
To: Marc Hill, President, the Civic Council of Greater Kansas City

From: HR&A Advisors, Inc.

Date: January 17, 2019

Re: **Kansas City Innovation District Feasibility Study**

I. OVERVIEW OF PLANNED DOWNTOWN INNOVATION DISTRICT

The Civic Council of Greater Kansas City engaged HR&A Advisors, Inc. (HR&A) to assist in developing a vision and identifying key planning considerations to guide development for a new innovation district in Downtown Kansas City. To assist with planning efforts, HR&A was engaged to do the following:

- Guide stakeholders to develop a vision for the innovation district, including identifying competitive advantages to help realize the overarching vision, as well as acknowledging challenges that will need to be addressed in order to advance a successful district;
- Conduct an assessment of innovation assets in Kansas City, including identification of potential programmatic drivers;
- Lead a high-level market scan of residential and retail markets in the area, to understand the potential for future mixed-use development in the district; and
- Provide case studies of other successful innovation districts, to present best practices to guide future management and governance of the district.

Since HR&A's initial engagement, Kevin McGinnis, a Kansas City stakeholder interested in advancing the innovation district, founded the Keystone Community Corporation, a 501(c)(3) non-profit organization (pending IRS approval of tax-exempt status). With Keystone, McGinnis is interested in using this new non-profit organization to assemble and organize municipal stakeholders and private parties to work collaboratively to develop the innovation district.

II. VISION FOR DISTRICT

HR&A travelled to Kansas City in August 2018 to meet with a variety of stakeholders, including municipal staff, representatives from the business and entrepreneurship communities, regional economic development specialists, and leadership from regional educational institutions, to discuss opportunities and challenges associated with a new innovation district in Downtown Kansas City. In-person meetings were supplemented with phone conversations. A full list of stakeholders engaged as part of HR&A's process is included as an appendix to this memo.

In general, there is consensus across stakeholder groups for a desire to have an innovation district centered on design, and architecture and engineering. Kansas City has particular competitive advantages in these areas, including industrial specialization and a strong regional employment base, and a focus on design as the foundational identity for the innovation district will help create an innovation district unique to Kansas City, rather than a more generic technology focused innovation district. The design innovation district will create opportunities to build connections to existing clusters in transportation, logistics, and smart city technology. Stakeholders envision the innovation district creating opportunities to act as a living laboratory and test-bed for the future of housing, construction, and social innovation, all through the lens of design.

In terms of geographic location, we understand the City, Keystone, and other stakeholders are interested in centering the innovation district in an area along 18th Street, in the historic 18th & Vine district in Downtown Kansas City.

In addition to a focus on design and the region's strengths in architecture and engineering, the following key themes emerged from stakeholder conversations to guide the vision and future planning efforts for the Downtown Kansas City Innovation District:

- ***Inclusive and Diverse:*** There is a shared vision for an innovation district in Downtown Kansas City that will be inclusive, accessible, and welcoming to the public. It will serve a diversity of people, with a special focus on the residents, businesses, and unique culture of the 18th & Vine district. The district will welcome a diversity of thoughts and a diversity of backgrounds. The innovation district will be a place of intersectionality and will serve as a front-door to the Kansas City innovation and entrepreneurial community, supporting opportunities for corporate engagement, research partnerships, entrepreneurs, and other parties that want to contribute to the region's economic growth. Given Kansas City's challenges with historic racial segregation, the location of the innovation district east of Troost is a key opportunity to promote integration and comingling of the area's diverse communities.
- ***Range of Activities and Uses:*** There is a shared vision that the innovation district will contain a wide array of spaces and facilities, including teaching and learning space accessible to area colleges and universities; multifamily residential buildings, including affordable housing; retail offerings; and office space. The innovation district will create a new cluster of activity to further support the attractions and existing businesses of the 18th & Vine district. Mixed-use development within the innovation district will help build a vibrant new corridor to further activate Downtown Kansas City, while new affordable housing options will meet the needs of existing residents.
- ***Experiential and Creative:*** There is a shared vision that the innovation district should be actively programmed. Municipal, non-profit, educational, arts, and industry partners will come together to provide a robust roster of activities and experiences that draw people to the district. There will be programming to attract families and visitors to the district, and programming to support the growth of Kansas City's entrepreneurial ecosystem and its arts community.
- ***Supportive of Talent:*** There is a shared vision that the innovation district will create opportunities for workforce development and training programs to help link people, particularly those from underserved populations and those facing barriers to employment, with jobs. Workforce development activities included as part of the innovation district will further help to enhance Kansas City's overall economic competitiveness and help build the city's talent pool.
- ***Unique Character:*** There is a shared vision that the innovation district will reflect a sense of authenticity and history of the 18th & Vine district. New development and programming in the innovation district will build on, and complement, existing assets and support increased visitation to the area. Kansas City is home to several distinct districts, including Crossroads and 18th & Vine, each with their own unique identity and existing architectural assets. The adaptive re-use and rehabilitation of existing buildings along 18th Street will be important to preserve and enhance the area's unique character.

There are several competitive advantages and key opportunities stakeholders identified that Kansas City should leverage in pursuit of achieving its vision for a design innovation district in the area around 18th and Troost. Some of the primary competitive advantages brought up by stakeholders in discussing the opportunity include:

- ***High Quality of Life:*** Stakeholders brought up many desirable features that make Kansas City a great place to live, including the region's low-cost of living when compared to other metro areas, its abundance of parks and open space, its array of cultural amenities, and its family-friendly environment. These characteristics can be leveraged as part of the branding of the innovation district as key features that make Kansas City a great place to live.

- **Supportive Business Community:** Stakeholders view Kansas City as a great place to do business. Overall, the business environment in Kansas City is described as having low-barriers to entry and making it easy for people to take an active role in shaping and growing the city's business landscape, particularly for those interested in pursuing start-ups or becoming involved in the entrepreneurial scene. Stakeholders described a supportive environment in Kansas City for start-ups, and ample opportunities for finding mentorship within the area's entrepreneurial ecosystem. These are strengths that can help build the envisioned community housed within the innovation district.
- **Civic Pride:** Across the board, stakeholders spoke of a deep pride in Kansas City. Many outsiders underestimate Kansas City, and residents are proud to show off what makes their city great, including a vibrant downtown, an entrepreneurial spirit, a general friendliness and hard-worth ethic, and a strong philanthropic community. These features have helped Kansas City develop into a great 21st century city. Municipal officials, university leaders, economic development officials, and a range of other stakeholders all feel now is the perfect opportunity to capitalize on this strong civic pride and collaborate together in order to achieve a shared vision for the downtown innovation district.
- **Geographic Location:** Kansas City's advantageous central location enables businesses to locate here and serve both coastal markets. Big data centers need to locate in centralized places to better reach and serve coastal markets, and the innovation district can help market the city as a strong location for tech companies to help meet their server needs.
- **Opportunity Zone Location:** The planned location for the innovation district is within one of Kansas City's designated opportunity zones, which provides substantial advantages for attracting private investment to spur development. Stakeholders perceive the innovation district as a prime opportunity to create a node of innovation and concentrate entrepreneurial activity in one area of downtown, and the planned location around 18th and Troost carries the advantage of providing both infill and new development opportunities in an area that is largely industrial and office, allowing new density and development to occur without negatively impacting largely residential areas. Leveraging public investments to attract capital into the innovation district via opportunity funds should be explored as a key financing strategy for future development in the innovation district.

While it is a step in the right direction to begin to articulate a shared vision for the district, and to recognize existing advantages to help Kansas City achieve this vision, it is necessary to recognize challenges and barriers that may hinder progress towards the development of a downtown innovation district. Some of the primary challenges and barriers brought up by stakeholders in discussing the project include:

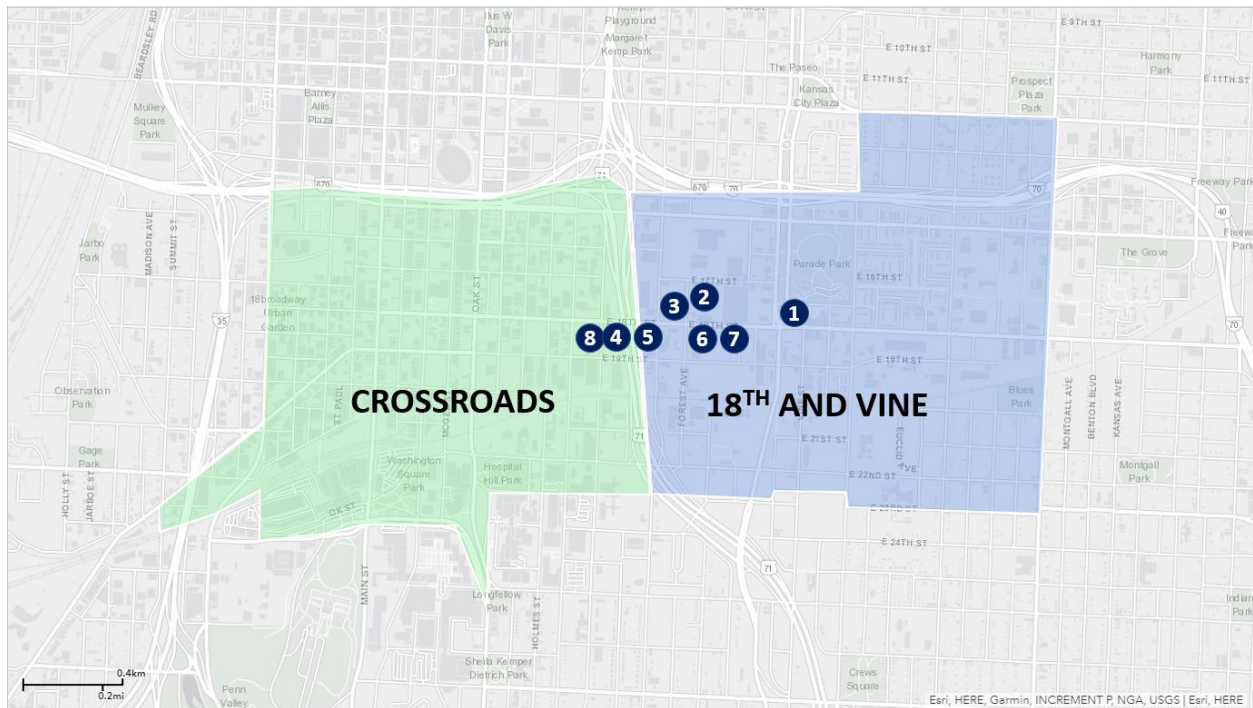
- **Racial and Economic Segregation:** Stakeholders all note that Troost Avenue acts as a racial divider in the city, with many wealthier, white Kansas City residents unwilling to cross Troost into the predominantly African-American neighborhoods that lay to the east. Given the location for the planned innovation district, there are opportunities to proactively design programming to attract tenants, promote diversity, and provide inclusive spaces that help bring together currently disparate communities. Ultimately, the innovation district will need to provide access to opportunity for residents who have not shared in Kansas City's growing prosperity in order to realize a vision for an inclusive space that provides access to opportunity.
- **Political and Geographic Boundaries:** Given Kansas City's unique location spanning state lines, many stakeholders brought up existing political and geographic boundaries that are perceived to impede progress and collaboration in the region. Since the planned location for the innovation district is in Kansas City, Missouri, there are concerns that Kansas-based stakeholders may be less willing to participate, if the project is perceived to be a Missouri endeavor. Moving forward, it will be important to engage local, state, and regional stakeholders from both Kansas and Missouri in the planning process, to continue to build excitement and promote the innovation district as an asset that will benefit the entire region.
- **Risk-Averse Culture:** In addition to geographic boundaries that impede progress, there is a general consensus that Kansas City has a risk-averse culture, in which political leaders, business leaders, and

others in positions of power can be hesitant to pursue innovative projects, preferring less risky, more tried-and-true approaches to city-building. The innovation district will require involved partners to be willing to pursue new initiatives, build new types of partnerships, and fund new ideas in order to get the district off the ground.

