

Peer Cities Analysis: Kansas City, Missouri



URP 5510: Planning Methods I

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INTRODUCTION

In the years following World War II cities across the country saw their downtown populations dwindle as the more affluent left for the suburbs. Often labeled “White Flight” because of the mass exodus of upwardly mobile white citizens, the inner city downtowns left behind were a shell of their former selves. Retail followed the population and left downtowns for the suburbs. Emptied of residents, homes, businesses and social services, what was often left behind was a central business district surrounded by decaying residential neighborhoods. Workers remained in the downtown business districts, but only during business hours and in the evenings, downtowns more closely resembled ghost towns. Beginning in the early 1990s this trend began to reverse itself as residents began returning to newly built or recently renovated downtown lofts and condominiums. Cities began luring residents, shoppers and visitors back by attracting new businesses and amenities such as sports stadiums, shopping districts and convention centers. In Denver the resurrection of the LoDo District led the charge with new shops, restaurants and loft style apartments and condominiums. New stadiums, a pedestrian mall and free downtown transit accelerated the process. Downtown Denver today is markedly different from the downtown of twenty years ago, however, its rebirth as a vibrant center of urban life is far from complete. As cities across the country struggle to reinvent their downtowns with varying degrees of success, there is much to be learned from one another. It is with this intention that a study of peer cities, those cities that share much in common in terms of size, population, and stature, is conducted. Analyzing qualitative and quantitative data, comparing characteristics, problems and solutions, we hope to learn from each other’s experiences to create more livable, vibrant downtowns. Kansas City, Missouri is currently undergoing a downtown transformation that has much in common with the resurrection of Downtown Denver that took place in the 1990s. The city’s successes and failures in this regard provide valuable lessons for those that seek the continued evolution and revitalization of Denver’s downtown.

DOWNTOWN DEFINITION AND CHARACTERISTICS

Location

Kansas City, Missouri sits at the heart of the Kansas City metropolitan area, an eighteen county area straddling the border of Missouri and Kansas around the confluence of the

Kansas and Missouri Rivers. Home to nearly two million people and over fifty communities, the Kansas City area is described as the “most geo-central major market in the nation.”¹ The state line serves as the western boundary of the downtown and cuts roughly through the middle of the metro area. The majority of the land and population of the Kansas City area is suburban and lies primarily to the south of the downtown. Connecting the region together are three interstate highways and 10 federal highways.² Interstates 29, 35, and 70 converge just outside of the downtown area. From downtown, suburban growth has radiated to the south and to the east and west, anchored in large part by Interstates 35 and 70. The downtown’s central location and its proximity to the interstate highways have helped it maintain its status as a regional center for employment and government, although its significance as a hub of residential living and cultural life has languished until recent years.



