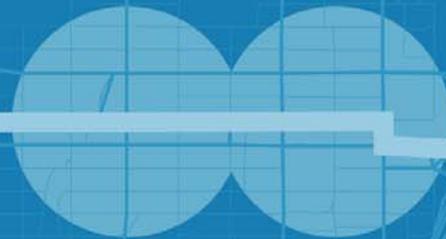


STATE AVENUE CORRIDOR REDEVELOPMENT

Creating Sustainable Corridors Study



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July 2013

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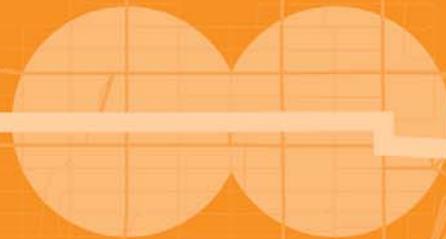


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Executive Summary



EXECUTIVE SUMMARY

Background

The State Avenue Corridor Study is part of the Mid-America Regional Council’s (MARC) Creating Sustainable Places (CSP) initiative to enhance livability, economic vitality, and mobility options in the Kansas City Region. The Study, which is a joint effort between MARC and the Unified Government (UG) of Wyandotte County/Kansas City, Kansas, provides a template for new development along the State Avenue corridor that will promote environmental, societal and economic sustainability and advance regional efforts such as the MetroGreen Action Plan and the SmartMoves Transit Plan to create vibrant, green and connected centers and multi modal corridors.

The 17-mile long State Avenue Corridor includes a diverse range of development conditions, including older urban development in Downtown KCK at the east end of the corridor, new retail and entertainment center at Village West at the west end of the corridor, and a mix of suburban and strip commercial development in between. Unfortunately, as new development, such as Village West, has occurred in the western portion of the corridor it has not been accompanied by re-investment in the older established areas at the east end of the corridor. This study looks at how such reinvestment and redevelopment should occur consistent with the City-Wide Master Plan, particularly in the eastern half of the corridor where it is most needed.

It also attempts to leverage recent and ongoing transit-related improvements along the corridor that are being implemented by the Kansas City Area Transit Authority (KCATA) and Unified Government Transit. These improvements include physical enhancements to transit stops, including two new transit centers: at 47th and State Avenue (mid-corridor area, near Indian Springs Mall) and at 7th and Minnesota Avenue.

The State Avenue Corridor Study advances the guiding principles of the CSP initiative by identifying strategic development sites and projects along the corridor that provide a clear, financially feasible path to sustainable development. The Study included outreach to community and stakeholders including interested property owners to help jump start the implementation, and was supported by market assessment, development plans, and financial analysis for project implementation

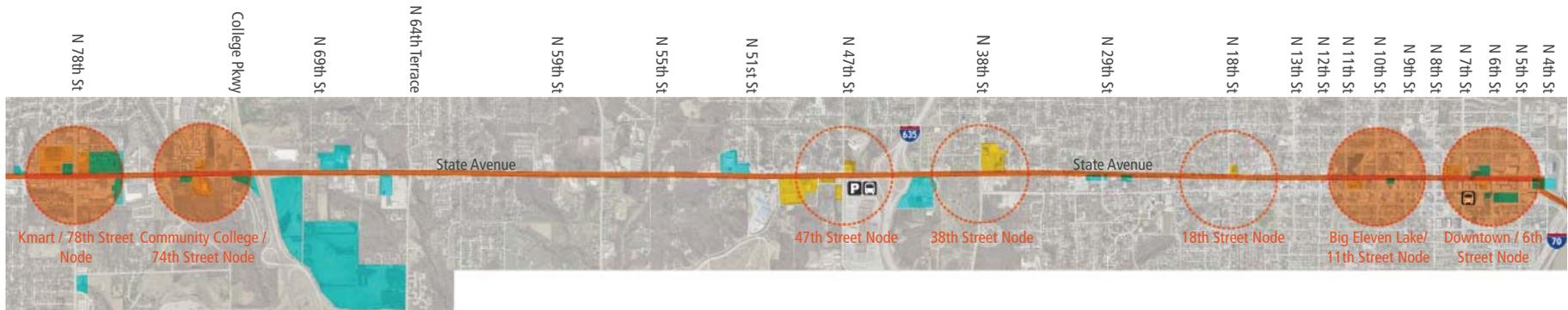
Regional and Local Market Conditions

A regional and local market conditions overview was undertaken as part of the study to provide market / real estate recommendations for the development / redevelopment of selected nodes and properties along the State Avenue Corridor.

The regional market studies relevant to State Avenue Corridor suggest a shortage of housing located within walkable or “Smart Growth” communities, and a slight shift towards renter households over the next twenty years. The regional market studies suggest that this demand will be generated by households that are demographically different from those that drove housing development over the past generation. As a result, most new housing needs to target young people and seniors (rather than traditional nuclear families), who will account for 88 percent of household growth.

Conditions differ along the State Avenue corridor, with the mid-corridor section having a mix of middle- and working-class households, and the Downtown section having a high proportion of low and moderate income households (a median household income of \$33,000). The urban core is the most walkable portion of KCK, with the greatest potential to support transit, but also has the weakest market for development. The Study’s key findings include:

1. Introducing market rate housing—particularly housing of above average quality—will be challenging due to low home values within the Kansas City, KS. Strategies to improve market values include creating a stronger sense of place throughout the State Avenue corridor, and subsidizing quality development in the near term to establish a new, more positive development precedent that is more reflective of the community’s aspirations.
2. Rents in KCK are among the lowest in the region. As a result, most apartment developers in Kansas City, KS are reliant on low income housing tax credits (LIHTC) to develop new rental housing.
3. Assisted living facilities have generally exhibited high occupancies in KCK and are likely to be in increased demand in the ensuing years. Independent living facilities also are likely to perform better once there is an uptick in the for sale housing market.
4. Office demand in KCK has tended to be for “Class B” space, which consists of older office buildings that used to be “Class A” properties but are now dated, and new construction that includes more service oriented offices—such as singlestory professional offices (e.g., doctors, dentists, insurance).
5. A combination of factors, including an over-building of retail space and the western migration of the most successful retail, means that there isn’t enough retail demand to fill all the unoccupied or under-occupied space to the east, and that other land uses for which there is a greater amount of demand (e.g., housing) need to be considered underperforming retail sites.



Map showing selected nodes selected for market analysis along State Avenue Corridor. Four highlighted nodes were selected for further analysis and initial concepts.

Analysis of Nodes and Selected Properties

In order to identify areas along the corridor that represented the best candidates for sustainable infill development, the existing land use, market, demographic and development conditions were analyzed. Based on this analysis, the following criteria were identified:

- Existing market demand
- Proximity to transit service and facilities
- Evidence of under-utilization and/or blight conditions
- Good connectivity to surrounding neighborhoods
- Strategic location to leverage public/private investment
- Presence of land use entitlements and infrastructure
- Community / Stakeholder input

Based on these criteria, seven nodes along State Avenue were identified for more detailed market analysis and evaluation of development potential, including:

- Downtown / 6th St. Node*
- Big Eleyen Lake / 11th St. Node*
- 18th Street Node
- 38th Street Node
- 47th Street Node
- Community College / 74th St. Node*
- Kmart Site / 78th St.*

With further analysis and input from the community and property owners, these seven nodes were reduced to four (see *'s above), and preliminary development concepts were prepared for each to identify their relative development potential and understand each site's potential to catalyze additional development and investment in the surrounding area.

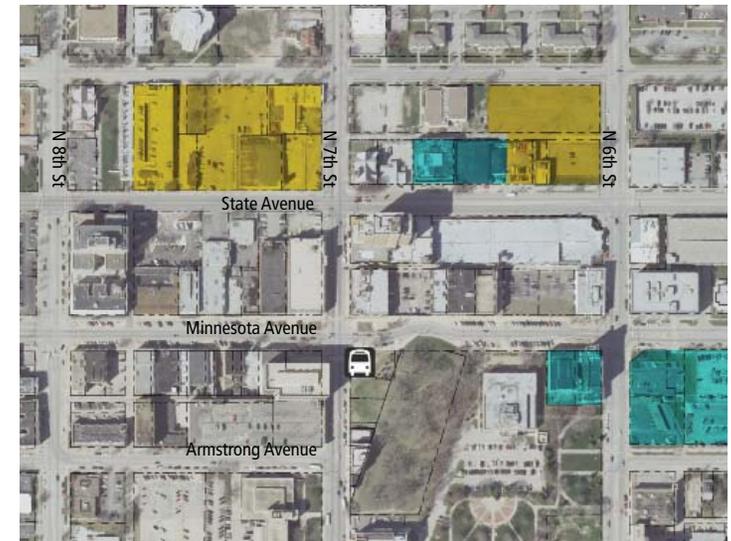
Redevelopment Strategy

The analysis of the initial development concepts for the four nodes compared their site development programs, market feasibility, and potential to leverage additional development, and identified pro's and con's associated with redevelopment. Pre-established building types available to MARC from the Envision Tomorrow Plus (ET+) development modeling tool were used in this analysis. Using a combination of the ET+ tool and traditional development pro-forma analysis, preliminary economic analyses of the initial development concepts for the four nodes was conducted to ascertain market feasibility and the extent of the gap funding needed for the four nodes. This analysis combined with input from two community meetings led to selection of Downtown/6th Street node and the Community College node as the best sites to pursue redevelopment as catalysts for further revitalization along the State Avenue corridor.

Downtown and 6th Street Node

The three redevelopment sites within the Downtown and 6th Street Node have the potential to change the perception of Downtown and catalyze additional investment in the area. The proposed development program primarily focuses on creating more housing, but also includes ground floor retail at strategic locations. The financial investment and physical enhancement associated with the proposed infill development is intended to serve as a catalyst for additional redevelopment and neighborhood enhancement in the surrounding area. The proposed development will help to stimulate redevelopment and reuse of key vacant and under-utilized parcels and buildings that currently exist along Nebraska, Minnesota, and State Avenues. By creating more housing Downtown, the development of these catalyst sites is intended to:

- put more residents within walking distance of downtown employment, retail, restaurants and services;
- enhance bus service and ridership by having more people living within walking distance to the new Downtown Kansas City, KS MetroCenter at 7th Street and Minnesota Avenue; and
- create more around-the-clock activity in Downtown that will support Downtown businesses and encourage reinvestment in the existing building stock that includes many vacant storefronts, buildings and parcels.



Downtown 6th Street and State Avenue Node - Strategic Sites

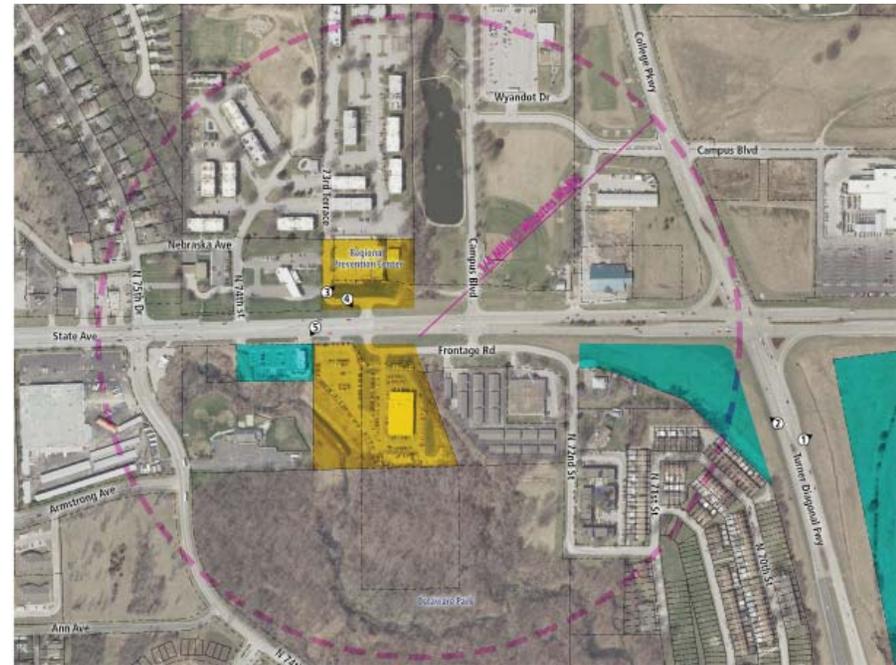


Illustrative Site Plan showing Downtown / 6th Street and State Avenue Node

Community College Node

The Kansas City Kansas Community College Node located at 74th and State Avenue, includes the two sites that have the potential to create a new gateway destination near the entry to the college, to establish a distinctive image for the area, and be a catalyst for additional positive change in the development patterns in the surrounding area. The proposed development program focuses on creating a mix of retail and residential uses that will address the area's needs for retail, residential and place-making.

The financial investment and physical enhancement associated with the proposed redevelopment of these two sites is intended to serve as a catalyst for additional redevelopment and enhancement in the surrounding area. The more compact, street-oriented retail is intended to establish a new pattern of retail along State Avenue that is both walkable and more efficient in its use of land, and takes advantage of the transit stop at Campus Boulevard. The residential development is intended to catalyze additional new housing as well as potential reinvestment/redevelopment of existing housing



Community College / 74th Street and State Avenue Node, Strategic Sites



Illustrative Site Plan showing Community College / 74th Street and State Avenue Node

Economic Feasibility

Realization of the catalyst projects for State Avenue corridor will require concerted public/private partnerships – an alliance of the UG, and perhaps the state, on the public side, as well as the area’s key private stakeholders and civic interests. The plan provides the framework to guide the actions and investments of these various parties over the next 5 to 10 years. The two catalyst projects will be dependent on Low Income Housing Tax Credits (LIHTC) to help make residential projects feasible. The Redevelopment Study provides a “toolkit” of resources that might be utilized in the development / redevelopment of the catalyst projects as well as redevelopment of other selected nodes along the State Avenue corridor.

Implementation and Entitlement Strategy

The assembled properties at each of the nodes will need to be rezoned to accommodate the mixed use proposals. The Planned Development designation would allow for reduced setbacks for the urban context. The Central Business district zoning designation allows for mixed commercial and residential structures in the Central Business district.

The Community college node meets the criteria for TND zoning – Traditional Neighborhood Design District that emphasizes a dynamic mixed-use environment, walking distance to transit, connectivity, reduced setbacks and quality standards of design.

All the strategic sites and nodes identified within the study are candidates for near-term redevelopment. The economic feasibility and development capacity analysis provides for the four nodes and properties can be used as an initial basis for attracting public and private investment along the corridor. The two catalyst projects identified within the study provide a clear, financially feasible path to sustainable development.



Phasing illustrations of the Downtown / 6th Street Node and Community College Node along State Avenue
(Courtesy: MARC / Fregonese Associates)

The background is a solid orange color with a faint white grid. Overlaid on the grid are white lines representing a map, including a network of roads and several winding paths that resemble rivers or waterways. The text is positioned on the left side of the page.

SECTION 1:

PROJECT DESCRIPTION AND BACKGROUND

SECTION 1: PROJECT DESCRIPTION AND BACKGROUND

1.1 Introduction

The State Avenue Corridor Study provides a vision, direction, and implementation strategy for sustainable redevelopment of State Avenue Corridor in Kansas City, KS. The project is part of the Creating Sustainable Places (CSP) initiative of the Mid-America Regional Council (MARC), funded by a grant received from the US Department of Housing and Urban Development (HUD).

The objective of the CSP initiative was to assist local governments and stakeholders with the development and implementation of sustainable development strategies along six key transportation corridors that form the heart of the region’s system of centers and corridors. These corridors (of which State Avenue is one) provide the framework for a system of vibrant, green places that are connected by multimodal transportation corridors and support communities that are enduring, resilient, and adaptable. The State Avenue Corridor Study is designed to identify, demonstrate and implement financially feasible catalytic projects along the corridor to support redevelopment consistent with the goals of CSP.

The State Avenue Corridor Study is a joint effort between MARC and the Unified Government (UG) of Wyandotte County/Kansas City, KS. In addition to supporting MARC’s CSP initiative, it provides site-specific implementation of the Kansas City, KS City-Wide Master Plan. The study provides a framework for redevelopment / development along the State Avenue Corridor by identifying strategic development sites, supported by market assessment, development plans, and financial analysis for project implementation. Outreach to the community and interested property owners was an integral component of the planning process. Another key component of the planning process was the use of the Envision Tomorrow program to assess the economic feasibility of potential development and the overall environmental, economic, and social impact of the proposed development. The GIS-based software package allowed the planning team to development and refine the development programs through an iterative and interactive process to achieve project designs that are feasible in the Kansas City Kansas market.



FIG. 1-1 Map showing network of corridors under the CSP initiative within the Kansas region



FIG. 1-2 Photographs showing edge conditions along State Avenue Corridor

1.2. State Avenue Corridor

The State Avenue Corridor is an approximately 17-mile corridor that includes urban and suburban areas within Kansas City, KS. It includes downtown Kansas City, KS, urban residential areas, suburban and post-World War II residential and commercial development, and the rapidly developing Legends area to the west (Village West). The Village West area is not included as part of this study.

The corridor can be characterized into three main areas as shown in the adjoining diagram for the purposes of this study. They include the Downtown area (from 4th Street to Interstate 635), the Mid-Corridor area between Interstate 635 and Interstate 435, and the Village West area (west of Interstate 435).

Significant amounts of undeveloped or greenfield land exist within the mid-corridor area. This land generally has good road access, and will likely be cheaper and/or easier to acquire than underutilized and infill sites or properties within the downtown area.



FIG. 1-3 Typical section showing State Avenue existing right-of-way within downtown, Kansas City, KS

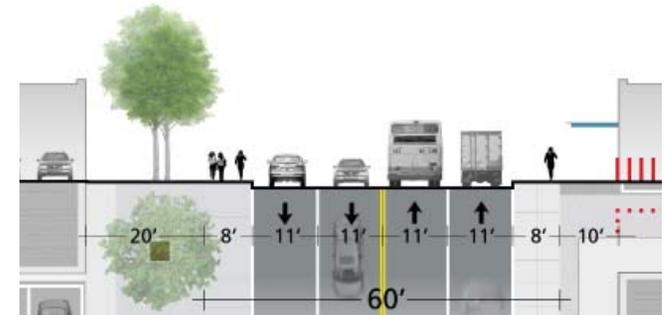


FIG. 1-3 Typical section showing State Avenue existing right-of-way within downtown, Kansas City, KS

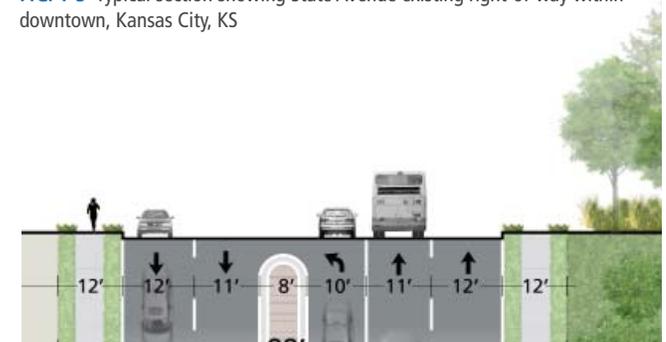


FIG. 1-4 Typical section showing State Avenue existing right-of-way within mid-corridor section, Kansas City, KS

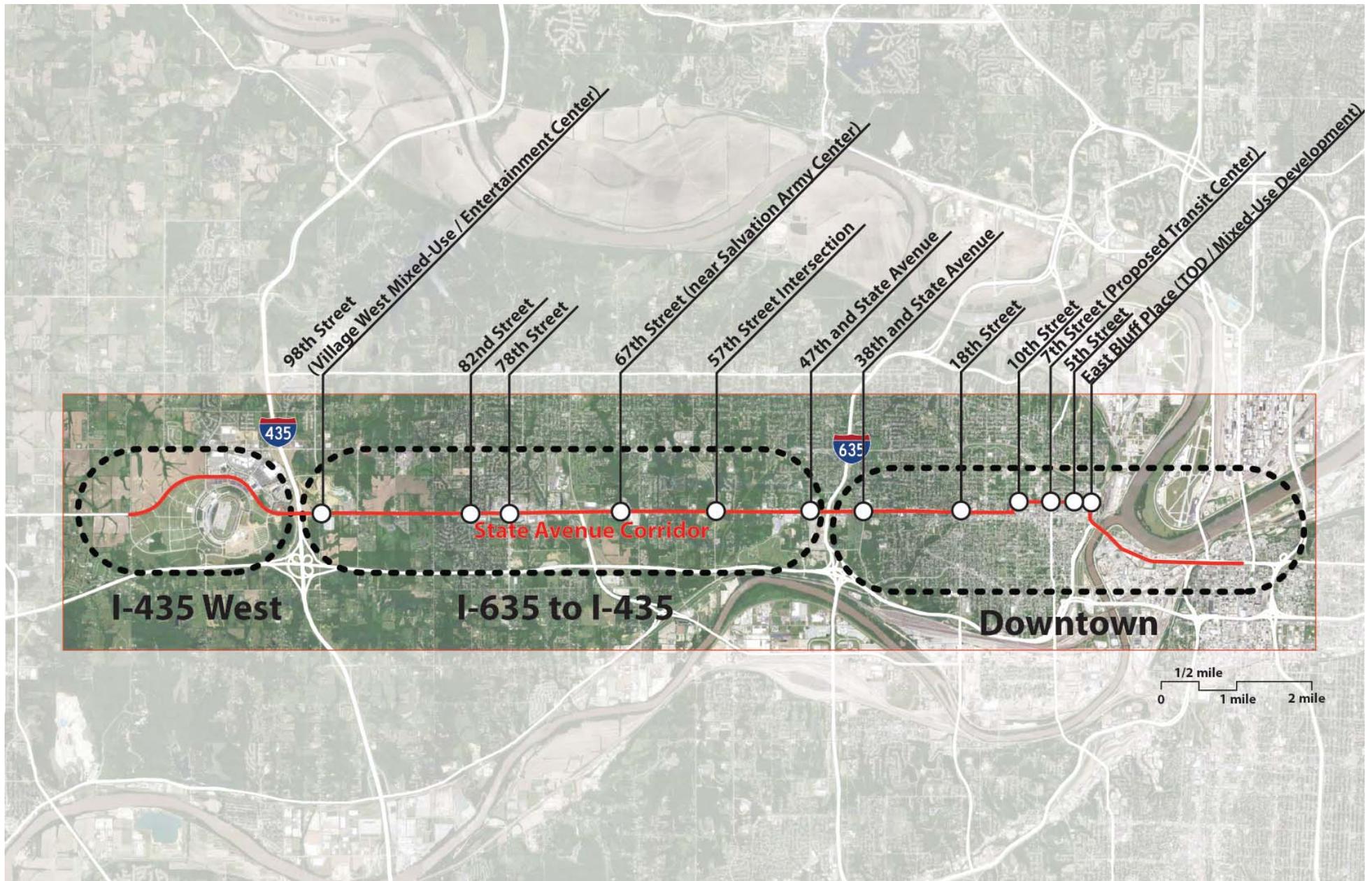


FIG. 1-5 Regional Kansas City, KS map showing three major sections along State Avenue Corridor and other major intersections

1.3 Review of Relevant Planning Studies

Significant planning work has been done for the State Avenue Corridor, including the Kansas City, KS City-Wide Master Plan (July 2008), the Downtown Plan (2006), and zoning code changes.

Kansas City-wide Master Plan

The City-wide Master Plan was completed in 2008 and outlines strategic policies and action steps for achieving the planning vision for Wyandotte County and Kansas City, KS. This community-driven planning process resulted in an overall strategy to become a Green Community that promotes a healthy and sustainable city. This approach balances environmental quality and sustainability with the need to improve the local economy and create jobs. The plan includes a Policy Plan Framework to guide decisions on land use, transportation and infrastructure needs. The plan acknowledges the same distinct parts of the county as the State Avenue Corridor Study – the urban downtown area, the middle section between the major interstate highways with post-World War II suburban development, and newer development at the western end of the county near the race track. The plan specifically recommends more sustainable development patterns to conserve open space, increase mixed use development, and promote more transit use along State Avenue.

Downtown Plan

The Kansas City, KS Downtown Master Plan, completed in 2007, identifies a vision for downtown as “everyone’s neighborhood.” The strategies for improving sustainable development, connecting neighborhoods and centers, promoting continuity, developing more mixed use and quality development are outlined in three primary plan frameworks:

- Land Use: Organizes desired land use and development patterns for the entire downtown.
- Mobility: Defines transportation framework for access and circulation within downtown.
- Design: Addresses elements associated with perceived character and identity of the area.

Nine key Value Statements are outlined in the Downtown Master Plan Vision Statement, including one related to **Vitality**:

“Improve the vitality of Downtown through the creation of an influx of people seeking housing, employment, commerce, entertainment and art, education and regional destination activities.”

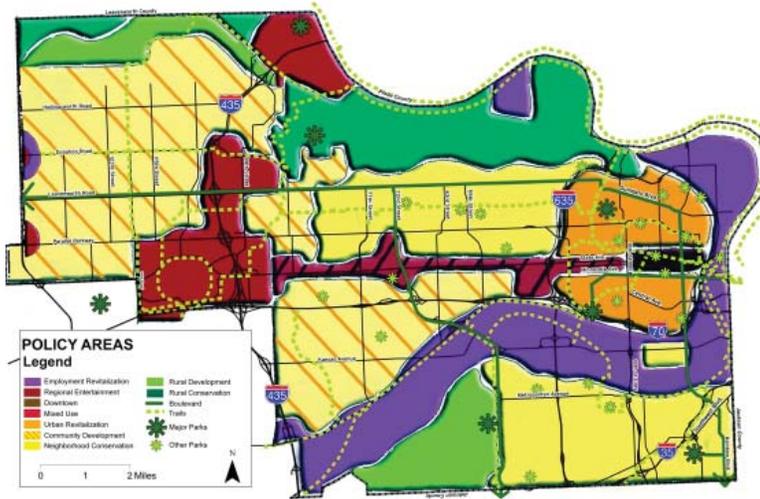


FIG. 1-6 Kansas City-wide Master Plan (2008) proposed land use framework policy map



FIG. 1-7 Kansas City, KS Downtown Plan (2007) proposed land use map

The plan calls for mixed use and urban residential land uses along State Avenue and Minnesota Avenue with an emphasis on new transit connections on Minnesota Avenue. Design guidelines call for buildings to be 4-5 stories, built up to the property line, with accessible uses of office or retail on the lower floors and office or residential above. Both State Avenue and Minnesota Avenue are proposed to be “balanced streets” that accommodate vehicular traffic, but with added amenities to encourage pedestrian and transit use.

Transit Related Improvements and Studies

The State Avenue corridor has been identified as a key urban transit corridor by the Smart Moves program, which is metropolitan Kansas City’s vision for expanded and enhanced regional transit service. The Kansas City Area Transit Authority (KCATA) and Unified Government Transit secured a Transportation Investment Generating Economic Recovery (TIGER) Grant in 2010 from the U.S. Department of Transportation for the State Avenue Connex bus enhancements, including improvements to the existing Minnesota/State Avenue transit corridor. The grant award included \$10.5 million for the design and implementation of various physical enhancements along the corridor, including:

- Two transit centers that are currently under construction at 47th and State Avenue (mid-corridor area, near Indian Springs Mall) and at 7th and Minnesota Avenue. These transit center locations provide opportunities to leverage the investment for redevelopment along the State Avenue Corridor.
- Bus passenger shelters and benches
- Bus stop platforms
- Landscaping and environmentally friendly features
- Improved pedestrian connections

State Avenue Connex is an intermediate step to achieving the proposed MAX Bus Rapid Transit (BRT) Line along State Avenue Corridor. A Conceptual Alternative Analysis (Regional Transit Implementation Plan) for the MAX BRT was prepared in 2010. The proposed BRT alignment along State Avenue will connect the Kansas City, Missouri CBD to downtown Kansas City, KS, and the employment centers at the Village West Shopping center in Wyandotte County, Kansas. A total of 30 BRT stations are planned from Village West to 10th and Main Streets in Kansas City, MO, with potential daily ridership estimated at about 5,500 trips. Further project development is currently pending receipt of additional federal funding.



FIG. 1-8 Illustrative rendering showing proposed transit center at 47th Street and State Avenue, Kansas City, KS (Source: Kansas City Area Transportation Authority and Unified Government Transit)



FIG. 1-9 Illustrative rendering showing proposed transit center at 7th Street and State Avenue within downtown Kansas City, KS (Source: Kansas City Area Transportation Authority and Unified Government Transit)

EQUITY	
	Residents of all races, economic means and abilities are welcome and equipped to participate in all aspects of community life.
ENVIRONMENT	
	The environment and our natural resources and assets are preserved, protected and restored.
ECONOMY	
	A competitive, robust economy is supported and promoted by fostering innovation, supporting quality education, and enhancing access to quality jobs.
PLACES	
Sustainable places, wherever they occur, are vibrant, efficient, and enduring and are characterized by:	
	Reinvestment: Investment in existing communities and neighborhoods ensures that they remain or become vibrant, connected, green places.
	Transportation Choices: Travel choices help reduce family transportation costs, reduce air pollution, and connect families to jobs and services.
	Housing Choices: Housing choices for all ages, lifestyles, incomes, races and ethnicities help connect families and jobs and support a robust economy and healthy housing industry.
	Development in Corridors and Activity Centers: Vibrant corridors, with housing, employment, and commercial development, support public transportation, create new development opportunities, provide increased lifestyle choices, make efficient use of existing public and private assets, and help knit the region together.
	Design for Healthier Lifestyles: Places designed for healthier lifestyles and access to healthy foods improve the health of residents, reduce health-care costs and contribute to vibrant neighborhoods.
	Preservation of Unique Community Characteristics: Distinctive communities and historic and cultural assets increase the vibrancy of the region and contribute to its overall economic health.
	Resource Conservation and Energy Efficiency: Sustainable places conserve resources for future generations and simultaneously reduce costs and increase economic and fiscal efficiency.
PROCESSES	
	Partnerships are created and strengthened between government, the private sector, regional institutions, and the public to better coordinate public policy and private investment in support of sustainability.
	Stakeholders and the public, especially residents who have not typically engaged, are involved in the development of plans and policies.
	Organizational and institutional processes promote learning from past experience and building capacity for effective change.
	Decision-making processes are integrated to simultaneously maximize environmental, economic, and social benefits through multi-benefit solutions.