- **Lack of Major Research University:** While the Kansas City area is home to several higher education institutions, including Park University, Rockhurst University, William Jewell College, and University of Missouri-Kansas City, there is no major R-1 research university with a downtown presence. Innovation districts often benefit from a university as an anchor, and research universities bring several advantages to help build the type of ecosystem envisioned for the innovation district, including opportunities for sponsored research, commercialization activities, and research-industry partnerships. Kansas State, University of Kansas, and other University of Missouri campuses, which are all nearby R-1 universities, have expressed an interest in having a footprint in Downtown Kansas City, and the envisioned innovation district is a strong opportunity to capitalize on this interest.
- **Difficulties in Attracting and Retaining Talent:** Stakeholders expressed that it can be difficult to attract and retain college graduates and other skilled workers to the Kansas City metro area. There is also a perception that universities in the area are not producing enough graduates with the right skills to meet needs of regional employers. The innovation district can provide opportunities to address this talent issue, including offering workforce training programs developed in concert with employers to ensure there is a local pipeline of labor with in-demand skills, as well as offering amenities and employment opportunities attractive to highly-skilled workers, providing incentive for them to stay in Kansas City.
- **Lack of Corporate Engagement:** Municipal officials, local and regional economic development organizations, major philanthropies, and representatives from the entrepreneurial community have all expressed interest and support for the envisioned innovation district. What is lacking is corporate engagement, which is an issue Kansas City has faced in previous economic development and city-building efforts. Stakeholders note it has been difficult in the past to successfully engage corporate partners to commit to public-private partnerships, and challenging to bring together multiple corporations to work together on broad, citywide innovation efforts and entrepreneurship activities. Involving major corporations and employers in the area and engaging them in the development of the innovation district will be key to helping build partnerships, attracting needed private investment for development, securing tenants to occupy office space, and creating job opportunities.
- **Risk of Gentrification and Displacement:** Given the proposed location of the district, stakeholders are concerned about the potential for new investment and development to lead to rising prices, gentrification, and displacement of long-term residents in the 18th & Vine area. As planning for the district moves forward, it will be essential for the City and its partners to take a proactive approach to mitigating these challenges. Inclusion of affordable housing in any residential component, local hiring requirements, dedicated programming geared towards neighborhood needs, and sustained community engagement will all need to be key priorities to ensure development of the innovation district proceeds in a manner that respects the needs of existing residents and promotes an inclusive atmosphere in line with stated vision for the district.

With this understanding of desired vision and existing challenges, interested stakeholders have begun to look at sites in the 18th & Vine district that could become assets in the innovation district. Figure 1, below, provides an overview of these sites that have been identified for initial programming and development to begin to catalyze the district.

Figure 1: Overview of Planned Innovation District and Identified Sites of Interest



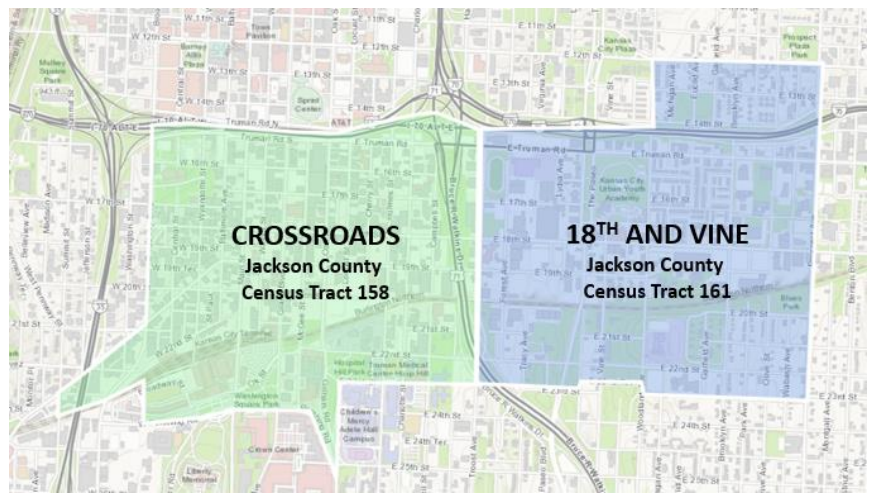
Map	Location	Owner	Current Use	Proposed Use
1	Lot near 1514 E. 18 th St	City of Kansas City	Vacant	Innovation District Hub
2	1200 E. 18 th St	Kansas City Area Transit Authority	Distribution Center	Innovation District Hub
3	1100 E. 18 th St	Keystone (potential future owner)	Vacant	Innovation District Hub
4	1817 Campbell St	Goodwill Industries	Distribution Center	Social Innovation & Workforce Development Hub
5	1810 Troost Ave	JE Dunn (potential future owner)	Vehicle Services	Interim Fabrication Facility
6	1205 E. 18 th St	Keystone (potential future owner)	Warehouse	Interim Programming
7	1300 E. 18 th St	SRM Industries Williams Communications	Vacant	Container Park
8	815 E. 18 th St	Tension Envelope Corp. et. al	Vacant	Container Park

III. KC MARKET SCAN

In order to realize a vision for a new destination and create a node of activity that helps activate the stretch of 18th St. between the Crossroads and 18th & Vine districts, the innovation district will need to contain a mix of uses. Residential and retail uses, including affordable housing and food and beverage outlets, will be important inclusions that support office uses, contribute to a unique sense of place, and activate the district outside of traditional business hours. Targeted public investment and robust programming will be important first steps in helping activate the innovation district, to support existing assets and attractions in 18th & Vine and help create the conditions to support mixed-use development, bringing some of the private development momentum occurring in the Crossroads district eastwards.

The area targeted for the innovation district lies just outside of the Crossroads district, near Troost Avenue in the historic 18th & Vine district. Troost has long served as a stark divider in Kansas City, setting racial and economic boundaries, a reality reflected in the diverging demographics, residential, and retail markets of these two neighboring areas of Downtown. The market scan findings presented in this report highlight the divergence of these two neighboring areas, while also pointing to the opportunity the planned innovation district represents. Due to data availability, HR&A’s market scan findings focus on two individual census tracts whose boundaries closely align with those of the districts, as shown in Figure 2.

Figure 2: Geographies for Market Scan

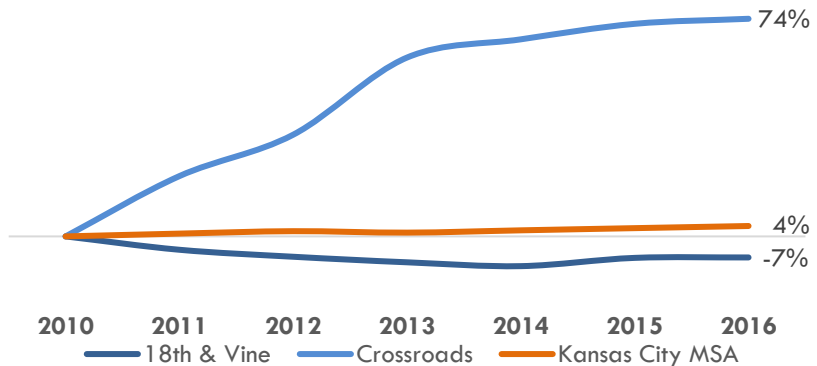


Source: Esri Business Analyst

Demographics

As seen in Figure 3, population in the Crossroads district has skyrocketed since 2010, at a growth rate that vastly outpaces the region. In 2016, the total population in Crossroads topped over 1,500 residents, when just six years before the population was less than 900. During this same time period, 18th & Vine saw an opposite trajectory, with a decrease in total population, going from 2,100 residents in 2010 to 1,900 in 2016.

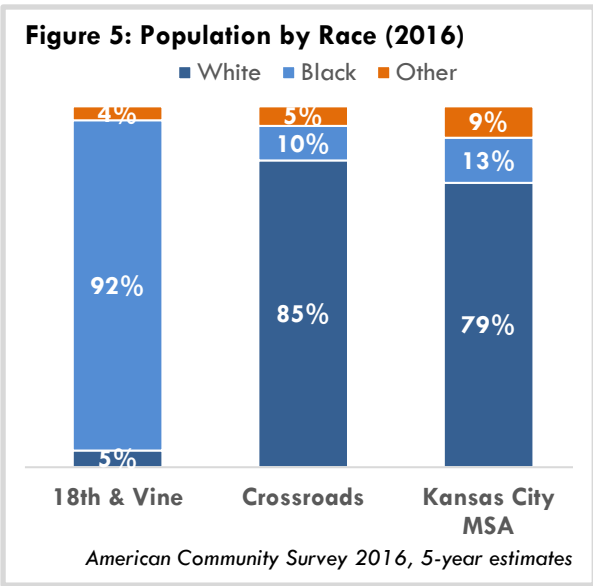
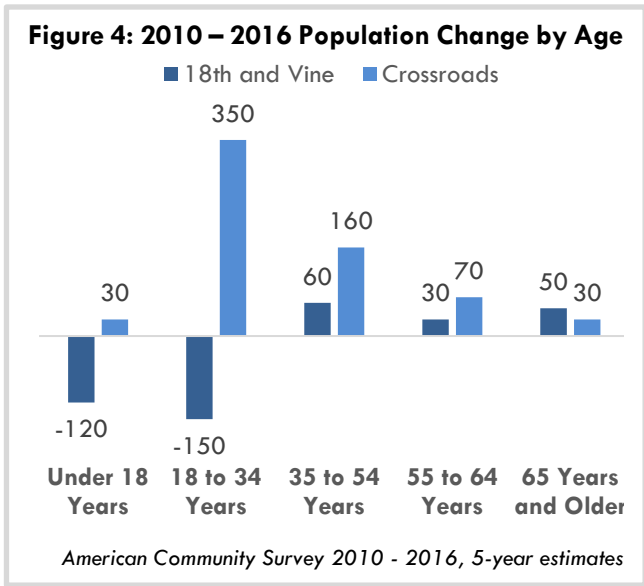
Figure 3: Percent Change in Population Since 2010



