

The People and The Economy



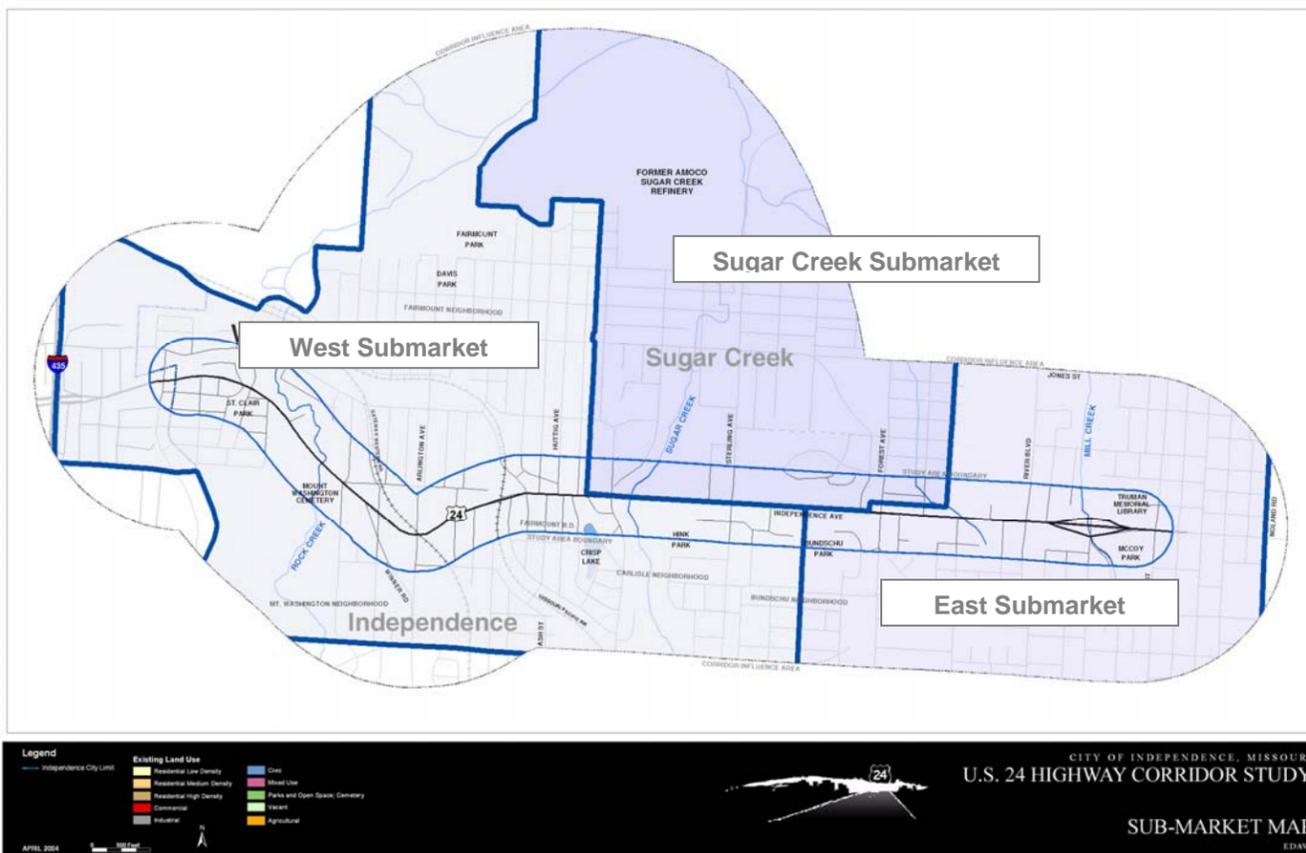
CHAPTER

2

Chapter 2: The People and the Economy

This chapter summarizes the population demographics, economic trends and real estate market dynamics influencing the Corridor Study Area's physical environment. It abbreviates the *U.S. 24 Highway Corridor Market Study* prepared by Canyon Research Southwest (2004), which is composed of two sections. First, the *Economic Analysis* outlines demographic and economic characteristics that influence the demand for housing and commercial space such as population growth trends, income levels, education attainment, age distribution, and employment base. Then, the *Market Study* identifies potential redevelopment opportunities for the Corridor Study Area. The *Market Study* ends with recommendations that provide guidance in determining appropriate land uses, policies, and implementation strategies for the Plan. For further details, please refer to the *U.S. 24 Highway Corridor Market Study*.

Figure 2-1



I. Economic Analysis of Population Demographics and Employment

The Corridor Study Area has been defined as the geographic area bounded by the Missouri River to the north, Truman Road to the south, Noland Road to the east and the Independence-Kansas City, Missouri city limits to the west. This section of the report evaluates the economic climate impacting the Corridor Study Area's housing market and retail trade. To assist in evaluating demographic trends and business trends, the Corridor Study Area has been divided into three sub-areas: the Sugar Creek Submarket, the East Submarket and the West Submarket (divided by Chrysler Avenue, see Figure 2-1).

Total Population

Over the past two decades Independence's population base has remained relatively stagnant. As a percentage of the metropolitan population, Independence has declined from 8.4 percent in 1980 to 6.2 percent by 2002 (Table 2-1). During the 1980s the City's population grew by just 0.7 percent, compared to the metro-wide rate of 18.4 percent. Through the first half of the 1990s Independence's population increased by 2.1 percent to 114,690 residents. However, since 1995 the City's population has declined gradually to 113,023 residents by mid-2002. The recent downward trend in population, despite continued new home construction, is due primarily to Independence's older than average population and escalating rates of single- and dual-occupancy households. Mid-America Regional Council forecasts suggest that over the next 20 years Independence's population will reach 121,966 residents by 2010 and 126,771 residents by 2020.

Table 2-1. Population Growth Trends

Time Period	Kansas City Metro Area	Jackson County, Missouri	City of Independence	Sugar Creek
1980	1,327,106	629,266	111,637	4,170
1990	1,570,626	633,447	112,378	3,678
1995	1,677,498	643,860	114,690	3,951
2000	1,782,231	655,686	113,297	3,726
2002	1,828,247	660,773	112,079	3,758

Source: Mid-America Regional Council and U.S. Census.

U.S. Census data indicates that during the 1990s, the Corridor Study Area population declined by 4.45 percent, from 18,551 in 1990 to 17,726 by 2000. Only Sugar Creek reported an increase in population, from 3,678 in 1990 to 3,726 by 2000 (Table 2-2). During the 1990s the West Submarket population dropped 6.3 percent to 7,643 residents while the East Submarket declined

by 5.4 percent to 6,839 residents. Claritas, Inc., a national demographic research firm, estimated that the Corridor Study Area population continued to decline through 2003 to 16,739. The Corridor Study Area population is forecast to decline to 15,304 by 2008. The Sugar Creek population has declined from 4,170 in 1980 to 3,758 by 2002. By 2020, the Sugar Creek population is forecast to decline further to 3,142 residents.