FIG. 1-10 Guiding principles of the Creating Sustainable Places initiative (MARC)

1.4 Project Goals and Objectives

Creating Sustainable Places Initiative Goals

The primary goal of the State Avenue Corridor Study is to advance the guiding principles of the CSP initiative which address the elements of a sustainable community: equity, economy, environment, places and processes (see inset). It will further these principles, and the goals of related studies such as the Kansas City, KS Downtown Master Plan, by:

- Promoting implementation of projects that demonstrate the benefits and feasibility of sustainable development. The State Avenue Corridor study identifies strategic development sites and projects along the corridor that provide a clear, financially feasible path to sustainable development.
- Establishing partnerships with the City, property owners, and other stakeholders to advance the principles of equity, environment, and economy by creating sustainable places.
- Optimizing the economic, environmental, and social benefits of strategic development using the Envision Tomorrow tool.

State Avenue Corridor Objectives

This study takes the CSP initiative to “the next level” by demonstrating how the guiding principles can be implemented at the scale of the State Avenue corridor. Project objectives include:

- Identify specific strategic or catalytic nodes and properties along the State Avenue corridor that can attract private investment and redevelopment.
- Demonstrate the financial feasibility, market potential, and sustainability benefits of the selected projects.
- Provide an implementation action plan for property owners and the Unified Government (UG) to take the next steps towards making State Avenue a more vibrant, connected, and green corridor.
- Evaluate viable and successful new models for sustainable development and redevelopment for broader application in the region.

1.5 Planning Process

The planning process, which was conducted over a ten-month period starting August 2012, began with an analysis of the entire corridor and gradually worked its way to the identification of individual development sites and formulation of conceptual designs. The process was divided into four phases. Phase I included data gathering and analysis of existing conditions and identification of criteria to select nodes and properties. Phase II included review of market studies and market assessment of the strategic nodes along the corridor, outreach to property owners and development of initial concepts, and preliminary economic analysis using the Envision Tomorrow tool. Phase III included selection of two strategic nodes, refinement of redevelopment / development plans for selected sites, assessment of economic feasibility, and finalization of implementation and phasing strategy.

1.6 Public Engagement and Outreach Strategy

Engagement of the public and stakeholders was integral to the planning process. The consultant team worked with MARC, the UG Department of Planning, and CSP Social Equity Partners to coordinate public involvement and outreach strategy for the project, and to identify potential stakeholders and partners for outreach and engagement. The UG took the lead on contacting and communicating with stakeholders, community and neighborhood groups, property owners, and the general public to ensure they were informed about and involved at major milestones in the planning process.

Three community meetings were held within the State Avenue Corridor study area to solicit input and feedback from the community and stakeholders. Project-related materials were posted on MindMixer, a digital public engagement platform selected for the CSP initiative by MARC to invite public input throughout the planning process (www.creatingsustainableplaces.com). Materials posted on the website included community input surveys and questions to invite comments or feedback for the project. Summaries of the community meetings and feedback received through MindMixer website are provided in the Appendix.

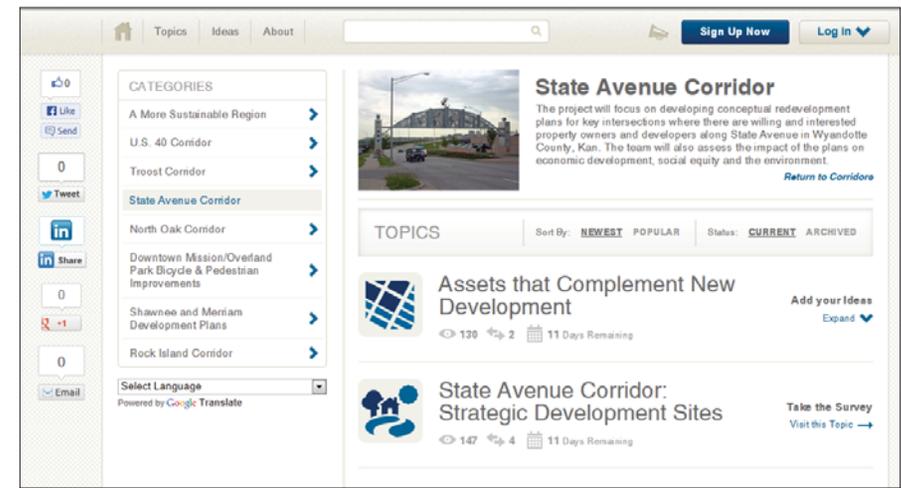


FIG. 1-11 State Avenue Corridor project website created to invite community input (www.creatingsustainableplaces.com)

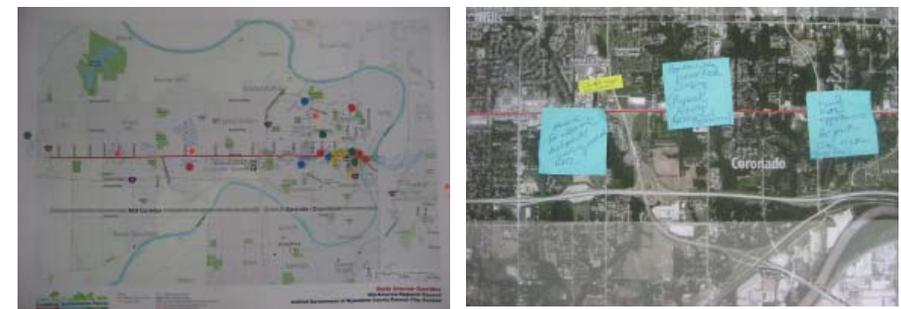
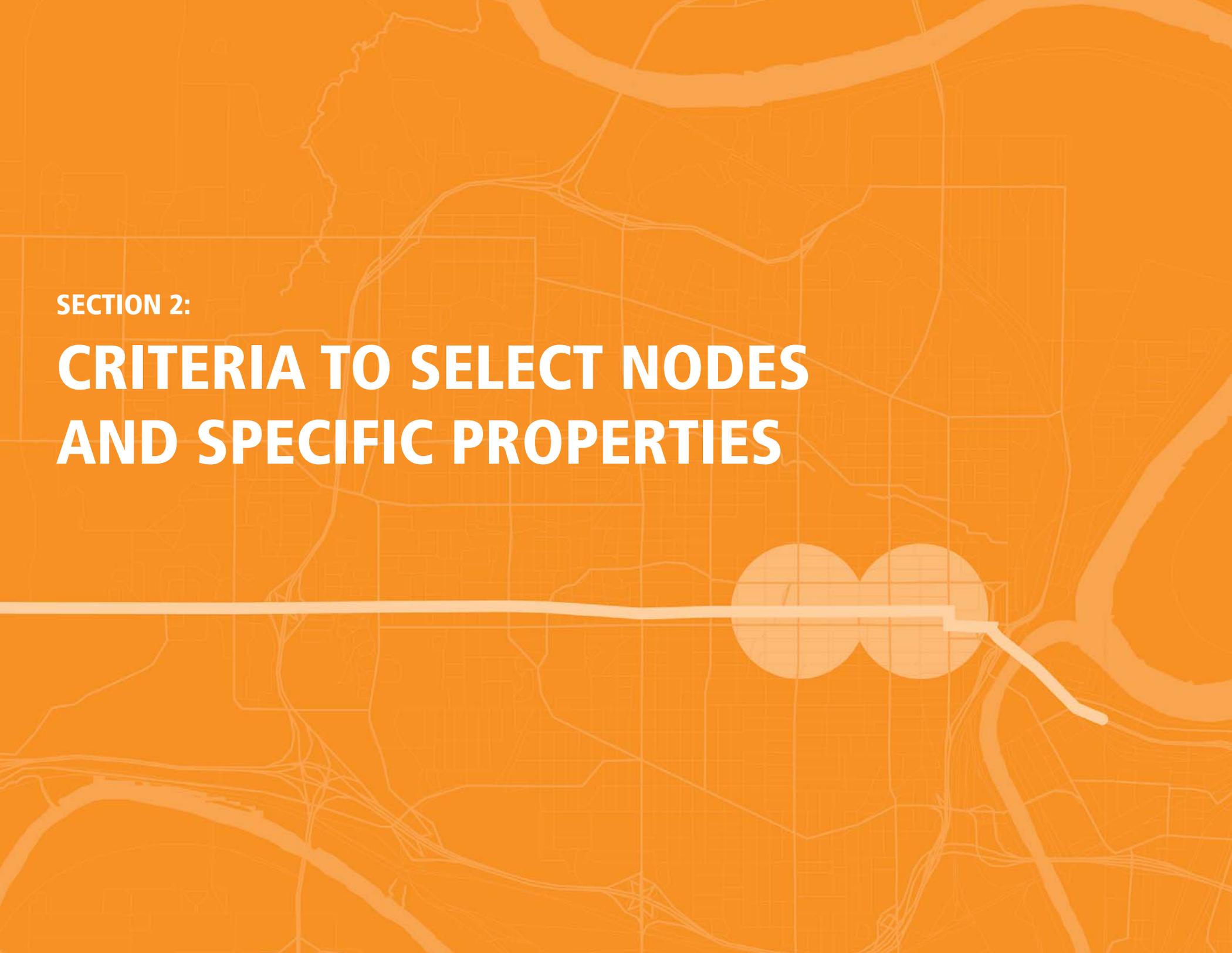


FIG. 1-12 Photographs of maps with various community comments received at public meetings

The background is a light orange color with a faint grid pattern. Overlaid on the grid is a map of a region with various roads and water bodies. A thick white line runs horizontally across the middle of the page. Two overlapping circles are positioned on the right side of the page, partially overlapping the white line. The text is in white, bold, sans-serif font.

SECTION 2:

CRITERIA TO SELECT NODES AND SPECIFIC PROPERTIES

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Introduction

The first step in the State Avenue Corridor Study was to analyze the corridor and its context in order to select strategic nodes and properties with the greatest potential for sustainable development consistent with the CSI initiative guiding principles. This section describes the process used to select these nodes and properties, as follows:

- **Section 2.1 Market and Demographic Analysis:** Analyzes market and demographic trends within the Kansas City region and the State Avenue Corridor and their implications for sustainable development.
- **Section 2.2 Physical Development Conditions:** Analyzes characteristics of the State Avenue corridor and its surroundings such as land use and employment centers, proximity to community assets, transit access, etc.
- **Section 2.3 Initial Community and Stakeholder Input:** Summarizes input received from the community and stakeholders in the initial round of public engagement.
- **Section 2.4 Criteria to Select Nodes and Properties:** Identifies seven strategic nodes with specific properties for further evaluation of their sustainable development potential. These nodes were selected using criteria synthesized from the analysis and community input.

2.1 Market and Demographic Analysis

2.1.1 Regional Demographics and Market Conditions

Development Strategies, the real estate and market economics member of the project team, reviewed available regional market studies relevant to the State Avenue Corridor. These studies include:

- Market Trends, Preferences and Opportunities to 2025 and 2040, Metropolitan Research Center, University of Utah, July 2012 (Utah Study)
- Demand Analysis for Smart Growth and Transit Oriented Development – Segmentation Analysis, RCLCO, July 2012 (RCLCO Study)

In addition to the above regional market related studies commissioned by MARC, the consultant team referred to the University of Kansas students graduate planning studies titled - State Avenue Corridor Redevelopment Analysis (May 2012); the CoStar Real Estate data available for the State Avenue Corridor and employment projections provided by the Missouri Economic Research and Information Center (MERIC). An overview of these above studies is provided below.

Regional Market Projections – University of Utah

The Utah study suggests that an opportunity exists to provide housing and commercial development along existing underutilized corridors in metro Kansas City, including State Avenue. Two primary drivers of this demand are cited:

- A demographic transition in which fewer large, family-oriented homes will be in demand, and more attached, smaller-format housing will be in need as the nation becomes more populated by seniors and singles.
- Changes in preferences that have led to an under supply of housing and communities to serve a sizeable minority that wish to live in walkable or “Smart Growth” communities.

Demographic Transition and Housing

The Utah study evaluates a number of factors in order to determine future housing demand, based on the projected future demographic composition of America and metropolitan Kansas City region. This includes a cohort analysis to determine where different generations (i.e., Baby Boomers, Generation X, Generation Y) will be, both in terms of age and housing needs, in 2025 and 2040.

The following table displays the results of this analysis, indicating the total number of new housing units that will be needed in the market. (Given the project goal to focus on near-term development projects for specific sites, only the 15-year projections, which will serve that end, are summarized here.)

Between 2010 and 2025, the Kansas City metro area is projected to add 139,500 net new households. When adjusting for factors such as unoccupied units (which brings the total number of households needed to accommodate a growing population down) and the need for replacement housing (which brings the total number up), an estimated 189,000 housing units will need to be added by 2025. That equals an annual average of 12,600 housing units that are projected to be added to the market to meet demand.

The Utah study demonstrates that this demand will be generated by households that are demographically different from those that drove housing development over the past generation. Specifically, a majority of households will not have children; these households will disproportionately consist of seniors and householders under the age of 35. This has implications for the type of housing that needs to be built to accommodate future demand. Specifically, large lot, large house developments are likely to be less in demand as young people seek their first home and seniors look to downsize.

A host of other variables are also taken into consideration to project—among other things—future rates of homeownership, including projected gas prices, falling incomes, lagging employment, shifting wealth, tighter lending standards, and trends in household size and multigenerational households.

TABLE 1 Projected Housing Growth, Kansas City CMSA

Category	Housing Units
Total Households	
Households 2010	827,200
Households 2025	966,700
<i>Net Household Growth 2010-2025</i>	<i>139,500</i>
Households without Children	
Households 2010	571,800
Households 2025	691,800
<i>Net Household Growth 2010-2025</i>	<i>120,000</i>
Net Household Growth by Age Group (2010 to 2025)	
<35	34,300
35-64	16,200
65+	91,000
Total Growth in Households (2010 to 2025)	
Net Change to Inventory	118,000
Units Replaced	71,000
<i>Total New Units Needed</i>	<i>189,000</i>

Source: University of Utah, Metropolitan Research Center

The following table displays projections from the Utah study regarding householder age and the types of housing demand that translates into.

TABLE 2 MARC Household Change by Age Group, 2010-2030
(Figures in thousands)

Household Age	Households 2010 (April 1)	Households 2030	Household Change 2010-2030	Percent Change 2010-2030	Share of Change 2010-2030
Total	802	988	187	23%	
<35 (Starter units)	176	223	47	27%	25%
35-64 (Peak space demand)	465	487	22	5%	12%
65+ (Empty-nesting, downsizing)	159	278	119	75%	64%

Source: Arthur C. Nelson

The table above breaks demand into three categories:

- **<35 Starter Units:** Smaller housing (rental or owner) that targets younger people. Because school-age children are less common among this group, in-town living is a viable option.
- **35-64 Peak Space Demand:** These households are more likely to have school-age children, and seek spacious—often for-sale—housing in suburban areas with school districts that have reputations for strong performance.
- **65+ Empty-nesting, Downsizing:** These households consist of seniors whose children are no longer of school age and, in most instances, have moved out. Many are looking to downsize, and the quality of school districts are a lower priority.

The table above indicates that very different types of housing products are going to be in demand, moving forward. Essentially, growth will be driven by young people seeking starter units and seniors looking to downsize. The cohort that demands large homes—aged 35 to 64—will only account for 12 percent of the increase in housing demand. As a result, most new housing needs to target young people and seniors, who will account for 88 percent of household growth. Projections were also provided by tenure, and are displayed in the following table.

TABLE 3 MARC Tenure Change, 2010-2030
(Figures in thousands)

Tenure Type	2010	2030	Change	Percent Change	Share of Change
Own	538	689	151	28.1%	62.5%
Rate	67.0%	66.0%		-1.5%	
Rent	264	355	91	34.3%	37.4%
Rate	33.0%	34.0%		3.1%	

Source: Figures from 2010 Census; figures from 2030 from Arthur C. Nelson

The Utah study projects a slight shift (one percentage point) toward renter households over the next twenty years, for the Kansas City region. By contrast, it projects a much more meaningful shift across the nation—one that will require slightly more rental units to be constructed, relative to for-sale units. But in the Kansas City region, for-sale units will continue to drive the greatest amount of demand (151,000 units between 2010 and 2030). Rental units will continue to comprise a significant share of housing development, however, with a projected 91,000 units over the same period.

Non-Residential Development Projections

Per CoStar data, office development has occurred in the Kansas City area at a rate of roughly one million square feet per year (between the years of 2001 and 2012). Further, Development Strategies' independent analysis of MERIC job projections indicates job-driven demand for roughly 550,000 square feet, annually, of office space for the Missouri portion of the Kansas City Metro Area. In other words, the magnitude of regional office growth for the Kansas City metro area is likely to be in the order of 15 million square feet over the next 15 years.

Segmentation Analysis

RCLCO Study

Certain groups of people are more inclined to live in walkable, mixed-use communities—and predictors of buyer or renter behavior include factors such as cultural preferences and attitudes, as well as basic demographic characteristics (such as age and income). MARC retained RCLCO to build on the Utah study and identify targeted consumer groups within the State Avenue corridor that are inclined to live in smart growth communities. The methodology makes use of ESRI's Community Tapestry TM data, which uses algorithms to link demographic, geographic, and psychographic data to create 65 unique geo-demographic segments. In other words, these "segments" are essentially 65 household groupings, each with their own unique combination of demographic (income, age, etc.), geographic (where they live), and psychographic (values, culture, etc.) characteristics.

For State Avenue, RCLCO evaluated the 65 Tapestry Segments (which it aggregated into 13 subgroups, called "LifeModes") within the following geography:

According to the RCLCO study, there are 13,220 total households within the selected block groups along the State Avenue corridor. The study methodology further identifies and quantifies the number of market segments within the area that prefer walkable, "Smart Growth" communities.

Under the current methodology, the State Avenue corridor is defined as the market area. This implies that all of the demand that will be generated within the corridors must come from within the corridors. One of the underpinnings of a sustainability strategy is to attract people to live in more sustainable, transit supporting corridors (as opposed to less sustainable "greenfield" areas,) as well as to capture a disproportionate share of new households in the region.

RCLCO used a 2011 survey by the National Association of Realtors (NAR) as an underpinning for its study. It took four questions that were asked of survey respondents, and applied the likely percentage of each LifeMode group that responded favorably to Smart Growth. In the case of State Avenue, the last question (the results of which are highlighted in dashed red in the above table) is more relevant. It asked respondents if they would prefer to "Own or rent an apartment or townhouse, and have an easy walk to shops and restaurants and a short commute to work." This question was deemed most appropriate because infill housing near State Street will likely need to be attached housing, given the relatively small parcel sizes, private sector need for profitability, and the relative seclusion that many single family owners/renters are likely to prefer (as opposed to being located along a traffic corridor).

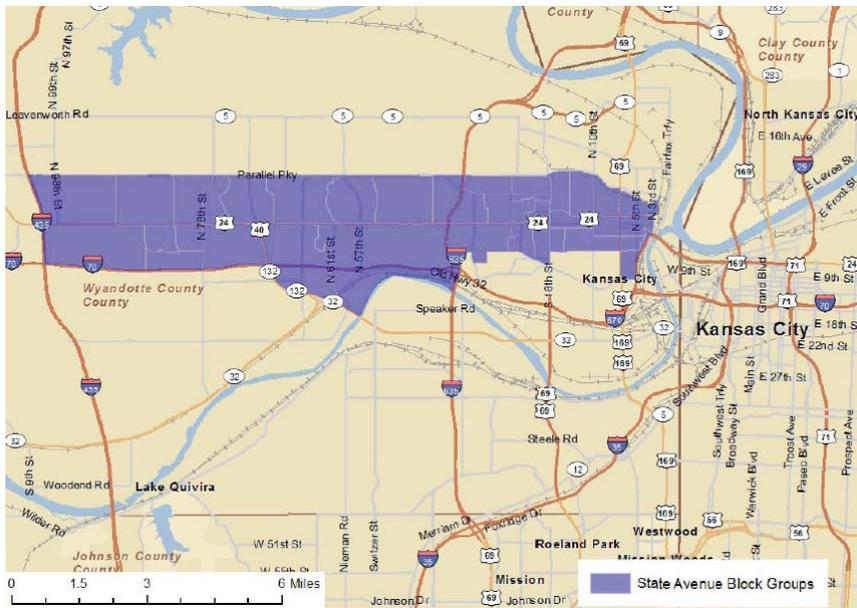


FIG. 2-1 Map showing selected State Avenue block groups for market analysis

The following table identifies and quantifies the segments within the corridor that are most inclined to “Smart Growth” lifestyles:

The RCLCO study leads to the conclusion that, of the 13,220 households in the corridor, roughly 5,590 (42 percent) are inclined to live in a walkable, Smart Growth community. This is not the same as saying this is the amount of demand for new housing in the corridor, but it is a more select (or “qualified”) group from which targeted developments could capture a percentage of homebuyers and/or renters.

Development Strategies conducted a more detailed analysis of the market segments that are located within the corridor, in order to create some more tangible conclusions about the

TABLE 4 MARC Household Change by Age Group, 2010-2030
 (Figures in thousands)

State Avenue Total												
	Households	Distribution	% Prefer Transit	Quantity of HHs	Prefer Smart Growth	Quantity of HHs						
Metropolis	2,300	17%	38.3%	881	34.0%	783	68.0%	1,564	79.8%	1835	58.5%	1,346
Solo Acts	0	0%	33.3%	0	21.9%	0	76.2%	0	81.0%	0	55.2%	0
Global Roots	2,217	17%	30.0%	665	23.8%	527	58.8%	1,302	65.6%	1455	48.1%	1,067
Family Portrait	790	6%	29.5%	233	22.0%	174	65.3%	516	78.6%	621	43.9%	347
High Hopes	375	3%	26.9%	101	25.0%	94	76.9%	288	73.0%	274	48.1%	180
Traditional Living	3,072	23%	23.0%	705	21.5%	660	84.4%	2,594	79.3%	2435	45.9%	1,411
High Society	0	0%	15.8%	0	15.8%	0	43.3%	0	39.9%	0	24.0%	0
Senior Styles	1,938	15%	13.7%	266	14.6%	283	56.2%	1,089	46.5%	900	35.4%	686
Upscale Avenues	0	0%	11.6%	0	14.2%	0	16.2%	0	38.3%	0	24.8%	0
American Quilt	0	0%	7.8%	0	7.8%	0	32.4%	0	26.3%	0	17.1%	0
Scholars and Patriots	0	0%	7.5%	0	5.0%	0	35.0%	0	30.0%	0	27.5%	0
Factories and Farms	2,528	19%	7.1%	180	9.4%	237	43.8%	1106	37.0%	935	21.9%	553
Total	13,220	100%	22.9%	3032	20.9%	2,757	64.0%	8,460	64.0%	8,455	42.3%	5,590

Source: University of Utah, Metropolitan Research Center

pricing of housing that could be supported by residents already in the corridor. The following table provides more detailed information on the individual segments identified in the corridor that are inferred to be inclined to Smart Growth communities:

TABLE 5 Target Market Segments, State Avenue Corridor

Tapestry Group/Segment	Households 2010	% Prefer Smart Growth	Median HH Income	% Owner	Average HH Size	Predominant Household Type
Metropolis						
Metro City Edge	1042	59%	\$32,291	54%	2.87	Single Family, Duplex
Modest Income Homes	419	59%	\$12,300	51%	2.58	Single Family, Duplex
Global Roots						
Industrious Urban Fringe	3887	48%	\$43,007	67%	1.86	Single Family
Inner City Tenants	787	48%	\$33,470	20%	2.44	Multi-Unit Rental
NeWest Residents	574	48%	\$28,361	18%	3.56	Multi-Unit Rental
City Dimensions	877	48%	\$28,281	35%	2.69	Multi-Unit Rental
Family Portrait						
Milk and Cookies	316	44%	\$65,050	81%	2.95	Single Family
City Commons	379	44%	\$16,892	22%	2.78	Multi-Unit Rental
High Hopes						
Aspiring Young Families	439	48%	\$51,805	49%	2.53	Multi-Unit Rental
Traditional Living						
Rustbelt Traditions	1354	46%	\$51,436	74%	2.48	Single Family
Midlife Junction	752	46%	\$49,031	66%	2.26	Single Family; Multi-Unit
Family Foundations	632	46%	\$46,308	76%	2.80	Single Family
Senior Styles						
Rustbelt Retirees	425	35%	\$52,670	83%	2.33	Single Family
Heartland Communities	256	35%	\$48,889	56%	1.91	Multi-Unit
Simple Living	1097	35%	\$29,065	44%	2.07	Multi-Units; Single Family
Social Security Net	558	35%	\$16,922	14%	1.65	High-Rise Rentals
Factories and Farms						
Home Town	3528	22%	\$33,174	59%	2.48	Single Family

Source: University of Utah, Metropolitan Research Center

Summary

The Utah and RCLCO studies provide an understanding of the market trends and preferences of the residents within the Kansas City, MO-Kansas City-KS metropolitan area. The following conclusions can be made from the Utah Study:

- There will be a shortage of housing located within walkable or “Smart Growth” communities. Specifically, there will be roughly one million housing units in metro Kansas City by 2025, and roughly one-third of them (350,000) will need to be in walkable communities to meet projected market demand. The study indicates that fewer than 100,000 households are in walkable communities today. Therefore, there will be a considerable amount of demand for urban infill and new town development where a mix of uses, connectivity, transit, and walkability are offered.
- Redevelopment of non-residential space (industrial, office, retail, and institutional space) within the metropolitan area is likely to occur within downtowns and sub-urban areas including commercial corridor and suburban nodes across the region by 2040.

Based on the review of the RCLCO segmentation analysis and additional analysis by conducted Development Strategies, the following conclusions are relevant for the State Avenue Corridor.

- There is a limited amount of qualified, Smart Growth-supporting homeowner households in the corridor that can afford new market rate housing priced above \$200,000 (perhaps 700). The chart below shows affordability levels by number of homeowner households in the corridor that are inclined toward Smart Growth communities:

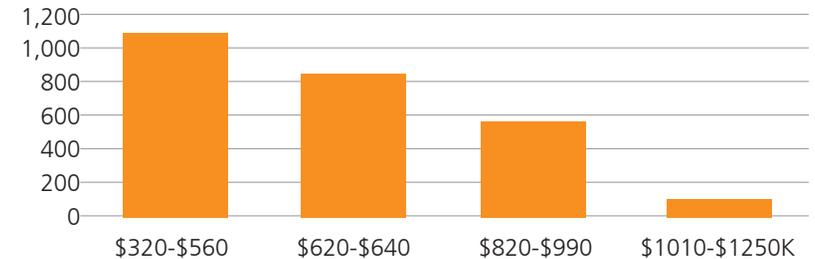
CHART 1 Homeowner Affordability:
Smart Growth Households
State Avenue Corridor



The roughly 700 households identified in this study are comprised largely of the Milk and Cookies and Rustbelt Traditions tapestry segments (see Table X) —two groups that appear to be unlikely candidates for housing in Smart Growth communities. Adjustments may be needed to provide a more conservative number. Another group could likely afford midscale attached housing that is priced between \$150,000 and \$190,000 (roughly 600). The remaining owner households generally cannot afford new housing products of any type and comprise a market for existing for-sale housing in the area only.

- A large amount of renter demand exists for housing with monthly rents that range from \$320 to \$560. Such renters either require subsidy to afford new rental housing, or rent existing properties that have low rents. The following chart shows affordability levels yielded by the number of renter households in the corridor that prefer Smart Growth communities:

CHART 2 Renter Affordability:
Smart Growth Households
State Avenue Corridor



Similarly, rents of \$620 to \$640 per month are generally not sufficient to rent a market rate apartment, unless the apartment is relatively small (such as a one-bedroom unit that targets seniors). A property that makes use of tax credits could, however, deliver a new rental product to the market at these rates. Monthly rents that exceed \$820 per month (which roughly 600 Smart Growth-friendly renter households in the corridor can afford) are rents that could sustain one or more new, market rate apartment properties. It is important to note that the above rental ranges are derived from segmentation data, and should serve as a guide in quantifying market demand and pricing only. A thorough analysis of supply and rents that are actually achieved in the market is necessary to augment any demand analysis.

2.1.2 Local Demographic and Market Conditions

In order to identify short-term development opportunities that could act as catalysts for development within the State Avenue corridor, a review of existing demographic and market conditions was undertaken for the local (Kansas City, KS) market.

Population and Median Home Values

Relative to the region, the economy of Kansas City, KS has fallen behind. But the community is by no means homogeneous. In fact, median household incomes in the western Kansas City, KS are strong (though home values are still somewhat low). Central Kansas City, KS has a mix of middle class and working class households, and the Urban Core has a high proportion of low and moderate income residents, with a median household income of \$33,000. The urban core is the most walkable portion of Kansas City, KS, but also has the weakest market for development. Conversely, West Kansas City, KS is the least walkable, but has the strongest economy. Therefore, the urban form of western Kansas City, KS needs to be improved and the economy of the Urban Core strengthened in order to realize a more attractive, sustainable corridor that adds value to the community by attracting residents, jobs, and retail from outside Kansas City, KS.