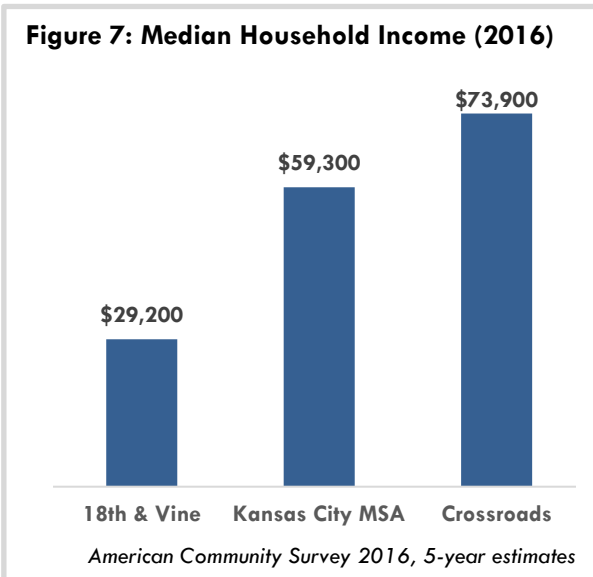
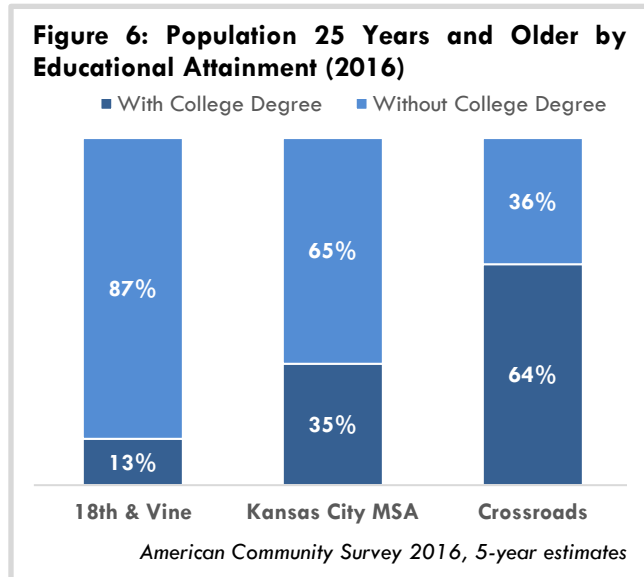
Source: American Community Survey 2010 - 2016, 5-year estimates

As shown in Figure 4, below, the massive population growth in the Crossroads district has been driven largely by the arrival of new residents in the young professional age cohort (18-34 years of age), drawn to the new multifamily buildings that have opened in the district in the past few years. In contrast, 18th & Vine lost over a quarter of its younger residents during this same time period, including those under the age of 18. The moderate growth in the older cohorts indicates a population aging in place, while the drop in younger residents demonstrates a sizable out-migration. These divergent trends of neighboring areas indicate an opportunity for the innovation district, to bring some of the growth in the Crossroads district eastwards, and begin to attract young professionals via inclusion of multifamily residential and activated programming beyond traditional business hours, while also providing support, programming, and employment opportunities to appeal to young people in 18th & Vine and help retain them.

The two districts have starkly different racial composition, reflecting a long-standing history of segregation in the area. The 18th & Vine district is an almost entirely black neighborhood, while Crossroads is predominantly white, as seen in Figure 5, below. These racial divides continue to persist—population loss in the 18th & Vine area from 2010 to 2016 was almost exclusively black residents leaving the area, while 80% of Crossroads’ growth during this time was new white residents moving to the district.



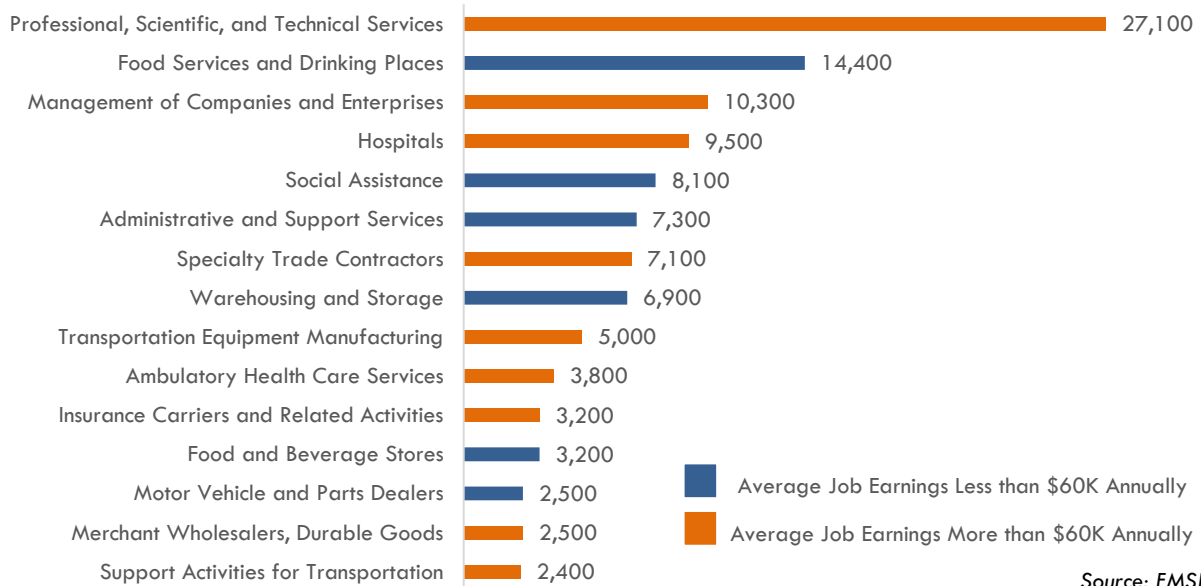
The racial segregation of the districts has stark implications on socioeconomic status. More than half of all Crossroads residents have a college degree, which is nearly double the portion of college-educated residents in the MSA overall, and more than four times greater than the portion of 18th & Vine residents with a college degree, as seen in Figure 6. The innovation district is an opportunity to mitigate some of these disparities, by both appealing to the young, highly-educated professionals attracted to the Crossroads area, while also offering programming and workforce training to serve the needs of residents in the 18th & Vine district. As seen in Figure 7, the divergence in education has implications on household income. Median household income in the Crossroads is two and a half times greater than that of 18th & Vine households just across Highway 71, a disparity in income that has remained consistent between 2010 and 2016.



Employment

In today’s knowledge economy, many of the new jobs in the Kansas City MSA are in industries that require a highly-skilled workforce and pay wages above the region’s median income. The region’s fastest growing sector is professional, scientific, and technical services, which added over 27,000 jobs to the MSA’s economy over the past eight years, as seen in Figure 8, below.

Figure 8: Fastest Growing Industry Sectors in Kansas City MSA by Jobs Added (2010 – 2018)



Of particular interest to the envisioned innovation district is the strength of Kansas City’s employment in fields related to design and architecture and engineering, including the computer systems design and related services sector, the management, scientific, and technical consulting services sector, and the architectural, engineering, and related services sector. Not only is Kansas City seeing growth in these high-paying sectors, but these sectors are also particularly specialized and competitive, as demonstrated by their high location quotient and positive competitive effect, respectively (Figure 9, below). A location quotient is a measure of employment specialization, quantifying the concentration of employment in a specific industry in a region compared to the country overall. A location quotient greater than 1 indicates a regional concentration in an industry, with the region’s employment concentration greater than the national average. All three of these architecture and engineering industry groups in the Kansas City metro area have a location quotient above 1. Using shift-share analysis to calculate an industry’s competitive component helps identify growth in a region that outpaces both national and industry expectations. A positive competitive component indicates the number of jobs gained that can be attributed to regional specific factors, indicating the region’s specific competitiveness in that industry. All three of these architecture and engineering sectors in the Kansas City metro area have positive competitive components.

Figure 9: Fastest Growing Professional, Scientific, and Technical Services Industry Groups

NAICS	Description	2010 – 2018 Change in Jobs	Avg. Earnings Per Job	Location Quotient	Jobs from Competitive Effect
5415	Computer Systems Design and Related Services	+ 12,700	\$102,300	1.82	6,400
5416	Management, Scientific, and Technical Consulting Services	+ 7,000	\$70,500	1.28	3,700
5413	Architectural, Engineering, and Related Services	+ 3,600	\$110,200	1.65	1,900

Source: EMSI

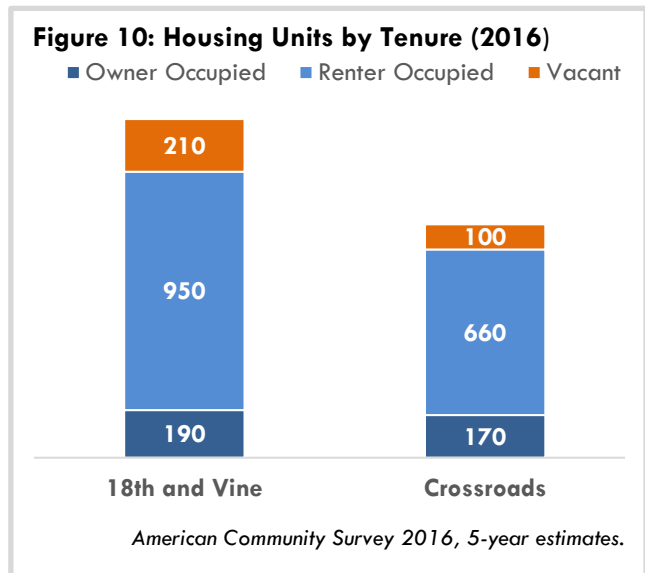
In fact, the Kansas City region is home to one of the top five largest concentrations of architecture and engineering employment in the United States, and is home to global headquarters of several industry leading firms, including Black & Veatch, Burns & McDonnell, Populous, HNTB, and Honeywell FM&T. KC GlobalDesign, an initiative born out of KC Rising efforts, is dedicated to making the region “known as a global center of

excellence and destination for top talent in architecture, engineering and technology.”¹ A new innovation district themed around design and architecture and engineering is an ideal way to capitalize on one of the region’s most competitive and specialized industry clusters, leveraging existing strengths and a strong employment base to further grow Kansas City’s reputation as a global destination for best practices in design and architecture and engineering services.

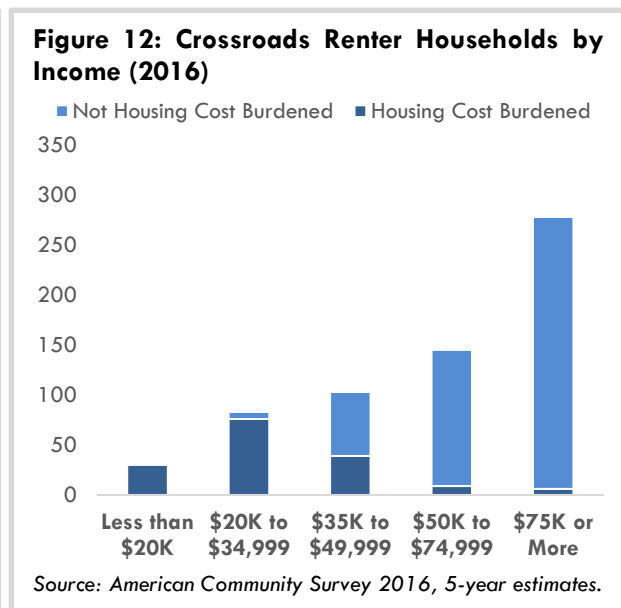
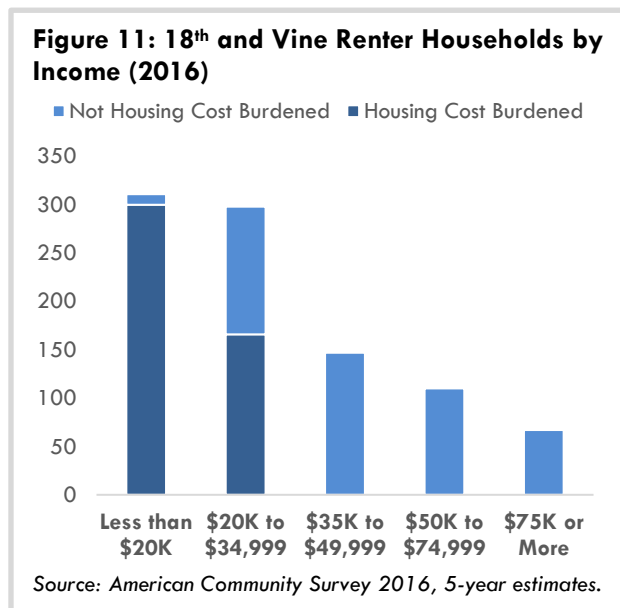
Residential Market Overview

While the residential market in both districts is dominated by renters, as seen in Figure 10, in keeping with socioeconomic trends, the residential markets are otherwise highly divergent. Crossroads has seen a spate of new multifamily projects, including both redevelopment of existing structures as well as new construction, while there has been no new multifamily activity in the 18th & Vine district.