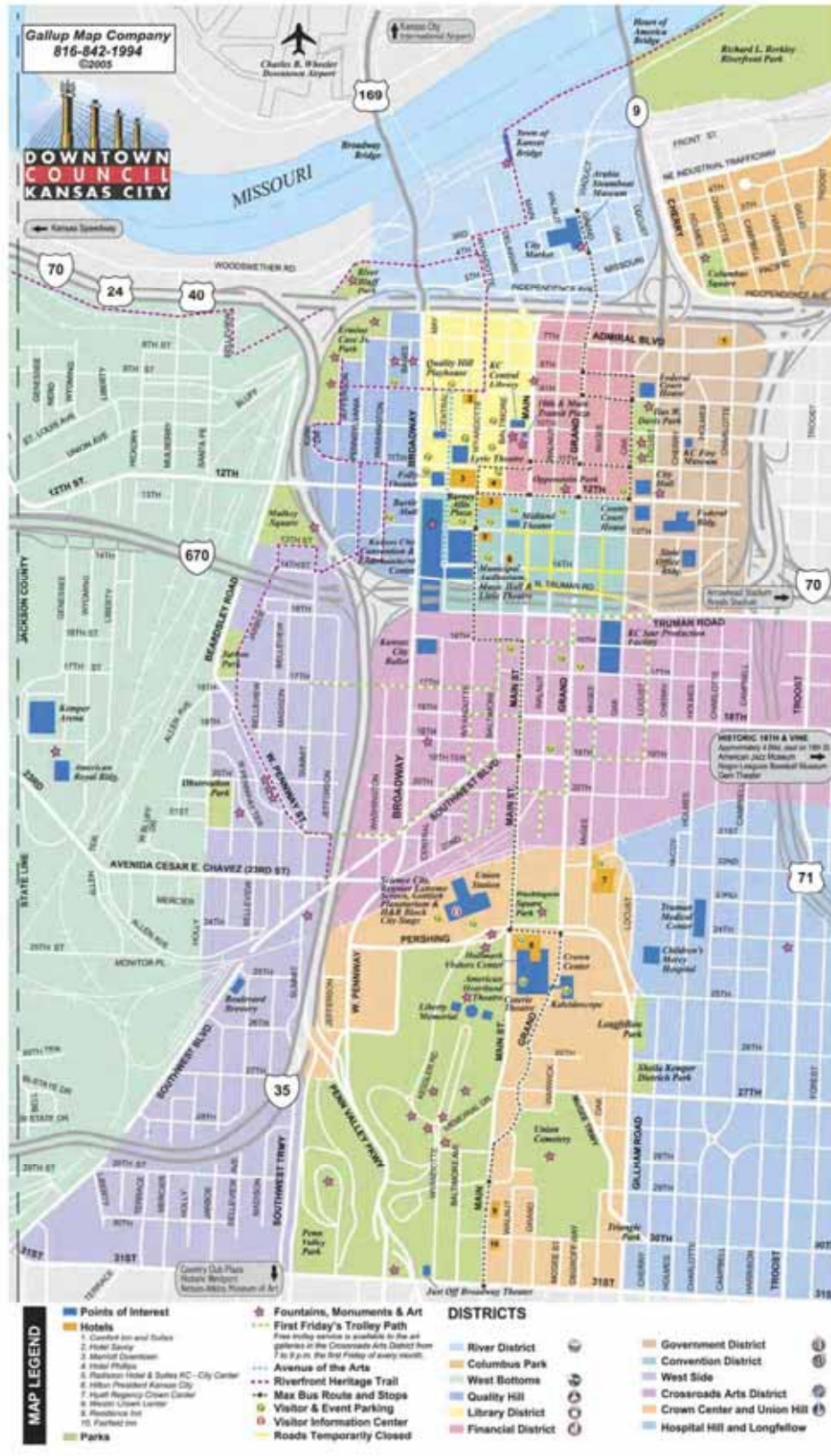
Source: Magellan Geographix

Downtown Boundaries

The boundaries of the Kansas City downtown as agreed upon by the city and the Downtown Council encompass roughly 1,850 acres or 2.9 square miles. The Missouri River provides a boundary to the north and the Kansas-Missouri state-line a boundary to the west. The eastern boundary is marked by Bruce R. Watkins Dr., a 10.2 mile “showcase artery” that connects to Highway 71 in the north and travels south to connect downtown to the southtown area.³ It also serves to sever the downtown from the area to the east of the highway and therefore serves as a natural eastern terminus for downtown. The southern boundary is 31st Street. This boundary was extended in the 1970s to include the newly renovated Crown Center development that included the Hallmark Corporate Headquarters. The selection of 31st Street as a boundary was made because it incorporated the Crown Center area and also lined up with census tract and zip code boundaries.⁴



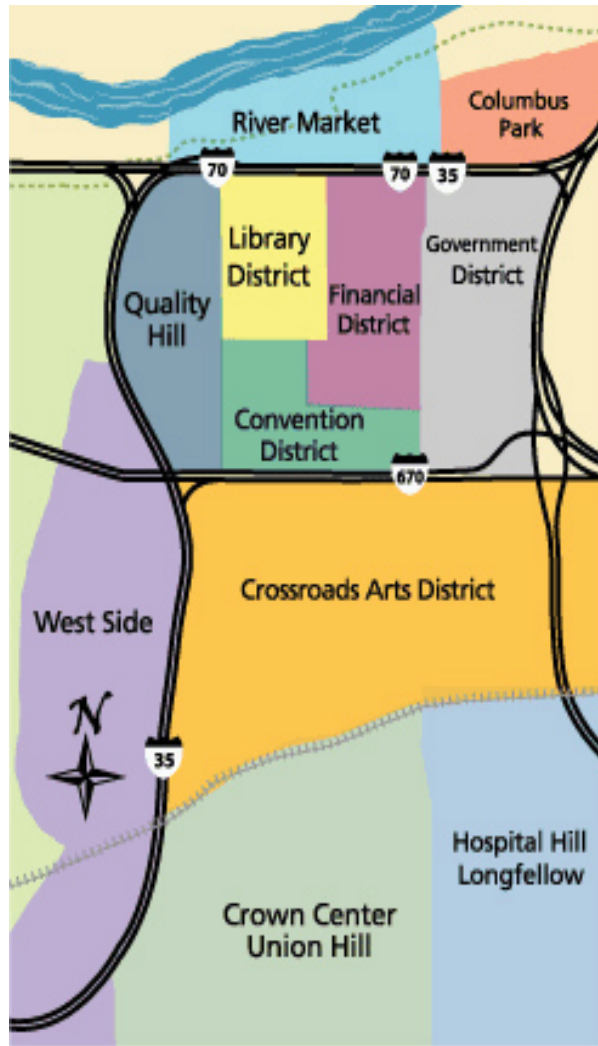
Source: Google Earth



Source: Kansas City Downtown Council

Characteristics

Downtown Districts



Source: Kansas City Downtown Council

Downtown Kansas City is divided into eleven districts, each with their own distinctive identity.

- River Market- The River Market is the site of the city's founding on the banks of the Missouri River. The area is known for dining, entertainment, and shopping with some residences and offices. The district is comprised primarily of 3-8 story historic brick buildings with a few newer low-rise buildings. This area is also home to the largest Farmer's Market in the area.

- Columbus Park- This area is an old Italian neighborhood that has recently seen some new residential growth. It is known for its Italian restaurants and groceries and is mostly comprised of brownstones. It is also one of the densest single-family neighborhoods in the city.
- Quality Hill- The Quality Hill District, with its beautiful streetscaping and row houses, is found within the Central Business District (CBD). The area is the city's old garment district. Many of the old garment manufacturing buildings have been converted to mixed use residential, retail, and office buildings. It is also home to the central business district's largest park and some of Downtown's best restaurants and live music.
- Library District- The Library District is home to over 500 residents housed primarily in large historic buildings that have been transformed from old clothing markets into lofts. This district also has several prime retail opportunities, the new Central Library, and several cultural attractions including live theater, a performing arts center and the symphony.
- Financial District- The Financial District is the heart of the Central Business District and contains many of the city's banking institutions and high-rise office buildings. It is also becoming Downtown's newest residential and retail neighborhood with the tallest residential building in the state.
- Government District- Although traditionally an area solely occupied by city, state, and federal government buildings, the Government District has recently seen significant residential growth with the conversion of several buildings into condominium homes. It also offers new retail opportunities and a large public park.
- Convention District- The Convention District is home to some of the largest development projects in the city including the Convention Center expansion, the new Sprint Center Arena, the Power and Light District, and numerous hotels, restaurants, and live theatres. This has become the downtown's new entertainment district.
- Crossroads Arts District- The Crossroads Arts District began as a grassroots effort by local artists to convert old brick warehouses into galleries and combination live/work spaces. It has become the premier art center for Kansas City and hosts an Art Crawl on the first Friday of every month. It currently has

