

THE URBAN RENEWAL BUSINESS REPORT

A Decade of Redevelopment in Downtown Kansas City
4th Quarter, 2006





**Today,
Downtown
Kansas City
may be one
of the most
remarkable
examples of
urban rebirth
in the United
States.**

THE URBAN RENEWAL BUSINESS REPORT

A Decade of Redevelopment in Downtown Kansas City

From a position in the 1970s as one of America’s most dynamic communities, Kansas City had by the 1990s slipped to a dramatically diminished status. Nowhere was this more evident than Downtown and urban core, where the landscape was often typified by declining or empty office space and littered parking lots. In many ways, Kansas City was a downbeat example of the problems facing many contemporary American urban areas, assaulted by internal problems and finding it challenging to match the amenities of their suburbs.

By the late 1990s, the likelihood of solving these problems in Kansas City seemed unlikely to many citizens and even community leaders. Although the area had strengths such as the Quality Hill residential development or, to the south, the Country Club Plaza retail center, the blocks in between were often a leading example of urban decay. Most disheartening, some of the worst problems were visible in the city’s core, the “Downtown loop.” Bounded on four sides by interstate highways, this central section of Downtown Kansas City, Missouri included only a small residential component, a few financial/service industries, and local, state and federal government offices. Extensive major construction had not occurred there since the 1980s. The most recent, major growth had occurred nearly 30 years earlier.

The depth of this decline is important to examine in view of the ensuing renaissance. A previous mayor described Downtown as the “hole in a donut,” but the comprehensive nature of the problems may have exceeded even that pessimistic description.

From a first-tier convention destination with a multi-million-dollar visitor industry, Kansas City had slipped to second-tier status and found itself competing with smaller communities it once considered provincial. Along with a loss of stature that impacted business investment, the sheer loss in immediate revenue was dramatic.

Perhaps most of all, local perceptions of Downtown and its potential were at a low point. Motorists crossing one of the three main bridges over the Missouri River, or traveling

into Downtown on one of several interstate highways were increasingly bypassing Downtown for work, entertainment and living—often for the simple reason that there was nothing Downtown to which to drive. A few hotels and the convention center were the only remainder of a vibrant, active urban core. Compounding the problem, many businesses led this out-migration by relocating to other areas of the metropolitan area. Peripheral areas such as the Plaza remained healthy, but overall, Downtown Kansas City was not.



Union Station's rebirth after a rare bi-state collaboration was an early sign of Downtown Kansas City's renaissance.

Dramatic Turnaround

Today, Downtown Kansas City may be one of the most remarkable examples of urban rebirth in the United States. Some \$4.5 billion in new development is complete or under way, including a \$276 million arena, the \$850 million entertainment district and the \$138 million H&R Block world headquarters. In total, nearly \$1 billion worth of investment projects will open during 2007 alone, all inside this core area of Downtown.

Nor is this growth one- or two-dimensional. Office development includes major private and government facilities with nearly 16,000 new workers joining the workforce, plus a nearly 20-block area of entertainment, convention and arts development when including the Crossroads District.

Somewhat surprisingly, however, the first component of this recovery was residential growth that nearly doubled the population of greater Downtown between 1996 and 2006.

In 2005, a Downtown population survey found 16,170 people and 10,237 housing units. In 2000, the population may have been as low as 10,000 people. In five years, the redevelopment efforts had added nearly 6,000 people to the area. Officials also estimate that Downtown will grow by another 2,000 to 5,000 more people by the year 2010, reaching a total population of 18,000-21,000 people.

In many ways, this key residential component began with a presentation by Mayor Kay Barnes in November 2000. In what became known as the "River Crown Plaza" speech, she unveiled a visualization of Downtown known as a place to live, as well as work and play. An important component of this vision was that housing would provide key economic development leverage by generating demand for new businesses. As part of this concept, the mayor established a goal of 700-1,000 new housing units Downtown within two years, as well as supporting amenities such as a grocery market, at least one additional Class A office project, expanded convention, entertainment facilities and ground-level retail.

Mayor Barnes has been quick to credit others, including the private sector. "One of the reasons for our success is that the public and private sectors are working closely together," she said in a 2004 interview. "We have leaders in several key organizations who come with expectations who we have not had before. And we have individuals leading corporations who are willing to take risks and think outside the box. This has been a very important part of our success."

