



creating equitable neighborhood development strengthened by walkable access to public transit

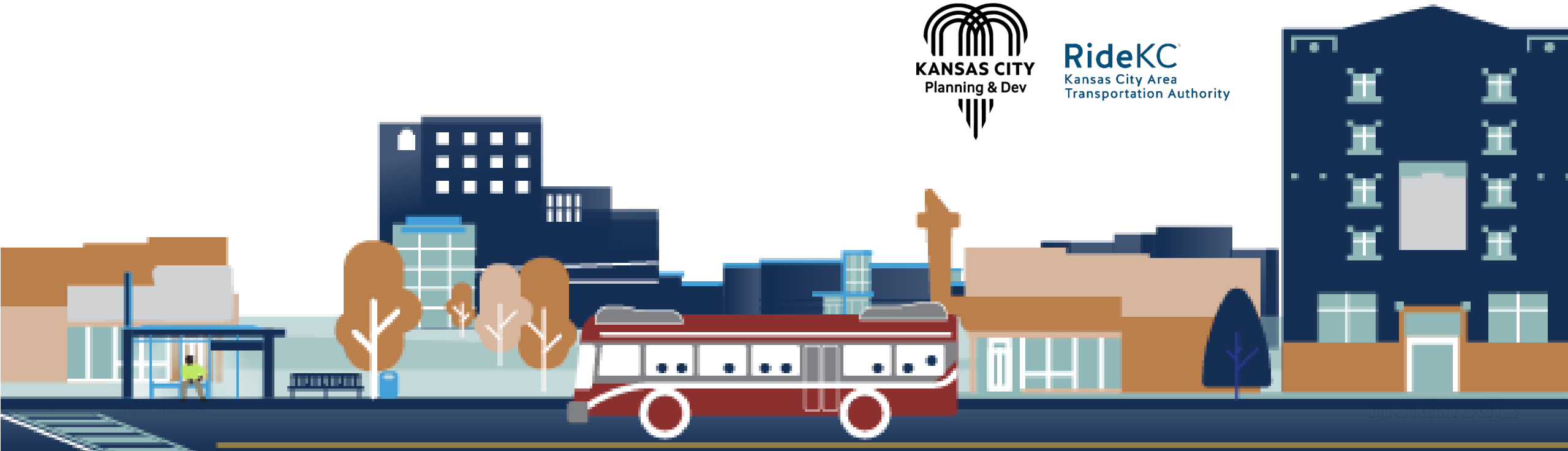
Funding & Financing Work Session

Round #2 | Work Session #2

February 7, 2023



RideKC
Kansas City Area
Transportation Authority



AGENDA

1. Project Overview
2. Technical Analysis
3. Key Findings & Strategies
4. Group Work Session / Discussion
5. Next Steps



PROSPECTUS OVERVIEW



PROSPECTUS – MISSION STATEMENT

*creating equitable neighborhood development
strengthened by walkable access to public transit*

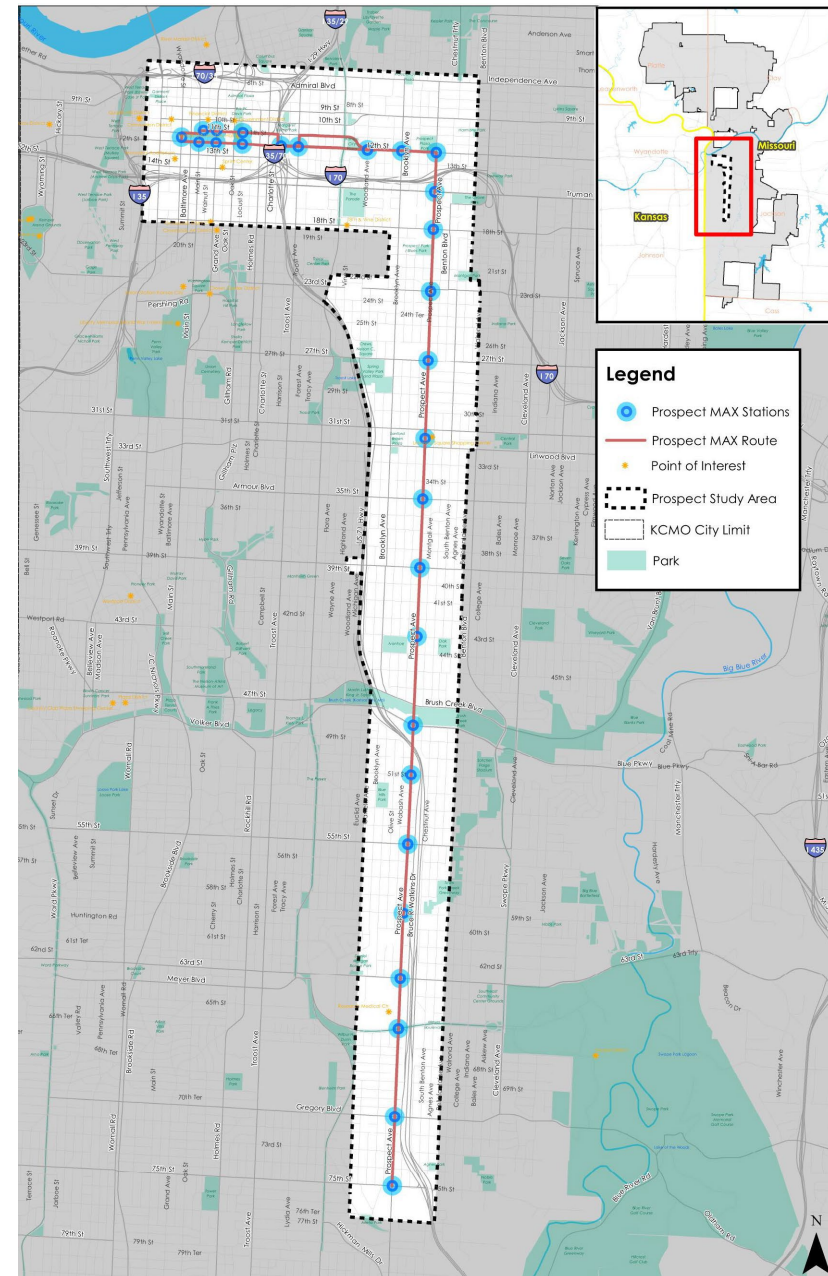
STUDY AREA

Prospect Avenue:

- 12th Street to 75th Street

12th Street:

- Prospect Avenue to Charlotte Street
(*KCATA Hub*)



EQUITABLE TRANSIT-ORIENTED DEVELOPMENT

Development that Supports Transit

- affordable means to access daily needs
- transit that supports neighborhoods

Neighborhoods with Housing Mix

- single-family to apartment buildings
- supports a wide range of incomes

Mix of Good & Services

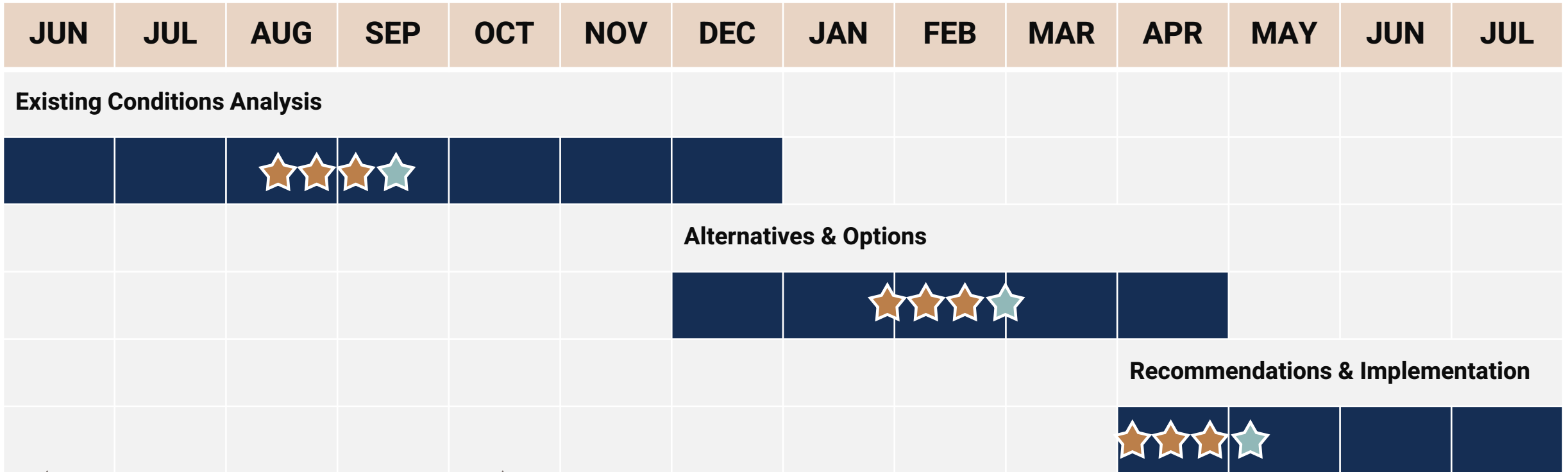
- creates activity
- less reliance on the automobile


Builds Generational Wealth


- creates local ownership opportunities
- minimizes housing and transportation costs



SCHEDULE



 Workgroups

 Community Meetings

MEETING LOGISTICS

Like, Learn, & Lack Discussion

- What did you LIKE about a topic
- What did you LEARN about a topic
- What did you think was LACKing in a topic

During presentation and discussion please feel free to identify those items on the boards



TECHNICAL ANALYSIS



FUNDING & FINANCING ANALYSIS

Station Areas

- Prospect MAX Routes
- Performance and value of each station area
- Sufficient development metric – 8 units / total acre (1/4 mile radius)

Household Population

- Infill station areas
- Demand for investment – public & private
- Potential sources of funding



RIDERSHIP LEVELS BY TRANSIT STOP

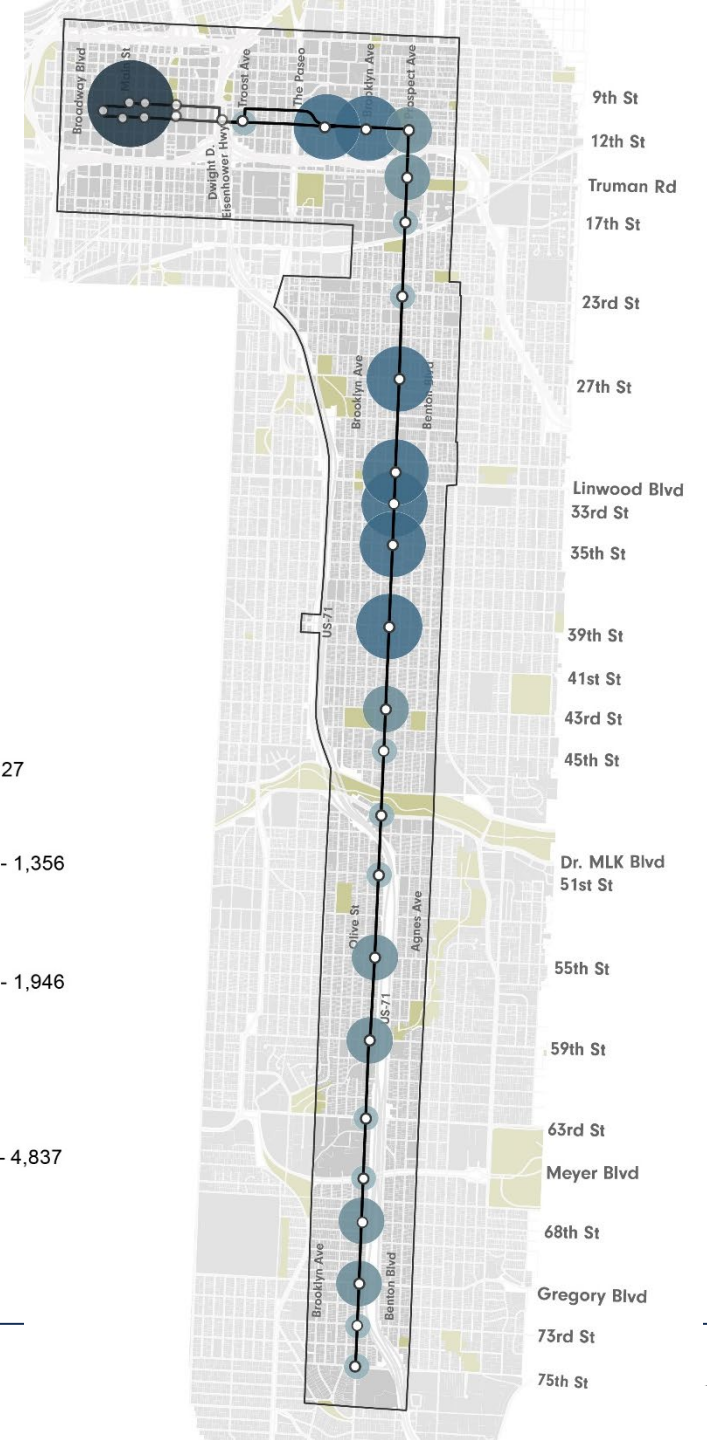
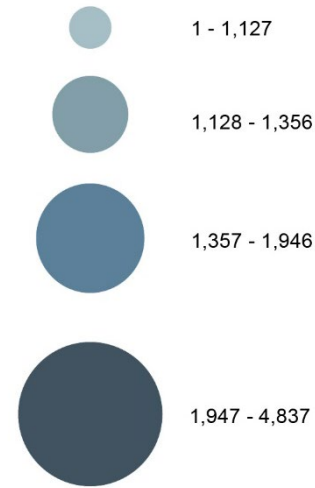
CORRIDOR POPULATION

Households (1/4 mi.)