- over 60 galleries along with offices for architects, graphic designers, furniture specialists and photographers.
- Crown Center/Union- The Crown Center / Union Hill area is home to the Internal Revenue Service's new building and the Federal Reserve Headquarters project currently under development. It is also home to the Hallmark Corporate Headquarters, some high-rise office buildings, Victorian homes with brick streets, and some of the finest dining, shops, and entertainment in the downtown area. It also has some of Downtown's most prominent points of interest including Union Station and the Liberty Memorial.
 - Hospital Hill- Hospital Hill is home to the most magnificent single-family historic homes in the area, two hospitals, as well as the University of Kansas City Dental School, and numerous restaurants, night clubs, and retail all within walking distance. The area has also been undergoing tremendous growth with a new expansion to one of the hospitals and some new housing development.
 - West Side- West Side is a well-established neighborhood with a large Hispanic population. It has dense single-family housing and new loft-style condos, and includes the Southwest Boulevard area, which is a major entertainment and restaurant hub. It is also located near some of Downtown's major attractions.

According to the Downtown Council, the district that has seen the most challenges is the Convention District. This district is located just north of the center of the downtown area and previously was marked by many empty buildings, inadequate infrastructure, and surface parking lots. When Mayor Barnes entered office, she made it her goal to revitalize the area. This was a challenging task because in addition to the obvious needs of the area it also had a negative public reputation due to previous failed attempts to revitalize the area.⁵ However, Mayor Barnes was successful in attracting anchor developments such as the World Headquarters for H & R Block, which brought with it 1,450 new jobs.⁶ Barnes also succeeded in getting a voter approved tax increase on hotels and rental cars to expand the old Convention Center and build the new Sprint Arena. Between the Convention Center and Sports Arena the Power and Light District is currently under development with 7 blocks of retail, restaurants, residential towers, and a grocery store. This has had the desired effect of creating interest for businesses and residents looking for new offices, retail stores, and residences close to the area even before its 2007 completion date.

Zoning

The downtown is zoned for many uses, including commercial, residential and light industrial. The heart of downtown has been zoned as C-4, which serves as the zoning for the central business district and is designed for the “most intensive commercial activities.”⁷ Due to the heavy concentration of business, financial, governmental institutions and offices, C-4 zoning encourages pedestrian traffic and mass transit in lieu of automobile traffic.⁸

Another important element of downtown zoning is urban redevelopment districts. The Power and Light District is being developed as an urban redevelopment district passed by the city council. The municipal code allows for the establishment of an urban redevelopment district for properties that have been designated as a blighted area or a conservation or economic development area as provided for by the provisions of the Land Clearance for Redevelopment Law, Real Property Tax Increment Allocation Redevelopment, Urban Redevelopment Corporations Law and Planned Industrial Expansion Authority.⁹

The following is a list of the major zoning classifications within the downtown boundaries as of November, 2006. The city is, however, in the process of updating its zoning code and has hired a private consultant to assist in the process.¹⁰ Density has not been codified in most cases within these classifications. The general land use is depicted in parentheses and the purpose and height regulations have been summarized from Chapter 80 of the Kansas City Code of Ordinances.

URD District (Urban Redevelopment District)

This district is used to develop and redevelop blighted sections of the city and allows for flexibility in design. Residential, commercial or light industrial uses are allowed. Heights in this district are not to exceed the height limits outlined in the airport zoning maps without a variance. The airport zoning height restrictions are established by Federal Aviation Regulation Part 77 or its successor document.

District C-4 (Central Business District)

This district is designed for “intensive commercial activities” and encourages pedestrian traffic and public transit options over the automobile. The height of buildings in this district is governed by bulk regulations. The bulk regulations take into account the floor to area ratio defined as the total gross floor area of any building divided by the total lot area.

District C-3a2 (intermediate business, high buildings)

This district is designed to serve regional trade and allows for large-scale commercial development. Heights in this district are regulated by bulk requirements. Bulk regulations are determined by total gross floor area, which shall not exceed 6 times the total lot area.

District C-3b (intermediate business transitional)

This district is intended to be a transitional district in terms of height in relation to the central business district and cannot extend more than one-half mile from a C-4 district. It allows for multiple-family dwellings and commercial buildings that support the central business district. The height requirements are broken down by building type as follows: apartment buildings and hotels shall not exceed the lesser of 12 stories or 164 feet, office buildings shall not exceed eight stories or 96 feet, and all other permitted uses shall not exceed six stories or 75 feet.

District R-4-O (low apartment, administrative office building district)

This district is intended to serve as an apartment and office buildings district with a residential character. It should be used to provide areas for office and related office uses that are subject to more strict regulation of lot area coverage and parking than other residential structures within the same district. Heights in this district are restricted to three stories or 45 feet.

District R-5-O (high apartment, administrative office building district)

This district is intended to be residential in character, but serve as a transition between residential and commercial developments. Heights in this district are not to exceed the lesser of 12 stories or 164 feet.

District M-1 (light industry)

The code does not state the purpose of this district in detail, but rather outlines all permitted uses that would classify as light industrial. Height restrictions in this district are six stories or 75 feet.

ANALYSIS

Population

In 2000 the downtown population of Kansas City was 13,235 and by 2005 the population had grown to an estimated 16,170.¹¹ The population is expected to continue growing due to redevelopment efforts in the downtown area. By 2010 the Downtown Council estimates the population will be between 18,000 and 21,000.¹² The major factor affecting the downtown residential population right now is the influx of people brought in by the redevelopment projects throughout downtown. New developments downtown, including the new IRS Regional Headquarters and the H&R Block Headquarters, are expected to bring over 8,100 new jobs to downtown and 1,600 new residences. Due to all the new development in the downtown area, there have been, and will continue to be, significant changes to the populations of tourists and employees coming into downtown. The new construction on the Convention Center has already increased bookings for conventions and several basketball games. The new entertainment area, the Power and Light District, is expected to draw in not only people throughout the metro area but also from several hours outside of Kansas City, in addition to adding 2,500 new jobs. The downtown area is also home to over 8,000 college students. The student population has held steady for several years and shows no signs of immediate change. However, there have been discussions about a private K-12 or K-6 school downtown and there seems to be significant interest in one if it is available. The addition of new or expanded downtown educational facilities would likely act as a further stimulus to residential development and downtown population growth.