TABLE 6 Population and Median Home Values

	West	Central	Urban Core
Population	31,700	24,500	45,700
% Growth (2000-2010)	4%	-4%	-4%
Med HH Income	\$59,000	\$46,000	\$33,000
% Homeowner	71	68	55
Med Home Value	\$98,000	\$74,000	\$41,000

Residential Market Conditions Housing for Sale

After several years of historically low housing development, regional permitting activity has picked up. This uptick in development is reflected in Wyandotte County as well. However, housing development in Wyandotte comprises a small share of regional development—roughly four percent over the last ten years. For the purposes of determining likely absorption rates, experience over the last decade is useful, because the market went through several economic cycles.

CHART 3 Kansas City MSA and Wyandotte County Building Permits 2002- 2012 / Source: U.S. Dept. of Housing and Urban Development, 2012



Home values in Kansas City, KS are very low. This is particularly true of the Urban Core but, relative to the high property values in the southwestern suburbs, home values throughout Kansas City, KS are low. This makes introducing market rate housing—particularly housing of above average quality—challenging. Strategies to improve market values include creating a stronger sense of place throughout the State Avenue corridor, and subsidizing quality development in the near term to establish a new, more positive development precedent that is more reflective of the community's aspirations.

For-Sale Housing: Single Family Residential Projects, West Kansas City, KS



Northridge Piper Estates



Genesis



Estates of Connor Creek



Delaware Ridge



Normandy Ridge



Hazelwood Villas (Senior)

For Sale Housing: Infill Housing, Downtown, Kansas City, KS



Grandview and 13th



Fifth and Armstrong



Walker Ave

FIG. 2-2 Residential projects within the Kansas City, KS

Rental Housing: Tax Credit Apartments

Recently, the rental market has improved in Metro Kansas City, with strong rent increases and declining vacancy. Rents in Kansas City, KS, however, remain among the lowest in the region. As a result, most apartment developers in Kansas City, KS are reliant on low-income housing tax credits (LIHTC) to develop new rental housing.

Due to relatively low achievable market rents, new apartment properties are rarely added to the Kansas City, KS market without the use of low income housing tax credits (LIHTC), which reduce the amount of private money needed to finance a project. Demand is high for quality affordable units; however, there are a finite amount of tax credits that are allocated each year, so the ability of developments to meet market demand is constrained by available credits. Generally, the maximum number of credits per project is such that not more than 50 to 70 units can be built in a single phase. Two new senior housing properties—Washington Heights and Villas at Ridge Point—have been well-received by the market and are operating at or near full occupancy.

CHART 4 Kansas City Apartments / Rents and Occupancy by Submarket
Source: Red Capital Group; REIS 2012 1Q



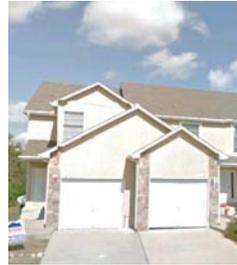


Fifth and Armstrong



Arrows Mark

FIG. 2-3 Apartments within Kansas City, KS



Delaware Ridge



Villas at Ridge Point



Westgate



Crystal Ridge



Stonehedge



Washington Heights

Senior Housing: Independent, Assisted, and Skilled Nursing

While demand for senior housing is high, the recession and other factors have caused some formats to struggle. Many are based on an “entrance fee” model, which causes many seniors to transfer the equity from their homes to their new senior residences. Since many seniors cannot sell their homes during the down economy, occupancies for many independent living facilities has dropped. Some skilled nursing facilities have struggled due to the rapid development of assisted living facilities, which are more appropriate for many seniors. Assisted living facilities have generally exhibited high occupancies in Kansas City and are likely to be in increased demand in the ensuing years. Independent living facilities will likely also perform better once there is an uptick in the for-sale housing market.



Parkway Pointe



Golden Living Center

FIG. 2-4 Senior living facilities within Kansas City, KS

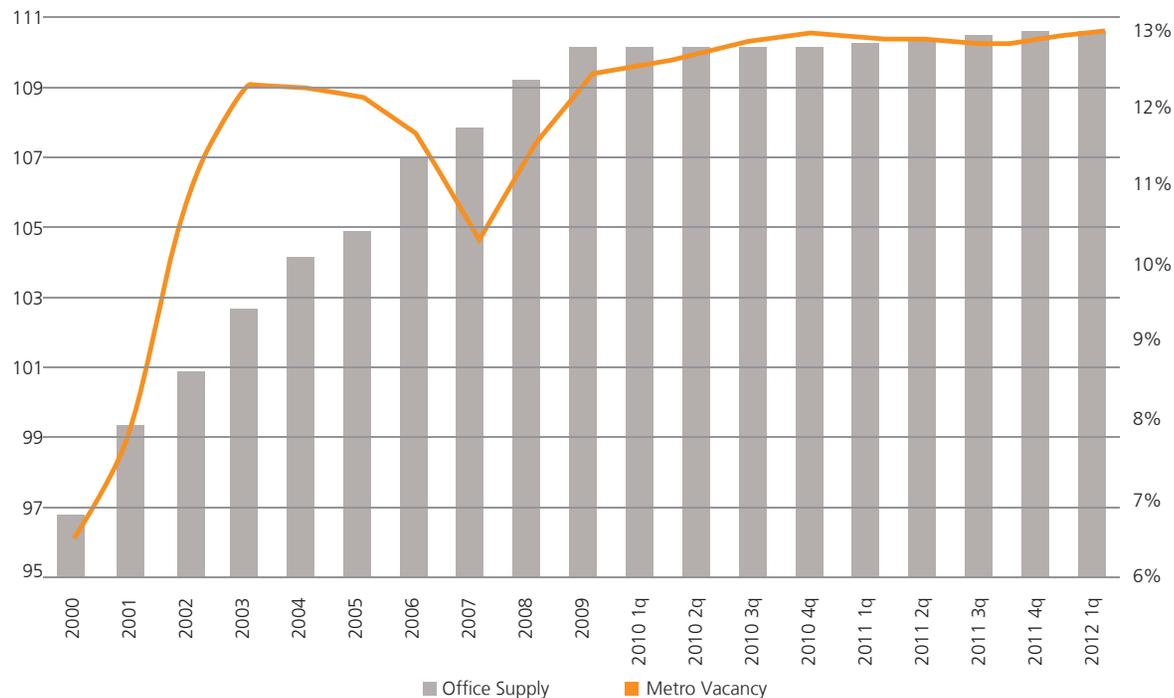
Office Market Conditions

The office market in Kansas City experienced robust growth in the early 2000s, but has stagnated in the wake of the 2007 recession. From 2000 to 2012, the Kansas City region added 14 million net square feet of office, for a pace of 1.1 million square feet annually. However, since 2009, the region added 400,000 square feet, for a pace of 100,000 square feet annually.

Historically, what little office development has occurred in Kansas City, KS has tended to be for “Class B” space, which consists of older office buildings that used to be “Class A” properties but are now dated, and new construction offices—such as single-story doctor’s offices, dentist offices, and insurance offices—that are more service-oriented.

Village West, with its highway visibility, interchange access, and diverse program of retail and entertainment uses, is poised to become the premier office development in Kansas City, KS. Options are more limited in other areas along the State Avenue corridor, with Class B space that is leased at \$16 per square foot being possible.

CHART 5 Kansas City Metro Office Supply
 Source: CoStar, 2012



Briarcliff



Adams Place



Center Campus

Retail Market Conditions

Over the decades, successful retail has migrated westward in Kansas City, KS, where undeveloped land is available. The average life of a retail building is 15 years—far less than that of office space, housing, etc. What has happened along State Avenue is that as new retailers have come along, or as existing retailers want new space, they have not—very often—reinvested in a place. They have simply located farther west, on previously undeveloped land. Since retail supply has shifted west—and there isn’t enough retail demand to fill all the unoccupied or under-occupied space to the east—other land uses need to be considered for which there is a greater amount of demand—like housing.

Low achievable lease rates are a barrier to realizing replacement of obsolete retail space in the State Avenue corridor. Tower Plaza is located in Node Four, while Parallel Parkway Shopping Center is located in Node Five. Both are dated shopping centers that have low inline lease rates of \$10 to \$12 per square foot—but even new shopping centers like Boyd Center struggle to achieve high lease rates, particularly if they lack a major retail anchor. It is likely that \$12 to \$14 per square foot is going to be the maximum achievable lease rate in the urban core, while \$16 to \$18 per square foot will be the maximum lease rate for the nodes in West Kansas City, KS.

TABLE 7 Selected Retail Properties, Kansas City, KS

Shopping Center	Anchor(s)	Square Feet	Occupancy	Average Quoted Lease (per s.f.)	Year Built/ Renovated	Land Area
Regional Mall						
Ledgens at Village West	Dave and Busters, Forever 21, GNC	1,165,107	94%	\$28.00	2004-2006	55.4
Community Shopping Centers						
10824 Parallel Parkway	Walmart	184,103	100	-	-	23.65
Plaza at the Speedway	Kohl's, Cole Real Estate Investments	183,884	100	-	2009 - 2012	5.7
Legends at Village West - Target	Target	124,942	100%	-	2006	10.90
Kansas City KS Submarket	Kmart	105,034	100%	-	1967	12.5
Wyandotte Plaza	Dollar Tree, Price Chopper, Advance America Cash Advance	140,786	88%	\$8.58	1962	21
7611 State Avenue	Enterprise Rent a Car	58,047	100%	-	1977	1.9
West State Plaza	Big Lots, Ace Hardware	93,973	83%	\$7.34	1985	9.3
Plaza West Shopping Center	Kansas City Community College, Subway	154,489	100%	-	1980	15
State 50 Shopping Center	Family Dollar	105,420	79%	\$6.00	1979	9.46
Price Chopper Retail Center	Viva Fashion Mart, Price Chopper	160,000	100%	-	1972	4.6
Tower Plaza Shopping Center	Advanced Auto Parts, Dollar General	159,238	85%	\$10.00	1966	1.6
10300 Cabela Drive	Cabela's	192,000	100%	-	2002	42.98
Neighborhood Shopping Centers						
Westfield Center	Fantastic Sams, Tobacco Road, Winkler Diamonds	10,802	100%	-	1985	7.48
Wyandotte Plaza	Curves, RadioShack, Advanced Auto Parts	24,589	100%	-	1966	16.7
Boyd Center	-	40,000	49%	\$14.50	2007	
State Avenue Center	Liberty Tax Service, Payless ShoesSource	17,040	100%	-	1974	1
Walgreens	Walgreens	14,560	100%	-	2005	0.35
Walgreens	Walgreens	14,300	100%	-	2006	0.22
Parallel Parkway Shopping Center	Auto Zone, Balls Supermarket	23,519	100%	\$12.00	2012	1.9

Source: CoStar, 2012

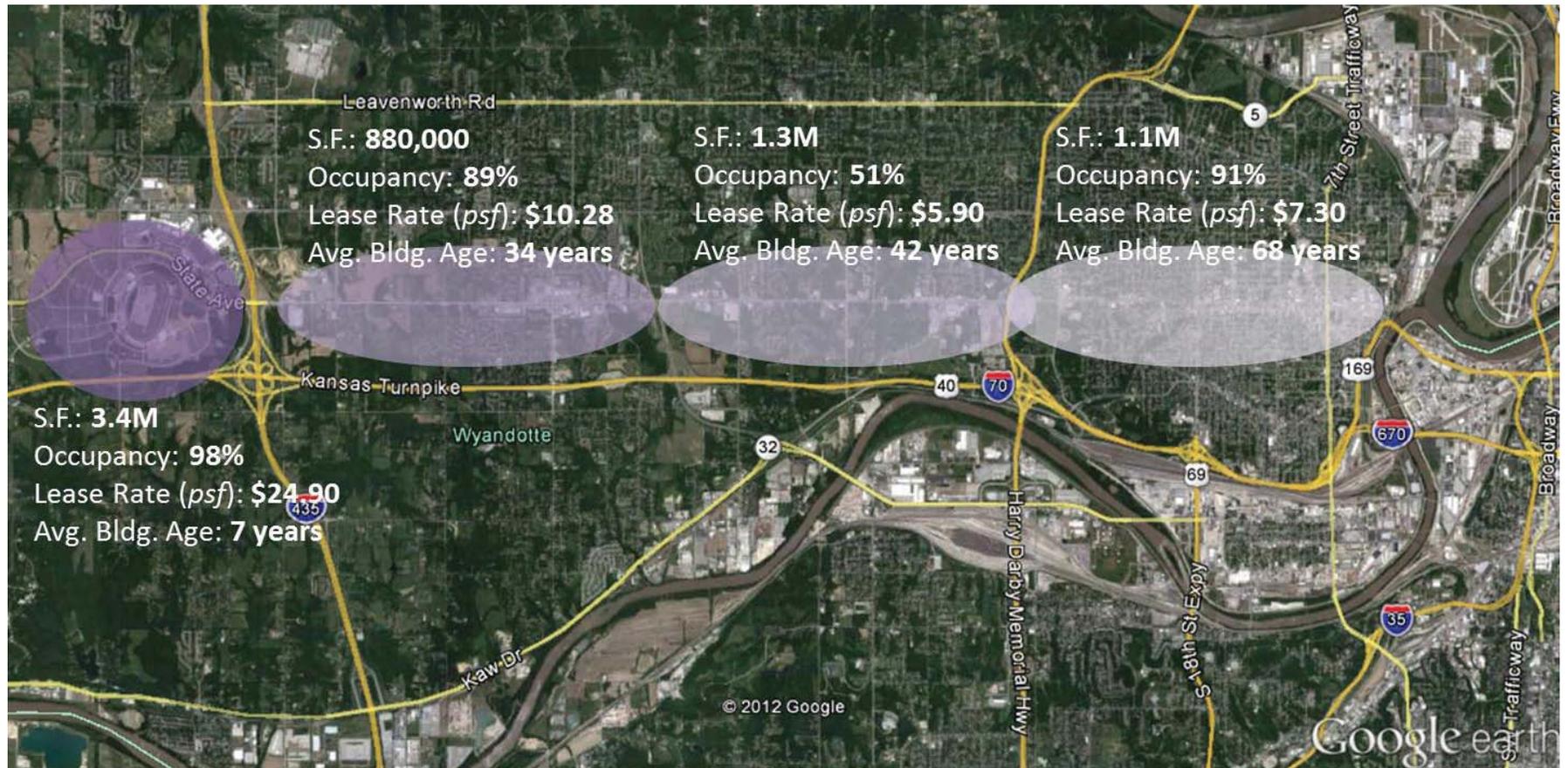


FIG. 2-5 Retail supply along the State Avenue Corridor

2.2 Physical Development Conditions

In order to identify areas where infill development along the State Avenue corridor could potentially contribute to more a sustainable pattern of development that promoted walking, bicycling and transit, a review of the existing land use and development conditions was undertaken for the State Avenue corridor .

2.2.1 Strategic Location and Adjacencies

Residential Areas, Housing and Density

Housing density is a key factor in supporting transit. The map below shows the locations of higher density residential areas and apartment complexes near the State Avenue Corridor. Density is generally highest in the Downtown core, where higher density residential neighborhoods are located within walking distance of the corridor. In the mid- section of the corridor, there are limited density residential uses fronting on the corridor, except for an area between 74th Street and 78th Street near the Community College.

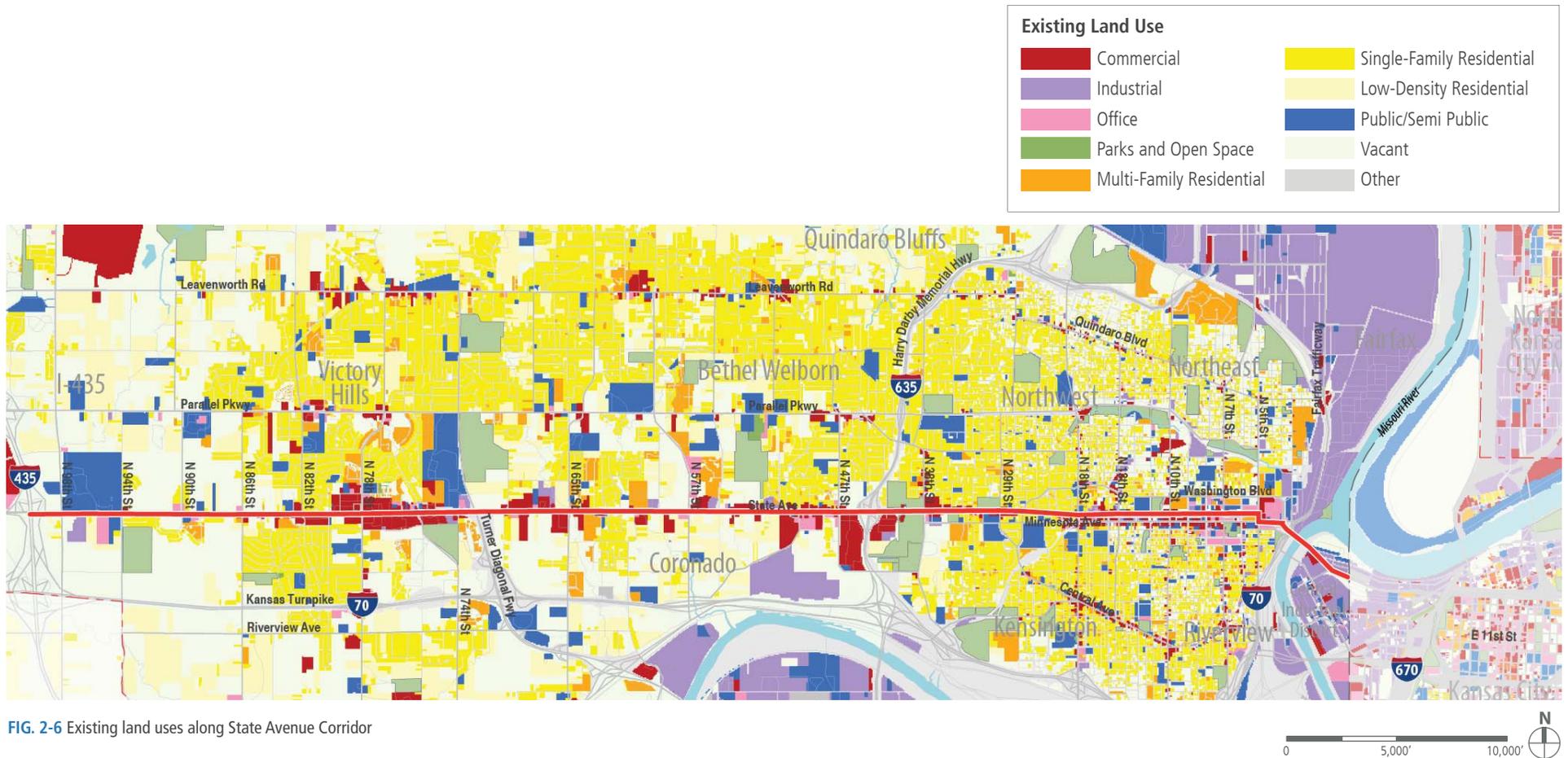


FIG. 2-6 Existing land uses along State Avenue Corridor

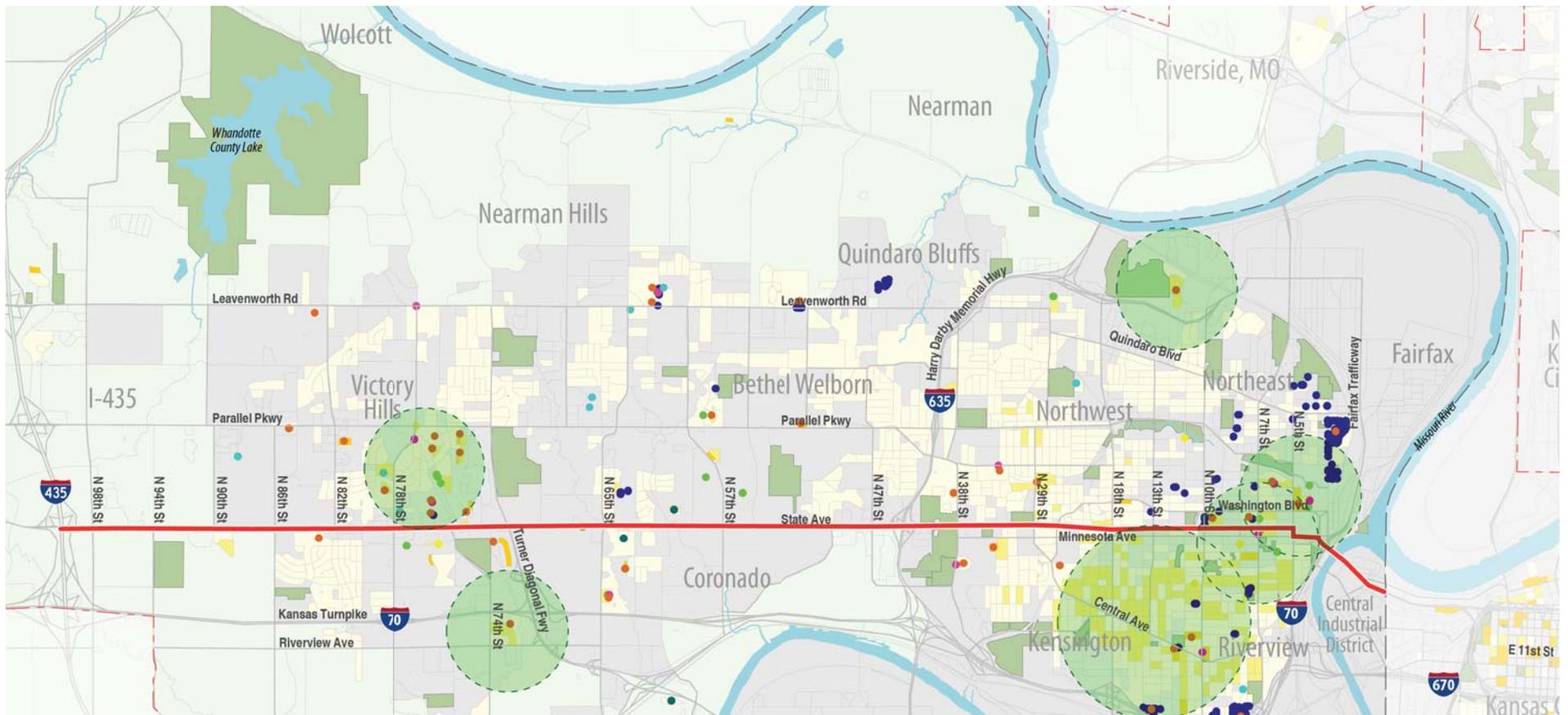
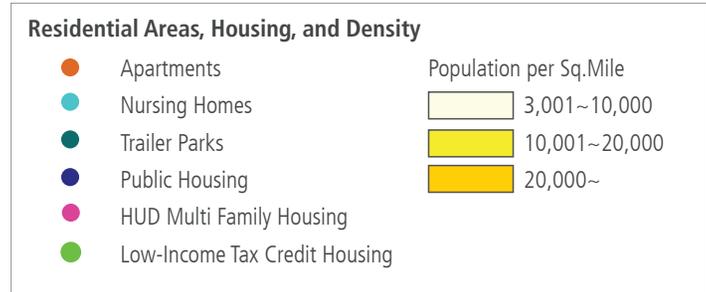


FIG. 2-7 Residential areas along State Avenue Corridor



Proximity to Employment Opportunities

Preference surveys (RCLCO Regional Market Study along State Avenue Corridor) indicate that a high percentage of people could be motivated to live in smaller homes if their commute times could be reduced significantly. Others simply appreciate the flexibility to walk, bike, or drive to work—depending on their daily circumstances, weather conditions, etc. Development sites located near employment centers could enhance the marketability of a project significantly. Alternatively, sites could be identified to become employment centers of some scale to catalyze nearby walkable communities. The map above shows the locations of major employment centers in relation to the State Avenue Corridor. Downtown and the Village West are the two employment anchors to the corridor. Kansas City Kansas Community College (Kansas City, KSCC), located at 74th and State Avenue in the mid-corridor section, is another major employer.

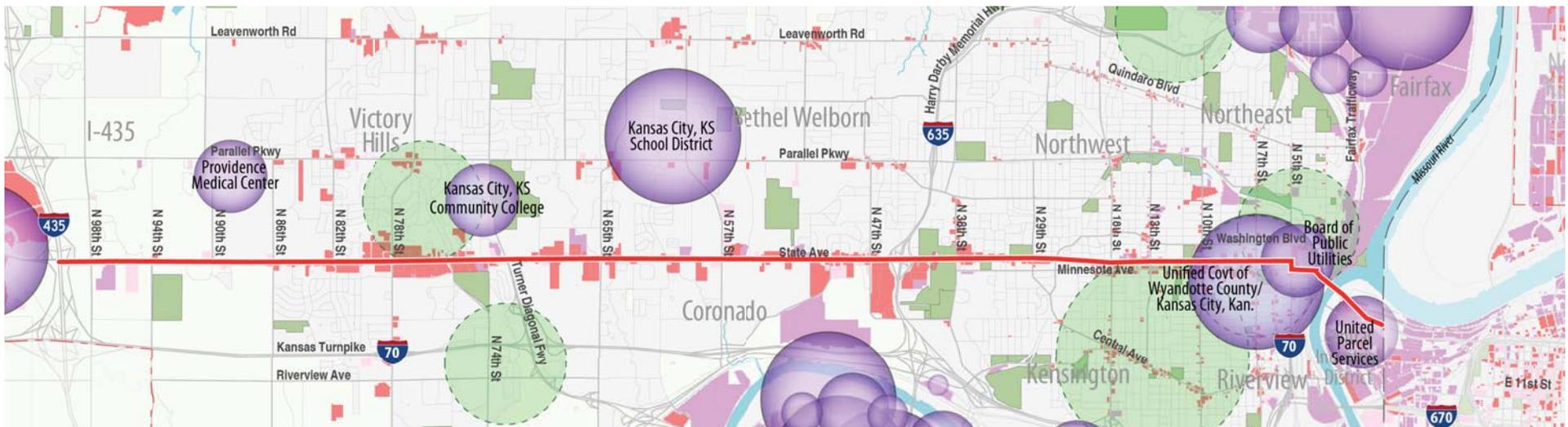


FIG. 2-8 Major employment destinations along State Avenue Corridor



Proximity to Community Assets

Preference surveys of those who prefer walkable, Smart Growth communities cite the importance of having amenities within walking distance. A recent study by the National Association of Realtors (NAR), the following amenities were listed as “very important”, in descending order:

- Grocery store
- Schools
- Hospital
- Pharmacy
- Transit station
- Doctors’ offices
- Restaurants
- Cultural resources

The map below shows the locations of various neighborhood amenities (parks, schools, community centers, churches, etc.) in relation to the State Avenue Corridor.

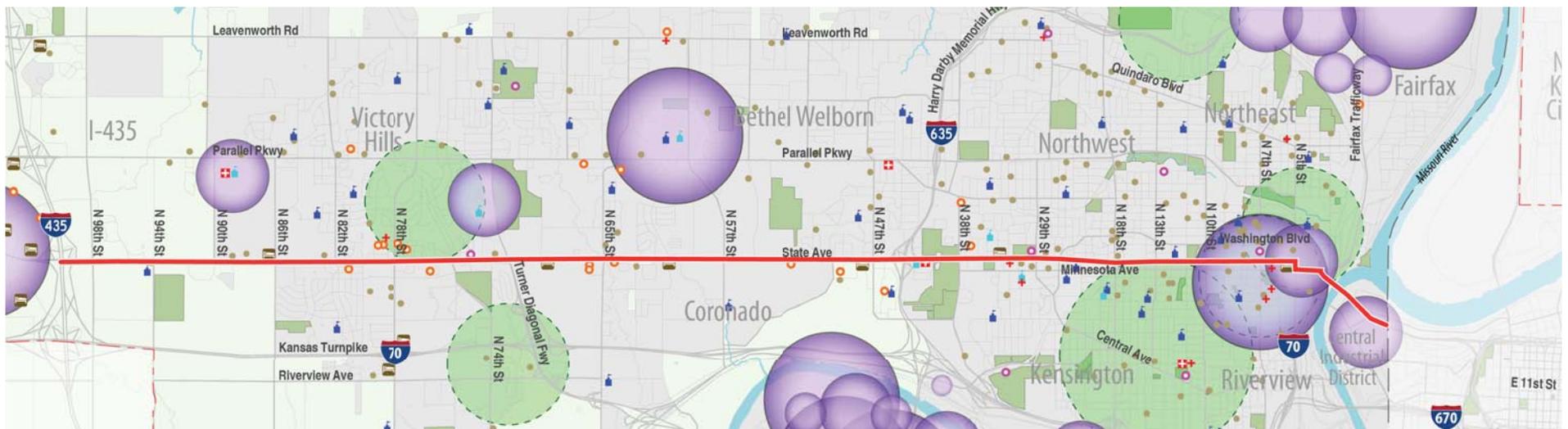
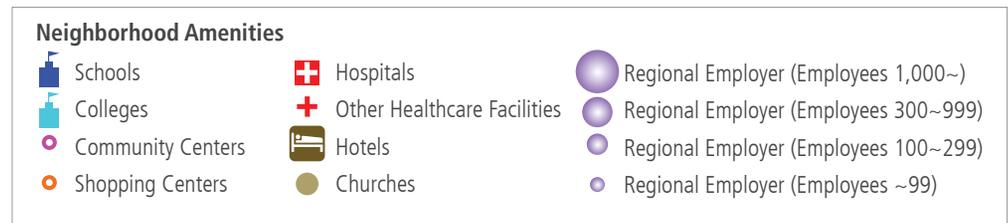


FIG. 2-9 Neighborhood amenities and employment destinations along State Avenue Corridor



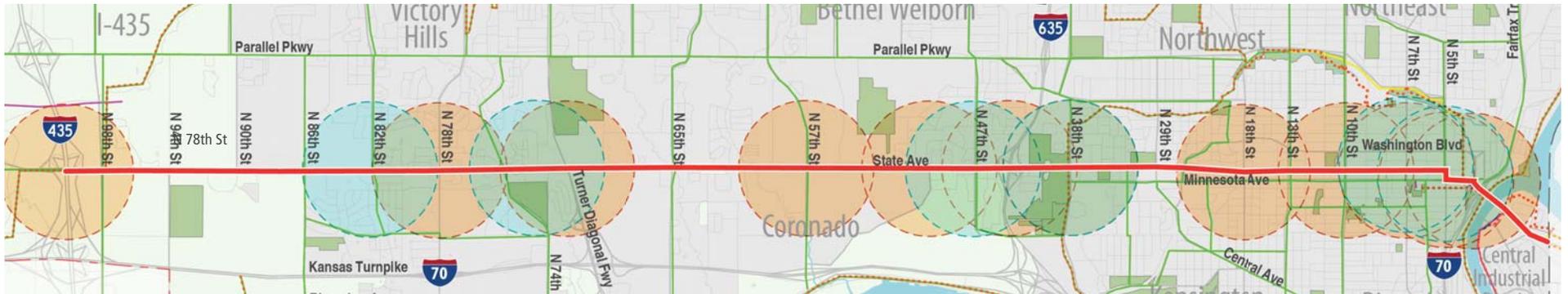


FIG. 2-10 Major intersections and connections with bicycle lanes, paths, and pedestrian trails along State Avenue Corridor



FIG. 2-11 Proposed Connex Bus Stops along State Avenue Corridor (Source: KCATA / UGCKK / MARC)

Access, Transit and Circulation

Street Connectivity and Visibility

The inter-connectivity of the street system is a key factor influencing walkability, bike-ability and transit use, and freeway access is important to retail and employment locations. The corridor has excellent access from the Interstate 635 and Interstate 435 and at the macro scale is part of the Kansas City, KS connected street grid, with major north-south streets such as 78th Street, Turner Diagonal Freeway, 57th Street, 38th Street and 18th Street intersecting State Avenue and providing access to Interstate 70. Major intersections and streets along the State Avenue Corridor are identified in the map below. At the smaller scale, connectivity along the corridor is greatest in the area east of 38th Street, where the historic grid of streets provides a highly inter-connected and walkable environment that does not exist further west along the corridor.

