North Loop Technical Assistance Panel

Panel Recommendations

January 14, 2016
Thank you

- Cindy McSherry, ULI Chicago
- Diane Burnette, MainCor & ULI Kansas City
  Chair of Mission Advancement
- Joy Crimmins, ULI Kansas City
- Macy Laney, student, UMKC

- Kansas City Design Center for providing meeting facilities
The mission of the ULI is to provide leadership in the responsible use of land and in creating and sustaining thriving communities worldwide.
Technical Assistance Panel

- Objective, multidisciplinary advice on land use and real estate issues developed over the course of two days
- ULI Kansas City members from across the region volunteer their time to participate as panelists
Genesis of the Panel

Conversations among the Kansas City leadership and MODOT regarding Amendment 7, opened the door for further discussions of decommissioning Northloop, rebuilding the Broadway Bridge, and land use opportunities made available via this decommissioning.
Panel’s Charge

What land uses/development should be recommended if the Northloop is decommissioned and the Northloop land become available for redevelopment?
TAP Panel Members

Panel Co-Chairs
David Brain
John McGurk, Polsinelli PC

Panel Members
Jim DeLisle, University of Missouri–Kansas City
Bob Langenkamp, KC EDC
Gib Kerr, Cushman & Wakefield
Jack Messer, City of Overland Park, KS
Dan Musser, Newmark Grubb Zimmer
Sean Simms, SKS Studio
Ashley Sadowski, Momenta
Matt Webster, Ameritas Investment Corp
Process

- Briefing documents
- Stakeholder interviews
- Full day of team discussions
Stakeholder Meetings

- Kansas City Leadership – Mayor James, Rick Usher
- City Planners
- Parks & Recreation
- MODOT

- Port Authority
- Downtown Council
- KC Street Car
- Real estate developers
- Neighborhood Leadership
Study Area
Scale Examples
Themes, Reconnecting the Grid

- Retain and Restore the grid for vehicular, pedestrian and bicycle use (including neighborhoods such as Columbus Park, etc.)
Themes, Connectivity

- Connect Independence Avenue and taking care of the traffic east to west
- Connect 6th Street to Admiral
Themes, Pedestrian Access

- Take Heart of America down to grade (which will help connect Columbus Park)
Themes, Open Spaces

Pocket Parks and Plazas
Themes, Open Spaces

Gathering Spaces meet landscape
Themes, Mixed Use

Gathering Spaces meet landscape
GDAP Goals

- Create a walkable downtown
- Double the population downtown
- Increase employment downtown
- Retain and promote safe, authentic neighborhoods
- Promote sustainability
Assumptions

- Will be decommissioned
- Traffic will be rerouted
- Broadway Bridge realigned
- Scope focused on study area
- No acquisition costs land to city
- Excavated parking – 2-3 stories
Market Trends/Potential

- +/- 90 acres of land in TDD
- +/- 5 acres/yr annual absorption
- +/- 10 Years to site delivery
- Parking – 2.5 spaces/1000 sf
- Office – floorplates 25,000-35,000 sf
- Retail – small box retail (City Target)
- Residential – high-rise residential ($2.50/sf)
Context
Options Considered

- Big Bang
- Evolution
- Back to Nature
- Take me out to the Ball Game
Evaluation of Options

- Big Bang – Hold entire site
- Evolution – Series of development opportunities
Big Bang, Pros

- National scale
- Replace riverfront
- Central location
- Game changer
- Transition plan between CBD and River Market
- Supports transit investment
- Increase density
Big Bang, Cons

- Requires patience, political will
- Long, uncertain return period
- Larger-scale upfront cost
- Avoid blight and negative impact
Big Bang, Phasing/Implementation

- Site prep
  - Demo
  - Utilities
  - Entitlements/Plan
- Interim Use – Community Attachment
- Maintenance
- National RFP/Marketing
- Restore grid elements up front?
Evolution, Pros

- Less up-front cost, lower holding costs
- Quicker returns
- Better mixed use potential
- More master planning
- Multiple visions
- Local flavor
- Reduced market disruption
- More control
Evolution, Cons

- More coordination, negotiation
- Perception of loss of big opportunity
- Relocations within market vs. additions
Evolution, Phasing/Implementation

- Multiple RFP
- City prioritizing phasing
- Site prep and maintenance
- Establish planning controls up front
- Establish financial framework/approach
Architectural Design

Amazon Headquarters
South Lake Union, Seattle
Architectural Design

Uber Headquarters
Downtown San Francisco
Master Plan
Typical Block Density

1. Create pedestrian-scale street scale
2. Allow access to open space around 1-way
3. Create a variety of open spaces
4. Vary architectural massing

Independence Ave

Typical Development Block

1"=50'
Design
Design
Financing Discussion

- Development Template
  - SCENARIO #1: Single user “Big Bang Development” on 32 acres: corporate campus or similar
  - SCENARIO #2: “Evolution Development” of individual blocks for mixed, multifamily or office use

- Tax Increment Financing & Land Sales Pays for Infrastructure
Financing Discussion – Capital Stack

- **Private**
  - Private developer pays for ground
    - Assumption for land cost $75 per sq. ft.
    - Total site size: 1.39MM sq. ft. (32 acres)
  - Mortgage financing and equity for private development

- **Public Financing**
  - Nominal carry costs for property while under public ownership
  - TIF pays for differential costs related to infrastructure (parking, roads and streetscape)
Scenario 1: “Big Bang” Financing

**Overview**
- Office Development Square Ft.: 3,000,000
- Total Employee Count: 12,750
- Multifamily Development: 1,050 units
- Parking Required: 7,200 spaces
- Retail: 100,000 sq. ft. with $25mm sales
- Plaza, Outdoor Space: 348,000 sq. ft.

**Public Funding Available**
- Land Sales Proceeds: $78,000,000
- PV of TIF: $186,000,000

**Use of Public Funding**
- Parking: $180,000,000
  - Spaces: 7,200 stalls
  - Cost/Space: $25,000 per stall
- Streetscape
  - For seven blocks: $7,000,000
- Road connections: Independence Ave., 6th St. and Heart of America: $25,000,000
- Unallocated: $52,000,000
Scenario 2: Evolution Financing – Single Block (4.8 acres)

**Overview**
- Office Development Square Ft.: 220,000
- Total Employee Count: 935
- Multifamily Development: 174 units
- Parking Required: 818 spaces
- Retail: 34,500 sq. ft. with $7.3mm sales

**Public Funding Available**
- Land Sales Proceeds: $15.6MM
- PV of TIF: $16.1MM

**Use of Public Funding**
- Parking: $20.4MM
  - Spaces: 818 stalls
  - Cost/Space: $25,000 per stall
- Streetscape: $1 MM
- Road connections: $10.4 MM
Financing Conclusions

- Standard incentives, in this case TIF, allow for funding of differential development costs.

- Funding differential infrastructure costs of urban development will likely be required to attract development.

- Funding differential costs of urban development is a well tested template for Kansas City CBD development.
Recommendations

- To the extent possible – approach in manner that preserves both alternatives
- Pursue common elements
- Evaluate actual market at time it becomes available
- City should examine the elements to determine which roles it wants to play
Summary

- Attractive “Game-Changer” site
- Attractive community benefits
- Aggressive absorption assumption
  - Best execution is with user(s) new to market
- Modest density assumption still financially feasible
- Encourage opportunity formation and pursue “Dual Option” strategy
Kansas City North Loop Technical Assistance Panel

Presentation
Panel Recommendations
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