Table 2-2. Corridor Study Area Population by Submarket

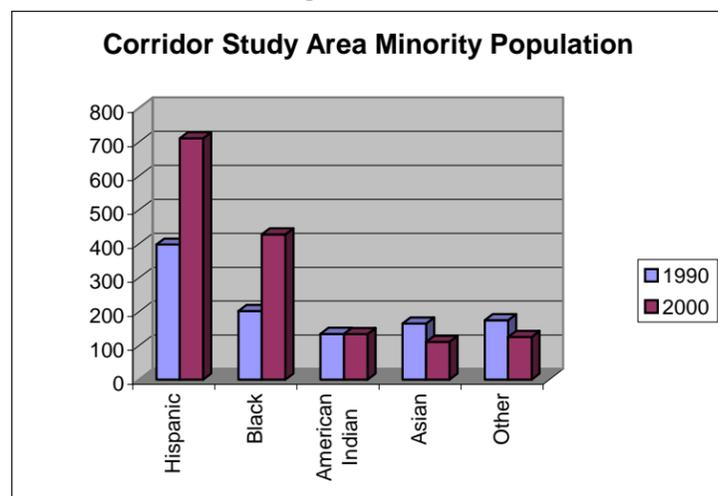
Corridor Submarket	1990	2000	Change	% Change
East	7,230	6,839	-391	-5.41%
West	7,643	7,161	-482	-6.31%
Sugar Creek	3,678	3,726	48	1.31%
Totals	18,551	17,726	-825	-4.45%

Source: 2000 U.S. Census.

Racial Composition

During the 1990s the Corridor Study Area population became more integrated, with the black and Hispanic populations doubling in size, and the white population declining by 7.1 percent (Figure 2-2). By 2000, minorities accounted for 8.5 percent of the Corridor Study Area population. Claritas, Inc., forecasts that by 2008 the minority population will increase by 161 residents and account for 10.9 percent of the Corridor Study Area population.

Figure 2-2



The West Submarket supports the most racial diversity with minorities, accounting for 11.2 percent of the total population (Table 2-3). Hispanics and blacks represent the largest minority groups. Minorities account for 6.6 percent of the population in East Submarket and 6.8 percent of the Sugar Creek population. Despite supporting an increasingly diverse population minorities account for only 8.5 percent of the Corridor Study Area population, compared to the metropolitan Kansas City rate of 21.7 percent.

Table 2-3. Corridor Study Area Racial Mix by Submarket; 2000

	West	East	Sugar Creek	Total	Metro KC
White	88.79%	93.39%	93.24%	91.49%	78.35%
Black or African America	3.48%	2.15%	0.83%	2.41%	12.64%
Hispanic or Latino	5.14%	2.73%	4.16%	4.01%	5.23%
American Indian and Alaska Native	0.86%	0.63%	0.78%	0.76%	0.41%
Asian and Pacific Islander	0.66%	0.63%	0.54%	0.63%	1.69%
Other	1.07%	0.47%	0.46%	0.71%	1.68%
Totals	100.00%	100.00%	100.00%	100.00%	100.00%

Source: U.S. Census.

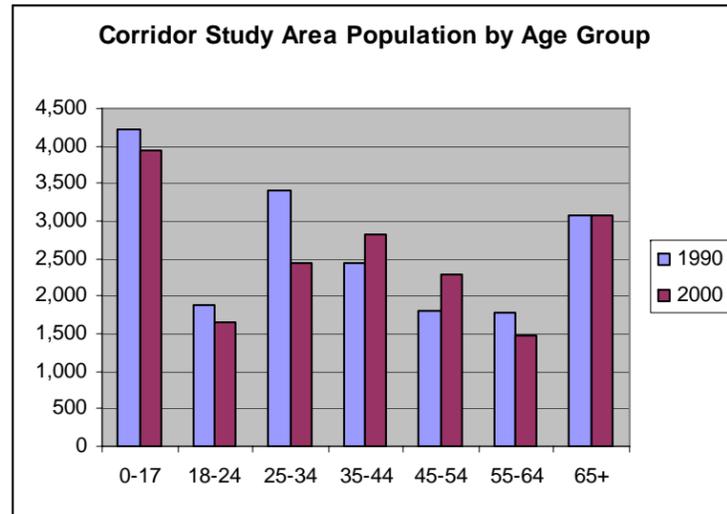
Population Age Distribution

The 2000 Census reported the median age of the Kansas City area population at 35.16 years. The Corridor's population is older with a median age of 39.31 years. The median age by submarket is 43.43 years for the East Submarket; 35.71 years for the West Submarket; and 38.68 years for Sugar Creek Submarket. The Corridor Study Area population aged 0-17 accounts for 22.2 percent of the total population, compared to 26.6 percent for the metro area. Seniors account for 17.3 percent of the Corridor Study Area population, compared to 11.4 percent of the metro total.

From 1990 to 2000 the population of school-aged children and young adults declined significantly within the Corridor Study Area while the number of adults aged 35 to 54 increased. Specifically, the population of school-aged children 17 years and under declined by 6.7 percent during the 1990s, with the 18 to 24 population dropping by 11.9 percent. The 25 to 34 age group suffered the greatest loss in population, declining by 28.3 percent from 3,408 in 1990 to 2,445 by 2000. Re-population of the Corridor Study Area will hinge on the ability to retain the school-aged and young adult population. The senior population remained relatively unchanged, increasing from 3,064 in 1990 to 3,066 by 2000.

Despite a 4.45 percent decline in the overall Corridor Study Area population during the 1990s, the middle-aged population reported a noticeable increase with the 35 to 44 age group increasing by 16.3 percent, and the 45 to 54 age group increasing by 26.5 percent. Figure 2-3 illustrates trends in the Corridor Study Area population by age group from 1990 to 2000 as reported by the U.S. Census.

Figure 2-3



According to the 2000 Census the Corridor Study Area senior population amounted to 3,066 residents, or 17.3 percent of the total population (Table 2-4). By comparison, seniors account for 11.4 percent of the metropolitan Kansas City population. The East Submarket houses over half of all seniors as well as the largest population aged 85+ years. People aged 65-74 years represent 45 percent of the Corridor Study Area's senior population, followed by 75-84 years at 37 percent and 85+ years at 18 percent.

Table 2-4. Corridor Study Area Senior Population; 2000 Census

Submarket	65-74	75-84	85+	Totals
East	574	642	401	1,617
West	493	292	103	888
Sugar Creek	305	204	52	561
Totals	1,372	1,138	556	3,066
% of Total Corridor Population	7.7%	6.4%	3.1%	17.3%
Metro Average	6.0%	4.0%	1.5%	11.4%

The West Submarket and a portion of the Sugar Creek Submarket are located within the Kansas City School District. Residents cited the poor quality of the Kansas City School District as the major contributing factor for the declining housing market and population demographics in the western half of the Corridor Study Area. While the elementary schools in the Kansas City School District are considered adequate, young families tend to leave the area when children reach high school age. However, this is not the case for families with junior high school age children and younger. Table 2-5 quantifies the number of pre-school and school-aged children in the Corridor Study Area residing in the Kansas City and Independence School Districts as reported by the 2000 Census.

Table 2-5. Corridor Study Area; 2000 School-Age Children by School District

Age Group	Kansas City School District	% of Total Population	Independence School District	% of Total Population	Metro KC Population
0-4 Years	644	7.16%	457	5.23%	7.21%
5-9 Years	562	6.25%	482	5.52%	7.43%
10-14 Years	523	5.82%	510	5.84%	7.54%
15-17 Years	269	2.99%	303	3.47%	4.39%
Totals	1,998	22.22%	1,752	20.06%	26.57%

Source: U.S. Census.