Other details are important as well. Many of those early residential conversions involved Class B office space that was adapted into residential use. Kansas City heavily supported those efforts with a healthy stream of financial incentives. "What the city did was use historic tax credits, tax abatements and other incentives to turn

"One of the reasons for our success is that the public and private sectors are working closely together."

**Mayor Kay Barnes
City of Kansas City, MO**

Rooftop Resurgence Sparks Overall Growth

Kansas City's urban residential revival began in late 1990 with conversion of formerly vacant or under-used commercial buildings that were converted into lofts. As with other urban areas, this trend involved several factors, including market forces favoring urban living, affordable conversion opportunities, and governmental support.

Many of Kansas City's new residential locations are moderately sized, with 10-20 units, but a few have totaled more than 100 or even 200. Many of the early projects were "homemade" loft conversions of older warehouses, while later projects included large loft and condominium developments by major local developers and outside investors.

The pace of Downtown's increased livability continues at a growing rate, indicating that the market retains a healthy, upward trend. In June of 2006, Kansas City's Downtown Council reported that some 3,292 new residential units were in various stages of development, including 614 newly completed, 563 under construction and 2,115 planned. The Downtown market appears strong enough to even exhibit immunity from the nation's housing slowdown.

The recent figures also illustrate the growing market in for-sale residences. In 2005, only 23 percent of the Downtown housing market was for-sale. One year later, that number had jumped to 31 percent. Not surprisingly, the investment in condominiums led some property owners to convert their rental housing to for-sale units. Approximately 625 rental units were converted between 2005 and 2006 alone.

Whether rental or for-sale, multi-unit developments are not the only residential projects under way in Downtown Kansas City. A surprising number of single-family homes are also under construction. Some of the most notable are eight, \$1-million-plus residences in the Jefferson Heights neighborhood, located on a prominent bluff southwest of Downtown. These 3,000-5,000 square foot homes are expected to be complete in 2007.

At the same time, affordable housing units

in Kansas City's urban core continue to increase. Since 2005, 496 affordable housing units have been completed or are currently under construction. This is a significant increase, considering only 182 affordable housing units were added between 2000 and 2004. The developments are located throughout the greater Downtown area.

Residential construction is occurring in many of Downtown Kansas City's neighborhoods. One of the largest concentrations of completed or under-construction housing is in the River Market area and, to the east, the Columbus Park area.

What's more exciting is the breadth of residential projects on the drawing board throughout the greater Downtown area. One such mixed-use development which includes a significant residential component will be built along the Missouri River near the Richard Berkley Riverfront Park.

The Financial/Convention district holds even more completed and under-construction housing, as well as 601 planned units. Like the Government and Crossroads sub-districts, the Financial/Convention area is seeing development in expectation of the demand likely from completion of the Sprint Center Arena and the Power & Light Entertainment District. As of June 2006, another 1,200 units were planned for the East Village development in the Government sub-district, with an additional 881 units planned for the Financial, Convention and Crossroads districts.



The Western Auto building loft conversion was one of the first large-scale residential projects Downtown.

these properties over from Class B office space into condo living and loft living,” explained City Manager Wayne Cauthen. “It was an aggressive effort to make that work.”

Perhaps even more importantly, these efforts required a change in attitudes as well. Kansas City for years had turned its back on its Downtown, and creating a dramatic residential market was not an obvious economic or lifestyle evolution for this city. Yet success on a smaller scale had already occurred in the nearby River Market area, an historic section between the Downtown loop and the Missouri River. As in an “artist loft” enclave to the south, a healthy grassroots market with surprisingly strong local demand drove this early development.

Public/Private Teamwork

One of the most important contributions by a “third party” to Downtown resurgence involves the Kansas City Civic Council, an association of the area’s foremost business leaders. In 2001, the council presented the Downtown Corridor Study. Usually called the “Sasaki Plan” after the consulting firm that created it, the study provided what became an almost prescient road map for the successful redevelopment of Downtown, which has occurred since its release.

Significantly, Kansas City’s policymakers almost immediately accepted most of the recommendations and—most importantly of all—began to adopt them. Sometimes through unexpected opportunity, frequently because of intentional design, the city, the business community and the public began to successfully address the major recommendations of the Sasaki Plan.

This progress was steady, but as with any urban environment it included many complex factors and potential pitfalls. For example, the large developments called for in the Sasaki Plan often exhibited a “chicken and egg” challenge, with each party wanting commitment by the other before finalizing their own plans.