Median rent in the Crossroads district is \$1,180, which is nearly double the median rent in 18th & Vine, which is \$680. There is also a higher percentage of vacant housing units in 18th & Vine (16%) than in Crossroads (11%). The vacancy in the Crossroads will likely decline as the new multifamily developments in the district reach stabilization, while vacancy in 18th & Vine could increase, if population declines continue.



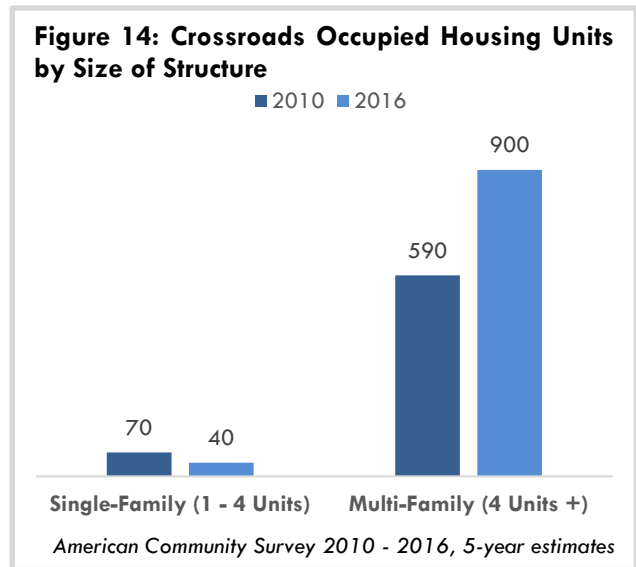
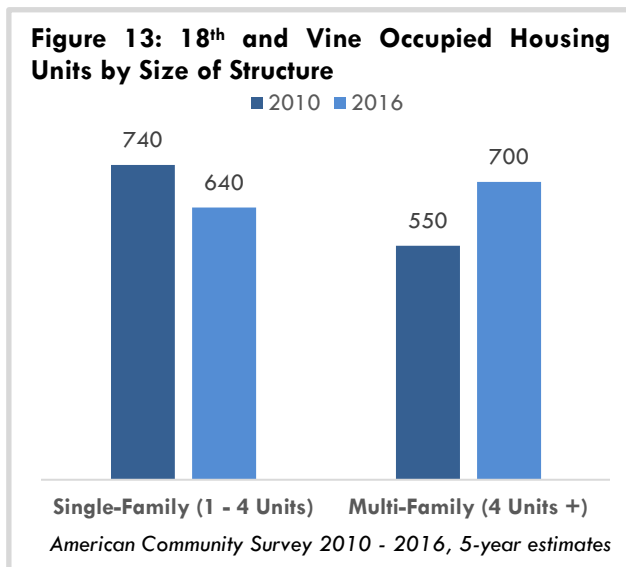
While median rent in 18th & Vine is much lower than rent in the Crossroads district, there is a higher portion of residents in 18th & Vine who are housing cost burdened – defined as households that spend more than 30% of their income on housing costs. Half of all households in the 18th & Vine district are housing cost-burdened, as seen in Figure 11. This high incidence of housing cost burdened households is driven largely by the lowest income renters in the area, those making less than \$20,000 a year. This indicates that while housing costs in the area may be relatively low, there are still significant affordability challenges for the







¹ KC Rising.

lowest income residents in the 18th & Vine area. Measures to address these challenges, including increasing the supply of affordable housing and the availability of resources and tools to support the lowest-income households, while also providing workforce training to assist residents with access to higher-paying career pathways, should be priorities addressed by municipal, non-profit, and private partners involved in planning efforts for the innovation district. As seen in Figure 12, there are fewer housing cost burdened households in the Crossroads district, due to the higher incomes in the area.

In terms of existing stock, the majority of residential properties in 18th & Vine are largely single-family, defined as structures with fewer than five units. The total number of residential units in 18th & Vine has remained largely stagnant from 2010 to 2016, with a significant decrease in its stock of single-family properties. In 2010, 57% of the district's housing stock was single-family, compared to 48% in 2016, as seen in Figure 13. While there have been no recent multifamily developments delivered in 18th & Vine, the increase in multifamily units available is likely due to subdivision of existing single-family structures and rehabilitation of structures for multifamily uses. In contrast, the Crossroads district has seen a dramatic spike in its residential market, growing from a total of 660 occupied housing units in 2010 to 940 occupied housing units in 2016. As seen in Figure 14, this growth is driven exclusively by new multi-family residential properties.



The properties highlighted below are representative of residential properties found in each of the districts:

18 TH & VINE		CROSSROADS	
	<p>2025 Olive Street</p> <ul style="list-style-type: none"> Built in 2002 Single-family, occupied Size: 2,250 SF Average asking rent: N/A 		<p>Atlas Building Lofts</p> <ul style="list-style-type: none"> Built 1902 / ren. 2017 13 units, vacancy 15% Average size: 620 SF Average asking rent: \$2.98 / SF
	<p>Jazz District Apartments</p> <ul style="list-style-type: none"> Built in 2002 151 units, vacancy 5% Average size: 740 SF Average asking rent: \$1.08 / SF 		<p>Crossroads Westside</p> <ul style="list-style-type: none"> Built in 2018 221 units, vacancy 4% Average size: 850 SF Average asking rent: \$1.78 / SF

Source: CoStar, Apartments.com, RedFin.

Figures 15 and 16 provide an overview of recent multifamily trends in each of the districts. While there have been no new multifamily deliveries in 18th & Vine, there has been a steady decrease in vacancy, indicating sustained demand from existing residents for multifamily options. This decrease in vacancy has also occurred in tandem with an overall loss in single-family housing options, as demonstrated earlier. In the Crossroads district, there has been steady delivery of new multifamily development in the past few years, with over 200 units delivered in 2018 alone. The accompanying spike in vacancy indicates the residential market is still in the process of absorbing new product, with all 2018 deliveries still in a lease-up period, where it is not unexpected to see an increase in vacancy. The performance of these new deliveries and their ability to lease-up in a reasonable time period will indicate the depth of demand in the area for multifamily in the Crossroads district, particularly for the types of new, higher-end apartments that are being delivered.

Figure 15: 18th & Vine Multifamily Trends

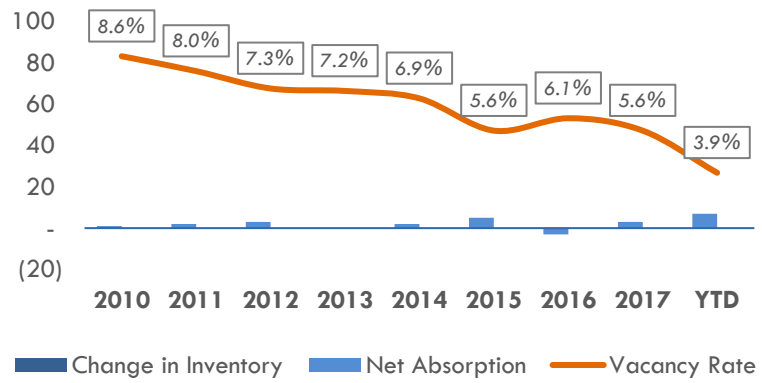
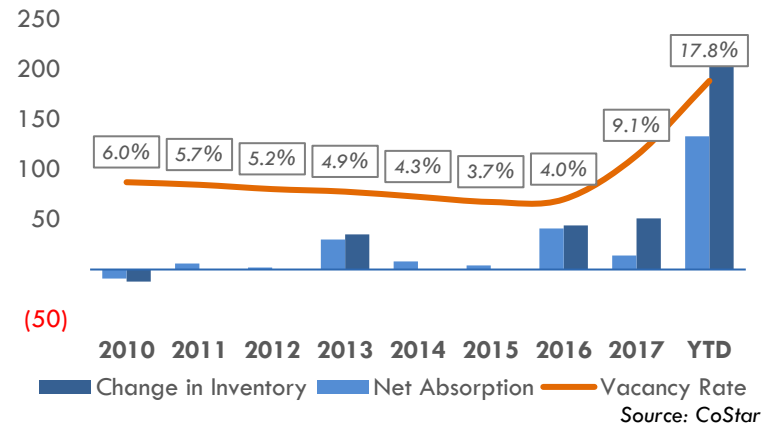
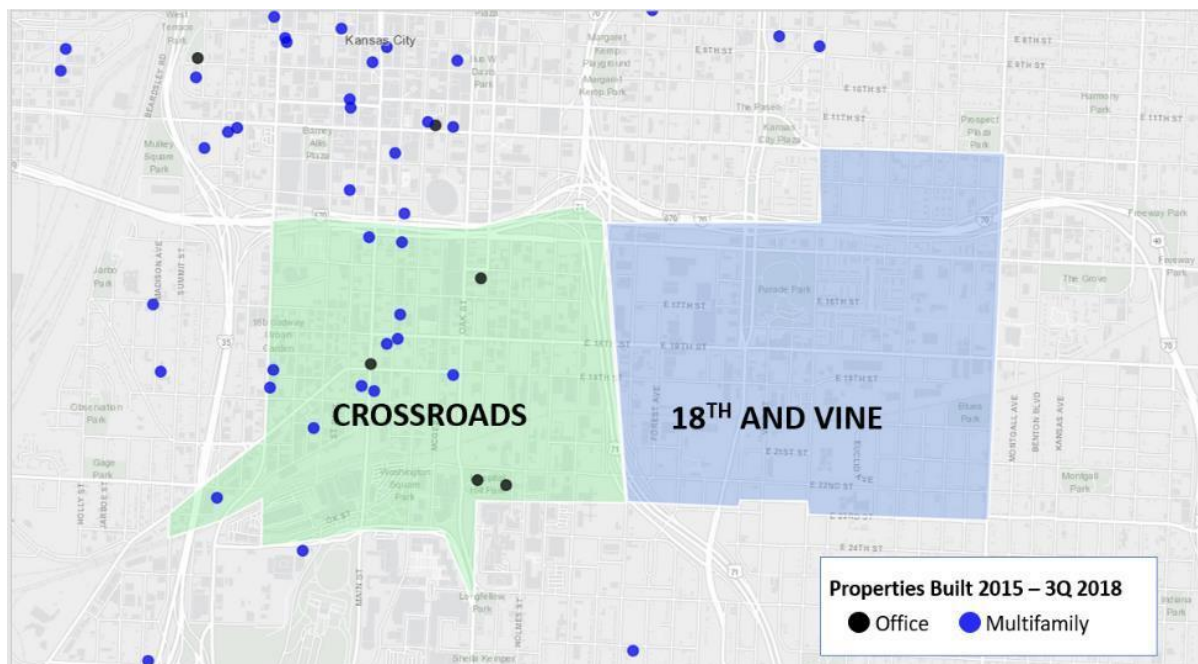


Figure 16: Crossroads Multifamily Trends



Source: CoStar

Figure 17: Commercial Development, 2015 – Present



Source: CoStar.

