



Kansas City Innovation District Feasibility Study: Executive Summary

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.

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 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:

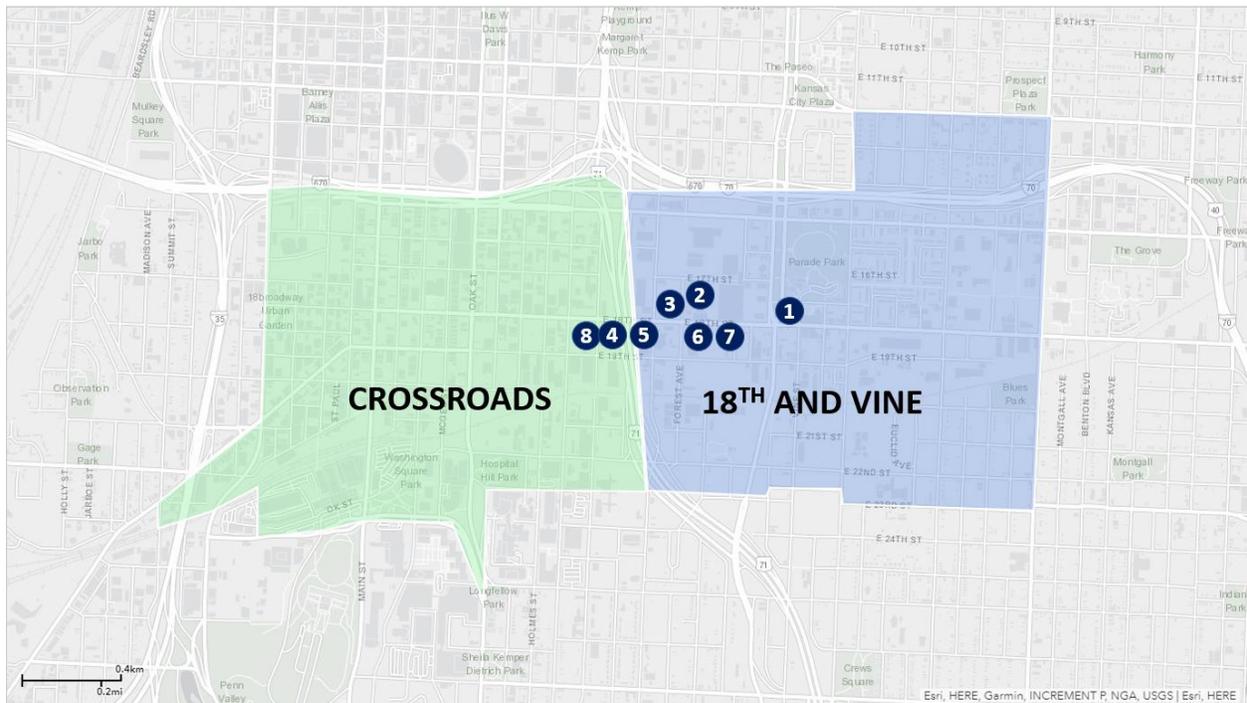
- **Racial and Economic Segregation:** Stakeholders all note that Troost Avenue acts as a racial divider in the city, with many wealthier, white Kansas City residents unwilling to cross Troost into the predominantly African-American neighborhoods that lay to the east. Given the location for the planned 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 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	Proposed Use
1	Lot near 1514 E. 18 th St	City of Kansas City	Innovation District Hub
2	1200 E. 18 th St	Kansas City Area Transit Authority	Innovation District Hub
3	1100 E. 18 th St	Keystone (potential future owner)	Innovation District Hub
4	1817 Campbell St	Goodwill Industries	Social Innovation & Workforce Development Hub
5	1810 Troost Ave	JE Dunn (potential future owner)	Interim Fabrication Facility
6	1205 E. 18 th St	Keystone (potential future owner)	Interim Programming
7	1300 E. 18 th St	SRM Industries Williams Communications	Container Park
8	815 E. 18 th St	Tension Envelope Corp. et. al	Container Park

III. 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 will need to house several streams of programming, and leadership will need to commit 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.

FOR FURTHER INFORMATION:

The Kansas City Innovation District Feasibility Study was prepared by HR&A Advisors, Inc., on behalf of the Civic Council of Greater Kansas City. For questions regarding this study, please contact Bob Geolas, Partner at HR&A, who led this study: bgeolas@hraadvisors.com or 919-917-1992.