

Condo builder tweaks tax break plan Developer had sought 20 years' abatement to ease site cleanup costs.

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O'FALLON, MO. --

A last-minute change to a proposed tax deal has kept alive plans for a housing development on the polluted site of a former trailer park.

Under the change, University City-based Highland Homes will get 13 years of tax abatement, not 20 as originally requested.

The city "thought they were going to get pipped for 20 years," said Bob Shallenberger, co-owner of Highland Homes. "They're not."

After the change was made, the O'Fallon City Council voted 7-1 to create a "community improvement district" to reimburse Highland Homes an estimated \$2.2 million in property and sales taxes to clean up asbestos dumped at the site.

Highland is planning a \$38.5 million housing and retail complex called Highland Terrace at the 20-acre site of the now-demolished King Arthur mobile home park between Highway K and Bryan Road along Interstate 70.

Before construction can begin, Highland Homes says it also needs the city to declare the polluted construction site blighted in order to qualify for property tax abatement under the state's urban redevelopment law. The council tabled that issue Thursday night.

O'Fallon Mayor Donna Morrow says such a tax deal for a largely residential development is the first of its kind in St. Charles County.

The development would have 240 condos at an average cost of about \$155,000, plus a strip of about 15 retail stores. Construction would be complete by 2012.

Highland Homes touts its practice of incorporating "green" features into residential housing, such as recycled building material, high-efficiency heating and cooling systems plus energy-saving appliances and lighting.

Workers grading the O'Fallon site last year unearthed an illegal dumping ground rife with asbestos piping, junk car parts, appliances, hypodermic needles and several industrial-sized barrels. An environmental study estimates the property has 34,000 tons of asbestos dumped at the south end of the site.

The O'Fallon Fire Protection District and the city's library district oppose the project over concerns the tax deal could put a financial strain on city residents facing tax increases.

O'Fallon voters will be asked on the April 8 ballot to approve two tax increases: one for fire service, another for parks and stormwater issues.

Mayor Morrow, who did not have a vote Thursday night, opposes tax abatement for the project. She said she worried how such a deal would sit with voters grappling with possible tax hikes.

She said she also suspected Highland Homes is taking advantage of the city by pushing a complicated tax deal on the City Council with a dizzying sales pitch from lawyers and consultants.

"It's like putting a snake in a bag," she said. "It keeps trying to wiggle its way out."

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