



## Palestine Legacy Residences (5323 RS) CON Cost Overrun Submission

- **OVERVIEW:** The Palestine Economic Development Corporation (PEDC) is respectfully requesting the approval of a cost overrun for Palestine Legacy Residences (PLR). PLR (5323 RS) is a new 39-bed assisted living facility to be constructed in central Kansas City, MO. This facility will be located on the Palestine Village campus which contains 187 affordable senior apartments in three buildings, and a 35,000 square foot Senior Activity Center. Palestine Village was envisioned by the late Reverend Earl Abel of Palestine Missionary Baptist Church as a continuum of care for seniors residing in the central city.
- **PROJECT REVISIONS FROM ORIGINAL APPLICATION:** The current Certificate of Need (5323 RS) approved in November 2016 has an associated total development cost of \$9,259,235. This proposed facility was to be incorporated into the historic rehabilitation of the former Ladd School in Kansas City, MO. This plan proved to be infeasible and a site change for a new construction project at the current location was approved by the Missouri Health Facilities Review Committee in November 2018.
- **REASONS FOR COST INCREASES AND OVERRUN:** The passage of time and associated cost increases of materials, labor, and construction requirements since 2016 have resulted in a current total development cost of \$10,702,670, an increase of \$1,443,435. This cost has been confirmed by a recent general contractor estimate. A revised, detailed project sources and uses budget is attached.
- **ALTERNATIVES TO INCREASED COSTS:** The applicant has conducted value engineering exercises throughout the design process. The current final design was affected by the requirements for a Kansas City, MO building permit and those of the Missouri Department of Health and Senior Services. Kansas City's adoption of a new energy code was responsible for several cost increases. These additional costs could not be avoided on a different building site serving the same market. A reduction in the number of beds would only result in a lower level of service to the community.
- **COST OVERRUN REQUEST SELECTION:** The applicant believes the requested 16% increase is reasonable given the extended pre-development period necessitated by the goal of creating a state-of-the art assisted living facility with affordable monthly charges within reach of community residents needing care. This unique requirement has required an extensive fund-raising effort combining contributions from local government, local and national philanthropic organizations along with the identification of favorable debt and equity sources.



## Certificate of Need Program

### PROPOSED PROJECT BUDGET

#### Description

#### Dollars

#### **COSTS:\***

(Fill in every line, even if the amount is "\$0".)

1. New Construction Costs ***	\$6,184,620
2. Renovation Costs ***	\$0
<b>3. Subtotal Construction Costs</b> (#1 plus #2)	<b>\$6,184,620</b>
4. Architectural/Engineering Fees	\$275,300
5. Other Equipment (not in construction contract)	\$351,000
6. Major Medical Equipment	\$0
7. Land Acquisition Costs ***	\$450,000
8. Consultants' Fees/Legal Fees ***	\$500,000
9. Interest During Construction (net of interest earned) ***	\$200,000
10. Other Costs ***	\$2,741,750
<b>11. Subtotal Non-Construction Costs</b> (sum of #4 through #10)	<b>\$4,518,050</b>
<b>12. Total Project Development Costs</b> (#3 plus #11)	<b>\$10,702,670 **</b>

#### **FINANCING:**

13. Unrestricted Funds	\$400,000
14. Bonds	\$0
15. Loans	\$2,299,628
16. Other Methods (specify)	\$8,003,042
<b>17. Total Project Financing</b> (sum of #13 through #16)	<b>\$10,702,670 **</b>

18. New Construction Total Square Footage	16,691
19. New Construction Costs Per Square Foot *****	\$370
20. Renovated Space Total Square Footage	
21. Renovated Space Costs Per Square Foot *****	

\* Attach additional page(s) detailing how each line item was determined, including all methods and assumptions used. Provide documentation of all major costs.

\*\* These amounts should be the same.

\*\*\* Capitalizable items to be recognized as capital expenditures after project completion.