- Within ¼ mi. of stations 7,882 households

New Households

- 8 units / acre equates to 13,661 new housing units
- 330 – 650 housing units per station area
- 33 – 65 housing units per station / year



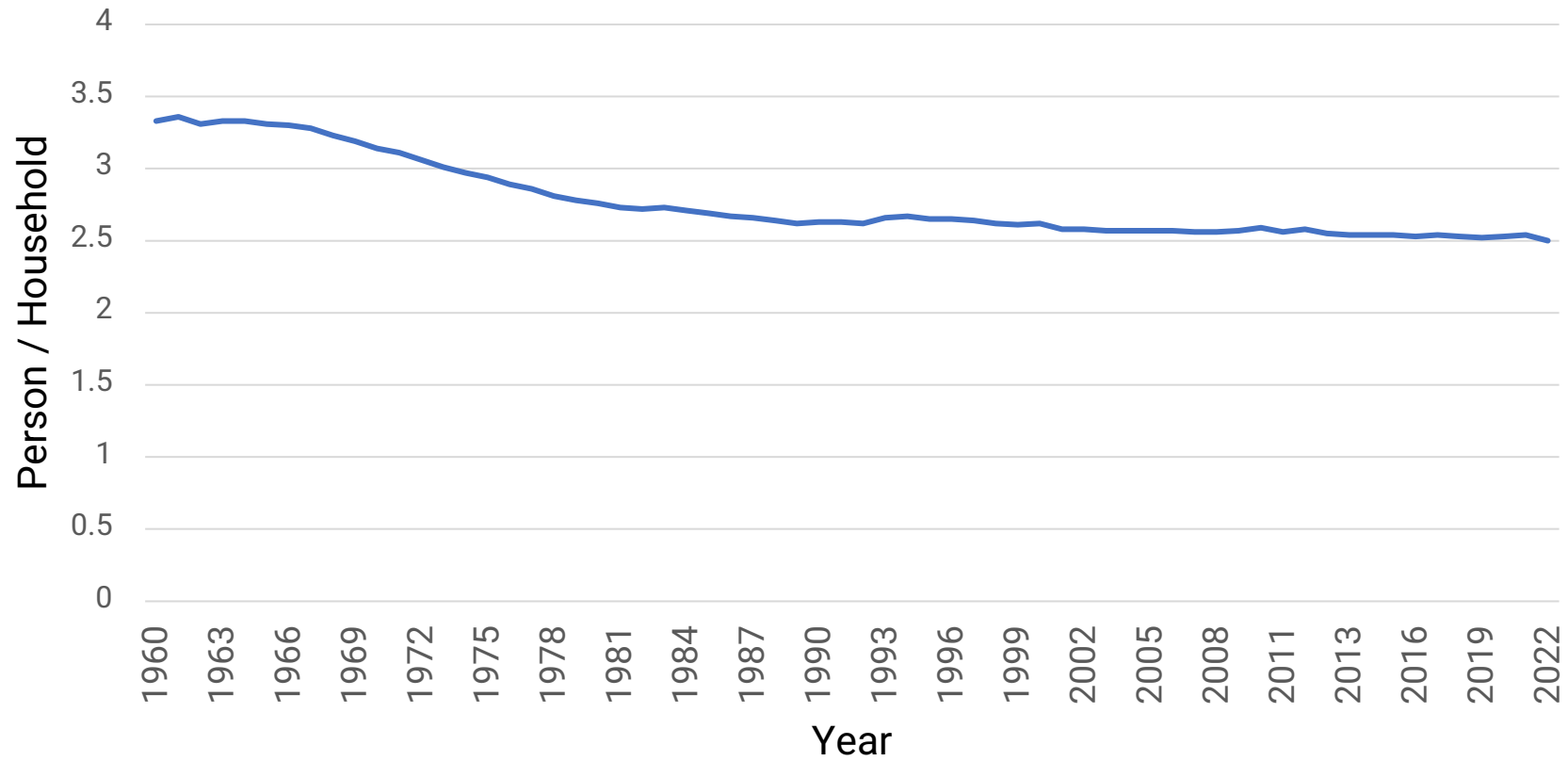
Right Sizing Development to the KCMO Household Size

The Case for Leaner Housing Types



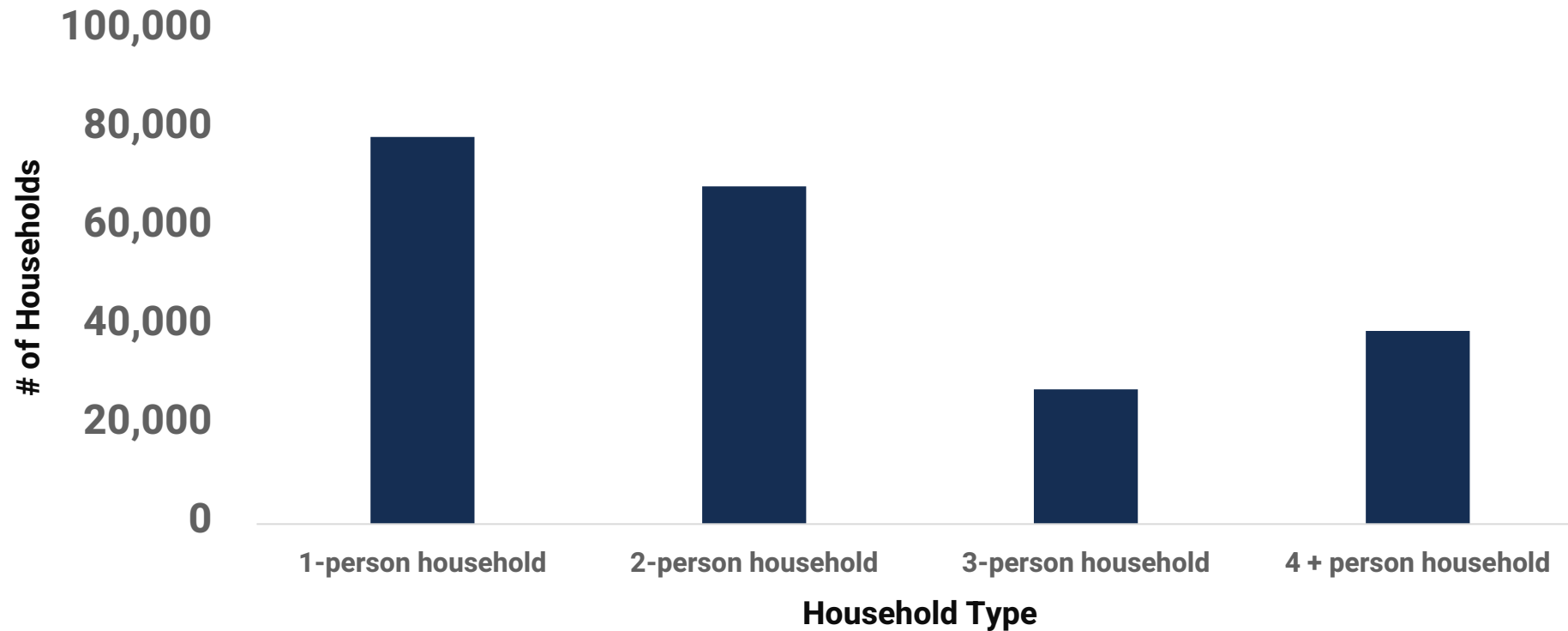
From 1960-2022, household size dropped nationally, from 3.33 to 2.50 persons/household

In 2022, the percentage of households with 1 or 2 persons was 64% of the US Total



This is also true in KCMO – but even more so

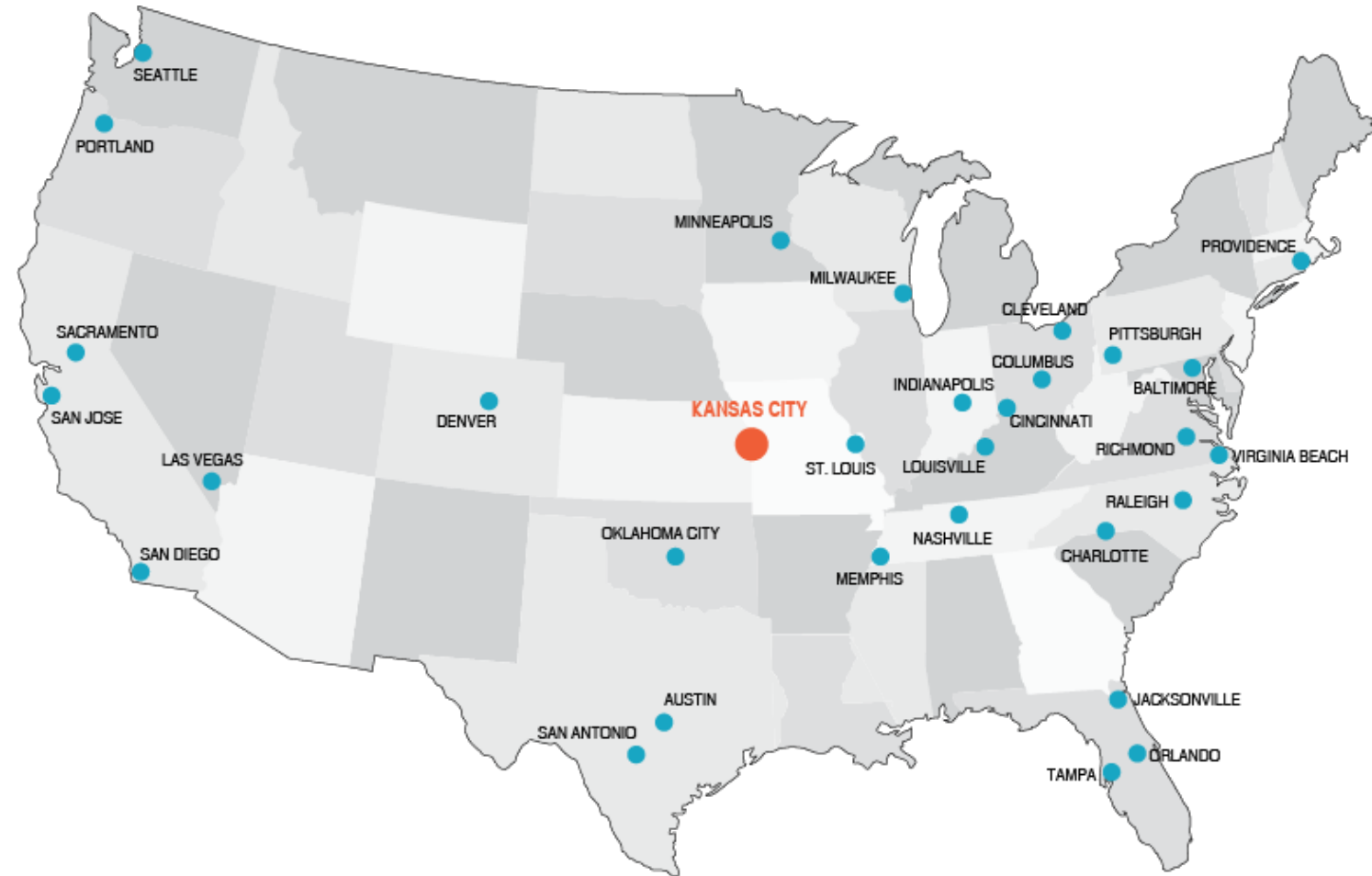
69% of All KCMO Households Had 1 or 2 persons in 2021
Data from Land Use USA Projects Even More in 2026



Peer Communities

KC Rising

- Performance Measures
- Kansas City Metropolitan Statistical Area (MSA) against 30 peer MSAs
- 15 immediately larger & 15 immediately smaller by population