According to the 2000 Census, 8,736 people within the Corridor Study Area resided in the Independence School District while the remaining 8,990 residents were in the Kansas City School District. A total of 3,750 children between the ages 0 and 17 reside within the Corridor Study Area. As shown in table 2-5, the Kansas City School District includes a slightly higher percentage (22.2%) of pre-school and school-aged children than the portion of the Corridor Study Area located within the Independence School District (20%). While the Independence School District includes a slightly higher percentage of children 10 to 17 years old, the difference is not significant. The percentage of pre-school and school-aged children within the corridor area is considerably lower than the metro area average of 26.57 percent.

Household Size

The average household size for the metropolitan Kansas City area is 2.51 persons. Meanwhile, the Corridor Study Area's average household size is 2.27 persons. Average household size was reported at 2.28 persons for the East Submarket; 2.23 persons for the West Submarket; and 2.33 persons for the Sugar Creek Submarket. The lower than average household size is attributed to the large number of single-person households. In fact, single-person households account for 35.4 percent of the Corridor Study Area's total households (Table 2-6). Female households account for

54.2 percent of the single-person households, with the East Submarket maintaining the highest rate of 67.2 percent.

Table 2-6. Corridor Study Area Single-Person Households

	West	East	Sugar Creek	Total
Total Households	3,181	2,859	1,595	7,635
Single-Person Households	1,192	1,024	484	2,700
% of Total	37.5%	35.8%	30.3%	35.4%
% Male Households	54.9%	32.8%	51.0%	45.8%
% Female Households	45.1%	67.2%	49.0%	54.2%

Source: U.S. Census.

The Corridor Study Area's lower than average household size and higher than average rate of single-person households is a result of a large senior population. Over 27 percent of all households have one or more people age 65 years and over.

The 2000 Census reported 2,700 single-person households within the Corridor Study Area, accounting for over one-third of all households. According to Claritas, Inc. from 2000 to 2008 the senior population is forecast to decline by 11.6 percent. Single-person households represented over half of the Corridor Study Area's 2,076 senior households. During the next five years the senior population is forecast to decline, providing the opportunity to repopulate the Corridor Study Area with young single and/or families possessing higher income and consumer spending levels. This re-population is an essential component in revitalizing the area's business community.

Educational Attainment

The Corridor Study Area adult population (18+ years old), on average, is less educated than the metro norm. Over one-quarter of the population hasn't attained a high school education, compared to the metropolitan Kansas City rate of 13.0 percent (Table 2-7). High school is the highest level of education attained by 41.4 percent of the Corridor Study Area population. Just 9.0 percent of the Corridor Study Area population attained an advanced degree (bachelor's, master's, professional or doctorate degree), compared to the metropolitan Kansas City average of 26.5 percent. These lower educational levels translate into a labor force dominated by blue-collar trades. The Corridor Study Area's employment rate for management, professional and related occupations totals just 17.7 percent, compared to the metro rate of 31.5 percent.

Household Income

According to the 2000 Census, the Corridor Study Area's median household income of \$32,736 was 29 percent below the metropolitan Kansas City average of \$46,193. Nearly one-half of all households earned less than \$30,000 annually. The West Submarket maintains the lowest median household income level of \$28,642, with Sugar Creek possessing the highest at \$38,937 (Figure 2-4). The below average educational levels and the large senior population on fixed incomes contribute to low-income levels in the study area. The low-income levels also translate to below average disposable incomes and supportable retail sales volumes. Table 2-8 provides household income distribution for the Corridor Study Area.

Table 2-7. Corridor Study Area Educational Attainment; 2000

Highest Level	East	West	Sugar Creek	Total Population	% of Total	Metro KC
Less than 5th Grade	18	22	0	40	0.3%	0.7%
5th to 8th Grade	292	306	131	729	5.9%	3.0%
9th to 12th Grade - no diploma	836	1,115	424	2,375	19.2%	9.3%
High School Graduate	2,039	1,982	1,114	5,135	41.4%	29.4%
Some College, Less than 1 Year	439	327	211	977	7.9%	9.2%
1+ Years of College - no degree	601	542	319	1,462	11.8%	15.5%
Associate Degree	247	214	129	590	4.8%	6.3%
Bachelor's Degree	292	242	183	717	5.8%	18.0%
Master's Degree	188	58	58	304	2.5%	6.7%
Professional Degree	34	0	8	42	0.3%	1.4%
Doctorate Degree	0	18	5	23	0.2%	0.4%
Totals	4,986	4,826	2,582	12,394	100.0%	100.0%

Source: U.S. Census.

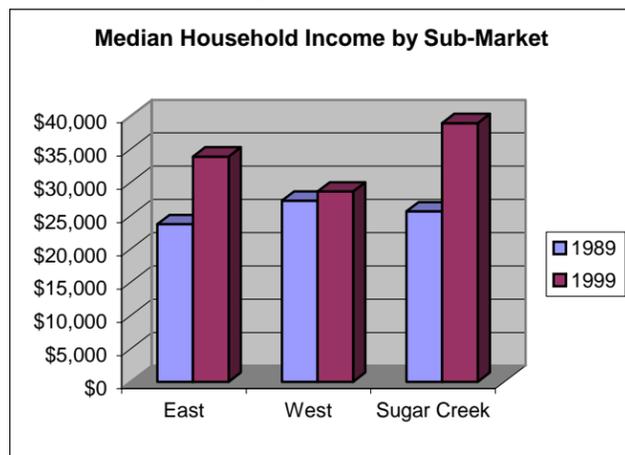
During the 1990s the Corridor Study Area reported a 38 percent rise in median household income which lagged behind the 46 percent increase for the entire metropolitan Kansas City area. By submarket, during this 10-year period the median household income level rose just 5.1 percent in the West Submarket; 42.9 percent in the East Submarket; and 51.9 percent in the Sugar Creek Submarket. These distributions in median household income levels and income growth suggest the eastern half of the Corridor Study Area is best capable of supporting retail land uses.

Table 2-8. Corridor Study Area Household Income Distribution; 1999

Income Range	East	West	Sugar Creek	Total Households	% of Total	Metro Kansas City
Less than \$10,000	269	284	155	708	9.3%	7.3%
\$10,000 - \$14,999	288	322	97	707	9.3%	5.0%
\$15,000 - \$19,999	274	373	80	727	9.6%	5.3%
\$20,000 - \$24,999	171	361	146	678	8.9%	6.1%
\$25,000 - \$29,999	254	315	118	687	9.0%	6.5%
\$30,000 - \$34,999	200	285	146	631	8.3%	6.5%
\$35,000 - \$39,999	190	320	57	567	7.5%	6.1%
\$40,000 - \$44,999	175	245	158	578	7.6%	5.9%
\$45,000 - \$49,999	159	142	80	381	5.0%	5.3%
\$50,000 - \$59,999	285	272	155	712	9.4%	9.9%
\$60,000 - \$74,999	263	94	179	536	7.0%	11.9%
\$75,000 - \$99,999	209	96	135	440	5.8%	11.8%
\$100,000 - \$124,999	40	36	51	127	1.7%	5.6%
\$125,000 - \$149,999	16	26	8	50	0.7%	2.6%
\$150,000 - \$199,999	17	18	5	40	0.5%	2.1%
\$200,000+	13	7	18	38	0.5%	2.2%
Totals	2,823	3,196	1,588	7,607	100.0%	100.0%
Median Income	\$33,894	\$28,642	\$38,937	\$32,736		\$46,193

Source: U.S. Census.