\*\*\*\* Include as Other Costs the following: other costs of financing; the value of existing lands, buildings and equipment not previously used for health care services, such as a renovated house converted to residential care, determined by original cost, fair market value, or appraised value; or the fair market value of any leased equipment or building, or the cost of beds to be purchased.

\*\*\*\*\* Divide new construction costs by total new construction square footage.

\*\*\*\*\* Divide renovation costs by total renovation square footage.

## **PALESTINE LEGACY RESIDENCES / 35th & Prospect (4325)**

39 Assisted-Living Care Units  
Preliminary Development Cost Sources & Uses

### **Development Costs**

Construction Cost	\$7,685,912
Architecture / Engineering	\$275,300
Construction Loan Fees & Interest	\$200,000
Demolition, Remediation	\$115,000
Market Study, Appraisal, Environ.	\$50,000
Contingency	\$225,000
Legal, Title & Accounting	\$350,000
FF&E	\$351,000
Acquisition (incl. Legal & Fees)	\$450,000
Developer Fee (PEDC)	\$500,000
Project Management	\$150,000
Lease Up & Marketing	\$75,000
Operating Reserve	\$236,458
Replacement Reserve	<u>\$39,000</u>
 Total Development Cost	 <u>\$10,702,670</u>

### **Development Financing Sources**

PEDC Equity*	\$400,000
PIAC Public Improvements*	\$315,000
Sherman Family Foundation*	\$250,000
Philanthropy	\$2,598,532
Private Debt	\$2,299,628
Central City ED Sales Tax*	\$2,860,010
New Market Tax Credit Equity	<u>\$1,979,500</u>
 Total Sources	 <u>\$10,702,670</u>

\* Committed Sources

**From:** [Brian Collins](#)  
**To:** [Dorge, Alison](#)  
**Cc:** [Melvin Gross](#)  
**Subject:** Re: #5323: Palestine Legacy Residences Cost Overrun  
**Date:** Friday, August 15, 2025 3:55:36 PM  
**Attachments:** [image001.png](#)  
[PLR Site Floor Plans Elevations.pdf](#)  
[Palestine Legacy Residences 5323 RS Detailed Project Budget.pdf](#)  
[Fulson PLR Construction Budget 12-11-24.pdf](#)

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Palestine Legacy Residences 5323 RS

Response to A. Dorge Questions 8/11/25

- The final building total square footage is the result of extensive value engineering and discussions with our operations consultant. A revision to the site plan was required as at the same time the city provided the project almost \$3,000,000 in funding based upon the previous plan, the city also issued a building permit for a new convenience store to the owner of a portion of the site we intended to acquire. I have attached the final site and floor plans. The current drawings meet all KCMO building codes and have been reviewed by DHSS staff. An application for a building permit was made on August 1, 2025.
- The 2019 land acquisition cost of \$300,000 was an estimate. The city required us to have the site acquisition process managed by the Kansas City Area Transportation Authority (KCATA) to have their power of condemnation available if the acquisitions proved difficult. While it was not necessary to condemn any property owner, the more complex negotiations did result in cost increases over the original land price estimate and increases to the associated charges from the KCATA legal counsel. This process is 99% completed with title to some parcels remaining in KCATA ownership prior to transfer to PEDC for the PLR. This transfer should occur within the next 60 days.
- Detailed development cost breakdown attached.

On Mon, Aug 11, 2025 at 1:21 PM Dorge, Alison <[Alison.Dorge@health.mo.gov](mailto:Alison.Dorge@health.mo.gov)> wrote:

Brian,

I have a few follow up questions regarding the cost overrun request:

- Within the cost overrun request, you state that the increase is 16% from the approved budget, however the project budget was decreased with the site change in 2019 to \$5,471,250. Therefore the \$10,702,670 budget is about a 95% increase. The original CON budget of \$9,259,235 was based on a renovation project at the previous site.