In a number of ways, the period from late 2003 to mid-2004 was especially dramatic, with some of the largest and most significant announcements in Downtown history. Within a few months, announcements were made for the H&R Block world headquarters, the then nine-block entertainment district and voter approval of the adjacent arena. In less than a year, the stage was set for more than \$1 billion in development and the virtual rebuilding of a massive portion of the central business district.

Details of these large projects have been widely shared, but even a brief overview is impressive. The Sprint Center Arena represents a \$276 million investment that will seat 18,500 for events such as college basketball and, perhaps, a professional basketball or hockey team. It will also be home to the National Association of Basketball Coaches Hall of Fame and The College Basketball Experience. With concerts and other events, the arena is expected to draw nearly 1.3 million visitors in its first year alone.

The more than \$850 million *KC Live!* Entertainment District is unprecedented in the Midwest. It will feature unique shops, boutiques, art galleries, bookstores, live entertainment, a mix of restaurants and one-of-a-kind entertainment attractions, along with office and residential areas. Announced simultaneously with the entertainment area, the \$138 million H&R Block world headquarters is bringing nearly 1,500 employees to the single, 500,000 square-foot office that overlooks the nearby entertainment district.

As if all of this were not enough, these projects are adjacent to the \$135 million convention center expansion that was already under way, and a \$340 million new Kauffman Performing Arts Center that began in 2006. Combined with other public and private investment, more than 15 blocks of the Downtown loop are being rebuilt. Kansas City has successfully undertaken one of the largest urban core redevelopments ever.

A Timeline of Downtown Kansas City Redevelopment

<p>Five metro counties approve first-ever metro-wide sales tax to fund renovation of Union Station and other cultural attractions.</p> <p>1995</p>	<p>The City of KCMO and the Board of Parks and Recreation Commissioners establishes a committee to raise funds to renovate Liberty Memorial,</p>	<p>a Kansas City landmark closed to the public since 1994, because of structural deterioration.</p>	<p>The revitalized 18th and Vine jazz entertainment district holds its grand opening ceremonies at the Jazz Museum and Negro League Museum.</p>	<p>Voters agree to restore Liberty Memorial.</p> <p>1998</p>
---	--	---	---	---

Road Maps for Success

The creative vision for Downtown Kansas City’s dramatic rebirth can be credited to a number of sources. Area civic leaders, formal studies and development plans, as well as the community as a whole all made important contributions to what has undeniably become a roadmap for success.

The 2001 “Sasaki Plan” is often cited as one of several important elements that helped focus the community’s efforts at rebuilding its core. Completed by internationally known Sasaki Associates Inc. of Massachusetts, the document was one of the first to put in one place many of the suggestions and ideas that had evolved regarding Kansas City’s Downtown and the problems it faced. Several area architectural and engineering firms also presented formalized suggestions, reaching similar conclusions.

Sponsored the Kansas City Civic Council, the Sasaki study drew on extensive interviews with community, civic and business leaders. It echoed earlier comments by city officials, including Mayor Barnes, who advised the promotion of housing development, which has done so much to create and sustain the unprecedented housing growth in the urban core. Other widely recognized suggestions included an overall clean up the Downtown loop, which is visible today in efforts such as the master streetscape plan and community improvement districts.

Several formal reports, and the conclusion of many Downtown supporters, urged an increase of major Downtown attractions. An almost universal request was to re-create the sense of destination in Downtown Kansas City that had been so much a part of its heydays. As much as any suggestion, that concept provided a roadmap for today’s Downtown rebirth. Today, projects such

as the arena, convention center expansion and entertainment district are creating these new destinations, while providing a catalyst for surrounding development and virtually remaking the Downtown loop. While not everything outlined by studies such as the Sasaki report has been realized precisely, the plans to a remarkable



New development in Downtown Kansas City emphasizes a pedestrian-friendly vitality that has been missing.

degree accurately outlined a positive future for downtown Kansas City, and helped bring it about by identifying the necessary steps.

Today, Kansas City leaders are examining ways to build on their redevelopment success. One of the most obvious targets is to better link the large projects that are now under construction, and continuing to build the Downtown community’s connections. Although challenges continue, the work is promoted by current successes that are moving the entire area forward.

Kansas City celebrates 150th anniversary.

2000

Mayor Kay Barnes announces River Crown Plaza Housing Initiative and specific goals regarding Kansas City’s Central Business District.