Figure. 2-4



From 2000 to 2008, Claritas, Inc. forecasts the Corridor Study Area to experience a 23.4 percent increase in median household income, from \$32,736 in 2000 to \$40,402 by 2008. By comparison, during the same time frame the median household income for the metropolitan Kansas City area is forecast to increase by 30.3 percent, from \$46,604 in 2000 to \$60,727 by 2008. In 2000, the metro-wide median household income of \$46,604 exceeded the Corridor Study Area by 42 percent. The disparity in median household income levels is forecast to widen to 50 percent by 2008. Table 2-9 below depicts household income levels through 2008 for the Corridor Study Area.

Table 2-9 Corridor Study Area Households by Income Level

	2000 Census	%	2003 Estimate	%	2008 Forecast	%
Total Households	7,471		7,166		6,613	
Less than \$15,000	1,370	18.34%	1,177	16.42%	915	13.84%
\$15,000 - \$24,999	1,368	18.31%	1,199	16.73%	970	14.67%
\$25,000 - \$34,999	1,289	17.25%	1,147	16.01%	951	14.38%
\$35,000 - \$49,999	1,521	20.36%	1,534	21.41%	1,304	19.72%
\$50,000 - \$74,999	1,247	16.69%	1,265	17.65%	1,383	20.91%
\$75,000 - \$99,999	427	5.72%	483	6.74%	564	8.53%
\$100,000 - \$149,999	174	2.33%	275	3.84%	411	6.22%
\$150,000 - \$249,999	60	0.80%	64	0.89%	86	1.30%
\$250,000 - \$499,999	14	0.19%	21	0.29%	23	0.35%
\$550,000+	1	0.01%	2	0.03%	4	0.06%

Source: Claritas, Inc.

Table 2-10 depicts household income levels by age range for the Corridor Study Area. The household income data is grouped by the percentage of households within each age range.

Table 2-10 Household Income by Age of Householder
% by Age Range

	15-24	25-34	35-44	45-54	55-64	65+
Less than \$15,000	18.10%	8.04%	9.35%	13.47%	12.92%	30.03%
\$15,000 - \$24,999	18.10%	16.77%	12.37%	11.22%	12.05%	26.00%
\$25,000 - \$34,999	25.00%	18.14%	14.88%	14.34%	16.94%	14.33%
\$35,000 - \$49,999	21.90%	27.12%	24.87%	20.42%	22.58%	15.34%
\$50,000 - \$74,999	14.52%	18.99%	22.79%	24.04%	17.48%	9.13%
\$75,000 - \$99,999	1.19%	6.24%	9.92%	9.99%	10.75%	1.54%
\$100,000 - \$124,999	0.24%	2.40%	4.03%	4.27%	2.61%	1.54%
\$125,000 - \$149,999	0.00%	0.94%	0.86%	1.52%	1.95%	0.80%
\$150,000 - \$199,999	0.71%	0.77%	0.43%	0.72%	1.19%	0.01%
\$200,000+	0.24%	0.60%	0.50%	0.00%	1.52%	1.00%
Totals	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Median Income	\$30,519	\$38,915	\$43,084	\$43,057	\$40,383	\$23,650

Source: Claritas, Inc.

Households aged 35 to 44 maintain the Corridor Study Area's highest median income levels and are large consumers of eating and drinking places, furniture and home furnishings, home appliances, food stores, and hardware and garden stores. The young adult population aged 25 to 34 represents major consumers of apparel and accessories, eating and drinking places, appliances, and general merchandise. The young adult population in the Corridor Study Area maintains a median household income of \$38,915.

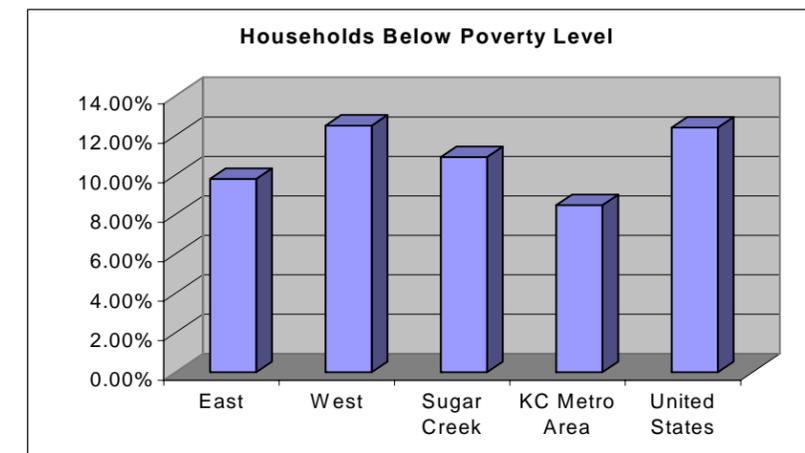
Seniors represent the modest conservative consumers, spending primarily on such staple goods and food and drugs. Senior residents of the Corridor Study Area possess the lowest median income levels, which decline in advancing years. The median household income for seniors aged 65 to 74 is \$28,407, dropping to \$20,229 for seniors aged 75+. The Corridor Study Area's below average income levels translate into well below average retail sales and supportable retail space. The large senior population has an adverse impact on the Corridor Study Area's retail trade.

Poverty Level

According to the 2000 Census, 11.1 percent (1,955 households) of all Corridor Study Area households were living below the poverty level (Fig. 2-5). This rate compares similarly to the rate of 11.7 percent for the State of Missouri and the national rate of 12.4 percent. The West Submarket maintained the highest rate of households living below the poverty level, reported at 12.5 percent. The East Submarket maintained the lowest rate of 9.8 percent.

Since 1990, the Corridor Study Area has suffered a decline in population marked by a rise in the number of one-person households. Compared to the metro norms the population is older, less educated, and poorer. Household income levels are growing at a rate lower than the metro average. The rapidly aging population has an adverse impact on the local business community, as seniors possess the lowest consumer spending rates. However, the senior population is generating increased demand for independent and assisted living housing. The Corridor Study Area's below average income levels also reduce the supportable size and depth of the local business community. This is best illustrated by the departure of many businesses over the years as well as the dominance of second-tier mom-and-pop businesses.

Figure 2-5



The population demographics vary greatly throughout the Corridor Study Area. Sugar Creek is the healthiest submarket, marked by a slight increase in population during the 1990s, lowest rate of single-person households, and highest income levels. The West Submarket is the most distressed, suffering from the highest population loss, smallest household size, highest rate of single-person households, lowest income levels, and highest poverty rate.

Historical Business Patterns

As of the 2000 Census a reported 55,381 residents of Independence were employed, led by the service sector with 37.9 percent of the workforce (Table 2-11). Other leading sectors included manufacturing (13.0%); retail trade (12.9%); and FIRE (Finance, Insurance, Real Estate) (8.5%). Compared to the overall metropolitan Kansas City workforce, Independence lags in the rate of services, information, FIRE and public administration employment. Employment sectors in which residents of Independence occupy larger than average rates include construction, manufacturing and retail trade.

Table 2-11 Independence Employment by Sector; 2000 Census

Sector	Independence Employment	% of Total	Kansas City MSA Employment	% of Total
Agriculture & Mining	162	0.3%	6,370	0.7%
Construction	4,106	7.4%	60,732	6.8%
Manufacturing	7,206	13.0%	99,680	11.2%
Wholesale Trade	2,543	4.6%	38,340	4.3%
Retail Trade	7,117	12.9%	103,681	11.6%
Trans. & Utilities	3,357	6.1%	53,787	6.0%
Information	2,750	5.0%	47,284	5.3%
FIRE	4,733	8.5%	77,558	8.7%
Public Administration	2,440	4.4%	41,556	4.7%
Services	20,967	37.9%	362,194	40.7%
Totals	55,381		891,182	

Source: U.S. Census.