- The square footage approved in 2019 was 25,000 and the proposed budget square footage reflects 16,691- can you explain the decrease? Is the site plan still the same as what was included in the site change request in 2019?
- In 2019, the land acquisition costs were approved for \$300k, but the cost overrun request reflects \$450k—can you explain the increase and why that was not included in the previous budget?
- You provided a break down of development costs on page 3 within the cost overrun request, can you detail what line item each cost is included in on the Proposed Project Budget form?

Please provide a response to these questions by August 15<sup>th</sup>. Thanks!



Alison Dorge

Regulatory Compliance Manager

Certificate of Need & Supplemental Health Care Service Agencies

Missouri Department of Health and Senior Services

✉: [Alison.Dorge@health.mo.gov](mailto:Alison.Dorge@health.mo.gov) | ☎: 573-751-6700 or 573-418-4602

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Brian H. Collins, AICP  
Dromara Development, LLC  
301 East Armour Boulevard, Apt. 303  
Kansas City, MO 64111  
816-651-6422  
[brian@dromara.com](mailto:brian@dromara.com)

## Palestine Legacy Residents

12/11/2024

1	Earthwork	302,696.00
2	Site Utilities	180,231.00
3	Roads & Walks	38,499.00
4	Retaining Wall	50,000.00
5	Concrete	525,000.00
6	Masonry	606,769.00
7	Structural Metals	15,000.00
8	Rough Carpentry	683,232.00
9	Finish Carpentry	115,407.00
10	Cabinets	83,000.00
11	Waterproofing	62,500.00
12	Insulation	104,707.31
13	Roofing Systems	135,000.00
14	Siding	
15	Gutters & Downspouts	30,000.00
16	Doors & Hardware	110,000.00
17	Windows	50,000.00
18	Drywall	400,000.00
19	Flooring	111,500.00
20	Carpet	
21	Painting	85,000.00
22	Signage	16,500.00
23	Bathroom & Closet Acc	35,000.00
24	Appliances	31,750.00
25	Window Coverings	15,000.00
26	Plumbing	618,950.00
27	Fire Sprinklers	104,980.00
28	HVAC	498,000.00
29	Electrical	940,000.00
30	Fire Alarm Systems	40,000.00
31	Special Equipment	
32	Landscaping	125,900.00
33	MHDC Approved Impact Fees	
34	Accessory Bldg	
35	Demolition (int rehab)	
36	Demolition (land make-ready)	103,858.00
37	Fence	70,000.00
38	Final Clean	12,500.00
39	Bonding	80,000.00
40	Permits	40,000.00
<b>Subtotal</b>		<b>\$ 6,420,979.31</b>
<b>6% GR</b>		<b>\$ 385,258.76</b>
<b>2% OH</b>		<b>\$ 128,419.59</b>
<b>6% Profit</b>		<b>\$ 385,258.76</b>
<b>Total Construction</b>		<b>\$ 7,319,916.41</b>
<b>5% Contingency</b>		<b>\$ 365,995.82</b>
<b>Grand Total Construction</b>		<b>\$ 7,685,912.23</b>

## PALESTINE LEGACY RESIDENCES

### Project Budget Breakdown

Construction Cost	\$7,685,912
Architecture Design	\$150,000
Architecture Supervision	\$25,000
Engineering	\$100,000
Other Equipment (FF&E)	\$351,000
Land Acquisition	\$300,000
Acquisition Legal	\$150,000
Project Mgmt Consulting	\$175,000
CON Consultant	\$35,000
Project Legal	\$295,000
Construction Interest	\$20,000
Other Costs (Attached)	<u>\$1,415,758</u>