Figure 17, above, further highlights the divergent development trends of these two neighboring districts – no new office or multifamily properties have been delivered in 18th & Vine, while there has been ample private development activity in the Crossroads district. This trend is expected to continue, with eight multifamily projects either proposed or already under construction in the Crossroads district, expected to deliver in the next few years, and no current known multifamily projects in the pipeline for 18th & Vine.

The envisioned innovation district will likely include higher density residential as part of mixed-use development, and represents a key opportunity to bring development momentum eastwards, while serving the needs of current residents in the 18th & Vine area. Ultimately, mixed-use development included in the innovation district is both an opportunity to diversify the types of housing available east of Troost and address existing housing affordability challenges, while capitalizing on the momentum of new high-end residential development occurring in the Crossroads district. As previously mentioned, serving the needs of the existing residents in the area is of paramount importance. The City and other stakeholders should consider a range of policy mechanisms to protect new residential product from becoming unaffordable for existing residents and to avoid displacing long-term residents of the 18th & Vine area. The exploration of mixed-income housing for inclusion in the innovation district, where market rate units subsidize the cost of affordable units, is one such potential mechanism for delivering market-supportable product that meets the needs of the existing community.

Retail Market Overview

Unsurprisingly, retail offerings track with socioeconomic and residential trends across the two districts, and Crossroads has a much larger and higher-end retail market than that of 18th & Vine. There are currently 1,300 businesses within the Crossroads district, including creative advertising agencies, art galleries, real estate agents, and architects. These types of businesses are all well-suited to helping create a vibrant innovation district, particularly art galleries and architecture firms that have a ground-floor presence along 18th St. – they fit with the envisioned theme of the district and have potential to support programming and bring foot traffic into the area. In contrast to the larger retail and business scene in Crossroads, 18th & Vine has only 140 active businesses in the area. These businesses serve the neighborhood, and consist largely of beauty salons, automobile dealerships, and transit-serving places, such as distribution centers.² The innovation district can help support these existing businesses. Planned investments in infrastructure, streetscaping, and public art can enhance the experience of visitors to the area, and bring new users to visit businesses in the district. New retail in the area can complement existing shops and create new clusters of activity. The innovation district is an opportunity to both connect 18th & Vine residents to the retail growth in the Crossroads, and also serve as a catalyst for new and existing businesses within the area.

Figure 18: Ten Most Common Business Types

18th & Vine	Crossroads
Beauty Salons	Physicians & Surgeons
Automobile Dealers to Used Cars	Attorneys
Restaurants	Restaurants
Apartments	Architects
Transit Lines	Dentists
Grocers to Retail	Real Estate
Theatres to Live	Insurance
Attorneys	Art Galleries & Dealers
Automobile Body to Repairing & Painting	Nurses to Practitioners
Automobile Body Shop Equipment to Mfrs	Advertising to Agencies & Counselors

² ReferenceUSA.

IV. INNOVATION ECOSYSTEM ASSESSMENT

While it can be hard to pin down what we mean when we say innovation, in general, we can think about innovation as the development and creation of new ideas. Innovation can take a variety of forms, including innovation in creating new products, services, or technologies; innovation in developing new processes, including creating new means for delivering products and services to customers and users; innovation in marketing, including developing new methods for advertising and selling products; and innovation in organizational structure, including implementing new ways for conducting businesses and organizing stakeholders in pursuit of a shared goal. With this broad understanding of innovation, HR&A defines an innovation ecosystem to encompass the industries, institutions, and stakeholders that enable, enhance, produce, and/or facilitate innovation.

To understand how to nurture and grow the innovation ecosystem in Kansas City through development of a new innovation district, it is important to: 1) evaluate how existing assets can be leveraged in pursuit of the shared articulated vision guiding development of the district, 2) identify existing programs well-suited to having a presence in the district, and 3) describe the types of spaces and facilities that cut across programs and are necessary for inclusion within the district to support and nurture a dynamic environment conducive to collaboration and innovation.

In looking at Kansas City's innovation ecosystem, HR&A's assessment focused primarily on assets and programs related to the desired focus areas of design and architecture and engineering, as well as assets and programs related to entrepreneurship. The results of HR&A's innovation ecosystem assessment are catalogued below.

1) Existing Innovation Assets

- **Major Industry Players in Design and Architecture & Engineering:** The shared vision articulated for an innovation district themed around design and architecture and engineering reflects the region's strong employment base in these fields. Kansas City is home to global industry leaders, including Black & Veatch and Burns & McDowell. Black & Veatch's world headquarters are located in Overland Park and house over 3,000 employees³, while Burns & McDowell's world headquarters in Kansas City has over 2,600 employees.⁴ Having the headquarters of two of the world's leading architecture and engineering consulting firms is a distinct advantage for Kansas City. Leadership at these major firms, as well as other architecture, engineering, and design companies with a presence in Kansas City, should be engaged as the innovation district planning process evolves, to discuss mutually-beneficial partnerships and ways to fully engage these key corporate partners in the district. Potential opportunities for corporate involvement in the innovation district include: leasing of office space, collaborating on programming and events that appeal to company employees and align with vision of the district, and partnering with educational institutions and other stakeholders to pursue new research and design activities.

KC Rising, a long-term initiative driven by Kansas City's business and civic communities to support and grow the region's economy, identified industry clusters that most contribute to Kansas City's global economic competitiveness. The first sector identified by KC Rising's Globally Competitive Sectors Work Group was the architecture, engineering, design technology and construction sector. In recognition of this specialization — the Kansas City region has one of the top five largest concentrations of architecture and engineering employment in the nation — the KC Global Design initiative is working to position Kansas City “as a global center of excellence and a destination for talent in architecture, engineering, and design technology.”⁵ The innovation district is an ideal vehicle to enhance ongoing efforts by KC Global Design to build Kansas City's reputation and talent pipeline in the architecture, engineering, design technology, and construction sectors. Programming should be designed in concert with leadership of the KC Global Design initiative, and physical

³ <http://opchamber.org/economicdevelopment/leading-employers/>

⁴ <https://www.edckc.com/workforce-talent/major-employers/>

⁵ <https://www.kcglobaldesign.com/about/>

facilities should offer space appealing to major employers in the industry, including design studios, fabrication facilities, and flexible meeting space.

- **Kansas City Area Transportation Authority (KCATA):** KCATA is positioned to be a key player in the downtown innovation district, and KCATA leadership should continue to be involved in strategy and planning conversations. KCATA owns significant property in the envisioned downtown area east of Troost, and as a bi-state authority, KCATA brings significant capabilities and clout to the planning process, particularly with regards to securing land, providing expertise in transit-oriented development, and convening regional and state stakeholders. Further, KCATA is already currently involved in projects across the Kansas City region aiming to innovate in delivery of transit services and better connect people as the future of mobility continues to develop. This experience and expertise in transit-oriented development can help ensure the future innovation district includes plans for promoting connectivity and ensuring ease of access and accessibility to all area residents.
- **KC Design Center:** KCDC is already located in downtown Kansas City, and is dedicated to supporting best practices in design and the excellence of Kansas City's built environment through education and public service activities. KCDC is a partnership between two of the region's major universities, the University of Kansas and Kansas State University, along with additional funding provided by philanthropic partners. KCDC programming, which already includes a resident urban design studio for college students to solve real world planning and design issues for clients in the Kansas City metro area, as well as regular events and speaker series around architecture and planning, is well-suited to having a presence in the innovation district. KCDC leadership should be engaged to discuss programming opportunities for the district, as well as to discuss the potential for KCDC to occupy teaching, meeting, and lab space included in future development. KCDC's participation in the district is both a way to leverage existing strengths in design and architecture to bolster the district's thematic focus, as well as a way to deepen the presence and role of prominent regional universities in downtown Kansas City.
- **Kauffman Foundation:** As one of the largest private foundations in the U.S., with a commitment to the Kansas City region and a mission to support entrepreneurship, the Kauffman Foundation is a key asset well-positioned to help catalyze and launch the envisioned innovation district. The Kauffman Foundation has already expressed interest in helping support the innovation district, and conversations should continue to discuss what type of involvement the Foundation can play, including financial support to advance development, as well as programmatic support, particularly with programming related to entrepreneurship.
- **Physical Amenities Supportive of Innovation:** Downtown Kansas City already has physical infrastructure in place that can help support the development of a walkable, dense, mixed-use innovation district. Some of these key physical amenities that can contribute to future development in the district include:
 - **Google Fiber:** Kansas City was chosen as the first city in the nation to pilot Google's Fiber network. Google made significant investments in the region's infrastructure in order to lay fiber, bringing ultra-fast internet to portions of the city. The introduction of Fiber service in 2011 played an important role in jumpstarting the region's start-up and entrepreneur community and helped build up Kansas City's national reputation as a tech center. While Fiber service is not available in all neighborhoods, and is currently mostly concentrated in the city's wealthier regions, the innovation district is an opportunity to push for further expansion, bringing the Fiber network east of Troost and providing its ultra-fast internet capabilities to benefit tenants and residents in the district.
 - **Kansas City Streetcar:** Access to public transit helps enhance innovation districts, promoting walkability, encouraging informal meetings and the potential for people-to-people collisions, and supporting dense, mixed-use development along transit corridors. Kansas City has already seen the returns on investment associated with its Downtown Streetcar line. While the line does not directly serve the envisioned district, future planning should leverage overall proximity to the line, including enhanced pedestrian and bicycle paths from streetcar

stops at 16th & Main and 19th & Main into the innovation district, and consideration of shuttles that circulate from streetcar stops into the innovation district. Capitalizing on synergies with the streetcar line to promote visitation to the innovation district will help bring in necessary foot-traffic and support future development to build the envisioned district.

- *Unique Existing Building Stock:* Kansas City has several distinct neighborhoods where unique buildings contribute to an authentic sense of place. This is a great benefit, allowing existing buildings to be re-purposed and programmed in support of the innovation district at a much lower cost than new construction. Initial efforts should focus on low-cost interventions in existing buildings, such as setting up flexible meeting space and beginning to host a speakers' series, to help activate the innovation district and build visitation.
- *Proximity to Creative Community:* The design innovation district's envisioned placement, at the nexus of the Crossroads and 18th & Vine districts, carries locational benefits likely to support the district's success. This area around 18th and Troost is proximate to the major arts and music centers of Kansas City, as well as some of downtown's most significant dining clusters, and this proximity to key cultural assets will help build the innovation district's desired vibrancy. Opportunities to leverage arts, cultural, and food assets should be explored in concert with design programming, to create a convergent atmosphere that promotes innovation and attracts residents, businesses, and visitors to the area.
- **Coworking Network:** Coworking spaces offer an alternative to traditional, siloed private office spaces, instead providing shared workspaces and resources to freelancers, entrepreneurs, and others who seek a collaborative space. Coworking space is an increasing feature of innovation districts, and many offer specialized programming and business support services, in addition to amenities like printing, conference rooms, and coffee, to help support collaboration, collisions, and innovation. Kansas City already has a strong network of coworking spaces, and there are currently 19 coworking spaces that are part of the KC Coworking Alliance (KCCA), a collective created to strengthen and support Kansas City's network of coworking spaces. None of the members spaces in the KCCA network are located east of Troost in the area envisioned for the innovation district. This is a key opportunity for the district to tap into the resources of the KCCA network, including identifying best practices in coworking space management and finding potential operators for a new space, in order to bring a coworking space into the innovation district.