Existing and Proposed Bikeways and Pedestrian Trails

In addition to street connectivity, the presence of bikeways and pedestrian trails can play an important role in supporting modes of circulation other than the automobile. Existing and proposed bicycle lanes, paths, and pedestrian trails in the vicinity of the State Avenue corridor are shown on the map below. They represent excellent opportunities to connect development nodes and sites along the corridor to a regional bikeway system via existing and proposed bikeways.

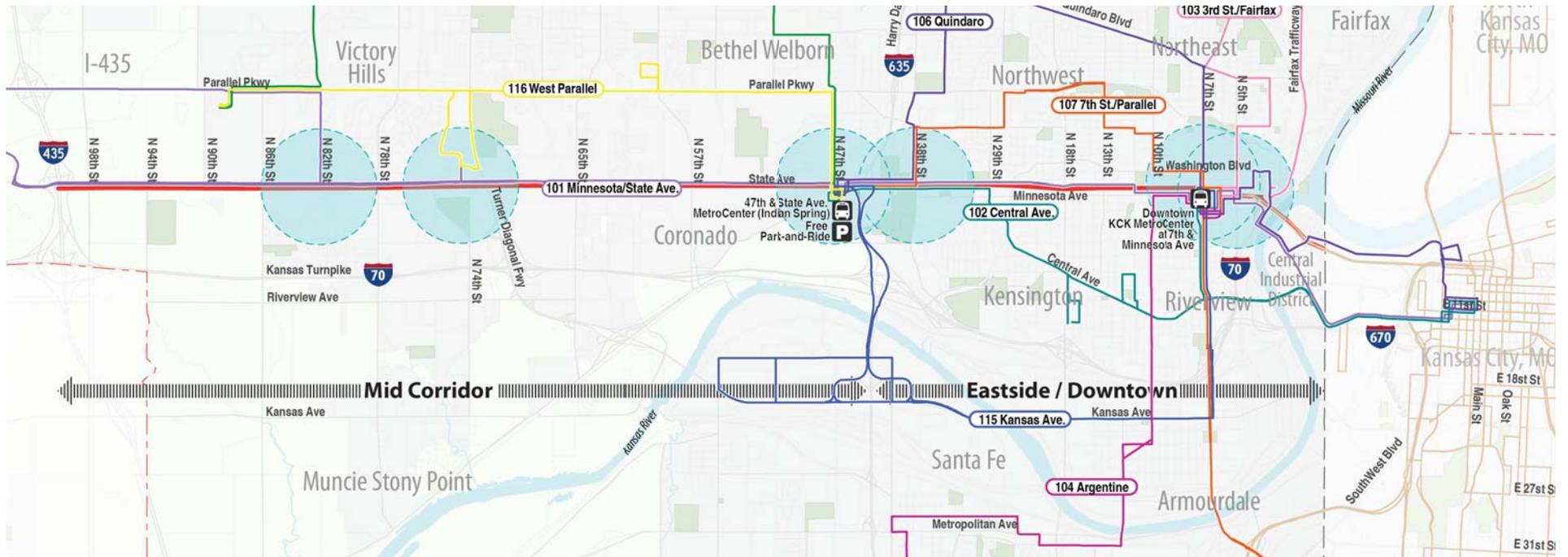


FIG. 2-12 Map showing existing transit routes connecting State Avenue Corridor



Access to Transit

Transit service within Wyandotte County is provided by the Unified Government Transit (UGT) and the Kansas City Transportation Authority (KCATA). Through both service providers, the more urbanized areas within the county have all-day transit service with weekend and evening service. The KCATA operates five routes into Wyandotte County that connect with Kansas City and Jackson County, Missouri. Route 101 is the primary bus transit route currently operating along the length of State Avenue, and the only one between 47th Street and Village West (see transit map). Other routes (Nos. 102, 103, 104, 106, 107, 113, 116, etc.) provide north-south connections to State Avenue.

A number of TIGER grant-funded transportation improvements are being implemented along State Avenue, including a new Connex Metro Center in the Downtown at 7th and Minnesota Avenue, and a park-and-ride transit center in the mid-corridor area at 47th Street and State Avenue. In addition to the transit centers, new bus passenger shelters, stop platforms, landscaping, and improved pedestrian connections are being developed at bus stops along State Avenue. These improvements will enhance transit use for residents and visitors to the corridor.

Existing Transit	
	101 Minnesota/State Ave.
	102 Central Ave.
	103 3rd St./Fairfax
	104 Argentine
	106 Quindaro
	107 7th St./Parallel
	113 Leavenworth Rd.
	115 Kansas Ave.
	116 West Parallel

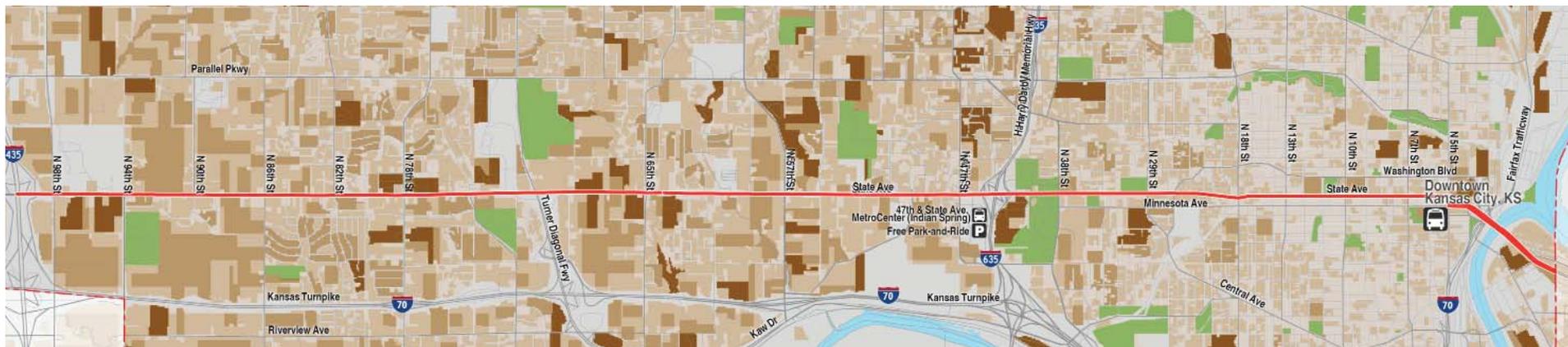


FIG. 2-13 Map showing parcels above 5 acres in size along State Avenue Corridor



Site Conditions

Parcel Size and Shape

One of the barriers to urban infill and redevelopment is land assembly. Larger development sites can reduce both the complexity and risk to developers, allowing for greater flexibility and more cohesive and creatively planned development to take place.

Sites that have good size along with access and visibility from a major corridor and access to transit have the “ingredients” to be potentially suitable for development of an employment center or mixed-use retail center. Large sites can also facilitate the development of high-quality residential communities, even those built as “affordable” housing. A large tract of land, along with flexible land development policies, can allow a developer to allocate some areas for open space, while shifting density to other parts of a site, creating value for the development and surrounding properties. The maps below identify sites in the mid-corridor and downtown sections of the State Avenue Corridor that are 10 acres or larger (Note: While being one of the largest sites on the corridor, the former Indian Springs Shopping Center located at 47th and State Avenue is not included in this study since it is under separate consideration for redevelopment by the UG).

Catalytic Development Potential

A site’s potential to serve as a catalyst for additional nearby development is a factor that should be considered when evaluating public investments. Simply put, some sites can be developed quickly because a real estate transaction is convenient (i.e., there is a willing buyer and willing seller), but will have little positive impact on surrounding real estate. Other sites may require a more proactive, phased approach to realize their potential but will ultimately have a more significant, “catalytic” impact (e.g., increased surrounding property values) over a period of time.

2.3 Initial Community and Stakeholder Input

The first community meeting, which was attended by approximately 30 community members, provided an overview of the market conditions and the site selection analysis, followed by small group exercise in which community members were asked to identify issues, assets and opportunities related to redevelopment along the State Avenue Corridor. The key points that came out of the exercise included the following:

- Ethnic diversity of population and diversity in age, and income levels within the corridor is an asset.
- Access to jobs is a priority.
- There is a need for affordable and senior housing along the corridor.
- There is a need for consolidating retail at few select locations.
- Participants supported transit and mixed-use development along the corridor.
- Participants supported development within downtown, including:
 - Infill development to take advantage of the downtown’s walkability.
 - Adaptive reuse of existing buildings and utilization of existing assets
- Participants supported development between I-635 and I-435
- There is a need for active recreational amenities such as baseball fields, and restaurants and entertainment destinations such a movie theatres to attract young population within neighborhoods
- There is a rising Hispanic population and understanding their needs is important.

In addition to input from the community meeting the planning team also interviewed other corridor stakeholders, including CityVision, a not-for-profit urban developer that works in Downtown Kansas City, KS, and Kansas City Kansas Community College, which is located at College Parkway north of the Turner Diagonal. City Vision expressed support to continue implementing the Downtown Master Plan by creating a strong synergy with the Unified Government. They support higher density housing in the Downtown and the need to refocus Home Funds for higher density units, not just single family ownership houses. In order to accommodate projected campus growth and increases in student population, and faculty, the Community College sees a need for additional housing choices and campus-oriented retail proximate to the campus.



FIG. 2-14 Community meeting focus group table discussions



FIG. 2-15 Map showing selected seven nodes for further market analysis along State Avenue Corridor

2.4 Criteria to Select Nodes and Properties

In order to identify those areas along the corridor that should be considered for sustainable infill development, a series of criteria were developed from the market and demographic analysis (summarized in Section 2.1), analysis of physical development characteristics (Section 2.2), and initial community input (Section 2.3). These criteria included:

- Regional Market potential
- Proximity to transit service and facilities
- Evidence of under-utilization and/or blight conditions
- Strategic location for connectivity to surrounding neighborhoods and to leverage public/private investment
- Presence of land use entitlements and infrastructure
- Community / Stakeholder input

Application of these criteria resulted in identification of seven nodes with specific properties (strategic sites) for more detailed market analysis and evaluation of development potential. The seven nodes included:

1. Downtown / 6th St. Node
2. Big Eleven Lake / 11th St. Node
3. 18th Street Node
4. 38th Street Node
5. 47th Street Node
6. Community College / 74th St. Node
7. Kmart Site / 78th St.

Section 3 provides an analysis of existing conditions and market opportunities for each of these nodes.



Downtown / 6th St. Node



Big Eleven Lake / 11th St. Node



18th Street Node



38th Street Node



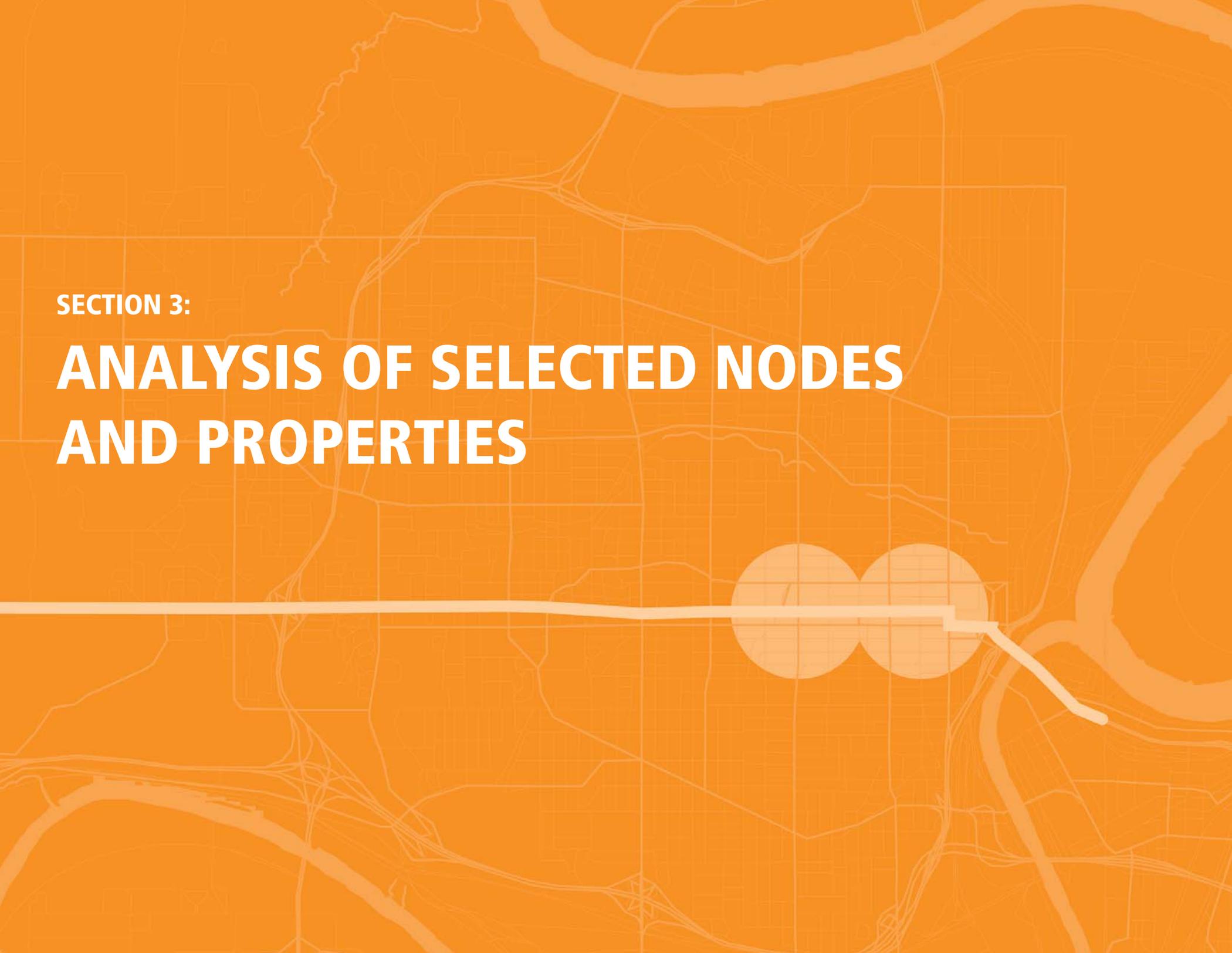
47th Street Node



Community College / 74th St. Node



Kmart Site / 78th St.

The background is a light orange map with a white grid. A network of white lines represents roads or paths. Two circular nodes are highlighted in a darker orange color. A thick white horizontal line runs across the middle of the map, passing through the two highlighted nodes. The text is positioned on the left side of the map.

SECTION 3:

ANALYSIS OF SELECTED NODES AND PROPERTIES

SECTION 3: ANALYSIS OF SELECTED NODES AND PROPERTIES

Introduction

The seven nodes along the State Avenue corridor identified in Section 2 were further evaluated for their development / redevelopment potential based on site and market conditions. Initial development concepts were prepared and a comparative analysis undertaken for the four nodes deemed to have the greatest development potential. This analysis and input from two community meetings led to selection of two nodes and properties sites whose redevelopment could serve as catalysts that would generate momentum for revitalization elsewhere along the State Avenue Corridor.

This section provides a description of the evaluation process used to narrow the seven potential development nodes to two catalyst sites. It is divided into the following sub-sections:

- **Section 3.1. Existing Conditions and Market Assessment of Preliminary Nodes and Strategic Sites:** Assesses the development potential of each of the seven preliminary nodes and strategic sites within each node.
- **Section 3.2. Initial Development Concepts for Selected Nodes:** Describes preliminary development concepts (programs and conceptual site redevelopment / development plans) for the four nodes with the greatest development potential (selected based on the existing conditions and market assessments).
- **Section 3.3. Development Analysis:** Provides a comparative evaluation of the development concepts for the four nodes, including pro and cons based on project objectives, order-of-magnitude return on investment, and performance relative to indicators from the Envision Tomorrow tool.
- **Section 3.4. Summary of Community Meetings:** Provides a summary of the second and third community meetings and outreach efforts with stakeholders.

3.1 Existing Conditions and Market Assessment of Preliminary Nodes and Strategic Sites

Downtown / 6th Street Node

For several reasons, the Downtown / 7th Street node along State Avenue Corridor is a strong candidate for considering catalytic development projects. A major new transit center is being built at 7th Street and Minnesota Avenue, within convenient walking distance. Multiple vacant or under-utilized sites and redevelopment opportunities exist within this node, including vacant sites owned by the UG. Sites with immediate redevelopment potential, include:

- Site located in the block bounded by Nebraska and State Avenues and 7th and 8th Streets. The majority of the site is occupied surface parking lots and a vacant grocery store. An existing day-care facility occupies the northeast corner, and an existing parking garage adjoins the site to the west.
- Site located at the southeast corner of 7th Street and Nebraska Avenue, includes an existing parking lot adjacent to a food pantry building.
- Site at State Avenue and 6th Street, is developed with an existing parking garage site. This vacant garage is not used currently and is slated for demolition by the Unified Government. This site also includes two vacant sites fronting onto the north side of Minnesota Avenue just west of 6th Street.

All of the sites identified within this node are suitable and marketable for residential use, located just a block from Minnesota Avenue, Huron Park, and places of employment. The sites are currently underutilized and lend themselves to redevelopment. A grocery store may also be a potential long-term use within this node. Economics and parking will be the key constraints to the height and scale of development that is feasible on these sites. Achievable rents and/or sale prices are likely to be significantly lower than those of downtown Kansas City, Missouri—while the costs of construction are likely to be comparable. Development of new mid-rise mixed-income residential uses would represent a major step in Kansas City's (Kansas) efforts to revitalize itself, but economics may dictate that buildings not use the more expensive concrete and steel frame construction required for mid-rise buildings—thus making three to five story buildings the maximum achievable height. Residential development on the strategic sites would be more feasible if the burden of parking can be reduced by using nearby parking garages as shared parking garages with adjacent office uses.

Primary Market Opportunity: Mixed-Income Housing

Due to relatively low achievable rents in the Downtown Core of Kansas City's (Kansas), quality residential development is not likely to be possible within the downtown without use of low income housing tax credits (LIHTC). Building heights will be restricted by economics—anything above four or five stories would require concrete and steel construction, which would be cost-prohibitive. Achievable density is estimated at 30 to 35 units per acre, assuming a relatively low parking ratio.

Achievable Rents and Program Elements

Based on the performance of Turtle Hill—a mixed-income property downtown—market rents are roughly \$0.70 per square foot for a 1,000 square foot, two bedroom unit. However, a higher-quality project, such as something comparable to Vine Street Lofts, should get \$0.75 per square foot for a unit of that size. There is an opportunity to provide much smaller, one-bedroom units (550 to 700 square feet) to target singles. Based on the Jazz District case study, market rents could be 30-35 percent higher (on a per-square-foot basis). This translates into market rents of \$0.95 per square foot for a 600 square foot, one-bedroom unit.

If Downtown can be improved, with more retail options and a better public realm, the Jazz District "placemaking premium" of 15 percent could be viable, leading to market rents of \$1.10 per square foot for 600 square foot, one-bedroom units, and \$0.85 to \$0.90 per square foot for 900 square foot, two-bedroom units. Affordable rents should be discounted 10 percent, relative to market rents.

Retail Demand

The strategic sites within the Downtown / 7th street node along State Avenue Corridor are not deemed to have strong potential for retail development, since Minnesota is the historic retail street in Downtown Kansas City, KS. Strategically, it is recommended to concentrate retail along Minnesota in this area, to create a critical mass as part of a broader placemaking effort. Restaurants are likely provide the greatest opportunity to fill retail storefronts (with 50,000 square feet being a good long-term goal). Demonstrating demand for an urban grocery store in Downtown Kansas City, KS is not difficult—finding an operator willing to take the risk is. A goal of 15,000 to 25,000 square feet of miscellaneous retail is a worthy goal over time.

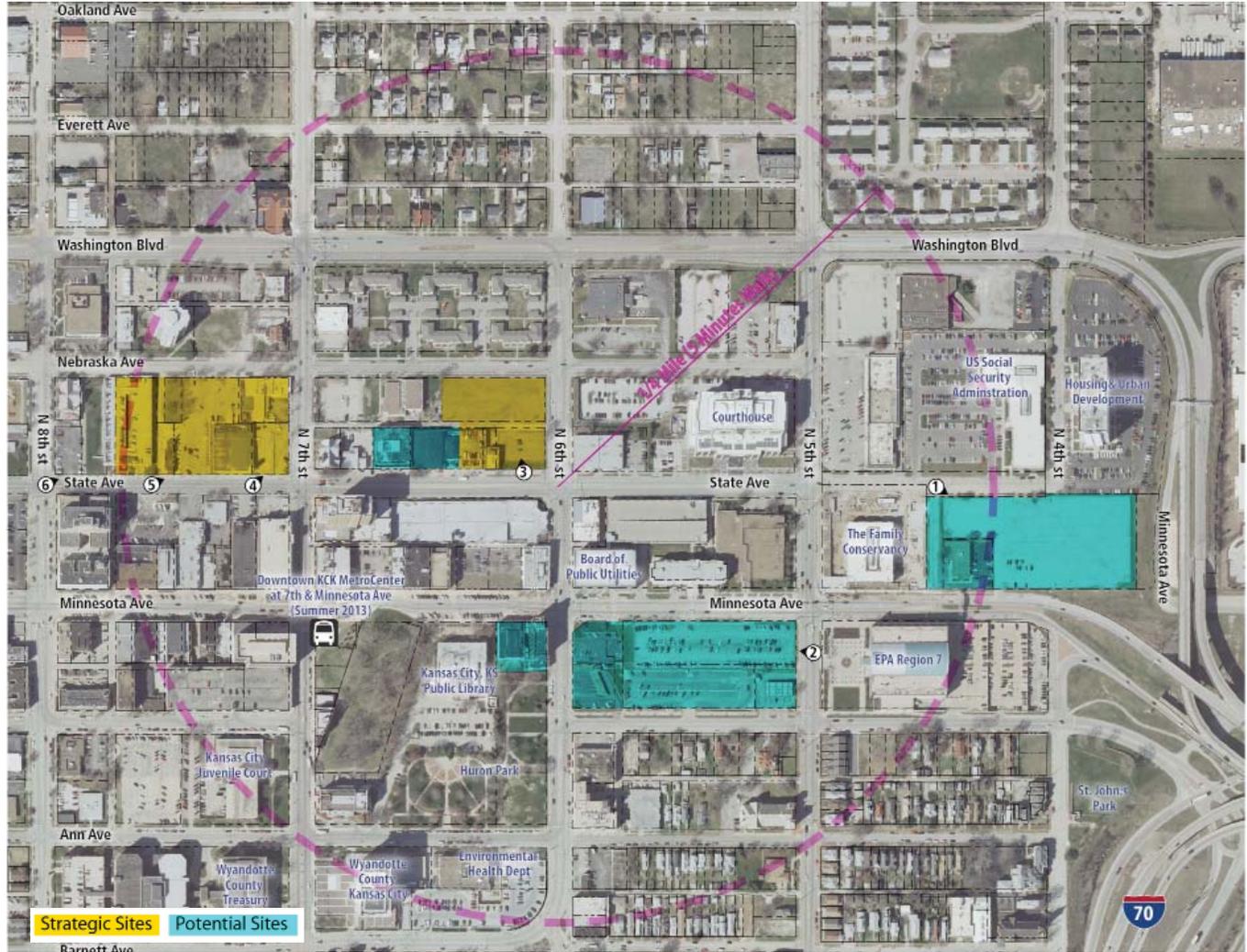


FIG. 3-1 Downtown 6th Street and State Avenue Node - Strategic Sites

Big Eleven Lake / 11th Street Node

The node along State Avenue at 11th Street and Big Eleven Lake provides an appealing opportunity for redevelopment. Located at the western edge of Downtown, Big Eleven Park represents an existing City asset that is currently underutilized.

While a number of hard and soft investments and interventions would be necessary to revitalize this neighborhood, the combination of a re-vitalized Big Eleven Park with new development around it could be a catalyst and anchor for broader revitalization efforts in the surrounding area.

The strategic site at North Eleventh and State Avenue is recommended for multifamily housing, perhaps with ground-floor retail. This strategic site is in close proximity to nearby retail, fast food restaurants and other service oriented businesses. The site provides access to neighborhood amenities such as Big Eleven Lake and JFK Community Center to the north and Waterway Park to the south.

Primary Market Opportunity: Affordable Senior Housing

The proximity of Big Eleven Park as an amenity and access to services (including a pharmacy) makes this an excellent site for affordable senior housing. A cottage-style development would be very marketable as senior housing and/or independent living. If a higher density is desired, an elevator property of three to five stories is marketable as well. If a cottage-style product is offered, a density of 12 to 15 units per acre is achievable. If an elevator property is feasible, 30 units per acre is achievable (assuming a relatively low parking ratio).

Retail Demand

The Big Eleven Lake and 11th Street node is not deemed a strong retail site. Not more than 3,000 to 5,000 square feet of storefront retail is advisable. Even this number may be deemed risky by developers, so a retail-less program might also be considered for this site.