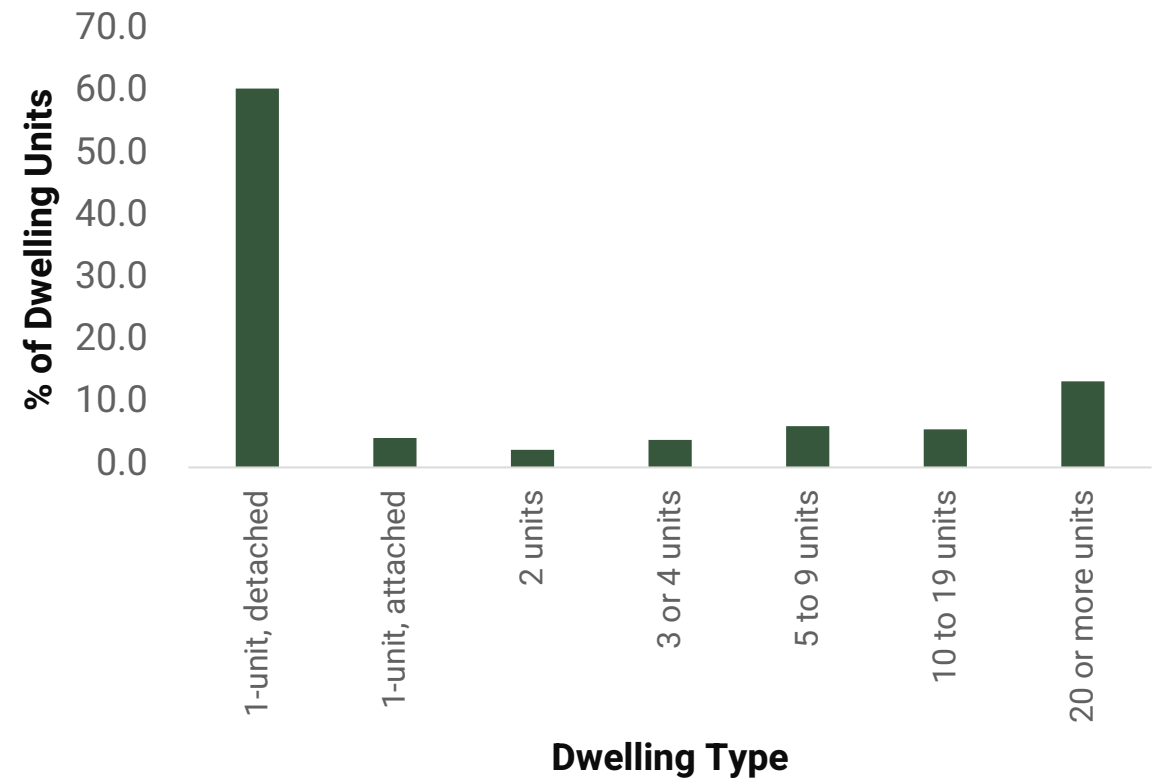


The type of available housing is mismatched with the household population

The % of SFD is higher than in all of KCMO's peer cities

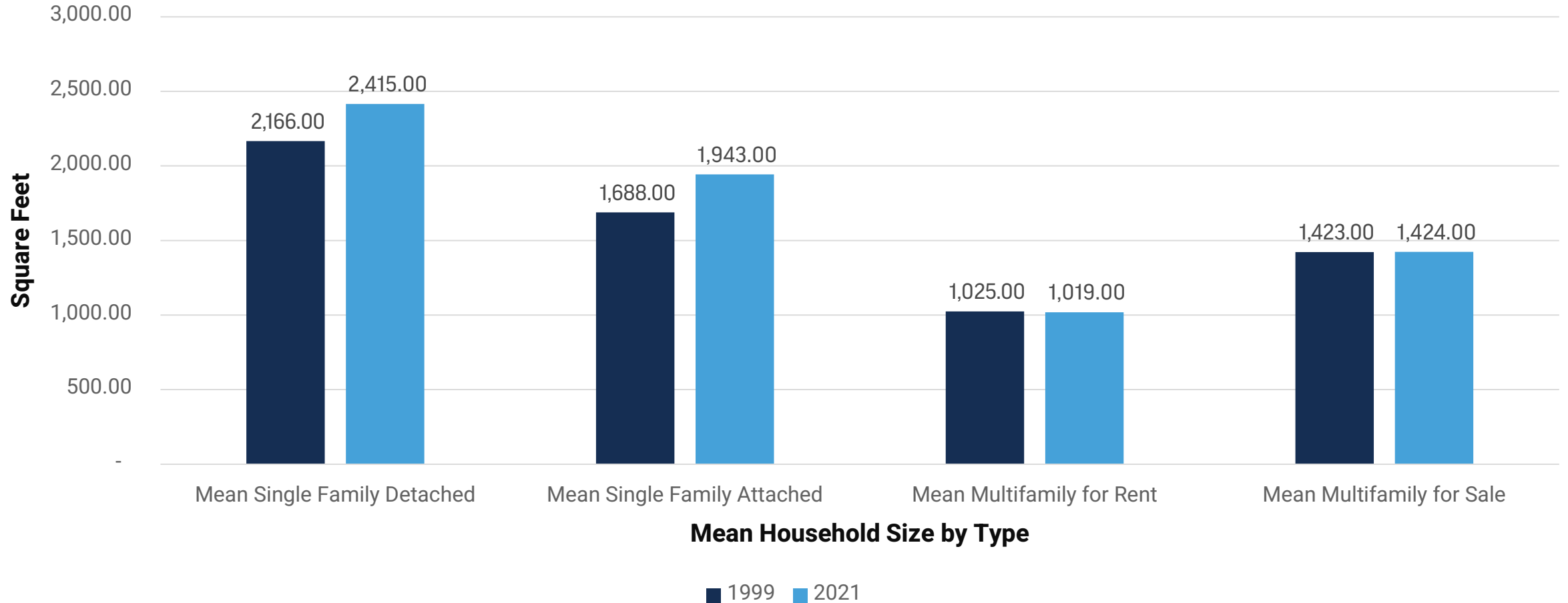
- The mean number of rooms per household for 1- & 2-person households is 5.5
- 18 % of homes have 0 or 1 bedroom, but 36% of households are 1 person and 32% are 2 person households

Percent of Dwellings by Units in KCMO, 2021 ACS

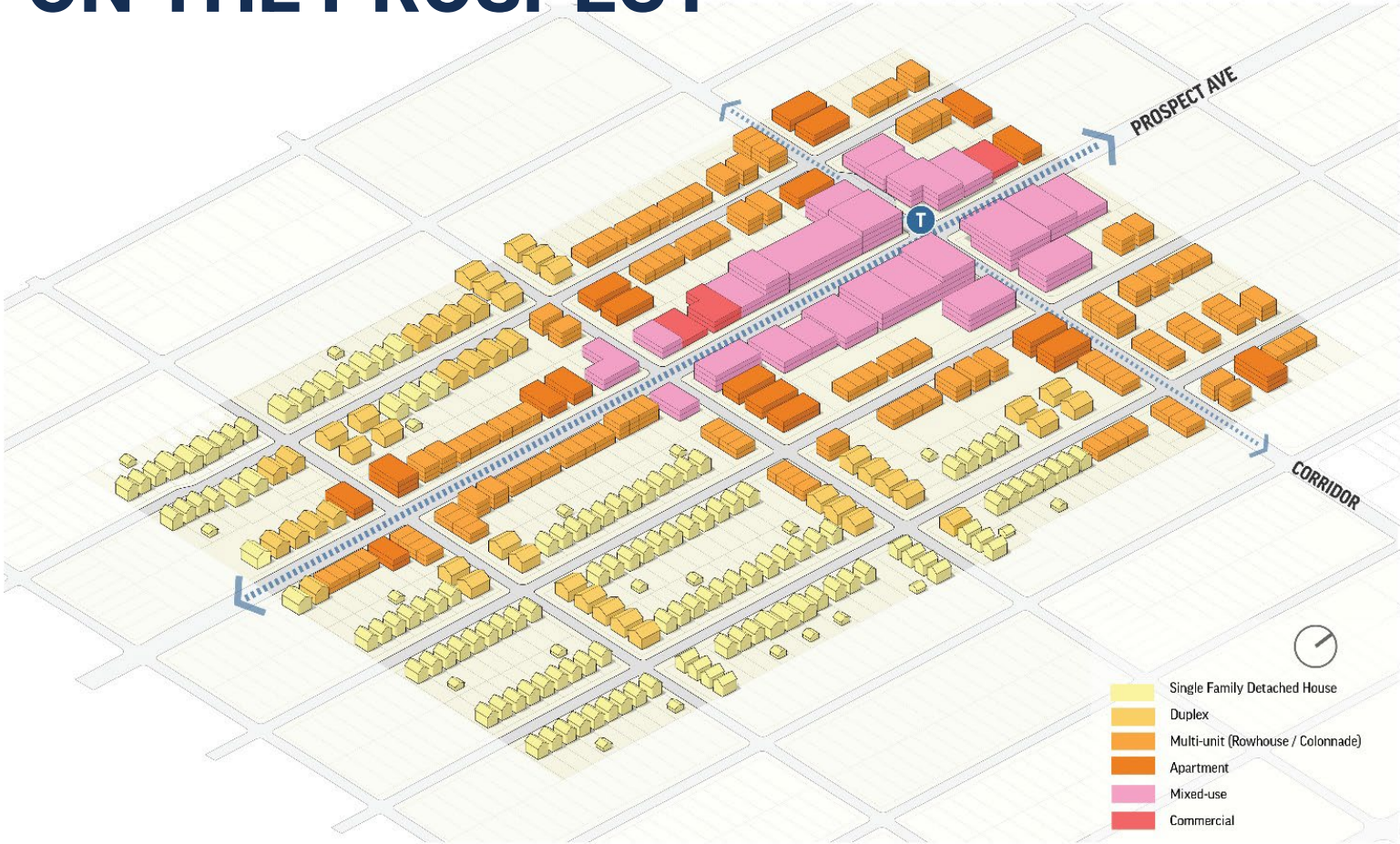


What's being built & sold in Midwest cities is also out of synch with household size

Mean Household Size Comparison: 1999 and 2021



FINDING & CAPTURING THE HIDDEN BENEFITS OF TOD ON THE PROSPECT MAX CORRIDOR



BENEFITS OF PROSPECT MAX CORRIDOR

Transit and TOD Provide Direct Benefits to Residents at Two Levels

- Within KCMO, household transportation outlays are significantly lower near quality transit with local convenience and regional connectivity, and
- Region-wide, the cost of living is lower in the higher quality transit corridors in KCMO than in the suburbs
- **Neither benefit is currently disclosed in real estate listings nor in advertisement**



Zillow Save Share Hide More

\$165,000 5 bd | 2 ba | 2,478 sqft

Est. payment: \$1,047/mo [Get pre-qualified](#)

[Request a tour](#)
as early as today at 1:30 pm

[Contact agent](#)

[Overview](#) [Facts and features](#) [Home value](#) [Price and tax](#)

Overview

[NEW DRIVEWAY](#) [NEW FURNACE](#) [HIGH CEILINGS](#)
[UPDATED PLUMBING](#) [NEW CARPET](#)
[GENEROUSLY SIZED ROOMS](#) [CENTRAL AC](#)

Generously sized rooms and high ceilings will impress throughout this fully renovated 5 bedroom 2 bath home. This entire home was renovated inside & out including new furnace & central AC, updated plumbing & electrical, new

[Show more](#)

5 days on Zillow | 2,764 views | 214 saves

Listing Provided by:

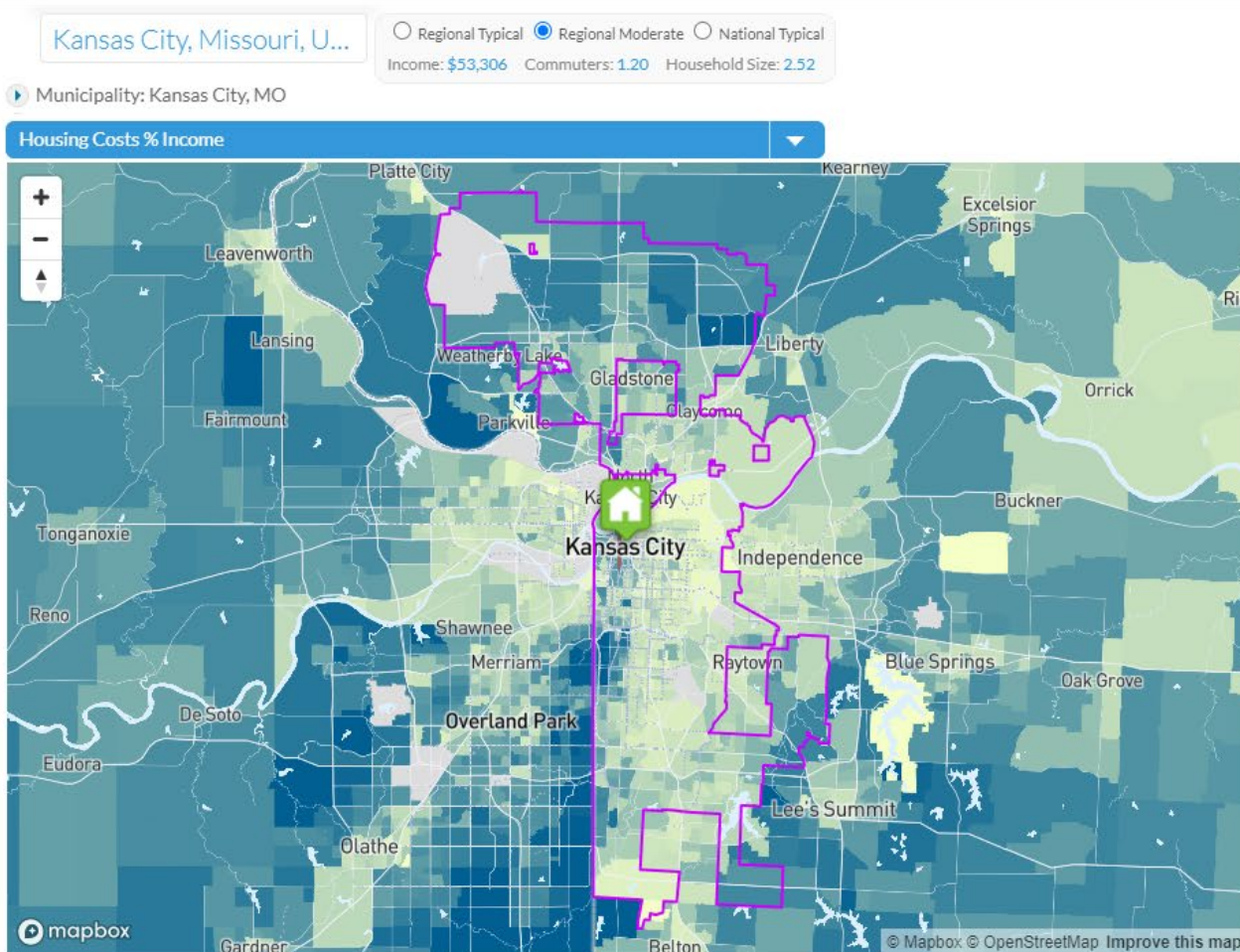
Source: HKMMLS as distributed by MLS GRID,
MLS#: 2419618