2) Potential Programmatic Drivers

University Programs

Many innovation districts are anchored by universities, which bring a variety of benefits, chief amongst them their research capacities, their talent pool of students and faculty, and overall dedication to nurturing and supporting research, innovation, and knowledge creation. Leadership from universities in the Kansas City region, including major regional research universities as well as smaller institutions that already have a footprint in Kansas City, have expressed interest in participating in the downtown innovation district. Stakeholders from these institutions offered a variety of existing programs and research initiatives that could be well-suited to having a presence in the district. The following list presents the specific programs brought up during stakeholder engagement, and is meant to provide an initial identification of potential programmatic drivers that align with the vision for the downtown innovation district and are likely to help drive innovation, contribute to the district's vibrancy, and attract private and industry partnerships. This list should not be interpreted as an exhaustive inventory of regional university programming that could play a future role in the district.

- **University of Kansas's Agency Program:** The Agency, created in 2014, is a program in KU's School of Journalism and Mass Communications that provides students with hands-on experience working for professional clients. The Agency operates as a student-run full-service advertising agency, providing clients with ad campaigns, branding, messaging, marketing, and other communications services. Having a presence in the Downtown Kansas City innovation district can help the Agency

Program broaden the client base students can serve, and promote connections between KU students and faculty with some of the region's major employers.

- **University of Kansas's Studio 804:** Studio 804 operates as a non-profit corporation to provide KU architecture graduate students with a professional, hands-on building experience as part of their education. In the program, students spend an academic year designing and constructing a building, handling all aspects of the development process. The program emphasizes energy efficiency and sustainable design, and many of the completed projects are residential homes in the Lawrence area. Expanding the Studio 804 project to offer opportunities in Downtown Kansas City fits well with the innovation district's focus on architecture and design, and can help build further connections between KU students and the strong architecture and design professional community centered in Kansas City.
- **William Jewell College's University Innovation Fellows:** William Jewell's curriculum emphasizes critical thinking, creativity, and innovation across all of its departments. The college has a multidisciplinary University Innovation Fellows program, where students receive six weeks of training in design thinking methods, with a culminating trip for students to visit Stanford and Google and further engage with innovative and creative thinking. The University Innovation Fellows program is dedicated to "creating a global movement to ensure that all students gain the necessary attitudes, skills, and knowledge to compete in the economy of the future." Incorporating the program's design thinking training into the innovation district, such as hosting sessions in classroom space, linking participating students with entrepreneurs in the district, and hosting design thinking challenge competitions, is a prime opportunity to bring William Jewell College into the innovation district.
- **William Jewell College's Data Science Program:** Introduced at the start of the 2018-2019 academic year, the new data science major and minor program was designed to help prepare students for growing demand from companies for employees versed in data science, including programming, statistics, data visualization, and modeling skills. Students in the program must complete an internship. Data science is a growing field, and well-suited to a presence in an innovation district, given its wide applicability across industry sectors. Bringing elements of the data science program to the innovation district, which could include hosting classroom sessions, placing student interns, and providing lab facilities for student work, is a strong opportunity to build an entrepreneurial community and create mutually beneficial relationships between area college faculty, students, and employers located in the district.
- **University of Missouri – Kansas City Interdisciplinary Data Science Institute:** As the largest four-year university in Kansas City, UMKC can play a key role in contributing programming and working with private, non-profit, municipal, and civic partners to realize the shared vision for the downtown innovation district. With a new chancellor committed to growing UMKC's student enrollment, building its research capacities, and transforming from a commuter campus to a residential campus, there are multiple pathways through which UMKC and leadership of the innovation district can collaborate on programming and partnerships that deliver value to UMKC and the broader district. One such potential programmatic driver is UMKC's planned creation of an interdisciplinary Data Science Institute (DSI), which the Chancellor announced as a specific element of UMKC's guiding strategic plan in November 2018. The DSI will provide students with hands-on opportunities for applied learning and research, as well workforce training, helping equip students with the skills needed to work for local employers like Cerner and HR Block. As plans for the innovation district move forward, leadership should have continued conversations with UMKC leadership regarding their plans for the DSI and the potential to locate the facility in the innovation district.
- **Metropolitan Community College Workforce Development Programs:** With multiple campus locations in the Kansas City area, and total enrollment of over 17,000 students, MCC can contribute to programming at the downtown innovation district in multiple ways. MCC's expertise and resources around workforce development, including apprenticeships, continuing education, and industry certificate and degree programs, should all play a role in programming the innovation district. Space to host workforce training programs and opportunities to work collaboratively with industry partners to develop curriculum to help build the area's talent pipeline for in-demand jobs are key avenues through which MCC can contribute to the district. Including workforce development

programming within the district is critical to ensuring the district is inclusive and accessible, and will help support access to education and opportunities for residents not pursuing a four-year degree, providing new career pathways and promoting inclusive growth.

- **Regional University of Missouri campuses:** University of Missouri - Columbia and University of Missouri - Rolla have both indicated their interest in having a presence in the downtown innovation district. UMKC, in addition to the aforementioned data science institute, can also help program the district by leveraging its existing Health Sciences District, located on Hospital Hill, which is just half a mile south of the area designated to be home to the innovation district.
- **Rockhurst University School of Management:** Rockhurst University, located just outside of Downtown Kansas City, is a small Jesuit college that offers both a liberal arts education as well as graduate programs, including an Executive MBA. Through its Helzberg School of Management, Rockhurst has developed strong relationships with business leadership in the region. These relationships can be leveraged to bring in corporate partners to build the district. Given its commitment to Kansas City and serving the community, and its focus on providing students with real world experience, there are several pathways through which Rockhurst could be involved in the innovation district. In particular, Rockhurst has a long history working with the communities along Troost Ave., so University leadership should be engaged to assist with needed community engagement activities as the planning process progresses.

Entrepreneurship Programming

In addition to university programming, the downtown innovation district will need to provide entrepreneurship and business support programming to help build a vibrant ecosystem that provides tools and resources to create start-ups, assist existing businesses, and contribute to supporting economic growth in Kansas City. Kansas City is already home to a robust network of business accelerator and entrepreneurship programs, and these innovation assets should be engaged in order to discuss partnerships around programming and tenancy in office and meeting space in the district. During stakeholder conversations, the following entrepreneurship programs and organizations were brought up as potential partners for the downtown innovation district:

- **Entrepreneurial efforts in east Kansas City:** There are several emerging entrepreneurial efforts and organizations operating on the east side of Kansas City, with a particular emphasis on equity, inclusion, and support of racially-diverse entrepreneurs. These organizations include Project United Knowledge, Porterhouse KC, Blue Hills Community Center, and Eastside Collaborative. Given the stated vision for a district that is inclusive, it will be important to engage these groups to develop innovation programming and offer entrepreneurial support services that are specifically designed to meet the needs of underrepresented populations and ensure the district is a truly inclusive place.
- **KCSOURCELINK:** This organization works to connect entrepreneurs and business owners with the tools and resources they need to innovate and grow their business. The organization covers the 18 county Kansas City metro region, and provides a variety of programs and services, including hosting a Global Entrepreneurship Week and other events to promote the entrepreneurial ecosystem in Kansas City, as well as serving as a resource to connect entrepreneurs with funding and grants.
- **Digital Sandbox KC:** Developed through a grant from the U.S. Commerce Department, Digital Sandbox is dedicated to helping accelerate the commercialization of new ideas and early stage businesses. Digital Sandbox provides support to companies, including access to technology and business experts, as well as funding of up to \$20,000 per company, to help bring products to market. Unlike incubators that have defined office space, Digital Sandbox does not provide office space, indicating an opportunity for the innovation district to provide affordable office space that could be appealing to Digital Sandbox participants.
- **LaunchKC:** LaunchKC is a funding competition for tech start-ups that currently operates as an initiative of the Downtown Council of Kansas City and the Economic Development Corporation of Kansas City. LaunchKC is focused specifically on funding entrepreneurs interested in building their business in downtown Kansas City, a focus which is closely aligned with the vision for the district.

According to stakeholders, the City is interested in transitioning LaunchKC from a municipal initiative into an independent operating entity, which could be an opportunity for creating partnerships with the leadership of the innovation district.

- **Pipeline Entrepreneurs:** This network of entrepreneurs in the Midwest provides mentorship and guidance through a fellowship program, to help others launch their own ideas and businesses to have a tangible impact on the economy.
- **PlexPod:** PlexPod operates a network of coworking spaces across Kansas City, dedicated to providing amenities and creating communities to help businesses grow. They have a location in the Crossroads District, so there is potential to have temporary PlexPod programming in some of the initial facilities in the downtown innovation district.

3) Core Facilities and Space Typologies

Programmatic drivers and users of the innovation district will require certain space typologies that should be included within the innovation district to create an environment of collaboration, where private firms, community groups, and municipal entities can partner to pursue new ideas and promote access to opportunity to help continue to grow Kansas City's regional economy. In addition to its programmatic drivers, the downtown innovation district will need to include the following types of space:

- **Flexible Design Space:** Given its focus on design and architecture and engineering, the downtown innovation district should include flexible design space and creative makerspace that can be used by private firms for research and innovation work. This envisioned design institute or flexible design studio can provide space to facilitate public-private partnerships – architecture and engineering firms can partner with educational institutions to pursue new projects and innovations in the design realm. Stakeholders feel it will be important for this type of flexible design space to have a public facing aspect, where community members have an opportunity to participate in the research taking place in the facility. Design features like street-level windows, informational panels and clear signage, and rooms open to the public can help build connections between tenants in the district and residents of the surrounding neighborhood, helping promote an open, welcoming innovation district.
- **Convergence Meeting Facility:** The Keystone Community Corporation is already in talks with partners to program and activate an existing building in the downtown innovation district. The creation of this convergence facility as a first step will be instrumental in establishing the downtown innovation district as a new node of activity in Kansas City, and will serve as a proof of concept to encourage future investment, development, and attraction of partners. The creation and programming of the convergence facility will serve as the initial beginning of the downtown innovation district, helping build a critical mass of entrepreneurship and innovation from which to build the envisioned broader district.

The district's initial convergence facility should be located in a building that is accessible and affordable, and a portion should be open to community members for use (e.g. meetings, events, workshops) at a free or reduced cost. The convergence center will need to offer programming that encourages individuals and organizations from an array of disciplines to engage with one another in a variety of ways. The facility should be technology-rich and accessible to multiple stakeholder groups, including entrepreneurs, service providers, researchers, arts groups, non-profits, private businesses, community groups, and the general public. The convergence facility should be designed to facilitate the application of current innovation technologies, and structured to allow for transitions and incorporation of new technologies.

In terms of management and programming of the convergence facility, the Keystone Community Corporation will work to oversee programming, and should consider leveraging existing programmatic drivers identified in this report to program the convergence facility. Regional universities have already indicated a willingness to occupy space and support programming, while the City has indicated an ability to provide space in a city-owned building at no cost, and other

partners like the Kauffman Foundation have expressed an interest and desire to be involved in this type of initial programming and space.

