

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

ULI Mission Statement

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





4.8ac

2.6ac

2.0ac

2.5ac

3.0ac



3.9ac

6.2ac

7.0ac

Approximate Sizes

Broadway

Admiral

Grand

Charlotte

Myrtle

Baltimore

Main

Oak

Holmes

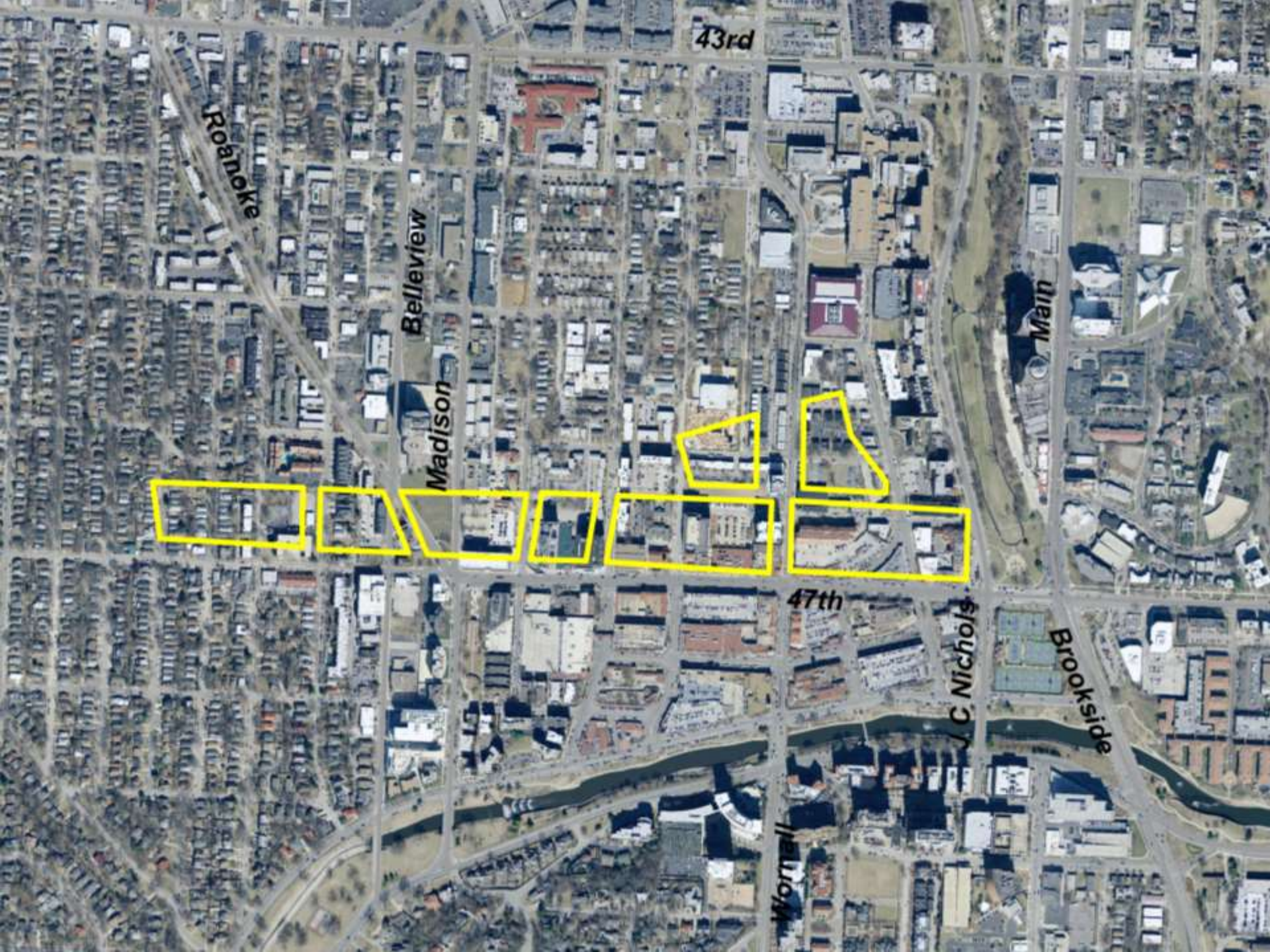
10th

11th

Independence

Feet

Scale Examples



43rd

Roanoke

Bellevue

Madison

Main

47th

C. Nichols

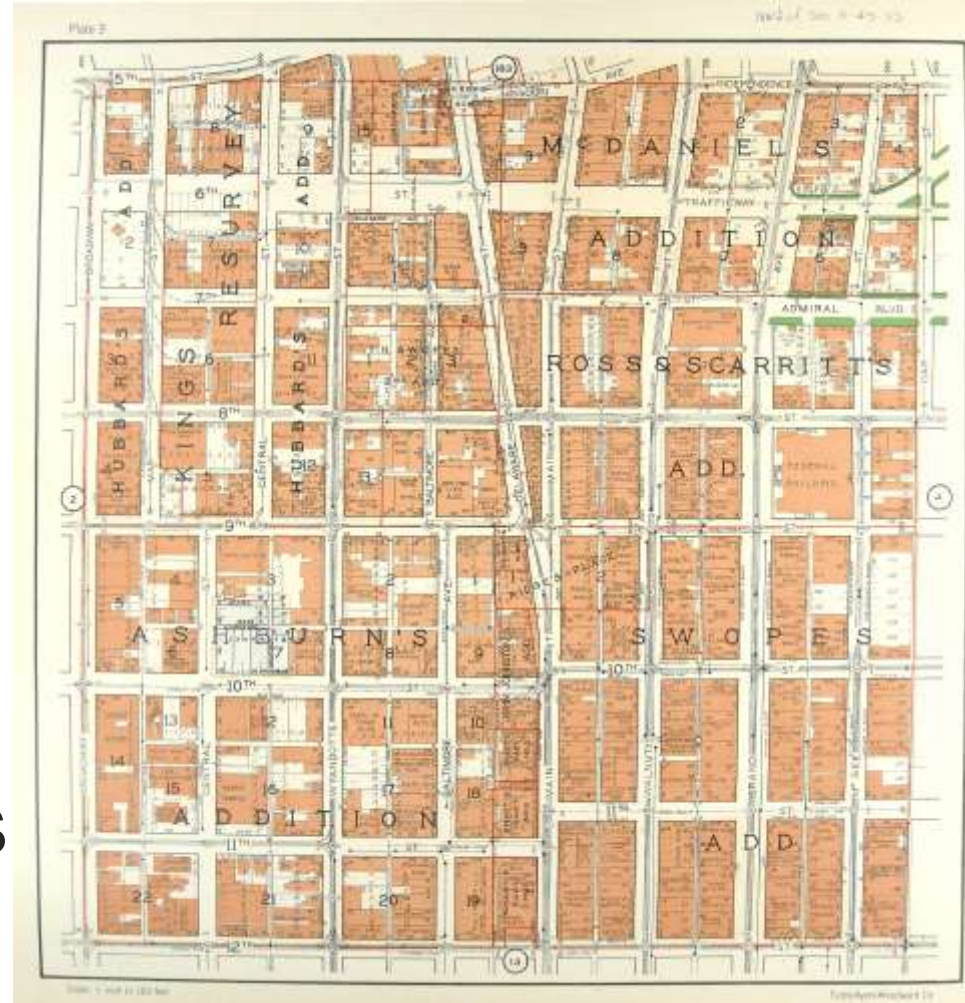
Brookside

Wormal



