

# Old Aladdin makes a wish: TIF for rehab

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Staff Writer

A Tennessee-based company will ask the Tax Increment Financing Commission of Kansas City for a \$4.65 million magic lamp to buy and reopen the former Aladdin Hotel in Downtown.

This subsidy would cover nearly one-third of an anticipated \$15 million project that's to be completed in early 2007. The TIF Commission is expected to consider the request at its Dec. 14 meeting.

The 80-year-old hotel at 1215 Wyandotte St., most recently called the Citi Centre Plaza, has been closed since February 2004.

Although the downtown hotel market remains weak, supporters of the proposed renovation -- including the Kansas City Convention & Visitors Association -- contend that they'll need more rooms in a few years for conventions at Bartle Hall, as well as visitors to the Power & Light District and Sprint Center arena.

Brandon Birkhead of Wright Investment Properties Inc. said the suburban Memphis-based hotel operator views the now-shuttered hotel in the same way as its fairy tale namesake: a diamond in the rough.

Birkhead said he hopes to affiliate the hotel with the Holiday Inn chain and position it as a "midservice, midscale hotel" with limited meeting space, a restaurant and a bar.

The 195-room hotel's rates will be less than those of two neighbors: the nearly 1,000-room Kansas City Marriott Downtown Hotel, the largest hotel in Kansas City, and the soon-to-open Hilton President Kansas City, another historic rehab. Marriott's Web site quotes weekday nightly rates of \$142 to \$169. Hilton's site, which isn't accepting reservations until February, quotes rates of \$179 to \$216.

"Most of your downtown hotels are high-end," Birkhead said.

Jeff Marvel of Marvel & Associates in Parkville, a longtime lodging industry consultant, said the downtown market is rebounding.

During the first half of this year, Marvel said, occupancy of downtown and Crown Center hotels rose by 3 percentage points from the year-earlier period to 59 percent. Rates charged by these hotels increased by 4 percent. So revenue per available room rose by almost 9 percent, he said.

But a member of the downtown Marriott's ownership group said much more substantial gains will be needed for downtown hotels to become profitable.

Bob Graham, president of Landmark Hotel Co., said that adding lower-priced rooms Downtown will depress the rates other hotels charge.

"It seems like a stupid thing to do," Graham said.

The Marriott's convention business has shrunk every year since the Muehlebach Tower opened in 1997, Graham said. He said the decline mirrors a falloff in other cities and suggests that businesses have less need to stage conventions.

"Spending money on conventions and having cities put more money into hotels for a business that's contracting may not be wise," he said.

Rick Hughes, CEO of the Convention & Visitors Association, said he's confident of renewed demand for downtown hotel space.

Hughes said he hopes the market will stabilize by 2009, the first full year after the new arena, Bartle Hall ballroom and Power & Light District open.

Last month, the Kansas City Business Journal reported that eight large conventions have booked Kansas City in 2008, compared with an annual average of more than 30 during 1997-2003.

Hughes said that reopening an existing downtown hotel is more prudent than building one.

"We think (Wright Properties is) building a compelling case for a great property," he said.

Wright expects to spend \$5.1 million to buy the hotel, Birkhead said. The seller, Arabesque Properties LLC, paid \$6 million in 2003, Jackson County records show.

Joe Ross, a broker with Block & Co. Inc. Realtors who represents Arabesque, couldn't be reached for comment.

TIF money would be used to reimburse Wright for installing a new elevator, cleaning up the building's exterior and improving an underground walkway connection to the Auditorium Plaza Garage across the street beneath Barney Allis Plaza. TIF diverts taxes generated by a development to offset construction costs that bring improvements benefiting the public.

Wright, a privately held company, owns 18 hotels and specializes in historic rehabs. The Aladdin would be the company's first venture in Kansas City.