The Civic Council sponsors the Sasaki Plan.

2001

Kansas City’s Bruce R. Watkins Drive opens a direct route from Downtown to the city’s southern sections.

The Stowers Institute opens and provides an important connection between Bruce Watkins Drive, Country Club Plaza and Downtown development.

Early Roadmaps

Big projects such as those being developed in Kansas City's Downtown Loop serve as major catalysts for additional growth, often multiplying by three or four times any public investment and attracting additional private investment. In Kansas City, the foundation for using large projects as catalysts for growth was already set with an earlier project. In 2002, the Kansas City Public Library partnered with several civic organizations to rehabilitate an historic bank building for their new central library. Although the \$50 million project was not scheduled to open until 2004, private developers began almost immediately to convert surrounding warehouses and offices into what, at the time, represented some of the largest new residential projects in the region.

The efforts were so successful that by 2003, the Library District had already become one of the hottest residential markets in the metropolitan area. By the time the stunning "new/old" library opened in 2004, it fit into a neighborhood that was already reborn as one of the most dramatic examples of restoration in the region. The public/private project to build a new library utilizing the beautiful old bank building had

generated hundreds of new residences in the surrounding area, and many brought some of the highest rent and had the lowest vacancies of any location in the metropolitan region.

Although the library was an excellent example of a public/private project serving as a catalyst, other projects have even greater reach. The entertainment district, H&R Block headquarters and arena comprise an unprecedented level of effort. Combined with the nearby Bartle Hall convention center expansion and performing arts center, as well as other adjacent projects, the new district is generating peripheral development throughout the entire Downtown. Not surprisingly, projects of this scope involved several challenges.

One of the most important issues in the entertainment district was "simple" acquisition of the land and, here, Kansas City was fortunate. Prior to the entertainment district announcement, the real estate investment arm of DST Systems Inc. had made extensive land purchases in the area. Several blocks in that area had previously been proposed for various developments, including an earlier entertainment district, but the acquisition of several of these Downtown blocks by a single

MODESA Financing

One of the most important financial components of Kansas City's resurgence involved the use of the Missouri Downtown Economic Stimulus Act (MODESA).

MODESA is designed to facilitate the redevelopment of downtown areas throughout Missouri and to create jobs by providing essential public infrastructure. Similar to a modified and enhanced version of Tax Increment Financing (TIF), MODESA was created in 2003

to provide new state revenue for "major initiative" projects that revitalize urban cores and provide economic stimulus for Missouri.

Locally, the Downtown Economic Stimulus Authority of Kansas City, MO (DESA of KCMO) was created as a statutory agency to review projects wishing to use the MODESA incentive and then make a formal recommendation to City Council and the Missouri Development Finance Board.

Some of the most concentrated loft and condo conversion is planned in the Library District, anticipating the 2004 opening of the new Main Kansas City Public Library.

2002

The IRS announces plans for a new central facility at the site of the former Main Post Office. The \$300 million plan is estimated to represent 6,000 employees.

2003

The Federal Reserve Bank plans a \$200 million headquarters near 29th and Main, bringing another 1,100 workers Downtown.

Two simultaneous announcements: H&R Block plans to relocate its headquarters to Downtown Kansas City and a \$400 million, seven-block entertainment district will be

built by Baltimore developer, The Cordish Co.



Kansas City's new entertainment district, new performing arts center, new arena and expanded convention center represent 15 blocks that are being rebuilt in Downtown Kansas City.

owner in 2003 greatly facilitated the success of the project. Rather than dealing with 20 or 30 properties, the City of Kansas City, Missouri needed to work with only one firm to assemble more than 85 percent of the property, which in turn was developed by The Cordish Company.

Creative Financing

Another positive component involved in several Downtown projects was financing. The entertainment district, especially, involved a complex and imaginative combination of diverse funding elements. One key was the Missouri Downtown Economic Stimulus Act, which had only been approved recently by the state of Missouri. Other components of the package included brownfield tax credits, historic tax credits, Chapter 353 Tax Abatement, enhanced enterprise zones, tax increment financing and other development tools

needed to make the mammoth project a reality.

Although not every Downtown project received either the proportional quantity or complex diversity of public support, a majority of the projects in this unprecedented renaissance have received at least some level of assistance. From the beginning, the city, with support from its voters, state and federal assistance, backed the rebirth in order to ensure its success and continue its accelerating speed. The large number of "second generation" projects that are following that initial construction indicates the success of this work in serving as a catalyst for greater growth.