Zillow last checked: 2 hours ago
Listing updated: January 31, 2023 at 03:58pm

What a potential relocating worker or household sees when considering moving to the KCMO region

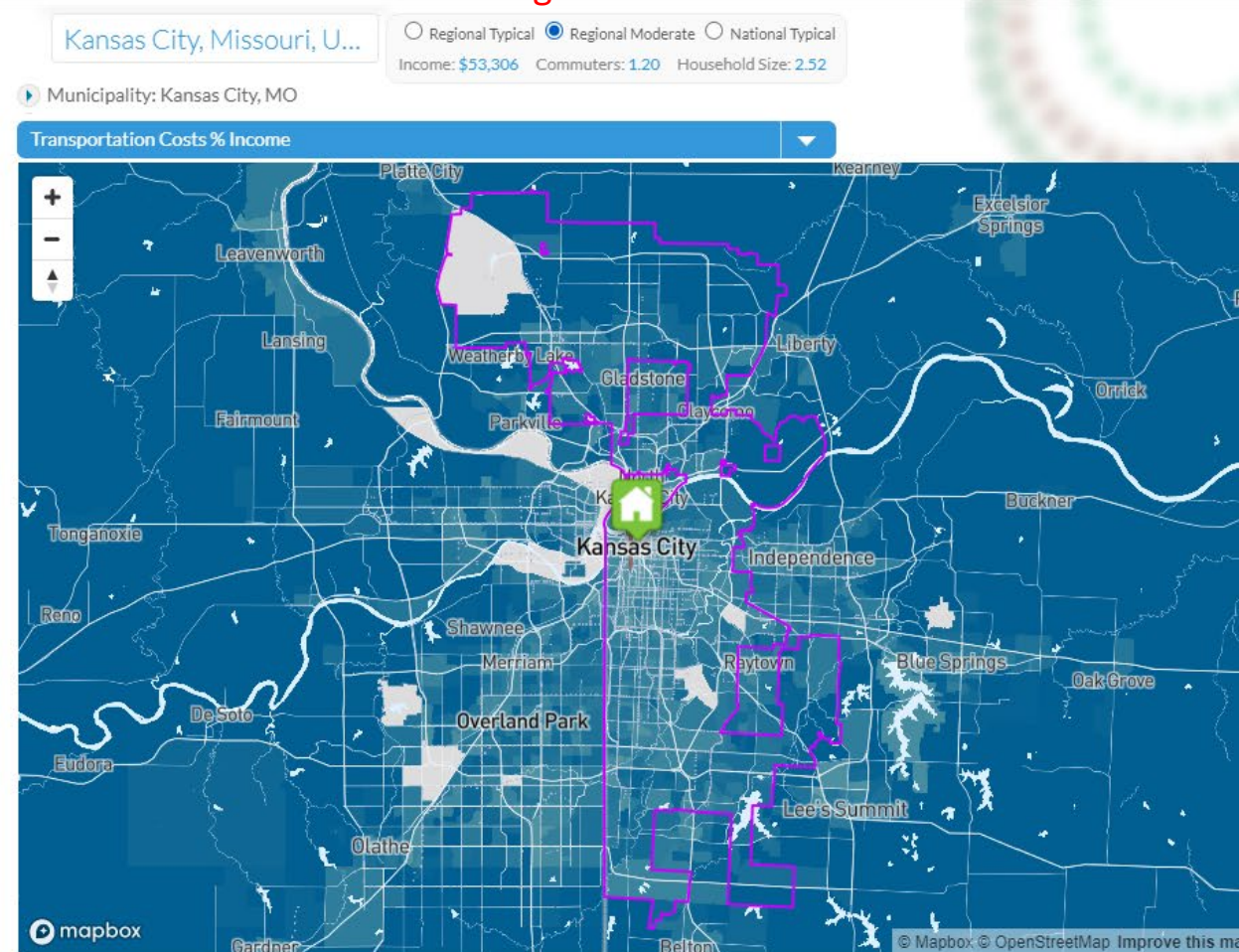
Housing Costs - Much of the region seems affordable...

But transportation costs are hidden, almost doubling the cost of locations



Housing Costs % Income 27%

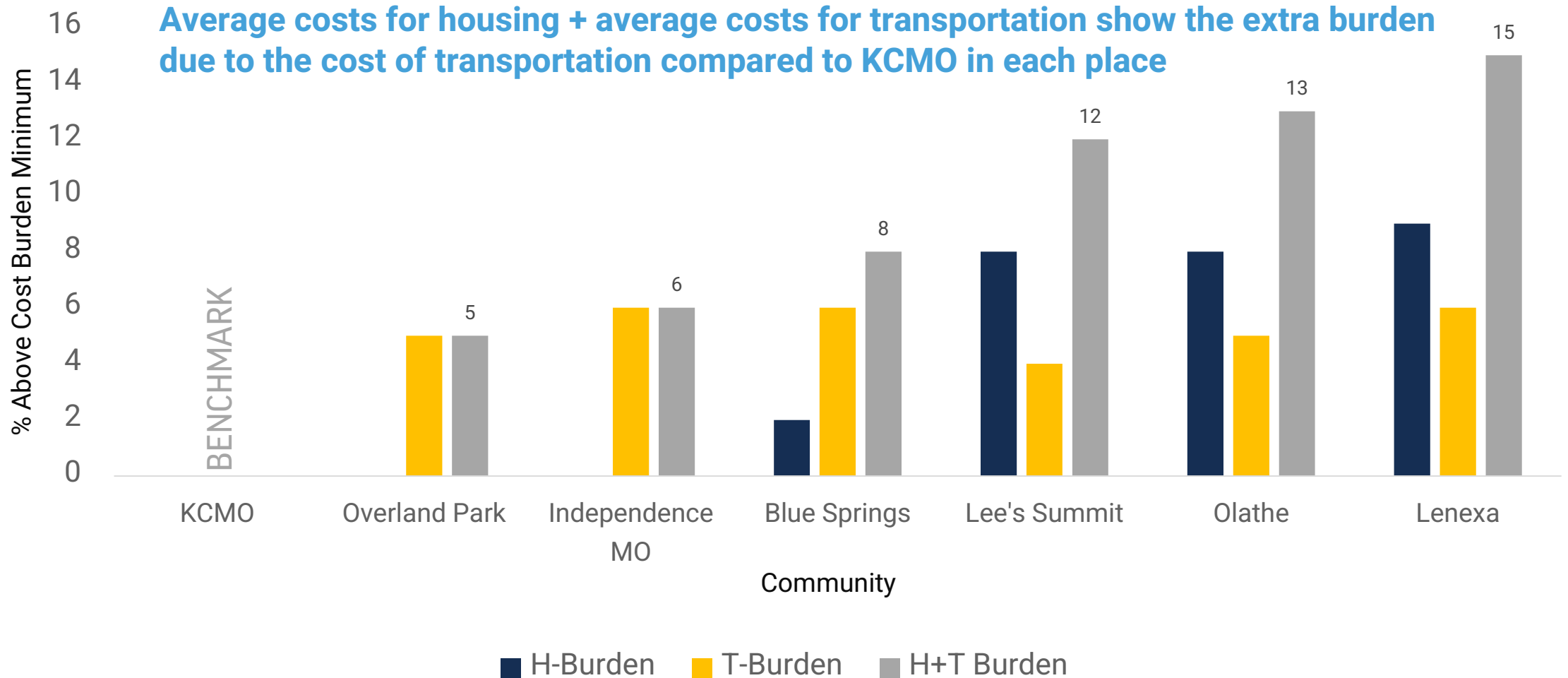
< 16% 16-24% 24-30% 30-36% 36-44% 44-52% 52-58% 58%+



Transportation Costs % Income 23%

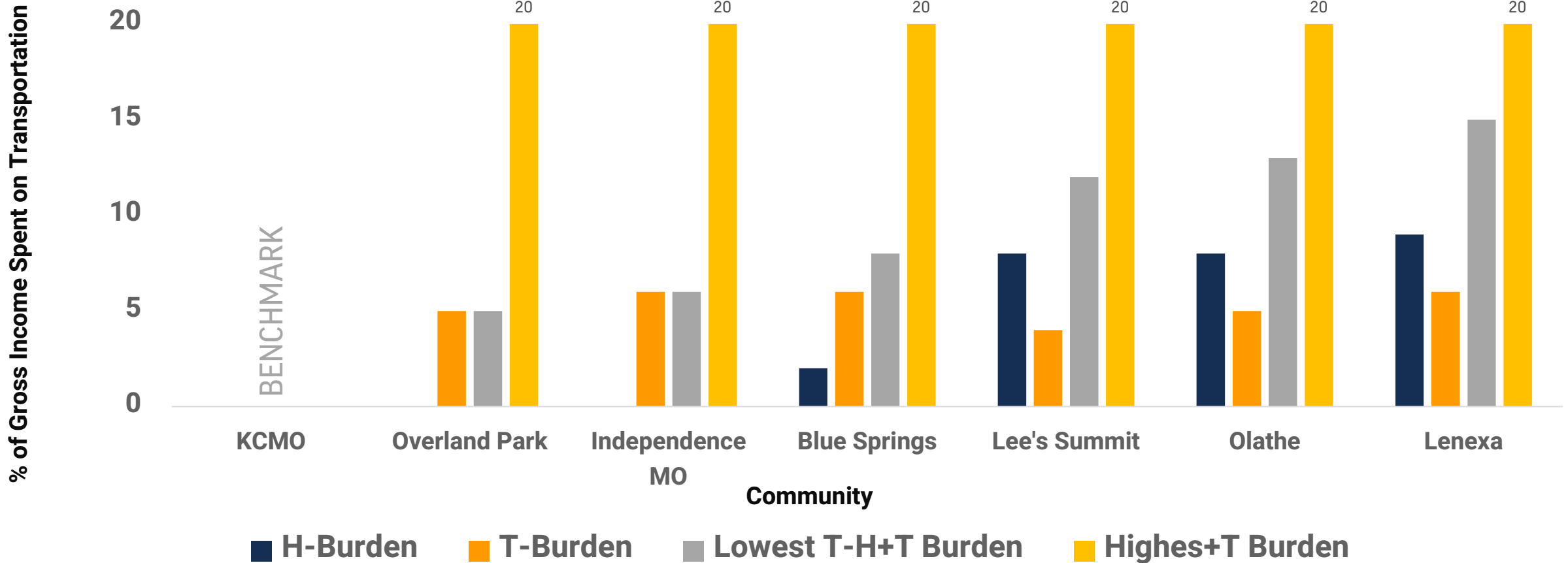
< 8% 8-12% 12-15% 15-18% 18-22% 22-26% 26-29% 29%+

What the household would see if those costs were disclosed—full costs of suburban locations compared to KCMO average for households earning \$55,000 as % of income

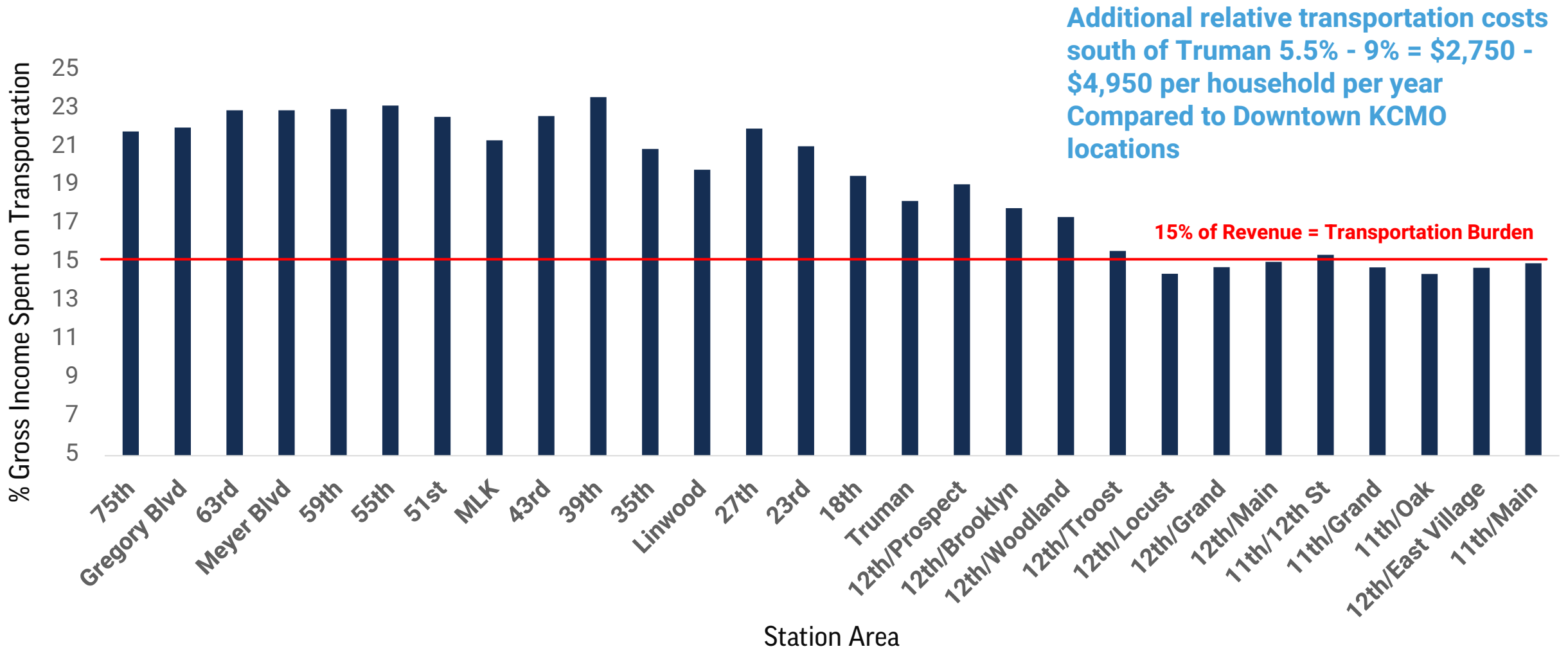


What the household would see if those costs were disclosed—full costs of suburban locations compared to KCMO average for households earning \$55,000 as % of income