U.S. Census data indicates Independence is a net exporter of jobs, supporting 0.49 jobs per capita. By comparison, the national rate is 0.57 jobs per capita with the metropolitan Kansas City area supporting 0.66 jobs per capita. Western Johnson County, Kansas has emerged into a major employment center supporting 1.34 jobs per capita. These statistics suggest that while considerable job growth was reported during the 1990s, Independence still remains a bedroom community.

Independence houses a broad spectrum of private-sector employers involved in health care, manufacturing, communications, and packaging and assembly. The largest employers include Alliance Tech Systems (1,750 employees); HCA (1,400 employees); GEHA (650 employees); and SBC Communications (550 employees).

Today, the mix of businesses operating within Independence's northwest quadrant (ZIP codes 64050, 64053 & 64054), which includes the Corridor Study Area and Independence Square, is dominated by the retail trade, construction, health care & social assistance, and food service sectors. According to the U.S. Census, from 1998 to 2001 the business community contracted with the loss of 53 businesses and 369 jobs. Business sectors hardest hit were food service, administrative and support, information, and retail trade. Consult Table 2-12 for historical business patterns by business sector for northwest Independence.

Table 2-12 Historical Business Patterns
Zip Codes 64050, 64053 & 64054

Industry Code	1998	1999	2000	2001	Change
Utilities	1	1	1	1	0
Mining	0	0	1	1	1
Construction	63	66	61	65	2
Manufacturing	36	37	28	31	-5
Wholesale Trade	30	29	28	30	0
Retail Trade	119	125	119	113	-6
Transportation & Warehousing	19	20	20	17	-2
Information	19	16	12	11	-8
Finance & Insurance	19	20	16	19	0
Real estate	27	28	26	26	-1
Professional, Scientific & Technical	49	47	44	48	-1
Management	2	4	4	4	2
Administrative & Support	36	30	26	26	-10
Educational Services	7	7	7	9	2
Health Care & Social Assistance	56	57	56	57	1
Arts, Entertainment & Recreation	4	5	5	4	0
Hospitality & Food Service	58	56	50	48	-10
Other Services	114	108	101	94	-20
Unclassified	3	6	11	5	2
					0
Total Businesses	662	662	616	609	-53
Number of Employees	8,253	8,305	8,016	7,884	-369
Annual Payroll (\$000)	\$225,807	\$231,734	\$228,991	\$242,063	\$16,256

Source: U.S. Census Bureau.

New Construction Activity

The recent employment gains in Independence have fueled a strong new housing market. From 1997 to 2002 a reported 4,086 residential building permits were issued within Independence. The total valuation of residential construction amounted to over \$264 million. During this same 6-year period strong non-residential construction activity was also reported, led by the retail sector. Non-residential construction peaked in 2002 when \$78.9 million in permits were issued (Table 2-13). The bulk of residential and non-residential construction has occurred within the eastern portion of Independence. Retail construction has been particularly active adjacent to Independence Center at Interstate 70 and MO 291 Highway.

Table 2-13 Residential & Commercial Construction Activity
Independence, Missouri

	1997	1998	1999	2000	2001	2002
Residential						
Number of Permits	732	751	616	647	596	744
Estimated Cost	\$41,552,561	\$47,477,592	\$40,362,632	\$43,799,753	\$39,941,328	\$51,015,505
Non-Residential						
Number of Permits	290	370	282	219	158	204
Estimated Costs	\$46,214,864	\$36,386,117	\$72,399,536	\$61,394,644	\$47,467,165	\$78,904,822

Source: Independence Community Development Department.

Economic Analysis Summary

Freeway construction, including I-435 and I-70, has diverted traditional Corridor traffic to other locations. One result has been a decline in the economic base of the Corridor, both in the business community and population base. The Corridor Study Area now suffers from deteriorating public infrastructure, below average income levels, a large senior population, depressed property values, loss of businesses, and the dominance of such second-tier businesses as used car dealerships and automotive repair. Before the Corridor Study Area's business community can be revived, the population and income levels must improve.

Since 1990, the Corridor Study Area has experienced a steady decline in population. During the 1990s, population declined by 4.45 percent, from 18,551 in 1990 to 17,726 by 2000. Population loss was the most pronounced within the western half of the Corridor Study Area. From 2000 to 2003 the Corridor Study Area population continued to decline through 2003 to 16,739. The population base is forecast to decline further to 15,304 by 2008. In order to stabilize the residential neighborhoods and revitalize the business community steps must be taken to stop the population loss and repopulate the Corridor Study Area.

During the 1990s the Corridor Study Area population became more ethnically diverse, with the black and Hispanic populations doubling in size. By 2000, minorities accounted for 8.5 percent of the Corridor Study Area population. Claritas, Inc. forecasts that by 2008 the minority population will increase by 161 residents and account for 10.9 percent of the Corridor Study Area population. Business opportunities will arise catering to the growing ethnic population. The growing minority population and business community may serve as a cornerstone for revitalization of the Corridor Study Area.

Seniors account for 17.2 percent of the Corridor Study Area population, compared to 11.4 percent of the metro total. The large senior population is fueling accelerated demand for independent and assisted living housing.

According to the 2000 Census, a total of 3,750 children between the ages 0 and 17 reside within the Corridor Study Area. Despite a poor perception, the Kansas City School District supports a larger and higher percentage of pre-school and school-aged children than the portion of the Corridor Study Area located within the Independence School District. However, this trend reverses for district high school attendance. While the Kansas City School District in Independence supports a rate of pre-school and school-age population well below the metropolitan average, it doesn't appear to have as much of a negative impact on attracting families as is perceived. However, in some cases the negative perception of the Kansas City School District may be a factor in whether families choose to live, and later remain in the Corridor area.

Since 1990, the Corridor Study Area median household income levels have lagged behind the metropolitan Kansas City norm and have grown at a much slower rate. In 2000, the metro-wide median household income of \$46,604 exceeded the Corridor Study Area by 42 percent. The disparity in median household income levels is forecast to widen to 50 percent by 2008. The Corridor Study Area's lower income levels translate into below average retail sales and supportable inventory of retail space.

Overall, the mix of businesses operating within the Corridor Study Area and surrounding areas is dominated by the retail trade, construction, health care and social assistance, and food service sectors. In recent years, the business community has experienced some job loss in key sectors.

II. Market Study of Redevelopment Opportunities

This section evaluates future retail, professional office and hotel development opportunities within the Corridor Study Area. *The U.S. 24 Highway Corridor Market Study* inventories the retail, office, and hotel market conditions. This section begins with a description of the commercial space demand for retail, office, and hotel, followed by a site evaluation to determine the Corridor Study Area's ability to support retail, office and hotel uses. Section II concludes with recommendations for revitalizing the Corridor.

A. Corridor Study Area Space Demand Forecasts

In an effort to quantify the need for additional commercial development, this section of the report provides long-term retail space, professional office space, and hotel room demand for the Corridor Study Area.

1. Retail Space Demand

Demand for retail floor space is a direct function of a trade area's population and household income levels. The larger the trade area population and the higher the income levels the more retail space can be supported.