The city's Bartle Hall convention center expansions, along with remodeling and improvement to the nearby Municipal Auditorium Arena and Music Hall, are good examples of these catalysts in action. Like the library, the convention expansion was not even complete when private developers

The city begins addressing a \$400 million backlog of capital improvements. The tool of choice is the Capital Improvements Management Office, a 12-member

team consisting of city employees and members of Montgomery, Watson Harza and Burns & McDonnell to oversee the effort, replacing multiple, fragmented offices.

Voters approve \$300 million in General Obligation Bonds for capital improvements to the city's infrastructure, the Liberty Memorial and Kansas City Zoo.

Voters approve \$250 million in bonds for what will become the Sprint Center Arena. Perhaps more than any single action, this public endorsement of Downtown's

rebirth solidifies other efforts and signals a major trend is indeed under way.

2004

began rebuilding and improving nearby buildings and businesses. Not surprisingly for the convention-oriented area, a large quantity of this work involved the hospitality industry. The Hilton President Kansas City Hotel was renovated into a 214-room, boutique hotel. This \$45 million project at 13th and Baltimore was completed in 2006. Nearby, the 1,000-room Kansas City Marriott Downtown began undergoing an \$8.5 million renovation. Also within steps of Bartle Hall convention center is the Aladdin Hotel and another boutique facility, Hotel Phillips.

Similar examples of catalyst projects and the resulting developments are visible in other Downtown districts, especially the Crossroads, Freighthouse and Crown Center areas. The Kauffman Performing Arts Center, which will receive substantial city support in the form of infrastructure improvements, has already been cited as a major reason for nearby office and residential conversions—even though the center only broke ground in 2006.

Widespread Impact

This economic ripple effect is beginning to have a visible impact on Kansas City’s less tangible components, areas such as the quality of education and improving the health of nearby neighborhoods. The education component is benefiting directly from the increasing tax base and dramatically growing population of employ-

“People saw things starting to occur and things actually start to come out of the ground, and that had an impact.”

Wayne A. Cauthen
City Manager
City of Kansas City, MO

ees and new residents in the area. While Downtown residents are currently estimated to have reached more than 16,000, the number of Downtown employees has grown by a nearly equal amount. The IRS Service Center and the new Federal Reserve Bank will bring 8,000 employees to one, relatively small area of Downtown.

The resurgence of convention business is also key to generating additional revenues throughout the city. Once a major part of Kansas City’s economy, convention and tourism business slipped dramatically following its heyday in the 1970s. Although the area is still a regional market, the loss of several major conventions was seen as a direct result of the lack of reinvestment and sustained competitiveness. Beginning in 2007, completion of the Bartle Hall expansion, entertainment district, arena and other elements will position Kansas City to again compete effectively in this lucrative market. Already, new tenants and events are signed for the arena and the new entertainment/convention business is projected to add significantly to current levels. Kansas City’s potential in the convention/visitor market is recognized nationwide because of its central location and excellent transportation network. The lack of business has been visibly connected to the previous lack of modern facilities.

The most striking impact of Downtown development, however, may be the affect on surrounding neighborhoods. Crown Center, once a blighted hillside near Hallmark Card’s manufacturing plant, became quite literally a “crown jewel” in Downtown Kansas City when it was developed in the 1970s. Unfortunately, that initial development remained isolated for many years and spurred little growth in the immediate area.

Now, however, the Crown Center district’s increasing commercial development and, perhaps especially, nearby residential growth is generating some of the most impressive southward development and redevelopment seen in Downtown in more than three decades. With expanding offices

The 909 Walnut building becomes the latest redevelopment project. Vacant since 1995, 180 luxury apartment units with a 350-car garage are now planned. Total cost is \$55 million.

The 2555 Grand Avenue building opens more than 600,000 square feet in new office development, with Shook Hardy & Bacon as the anchor tenant.

The Public Library’s new Downtown home opens in a beautifully rehabilitated historic bank building. Even before its opening, the project stirs extensive development nearby.

The historic Western Auto building, built in 1915, completed its conversion into loft condominiums. Although the 12-story, uniquely curved tower

is not the first or largest residential conversion, it is one of the most visible and solidified Downtown’s residential success.