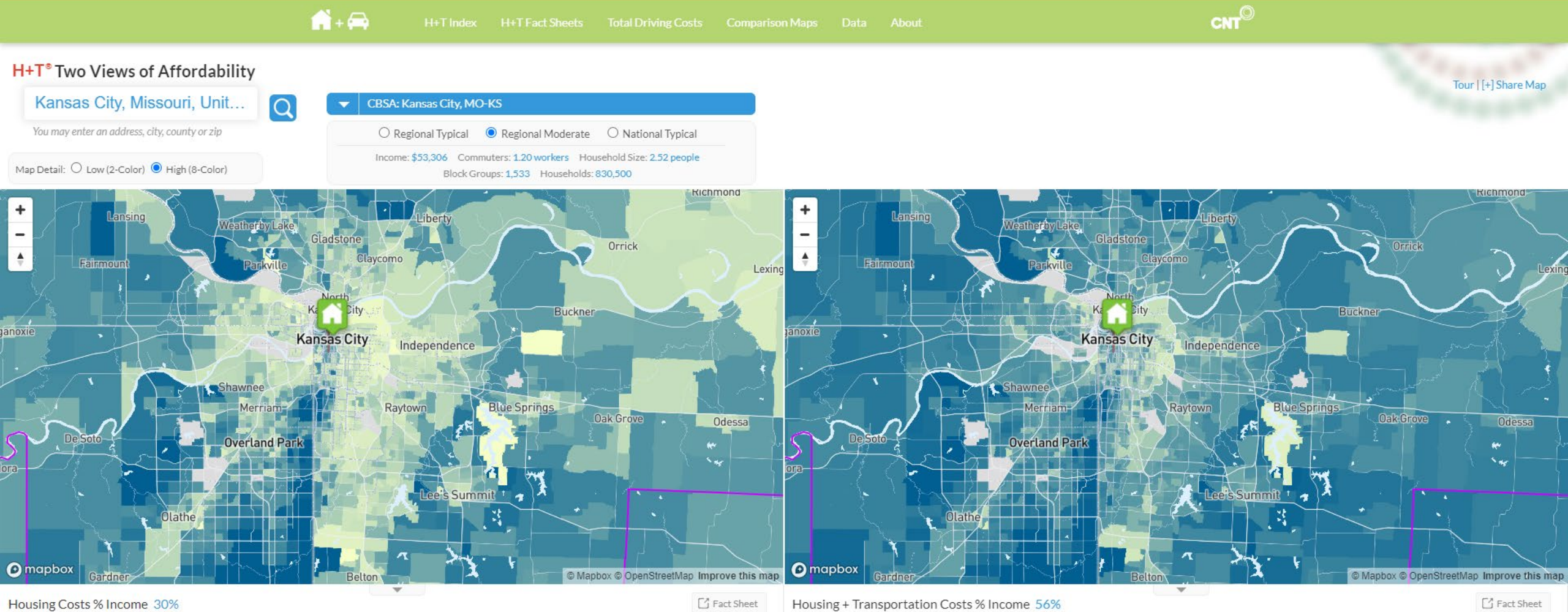
Additional Housing + Transportation Cost of Living Burdens Resulting from Locating in Less Convenient Neighborhoods in Each Place = \$2,750 to \$11,000 per Household/Year (Yellow Line)



What the same potential re-locator sees when considering locations within the Prospect Corridor—transportation as % of income



Re-mapping with both H and T Costs, the map on the right is what relocating households would see—the “affordable” areas (lighter shades) shrink up



Results—On average, Housing costs are 4% lower in KCMO than in the region, but H+T costs are 6% lower, and in the Prospect MAX Corridor 9-19% lower than for suburban choices

H+T® Two Views of Affordability

Kansas City, Missouri, Unit...

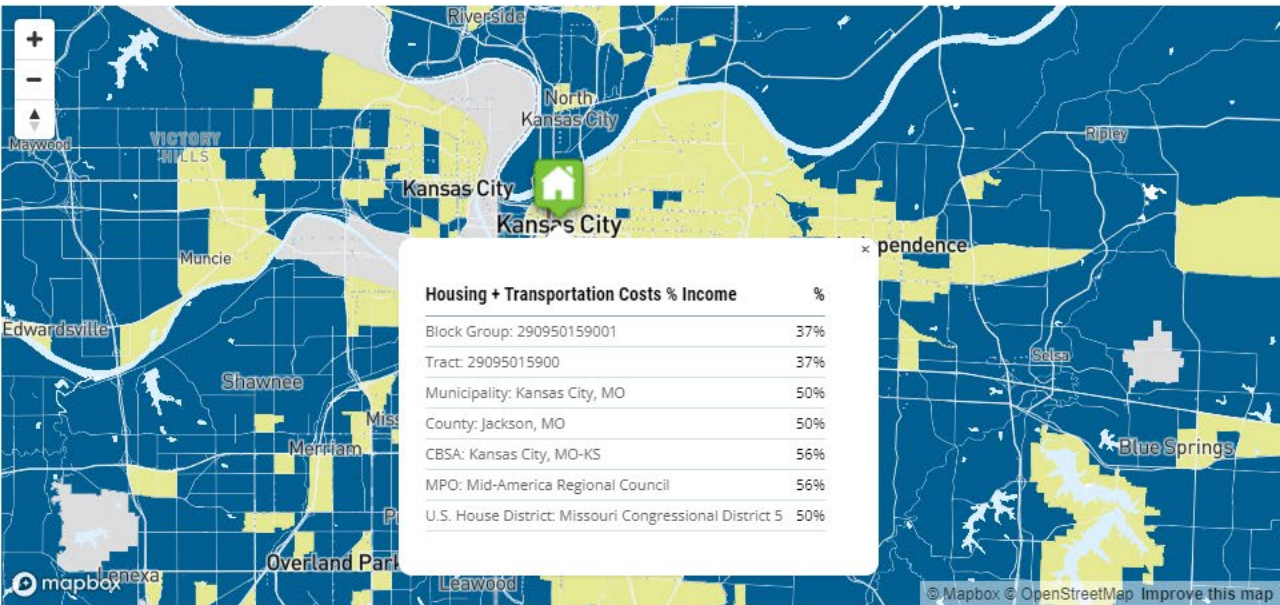
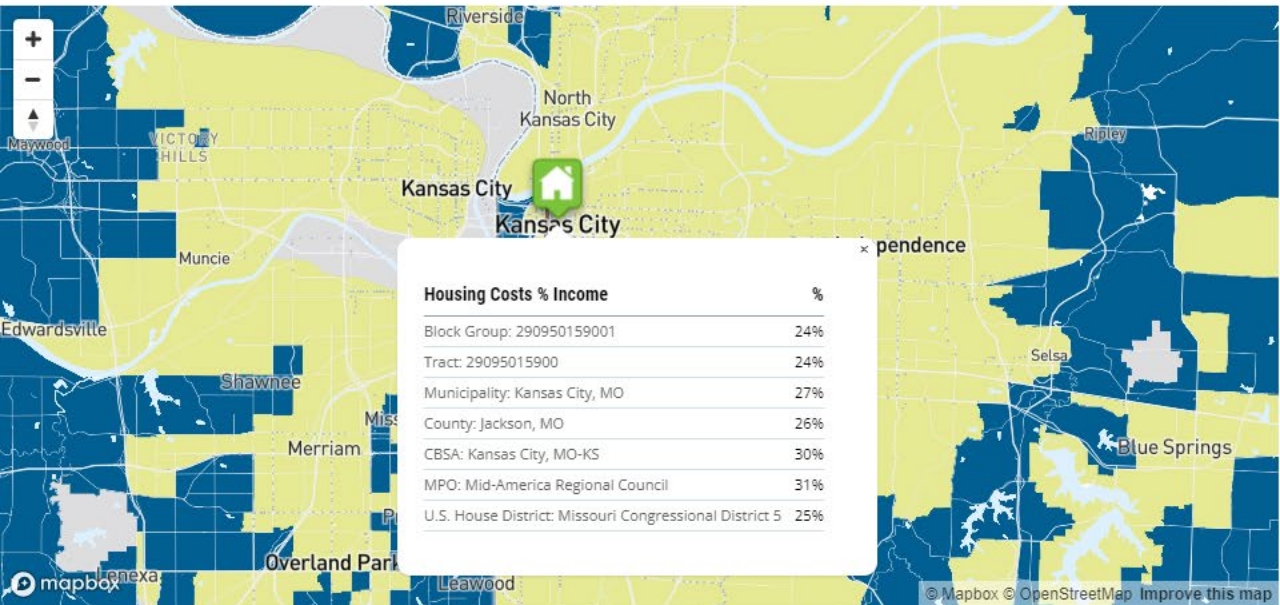


CBSA: Kansas City, MO-KS

Regional Typical
 Regional Moderate
 National Typical

Income: \$53,306 Commuters: 1.20 workers Household Size: 2.52 people
 Block Groups: 1,533 Households: 830,500

Map Detail: Low (2-Color) High (8-Color)



Housing Costs % Income 30%

[Fact Sheet](#)

Housing + Transportation Costs % Income 56%

[Fact Sheet](#)

WHAT MIGHT A FULL COST DISCLOSURE TOOL LOOK LIKE IN KCMO?

RENT LAB SMART LIVING SCORE

- Startup company
- Uses Redfin's WalkScore, BikeScore and TransitScore
- Augments it with data on site features and on unit sizes
- Provides an easy-to-read scorecard
- Currently available in Columbia MO, Dubuque IA, and Flagstaff AZ
- Doesn't provide full cost of Housing + Transportation
- Scores are for listed properties, not for neighborhoods or station area dollars

rentlab

1234 MAIN STREET | ANYTOWN, ST | 00001 | 3 BED | 2 BATH [CONTRIBUTE DATA](#)

smartlivingscore **73** out of 100 DATA QUALITY VERIFIED

Good to Know

- ✓ Resident shuttle
- ✓ All-electric
- ✓ Pets allowed
- ✗ Accepts housing vouchers
- ✓ Internet included
- ✗ Recycling available

Included Utilities

- ✗ Gas
- ✗ Electric
- ✓ Water
- ✗ Cable

Average Monthly Costs (per bedroom)

Category	Value	Description
Electric	\$50	This complex: maximum
Gas	\$42	This complex: average
Water	\$63	Full city average
All		

Accessibility

- Walk Score® 81
- Bike Score™ 59
- Transit Score® 50

smartlivingscore Details

Access to greenspace

Recycling accessibility

Utility billing best practices

Walkability to university

Living space per person (smaller is more efficient)

Energy efficiency

[Claim this Property](#) [CLAIM](#)