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

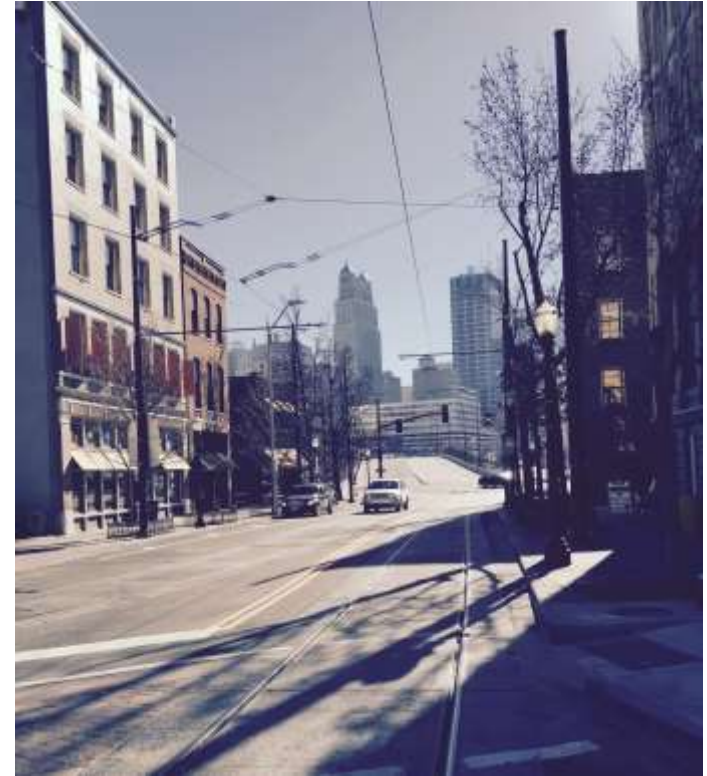
Market Trends/Potential

- +/- 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



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

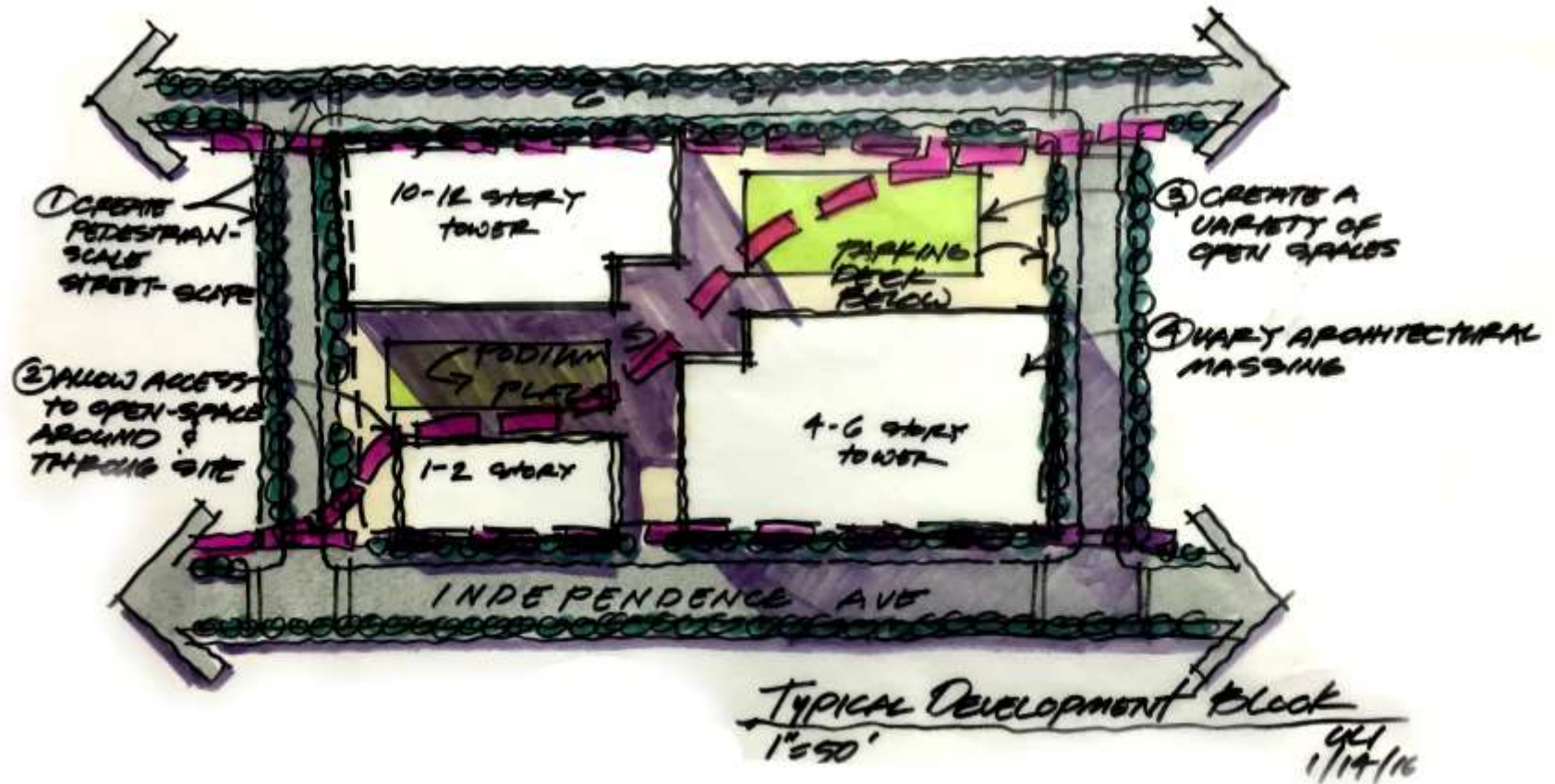