2004



Downtown Kansas City's future may be a reflection of the best elements of its past.

in Crown Center, the area along Gillham Road is becoming one of Downtown's most active new residential areas. That expansion in turn is reaching into adjacent neighborhoods that once included some of the most blighted areas in Kansas City. Now, these housing areas are awakening because of the influx of people who work in Downtown and see the potential of homes with grass yards that are only minutes away from Downtown offices.

From the Ground Up

Another key component for Downtown Kansas City's resurgence is often overlooked: major infrastructure improvements that support both large and small projects throughout Downtown.

A 2004, \$300 million general obligation bond issue was a major, early factor. When voters approved that previously unprecedented level of funding for basic infrastructure, it provided a real-world endorsement for many of the programs and projects that had been identified by community leaders. At the time, it was the largest general obligation bond issue in Kansas City, far larger than recent issues such as the \$35 million Downtown bond package in 2002 or the earlier, \$30 million zoo package. This new level of

success—and the fundamental voter support—continued on Aug. 2, 2005, when voters in Kansas City approved water and sewer revenue bonds in the amount of \$500 million.

A related effort was less visible. Inside City Hall, some \$400 million in funded capital improvements had been unaddressed for various reasons including the lack of coordination and internal controls to confused lines of authority. Cauthen, who became city manager in 2003, targeted that backlog as one of his first major priorities. Within one year, more than \$254 million in deferred maintenance was under way, signaling a major shift in operations at City Hall that in many ways altered the environment of Downtown and the city as a whole.

Several related city actions were involved as well. New department heads emphasizing results were named in several key areas. Perhaps most of all, a major streamlining of construction related authority was used to combine the city's once separate—and often slow-moving—construction projects. The new organization, the Capital Improvements Management Office (CIMO), was created in early 2004 to help reduce the backlog of city projects and improve the environment for city construction projects.

Construction begins on the Sprint Center, the entertainment district, H&R Block world headquarters, IRS complex and the new Federal Reserve Bank building.

2005

909 Walnut and HOK open their doors.

Voters approve \$500 million in revenue bonds to improve infrastructure, water and sewer lines.

The Hilton President Hotel, the IRS Kansas City Service Center and the H&R Block World Headquarters open.

Downtown population is more than 16,000.

2006

Honors & Awards

- American's Most Livable Community, Large City Category, 2004 by Partners for Livable Communities
- All America City Award, 2006 by National Civic League



Fifteen square blocks in the heart of Downtown Kansas City are being transformed into one of the most dynamic urban centers in the United States. All while preserving the area's historically significant landmarks.

More than 15 square blocks of Downtown Kansas City is being rebuilt around the entertainment district. The impact of this development extends throughout the greater Downtown area and the region.

CIMO Helps Speed Results

Kansas City's mayor, City Council and city manager established the Capital Improvements Management Office (CIMO) in January 2004.

It was developed to speed up previously funded capital improvement projects like streets, bridges, fire stations and sewers, and to improve the way these projects are completed and delivered to the citizens of Kansas City, Mo. It also addressed a \$400 million backlog of projects. By creating a centralized project delivery office, the city streamlined its efforts and began moving projects forward more quickly.

CIMO has now expanded to include nearly all funded capital projects that have cleared the planning stage. Generally, this means many of the projects come from Public Works, but a

significant number also come from the Public Improvement Advisory Committee (PIAC), as well as Aviation and Water Services. These additions have increased the number of projects from 151 to more than 300, totaling \$1.2 billion in infrastructure improvements and development.

CIMO is also managing the public infrastructure component of the entertainment district and the Sprint Center Arena. In effect, CIMO serves as a single point of contact for coordinated public infrastructure efforts for projects like the Liberty Memorial Museum expansion. This organization has laid the groundwork for such projects as KC *Live!* Entertainment District, the Convention Center ballroom expansion in addition to many other projects.

The biggest factor in CIMO’s success may have been simply streamlining the often-complex route for projects winding through City Hall. Yet besides reducing to a single one the previous five paths through city government for construction work, it also created a more focused department that gained efficiency by its very specialization. Instead of five departments that individually only saw major projects every five or six years, CIMO developed the efficiency to deal with them every five or six months. That intense focus alone is credited with a major improvement in Kansas City’s capital improvements, including the many projects Downtown.

“Our ability to attract the interest of national companies that are key leaders in their respected fields is a big win for Kansas City.”