Total **\$10,702,670**

### PLR Other Costs

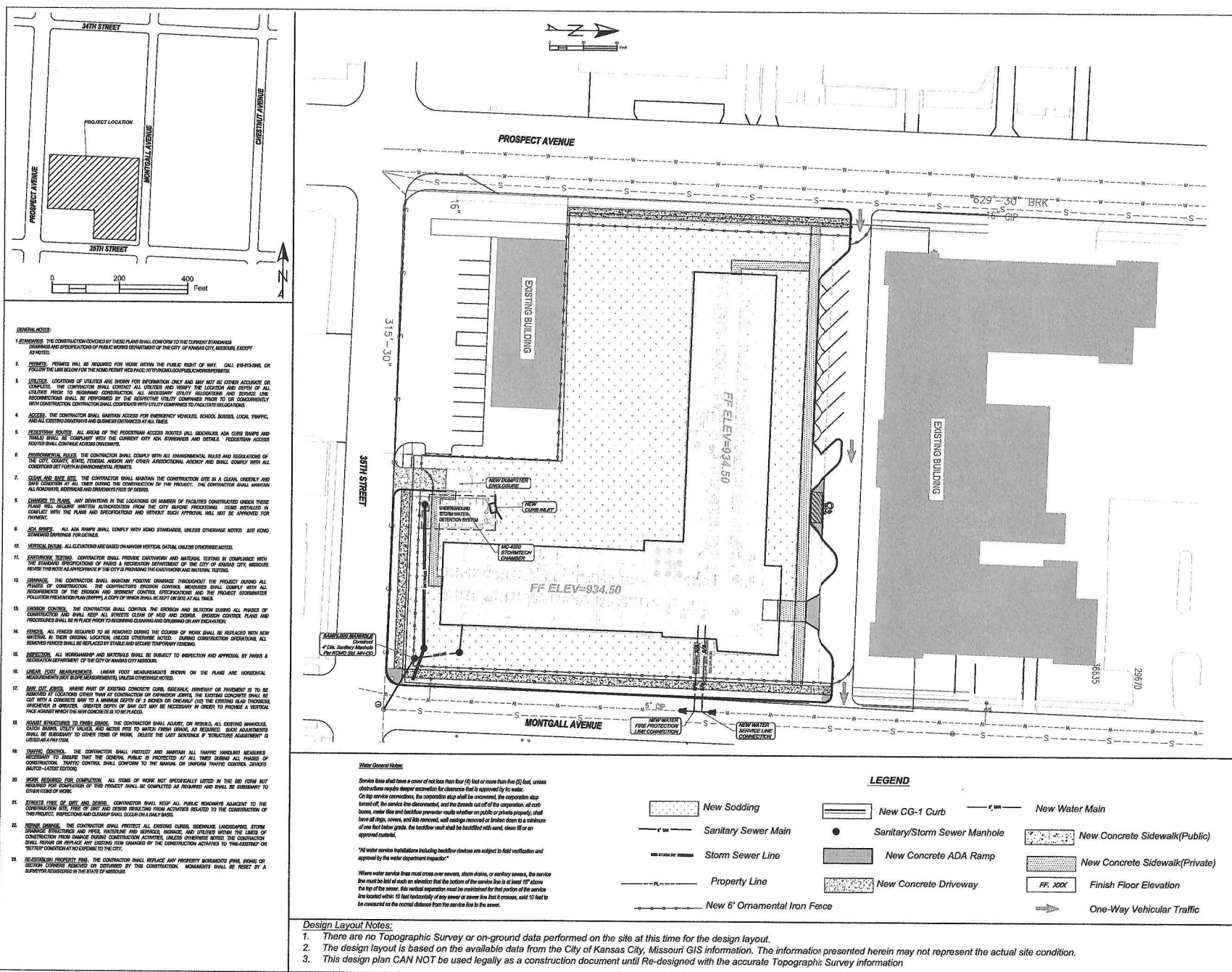
Soils Test	\$15,000
Survey	\$18,000
Const. RE Taxes	\$8,000
Const. Insurance	\$28,500
Const. Inspections	\$13,000
Environ. Testing	\$13,000
Market Study	\$17,000
Appraisal	\$6,500
Title/Construct Disburse	\$36,000
Accounting	\$15,000
Contingency	\$225,000
Abatement / Demo	\$125,000
Special Inspections	\$18,300
Parkland Fee	\$27,000
Developer Fee (PEDC)	\$500,000
Replacement Reserve	\$39,000
Operating Reserve	\$236,458
Lease Up/Mkting	<u>\$75,000</u>