Development

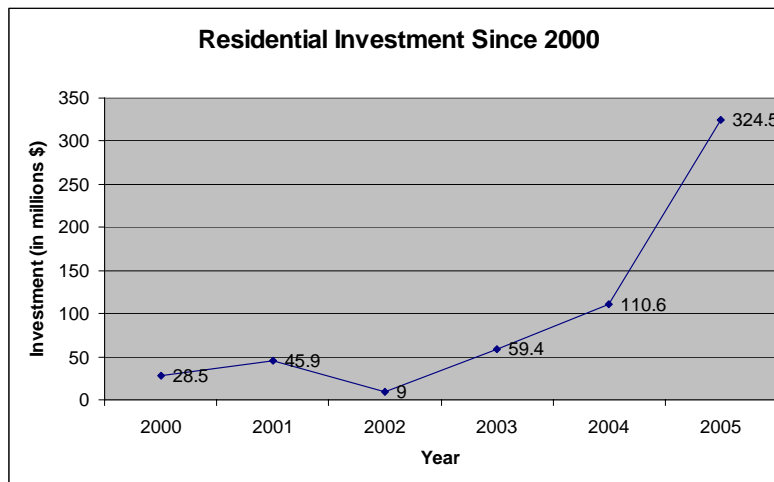
Development in Kansas City cannot be discussed without first mentioning the pioneer developer J.C. Nichols (1880-1949) who helped make the city what it is today. He was a city planner, developer, community builder, and realtor and today The Urban Land Institute grants an award annually in his name. According to Robert and Brad Pearson,

“he pioneered the development of both permanently stable (upper-middle-class) residential neighborhoods and (in 1923) the automobile-oriented shopping center”. As early as 1940, he also initiated mass-produced, mass-market suburban developments. His legacy lives on in the Country Club District, Country Club Plaza and many suburban communities south of downtown.¹³

Although the Kansas City of today is very different from that of J.C. Nichol’s era, his suburban developments have impacted downtown development to the extent that prior to the most recent years, everyone wanted to live in suburbs rather than downtown. Only within the past few years have people started to move downtown from the city’s suburbs. The downtown residential development boom will continue to spur commercial and retail development.

Residential

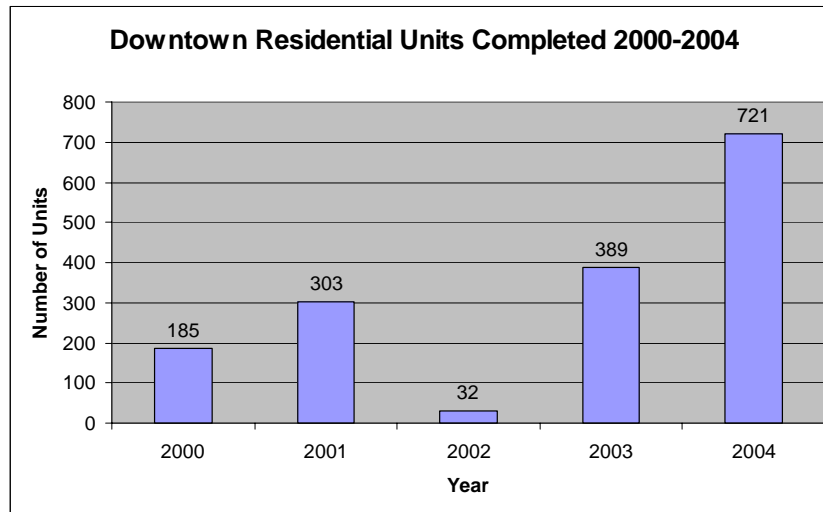
Residential housing in downtown had been virtually non-existent prior to 2000. In the first years of this decade, however, a series of loft conversions marked the beginning of a downtown residential housing boom. Between 2000 and 2005 the number of residential units in downtown increased 43%, an investment of over \$577 million.¹⁴ Currently there are over 6,000 multi-family housing units complete or under construction in the downtown area.¹⁵



Source: Changing Perspectives: Annual Report of the Downtown Council Kansas City 2005.

The majority of residential investment has occurred in the Central Business District, representing 53% of the investment in projects completed or under construction in 2004

and 2005.¹⁶ As the downtown housing stock has increased, so has the percentage of for-sale housing. In 2003 for-sale housing represented only 5% of the downtown housing market. In 2006, 32% of the housing stock is for-sale units.¹⁷



Source: Changing Perspectives: Annual Report of the Downtown Council Kansas City 2005.

Much of the residential growth downtown has come as the result of the conversion of old Class C office space to condominiums and lofts. This process has been assisted, in large part, by the use of Missouri State Historic Tax Credits. A large portion of the old Class C office space that has been converted is in old, historic buildings. The Missouri State Historic Tax Credit program provides an incentive via tax credits for the redevelopment of commercial and residential historic structures. Qualifying projects can receive a tax credit equal to 25% of the eligible costs and expenses of renovation to be used to offset Missouri income tax liability.¹⁸

Residential reinvestment in downtowns often comes at the expense of affordability, as affordable housing is pushed out to meet demand for new or renovated downtown housing developments. Kansas City, however, has actually seen the percentage of affordable housing downtown increase over the past five years. In 2000, 11.3% of downtown housing was considered affordable. By 2005 significantly more housing units existed, and of these 14.1% were classified as affordable.¹⁹ While Kansas City currently does not have an inclusionary housing ordinance, the Kansas City Housing Authority and several non-profit groups such as the Kansas City Neighborhood Alliance have been successful in the development and renovation of several affordable for-sale and

rental housing developments downtown. Between 2002 and 2005 over 132 affordable housing units were added to the market.²⁰ Plans for the East Village mixed use development located just to the east of City Hall in downtown include an 80 unit apartment complex, 45 of those units set aside as affordable housing.²¹ The average cost of downtown living in Kansas City remains lower than downtowns in other cities of similar size. Condominiums in Kansas City are averaging \$350-\$400 per square foot²², compared to \$450 per square foot in Denver.²³

The resurgence of residential living has yielded great dividends for the downtown area. A downtown residential population is essential to a vibrant downtown. As the downtown housing stock in Kansas City has expanded, obviously the population has too, expanding by over 2000 people between 2000 and 2005.²⁴ More people means increased demand for stores, restaurants, and other businesses, which in turn lures still more people to live and play downtown.