Net demand for retail floor space is a direct function of consumer population and income levels. Claritas, Inc. estimated the 2003 population for the Corridor Study Area at 16,739 residents (Table 2-14). Claritas, Inc. estimated the 2003 per capita income level for the Corridor Study Area at \$18,653. Retail expenditures within the metropolitan Kansas City area exclusive of automobiles amount to 38 percent of total household income. The Corridor Study Area captures 90 percent of the potential retail sales, indicating a negative retail pull. Based on *Dollars & Cents of Shopping Centers*, an average retail sales rate of \$240 per square foot was used to quantify demand for retail space. Inflation for income and retail sales levels weren't incorporated into the analysis. The result is retail space demand forecasts for the U.S. 24 Highway commercial corridor.

These lower income levels translate into 376,000 square feet of retail space in the Corridor (includes anchored shopping centers, strip commercial and freestanding retailers), with the bulk located along the U.S. 24 Highway Corridor. Existing population demographics indicate the Corridor Study Area can support an estimated 445,000 square feet of retail space, suggesting an additional 69,000 square feet of retail space could be supportable, primarily in anchored shopping center areas. In addition, if efforts are made to repopulate senior housing with families, additional retail demand will emerge. Assuming 1,000 senior single occupancy housing units are repopulated with families and an estimated 750 new housing units are constructed by 2020, an additional 100,000 square feet of retail may be possible.

Table 2-14 Projected Retail Space Demand
Corridor Study Area; 2003 – 2020

	2003	2020	Change
Population	16,739	20,639	3,900
Per Capita Income	\$18,653	\$18,653	\$0
<i>Total Personal Income</i>	\$312,232,567	\$384,979,267	\$72,746,700
% Income Spent on Retail			
<i>Goods % Services</i>	38%	38%	0%
<i>Estimated Total Retail Sales</i>	\$118,648,375	\$146,292,121	\$27,643,746
<i>Retail Sales Pull Factor</i>	0.90	0.90	0.00
<i>Estimated Retail Sales</i>	\$106,783,538	\$131,662,909	\$24,879,371
<i>Average Retail Sales Per Square Foot</i>	\$240	\$240	\$0
Supportable Retail Space (Sq. Ft.)	444,931	548,595	103,664
Required Land Area (FAR of 0.20)	51.1	63.0	11.9

Source: Canyon Research Southwest, Inc.; April 2004.

The most viable location for the majority of this new demand is in the three primary redevelopment nodes along U.S. 24 Highway at River Boulevard, Sterling Avenue and the Fairmount Business District. These areas are capable of supporting additional shopping center space in the form of neighborhood and specialty services.

Two supermarkets currently operate within the Corridor Study Area, occupying an estimated 40,000 to 50,000 square feet of retail space. According to Claritas, Inc., during 2003 the Corridor Study Area supported \$30.3 million in food sales. At the median annual sales for supermarkets within the United States of \$735 per square foot, the Corridor Study Area can support an estimated 41,219 square feet of supermarket space, suggesting short-term market entry of an additional supermarket does not appear to be supportable. At the Corridor Study Area's current per capita food store sales of \$1,810, each new resident can support approximately 2.5 square feet of supermarket space.

2. Office Space Demand

Demand projections for new professional office space within the Corridor Study Area through the year 2020 have been calculated utilizing an occupational employment-driven model (Table 2-15). This model was designed using the variables of office-related employment growth forecasts published by the Mid-America Regional Council and average space requirements ranging from 200 to 225 square feet per employee. Two office space demand scenarios were formulated based on variations of these assumptions.

Table 2-15 New Office Space Demand Projections
Corridor Study Area; 2000 – 2020

Year	Employment Growth	Conservative	Moderate
2000-2020	164	32,800 Sq. Ft.	36,900 Sq. Ft.
Annual Average Demand		1,640 Sq. Ft.	1,845 Sq. Ft.

Source: Canyon Research Southwest, Inc.

According to the Mid-America Regional Council, from 2000 to 2020 the Corridor Study Area is forecast to experience a net gain in 164 service/office-related jobs. Based on this rate of growth, through 2020 an estimated 32,800 to 36,900 square feet of new professional office space will be supportable within the Corridor Study Area. The proposed Bluffs at Sugar Creek Business Park is not incorporated into these office space demand projections.

3. Hotel Room Demand

The Queen City Motel at 11402 E. U.S. Highway 24 is the only hotel operating within the Corridor Study Area. No bed and breakfasts operate within the Corridor Study Area, though several are located within or near Independence Square, catering primarily to the tourism market. The bed and breakfasts operate within older historic homes with period furnishings, providing a setting that appeals to heritage tourists.

Average occupancy levels and revenue per available rooms are presently insufficient to support economically feasible new hotel construction within Eastern Jackson County. The short-term prospects for new hotel construction are also not favorable. However, as the existing properties achieve stabilized occupancies and the local business community and population continues to grow, the long-term demand for additional hotel rooms will materialize.

The size and composition of the Eastern Jackson County employment and population base forecast for 2020 suggests at an average stabilized occupancy rate of 70 percent an additional 1,250 to 1,500 hotel rooms are warranted over the next two decades. Based on the location of hotel room generators and the tendency of national hotel chains to develop properties adjacent to freeways, the most appropriate location for future hotel development is within the Interstate 470 and 70 corridors. Due to the proximity of the Corridor to the Truman Library and religious attractions, the tourist segment will serve as the primary source of hotel room demand. Unfortunately, the absence of freeway exposure greatly limits the Corridor Study Area's potential to support future hotel development. Through the year 2020, additional demand for hotel rooms within the Corridor Study Area is estimated at 30 to 45 lodging rooms.

Site Selection Evaluation

This section of the report evaluates the potential for the Corridor Study Area to support retail, professional office and hotel development.

1. Retail Site Evaluation Criteria

Shopping center developers and major retailers evaluate potential sites based on a series of site specific criteria. Common site selection criteria include appropriate zoning; availability of infrastructure; parcel size; visibility and exposure; accessibility; trade area demographics and the level of direct competition. Three potential retail nodes were evaluated within the Corridor Study Area, including the U.S. 24 Highway intersections at River Boulevard and Sterling Avenue as well as the Fairmount Business District. The suitability for future development of each retail node with a variety of shopping center formats has been evaluated.

Adequate Zoning

The U.S. 24 Highway frontage is zoned primarily for strip commercial use. Therefore, freestanding retail and shopping center uses adjacent to U.S. 24 Highway are legally permissible.

Availability of Infrastructure

While some site-specific infrastructure improvements will likely be required, sufficient public utilities are available along U.S. 24 Highway to facilitate retail and shopping center development.

Parcel Size and Dimensions

Feasible retail development sites generally range in size from 1 to 3 acres for freestanding retailers and strip shopping centers; 8 to 15 acres for neighborhood shopping centers anchored by a supermarket; 15 to 40 acres for community centers; and 25 to 80 acres for power and lifestyle centers. Each shopping center type also requires an orientation towards the most prominent adjacent arterial. Freestanding 100,000+ square foot big-box retailers such as Home Depot and Wal-Mart Supercenter generally require a 15 to 25-acre site located at a section-line corner.