Total **\$1,415,758**



DRAWING SET ISSUED:  
11/3/2022

## SITE LAYOUT





**LANDSCAPE PLAN NOTES**  
NO SCALE



## PALESTINE LEGACY RESIDENCES

Scott Associates

**KANSAS CITY, MO 64128**

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**(816) 822-8000**



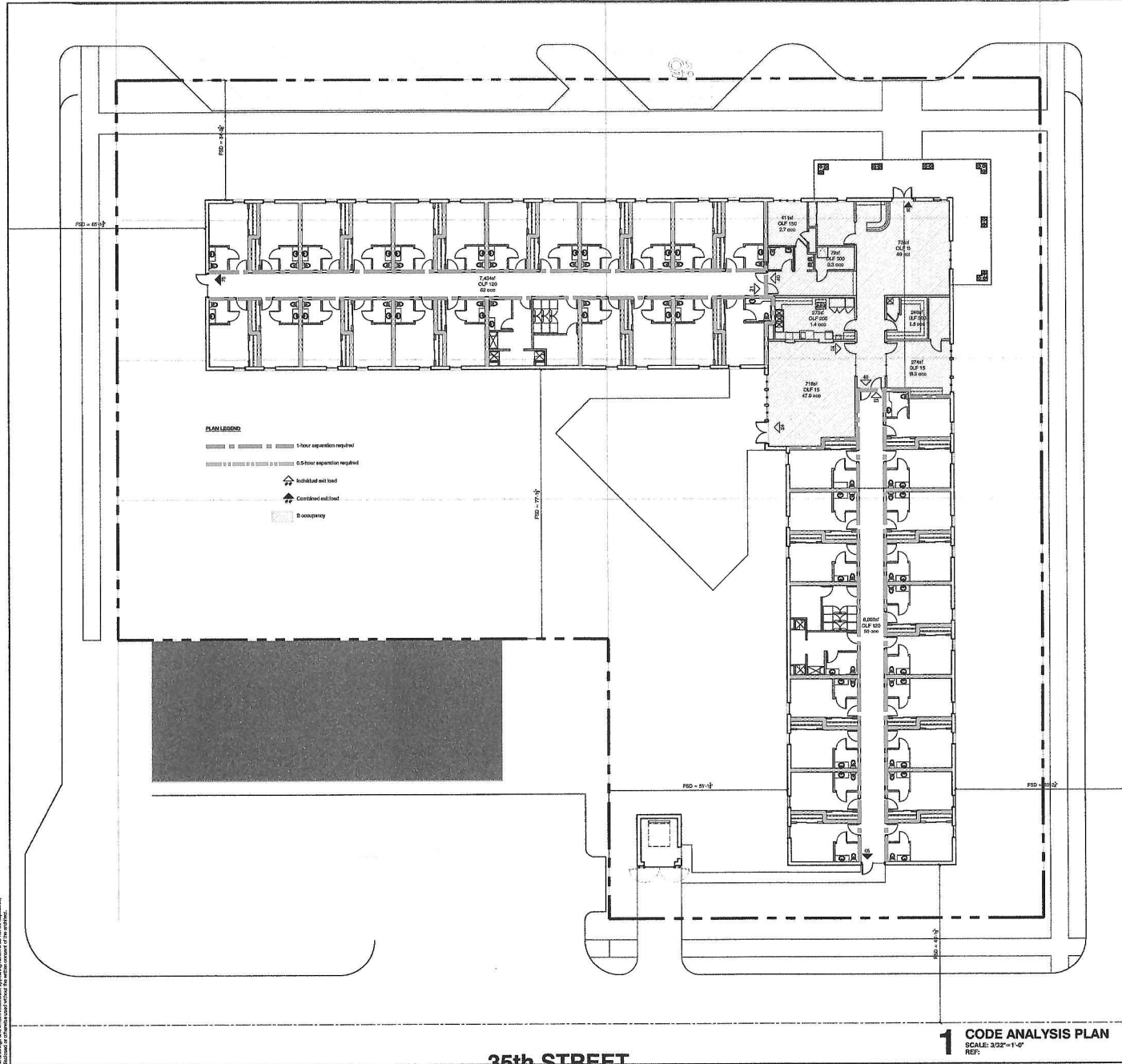
**CONSTRUCTION  
DOCUMENTS**

**DRAWING SET ISSUED:**  
**11/3/2022**

## LANDSCAPE CONCEPT

A011





The following model codes are adopted as amended by the Kansas City Building & Rehabilitation Code:

- International Building Code, 2018 Edition
- International Mechanical Code, 2018 Edition
- International Electrical Code, 2017 Edition
- International Plumbing Code, 2018 Edition
- International Fire Code, 2018 Edition
- International Energy Conservation Code, 2015 Edition
- ICC-ES E-1173 Providing Accessibility and Usability for Physically Handicapped People, 2008 Edition
- NFPA 13 Standard for the Installation of Sprinkler Systems, 2016 Edition
- NFPA 14 Standard for the Installation of Standpipe Systems, 2016 Edition
- NFPA 12 Standard for the Installation of Dry Chemical Systems, 2016 Edition
- NFPA 110 Standard for Emergency and Standby Power Systems, 2016 Edition
- Kansas City Zoning and Development Code, Chapter 16, Code of Ordinances
- Kansas City Building Code, Chapter 22, Code of Ordinances

Design-Build Universal Contractors shall ensure separate building permits for Mechanical, Electrical, Plumbing, and Fire Protection systems. Each Design-Build Universal Contractor shall provide all required permits, notices, and equipment, and shall coordinate a permit checklist in accordance with the mechanical drawings to be provided with and approved by the Owner and Architect prior to construction.