Retail

The retail segment of the development market in downtown has not been strong until recently. In an email, Brent Hansen, a Kansas City real estate researcher, said, "until the most recent years, the Kansas City CBD had little to no residential activity and barely any retail."²⁵ Retail figures are tracked by Grubb & Ellis, The Winbury Group over time, but they do not specifically track downtown, but rather the Central Kansas City submarket whose boundaries are too broad to extract meaningful conclusions for this inquiry. For that reason, historical square footage, vacancy and rental rates have not been included here. Present data is available, however, and as of 2005, the Downtown Council listed 2.1 million square feet of retail space downtown and an 8.4% vacancy rate.²⁶ Brent Hansen thought this square footage figure was very charitable.²⁷ More than likely the reason for the high figure is that the Downtown Council used a figure extrapolated from the aforementioned Central Kansas City submarket.

A stagnant retail market has definitely been reversed with the approval and funding of major projects, namely The Power and Light District being developed by The Cordish Company and scheduled to open in 2007. The Power and Light District is a 425,000 square foot entertainment retail complex that will include a 30,000 square foot gourmet grocery. There were over 20 new restaurants and nightclubs scheduled to open in 2005,

however, their status to date is unknown until the 2006 Downtown Council Annual Report is released.²⁸

Other than new retail, existing inventories have been declining due to “the unprecedented adaptive re-use conversion of both office and retail space into residential units through the utilization of Missouri Historic Tax Credits”²⁹

Downtown Retail Establishments

Restaurants	181
Galleries	51
Nightclubs	29
Retail Services	119
Shopping	155
Total Number of Retail Shops	535

Source: 2005 DTC Retail Database

There is not one specific entity that manages downtown Kansas City retail properties. The city, however, does help to coordinate retailers through a project coordinator position that the City Manager is currently trying to fill.

Development patterns have only recently begun to shift toward residential, retail and mixed-use developments. Beginning around 2000, development downtown began to take off; however, there was not one policy or specific physical or economic factor that sparked this change. According to Rick Usher, Division Manager of the Kansas City Permits Division, there have not been any significant changes to their zoning code to encourage residential or mixed-use developments. Their C-4 zoning has allowed mixed use for some time, but was not utilized by developers.³⁰

The main factor driving the downtown renovation is the large jump in residential development downtown. Young professionals have the income and desire to live in the heart of the city and empty nesters want to live near theaters, restaurants, and stadiums and do not want to have to take care of the yard anymore. This demographic trend is driving residential investment and in turn, commercial and retail developments are following the people with money to spend.

Commercial Office

Downtown Kansas City has been experiencing a very large building boom in the past five years with over \$1.2 billion invested in the office market since 2000.³¹ Brent Hansen, Research Services Manager for Grubb & Ellis, The Winbury Group, who provides the Downtown Council with their figures, moved to Kansas City in 1997 and worked downtown until 2002 and said that “there was almost nothing going on there.”³² The investment dollars are now being realized in physical form and the commercial sector has certainly benefited. Grubb & Ellis, The Winbury Group was only able to provide figures dating back to 1999. There is a notable problem with the figures, however, in that Class C and D office space is not accounted for. According to Brent Hansen, there is Class C office space downtown, however, much of it has been converted to residential condos.³³

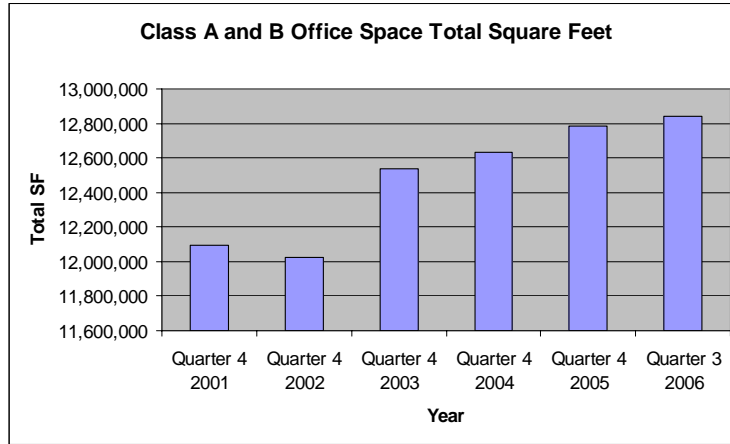
The 1999 Downtown Kansas City Office Market Trends report by Grubb & Ellis, The Winbury Group, shows that there was 5,447,000 square feet of Class A and 6,784,000 of Class B for a total of 12.2 million of A and B.³⁴ The same report in 2000 shows that there was 12.1 million square feet of Class A and B office space.