Achievable Rents and Program Elements

Reasonable rents for affordable senior apartments are as follows (assumes a slight “placemaking” premium):

1 Bedroom: \$1.10 to \$1.15 per square foot for a 550 square foot unit

2 Bedroom: \$0.85 to 0.90 per square foot for a 700 square foot, two-bedroom unit

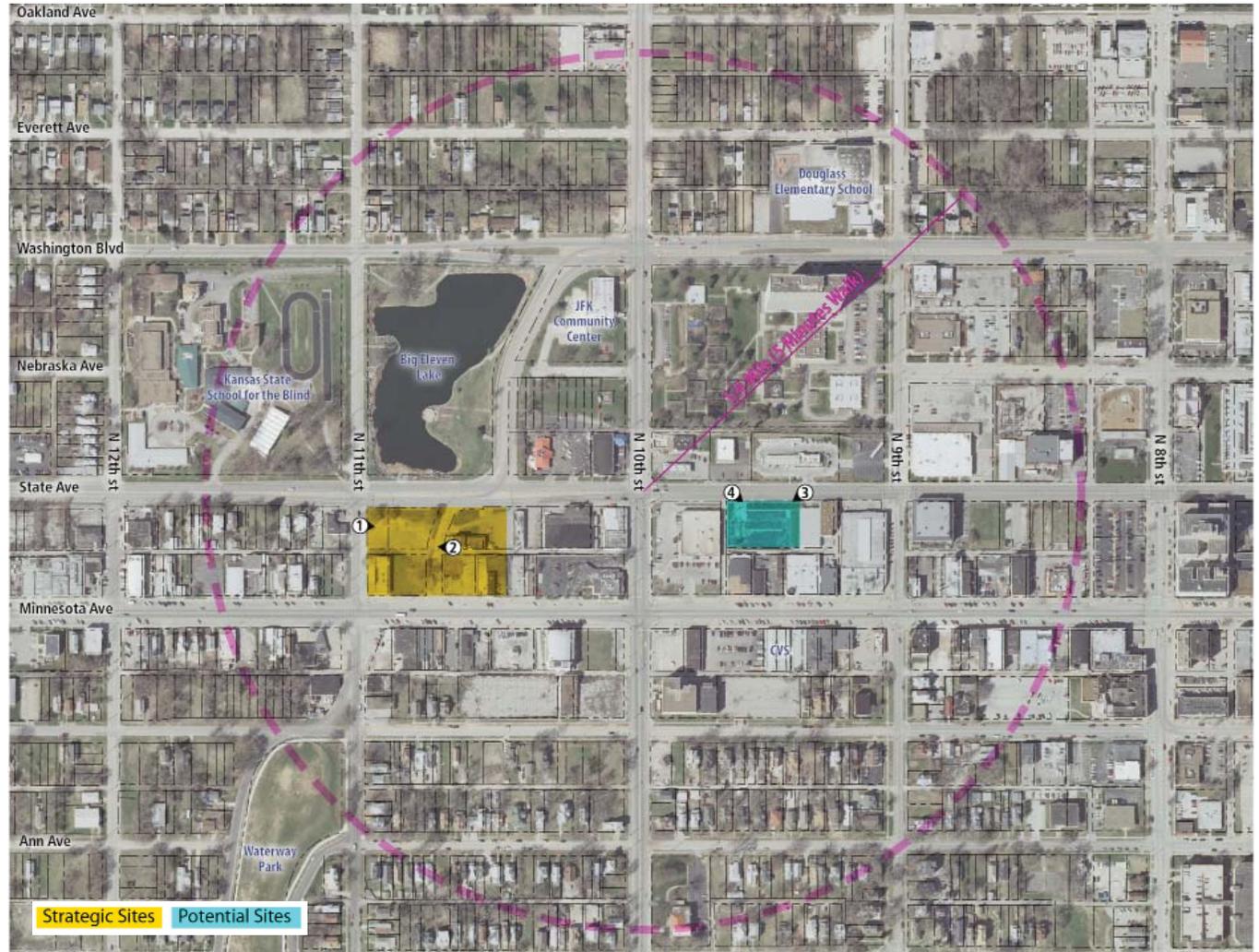


FIG. 3-2 Big Eleven Lake /11th Street and State Avenue Node, Strategic Site



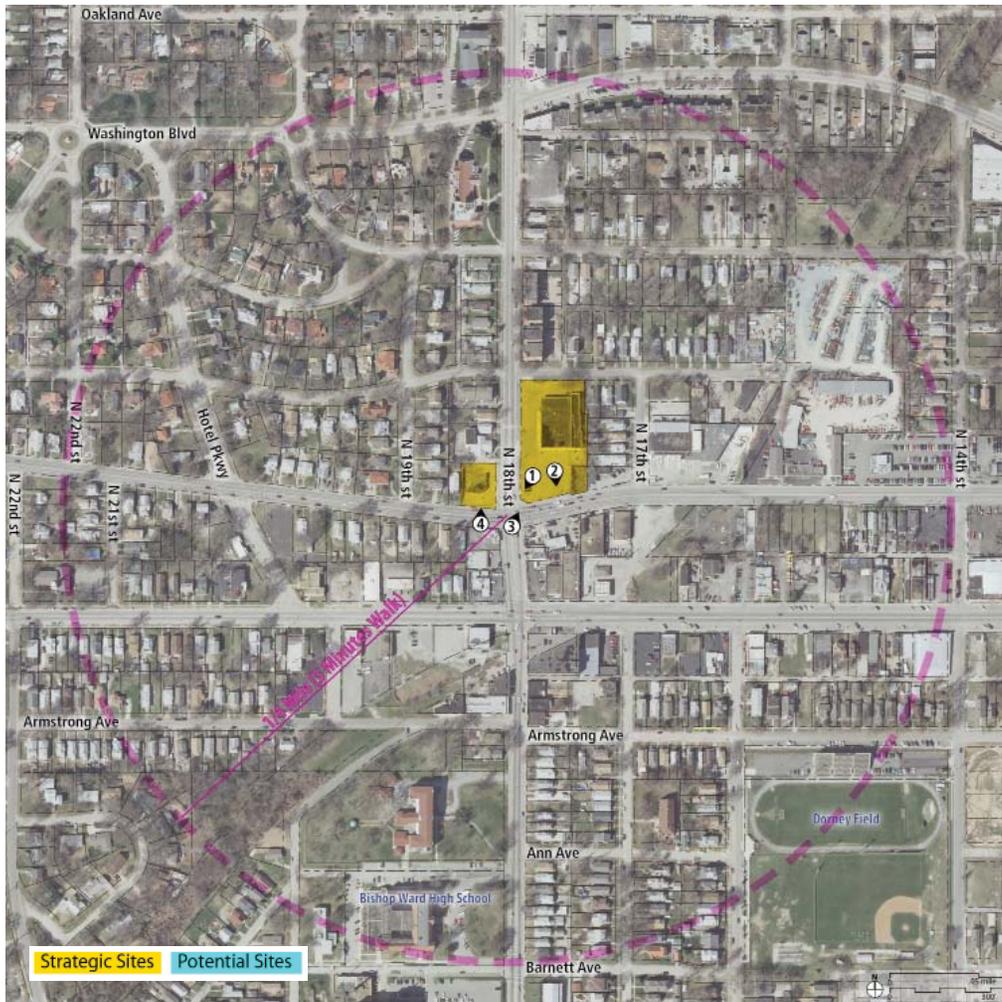


FIG. 3-3 18th Street and State Avenue Node, Strategic Sites

18th Street Node

The 18th Street Node includes an existing vacant commercial property and an underutilized site that is occupied by a church that are located adjacent to the historic Westheight neighborhood. Westheight is one of the finest walkable neighborhoods in Kansas City. With its stock of historic, well-maintained homes, and above-average median incomes, it could help support a small neighborhood commercial node at 18th Street, ideally with the kinds of commercial amenities that are currently lacking (i.e., coffee shop, sandwich shop).

Savvy developers of second or third floor residences would likely use the Westheight “brand” to enhance the marketability of the project. Additionally, the neighborhood to the northeast is in need of significant investment and revitalization. The proximity of Westheight, plus a new activity center in the form of a neighborhood commercial center, could enhance the marketability of this neighborhood for new, infill housing on vacant lots.

Although the 18th Street Node has great access and location, the existing church building makes is less likely to redevelop in the immediate term. The smaller acreage of the site also makes it less likely to significantly impact redevelopment of other adjacent sites.

Retail Demand

Any retail strategy for the 18th Street Node should leverage the attractiveness and disposable income of the adjacent Westheight neighborhood by connecting to and serving it. The surrounding area could support 10,000 to 15,000 square feet of restaurant space and miscellaneous retail. Because there is an existing asset to build on (i.e., the Westheight neighborhood), this represents one of the best opportunities in urban Kansas City, KS to create an authentic neighborhood center with a mix of retail and residences.

38th Street Node

The 38th Street node includes a single strategic site suitable for redevelopment. Approximately 10 acres in size and located within one-half mile of the I-635 interchange, this strategic site provides an opportunity for mixed-use development that could draw from a broader trade area due to the interstate access.

The presence of an existing retail tenant with a long-term lease may be a constraint to site redevelopment. Ideally, these types of tenants might stay at this location with a reconfigured design. Additional development intensity could be achieved with a reconfiguration of the site including a corner building that could define and activate the frontage at 38th and State. If such an effort were mirrored on the south side of State Avenue, the urban design of the area would be improved, perhaps in such a way as to signal a gateway into a new, walkable main street environment along State Avenue.

The number of vacant parking spaces at this node indicates that retailers are performing poorly and thus the landowner might be interested in considering redevelopment. In which case, a number of scenarios might play out, including:

- A new development concept which keeps some retailers, while apportioning other pieces of land for residential or office uses.
- Alternative scenarios which are more commercial in nature, with retail and office uses.

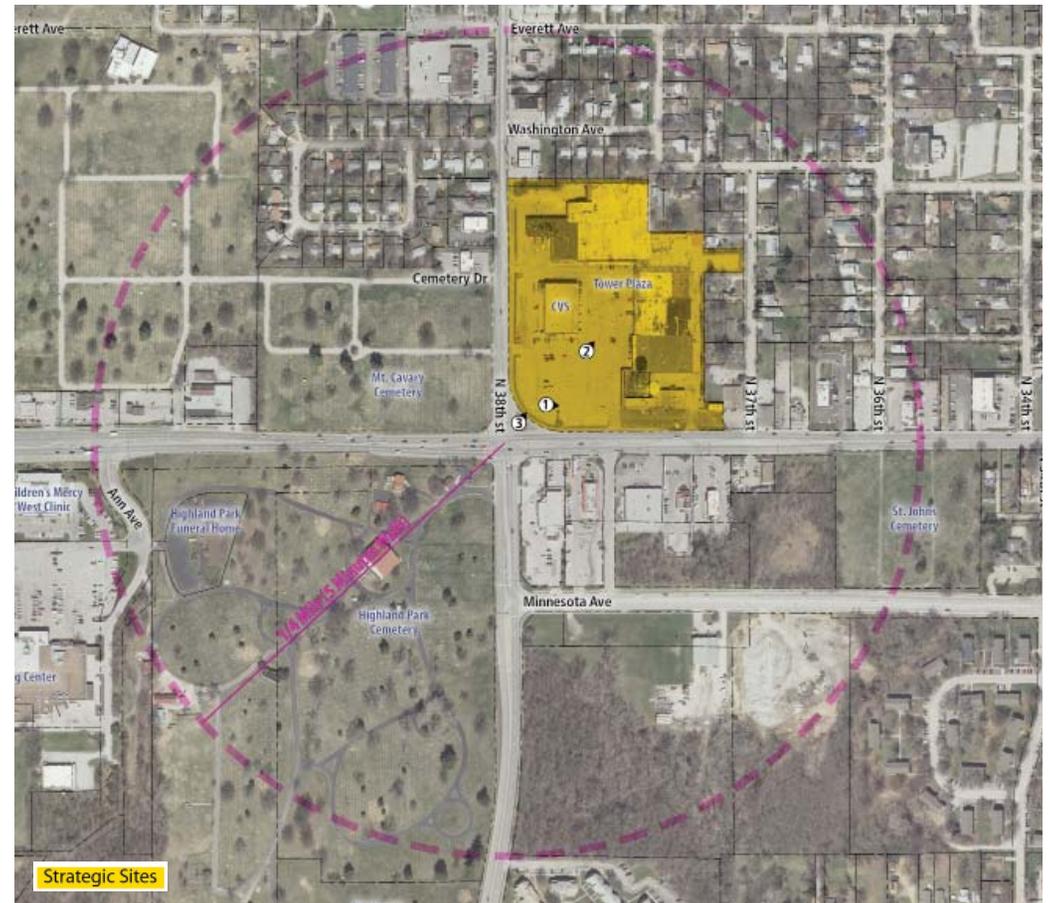


FIG. 3-4 38th Street and State Avenue Node, Strategic Sites

47th Street Node

The mid-corridor stretch of State Avenue west of I-635 interchange has a wider street right-of-way with higher permitted vehicular speeds and more auto-oriented and stand-alone (i.e., not integrated with each other) land uses. This section of the State Avenue corridor, and the surrounding neighborhoods, generally has higher home values and better overall economic conditions (homeowners, renters, and shoppers) compared to the Downtown section.

The 47th Street node includes multiple sites located within a half-mile of the I-635 interchange. The excellent access provided to these sites by the existing interchange provides opportunities for commercial uses such as retail and office. The largest site within this node, at 15 acres, is located within the “orbit” of the former Indian Springs mall—a 60-acre site that represents Kansas City’s best opportunity for a greyfield redevelopment of a scale that could include office, retail, and (possibly) residential uses. The UG is studying redevelopment efforts of this site separately and it is therefore not included as part of this study.

The best-case long-term scenario for the 15-acre site, in terms of being a catalyst for community change, would be to develop a small-scale town center that is anchored by a supermarket or grocery store, but also includes a mix of residential and/or other uses. Grocers have demonstrated a greater willingness to be incorporated into more walkable settings—particularly if surrounding incomes and/or foot traffic is high.

In the shorter term, the site could be a prime candidate for redevelopment by another big box anchor store (provided the public sector invests in site clearance and/or infrastructure). More sustainable, catalytic development for the community would include a mix of retail, office, and residential uses in a cohesive, walkable development. Residential uses at this site could include multifamily rental housing, townhomes, and/or a senior housing concept.

Demographically and psychographically, residents that would be attracted to sites west of I-635 may be different than those to whom developments east of I-635 appeal. Prospective residents west of the interstate are expected to value newness, cleanliness, and safety. Residents to the east are likely to place greater emphasis on authenticity, connections to historic neighborhoods, and access to civic and cultural amenities.

Market Opportunities: Commercial or residential-led development

Over the long-term, the highest and best use of the 47th Street node and multiple sites within this node would be a grocery-anchored town center, with a mix of office and residential uses. Redevelopment with a grocery store is likely a longer-term opportunity, however. In the short-term, housing is probably a stronger market opportunity. Another opportunity is to use New Markets Tax Credits and other public incentives to accommodate the existing program (pharmacy; general merchandise retailer) in a higher quality development. Some Class B medical office space is also a potential opportunity at this location.

Dense apartments (30 units per acre) will be reliant on a significant amount of tax credits because parking ratios cannot be compromised at this auto-dependent location. Lower density apartments (20 units per acre) would likely require fewer credits per unit because they would feature walk-up units. An apartment development—assuming two tax credit awards and some market rate housing—might total 150 units. Townhomes at 10 to 15 units per acre are marketable, assuming some land is set aside for public space. Class B medical office with up to 20,000 square feet area is also a possibility. Retail development is possible, but dependent on subsidy and turnover from existing retailers (such as a small general merchandise store or pharmacy.) If a supermarket can be attracted to the site, a much stronger town center program could emerge.

Retail Demand

Because of their locations near the I-635 interchange, 38th and 50th Streets nodes are good locations for retail development, because they can draw from a large area. Both nodes are occupied with retail tenants and the only shortages of supply identified are for comparison goods (such as clothes and home furnishings) that are generally found at larger regional retail centers.

The best opportunities lie in waiting for the current generation of retailers to be replaced by a new generation. In which case, mixed-use development that is anchored by a community supermarket and/or general merchandise (totaling 100,000-150,000 square feet of retail) or a neighborhood pharmacy (totaling 25,000 to 50,000 square feet of retail) is possible. However, such an opportunity may not arise in the next five years.

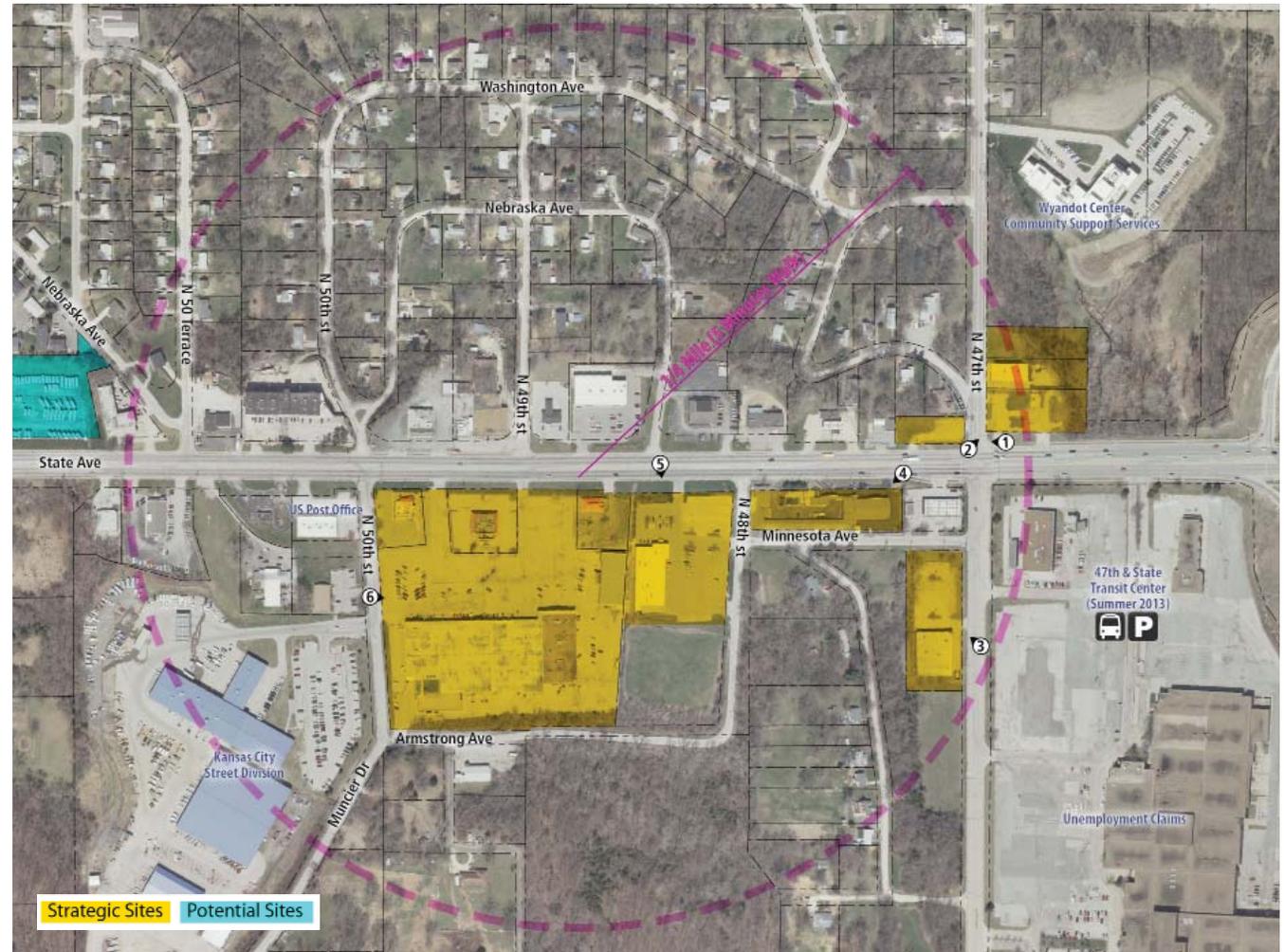


FIG. 3-5 47th Street and State Avenue Node, Strategic Sites

Projected rental and lease rates in such a town center development are as follows:

Affordable Apartments

- 1 BR: \$550 for 650 s.f.
- 2 BR: \$700 for 900 s.f.
- 3 BR: \$775 for 1,100 s.f.

For-Sale Townhomes

- (Absorption rate: 15-20 units per year)
- 2 BR: \$150,000 for 1,250 s.f.
 - 3 BR: \$175,000 for 1,500 s.f.

Commercial Space

- Retail lease rate: \$12-\$14 psf
- Class B medical office lease rate: \$16 psf

Market Rental Townhomes

- 2 BR: \$900 for 1,150 s.f.
- 3 BR: \$1,050 for 1,350 s.f.

Community College / 74th Street Node

The Community College/74th Street node includes two sites on opposite sides of State Avenue. The vacant former Toyota site on the south side of State Avenue, and the vacant former restaurant on the north side, both represent excellent redevelopment opportunities. In addition, the potential interest of the owner of the former Toyota site makes this a good redevelopment candidate.

At roughly five acres, development opportunities at this node are limited to relatively small-scale projects. However, the adjacency of the Kansas City Kansas Community College (Kansas City, KSCC) suggests that campus-oriented uses may be successful at the site. This could include multifamily student and staff housing, or a tenancing strategy with retailers (such as Chipotle, frozen yogurt shops, etc.) that excel in college environments. The availability of transit within walking distance suggests the potential for higher-intensity transit-oriented residential development if accompanied by improvements to the pedestrian environment and enhanced transit facilities and services.

Market Opportunities: Multifamily Housing or Commercial Uses Multifamily

Affordable apartments are marketable at this node. Unfortunately, students generally do not qualify for tax credit apartments, so the site's potential for student housing is uncertain. The same is true for affordable senior apartments, which would be marketable at this site. The Community College has suggested that there would be interest in campus-oriented housing for faculty and staff, many of whom cannot find housing conveniently located to the campus. Retail also could be marketable at this site, particularly if campus-oriented retailers and restaurants are the primary focus. A more generic retail tenant strategy would be a longer-term proposition reliant on replacing existing retail space along the corridor, since there are several new shopping centers that have yet to be fully absorbed into the market. Because this site is auto-dependent, the number of viable apartment units per acre is probably 20.

Retail Demand

The Community College / 74th Street Node has retail potential for two reasons: it is close to several anchor retailers and it is near the community college. According to CoStar, there are 700,000 square feet of occupied retail nearby, with an average building age of 30 years. Capturing less than 10 percent of this development as replacement space would result in 30,000 to 50,000 square feet of retail. However, a 40,000 square foot shopping center that was built in 2007 (7925 State Avenue) has struggled to lease space—a sign that demand for more replacement space at Node Six is at least five years off.

A retail program at the site should include a mix of student-oriented establishments, such as “fast-casual” dining, a café, an ice cream/yogurt vendor, etc.

Achievable Rents and Lease Rates

Projected rental and lease rates for affordable apartments at the Community College / 74th Street Node are as follows:

1 BR: \$550 for 650 s.f.

2 BR: \$700 for 900 s.f.

3 BR: \$775 for 1,100 s.f.

Lease Rate: \$14-\$16 psf

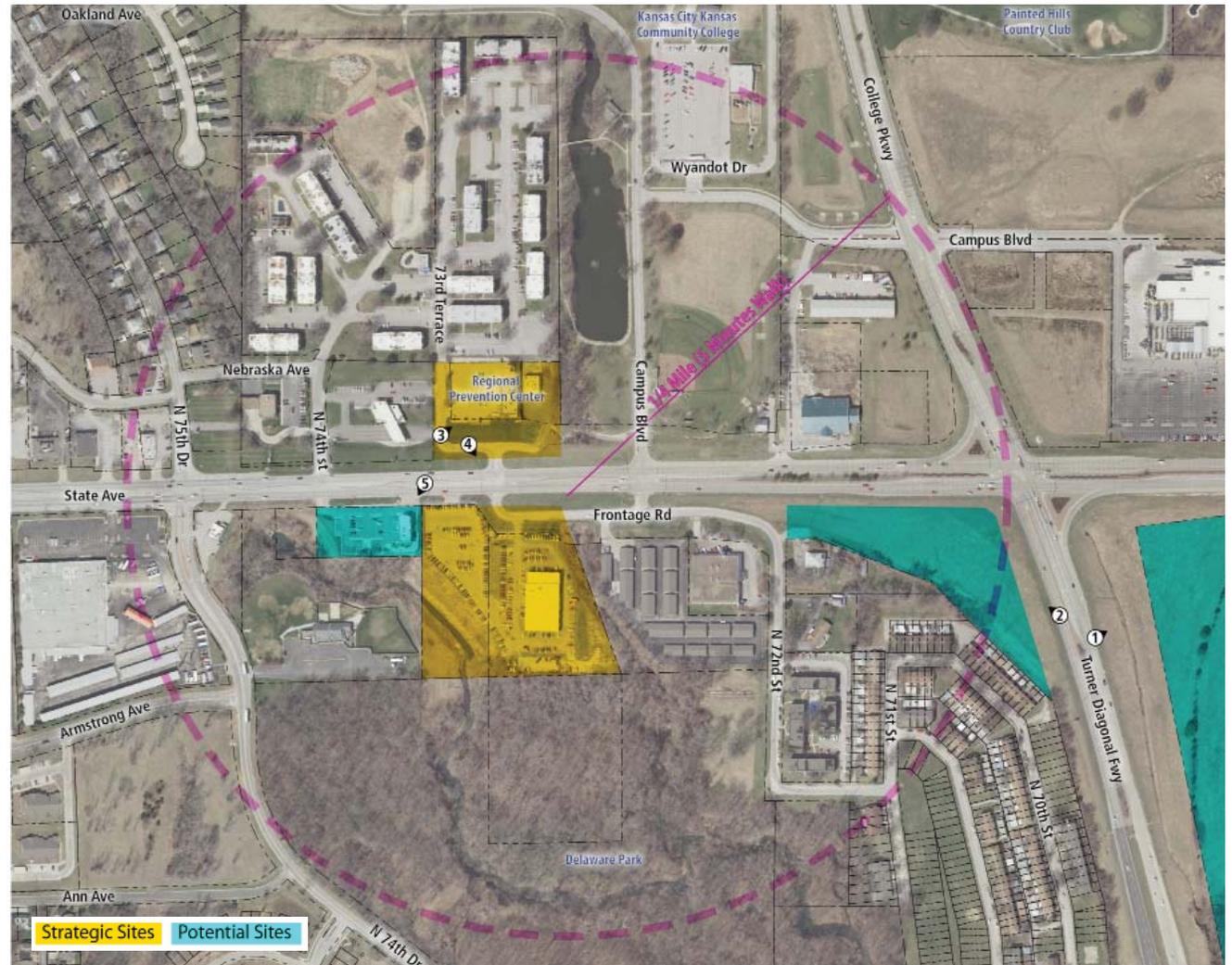


FIG. 3-6 Community College /74th Street and State Avenue Node, Strategic Sites

Kmart Site / 78th Street Node

The Kmart Site / 78th Street Node consists of several shopping centers and big box stores. Several of them appear to be performing reasonably well; however, as Arthur Nelson’s Utah study points out, the lifespan of retail buildings—15 years, on average—are the shortest of all land uses. This is particularly true of big box uses, so it is always wise to plan for their redevelopment before the businesses relocate or fail.

Given the large size of the sites, and the relatively convenient access to I-70, less than one mile to the south, this node has potential as a future employment center, retail center, or mixed-use development.

One caveat to retail and office potential at this node is the vast amount of greenfield land that is available to the west. These greenfield sites represent the “path of least resistance” to development (i.e., land is cheap, there isn’t existing development to grapple with, etc.), so it is entirely possible that would-be retail developers and retailers could “pass over” the opportunity to redevelop this site in favor of those greenfield sites.

Therefore, the best strategy for this node is to differentiate the product; that is, offer something different—something more valuable—than conventional, auto-oriented retail. A walkable, mixed-use, TOD development that includes residential uses and a grocery anchor would sufficiently differentiate this node from many of the development offerings in suburban Kansas City, and likely garner a value premium for residential uses. Such uses would likely include a mix of townhomes and multifamily rental housing.

Market Opportunities: Market rate, mixed-use development

Due to location and property size, the Kmart / 78th Street Node has the strongest market-based opportunities. The best such development opportunity is a grocery-anchored town center with a mix of residential and office uses. That strategy is very dependent on a grocery anchor, however. Assuming early indications of a housing market recovery continue, market rate, for-sale townhomes would be marketable at this site, assuming an appealing public realm can be designed. This is likely to be a suitable location for Class B medical office space. This site is sufficiently large to provide meaningful public space and human-scaled architecture. As a result, a placemaking premium of 15 percent could be realized for residential uses. Affordable apartments should be discounted 10 percent, relative to market rate apartments (if a mixed-income approach is taken).

If a 50,000 square foot grocery anchor can be attracted to the site, another 25,000 to 50,000 square feet of retail is possible. Townhomes can be laid out at a density of 10 to 15 units per acre. 30,000 to 50,000 square feet of Class B medical office is possible at this site. Unfortunately, this site is not eligible for New Markets Tax Credits.

Retail Demand

The Kmart / 78th Street Node is the best retail site of all the nodes selected. It has size (15 acres), visibility along State Avenue, and access to an I-70 interchange. Though occupied today, the site is a strong candidate for replacement space in the future, with one caveat—there remains a great deal of available greenfield land to the west that might absorb this space.

That space could come in the form of a “big box” general merchandise retailer (150,000 square feet, plus out-parcels). If a more pedestrian-friendly program is desired, a 50,000 square foot supermarket might be incorporated into a town center concept. Another 50,000 to 75,000 square feet of inline retail could be attracted if a suitable anchor is found.

Achievable Rents and Lease Rates

Projected rental and lease rates the Kmart / 78th Street Node are as follows:

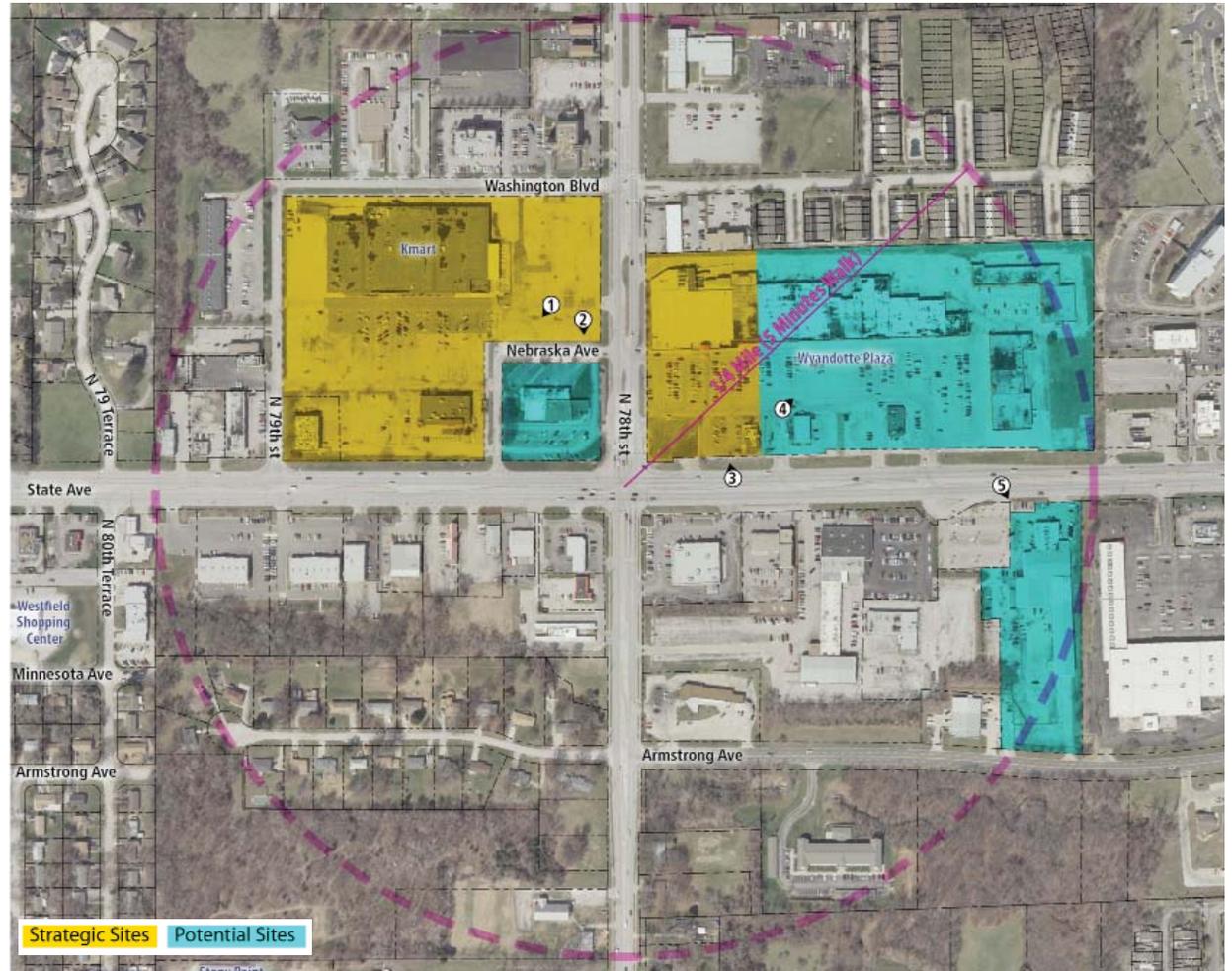


FIG. 3-7 KMart / 78th Street and State Avenue Node, Strategic Sites

Achievable Rents and Program Elements Market Rate Apartments

- 1 BR: \$650 for 600 s.f.
- 2 BR: \$800 for 900 s.f.
- 3 BR: \$900 for 1,100 s.f.