While the existing commercial zoning legally permits retail uses, along most of U.S. 24 Highway the depth of the commercial zoning is too narrow to assemble a suitable sized site to accommodate community or power center development. The strip commercial zoning and excellent highway exposure provides the opportunity to support continued development of strip centers and 1.0+ acre parcels housing restaurants, banks, and convenience stores.

The sloping topography and strip commercial zoning along U.S. 24 Highway place constraints on the opportunity to accommodate development of a freestanding 100,000+ square foot big-box retailer such as a discount department store, warehouse club or home improvement center. Through property assemblage the potential may exist to support a 100,000+ square foot freestanding big-box retailer at the northwest corner of River Boulevard and U.S. 24 Highway.

The most suitable shopping center format for future development along U.S. 24 Highway is a neighborhood shopping center anchored by a supermarket. The U.S. 24 Highway intersections at Sterling Avenue and River Boulevard represent the premier neighborhood shopping center development sites due to their corner locations. Each intersection is built-out with potential redevelopment sites created through property assemblage and considerable site work.

The Sterling Ridge Shopping Center at the southeast corner serves as a potential neighborhood shopping center redevelopment site, though considerable site work will be required. Additional property to the south needs to be assembled to create a deeper site. The southwest corner houses a new CVS, and therefore is not likely a potential redevelopment site. Several properties could be assembled at the northeast corner to create a potential development site (American Sterling Bank, Sterling Lanes Bowling, O'Reilly Auto Parts and Jim's Family Restaurant). This site

is deeper than the Sterling Ridge Shopping Center parcel, allowing for a more efficient neighborhood shopping center design. While attempts have been made to redevelop the northwest corner with a neighborhood center, the site's sloping topography and multiple property ownership will make feasible development difficult.

The retail development formats best suited for the Fairmount Business District include strip commercial and specialty centers. Specialty centers are developed around a retail theme (i.e., dining, entertainment, etc.) and a unique architectural character. The Fairmount Business District's history and unique architecture are ideal for fostering specialty center development.

Visibility and Exposure

Visibility and traffic volumes have a major impact on customer and retail sales volumes. National and regional big-box retailer, restaurant, convenience store and bank chains require major arterial frontage, and generally prefer a section-line corner location.

U.S. 24 Highway provides the necessary visibility and exposure to attract a supermarket or big-box retailers. Missouri Department of Transportation reported average daily traffic volumes for 2000 on U.S. 24 Highway of 25,634 east of the Interstate 435 interchange and 22,326 vehicles west of MO 291.

Accessibility

The larger the shopping center type the larger the geographic trade area. Therefore, while strip and neighborhood shopping centers require adequate local and on-site accessibility, larger community and power centers as well as big-box retailers rely on an efficient regional transportation network that typically includes a mix of major streets and freeways. The Corridor Study Area possesses a sufficient highway and major arterial network to support strip center, specialty center and neighborhood shopping center formats. The U.S. 24 Highway interchanges at Sterling Avenue and River Boulevard both are signalized, allowing for sufficient site ingress and egress to facilitate big-box retailers and neighborhood shopping centers.

Supermarket Trade Area Demographics

Neighborhood centers anchored by supermarkets generally require a minimum primary trade area population of 12,000 residents and a median household income of \$35,000. Claritas, Inc. provided demographics for the primary trade area within a 1-mile radius of the U.S. 24 Highway intersections at Sterling Avenue and River Boulevard (see *Market Study*).

The U.S. 24 Highway and Sterling Avenue site supports a current 1-mile radius population of 10,585 residents and a median household income of \$33,725. In 2008, primary trade area demographics are forecast at 9,738 residents and a median household income of \$38,110. For 2003, total food store sales within the primary trade area totaled \$19.7 million. At average

supermarket sales of \$486 per square foot as reported by the International Council of Shopping Centers, 40,630 square feet of supermarket space is supportable. Through 2008, trade area demographics are insufficient to support new neighborhood center development. What is needed to support a supermarket is an additional 1,500 residents within the 1 - mile primary trade area.

The U.S. 24 Highway and River Boulevard site supported a 2003 primary trade area population of 10,099 residents and a median household income of \$31,924. In 2008, primary trade area demographics are forecast at 9,360 residents and a median household income of \$35,910. For 2003, food store sales were estimated at \$19,040,700, capable of supporting 39,178 square feet of supermarket space. Through 2008, trade area demographics are insufficient to support neighborhood center development. What is needed to support a supermarket is an additional 2,000 residents within the 1-mile primary trade area.

Big-Box Retailer Trade Area Demographics

Feasible community center, power center and big-box retailer development generally requires a primary trade area population of 80,000 to 100,000 people and a median household income of at least \$35,000. The primary trade area for each of the retail formats generally encompasses a 3 to 5-mile radius from the site. The intersection of U.S. 24 Highway and River Boulevard is the most viable community/power center and big-box retailer development site within the Corridor Study Area. The intersection of U.S. 24 Highway and River Boulevard possesses sufficient primary trade area demographics to support big-box retailer development.

The Fairmount Business District currently caters to the local residents. For the Fairmount Business District to support specialty shopping center development it must operate a retail trade area which extends far outside the immediate neighborhood.

An estimated 142,019 people reside within a 5-mile radius of the Fairmount Business District. The median household income of \$34,883 is 33 percent below the metro average of \$52,119. These below average income levels don't bode well for the potential to support upscale specialty retailers. The below average income levels also suggest the 5-mile radius trade area will generate below average retail sales volumes and supportable inventory of retail shop space.

A retail trade area's age composition is an important factor to consider because personal expenditures change as an individual ages. The 5-mile radius trade area population for the Fairmount Business District consists primarily of young families with children as well as seniors, supporting a median age of 35.61 years (compares to metro norm of 35.94 years). Adults aged 25 to 44 years old, which are large consumers of durable goods, entertainment and personal services, account for 25.8 percent of the trade area population. Children under the age of 18 years account for 26.06 percent of the population, driving demand for toy stores, day care centers, stores with baby care merchandise, department stores, supermarkets, movie theaters and entertainment, clothing stores, and fast food restaurants. Residents 65+ years account for 14.44 percent of the trade area population base, supporting drug stores and medical care services.

Direct Competition

Redevelopment of a neighborhood shopping center along U.S. 24 Highway will require attracting a supermarket. Just two small-scale supermarkets currently operate along U.S. 24 Highway, including Apple Market at the southeast corner of Sterling Avenue and Thriftway at the northwest corner of River Boulevard. The closest major supermarkets located outside of the Corridor are located along 23rd Street: Sun Fresh at Sterling Avenue; Hy-Vee at Lee's Summit Road; and two Aldi stores east of Sterling Avenue and east of Lee's Summit Road. An Apple Market is also located within Chrisman Plaza on U.S. 24 Highway east of Noland Road. During 2003, the Corridor Study Area supported food store sales of \$30.3 million. At average supermarket sales of \$486 per square foot as reported by the International Council of Shopping Centers, 62,338 square feet of supermarket space is supportable within the Corridor Study Area.

No big-box retailers currently operate within the Corridor Study Area. The Kmart store at MO 291 and U.S. 24 Highway is the closest discount department store, over two miles from the Truman Library. The closest concentrations of big-box retailers include Noland Road south of 23rd Street and the Independence Center node.