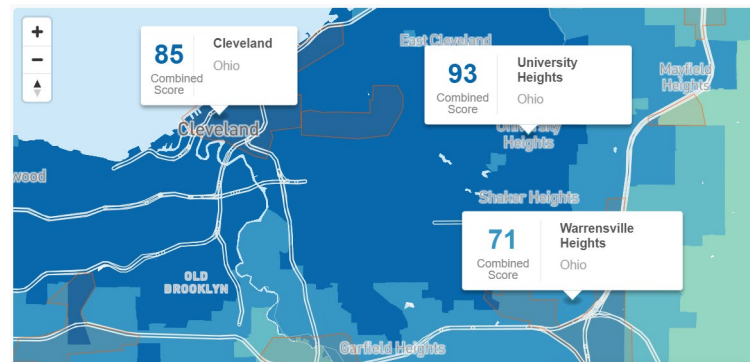
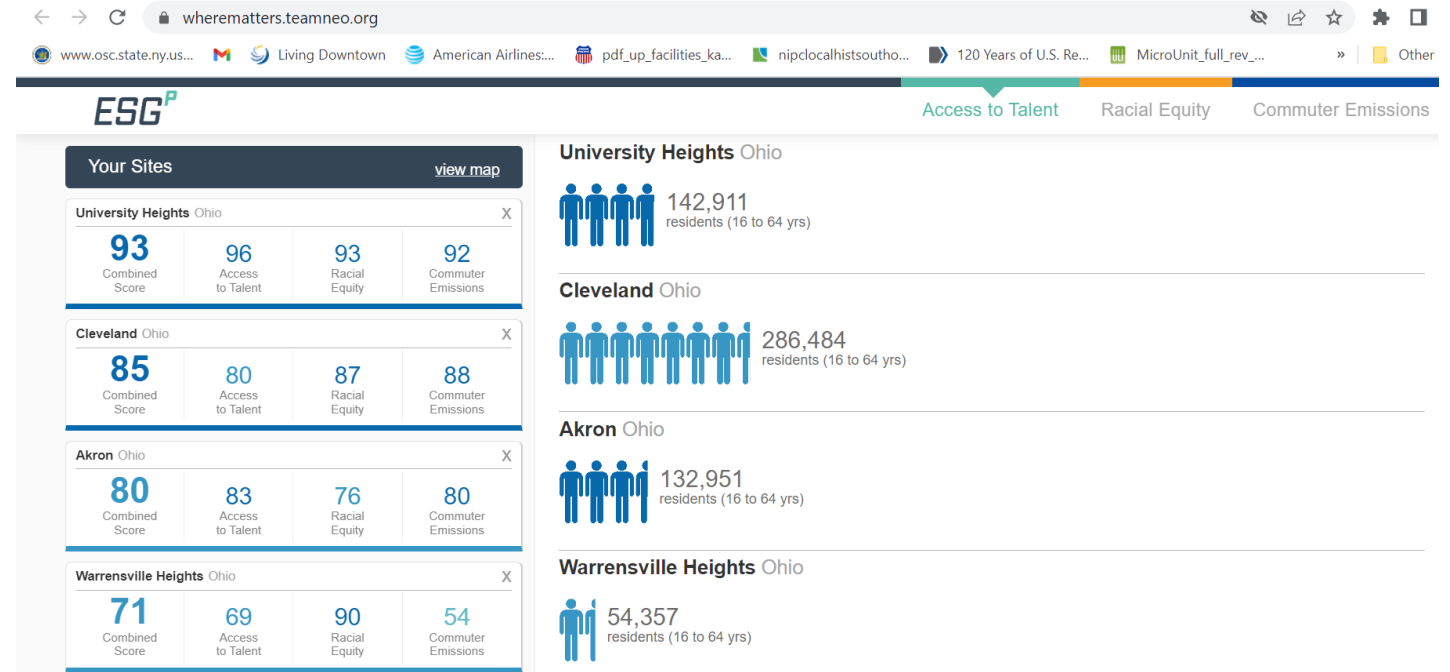
WHERE MATTERS

ESG Scoring of Places in NE Ohio

- Provides a supplementary snapshot to standard “prospector” tools for business siting decision support
- Searchable by Address using mapping tool

Summarizes findings in 3 combined scores

- Access to talent by transit, walking
- Racial Equity
- Commuter Emissions



HealthLine BRT Links Cleveland & University Circle

ALL TRANSIT PERFORMANCE TOOL

28 Routes within ½ mile vs. 5

Results in 3X higher frequency

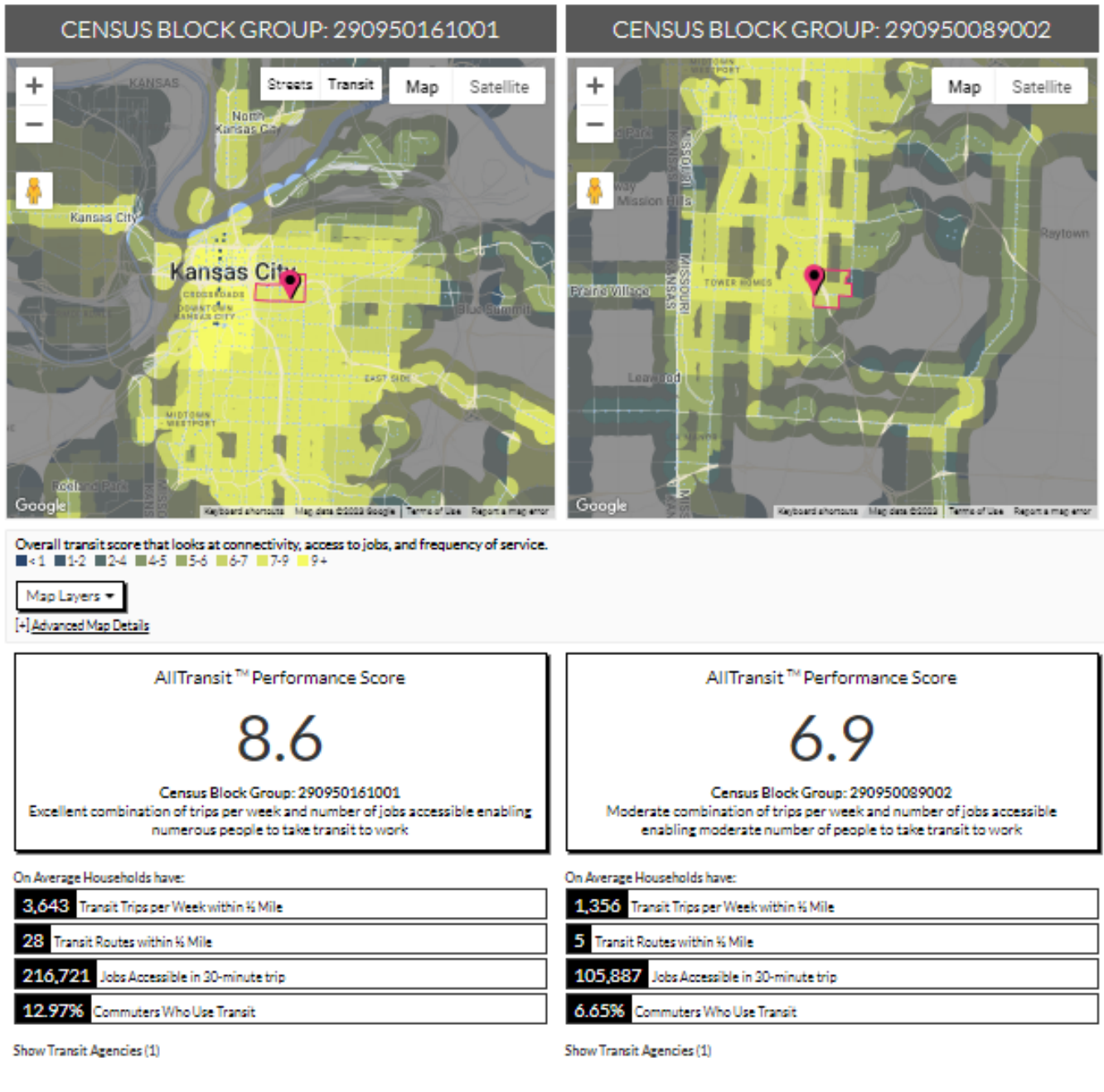
Twice as many jobs within ½ mile

2X Transit Mode Share (13% v 7%)

92k workers vs. 77k within ½ mile

Lower T-costs for households

Higher customer access within 30 mins by transit (85k vs. 71k)



PAUSE – WORKGROUP ACTIVITY #2

Like?

- Is there anything presented in the analysis that is compelling, interesting, or important to you, that should be emphasized to the group?

Learn?

- Is there anything presented in the analysis that you were not aware of before tonight?

Lack?

- Is there anything missing from the analysis that you would like to see addressed by the team?



KEY FINDINGS & STRATEGIES TO CONSIDER

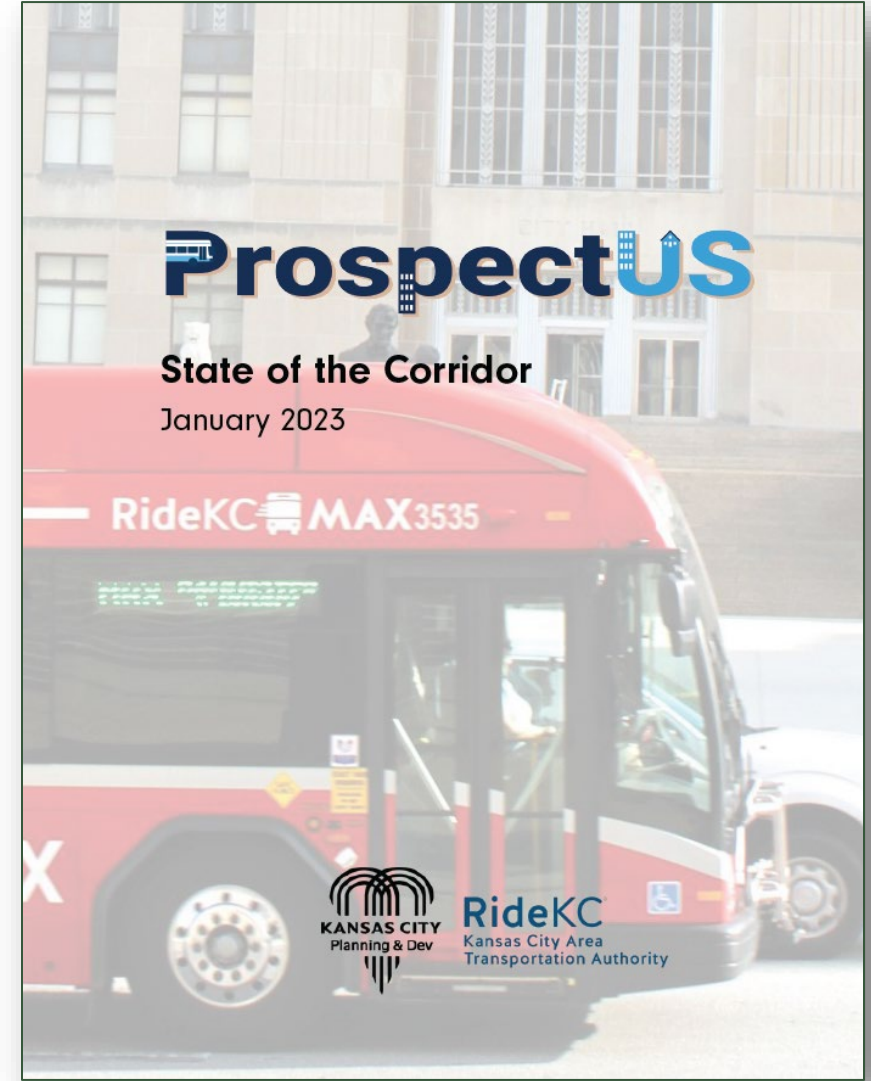


KEY FINDINGS – OVERVIEW

Public Space Improvements (1/31/23)

Neighborhoods & Housing (2/2/23)

Funding & Financing (TONIGHT)



KEY FINDINGS – OVERVIEW

Funding & Financing

1. Historic Disinvestment Will Require Historic Reinvestment
2. A Continued Public Commitment to the Prospect Corridor Is Needed
3. Affordable New Housing Needs Subsidy to be Built
4. Greater Understanding of the Implementation Economics of Small-Scale Infill and Rehabilitation Will Be Needed



KEY FINDING #1:

Historic Disinvestment Will Require Historic Reinvestment

- 98% of Corridor Communities have been Impacted by Redlining
- 19% of properties are undeveloped
 - 7% are underutilized
- Today - \$100M of Taxable Value
- Annual Loss of Taxable Value \$20M
- Realize local benefits attained through TOD