**Pete Levi
Greater Kansas City
Chamber of Commerce**

This increased efficiency is also credited with saving taxpayers money. Contractors often had no choice but to charge a premium for city-related work because they could regularly expect nine-month delays—often throwing projects into a later construction season with higher costs. The new effectiveness helped put the city in a more favorable position not just for scheduling but for cost savings.

Perhaps most of all, CIMO solidified a growing impression of Kansas City as a can-do community. “People saw things start to occur and things actually start to come out of the ground and that had an impact,” Cauthen said. “I think that started to provide some of the momentum that you currently see today.”

Basic Issues

Not coincidentally, basic upkeep and the need for overall appearance improvements were noted by many as one of Downtown’s biggest needs. While these issues may not equal the impact of the major projects that are now nearing completion, the improvement through otherwise minor

Downtown aesthetics continues to be dramatic. A good example involved replacement of otherwise simple stormwater catch basins, some of which were crude and unattractive before the effort. Other projects include far larger sewers or street improvement, but all set a new tone as well as provide basic services needed for Downtown’s new development.

City Manager Cauthen saw the attention to detail as also providing a good early example that the city was serious about improvements. Creation of CIMO and visible efforts to unclog the city’s construction conduit not only brought concrete results, but also brought an equally important recognition that the city was serious about Downtown.

“Paying attention to basic infrastructure Downtown has helped our citizens get emotionally charged,” Cauthen said. “I think, to a very real degree, that helped us in the bond issues. The public said, ‘Let’s give the city a chance to do these things.’ Then once we started investing dollars from the public sector, we’ve seen more than \$3 come from the private sector for every \$1 we invested.”

For nearly all of the development Downtown, the city provided new infrastructure, installing water and sewer lines and, between the arena and convention center, a new fiber optic network that will allow for a WiFi network in the entertainment district when it opens in 2007. In fact,



Blessed with natural beauty and a number of amenities, Kansas City is working to blend its best historic features with new growth.



Even in areas of massive redevelopment, old and historic structures such as the Midland Theatre are being restored.

More than a quarter of a billion dollars has been invested in historic preservation projects, including the Midland Theatre, the Empire Theatre, the Hilton President Hotel, the KCP&L building and Municipal Auditorium.

the city has been able to route many cables to access points above ground. These “carrier hotels” have benefited the businesses using these networks as well as some of the landlords of the “carrier hotels,” which are now able to charge fees for hosting the access points.

Old and New

Despite the focus on new construction, a large percentage of Downtown Kansas City’s urban renewal is in the form of restoration—the city is committed to preserving or renovating historic buildings rather than tearing them down. Kansas City is separating itself from many cities by using its past while building its future. Just a few examples include the “new” library building, boutique hotels such as the President Hotel, the renovation of the Empire Theatre and the Midland Theatre, as well as numerous loft and condominium developments.

Significantly, this retention of older, often architecturally significant structures is impacting the environment dramatically. Although it is often difficult to translate these visual and aesthetic components into numbers, the result is clearly having an impact. Besides being new and exciting, Kansas City’s Downtown is also historically unique and, quite literally, something special.

Working with older buildings can be a challenge, however. Early in the Downtown efforts, Kansas City made the decision to emphasize whenever possible a priority of retaining historic or unique buildings. Even the recently restored President Hotel, which had been vacant since 1985, was laboriously restored as part of a \$45 million project.

“That’s important,” Cauthen said. “Since 1985, we’ve had a whole generation of kids come along that had never experienced a vital downtown. They didn’t remember Macy’s, the theaters, the excitement of an urban area. We had a whole generation here that had missed that. Now they will have an opportunity to experience it.”

While area young people will no doubt see their community very differently now and for years to come, there are other related results. The same young people will almost certainly have a wider range of employment opportunities because of today’s development. And significantly, the Downtown Kansas City rebirth is also impacting the city’s relationship with the larger metropolitan area.

Several observers have recognized the region’s “re-centering” with the increasingly healthy, even dynamic Downtown. This metropolitan urban position is true not only for entertainment

and living, but for business as well. Although other regional areas such as Johnson County, Kan., will continue to provide a major contribution to the area's economy, they will now do so in tandem with a major central city, instead of as separate elements spinning in opposite directions.

Only the Beginning

Downtown Kansas City's rebirth has occurred because of collaboration, yet in many ways this success is helping the city achieve still another level of teamwork that promises even greater results for the future.

Downtown's success in many instances has included at least two key groups of players: public/private partnerships that built specific projects, as well as the city and its voters who underwrote much of the effort.