New Building: Restored Living Facility

Occupancy Group Classifications: 1-1, Condition 1 (Residential Group 1-1)  
B (Business)

Separated Occupancies: If occupancy area exceeds 10% of the total building area and shall be separated from the 1-1 occupancy, 100 ft.

Number of stories above grade plane: 1

Building area: 16,831 sq ft

Type of construction: V-B

Occupant load: 232

Specialties: See (Article 51) Buildings a maximum of one story above grade plane wood-plank throughout with an automatic sprinkler system installed in accordance with Section 903.2.1.1

Accessibility	Required	Provided
Accessible parking spaces	1	1
Accessible units	2	2
All other dwelling units are Type B units.		

Height and Area:	Allowed	Actual
Building/Height/Floor	60 feet	12 feet

Number of Stories	1 story
Above Grade Plane:	1 story

Building Area:	16,831 sq ft
Fire resistance rated construction:	Required
Corridor walls, 0 occupancy	1 hour (Table 703.5)
Corridor walls, 1 occupancy	1 hour (Table 703.5)
Dwelling unit separation:	1/2 hour (Table 703.5)
Front entry assembly:	equal to highest partition (Table 703.5)
Walls and ceilings of spaces open to the corridor:	1 hour (Table 703.5)
Minimum distance of projections from FPD line:	40 inches (Table 703.5)
Minimum area of corridor wall openings:	40 inches (Table 703.5)
All other building elements:	1 hour (Table 703.5)

Fireplaces and chimneys: where the fireplace is not located in a separate room, the fireplace shall be required above any side of the corridor (exception 2)

Energy consumption: 12

The plans conform to the provisions of the 2012 International Green Construction Code (IGCC) as amended by KCBC.