For-Sale Townhomes

- (Absorption rate: 15-20 units per year)
- 2 BR: \$165,000 for 1,150 s.f.
- 3 BR: \$190,000 for 1,400 s.f.

Commercial Space

- Retail lease rate: \$16 psf
- Class B medical office lease rate: \$16-\$18 psf

3.1.1 Constraints to Development

Several general constraints will impact the development potential of all properties in the State Avenue Corridor. These constraints are the quality of public schools, crime, and the balance between the longer term vision for transforming State Avenue and the realities of short-term development needs.

- **Public Schools**

According to Schooldigger.com, Kansas City, KS public schools rank 242nd out of 247 school districts in the state of Kansas. Therefore, attracting families with school-aged children will be challenging. Projections have indicated that by 2025, as many as three in four households will not include children, so the targeted audience for housing may consist of non-families for market rate housing (though affordable housing has proven to be marketable to families in areas for which school district reputations are below average).

- **Crime**

The perception of crime always has the potential to impact property values and development opportunities. Studies have shown that a 10 percent increase in personal crime can lead to a two to four percent reduction in property values. Analysis of zip code level data provided by OnBoard Informatics reveals that crime levels—both personal and property—are elevated throughout the State Avenue corridor—at roughly three to four times national averages. In order for new projects to succeed and thrive, issues of safety need to be addressed.

- **Longer Term Vision vs. Short-Term Development Needs**

The Utah and RCLCO studies work toward quantifying existing and future demand for housing in Smart Growth communities. For the nodes that are west of I-635, significant changes would need to be implemented to envision State Avenue as walkable and pedestrian friendly. Many of the selected nodes for further analysis have been chosen for their presently perceived ability to catalyze further development. However, if they are developed in the near term, they may be developed prior to other Smart Growth community initiatives being implemented (transit, pedestrian friendly thoroughfares, zoning codes that encourage better urban form and a mix of uses along State Avenue, etc.).

As a result, these projects—particularly small-scale ones—may not initially benefit from a “Smart Growth premium;” rather, they may be projects that are intended to inspire or catalyze broader Smart Growth efforts, or take advantage of them (for

example, a transit stop) when funding and public support coalesce to make them happen. It is therefore imperative that Smart Growth initiatives have the full support of the community, because these vital first steps toward remaking State Avenue into a more marketable environment that is capable of supporting human-scaled activity will require patience and a shared vision and purpose by all.

Other overall challenges exist. Sites on the eastern end of the corridor may well require broader neighborhood revitalization efforts to realize their full development potential. For example, a mix of hard (e.g., infill housing, funds for home repairs) and soft (e.g., early education programs, community gardens) investments may be necessary to counter urban decline, outward migration of people, and inequitable socio-economic conditions.

A significant amount of greenfield property exists at the western end of the State Avenue corridor. This land generally has good road access, and will likely be cheaper and/or easier to acquire than underutilized and more sustainable locations farther to the east, and therefore represents competition for the more challenging infill projects. Thus, the selection of catalyst sites needs to maintain focus on the community’s vision to catalyze community revitalization, rather than stimulating more outward migration of quality development.

With relatively low-cost greenfield sites at hand, achievable lease rates for infill projects will not be as high as they otherwise could be—meaning the quality and character of new development/redevelopment must emphasize attractive public space, walkability, and nearby amenities in order to distinguish itself from commodity-priced suburban products—again, “placemaking” in order to create more marketable and sustainable real estate products and nodes.

3.1.2 Outreach to Property Owners

In conjunction with analysis and selection of the seven preliminary development nodes, the UG conducted outreach to property owners to identify likely candidates interested in having their sites be subject to consideration in the planning process. The engagement involved one-on-one meetings to gauge property owner interest and provide information about the project schedule, the planning process and possible conditions associated with participation. The outreach also emphasized project expectations, including sustainability objectives and benefits of participation including getting site plan and entitlement assistance for

implementation. The UG in coordination with the consultant team identified two property owners that own sites within the two preliminary nodes identified. In addition, the UG owns number of sites within the downtown and 6th street node.

The seven preliminary nodes and their specific sites were evaluated and ranked for their development potential based on a variety of factors. The results of this comparative analysis are shown below.

TABLE 8 Comparison of seven preliminary nodes and strategic sites

Strategic Node	Downtown/ 6th Street	Big Eleven Lake/ 11th Street	18th Street	38th Street	47th Street	Community College/74th Street	Kmart Site/78th Street
Number of Strategic Sites	8	5	3	1	11	4	3
Availability/ Interested Property Owner	Vacant or underutilized sites / UG Ownership of 3 Sites	Vacant or underutilized sites	Underutilized Sites (Existing Buildings)	Underutilized Commercial Streep / Long Term Lease	Underutilized Commercial	Vacant and Underutilized Sites (Existing Buildings)	Underutilized Commercial / One site under redevelopment
Total Area	5.21 acres	2.57 acres	1.5 acres	1.8 acres	5.5 acres	9.16 acres	17.60 acres
Market Potential	Favorable (Mixed- Income Residential)	Less Favorable (Senior Housing)	Less Favorable	Favorable (Proximity to adjacent neighborhoods)	Less Favorable	Favorable (Student oriented retail and housing)	Excellent (Market Rate Development)
Proximity of Transit	Close to Proposed Connex Metro Center	Bus Stop (11th and Minnesota Avenue)	Bus Stop (18th and Minnesota Avenue)	Bus Stop (38th and Minnesota Avenue)	Close to Proposed 47th and State Avenue Transit Center	Bus Stop (Campus Blvd. and State Avenue)	Bus Stop (78th and State Avenue)
Proximity to Other Neighborhoods / Amenities	Downtown	Fronting Big Eleven Lake, Near JFK Community Center and Waterway Park	Downtown	Downtown	Downtown	Proximity to Kansas City, KS Community College	Stable retail, residential and office uses nearby
Conformance with Project Goals / Catalytic Potential	Downtown Redevelopment Potential	Not favorable	Not favorable	Not favorable	Not favorable	Mid-corridor redevelopment potential	Placemaking potential

3.1.3 Identification of Select Nodes and Specific Properties

Based on the analysis of the preliminary nodes, outreach and preliminary engagement with property owners, and their willingness to participate in the planning process, the consultant team worked with UG to identify four strategic nodes and properties from the initial list of seven nodes for further evaluation. Selected based on their development potential and their strategic potential to leverage further investment for the State Avenue Corridor, these nodes are:

- Downtown / 6th Street Node
- Big Eleven Lake / 11th Street Node
- Community College / 74th Street Node
- Kmart Site / 78th Street Node

3.2 Initial Development Concepts of Selected Nodes and Sites

Initial development concepts were developed for each of the four selected nodes and their specific sites based on the projected market. These concepts provided the basis for evaluating the development capacity of the strategic sites, the potential mix of uses that could be accommodated, and parking and circulation requirements. In addition, strategic actions that would support the redevelopment of the identified strategic sites and contribute to a more sustainable neighborhood were identified for each node. The analysis identified factors impacting development / redevelopment such as land use changes, urban form enhancements, public realm and connectivity improvements, context area street network and pedestrian environment, proximity to residential areas, connectivity to transit, availability of parking, etc.

The following planning and design goals were used to develop preliminary concepts:

- **Enhancing the sense of place** – Site plan and building configurations that enhance the sense of character and place of the site and adjacent context.
- **Enhancing walking and biking** – Taking advantage of the shared parking potential of each development through mixed uses and enhancements to the pedestrian environment of the development.
- **Supporting transit use** – Proximity of strategic sites and nodes to bus and transit stops.
- **Supporting existing uses/leveraging assets** – Connecting development with other existing uses and/or neighborhood assets such as neighborhood parks.
- **Catalyzing change in surrounding area** – Potential of the development / redevelopment to catalyze change within the surrounding context.
- **Addressing community need (i.e., market)** – Accommodating building uses that address existing community need.

Downtown / 6th Street Node

As shown in the adjoining map, a total of approximately 282 residential apartment units in two phases are proposed within three strategic sites at the downtown and 6th Street node. These sites are within walking distance of the proposed transit center (downtown Kansas City, KS Metro Center), at 7th and Minnesota Avenue. Ground floor neighborhood service retail is proposed at strategic locations within Site A (Corner of 7th and State Avenue), and Site C (along Minnesota Avenue). Three story apartment buildings with on- street and off- street parking are envisioned at this node.

A second phase development within Site A (in place of existing day-care facility) is proposed since this will require acquisition or temporary relocation of the day-care facility. A second phase development at 6th and State Avenue (in place of existing garage), is proposed since this site will require demolition of the existing garage.

Off street surface parking along with on-street parking is provided for all the new development. Proximity of existing three level parking deck to Site A provides opportunities to have shared parking for the new residential development. The type of housing proposed is identified in the Downtown Plan as new infill, medium density housing with the design characteristics outlined in the urban neighborhood guidelines.

TABLE 9 Downtown / 6th Street and State Avenue Node, Development Program

Category	Site A	Site B	Site C
Site Area	2.10 Acres (91,470 SF)	0.57 Acres (24,830 SF)	0.57 Acres (24,825 SF)
Uses			
Retail/Commercial	14,140 SF	-	10,800 SF
Apartment Units	106 @ 700 SF/ Dwelling Unit	23 @ 700 SF/ Dwelling Unit	23 @ 700 SF/ Dwelling Unit
Parking	42 On-street + 84 On-site @ 0.9 Space/Dwelling Unit @2 Space/1,000 SF Commercial	60 Spaces (8 On-street + 52 On-site) Shared Parking with Food Pantry @1 Space/Dwelling Unit	58 Spaces (18 On-street + 40 On-site) @1.4 Space/Dwelling Unit @2 Space/1,000 SF Commercial
No. of Stories	3 Stories	3 Stories	3 Stories
Gross Density	50 Dwelling Units / Acre	40 Dwelling Units / Acre	40 Dwelling Units / Acre

Existing Zoning for Site A-C: C-D (Central Business District) No min. or max. height requirement

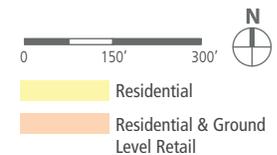
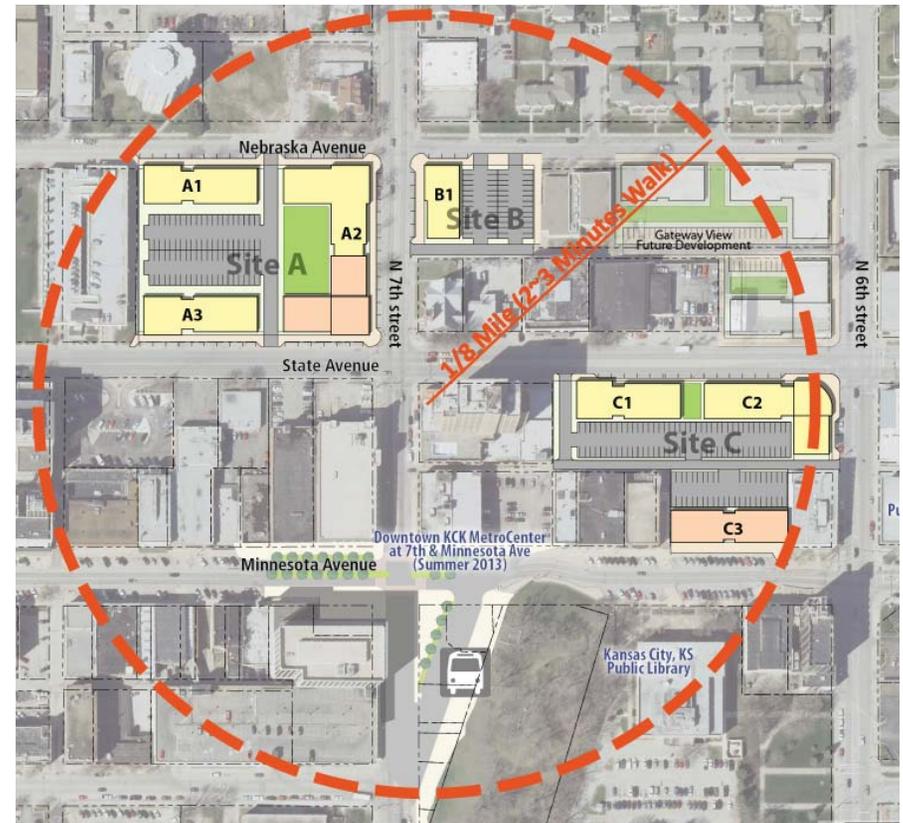
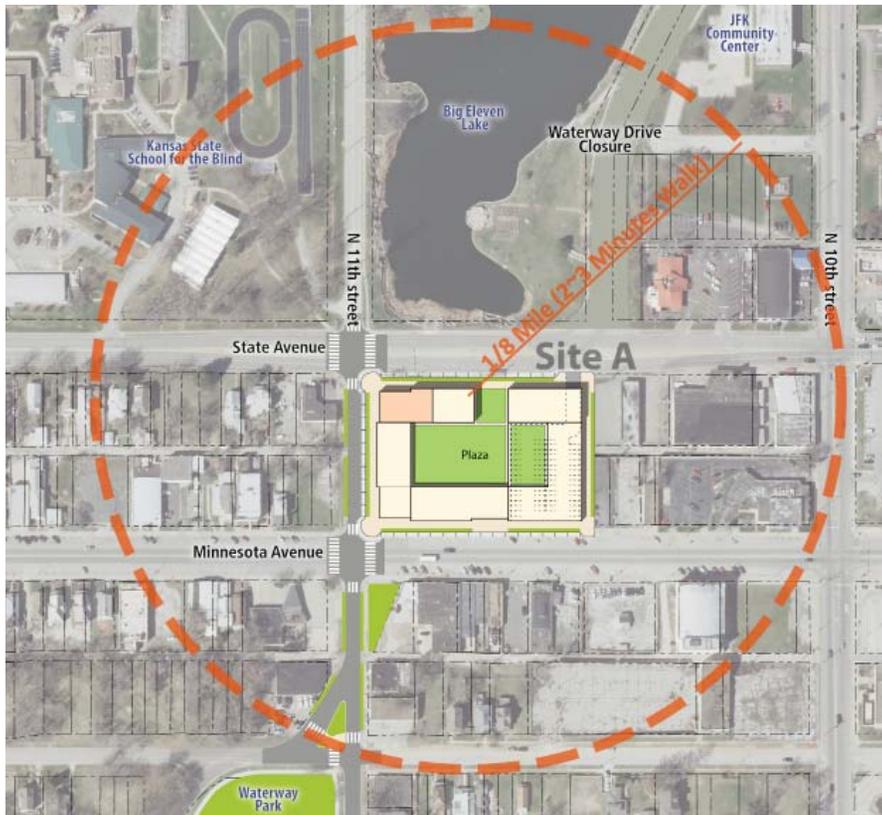


FIG. 3-8 Downtown / 6th Street and State Avenue Node, Initial Concept



Big Eleven Lake / 11th Street Node

A three story senior apartment building (totaling approximately 153 units), is proposed at the Big Eleven Lake / 11th Street node within a 2.6 acre strategic site. The development is proposed to provide a new model of urban living with access to green space and public transit within close proximity to downtown Kansas City, KS. The proposed concept takes advantage of the existing topography of the site so that a two level parking deck accessed from State Avenue below grade from Minnesota Avenue. The building configuration takes advantage of the views of the Big-Eleven Lake with an internal courtyard/ open space as an added amenity. The building configuration takes advantage of the frontage provided by the site along State and Minnesota Avenues. Ground floor retail such as restaurants and cafes with outdoor sitting is provided at the corner of State Avenue and 11th Street.

TABLE 10 Big Eleven Lake / 11th Street and State Avenue Node, Development Program

Category	Site A
Site Area	2.57 Acres (112,500 SF)
Uses	
Retail/Commercial	5,300 SF
Senior Apartment Units	153 (@ 650 SF / Dwelling Unit)
Parking	164 Spaces (40 On-street + 124 On-site) @ 1/Dwelling Unit @ 2/1,000 SF commercial
No. of Stories	3 & 5 Stories
Gross Density	60 Dwelling Units / Acre



FIG. 3-9 Big Eleven Lake / 11th Street and State Avenue Node, Initial Concept

Community College / 74th Street Node

The two strategic sites within the Community College / 74th Street node provide the opportunity for a new gateway and to improve the area’s image. These two sites are proposed for mixed-uses such as multi-family apartments, townhomes and retail, thus providing much needed housing choices for students and faculty of the nearby Kansas City Kansas Community College. As shown in the development concept map, the two sites combining about 9.1 acres area provide approximately 314 apartment units, 167 townhomes and 37,500 SF of ground floor retail. The retail is envisioned to have student oriented retail taking advantage of the proximity of the two sites to the Kansas City Kansas Community College.

Tuck-in parking is provided at each site taking advantage of the topography. The two sites front each other along State Avenue with ground floor retail and two story residential uses above.

TABLE 11 Community College / 74th Street and State Avenue Node, Development Program

Category	Site A	Site B
Site Area	2.60 Acres (113,250 SF)	6.05 Acres (263,540 SF)
Uses		
Retail/Commercial	16,800 SF	20,700 SF
Apartment Units	115 @ 850 SF / Dwelling Unit	58 @ 850 SF / Dwelling Unit
Townhouse Units		167 @ 850 SF / Dwelling Unit
Parking	128 Spaces (16 On-street + 112 On-site) @1 Space/Dwelling Unit, @2 Space/1,000 SF commercial	263 Spaces 39 On-street + 224 On-site @1 Space/Dwelling Unit, @2 Space/1,000 SF commercial
No. of Stories	3 ~ 4 Stories	3 ~ 4 Stories
Gross Density	45 Dwelling Units / Acre	37 Dwelling Units / Acre

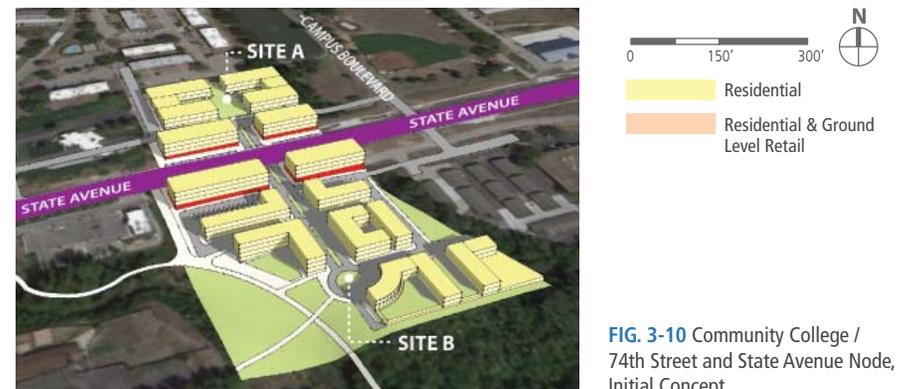


FIG. 3-10 Community College / 74th Street and State Avenue Node, Initial Concept

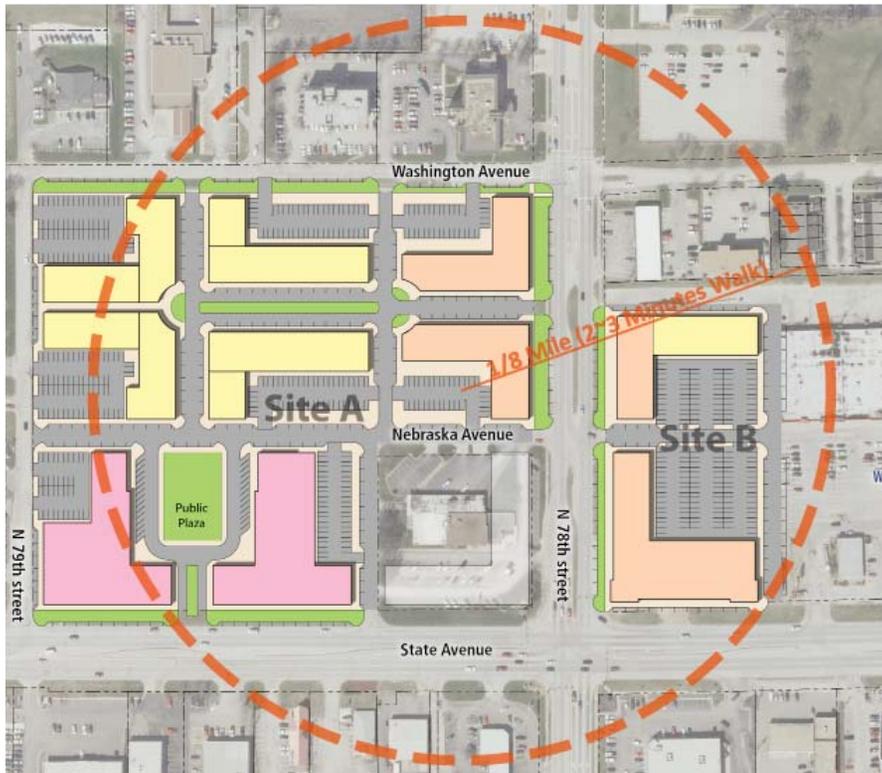


FIG. 3-11 Kmart / 74th Street and State Avenue Node, Initial Concept

Kmart and 78th Street Node

A new town center is proposed at the Kmart and 78th Street node. This development is envisioned as a walkable, compact, mixed-use activity center that could become a model for a more sustainable design along the State Avenue Corridor. The new town center is proposed to be developed in multiple phases since the development will involve multiple property owners. It is adjacent to a stable residential neighborhood and can take advantage of the recent investment made in retail in the area, including relocation of the Fresh Grocers at Wyandotte Plaza.

The new town center will accommodate approximately 164,210 SF retail and 483 residential units (apartment and townhomes) within three story buildings. The town center also includes a central public space or public plaza located fronting State Avenue. Surface parking is accommodated behind buildings.

TABLE 12 KMart / 74th Street and State Avenue Node, Development Program

Category	Site A	Site B
Site Area	13.10 Acres (570,630 SF)	4.00 Acres (174,240 SF)
Uses		
Retail/Commercial	115,000 SF	49,210 SF
Apartment Units	355 (@ 800 SF / Dwelling Unit)	128 (@ 800 SF / Dwelling Unit)
Parking	592 Spaces (225 On-street + 367 On-site) @1 Space/Dwelling Unit, @2 Space/1,000 SF Commercial	252 Spaces (82 On-street + 170 On-site) @1.2 Space/Dwelling Unit @2 Space/1,000 SF Commercial
No. of Stories	1 & 3 Stories	3 Stories
Gross Density	27 Dwelling Units / Acre	32 Dwelling Units / Acre
Existing Zoning	CP-1 (Limited Business District) No more than two stories or 35 feet CP-2 (General Business District) No more than three stories	CP-1 (Limited Business District) No more than two stories or 35 feet CP-2 (General Business District) No more than three stories

3.3 Development Analysis

An analysis of the initial development concepts for the four nodes and strategic sites compared their site development programs, market feasibility, and potential to leverage additional development, and identified pro's and con's associated with redevelopment. Pre-established building types available to MARC from the Envision Tomorrow Plus (ET+) tool were used in this analysis. The results are summarized in the tables below.

TABLE 13 Comparison of four nodes and strategic sites

Strategic Nodes		Downtown/ 6th Street	Big Eleven Lake/ 11th Street	Community College/ 74th Street	Kmart Site/ 78th Street
Site Information	Number of Strategic Sites	8	5	4	3
	Total Site Area (Acres)	5.21	2.57	9.16	17.10
Development Program	Residential Units	282	153	372	483
	No. of Residents	386	169	523	627
	Retail (Sq. Ft.)	24,940	5,300	37,500	164,210
	No. of Jobs	39	15	73	162
	No. of Parking Spaces	335	164	501	844
	Type of Parking	On-street + Off-street Surface Parking	On-street + Tuck- in Deck Parking	On-street + Tuck-in Deck Parking	On-street + Off-street Surface Parking
	Proximity to Transit	High - Next to Transit Center	Medium - Bus	Low - Bus	Low - Bus

TABLE 14 Pro and Cons Comparison of Initial Development Concepts

	Node #1: Downtown/ 6th Street Node	Node #2: Big Eleven Lake/ 11st Street Node	Node #3: Community College/ 74th Street Node	Node #4: Kmart Site/ 78th Street Node
Pros	<ul style="list-style-type: none"> • New investment in transit center downtown • Unified Government ownership of property • Multiple infill sites available for redevelopment • Shared parking potential with adjacent garages 	<ul style="list-style-type: none"> • Strong neighborhood amenities • Vacant site • Frontage on Minnesota and State Avenues 	<ul style="list-style-type: none"> • Close to Community College and City park • Vacant properties 	<ul style="list-style-type: none"> • Stable residential neighborhood • Recent reinvestment in retail • Size of the site
Cons	<ul style="list-style-type: none"> • Low property values • High vacancy rates • Recent job losses 	<ul style="list-style-type: none"> • Minimum potential for spurring more development • Low demand for retail 	<ul style="list-style-type: none"> • Topography • Disparate land use and development pattern 	<ul style="list-style-type: none"> • Multiple property owners

3.3.1 Preliminary Economic Feasibility Analysis

Using a combination of the ET+ tool and traditional development pro-forma analysis, Development Strategies conducted preliminary economic analyses of the initial development concepts for the four nodes and strategic sites to ascertain market feasibility and the extent of the gap funding needed for the four nodes. The preliminary analysis was only based on estimated amount of New Markets and Housing Tax Credits available. Results of this preliminary economic analysis are provided in the table below.

TABLE 15 Summary development pro forma analysis of initial concepts

	Strategic Sites	Unlevered Subsidized Return (target 12%)*	Cash on Cash Subsidized Return (target 10%)*
Big Eleven Site	A1	Low Return	Low Return
Downtown 6th Street	A-1A	High Return	High Return
	A-2A	Low Return	Low Return
	B-1B	Low Return	Low Return
	C-1C	High Return	Medium Return
	C-2C	Medium Return	High Return
Kmart/78th Street	A-1A	Low Return	Low Return
	A-2A	Medium Return	High Return
	A-3A	Medium Return	High Return
	B-1B	Medium Return	High Return

*Preliminary analysis based on estimated amount of New Markets and Housing Tax Credits available.

** Low Return (below 10%); Medium Return (10 to 15%); High Return (Above 15%)



FIG. 3-12 Third Community Meeting

3.4 Summary of Community Meetings

The second and third community meetings focused on the presentation of the preliminary development concepts for the four selected nodes and sites, highlighting site plans and development programs. Presentation questions were asked to select and narrow down to two strategic nodes and sites. Format for both the meetings included an interactive question and answer survey of the participants using voting pads.

The key points that came out of the exercise included the following:

- Of the three sites in the Downtown / 6th Street node, Site A was identified as the one that would provide the most benefit.
- On the Big Eleven Lake / 11th Street, the majority felt like some retail should be located on both State Avenue and Minnesota Avenue.
- At the City College / 74th Street Node, the majority felt that Cafes and Convenience retail oriented to college would be the most appropriate kind of commercial development for this location.
- At the Kmart / 78th Street Node, the majority felt that the mix of uses that would be most beneficial would be a combination of retail, office and residential uses.
- When asked where redevelopment would provide most benefit, the overwhelming choice was the Downtown/6th Street Node. The Community College/74th Street Node received the second most number of votes, but was very close to the K Mart/78th Street Node.
- When asked which kind of housing should be given highest priority, townhouses received the majority of the votes, followed by senior housing.