- **Mixed-Use Development:** Stakeholders recognize the need to include a mix of uses within the innovation district, to build a vibrant node of activity and encourage users during all times of the day, and not just during business hours. As demonstrated by the market scan, there is growing demand for multifamily in the Crossroads District, particularly from young professionals who are moving to the district, and retail uses can both meet the needs of office users in the district, while also complementing programmatic features of the district, such as pop-up and experiential retail designed in concert with architecture and design programs in the district.

Residential

Amenitized multifamily included in the planned innovation district, particularly residential offerings that promote programmatic connections to the district, is an opportunity to shift current development eastward and rejuvenate the residential market east of Troost. JE Dunn, a developer that will be building office and flex space in the district as part of an initial phase one development, is interested in exploring the potential for residential uses in future phases of development. There is a perceived opportunity for smaller “micro” style residential units, which could have a lower price point than the newest deliveries in Crossroads, helping provide new units affordable to residents who live east of Troost, and demonstrating the innovation district’s commitment to inclusivity and supporting the existing community. There is also potential for the district to include housing targeted towards students who may be in the district for an internship or short-term learning opportunity. There is also likely to be demand for housing affordable to university students from UMKC, which is looking to grow its residential population and have an array of campus housing options available to students – future development of the district can be positioned to meet this demand.

Retail

Convenience stores and food outlets included in the district can help meet the everyday needs of office users, and promote foot traffic in and around 18th Street. Restaurants and unique retail outlets that promote student work and complement district programs can help attract visitors and build the district as a true Downtown destination. Stakeholders involved in planning for the future innovation district are exploring the idea for a container park, where shipping containers would be re-purposed into small retail outlets. JE Dunn views the container park as a feasible concept, if the City makes needed infrastructure investments to make the park viable to support retail, such as investing in water connections, lighting, and other infrastructure. The shipping container retail park could be home to existing retailers looking for an additional outlet, while supporting entrepreneurial retail “pop-ups,” by offering flexible terms and smaller footprints that encourage new entrants to the retail scene in Downtown. There is further potential to leverage existing entrepreneurial resources to support a retail incubator, creating connections between entrepreneurial users and retailers in order to deliver new retail experiences for users of the innovation district. The retail incubator could have a focus on providing services to existing local shops, helping them try new approaches to their businesses, while also providing a platform for any interested resident to experiment with a potential new retail idea.

V. RECOMMENDATIONS

Vision Recommendations

- **Formalize stakeholder engagement:** To ensure the district breeds a sense of community ownership and reflects needs of the neighborhood, leaders of the district will need to continue stakeholder engagement efforts to ensure programming and planning efforts reflect community desires. Leadership of the innovation district planning effort can create targeted advisory boards around foundational themes of the district, such as design, inclusion, diversity, industry partnerships, neighborhoods, and educational institutions. Each of these advisory boards should be comprised of

representatives from that specific group, and these boards can serve to gather perspective from important stakeholder groups to inform planning efforts. To ensure the district reflects community needs, a neighborhood advisory board that includes representation from groups like community organizers, local non-profits, and neighborhood associations, can serve as an important mechanism to ensure plan development is built around clearly established channels for regular community engagement.

- **Begin a campfire:** Find an existing space to concentrate activity and build excitement.
- **Initiate programming:** Work with interested partners to develop programming designed to bring residents and visitors to the innovation district, and to begin to attract interest from private and industry partners.

Programming Recommendations

- **Focus on programs:** The success of the innovation district will rely on successful activation and programming – planning efforts should be based on an understanding that this is a program driven endeavor, and not a real estate driven project. The most successful innovation districts are dynamic and engaging places, where a curated roster of diverse programs and activities attracts a wide mix of users and visitors. The design district in Kansas City will need to house several streams of programming, and leadership will need to be committed to developing, sponsoring, and promoting a steady stream of high-quality community attractions and events. Research and innovation programming can be overseen by an entity like Keystone, and can encompass programmatic offerings such as a business accelerator, weekly networking events, an entrepreneur mentorship program, and a speaker series on technology. There should also be amenity programming, to attract visitors to the district, and to meet community needs. Amenity programming can include family-friendly events, food truck rodeos, health coaching services, and job fairs. There should be a third stream of programming focused specifically on design and the primary anchors of the design district. Design programming will likely span both research/innovation programmatic efforts and amenity programmatic efforts. For example, leadership of the district could work with corporate partners to develop design-thinking curriculum for entrepreneurship programming and corporate innovation activities.
- **Establish programmatic strategic plan:** Identify the top programmatic drivers with the highest opportunities to engage the community, build vibrancy, and successfully attract private partners and investment.

Governance Recommendations

- **Organize programmatic stakeholders:** Leadership will need to figure out a way of organizing involved partners in a cohesive manner to pool resources and deliver programming. The Keystone Community Corporation is one such potential mechanism, which can serve to organize partners interested in having a role in the initial phase of the innovation district. The benchmarking section of this report provides case studies of other innovation districts, all of which are managed by independent non-profits, similar in structure to Keystone. An independent entity like Keystone charged to oversee programming and management of the district provides greater flexibility than a purely public, City-led endeavor, particularly in terms of funding. Non-profits have greater flexibility in accepting both public and private funds, and can be positioned to successfully structure public-private partnerships, which are helpful capabilities for the initial phase of the district. Further, an independent entity is a useful tool in organizing multiple stakeholders to coalesce around a common vision in pursuit of shared goals.
- **Develop site plan for first phase:** Define the physical boundaries of the area, and work with a planning partner to come up with a physical plan to guide the first phase of the innovation district. Work with the planner to address physical needs of the district, including identification of sites for re-development and/or new development, potential need for changes to zoning, and processes for securing entitlements to sites.

VI. BENCHMARKING ASSESSMENT

Innovation districts across the globe use a range of proven strategies to foster innovation and catalyze economic development. Districts often evolve from existing economic strengths and academic assets, and are built by public-private efforts guided by a unifying vision. To assist continued planning efforts for a downtown innovation district in Kansas City, HR&A selected four innovation districts at different stages in the development process as case studies. All of these innovation districts are overseen and managed by non-profit entities that work in concert with public and private partners to support the district. As noted in Figure 19, below, these districts all look to key performance indicators like number of jobs, number of private companies, total square footage of development, and major public investments, to monitor the success within their district. Other indicators and metrics to highlight the success of an innovation district include number of visitors, total private investment, number of new start-ups, and number of community events. Future planning for the innovation district in Kansas City should consider developing metrics appropriate to the Kansas City context, to measure progress on stated goals and vision for the downtown district.

In addition to highlighting districts at various stages of maturity, these case studies were selected for their industry focus areas, the scale of public investment, their non-profit governance structure, and the depth of academic and industry involvement in programming. This benchmarking analysis can be used to inform the development process and other governance, funding, and programming decisions made by involved stakeholders in planning the Downtown Kansas City innovation district.

Figure 19: Innovation District Development Process & Case Studies

INITIATION	PLANNING	DEVELOPMENT	ACTIVATION	RESULTS
Kansas City Innovation District	Pittsburgh EcoInnovation District	Indianapolis 16 Tech	Chattanooga Innovation District	St. Louis Cortex Innovation Community
	220 Acres 7 Anchor Partners	60 Acres 10 Anchor Partners	140 Acres 4 Anchor Partners	200 Acres 4 Anchor Partners
	Inception 2016 Opening TBD	Inception 2015 Opening 2020	Inception 2008 Opened 2015	Inception 2002 Opened 2010
	Est. \$100M raised by Urban Redevelopment Authority for bus rapid transit infrastructure	\$60 M raised by public-sector through tax increment financing for infrastructure	\$340 M raised by Electric Board of Chattanooga for infrastructure	\$150 M raised by public-sector through tax increment financing for infrastructure
		200K SF of Mixed-Use Development Under Construction	300K SF of mixed-use development completed to date	1.7 M SF of mixed-use development completed to date
			210 new and relocated companies to date	250 new and relocated companies to date
			3,000 new tech-related jobs to date	5,000 new tech-related jobs

Ecolnnovation District



Location: Pittsburgh, PA

Operator: Uptown Task Force

Envisioned Size: 220 acres of a mixed-use district with mixed-income housing, neighborhood retail, commercial workspace, anchor institutions, and destination entertainment space.

Focus areas: Clean tech

Anchor Partners: City of Pittsburgh, Uptown Partners, Oakland Planning and Development Corporation, Envision Downtown, Sustainable Pittsburgh, Urban Redevelopment Authority, and Port Authority of Allegheny County

Uptown is one of the oldest and most disadvantaged neighborhoods in Pittsburgh, sandwiched between prosperous Downtown and Oakland. Despite the neighborhood's advantageous location, Uptown suffers from a lack of transit connections and inadequate infrastructure. The past decade has brought a significant amount of community activism and improvements, led by the Uptown Partners Neighborhood Advocacy group. Uptown Partners played a key role in attracting new development and recovering blighted properties. In 2011, the City and County saw the opportunity for a bus rapid transit system to connect Uptown to the surrounding neighborhoods, filling in the existing gap in transit. However, the BRT planning process was put on hold so that a district revitalization plan could shape the potential transit improvements. With this new activity and stated commitment for public investment, the idea for the Ecolnnovation District was born.

The Ecolnnovation district will be the first of its kind, combining the goals for both EcoDistricts and Innovation Districts, focusing on sustainability, creativity, economic vitality, and equity. Beginning in 2015, the City, Uptown Partners, and other founding partners launched public outreach efforts to understand the needs of existing residents and other stakeholders. The Ecolnnovation District Plan, approved by City Council in September 2017, is now launching the project. In tandem to the district development, the Port Authority, in partnership with the City, County and Uptown Redevelopment Authority, is now moving forward with the BRT system, informed by findings from Ecolnnovation District outreach efforts.

Governance: The Ecolnnovation District will be managed by the newly established Uptown Task Force. Convened by Duquesne University, the Uptown Task Force will include public, private, non-profit, and local stakeholders, including Uptown Partners, the City of Pittsburgh, service providers, major employers, and local institutions. For day-to-day operations, the Uptown Task Force has its own dedicated staff. The Task Force meets monthly to facilitate and ensure plan implementation. Moving forward, the Task Force will need to figure out a long-term funding model to support operations.

Funding: To ensure financial feasibility, the Ecolnnovation District plans to utilize a variety of funding mechanisms. In addition to traditional public, private, and philanthropic contributions, this will include the creation of a new Transit Revitalization Investment District (TRID) within the greater Downtown to Oakland BRT corridor. The program plans to utilize the incremental tax revenues associated with the TRID to fund community revitalization efforts. The neighborhood also plans to utilize a number of clean energy incentives to support the feasibility of sustainable development in the area.

Programming: As the district is in preliminary implementation, its programming remains in flux. However, the plan outlines at a high-level the goal of activation. During the outreach phase, many residents expressed concerns that there are limited public open spaces. Currently, Uptown Partners and their partners organize regular events to support clean-ups, community gardening, and other community activities, but the lack of space limits their ability to provide community programming. With increased open space and infrastructure

improvements, Uptown Partners will be able to expand their range of events to provide regular opportunities to bring community members together, such as community dinners and block parties.