Climate Zone: 4A

Insulation:	Required
Floors, insulator entirely	R-10 (Table 703.5)
Walls, above grade, wood framed exterior	R-13 (Table 703.5)
Roofs	R-30 (Table 703.5)
Universal entry	R-10 on outside of foundation from top of slab down 24 inches below grade or 120 inches below grade, whichever is less (Table 703.5)
Open doors	U-0.21 (Table 703.5)

Plumbing fixtures required:

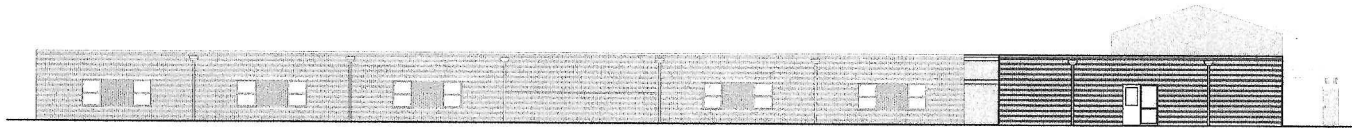
- Institutional - Quasi-dormitory facilities: 1 WC per 10 occupants, 1 Lav per 10 occupants, 1 Bath/shower per 10 occupants, 1 Drinking Fountain per 100 occupants, 1 Urinal per 100 occupants.
- Institutional - Employees in hospitals and nursing homes: 1 WC per 25, 1 Lav per 25, 1 Drinking Fountain per 100, 1 Toilet facility for employees shall be separate from facilities for inmates or care recipients.
- Visitors in hospitals and nursing homes: 1 WC per 75, 1 Lav per



A111

Scott Associates

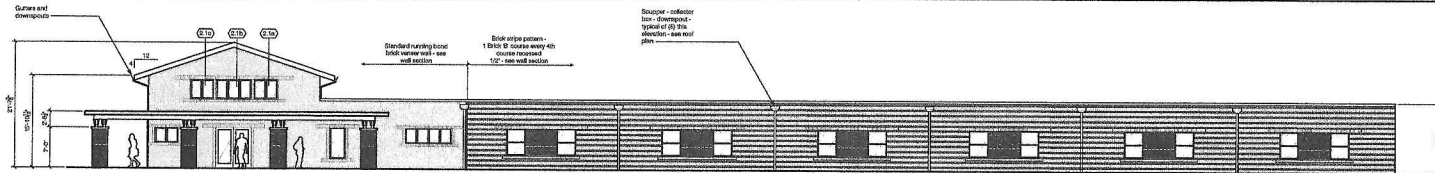
1050 MAIN STREET #517  
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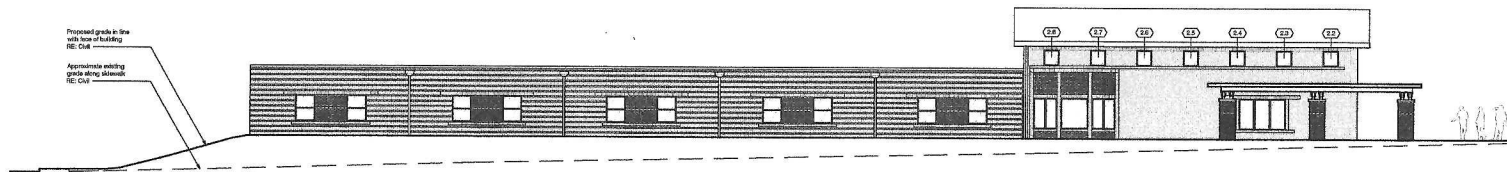
**4 SOUTH ELEVATION**  
 SCALE: 1/8"=1'-0"  
 RE: A111



**3 WEST ELEVATION**  
 SCALE: 1/8"=1'-0"  
 RE: A111



**2 NORTH ELEVATION**  
 SCALE: 1/8"=1'-0"  
 RE: A111



**1 EAST ELEVATION**  
 SCALE: 1/8"=1'-0"  
 RE: A111

Scott Associates

PALESTINE LEGACY RESIDENCES

KANSAS CITY, MO 64128



CONSTRUCTION DOCUMENTS

DRAWING SET ISSUED:  
 11/2/2022

EXTERIOR ELEVATIONS

**A211**