Downtown Kansas City Class A and B Office Space

	Total SF	Vacant SF	Vacant %	Asking A	Asking B
Quarter 4 2001	12,092,806	1,959,726	16.2	20.57	15.73
Quarter 4 2002	12,026,372	2,024,668	16.8	16.44	16.11
Quarter 4 2003	12,535,067	2,306,785	18.4	20.22	15.49
Quarter 4 2004	12,629,531	2,627,212	20.8	20.03	15.36
Quarter 4 2005	12,785,856	2,770,087	21.7	18.37	15.42
Quarter 3 2006	12,843,731	2,761,154	21.5	18.59	15.48

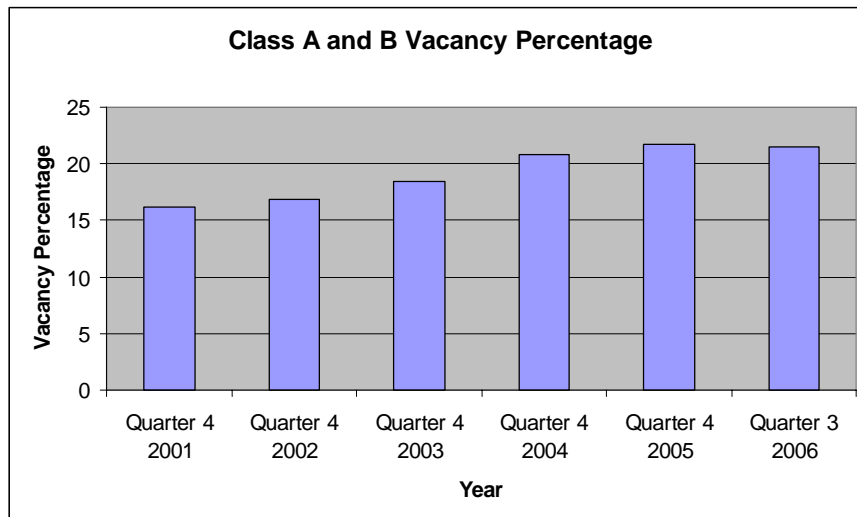
Source: Grubb & Ellis, The Winbury Group

The following graph shows the market trend of Class A and B square footage from 2001 to 2006. The graph shows a very clear upward growth trend of total square footage over the past five years. This trend is expected to continue as more office space opens in 2007.



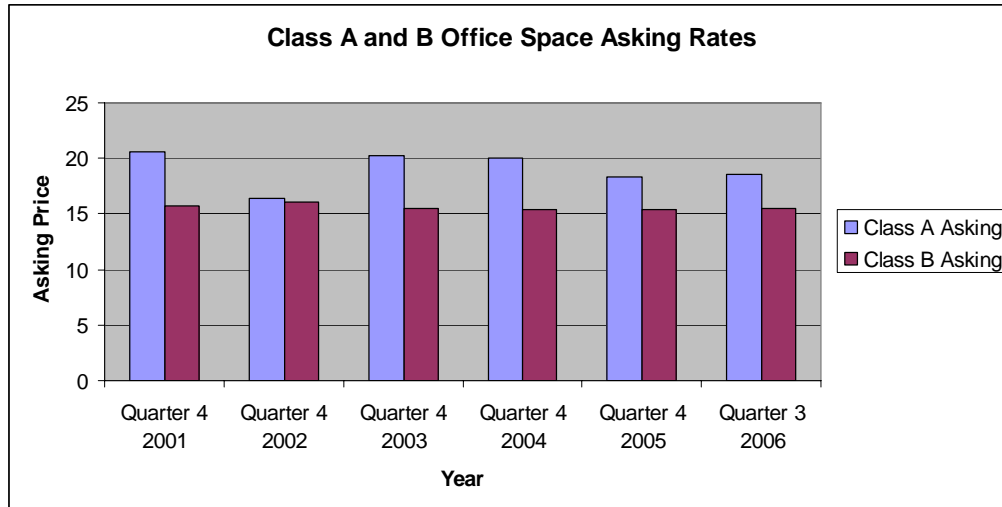
Source: Grubb & Ellis, The Winbury Group

The vacancy rate of downtown office space has been rising for the past five years with the exception of 2002 when it fell slightly. Vacancy rates over the last six years peaked in 2005 at 21.7% whereas Denver's peaked in 2003 at 18.74%. The increased vacancy between 2004 and 2005 is due in large part to the fact that AT&T vacated a large downtown office.³⁵



Source: Grubb & Ellis, The Winbury Group

Asking rates for Class A office space declined precipitously in 2002, most likely a result of September 11, 2001 and the economic recession that followed. Class B rates have remained very stable, averaging \$15.44 over the past four years, although a small jump in 2002 occurred at the same time Class A rates declined.



Source: Grubb & Ellis, The Winbury Group

There are a number of major commercial office projects that are completed or will be online in the near future.

- IRS Regional Service Center – (Broadway & Pershing) – The new facility is 1.1 million square feet and will consolidate seven other locations in the city into this facility and bring 6,000 employees Downtown. Cost = \$370 million.
- H&R Block World Headquarters – (13th and Main) – The new headquarters building is 500,000 square feet and will bring 1,450 employees downtown. Cost = \$138 million.

Parking and Transportation

Over 40,000 parking spaces are available in the Central Business District of downtown Kansas City.³⁶ Parking is available in a variety of surface parking lots and structured parking garages operated by the City of Kansas City and several private parking lot operators. Private contractors manage public parking facilities and revenues are allocated by the city. On street metered parking is administered by the City and prepaid parking meter cards are sold by the Downtown Council. In the very early stages of discussion are plans to do away with parking meters and implement a special downtown sales tax district.³⁷ Such a district would finance the illusion of free parking to downtown shoppers and visitors through a special sales tax.

Surface parking lots previously played a significant role in meeting downtown parking needs. However, these lots use valuable downtown land and do little to enhance the aesthetic of the downtown area. The City of Kansas City has no official policies or mechanisms in place to address surface parking lots. Nevertheless it has played an active role in encouraging their redevelopment. The Power and Light District sits on seven blocks previously occupied by surface parking lots. Through eminent domain, lots were assembled by the city and set aside for planned future development as an entertainment district. Eminent domain was similarly used to acquire a four-block parcel of surface parking lots for the new Sprint Arena.³⁸ Most of the remaining surface parking lots are located on the east side of downtown near City Hall and other civic buildings. Many of these are scheduled to disappear with the development of East Village, a new mixed-use retail and residential center.