16 Tech



Location: Indianapolis, IN

Operator: 16 Tech Community Corporation

Envisioned Size: 60-acre district with an envisioned 2 million SF of office and lab space, with co-working space, multifamily housing, and greenspace

Focus Areas: Technology, bioscience and advanced engineering

Anchor Partners: Central Indiana Corporate Partnership BioCrossroads, Indiana Biosciences Research Institute, State of Indiana, Lilly Endowment, Eli Lilly, Roche Diagnostics, Dow Agrosciences, Indiana University Health, Indiana

Indianapolis is home to a number of bioscience and tech innovation assets, including invested industry partners, major academic institutions, and a generous and committed philanthropic community. All of these stakeholders have been engaged in conversations about how best to support the Indianapolis economy. One such discussion was convened by the Central Indiana Corporate Partnership (CICP)'s BioCrossroads initiative, and resulted in the creation of the Indiana Biosciences Research Institute (IBRI) in 2013. The institute's founding partners were CICP, the state of Indiana, Lilly Endowment, Eli Lilly and Company Foundation, Roche Diagnostics, Dow AgroSciences, Indiana University Health, Indiana University, and Cook Medical. In 2015, the founding partners of IBRI decided to anchor a new innovation district at 16 Tech with their new 120,000 square foot facility. The vision is to advance Indianapolis' strengths in life sciences by connecting corporate, academic, and philanthropic partners in a shared space that fosters collaboration. A new non-profit, 16 Tech Community Corporation, was established to lead the project in close collaboration with IBRI leadership. Construction on the district's first four buildings, as well as infrastructure improvements and placemaking investments began in late 2018, with the first buildings anticipated for completion in early 2020.

Governance: 16 Tech Community Corporation was established as a 501(c)(3) non-profit organization to lead the development and future management of the innovation district. Representatives from the founding partners, IBRI, and the City serve on its Board of Directors, guiding the development and providing strategic partnerships for the district.

Funding: Soon after its establishment, 16 Tech received approval from the City-County Council for approximately \$60 million in tax increment financing for essential infrastructure improvements. This public investment was essential in priming the land for development and catalyzing additional investment. As part of its development agreement, Browning Investments will invest more than \$120 million in the buildings and district. The 16 Tech Community Corporation received a \$38 million grant from the Lilly Endowment, and this three-year grant is the organization's primary source of funding for operations. 16 Tech Community Corporation is using the funding to launch development of the district's first phase and to support placemaking projects like cycling paths and public art installations to help build the district's vibrancy.

Programming: As part of the innovation district, 16 Tech is launching the Community Investment Fund to support the surrounding neighborhoods. The Community Investment Fund will be seeded with TIF funding and supported by a 20 cent per square foot annual tenant fee. Its mission is to create opportunities for neighborhood residents through workforce training, education, and enhanced quality of life. The Advisory Committee will include community members and the President of 16 Tech.

Chattanooga Innovation District



Location: Chattanooga, TN

Operator: The Enterprise Center

Size: 140 acres, covering a quarter mile radius in the heart of Downtown

Focus Areas: Technology, entrepreneurship, arts, digital equity

Anchor Partners: The City of Chattanooga, the Lyndhurst Foundation, the Benwood Foundation, EPB, the Enterprise Center

The Chattanooga Innovation District was initially created in 2015 to maximize opportunities created by the City of Chattanooga's investment in its fiber network. Through its municipal-owned utility, EPB, Chattanooga was the first city in the country to offer a community-wide fiber-optic network, known as the Gig. The City and other key stakeholders, including prominent local foundations, engaged in strategic planning on how to leverage this 21st century asset to serve broader economic development goals and support the growth of the City's entrepreneurial ecosystem. The implementation plan for the district emerged from this strategic planning. Today, the district is focused on growing its community of entrepreneurs, facilitating new research and applications in information technology and smart processes that benefit from the Gig, and promoting digital equity, so all residents have a chance to benefit from Chattanooga's growing tech environment.

Governance: To implement and manage the Innovation District, the City created the Enterprise Center, an independent 501(c)(3) non-profit organization, charged with coordinating and leading the Innovation District. In this role, the Enterprise Center acts to promote the District and leverage the Gig to attract new development, while serving as the primary liaison between companies in the district, municipal stakeholders, and other partners, in order to promote collaboration and build vibrancy. The Enterprise Center's Board of Directors include municipal officials, philanthropic leaders, representatives of major area employers, and members of the entrepreneurial community.

Funding: The Enterprise Center is funded via an annual allocation from the City to meet its operating needs, while local corporations and foundations support programming. The corporate community in particular is supportive of art events and art-related programming that promote a vibrant, welcoming Downtown. The District is anchored by the Edney Center, which houses the Enterprise Center, as well as coworking, entrepreneurial, and office space. Tenants pay market-rate rents to occupy this space, and are offered flexible and short-term leases to accommodate the needs of start-ups. The Edney is currently profitable for its developer, and generates tax revenue for the City.

Programming: The Edney Center is the District's hub for innovation programming, while the City and other partners help to further promote vibrancy. Programs include innovation programming, such as a non-profit business accelerator program, a business resource center for entrepreneurs, and regular events like pitch competitions, networking events, and speaker series. In addition to innovation programming, the District provides amenity programming to support a vibrant and inviting environment, including space for arts non-profits, a dense mix of coffee shops and restaurants, a transit network including free electric shuttles, and community events to attract people from across the city. While the University of Tennessee, Chattanooga does not currently have a formal role in the District, the Edney Center hosts events for students and offers programming and activities to support UTC's entrepreneur program, and there is a desire to deepen partnerships between the University and stakeholders involved in the District.

Cortex Innovation Community



Location: St. Louis, MO

Operator: Cortex Innovation Community

Size: 200-acre mixed-use district with more than 1 million square feet of new and rehabbed office, residential, hotel and retail space

Focus Areas: Technology, life sciences, and agriculture

Anchor Partners: Washington University in St. Louis, University of Missouri - St. Louis, City of St. Louis & State of Missouri, and BJC Healthcare

In 2002, a coalition of five anchor institutions (Washington University, BJC Healthcare, University of Missouri St. Louis, St. Louis University, and the Missouri Botanical Gardens) formed the non-profit Cortex Innovation Community, with the goal of building a biotech and innovation district in St. Louis. Prior to development, the neighborhood was largely a vacant manufacturing corridor bordered by residential neighborhoods, hospitals, and universities. The area that is now Cortex historically had lower median incomes and higher vacancy rates compared to the City of St. Louis. Now, Cortex houses over 250 companies and institutions with over 5,000 new tech jobs. With a focus on biotech, life sciences, and agriculture, the district provides tenant companies with access to lab facilities, incubators, maker space, and highly programmed networking opportunities. The district is also home to retail anchors (e.g., IKEA), restaurants, and an increasing residential component, making the Cortex District a growing live-work-play innovation hub. The Cortex District offers 800,000 SF of office space, 400,000 SF of retail, and 140 housing units. Plans are underway for an additional 200,000 SF of mixed-use development.

Governance: Cortex Innovation Community is a 501(c)(3) non-profit organization formed in 2002 with an initial \$29 million investment from Washington University in St. Louis, BJC Healthcare, University of Missouri – St. Louis, Missouri Botanical Gardens, and St. Louis University. The City of St. Louis designated Cortex Innovation Community as the district’s master developer. As master developer for the district, Cortex has broad power and control to negotiate and fund development opportunities with private and public investors, guided by Cortex’s Master Plan. In this capacity, the organization buys land, plans development, and forms public-private partnerships. Cortex is governed by a board comprised of financially committed public, private, and academic anchors, and is empowered with regulatory and public financing powers.

Funding: The public sector in St. Louis has supported Cortex over the years through infrastructure subsidies, tax incentives, and urban realm investments. The City also granted Cortex power to leverage tax increment financing to issue over \$150 million in bonds, along with historic preservation and remediation tax credits for adaptive reuse. These incentives supported building the district’s retail anchor space for IKEA.

Programming: In Cortex, regular programming activates the communal spaces and facilitates interaction between building tenants and potential collaborators, employees, and customers. The @4240 building serves as the district’s hub of programming, particularly through its Venture Café. More than 500 people attend Venture Café events every week, making it one of the largest weekly innovation gatherings worldwide. Programming ranges from biotech-related lectures, to informal gatherings and mayoral tech town halls. As of October 2016, two years after starting, Venture Café programs had drawn over 45,000 attendees to weekly networking events and “learning sessions.” Their model of free public-programming, supported by corporate sponsors and other private donors, has been so successful at engaging companies and incubators in St. Louis that Venture Café is now expanding to other cities. Outside of @4240, Cortex organizes chess tournaments, food trucks, and other temporary programming throughout the district.

Key Takeaways

Five key characteristics define best practices for engaging anchors, government, and community organizations in a mutually beneficial relationship that can spur economic growth throughout the region:

- **Vision:** Common goals and a shared long-term plan for development.
- **Partnerships:** A formalized partnership centered around a mutually beneficial vision.
- **Development entity:** An independent entity as the district's master developer with the ability to guide development and channel multiple funding streams.
- **Community Involvement:** A sustained commitment to include the community's perspective in the visioning, partnership, and implementation phases.
- **Public Investment:** Government investment, including up-front financial commitments and incentives to spur development.

Recommendations for Kansas City

- **Dedicate a leader:** In order to move forward, interested stakeholders need to organize around a dedicated leader to advance planning of the innovation district. Current conversations suggest Keystone Community Corporation is an ideal vehicle to play this role. Supporting partners will be necessary to fund the project, establish community buy-in, and program the space.
- **Secure initial funding:** If the City and others reach consensus that Keystone is indeed the desired mechanism for pooling resources, securing funding, and interfacing with interested stakeholders, the important first step is for the City and other interested partners (e.g., philanthropic foundations, community development corporations, educational institutions, regional economic development organizations, and state agencies) to provide start-up funding to support Keystone and enable the organization to begin programming and activating the district. This support will need to include financial support for Keystone staff and assistance in pitching the innovation district plan to state and regional officials in order to get their support.
- **Formalize relationships:** A formalized governance agreement is needed to lay out and define the relationship between Keystone, the City, and other stakeholders. As Keystone matures, involved partners will need to discuss plans and strategies for developing a long-term funding model to support ongoing operations.

APPENDIX

List of Engaged Stakeholders

Toby Rush	ANT Investments
Adam Wray	AstrumU
Wayne Carter	BioNexus
Steve McDowell	BNIM
Eileen Weir	City of Independence, Missouri
Troy Schulte	City of Kansas City, Missouri
Marc Hill	Civic Council
Steven Levy	Civic Council
Jerry Lonergan	Civic Council
Bob Langenkamp	Economic Development Corporation - Kansas City
Drew Solomon	Economic Development Corporation - Kansas City
Terry Bassham	Evergy (formerly KCP&L)
Brett Posten	Highline Partners
Michael Collins	JE Dunn
Eric Danielson	JE Dunn
David Cook	Kansas University
Mahesh Daas	Kansas University
Paige Fields	Kansas University
Doug Girod	Kansas University
Calvin McConnell	Kansas University
Wendy Guilles	Kauffman Foundation
Victor Hwang	Kauffman Foundation
Kevin McGinnis	Keystone Community Corporation
Vlad Krstic	KC Design Center
Aaron Deacon	KC Digital Drive
Maria Meyers	KC Sourcelink
Adam Arredondo	KC Startup Foundation
Ryan Weber	KC Tech Council
Mark Dehner	Land as Art
Bill Gautreaux	MLP Holdings
Tom Sack	MRI Global
Carlos Antequera	Novel Ventures
Joni Cobb	Pipeline Entrepreneurs
Gerald Smith	PlexPod
Thomas Curran	Rockhurst University
Lesa Mitchell	TechStars
Mauli Agarwal	University of Missouri - Kansas City
Barbara Bichelmeyer	University of Missouri - Kansas City
Elizabeth MacLeod Walls	William Jewell College