Several of these long-term partnerships in many ways began in the mid-1990s with efforts such as the bi-state vote to fund restoration of the historic Union Station, a regional landmark. They have grown dramatically with combined efforts that have brought the new library and the entertainment district, and are now expanding as these groups address new opportunities in locations such as the River Market or in the Freighthouse District.

One of the more recent projects announced provides an especially appropriate example. The nearly \$400 million East Village redevelopment project will be located immediately east of the City Hall/Courthouse urban plaza. This 12-block redevelopment will replace empty parking lots and vacant buildings with new offices, shops, apartments and homes. This public/private partnership between the City of Kansas City, Mo., J.E. Dunn Construction Co., Swope Community Builders and Sherman Associates, will include J.E. Dunn Construction's headquarters and some 1,200 new residential units as well as retail and commercial development.

East Village's anchor tenant will be assisted by a city-funded demolition of several empty buildings on the site location. Once again, a Downtown Kansas City project will move forward with public support helping reduce obstacles from several years of disrepair. Also of significance, most of the 1,200 residential units in East Village will target an "affordable housing" market. This in turn has helped spur several separate developments on surrounding properties.

Although many of the strengths of Downtown Kansas City can be traced to pre-existing factors, the current level and direction of development is dra-

matic. While this city and its urban core can point to an excellent location, the quality of current development, its sustainability and its widespread impact on the overall metro area are without precedence. Enhanced by the combined efforts of the city and its private partners, today's Kansas City redevelopment is bringing positive change to both the community's infrastructure and its image. The most important transformation may be the perception area residents have about themselves.

"I sense more pride in people when they talk about the city now," Cauthen concluded. "They can see something going on. You can look back at all of those dreams and forecasts about things like the entertainment district, and now it's actually happened. People now have a different concept of what we've done here, and what we can do."

Major Projects in the Rebirth of Downtown Kansas City

Complete, Under Construction or Approved, 2002-2006

\$4.5 billion in Investment

KC Live! Entertainment District	\$850 million
Residential Projects	\$745 million
East Village	\$400 million
IRS Regional Service Center	\$370 million
Kauffman Performing Arts Center	\$340 million
Sprint Center Arena	\$276 million
Federal Office Building Renovation	\$200 million
Federal Reserve Bank of Kansas City	\$200 million
Kansas City Star Press Pavilion	\$199 million
H&R Block Headquarters	\$138 million
Bartle Hall Expansion	\$135 million
Children's Mercy Hospital Expansion	\$120 million
Shook Hardy & Bacon Headquarters	\$100 million
Kansas City Power & Light Building & Garage	\$100 million
Kansas City, Missouri Public Library	\$50 million
Central Library and Parking Garage	\$50 million
Commerce Bank & Trust Renovation	\$48 million
Hilton President Hotel	\$45 million
Kansas City Southern Headquarters	\$43 million
12th & Oak Street Municipal Parking Garage	\$30 million
HOK Sport+Event+Venue Offices	\$30 million
Truman Medical Center Expansions	\$28 million
Todd Bolender Center for Dance	\$26 million
Webster House & Blossom House Renovations	\$23 million
2005 Bartle Convention Center Renovation	\$22 million
Max Rapid Transit	\$22 million
Boulevard Brewing Company Expansion	\$20 million
Wheeler Downtown Airport Improvements	\$20 million
The Music Hall at Municipal Auditorium	\$15 million
2002 General Obligation Bond Projects	\$15 million
Marriott Hotel Renovation	\$8.5 million
Western Union Building, Office and Retail	\$8.0 million
Kansas City Repertory Theatre	\$7.0 million
Barney Allis Plaza and Parking Garage	\$6.0 million
Freighthouse District Pedestrian Bridge	\$5.0 million
Municipal Auditorium Remodeling	\$3.8 million
McCownGordon Construction, Co.	\$3.3 million
Missouri River Bridge Beautification	\$3.2 million



From world-class jazz to the country's best barbeque to one of America's most thriving arts scenes, a new Kansas City awaits. And with \$4.5 billion in downtown revitalization, you are likely to enjoy standing on any corner.

Come for the arts, culture, shopping and entertainment. Come for the history, the neighborhoods and business opportunities. Or simply come to enjoy a great American city.

kansas **i** city...
here **i** come.

[Go ahead, sing it.]



www.kcmo.org