FIG. 3-13 Downtown / 6th Street and State Avenue Node, Initial Concept (left)

FIG. 3-14 Big Eleven Lake / 11th Street and State Avenue Node, Initial Concept (right)

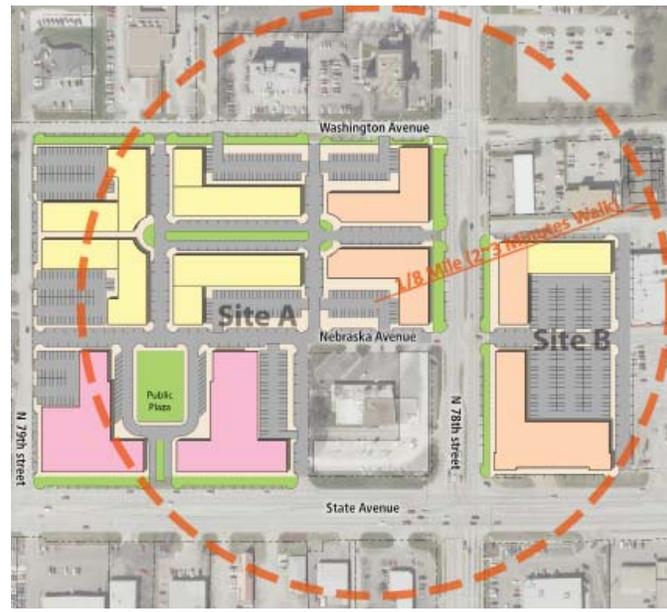
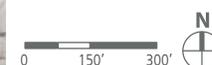


FIG. 3-15 Community College / 74th Street and State Avenue Node, Initial Concept (left)

FIG. 3-16 KMart / 74th Street and State Avenue Node, Initial Concept (right)



The background is a solid orange color with a faint, light-colored grid pattern. Overlaid on this grid are various white and light orange lines representing roads, rivers, and other geographical features. A prominent white line runs horizontally across the middle of the page, ending in a thick white bar that connects to two overlapping circles on the right side. The text is positioned on the left side of the page.

SECTION 4:

REDEVELOPMENT STRATEGY

SECTION 4: REDEVELOPMENT STRATEGY

Introduction

This section describes the proposed redevelopment strategy developed through this study for the two catalytic nodes and sites selected on the State Avenue Corridor. The discussion is divided into following sub-sections:

- **Section 4.1- Catalyst Projects:** Describes the site development strategy, development program and urban design features of the two catalytic nodes and sites selected for redevelopment.
- **Section 4.2 - Economic Feasibility:** Describes the economic feasibility of the development programs identified for each of the two nodes, including gap funding and incentives available.
- **Section 4.3- Implementation and Entitlement Strategy:** Describes other economic development incentives, zoning and land use and design guidelines that could be employed to assist property owners and developers.

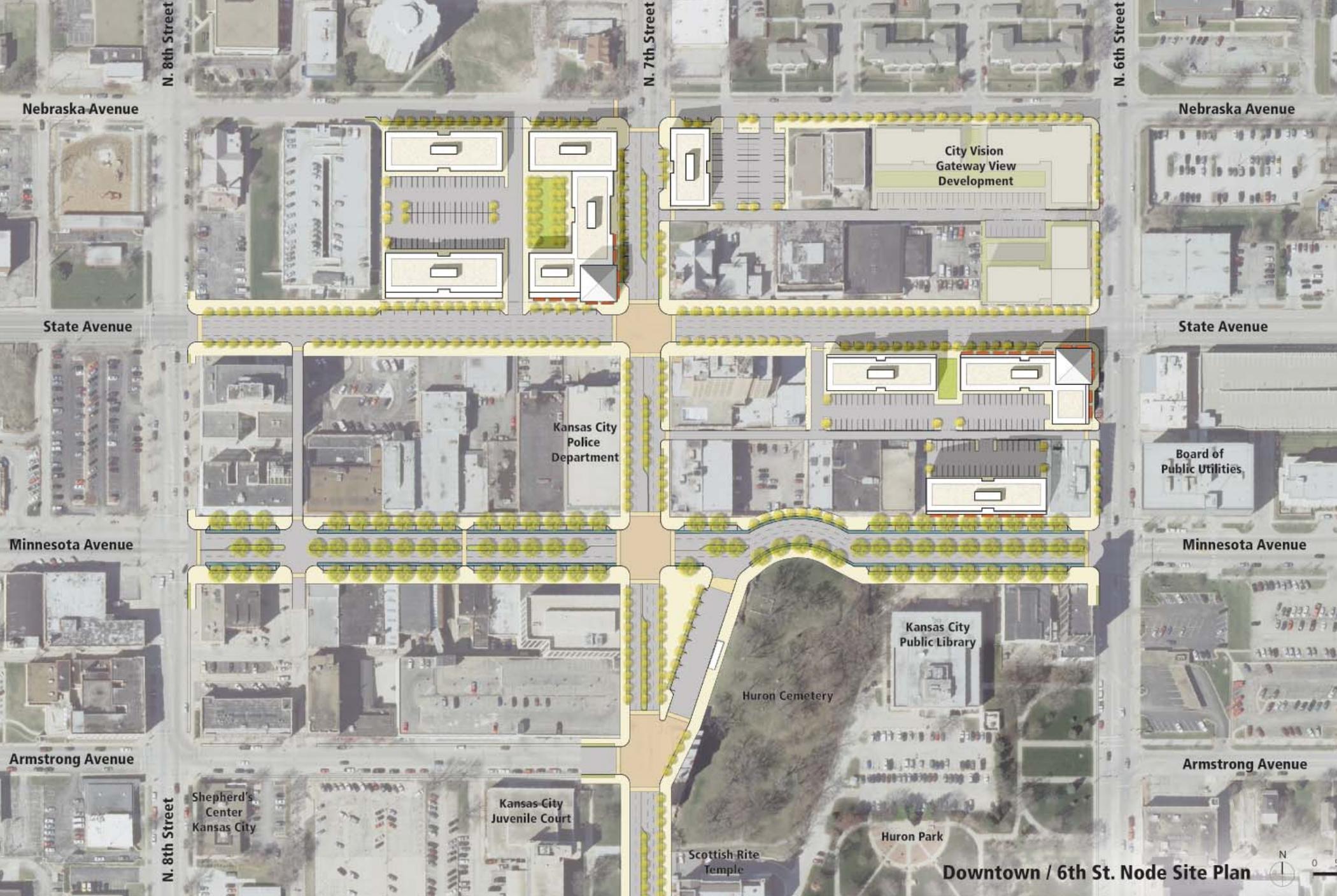


FIG. 4-1 Illustrative Site Plan showing Downtown / 6th Street and State Avenue Node



4.1 Catalytic Projects

Based on analysis of nodes and selected sites, input received from stakeholder and property owners' workshop, comments received from the Project Advisory Committee, two nodes and specific sites were selected as catalyst projects.

4.1.1 Downtown and 6th Street Node

Development Program

The Downtown and 6th Street node includes three distinct development sites: Site A, B and C (see Figure 4-2). Each of the sites can be developed independently, and each has the potential to phase development within the site. Together, the three sites have the potential to change the perception of Downtown and catalyze additional investment in Downtown development.

The proposed development program primarily focuses on creating more housing Downtown, but also includes ground floor retail at strategic locations. Altogether, the development of the three sites would generate 282 residential units and 25,000 square feet of retail space.

The development program assumes the housing will be a mix of mixed income rental apartments, and the building type will be 3-story stick-frame construction.

The majority of the buildings will be single use residential buildings, except for those fronting Minnesota Avenue and the building at the corner of 7th Street and State Avenue, which will be mixed use buildings with ground floor retail/commercial space and two floors of housing above.

The financial investment and physical enhancement associated with the proposed infill development is intended to serve as a catalyst for additional redevelopment and neighborhood enhancement in the surrounding area. The project will help to stimulate redevelopment and reuse of key vacant and under-utilized parcels and buildings that currently exist along Nebraska, Minnesota, and State Avenues in the vicinity of the proposed development.

By creating more housing Downtown, the development of these catalyst sites is intended to:

- put more residents within walking distance of downtown employment, retail, restaurants and services;

- enhance bus service and ridership by having more people living within walking distance to the new Downtown Kansas City, KS MetroCenter at 7th Street and Minnesota Avenue; and
- create more around-the-clock activity in Downtown that will support Downtown businesses and encourage reinvestment in the existing building stock that includes many vacant storefronts, buildings and parcels.

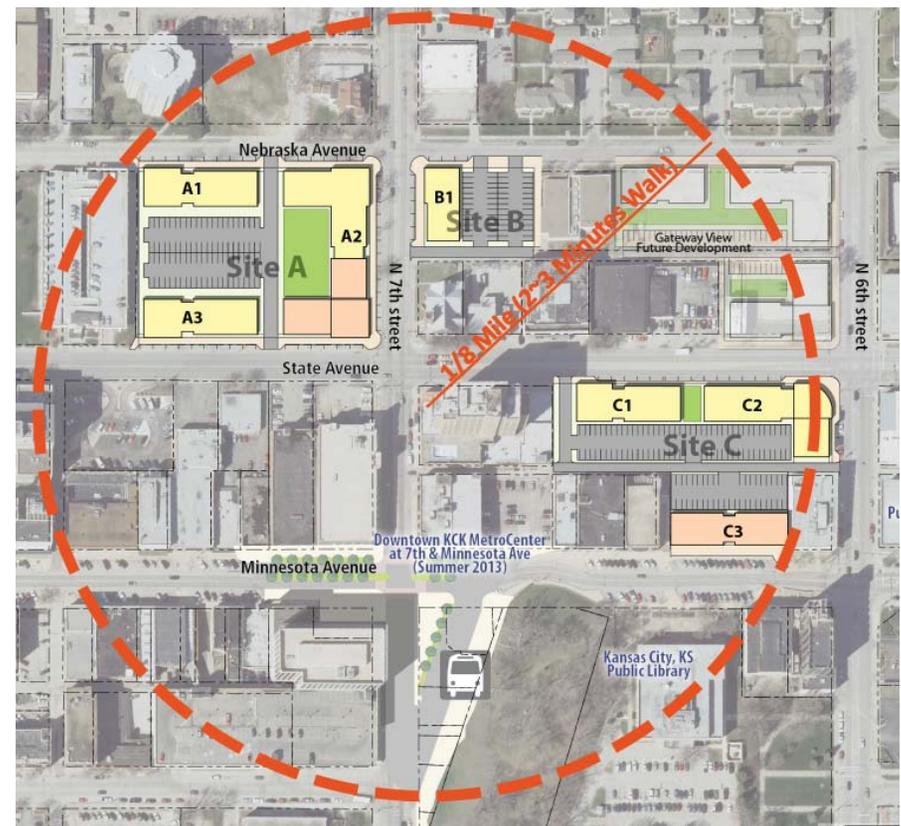


FIG. 4-2 Downtown / 6th Street and State Avenue Node, Initial Concept

Urban Design Strategy

The proposed infill development at the Downtown and 6th Street Node employs a number of design strategies to enhance the area's development character and quality, activate the public realm, improve public safety, and enhance walkability. Key design moves include:

- **Consistent and Well-defined Street Wall.** Orienting and siting buildings up to the street gives better definition to the public realm by creating a consistent street wall (i.e., eliminating gaps created by vacant lots and surface parking lots).
- **Active Facades.** Designing "active" building facades that engage the public streetscape by orienting building entrances, storefront windows, residential balconies, etc. directly to the street and providing transparent ground floor windows that add visual interest to the pedestrian realm.
- **Ground-floor Residential Units.** Fronting ground-floor units onto, and taking direct access from, the street, in order to promote active residential street frontages, and raising ground-floor residential units at least two to three feet from the public sidewalk to protect the privacy of residential units.
- **Enhanced Pedestrian Environment.** Improving the public streetscape in conjunction with the redevelopment of adjoining private parcels in order to provide a comfortable and attractive pedestrian environment that supports walking and social interaction while improving pedestrian safety. Recommended improvements include:
 - Repairing broken and uneven sidewalks and remedy cracking and weeds.
 - Widening sidewalks to at least 10 feet.
 - Introducing a regular and consistent planting of street trees with tree grates.
 - Introducing bulb-outs (curb extensions) and improved crosswalk markings at intersections.
 - Adding pedestrian-scale street lights that enhance public safety and support increased nighttime use.
- **Green Infrastructure.** Incorporating rain gardens into the bulb-out design to capture and treat stormwater and add greenery to the public realm.
- **Alley Access.** Introducing mid-block alleys as the primary access to parking areas in order to reduce the number of curb cuts necessary to serve new development.
- **Parking Strategy.** Reducing the economic, aesthetic and functional impact of parking on proposed development and Downtown character by:

- Minimizing parking requirements for new residential development within walking distance of transit
 - Allowing on-street parking to count against retail parking requirements
 - Locating all parking on the interior of the site where it is screened from public view by the buildings.
- **Public Safety.** Designing new development to support a natural surveillance by users and property owners that reduces the potential for crime and illicit behavior by creating "eyes on the street."



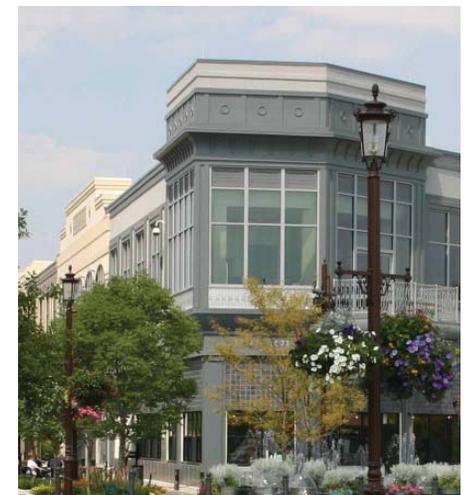
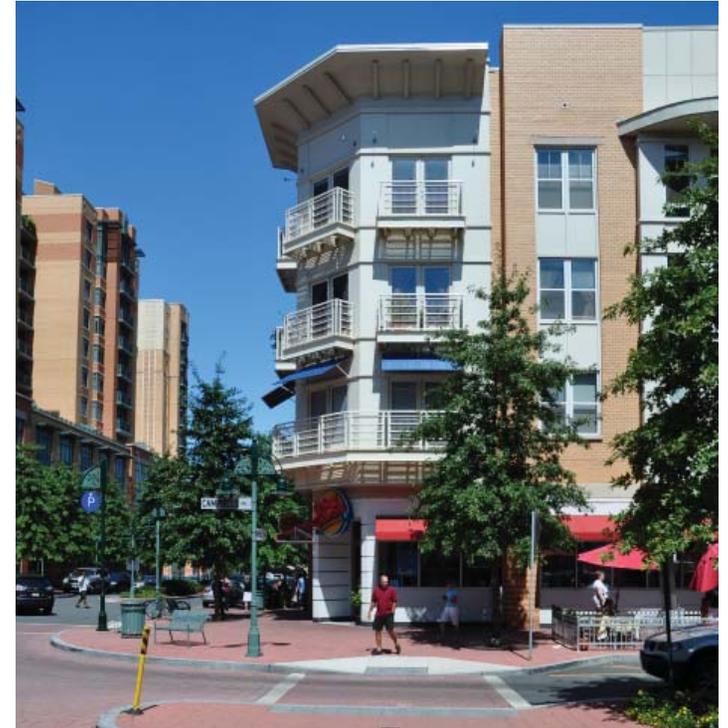


FIG. 4-3 Precedent images of recommended urban design strategies

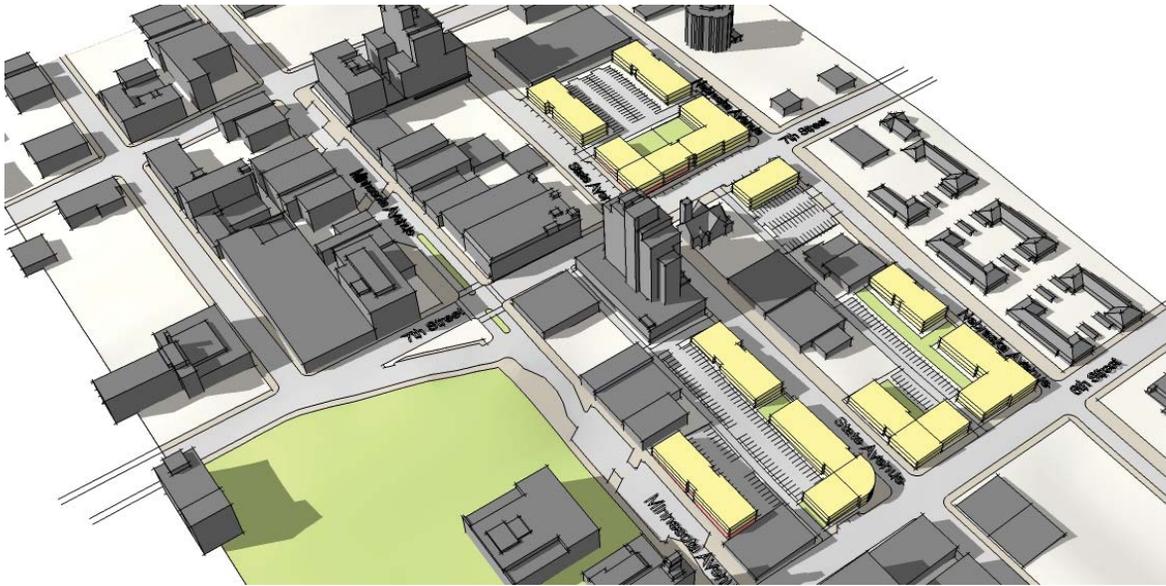


FIG. 4-4 3-D Massing illustrative of Downtown / 6th Street and State Avenue Node, looking Northwest



FIG. 4-5 Illustrative 3-D Massing views of Downtown / 6th Street and State Avenue Node, looking West



FIG. 4-6 Before and after illustrative rendering of the Downtown / 6th Street Node at State Avenue and 5th Street (Courtesy: MARC / Fregonese Associates)



FIG. 4-7 Development phasing illustrations of the State Avenue and 5th Street intersection

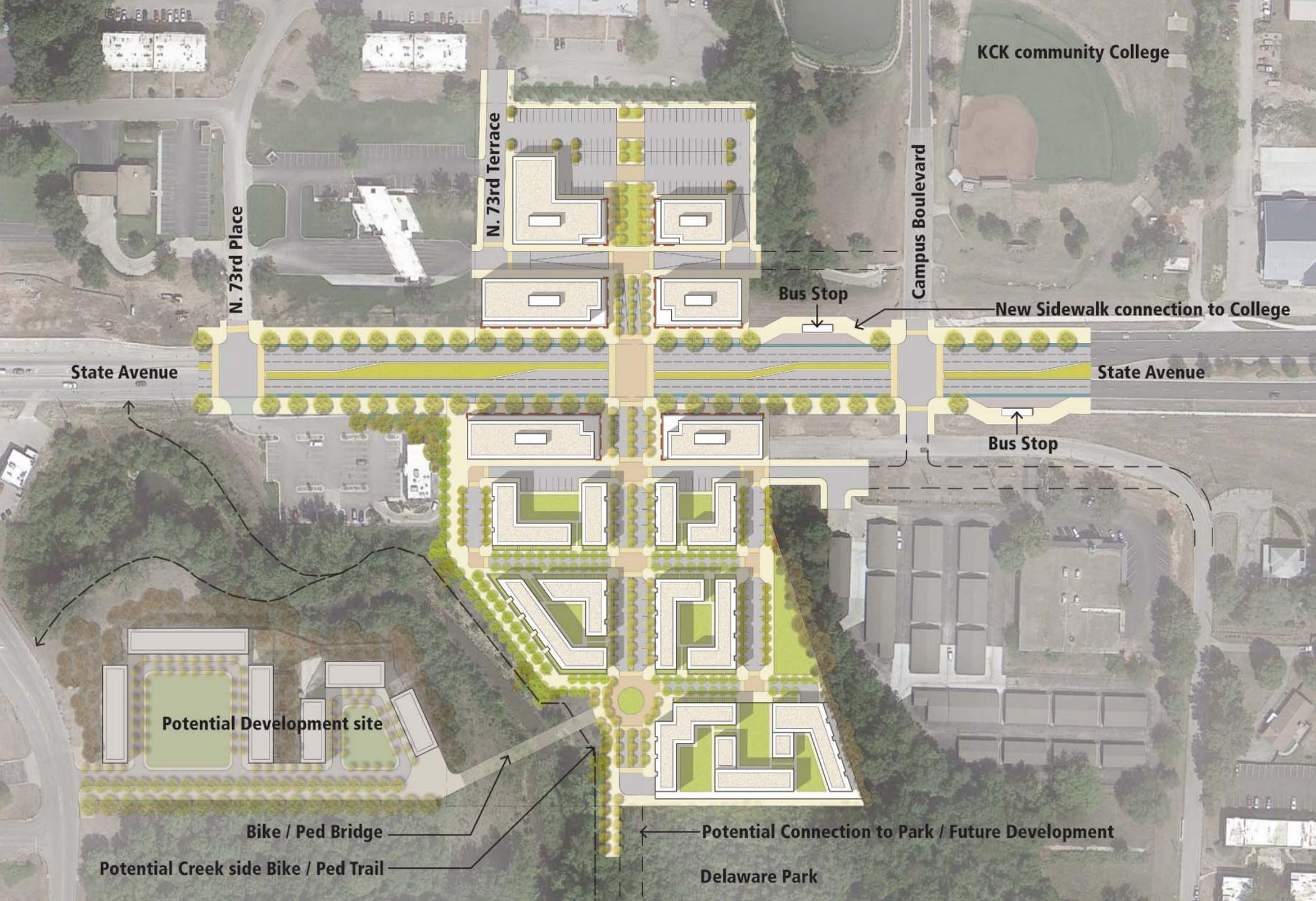


FIG. 4-8 Illustrative Site Plan showing Community College / 74th Street and State Avenue Node



4.1.2 Community College Node

Development Program

The Community College / 74th Street node includes two distinct development sites—one on either side of State Avenue (see Figure 4-9). Each of the sites can be developed independently, and each has the potential to phase development within the site. Together, the two sites have the potential to create a new gateway destination near the entry to the college, to establish a distinctive image for the area, and be a catalyst for additional positive change in the development patterns in the surrounding area.

The proposed development program focuses on creating a mix of retail and residential uses that will address the area’s needs for retail, residential and place-making. The program includes a mix of uses that includes multi-family apartments, townhomes and retail. Both sites locate retail along State Avenue, with housing above and behind.

The retail is envisioned to be predominantly campus-oriented with dining, entertainment and service uses that take advantage of the proximity of the two sites to the Kansas City Kansas Community College. Similarly, the housing would take advantage of the college’s proximity, but would be targeted more to faculty and staff, than students—providing much needed housing choices for this group in close proximity to the college.

As shown in the development concept map, the development of the two sites would generate approximately 173 apartment units, 167 townhomes and 37,500 SF of ground floor retail. The development program assumes the apartments will be rental units, and the townhomes would be a mix of market rate rental and for sale units. The apartments and mixed use buildings will be 3- and 4-story stick-frame construction, while the townhomes are likely to be 2- and 3-story stick-frame construction.

The four buildings fronting onto State Avenue will be mixed use buildings with ground floor retail/commercial space and three floors of housing above. The remainder of the buildings will all be single use residential buildings.

The financial investment and physical enhancement associated with the proposed redevelopment of these two sites is intended to serve as a catalyst for additional redevelopment and enhancement in the surrounding area. The more compact, street-oriented retail is intended to establish a new pattern of retail along State Avenue that is both walkable and more efficient in its use of land, and takes advantage of the transit stop at Campus Boulevard. The residential development is intended to catalyze additional new housing as well as potential reinvestment/redevelopment of existing housing.

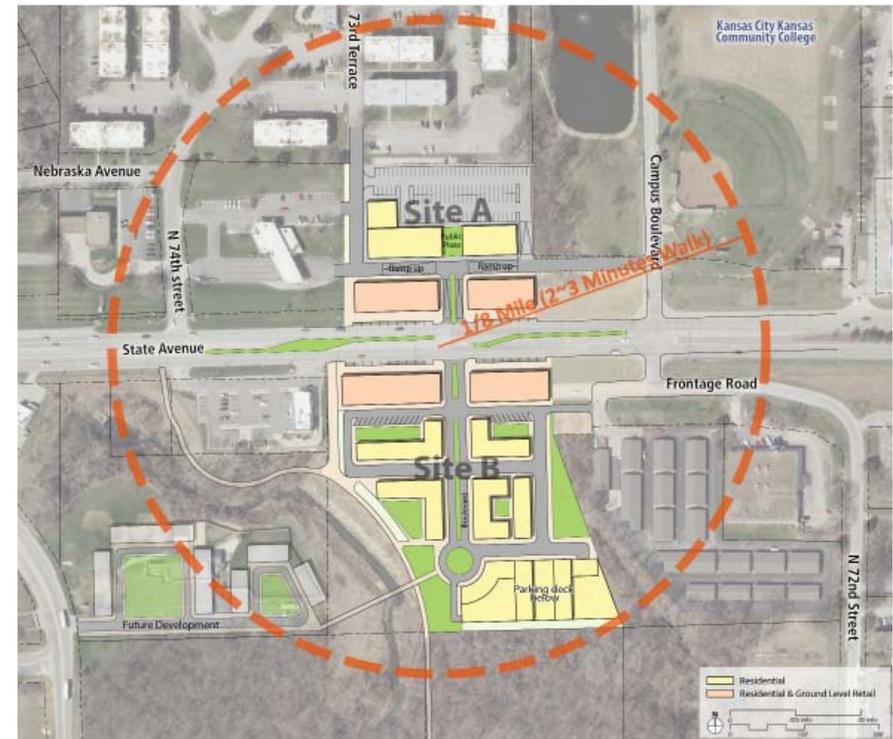


FIG. 4-9 Community College / 74th Street and State Avenue Node, Initial Concept

Urban Design Strategy

The proposed infill development at the Community College / 74th Street node employs a number of design strategies to enhance the area's development character and quality, improve the viability of retail, activate the public realm, and enhance walkability. Key design moves include:

- **Retail Node.** Establishing a concentration of buildings on both sides of State Avenue that create a recognizable retail cluster that extends both parallel to State Avenue, and on opposite sides. In order to achieve this:
 - New buildings would be sited up to the edge of the right-of-way to place them close enough together to create some retail synergy between the uses on either side of the roadway.
 - The large existing landscape setback and frontage road would be removed.
 - The frontage road would be relocated to the rear of the buildings, with the ability to make connections to adjoining properties to the east or west.
 - The existing access from State Avenue at 73rd Street would be redesigned as a more formal and attractive entry to the two retail sites.
- **Enhanced Pedestrian Environment.** Improving the public streetscape along State Avenue in conjunction with the redevelopment of adjoining private parcels in order to provide a comfortable and attractive pedestrian environment that supports walking and improves pedestrian safety. Recommended improvements include:
 - Adding sidewalks (6' minimum width) separated by a planting strip (4' minimum width) along both sides of State Avenue.
 - Introducing a regular and consistent planting of street trees and landscaping within the planting strip.
 - Introducing enhanced pedestrian crossings at the project entry at 73rd Street and at the intersections with Campus Boulevard (bus stop) and 74th Street, to improve pedestrian safety and ease of crossing.
 - Adding pedestrian-scale street lights that enhance public safety and support increased nighttime use.
- **Enhanced Bicycle Facilities.** Adding facilities to support safe, convenient bicycle use along State Avenue and between catalyst sites and adjoining areas. Recommended improvements include:
 - Adding Class II bike lanes to both sides of State Avenue
 - Extending a Class I multi-use path along the creek west/southwest of Site B with

connections to Delaware Park and State Avenue from Site B

- Linking the Site B development with 74th Street via a ped/bike bridge across the creek and a Class I multi-use path.
- **Enhanced Transit Facilities.** Adding facilities to support safe, convenient transit use along State Avenue. Recommended improvements include:
 - Extending continuous sidewalk connections between Site A and Site B and the transit stop at Campus Boulevard
 - Enhancing the transit stop at Campus Boulevard and State Avenue to provide benches, shelter, informational signage, etc. to ensure transit rider comfort.
- **Street Framework.** Designing the layout of streets to enhance the identity of the new development. 73rd Street is extended north and south as a formal landscaped boulevard that serves as a visual and functional spine that unifies the developments on either side of State Avenue.
- **Parking Strategy.** Reducing the economic, aesthetic and functional impact of parking on proposed development by:
 - Minimizing parking requirements for new residential development within walking distance of transit
 - Allowing on-street parking to count against retail and residential parking requirements
 - Taking advantage of the sloping topography to create a parking deck at the south edge of Site B to accommodate proposed densities.
 - Locating all retail parking behind the buildings (i.e., no off-street parking between State Avenue and the storefronts).
 - Locating parallel on-street parking on State Avenue to provide convenient storefront parking, create a buffer between pedestrians and State Avenue traffic, and to calm traffic on State Avenue.
- **Active Facades.** Designing "active" building facades that engage the public streetscape by orienting building entrances, storefront windows, residential balconies, etc. directly to the street and providing transparent ground floor windows that add visual interest to the pedestrian realm.
- **Ground-floor Residential Units.** Having ground-floor units front onto, and take direct access from, the public streetscape, in order to promote active residential street frontages, and raising ground-floor residential units at least two to three feet from the public sidewalk to protect the privacy of residential units.



FIG. 4-10 Development phasing illustrations of the Community College / 74th Street Node at State Avenue



FIG. 4-11 Before and after illustrative rendering of the Community College / 74th Street Node at State Avenue (Courtesy: MARC / Fregonese Associates)

- **Green Infrastructure.** Incorporating facilities such as rain gardens, bio-swales, permeable paving into site and street design to capture and treat stormwater before it flows into the creeks and watershed.

4.2 Economic Feasibility

Realization of the Catalytic projects for State Avenue corridor will require concerted public/private partnerships – an alliance of the city, and perhaps the state as well, on the public side, as well as the area’s key private stakeholders and civic interests. The plan provides the framework to guide the actions and investments of these various parties over the next 5 to 10 years. At the same time, the plan, together with this economic toolkit, should be seen as adaptable to changing circumstances and influences. Accordingly, it should be periodically reexamined and revised to maintain a clear focus on intended directions and outcomes.

4.2.1 Economic Development Tools

The following provides a “toolkit” of resources that might be utilized in the development / redevelopment of the catalytic projects as well as redevelopment of other selected nodes along the State Avenue corridor.