For a long time visitors to downtown found a confusing maze of one-way streets. Recognizing this fact the Cordish Company expressed their desire that streets surrounding their Power and Light District development be converted to two-way streets.³⁹ The Downtown Council worked with the City of Kansas City to study traffic and proposed the conversion of some of downtown's major one-way streets to two-way traffic. In 2005 several downtown streets, including those surrounding the Power and Light District, were converted to two-way traffic. The result has been a markedly easier environment for visitors to maneuver. To further assist visitors, the Downtown Council implemented the Wayfinding Sign Program in 2005 and installed signs throughout downtown to direct visitors to public parking facilities.

Just outside of downtown, the Missouri Department of Transportation (MoDOT) is currently studying improvements for the I29/I35 corridor. Interstate 29/35 crosses the Missouri River from Kansas on Paseo Bridge and comes into the downtown area from the north. An Environmental Impact Statement was completed in 2006. Plans call for additional lanes of traffic to improve safety and increase vehicular capacity. Additionally, the aging Paseo Bridge is expected to receive a major overhaul or be replaced. The Downtown Council has been monitoring the process and is planning a formal response after conferring with community stakeholders.⁴⁰ The community, through the Downtown Council and the City of Kansas City, has expressed to the Missouri Department of Transportation their desire to be involved in plans for the Paseo Bridge. The city views

Paseo Bridge as a gateway to downtown, and the Chamber of Commerce has adopted a resolution that “lends support for making the new Paseo Bridge a world class or signature structure.”⁴¹

Public Transportation

In 2005 the Metro Area Express (MAX) Bus Rapid Transit (BRT) system debuted in Downtown Kansas City. The Max runs in designated lanes for some segments, has the ability to override traffic signals and makes fewer stops than the typical bus.^{42,43} The Max operates along a six-mile route running from the Main Street corridor to the River Market in the north, through downtown, past Union Station and Crown Center and on to the Country Club Plaza. Arriving and departing every 10 minutes, the Kansas City Area Transportation Authority estimates that the Max connects 150,000 jobs and thousands of convention visitors with Kansas City.⁴⁴ After a year in operation the MAX is a resounding success. The Kansas City Area Transportation Authority (KCATA) says overall ridership on the Main Street Corridor is up 30% since the Max debuted in July 2005. A recent study found that 15% of Max’s passengers did not use transit before the rapid bus line started.⁴⁵ The BRT system is part of a 12-year comprehensive plan for transit in the Kansas City metropolitan area called Smart Moves. The Smart Moves Plan calls for a metro-wide transit expansion that would involve a variety of transit options including BRT, commuter rail, local buses and trolleys and express freeway buses. A downtown shuttle system called Local Links is planned that would link downtown destinations by a free rubber-wheeled trolley.⁴⁶ The exact route has yet to be determined and implementation is likely several years away.

Policies and Politics

While Denver, Minneapolis and many other cities enjoyed a resurgence of activity in their downtowns through the 1990s, Kansas City’s downtown was relatively stagnant with minimal new development. Housing was almost completely absent and most activity came to a halt with the end of the workday. Realizing this, the City of Kansas City approached the new decade with a much more proactive and engaged approach to its downtown. Guided by a downtown strategy plan and making use of incentive tools such as tax increment financing and tax abatements, the City has played an active role in attracting the sort of development that will define the downtown for generations to come.

Plans

In June 2005 the City updated its Downtown Corridor Strategy, the city's plan for the downtown area. The plan focuses on the establishment of two primary centers of activity that "have the potential to become significant focal points, where a critical mass of jobs, housing, entertainment, culture and hospitality are concentrated within a five to ten minute walk circle."⁴⁷ Outside of these focal points, the plan calls for the fostering of specialty areas that "highlight Kansas City's unique heritage and complement the focal areas." Specialty areas include the River Market District, the Crossroads District, and the 18th and Vine area. The plan emphasizes increased density and "walkable urbanity."⁴⁸ It further calls for the reconfiguration and enhancement of downtown transportation arrival and gateway points and for the implementation of a new streetscape plan. A new Downtown Streetscape Master Plan followed the Corridor Strategy. The plan sets out streetscape design guidelines and standards to be applied throughout the downtown area and seeks to create enhanced pedestrian movement, sidewalk activity, and to further establish the downtown's unique and recognizable districts.⁴⁹

Economic Development Stimulus

The Economic Development Corporation of Kansas City is a non-profit quasi-governmental umbrella organization that manages several organizations including The Downtown Economic Stimulus Authority (DESA), The Land Clearance for Redevelopment Authority (LCRA), The Tax Increment Financing Commission (TIF), The Port Authority of Kansas City, The EDC Loan Corporation and the Business Development Program. The Downtown Economic Stimulus Authority of Kansas City (DESA) was formed following the July 7, 2003 passage of The Missouri Downtown and Rural Economic Stimulus Act (MODESA) and was given its powers by the City of Kansas City on August 28 the same year. MODESA "provides new state revenue to be redirected for "major initiative" projects to revitalize urban cores." DESA has the ability to 1) own property and transfer property 2) borrow money and issue obligations 3) renovate, own, operate and construct public improvements and parking garages.⁵⁰ It does not, however, have condemnation power (Wilson Interview). According to Missy

Wilson, Vice President of Business Development for DESA, The Power and Light District project downtown is the only project to date to use MODESA funds.⁵¹