Uber Headquarters
Downtown San Francisco

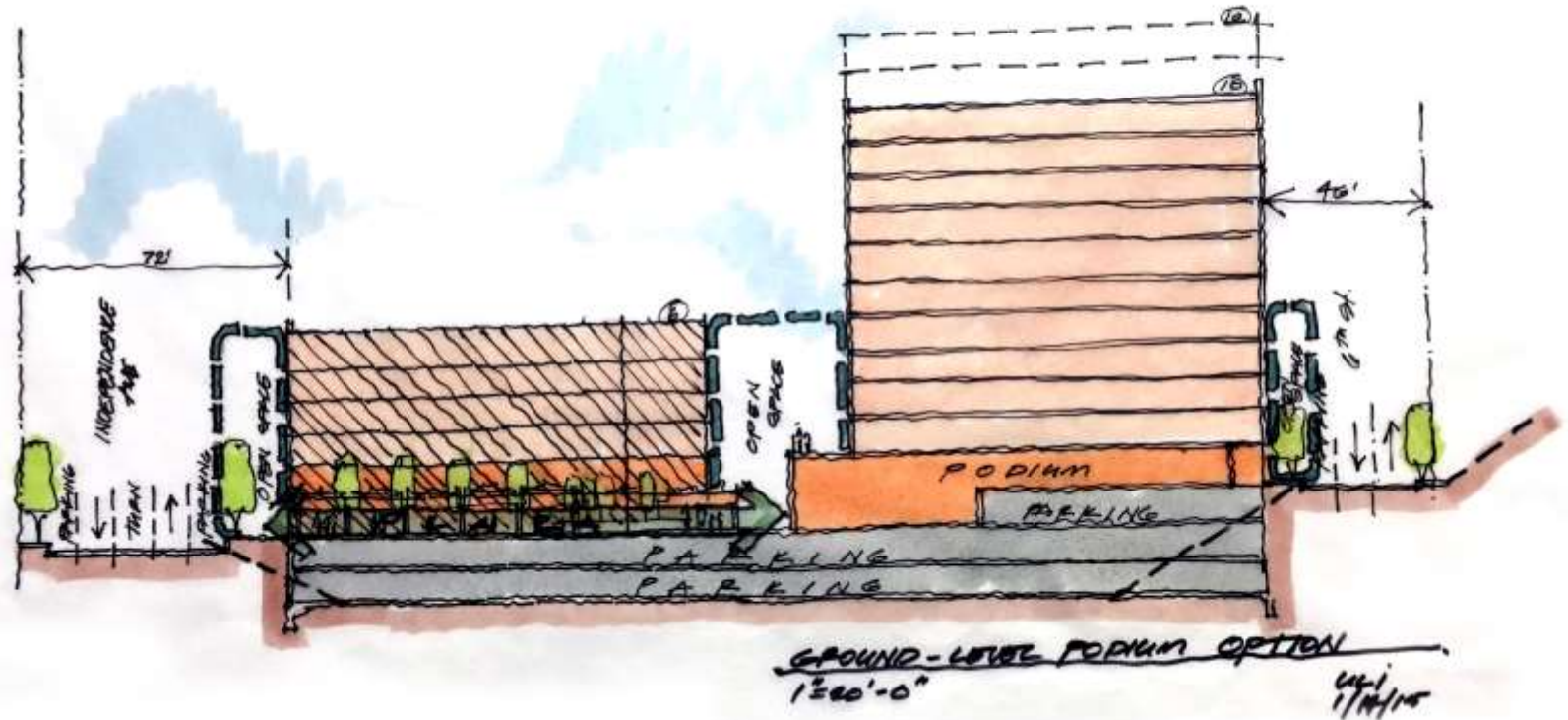
Master Plan



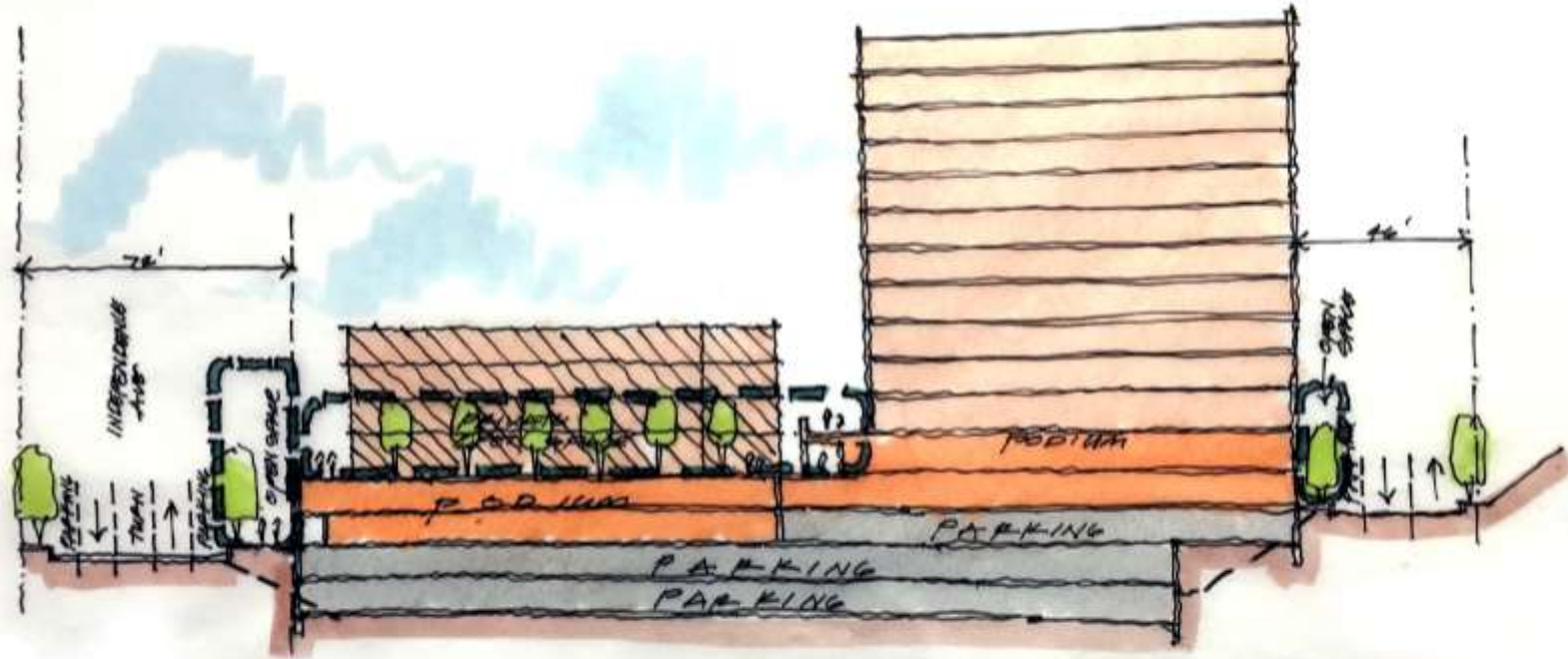
Typical Block Density



Design



Design



ELEVATED PODIUM OPTION
1"=20'-0"

ULI
1/14/16

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
 - For seven blocks \$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

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**Presentation
Panel Recommendations**

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