Kansas City, KS have available a variety of fiscal tools to induce private investment. These generally fall under the following five categories:

- Bond financing (based on anticipated future revenue)
 - Key Program: Tax Increment Financing (TIF)
- Supplemental taxes
 - Key Programs: Community Improvement District (CID), Special Business District (SBD), Transportation Development District (TDD)
- Tax reductions
 - Key Programs: Neighborhood Revitalization At Tax Abatement (NRA)
- Tax credits
 - Key Programs: Low Income Housing Tax Credits (LIHTC), New Markets Tax Credits (NMTC), Historic Tax Credits (HTC)
- Grants

Anticipated Future Revenue

In certain instances, future taxes generated by real estate investments can be used to finance current costs of facilitating those improvements. This mechanism is referred to generically as Tax Increment Financing (TIF). The capture of taxes resulting from increased assessed value (the increment) is used to pay debt service on bonds issued to fund selected costs of development.

Along State Avenue this would involve the creation of one or more new TIF districts in the area. TIF revenue would be generated through the capture of net new property taxes, and could be used to finance public infrastructure and site acquisition and clearance.

To determine the efficacy of a TIF strategy, the level of taxable investment that is likely to be attracted to the selected areas has been evaluated as part of this project’s market study—as has the value, or increment, can be created for the larger TIF district. This is discussed in the project feasibility section of this report.

Supplemental Taxes

This section focuses on improvement districts which are sometimes also referred to as special tax districts. In general, an improvement district generates a steady source of revenue to finance services and project costs that are considered “special” to landowners, residents, and businesses within a designated geographic area. Therefore, a separate tax is levied only on those properties within defined boundaries that will be benefited by these expenditures. We discuss two common forms of improvement district.

- **Community Improvement District (CID), Special Business District (SBD), and Transportation Development District (TDD)**

A CID (or similar program) typically involves a special property tax that supports an array of needed supplemental programs and services. These often include marketing, maintenance, security, and limited capital improvements, including streetscape enhancements. It is important to note that the imposition of such supplemental taxes or fees does not have to be limited to businesses and commercial properties but can also come from residents and residential properties. In the case of condominium owners, this could be incorporated into the monthly condo fee if arranged for at the outset of the development or billed directly to each unit along with the property tax bill from the assessor.

Special Assessment District (SAD)

This form of improvement district is typically used to defray the cost of public improvements among properties that receive a direct benefit. Common SADs involve the extension of infrastructure such as sanitary and storm sewers, and are typically levied on property owners over a fixed period such as 10 years.

Tax Reductions

Personal and real property tax reductions, or abatements, are common economic development incentives, particularly where significant new real estate investment occurs or new jobs are created. In most instances, the abatements act to reduce operating costs of investment real estate (office, industrial, retail, or rental apartment buildings) for a designated period of time. In Kansas City, KS, the Neighborhood Revitalization Act (NRA) tax abatement is available for use.

Grants

While far less available than in the past, there remain opportunities to obtain grants and soft loans from a wide variety of both public and private sources. Private corporate and charitable foundations do target their support to different aspects of urban investment and revitalization such as economic development, environment enhancement, historic preservation, and open space and parks. Most government grants are ones resulting from legislators' capacity to target appropriations to special community needs and high profile projects of wide public benefit. Federal TIGER funds could be explored for State Avenue.

Tax Credits

Because the private market alone cannot deliver the products that are proposed as part of this development plan, public support is necessary to make development economically viable. Tax credits are one form of public participation that can be used to reduce the costs of development, thus making projects viable that otherwise could not be developed.

Two types of tax credits would be particularly useful in the study area: Low Income Housing Tax Credits (LIHTC) and New Markets Tax Credits (NMTC). LIHTC are used to provide affordable housing, defined broadly as rental units offered at below market rents to households that earn below 60 percent of area median income (AMI). New Markets Tax Credits are used for the development of commercial properties in distressed areas.

There are many similarities in the broad ways in which the tax credits work. Both provide tax credits for a percentage of eligible costs (which consist of most building hard and soft costs; infrastructure costs are rarely included). Once awarded, the future value of these tax credits can be bought and sold on the private market, usually at a discounted rate. This discounted rate becomes the "equity value" of the tax credits.

- **Impact of Tax Credits on Phasing**

The state of Kansas places limits on the amount of tax credits that can be awarded to a project on an annual basis. This can have a significant impact on the phasing of a development. Further, tax credits are not necessarily awarded to the same project in consecutive years. In this way, an affordable project that could technically be absorbed into the market in two years might actually take five to seven years—or more—to develop, due to the constraint of limited tax credit allocations.

- **Impact of New Markets Tax Credits on Location**

New Markets Tax Credits can only be allocated in qualifying census tracts; the chief criterion for this designation is median household income. The entire downtown area is in qualifying census tracts, meaning downtown sites A, B, and C all qualify for NMTC. However, with respect to the community college/town center site, only the north side (site A) qualifies for NMTC, so they cannot be used for site B.



FIG. 4-12 Illustrative 3-D Massing view of Community College node

TABLE 16 Summary of Fiscal Impact Analysis: All Development
Downtown Site A

Category	Retail	Office	For-Sale	Rental Housing	Total
Summary Statistics					
Units (New)	N/A	N/A	0	0	N/A
Leasable Square Feet (New)	14,140	0	0	104,300	118,440
Leasable Square Feet (New)	12%	0%	0%	88%	100%
Assessed Value (Affected Properties)	\$11,939	\$0	\$0	\$88,061	\$100,000
Revenues from Retail Sales					
EATS		\$908,770	-	-	\$908,770
CID		\$732,636	-	-	\$732,636
Total:	\$1,641,406	\$0	\$0	\$0	\$1,641,406
Revenues from Real Property					
PILOTS					
100 Percent	\$561,507	\$0	\$0	\$2,638,169	\$3,477,300
CID	\$47,444	\$0	\$0	\$230,180	\$277,624
Total (CID + 100% PILOTS)	\$608,951	\$0	\$0	\$2,868,349	\$3,477,300
Grand Total (rounded):	\$2,250,000	\$0	\$0	\$2,870,000	\$5,100,000
Potential Cash Proceeds (@ 1.25 DCR):	\$1,800,000	\$0	\$0	\$2,300,000	\$4,100,000

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TABLE 17 Feasibility Analysis: Downtown Site A
Sources and Uses

	Apartments	Retail	Total
Units (New)	149	14,140	-
Net Acres	1.0	0.3	1.3
Total Development Costs*	\$15,800,000	\$1,900,000	\$17,500,000
Building and Site Improvements	\$15,600,000	\$1,900,000	\$17,500,000
Acquisition	\$250,000	\$80,000	\$300,000
Total:	\$1,641,406	\$0	\$0
Available Private Finance	\$10,100,000	\$1,100,000	\$11,200,000
Loan Principal	\$8,100,000	\$900,000	\$9,000,000
Required Equity**	\$2,000,000	\$200,000	\$2,200,000
>>Gap Before Subsidy	\$5,700,000	\$800,000	\$6,500,000
Potential Available Subsidy	\$25,697,461	\$2,324,108	\$28,021,569
Tax Credits (Equity Value)	\$23,397,461	\$524,108	\$23,921,569
ED Funds Available (Discounted)	\$2,300,000	\$1,800,000	\$4,100,000
>>Gap After Subsidy-Tax Credits◇	(\$17,697,461)	\$275,892	(\$17,421,569)
>>Gap After Subsidy-ED Funds◇	\$3,400,000	(\$1,000,000)	\$2,400,000

*Includes a 12 percent developer fee **Assumes a 15-20 percent IRR
◇Parentheses indicate a surplus

TABLE 18 Feasibility Analysis: Downtown Site A (Abatement Scenario)
Sources and Uses

	Apartments	Retail	Total
Units	149	14,140	-
Net Acres	1.0	0.3	1.3
Total Development Costs*	\$15,800,000	\$1,900,000	\$17,700,000
Building and Site Improvements	\$15,600,000	\$1,900,000	\$17,500,000
Acquisition	\$250,000	\$80,000	\$300,000
Available Private Finance	\$11,600,000	\$1,100,000	\$12,700,000
Loan Principal	\$9,300,000	\$900,000	\$10,200,000
Required Equity**	\$2,300,000	\$200,000	\$2,500,000
>>Financial Gap	\$4,200,000	\$800,000	\$5,000,000

*Includes a 12 percent developer fee **Assumes a 15-20 percent IRR ◇Parentheses indicates a surplus

4.2.2 Catalyst Project Feasibility Analysis

The tools outlined above were modeled in financial pro formas to determine the degree to which they could help to bridge whatever financial gaps exist between the cost of development and the amount of private finance available for each project.

Downtown

In Downtown, achievable rents—both for rental housing and retail—are low, relative to the cost of development. As a result, a substantial use of economic development tools is required in order to make projects economically viable.

In the case of housing, economic development programs such as TIF and CID or, alternately, tax abatement—simply do not produce enough public funds to bridge the financial gap between the cost of development and the amount of private finance likely to be made available. However, Low Income Housing Tax Credits (LIHTC) help make residential projects feasible. Therefore, residential development is largely dependent on tax credits.

Analysis of incentives reveals a different story for retail development. While tax credits—in this case NMTC—make retail projects viable, so too do economic development tools like TIF and CID. In fact, these tools generate a far greater surplus—because of their ability to capture retail sales taxes (in addition to property taxes, in the case of TIF). This surplus can be used to finance additional public improvements, such as streetscape enhancements or unanticipated additional expenses associated with site preparation, such as environmental cleanup.

The effects of tax abatements were evaluated as well. In terms of residential development, tax abatement proved less effective than TIF in reducing financial gaps. Ultimately neither abatements or TIF were successful in making residential projects feasible, leaving tax credits as the best alternative.

With respect to retail, a “triple net” lease arrangement was assumed, meaning tenants would be required, among other things, to pay taxes (as opposed to the landlord bearing that responsibility). Therefore, a tax abatement would not affect the feasibility of a project, though it would certainly benefit tenants and might be used as an incentive to boost or maintain occupancy.

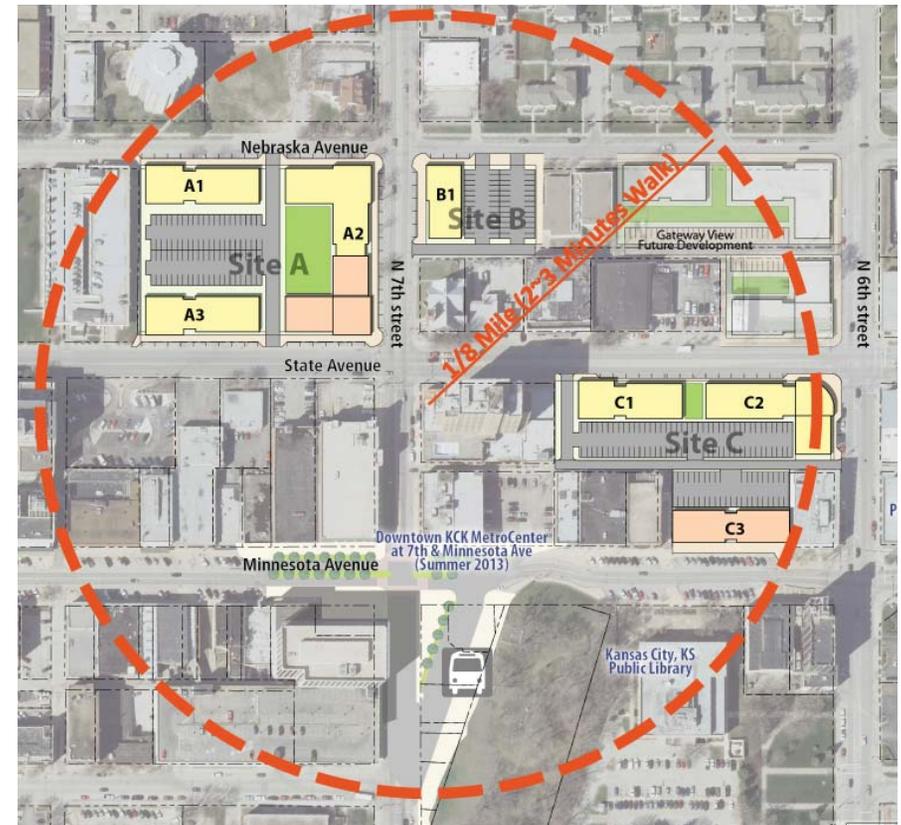


FIG. 4-13 Downtown / 6th Street and State Avenue Node, Initial Concept

TABLE 19 Summary of Fiscal Impact Analysis: All Development
Downtown Site B

Category	Retail	Office	For-Sale	Rental Housing	Total
Summary Statistics					
Units (New)	N/A	N/A	0	0	N/A
Leasable Square Feet (New)	0	0	0	16,100	16,100
Leasable Square Feet (New)	0%	0%	0%	100%	100%
Assessed Value (Affected Properties)	\$0	\$0	\$0	\$50,000	\$50,000
Revenues from Retail Sales					
EATS	\$0	-	-	-	\$0
CID	\$0	-	-	-	\$0
Total:	\$0	\$0	\$0	\$0	\$0
Revenues from Real Property					
PILOTS					
100 Percent	\$0	\$0	\$0	\$397,598	\$397,598
CID	\$0	\$0	\$0	\$42,122	\$42,122
Total (CID + 100% PILOTS)	\$0	\$0	\$0	\$439,720	\$439,720
Grand Total (rounded):	\$0	\$0	\$0	\$440,000	\$440,000
Potential Cash Proceeds (@ 1.25 DCR):	\$0	\$0	\$0	\$350,000	\$350,000

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TABLE 20 Feasibility Analysis: Downtown Site B
Sources and Uses

	Apartments	Retail	Total
Units	26	0	-
Net Acres	0.7	0.0	0.7
Total Development Costs*	\$2,900,000	\$0	\$2,900,000
Building and Site Improvements	\$2,700,000	\$0	\$2,700,000
Acquisition	\$170,000	\$0	\$200,000
Available Private Finance	\$1,900,000	\$0	\$1,900,000
Loan Principal	\$1,500,000	\$0	\$1,500,000
Required Equity**	\$400,000	\$0	\$400,000
>>Gap Before Subsidy	\$1,000,000	\$0	\$1,000,000
Potential Available Subsidy	\$4,380,000	\$0	\$4,380,000
Tax Credits (Equity Value)	\$4,080,000	\$0	\$4,080,000
ED Funds Available (Discounted)	\$300,000	\$0	\$300,000
>>Gap After Subsidy-Tax Credits◇	(\$3,080,000)	\$0	(\$3,080,000)
>>Gap After Subsidy-ED Funds◇	\$700,000	\$0	\$700,000

*Includes a 12 percent developer fee **Assumes a 15-20 percent IRR
◇Parentheses indicate a surplus

TABLE 21 Feasibility Analysis: Downtown Site B (Abatement Scenario)
Sources and Uses

	Apartments	Retail	Total
Units	26	0	-
Net Acres	0.7	0	0.7
Total Development Costs*	\$2,900,000	\$0	\$2,900,000
Building and Site Improvements	\$2,700,000	\$0	\$2,700,000
Acquisition	\$170,000	\$0	\$200,000
Available Private Finance	\$2,200,000	\$0	\$2,200,000
Loan Principal	\$1,800,000	\$0	\$1,800,000
Required Equity**	\$400,000	\$0	\$400,000
>>Financial Gap	\$700,000	\$0	\$700,000

*Includes a 12 percent developer fee **Assumes a 15-20 percent IRR ◇Parentheses indicates a surplus

TABLE 22 Summary of Fiscal Impact Analysis: All Development Downtown Site C

Category	Retail	Office	For-Sale	Rental Housing	Total
Summary Statistics					
Units (New)	N/A	N/A	0	0	N/A
Leasable Square Feet (New)	10,800	0	0	77,000	87,800
Leasable Square Feet (New)	12%	0%	0%	88%	100%
Assessed Value (Affected Properties)	\$18,451	\$0	\$0	\$131,549	\$150,000
Revenues from Retail Sales					
EATS	\$694,110	-	-	-	\$694,110
CID	\$520,582	-	-	-	\$520,582
Total:	\$1,214,692	\$0	\$0	\$0	\$1,214,692
Revenues from Real Property					
PILOTS					
100 Percent	\$407,072	\$0	\$0	\$2,239,535	\$2,646,607
CID	\$36,237	\$0	\$0	\$206,890	\$243,128
Total (CID + 100% PILOTS)	\$443,310	\$0	\$0	\$2,446,425	\$2,889,735
Grand Total (rounded):	\$1,660,000	\$0	\$0	\$2,450,000	\$4,100,000
Potential Cash Proceeds (@ 1.25 DCR):	\$1,330,000	\$0	\$0	\$1,960,000	\$3,280,000

DEVELOPMENT STRATEGIES 2013



TABLE 23 Feasibility Analysis: Downtown Site C Sources and Uses

	Apartments	Retail	Total
Units	110	10,800	-
Net Acres	2.0	0.2	2.2
Total Development Costs*	\$12,000,000	\$1,500,000	\$13,500,000
Building and Site Improvements	\$11,500,000	\$1,400,000	\$12,900,000
Acquisition	\$500,000	\$60,000	\$600,000
Available Private Finance	\$8,900,000	\$900,000	\$9,800,000
Loan Principal	\$7,100,000	\$700,000	\$7,800,000
Required Equity**	\$1,800,000	\$200,000	\$2,000,000
>>Gap Before Subsidy	\$3,100,000	\$600,000	\$3,700,000
Potential Available Subsidy	\$19,230,000	\$1,730,000	\$20,960,000
Tax Credits (Equity Value)	\$17,270,000	\$400,000	\$17,670,000
ED Funds Available (Discounted)	\$1,960,000	\$1,330,000	\$3,290,000
>>Gap After Subsidy-Tax Credits◇	(\$14,170,000)	\$200,000	(\$13,970,000)
>>Gap After Subsidy-ED Funds◇	\$1,140,000	(\$730,000)	\$410,000

*Includes a 12 percent developer fee **Assumes a 15-20 percent IRR
◇Parentheses indicate a surplus

TABLE 24 Feasibility Analysis: Downtown Site C (Abatement Scenario) Sources and Uses

	Apartments	Retail	Total
Units	110	10,800	-
Net Acres	2.0	0.2	2.2
Total Development Costs*	\$12,000,000	\$1,500,000	\$13,500,000
Building and Site Improvements	\$11,500,000	\$1,400,000	\$12,900,000
Acquisition	\$500,000	\$60,000	\$600,000
Available Private Finance	\$8,900,000	\$900,000	\$9,800,000
Loan Principal	\$7,100,000	\$700,000	\$7,800,000
Required Equity**	\$1,800,000	\$200,000	\$2,000,000
>>Financial Gap	\$3,100,000	\$600,000	\$3,700,000

*Includes a 12 percent developer fee **Assumes a 15-20 percent IRR ◇Parentheses indicates a surplus

TABLE 25 Summary of Fiscal Impact Analysis: All Development
Downtown Site A

Category	Retail	Office	For-Sale	Rental Housing	Total
Summary Statistics					
Units (New)	N/A	N/A	0	0	N/A
Leasable Square Feet (New)	14,140	0	0	104,300	118,440
Leasable Square Feet (New)	12%	0%	0%	88%	100%
Assessed Value (Affected Properties)	\$11,939	\$0	\$0	\$88,061	\$100,000
Revenues from Retail Sales					
EATS	\$908,770	-	-	-	\$908,770
CID	\$732,636	-	-	-	\$732,636
Total:	\$1,641,406	\$0	\$0	\$0	\$1,641,406
Revenues from Real Property					
PILOTS					
100 Percent	\$561,507	\$0	\$0	\$2,638,169	\$3,199,676
CID	\$47,444	\$0	\$0	\$230,180	\$277,624
Total (CID + 100% PILOTS)	\$608,951	\$0	\$0	\$2,868,349	\$3,477,300
Grand Total (rounded):	\$2,250,000	\$0	\$0	\$2,870,000	\$5,100,000
Potential Cash Proceeds (@ 1.25 DCR):	\$1,800,000	\$0	\$0	\$2,300,000	\$4,100,000

DEVELOPMENT STRATEGIES 2013



TABLE 26 Feasibility Analysis: Town Center A
Sources and Uses

	Apartments	Retail	Total
Units	115	16,800	-
Net Acres	2.6	0.4	2.9
Total Development Costs*	\$16,700,000	\$2,500,000	\$19,200,000
Building and Site Improvements	\$14,600,000	\$2,200,000	\$16,800,000
Acquisition	\$2,040,000	\$310,000	\$2,400,000
Available Private Finance	\$11,300,000	\$2,400,000	\$13,700,000
Loan Principal	\$8,700,000	\$1,900,000	\$10,600,000
Required Equity**	\$2,600,000	\$500,000	\$3,100,000
>>Gap Before Subsidy	\$5,400,000	\$100,000	\$5,500,000
Potential Available Subsidy	\$24,830,000	\$3,050,000	\$27,880,000
Tax Credits (Equity Value)	\$21,930,000	\$620,000	\$22,550,000
ED Funds Available (Discounted)	\$2,900,000	\$2,430,000	\$5,330,000
>>Gap After Subsidy-Tax Credits◇	(\$16,530,000)	(\$520,000)	(\$17,050,000)
>>Gap After Subsidy-ED Funds◇	\$2,500,000	(\$2,330,000)	\$170,000

*Includes a 12 percent developer fee **Assumes a 15-20 percent IRR
◇Parentheses indicate a surplus

TABLE 27 Feasibility Analysis: Town Center A (Abatement Scenario)
Sources and Uses

	Apartments	Retail	Total
Units	115	16,800	-
Net Acres	2.6	0.4	2.9
Total Development Costs*	\$16,700,000	\$2,500,000	\$19,200,000
Building and Site Improvements	\$14,600,000	\$2,200,000	\$16,800,000
Acquisition	\$2,040,000	\$310,000	\$2,400,000
Available Private Finance	\$11,300,000	\$2,400,000	\$13,700,000
Loan Principal	\$8,700,000	\$1,900,000	\$10,600,000
Required Equity**	\$2,600,000	\$500,000	\$3,100,000
>>Financial Gap	\$5,400,000	\$100,000	\$5,500,000

*Includes a 12 percent developer fee **Assumes a 15-20 percent IRR ◇Parentheses indicates a surplus

Community College/Town Center

At this location, feasibility analysis yields the same conclusions for residential development (that is, it's dependent on tax credits because conventional economic development programs are not sufficient), while retail presents some interesting twists. Given the higher incomes and traffic of the area, relative to Downtown, higher lease rates are assumed to be achievable. Therefore, relatively little money is needed to make projects viable; however, tax credits and/or economic development funds could be utilized to create a higher quality project than the private market could deliver unaided.

One small caveat exists for Site B of the community college/town center concept. It is ineligible for NMTCs (due to it being in a higher-income census tract). As a result, it is only eligible for local economic development programs.

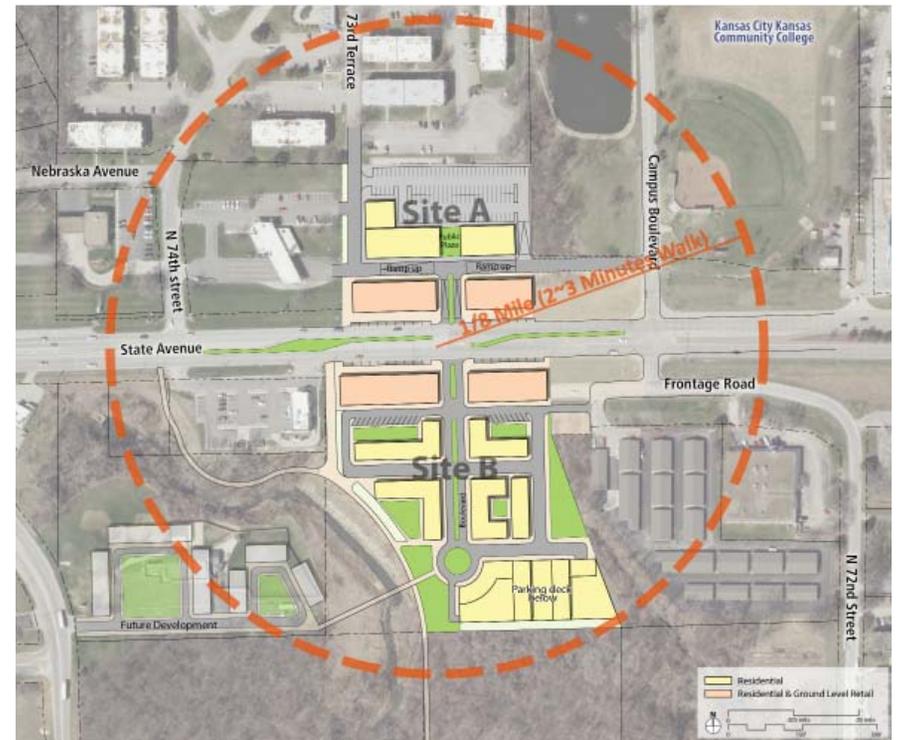


FIG. 4-14 Community College / 74th Street and State Avenue Node, Initial Concept

TABLE 28 Summary of Fiscal Impact Analysis: All Development
Community College Site B

Category	Retail	Office	For-Sale	Rental Housing	Total
Summary Statistics					
Units (New)	N/A	N/A	0	0	N/A
Leasable Square Feet (New)	20,700	0	0	191,250	211,950
Leasable Square Feet (New)	10%	0%	0%	90%	100%
Assessed Value (Affected Properties)	\$12,696	\$0	\$0	\$117,304	\$130,000
Revenues from Retail Sales					
EATS	\$1,330,377	-	-	-	\$1,330,377
CID	\$997,783	-	-	-	\$997,783
Total:	\$2,328,160	\$0	\$0	\$0	\$2,328,160
Revenues from Real Property					
PILOTS					
100 Percent	\$1,574,261	\$0	\$0	\$5,405,731	\$6,979,991
CID	\$129,439	\$0	\$0	\$460,006	\$589,445
Total (CID + 100% PILOTS)	\$1,703,700	\$0	\$0	\$5,865,736	\$7,569,436
Grand Total (rounded):	\$4,030,000	\$0	\$0	\$5,870,000	\$9,900,000
Potential Cash Proceeds (@ 1.25 DCR):	\$3,220,000	\$0	\$0	\$4,700,000	\$7,900,000

DEVELOPMENT STRATEGIES 2013



TABLE 29 Feasibility Analysis: Town Center B
Sources and Uses

	Apartments	Retail	Total
Units	225	20,700	-
Net Acres	6.3	0.5	6.7
Total Development Costs*	\$38,000,000	\$3,100,000	\$41,100,000
Building and Site Improvements	\$33,000,000	\$2,700,000	\$35,700,000
Acquisition	\$5,000,000	\$380,000	\$5,400,000
Available Private Finance	\$22,100,000	\$3,000,000	\$25,100,000
Loan Principal	\$17,000,000	\$2,400,000	\$19,400,000
Required Equity**	\$5,100,000	\$600,000	\$5,700,000
>>Gap Before Subsidy	\$15,900,000	\$100,000	\$16,000,000
Potential Available Subsidy	\$54,200,000	\$3,220,000	\$57,420,000
Tax Credits (Equity Value)	\$49,500,000	\$0	\$49,500,000
ED Funds Available (Discounted)	\$4,700,000	\$3,220,000	\$7,920,000
>>Gap After Subsidy-Tax Credits◇	(\$33,600,000)	\$100,000	(\$33,500,000)
>>Gap After Subsidy-ED Funds◇	\$11,200,000	(\$3,120,000)	\$8,080,000

*Includes a 12 percent developer fee **Assumes a 15-20 percent IRR
◇Parentheses indicate a surplus

TABLE 30 Feasibility Analysis: Town Center B (Abatement Scenario)
Sources and Uses

	Apartments	Retail	Total
Units	225	20,700	-
Net Acres	6.3	0.5	6.7
Total Development Costs*	\$38,000,000	\$3,100,000	\$41,100,000
Building and Site Improvements	\$33,000,000	\$2,700,000	\$35,700,000
Acquisition	\$5,000,000	\$380,000	\$5,400,000
Available Private Finance	\$22,100,000	\$3,000,000	\$25,100,000
Loan Principal	\$17,000,000	\$2,400,000	\$19,400,000
Required Equity**	\$5,100,000	\$600,000	\$5,700,000
>>Financial Gap	\$15,900,000	\$100,000	\$16,000,000

*Includes a 12 percent developer fee **Assumes a 15-20 percent IRR ◇Parentheses indicates a surplus

4.3 Implementation and Entitlement Strategy

4.3.1 Zoning and Land Use

The assembled properties at each of the nodes will need to be rezoned to accommodate the mixed use proposals. Sites A and C in the Downtown node should be rezoned as CP-D (Central Business District Planned Development). Site B could be CP-D or RP-5 (R-5 Apartment District Planned Development) since it is wholly residential and 3 stories. The Planned Development designation would allow for reduced setbacks for the urban context. The Central Business district zoning designation allows for mixed commercial and residential structures in the Central Business district.

The Community college node meets the criteria for TND zoning – Traditional Neighborhood Design District that emphasizes a dynamic mixed-use environment, walking distance to transit, connectivity, reduced setbacks and quality standards of design.

As planned districts, the approval process consists of two steps – submittal of a preliminary development plan, followed by a final development plan.

4.3.2 Design Guidelines

As part of a TND District, the applicant must submit a Design Manual as part of their application for approval. The Design Manual would include a summary of the project, the scope and vision for the project, detailed analysis of existing and surrounding zoning, site and development patterns, illustrations of building types proposed, thoroughfare standards, landscape and architectural standards, phasing diagram and the overall master plan layout, among other requirements.



FIG. 4-15 Illustrative Site Plan showing Community College / 74th Street and State Avenue Node



FIG. 4-16 Illustrative Site Plan showing Downtown / 6th Street and State Avenue Node

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