The Land Clearance for Redevelopment Authority is the city's urban renewal authority and "works to remove blighted properties and encourage redevelopment within designated Urban Renewal Areas." The Authority has the power to grant property tax abatement, sales tax exemption, issue bonds and assist with the acquisition of land including the use of eminent domain. The power to grant tax increment financing lies not with the LCRA but with a separate Tax Increment Financing Commission.⁵² Tax Increment Financing has been used heavily in Kansas City over the past several years. The Tax Increment Financing Committee reported total TIF plans of \$58 million in fiscal year 2004-2005. Recent projects of note financed in part by TIF include the Sprint Arena and new H & R Block headquarters.⁵³ Tax abatement has been used more frequently to encourage residential development. In fact, such a large number of projects have been granted tax abatements (some lasting as long as 25 years) in recent years that there is discussion in City Hall of a new ordinance designed to limit the use and length of abatements.⁵⁴

Housing

As noted earlier, Downtown Kansas City has been relatively successful in retaining affordable housing. Nevertheless, the City recognizes a need for additional affordable housing downtown. Currently, affordable housing represents about 10% of the downtown housing stock. The City Council is currently establishing a new housing commission to address affordable housing issues in all areas of the city, and especially downtown. In addition to the establishment of a housing commission the city is looking into the possibility of an inclusionary housing ordinance that would require residential development of a certain size to include some component of affordable units.

Comparisons

The downtowns of Kansas City and Denver have much in common. Both cities are of comparable size with metropolitan areas of around 2 million people. Although downtown definitions vary, the historic definition of Downtown Denver is somewhat comparable in size to the downtown boundary of Kansas City. While Denver's downtown is roughly 1,415 acres, Kansas City's is slightly larger at 1,856 acres. Both cities have similar size

downtown workforces in the range of 110,000-120,000 employees. Denver has a slightly larger housing market, although Kansas City has caught up quickly. Several years ago Kansas City had almost no new downtown housing. Today, there are over 6,000 multi-family housing units in Kansas City, compared to 7,000 in Downtown Denver. Denver, however, is still several years ahead of Kansas City in its downtown redevelopment. Denver's redevelopment caught on in the 1990s with key projects such as Coors Field and Elitch Gardens Amusement Park opening in mid to late decade. Kansas City's downtown renaissance really only began to take hold a few years ago. Despite this fact, Kansas City has made great strides in the past few years.

Both Kansas City and Denver have made the convention business and the development of amenities such as sports arenas a cornerstone of their redevelopment efforts. Denver expanded its convention center a couple of years ago while Kansas City's convention center expansion is currently in progress. Complimenting the convention center expansion is the new Sprint Arena, which, like the Pepsi Center, is designed to draw residents and visitors alike downtown for concerts and sporting events. The expansion of public transit downtown is also a key aspect of both cities' downtown plans. While Kansas City is several years behind Denver in terms of the availability and expanse of transit, it recently launched a bus rapid transit system and has plans for a massive citywide transit expansion and additional downtown transit lines. A focus on residential development provides another similarity. A downtown residential population is essential to a thriving, vibrant downtown. This is a fact not forgotten by the city of Denver or Kansas City. Both cities have played active roles in attracting residential development downtown.

In most instances Denver has enjoyed a lead of several years over downtown redevelopment efforts in Kansas City. One area where this does not appear to hold true is in the success of efforts to attract major employers to downtown. Kansas City has made the attraction of large employers to downtown a key focus of redevelopment efforts and has enjoyed several large successes. The development of the new World H&R Block headquarters in downtown brought 1,450 new employees downtown and acted as a catalyst for downtown reinvestment. Other large employers followed including the IRS, whose new downtown regional service center will consolidate several offices around the metropolitan area and bring over 6,000 employees downtown.

SUMMARY

Downtown Kansas City is experiencing a resurgence of redevelopment activity after years of languishing. In many respects its current renaissance is reminiscent of the changes seen in Downtown Denver throughout the 1990s. The downtown population and employment figures have seen substantial increases over the past five to seven years following years of stagnant growth. Kansas City's downtown is currently poised to become a vibrant anchor for the region. The downtown area has remained a vital core of business and government, but its relevance to the metropolitan area as a residential, entertainment and cultural center has waned over the years. This appears to be changing. Kansas City's ability to reinvent its downtown can be attributed, in large part, to four key factors that Denver would be wise to focus on.

- **Attract Residential Investment-** Between 2000 and 2005 downtown residential investment increased 43%, an increase of over \$577 million. The City has played an active role in attracting residential development through the use of tax abatements.
- **Attract Major Employers and New Jobs to Downtown-** Kansas City has been very successful in attracting large new employers to the downtown area. Examples include the H&R Block World Headquarters employing 1,450 people and the new IRS Regional Service Center employing 6,000. Tax Increment Financing has played a key role in attracting employers to downtown to construct new facilities.
- **Attract Anchor Developments-** The downtown development strategy has used major developments to act as catalysts for the redevelopment of larger areas. Examples include the Power and Light District, which has acted to spur additional revitalization activity throughout the entire Convention Center District. The city has worked to direct these key developments to desired locations through the use of eminent domain and tax increment financing.
- **Denver would also benefit by changing its one-way traffic downtown to two-way traffic.** This change allows traffic to choose from many more paths to reach its destination and slows traffic, thereby aiding downtown retailer's ability to attract customers.

Kansas City's downtown boom shows no signs of slowing. Several new projects, most notably the East Village near City Hall, are in the early stages of development. Several of downtown's largest new developments, including the Sprint Arena, the expanded Convention Center, and the Power and Light District, are opening in 2007. The new arena is already seeing significantly expanded bookings for concerts and sporting events. The Convention Center too has seen a dramatic increase in scheduled conventions and meetings, and the Power and Light District is anticipated to be a strong regional attraction. The expansion of public transit, via light rail or bus rapid transit, will improve connectivity to downtown and further fuel the residential building boom.

Downtown Kansas City is a dramatically different place today than the Kansas City of ten or twenty years ago and it continues to change. Its success can be attributed to a concerted effort to link downtown revitalization to growth in the residential population, expanded job opportunities and the attraction of key developments to anchor and catalyze additional redevelopment. Although Kansas City is still in the early stages of revitalizing its downtown, current efforts suggest a bright future for the downtown area.

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