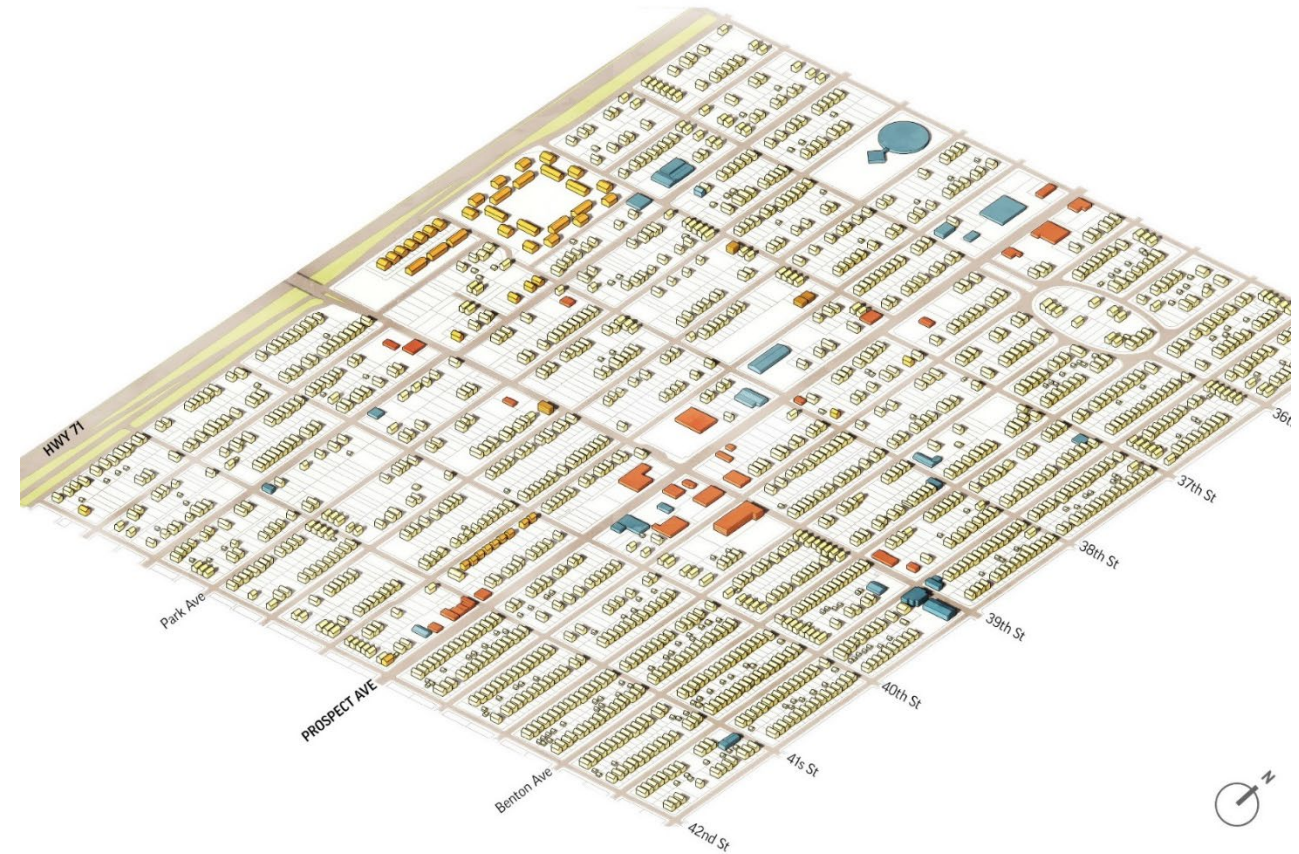
REINVESTMENT

Residential Infill

- **Total Investment recommended \$1.4 to \$2.0B in 30 years** (14,000 housing units)
- Initial investment for 0-10 years \$6.6 to \$13M per Station Area
- Over 20 years equals \$3.3 to \$6.5M of investment per Station Area

Funding Opportunities

- Federal commitments to housing
- KCMO resources
- Leveraging private dollars



STRATEGIES TO CONSIDER

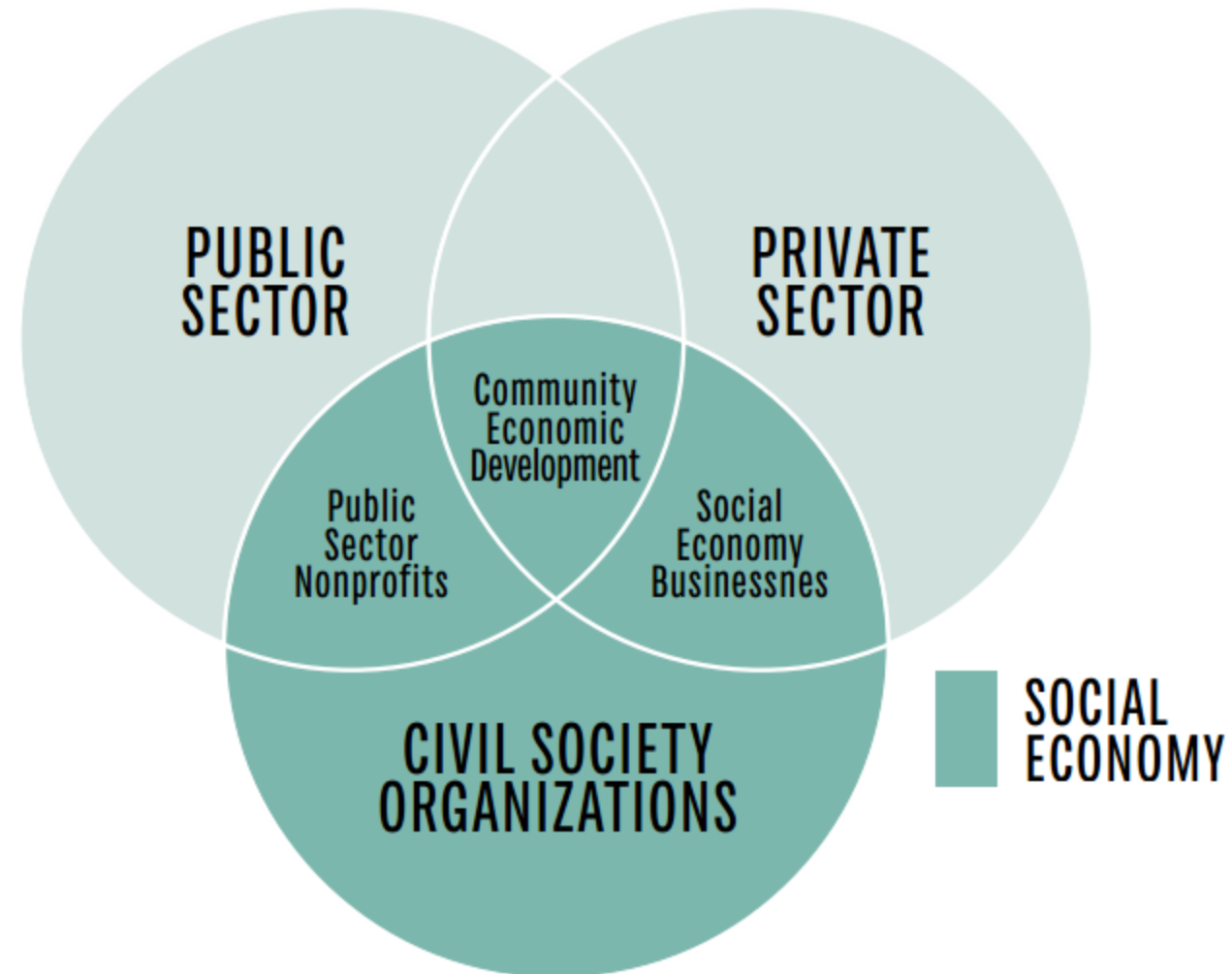
Establish an equitable approach to leveraging resources & incentives

- Establish a citywide development incentive policy that prioritizes areas of need
- Support anti-displacement measures
- Leverage funding from the Housing Trust Fund to support new construction and rehab of existing buildings
- Identify strategies for value capture, ensuring the increased tax revenue results in needed public reinvestments and housing needs
- Establish a coalition of local lenders, foundations, employers, social impact investors to match the City's resources and support reinvestment efforts

KEY FINDING #2:

A Continued Public Commitment to the Prospect Corridor Is Needed

- Sustain Recent Investments
- Leverage Public / Private Partnerships
- Leverage Numerous Federal Programs
- Strategic / Equitable Application of Public Funds



STRATEGIES TO CONSIDER

Empower the Prospect Community to direct its future

- Establish a corridor-wide unifying structure (such as a Community Improvement District)
- Establish a strategy for changing the perception of the Prospect Corridor for the development community
- Provide resources for programs that support capacity-building for neighborhoods and residents

In Chicago, This Took Supportive Zoning Plus Targeted Investments

Requiring Storefronts to entitle density bonuses

- Buildings were financed and constructed
- Took a very long time to fill commercial spaces
- Resulted in too many of these only occupied by national chains

Added Targeted Investments in Locally Owned Businesses

- City charges a linked-development fee on tall buildings
- Revenues are deposited into a Neighborhood Opportunity Fund
- Grants & loans are made to local businesses in “emerging market” communities

Zoning changes were enabling, targeted investments were a form of progressive wealth transfer that produced the desired results together

KEY FINDING #3:

Affordable New Housing Needs Subsidy to be Built

- New Housing Will Not Be Affordable without Subsidy
- Renovation and Infill / Rehabilitation will Require Less Subsidy
- Need to Account for Transportation Costs – TOD reduction



AFFORDABILITY CONSIDERATIONS

Consider Locational Costs

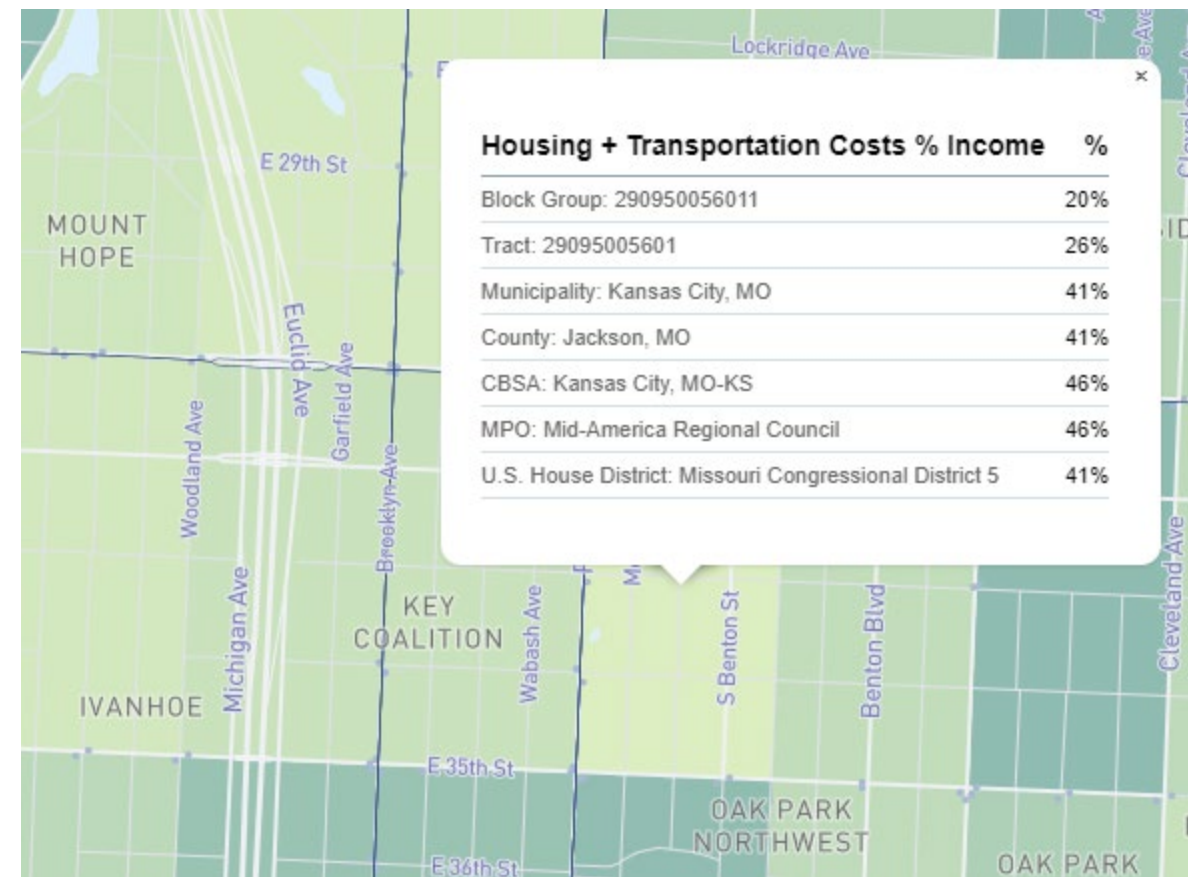
- Cost of living includes both housing and transportation

Federal Subsidy Can Increase Costs

- Requirements like prevailing wages, Made in America, etc. can make buildings more expensive even with subsidy

Right-Sizing Housing

- Requirements like prevailing wages, Made in America, etc. can make buildings more expensive even with subsidy



	Population	% of Population
< 24%	9,919	2%
24 - 36%	148,061	30.3%
36 - 45%	195,423	39.9%
45 - 54%	81,032	16.6%
54 - 66%	42,302	8.6%
66 - 78%	11,285	2.3%
78 - 87%	0	0%
87% +	1,360	0.3%
Total	489,382	100%

STRATEGIES TO CONSIDER

Create a comprehensive housing strategy

- An “Equitable and Affordable Housing Strategy” would give KCMO leverage to compete for federal grant programs
- Focus efforts on building rehabilitation and organizations effectively addressing vacancy and affordability
- Allow right-sizing of housing through zoning standards
- Leverage federal programs
 - DOT authority to help finance TOD
 - Grant programs for climate change planning
 - Upcoming HUD/DOT guidance regarding housing & transportation
- Concentrate public funding and incentive efforts
 - New residential construction at catalytic sites and transit nodes,
 - Address the financial gap of construction costs

KEY FINDING #4:

A Greater Understanding of the Implementation Economics of Small-Scale Infill and Rehabilitation will be Needed

- Need to understand revenues & costs for small / incremental developers
- Leverage Infill & Redevelopment Opportunities
- Address Regulatory & Redevelopment Challenges

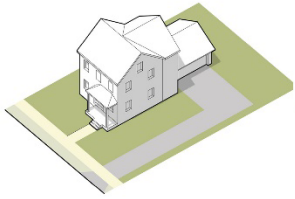


HOW MUCH DOES A NEW HOUSE COST?

