Embassy Suites hotel, according to paperwork filed with a city development agency.

The developer bought the 21-story tower from the Federal Reserve in 2005 for \$12 million, and the original plan called for converting it to 155 residential condos. However, the condo market wasn't particularly robust to begin with in Kansas City, and the recession all but killed it.

Now Townsend has received approval from the Land Clearance for Redevelopment Authority for a proposal that calls for spending \$70 million on a hotel project. The agency authorized a 10-year property tax abatement for his earlier plan in 2008 and gave him a three-year extension in January that sets a 2014 deadline to complete the work.

Townsend could not be reached for comment, but Joe Egan, the official who runs the agency, said the shift to a hotel plan was a

good idea.

"The condo market has not rebounded, and allowing that building to stay vacant made no sense, particularly if there is a good economic use for it," he said.

Meanwhile, in Omaha, Townsend also has dropped a big condo project he had proposed for that city's downtown, according to a recent report in the Omaha World-Herald.

In 2005, the same year he bought the old Fed building in Kansas City, Townsend won development rights from Omaha to do a huge project on a site formerly occupied by the Union Pacific headquarters.

Townsend's proposal called for building a 32-story tower that would hold 282 condos and 35,000 square feet of retail space. The \$241 million plan also failed to get traction.

Now he has revamped his proposal to a 400-room hotel. It still would include 96 condos, but financing has not been completed, and the new plan must be approved by the Omaha City Council.

EPA move defended

Officials at the Heartland Region of the U.S. General Services Administration feel vindicated by a report backing their decision to move the Environmental Protection Agency from its quarters in downtown Kansas City, Kan., to Lenexa.

The federal Government Accountability Office reviewed a protest by UrbanAmerica, the EPA's current landlord, and said the local GSA handled the lease negotiations properly.

In April the GSA upset Kansas City, Kan., officials by announcing the EPA would be moving to the former Applebee's International headquarters at 11201 Renner Road in Lenexa.

The Kansas City, Kan., building had been designed specifically for the EPA in 1999.

The GAO report, however, found the GSA had tried to negotiate an extension of the lease at 901 N. Fifth St. with UrbanAmerica beginning in 2007 but found it tough going.

"The record shows that (UrbanAmerica) rejected many of the GSA's standard requirements, was unwilling to offer a fully serviced lease, was unwilling to provide periodic painting and carpeting, required the inclusion of special assessments in the calculation of tax escalations and proposed either a 15-year or 20-

year firm lease term at rental rates which GSA considered to be significantly above fair and reasonable market rates," the GAO reported.

When the GSA decided to explore other possible locations on the Kansas side of the area, it received a bid from the owner of the Lenexa building that outscored the UrbanAmerica property on a technical evaluation by 22 points, and was 3 percent cheaper at \$21.40 per square foot.

"We worked for two years with the current owner, and unfortunately GSA was unable to reach a price based on fair market value for the area," said Jason Klumb, GSA regional administrator.

"Across the U.S., GSA has demonstrated its commitment to urban development. And that commitment is why we negotiated for two years, hoping to reach a deal.

"It is the taxpayers who are paying for these facilities. That is something we can never forget or take lightly. The decision in April not only scored the highest on our technical criteria, but it was the best deal for the taxpayer -- including moving costs."

To reach Kevin Collison, call 816-234-4289 or email kcollison@kstar.com.

To see more of The Kansas City Star, or to subscribe to the newspaper, go to <http://www.kansascity.com>.

Copyright (c) 2011, The Kansas City Star, Mo.

Distributed by McClatchy-Tribune Information Services. For more information about the content services offered by McClatchy-Tribune Information Services (MCT), visit www.mctinfoservices.com.

[Receive Your Hospitality Industry Headlines via Email for Free! Subscribe Here](#)
[To Learn More About Your News Being Published on Hotel-Online Inquire Here](#)

To search Hotel Online data base of News and Trends Go to [Hotel.OnlineSearch](#)

[Home](#) | [Welcome](#) | [Hospitality News](#) | [Industry Resources](#)

Please contact [Hotel.Online](#) with your comments and suggestions.