2022 URBAN RESIDENTIAL CONSTRUCTION COSTS: \$200/SF (\$250/SF for 5-Story Apartment)

2022 RESIDENTIAL LAND VALUE COSTS: \$0.32/SF

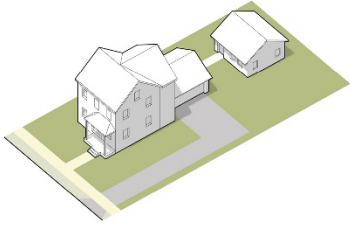
COST PER UNIT
\$252,000



SINGLE-FAMILY HOUSE

1 unit @ 1,250SF
5,000SF lot

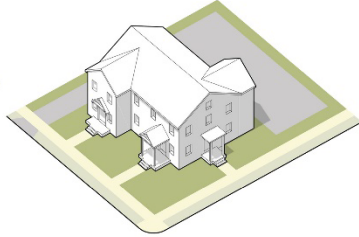
COST PER UNIT
\$176,000



SINGLE-FAMILY HOUSE W/ SECONDARY UNIT (ADU)

2 units totaling 1,750SF
5,000SF lot

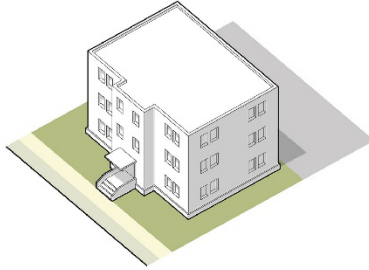
COST PER UNIT
\$201,000



MULTI-UNIT HOUSE

3 units totaling 3,000SF
10,000SF lot

COST PER UNIT
\$263,000



COLONNADE

6 units totaling 7,800SF
10,000SF lot

COST PER UNIT
\$251,000



TOWNHOUSES

8 units totaling 10,000SF
15,000SF lot

COST PER UNIT
\$250,000



5-STORY APARTMENT BUILDING

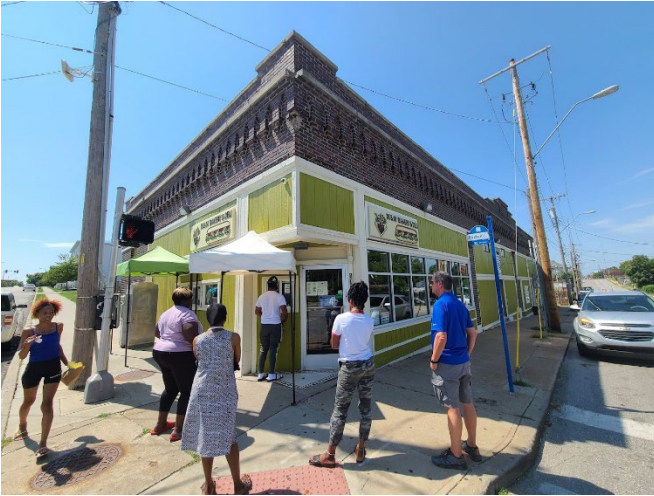
30 units totaling 30,000SF
40,000SF lot

SMALL-SCALE DEVELOPMENT + MIXED-USE ECOSYSTEMS

- Local businesses need real estate: merge efforts with small local business development
- Promote local ownership of both small business and real estate – independent business, franchise purchase, joining a business network cooperative, partnerships with national retailers
- Leverage local small business support such as SBA, CDFIs, etc.



EXAMPLES OF SMALL-SCALE DEVELOPMENT ON THE EAST SIDE



EXAMPLES OF SMALL-SCALE DEVELOPMENT ON THE EAST SIDE



STRATEGIES TO CONSIDER

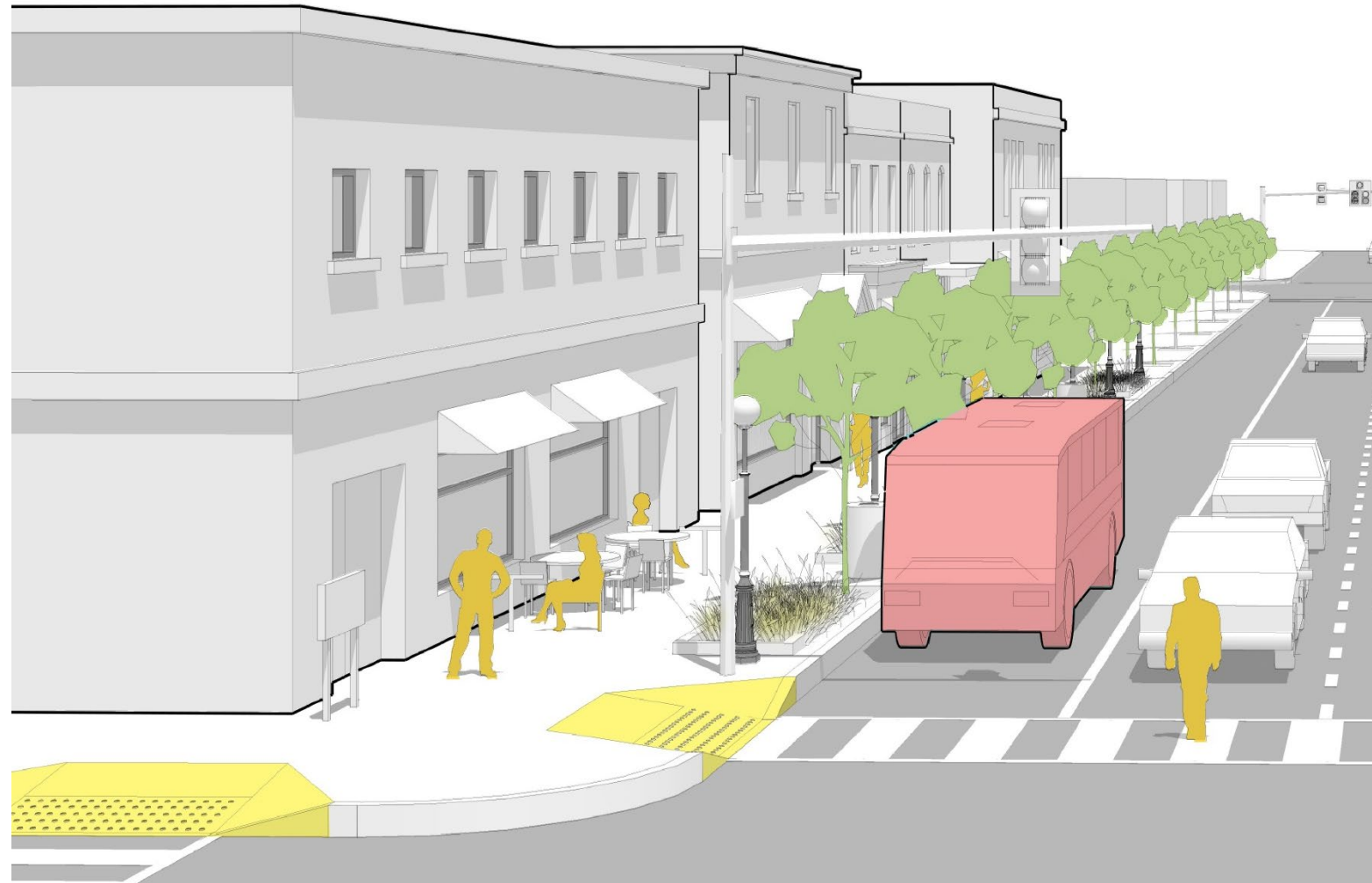
Strengthen the small-scale & incremental development ecosystem.

- Reduce barriers to rehabilitation and infill development – reduce or subsidize the cost of development (public & private), streamline approval processes
- Establish a grant program that provides support for small-scale developers
- Establish a revolving low interest loan program to assist property owners in rehab and repairs for small scale buildings.



Changing It Up, Mixing It Up

The Case for Mixed Use
Development in
equitable transit station
areas



What TOD Is and Is Not

TOD Is—

- A form of complete communities
- Provides local convenience and regional accessibility in ways that minimize the need to drive
- Keeps cost of living affordable and generates revenue to assure quality public services
- People-oriented—Safe, secure & healthy
- Provides destinations, not just origins

TOD Is Not—

- Only bedrooms, commuting is only 1/5 of area trip-making
- Requires driving and parking to access necessities= “parking-oriented development”
- A places that requires a car for every adult and multiple parking spaces for each
- Only scaled to downtowns—most higher density cities are 3 stories
- Only a set of origins for trip-making

Building Designs That Contribute to Local Convenience Are Essential to Equitable TOD

<p>NEIGHBORHOOD NODE</p> <p><i>locally owned</i></p>  <p>small + simple SHOP</p> <p>Single storefront, straight up.</p> <p>© Staphouse Studio Inc.</p>	<p>NEIGHBORHOOD NODE</p> <p><i>three little businesses</i></p>  <p>multi-tenant COMMERCIAL</p> <p>Strip mall. But make it mainstreet.</p> <p>© Staphouse Studio Inc.</p>	<p>NEIGHBORHOOD NODE</p> <p><i>commercial ground floor residential upper</i></p>  <p>small, 1-3 unit MAINSTREET MIXED</p> <p>They don't make it easy.</p> <p>© Staphouse Studio Inc.</p>	<p>NEIGHBORHOOD NODE</p> <p><i>work live</i></p>  <p>residential code LIVE/WORK</p> <p>The entrepreneur lives upstairs.</p> <p>© Staphouse Studio Inc.</p>	<p>NEIGHBORHOOD NODE</p> <p><i>same uses with a glow-up</i></p>  <p>grandfathered MAINSTREET MIXED</p> <p>Pre-1991 buildings only.</p> <p>© Staphouse Studio Inc.</p>	<p>NEIGHBORHOOD NODE</p>  <p>large, 4-12 unit MAINSTREET MIXED</p> <p>High value, cost, and complexity. Not for the faint of heart.</p> <p>© Staphouse Studio Inc.</p>
<p>SHOP</p>  <p>1 Business or Mercantile unit</p> <p>Single story, under 1000sf. Small A2 occupancies (food & drink) are possible but more complicated. Talk to an architect. May be eligible for SBA loan if 51%+ owner-occupied.</p> <p>IBC</p>	<p>MULTI-TENANT COMMERCIAL</p>  <p>2+ Business or Mercantile units</p> <p>Multiple small tenants (under 2000sf). Share kitchenette or bathroom facilities to increase affordability. May be eligible for SBA loan if 51%+ owner-occupied.</p> <p>IBC</p>	<p>SMALL MAINSTREET</p>  <p>1-3 units above commercial</p> <p>High sprinkler costs (NFPA 13) hard to cover with so few units, especially in low-rent markets. May be eligible for SBA loan if 51%+ owner-occupied.</p> <p>IBC</p>	<p>LIVE/WORK</p>  <p>1 unit with both res. + non-res. space</p> <p>Ground floor "work" space (max. 1500 sf) must be ancillary to "live" space. Up to five non-resident workers allowed on site. Requires savvy leader to finance on residential mortgage.</p> <p>IBC</p>	<p>PRE-91 MAINSTREET</p>  <p>1-3 units above commercial</p> <p>Continue the established occupancies - a break in occupancy may prompt major upgrades. Commercial use needs to stay the same or become less hazardous (ex. B-M type).</p> <p>IBC</p>	<p>LARGE MAINSTREET</p>  <p>4-12 units + commercial</p> <p>Ground floor must include at least one accessible residential unit. Up to four residential units per floor per stair. Up to three stories.</p> <p>IBC</p>

At 8 Households per Acre + Commercial, a Half-Mile of KCMO Households Could Support Locally-Owned & Staffed

Full-service grocers
Specialty small grocers
Pharmacy and general
Banks and credit unions
Small department stores
Repair shops
Resale shops
Bookstores both new and used
Music
Electronics

Urgent care facilities
Regular medical, dental, eye services
Bicycle sales/repair
Retail clothing
Hardware
Lumber and hardware
Copy shops
Co-working spaces
Craft business incubators
Entertainment venues

Discussion

1. Location and savings advantages.

How important of an incentive are the locational and cost advantages of the corridor?

- What organizations or institutions might have an interest in using these to market the area? Existing programs? Specific banks, foundations, real estate entities or others you could ask?

2. Regional connectivity.

Current transit service works to connect corridor neighborhoods to downtown jobs, but still needs high frequency connections to other regional anchors. Does anyone disagree? What's standing in the way?

3. Local convenience and amenities.

Create destinations in the corridor for locals and others. Lots of input has been gathered on what's needed (food stores, medical services,

- How will you determine what is most possible right now, and in what locations given the intersection of market demand, local buying power, costs to make real estate ready? What else might be needed? Who will do these things? What will you say no to?

4. What is the current local real estate delivery capacity

(in and of the corridor, within the city, and beyond) for incremental residential infill, incremental commercial & local ownership, and larger projects? What's needed most? Next? Who will do it?

PAUSE – WORKSHEET ACTIVITY #3

Like?

- Is there anything presented in the key findings that is compelling, interesting, or important to you, that should be emphasized to the group?
- Were there any strategies presented that stood out to you, that should be emphasized or further discussed amongst the group?

Learn?

- Is there anything presented in the key findings that you were not aware of before tonight?
- Were any of the strategies presented a new idea or approach that you had not considered before?

Lack?

- Is there anything missing from the key findings that you would like to see addressed by the team?
- Are there any strategies missing from the recommendations?



NEXT STEPS



UPCOMING MEETINGS

Community Meeting

February 23 – 6:00-8:00 PM, Bruce R. Watkins Cultural Heritage Center



STAFF CONTACTS

Angela Eley

angela.eley@kcmo.org 513-2805

John DeBauche

john.debauche@kcmo.org 513-2897

PROJECT WEBSITE

www.prospectUSKC.com



RideKC
Kansas City Area
Transportation Authority