The primary trade area demographics for each potential neighborhood shopping center redevelopment sites are sufficient to support 40,000+ square feet of supermarket space, which greatly exceeds the size of both existing supermarkets (Apple Market and Thriftway). Rather than supporting new neighborhood shopping center development at the U.S. 24 Highway intersections at Sterling Avenue and River Boulevard, a viable redevelopment option is razing the existing shopping centers and supermarkets in favor of neighborhood shopping centers anchored by 40,000+ square foot modern stores. The new shopping centers would incorporate small shop space housing such neighborhood-based businesses as restaurants, dry cleaners, beauty salons, video rentals, cards and gifts, home electronics, florists and bike shops.

The potential is limited for the U.S. 24 Highway Corridor to support freestanding big-box retailers such as discount department stores and home improvement stores. The primary constraint includes assembling a 15 to 25-acre site sufficient to accommodate a big-box retailer. The northwest corner of U.S. 24 Highway and River Boulevard represents the only potential big-box retailer site.

The retail redevelopment formats best suited for the Fairmount Business District include strip commercial and specialty centers. Specialty centers are developed around a retail theme (i.e., dining, entertainment, tourism, etc.) and a unique architectural character. The Fairmount Business District's long history and unique architecture are ideal for fostering specialty center development.

2. Office Site Evaluation Criteria

A feasible office building site possesses the following characteristics: excellent location and access; proximity to a large and diverse labor pool; appropriate parcel size and shape; and compatibility with adjacent land uses. The bulk of suburban office space within the U.S. is generally located within a freeway corridor. The feasibility of the Corridor Study Area as a future office location was evaluated using these site selection criteria.

Location

As an office location the Corridor Study Area suffers from the absence of direct freeway access and exposure, small inventory of existing office space, and poor market perception. On a positive note, re-population of the Corridor Study Area could generate modest demand for such service-related businesses as insurance agents, financial planners, travel agents, etc.

Proximity to Labor Pool

The Corridor Study Area possesses a very small inventory of executive housing which is critical in fueling office demand by small, independent companies that are locally owned. According to the Mid-America Regional Council, the Independence labor force maintains below average levels of employment in managerial, business and financial (10.6%); computer and mathematical (2.2%); architectural and engineering (1.4%); legal (0.7%) and other professions (7.1%) which suggests below average demand for office space. Data published by the Mid-America Regional Council also indicates that the Corridor Study Area employment base maintains a below average concentration of office workers.

Parcel Size and Shape

Most existing office space in Eastern Jackson County consists of 1 to 3-story garden or single tenant office product. The existing used automobile dealerships along U.S. 24 Highway possess the necessary size, access and visibility to support redevelopment as office uses. The opportunity also exists for the renovation and conversion of commercial buildings within the Fairmount Business District to office use.

Surrounding Land Uses

Existing and/or proposed land uses should have the ability to enhance an adjacent site's potential as a professional office location. One of the attractions of the Fairmount Business District as an office location is the potential to support a mixed-use urban setting.

To conclude, it has been determined that the Corridor Study Area is a marginal professional office location, suffering from a poor image; absence of freeway exposure; reduced access to necessary labor pool; poor area demographics; and small inventory of existing office space, executive

housing, and support services. Re-population of the Corridor Study Area could generate demand for such service-related businesses as insurance agents, financial planners, and travel agents. One of the attractions of the Fairmount Business District as an office location is the potential to support a mixed-use urban setting. Overall, future professional office space demand within the Corridor Study Area is forecast to be minimal.

3. Hotel Site Evaluation Criteria

The competitive market strengths and weaknesses of the Corridor Study Area as a potential hotel location have been examined to determine the probability of supporting future development.

Access and Visibility

Freeway frontage is particularly important for budget, economy and limited-service hotels, providing for an excellent marketing window. While the Corridor Study Area is accessible from Interstate 435 and MO 291, it lacks frontage onto these highways. This site deficiency is one of the primary reasons no major hotel chains operate within the Corridor Study Area.

Proximity to Room Demand Generators

The primary sources of hotel room demand for existing properties in Independence include: 1) corporate and business travelers; 2) leisure travelers; and 3) groups. Truman Presidential Museum & Library (100,000 visitors annually) is located within the eastern portion of the Corridor Study Area. Major attractions located in close proximity to the Corridor Study Area include the Mormon Visitor Center, Community of Christ Temple and Auditorium, Church of Christ, the Truman Home, 1827 Log Courthouse, National Frontier Trails Museum, and Independence Square. Due to the distance from area employment centers and Interstates 70 and 435, the Corridor Study Area isn't conveniently accessible to existing business traveler and group hotel demand generators.

Proximity to Existing Hotel Properties

Existing hotels in Independence are concentrated around Independence Center and Interstate 70. Recent hotel development has concentrated at Independence Center, offering hotel guests convenient freeway access, close proximity to major employers and ample availability of restaurants, shopping and entertainment. The independently operated Queen City Motel is the only existing hotel operating in the Corridor Study Area.

Site Characteristics

Necessary infrastructure is available throughout the Corridor Study Area. A 1.5 to 3.0-acre site is typically sufficient to accommodate development of a budget, limited-service or full-service hotel. Given the large number of under-utilized properties (i.e., used car lots), creating a suitable development site in the Corridor Study Area for hotel development would not be difficult or cost

prohibitive. The greatest opportunity to support future hotel development would be within the eastern portion of the Corridor Study Area in close proximity to existing heritage tourism sites. Bed and breakfasts would be best accommodated by existing residential properties.

To conclude, the potential is limited to support future hotel development in the Corridor Study Area due to the lack of a freeway location and a major hotel room demand generator such as a convention center or large employment base. Heritage and religious tourism represents the largest source of hotel room demand within the Corridor Study Area. Lodging alternatives include a small boutique hotel or bed and breakfast.

Competitive Retail Market Summary

Assuming the Corridor Study Area is repopulated with 3,900 residents through the year 2020, the three potential retail nodes along U.S. 24 Highway at River Boulevard, Sterling Avenue and the Fairmount Business District are forecast to support an additional 114,000 square feet of shopping center space. Over the same time frame the balance of the Corridor Study Area is forecast to absorb up to an additional 60,000 square feet of retail space taking the form of strip centers and small freestanding retailers such as restaurants, banks, auto parts stores, and convenience stores.

The most viable retail formats supportable within the Corridor Study Area's three potential retail nodes include neighborhood, strip and specialty centers. The U.S. 24 Highway intersections at River Boulevard and Sterling Avenue represent the most viable neighborhood shopping center redevelopment sites. Prior to feasible new development the 1-mile primary trade area must support an additional 1,500 to 2,000 new residents.

The primary trade area demographics for each potential neighborhood shopping center redevelopment sites are sufficient to support 40,000+ square feet of supermarket space, which greatly exceeds the size of both existing supermarkets (Apple Market and Thriftway). Rather than supporting new neighborhood shopping center development at the U.S. 24 Highway intersections at Sterling Avenue and River Boulevard, a viable redevelopment option is razing the existing shopping centers and supermarkets in favor of neighborhood shopping centers anchored by 40,000+ square foot modern stores. The new shopping centers would incorporate small shop space housing such neighborhood-based businesses as restaurants, dry cleaners, beauty salons, video rentals, cards and gifts, home electronics, florists and bike shops.

The potential is limited for the U.S. 24 Highway to support 100,000+ square foot freestanding big-box retailers such as discount department stores and home improvement stores. The primary constraint is the ability to assemble a 15 to 25 - acre site sufficient to accommodate a big-box retailer. The northwest corner of U.S. 24 Highway and River Boulevard represents the only potential big-box retailer site.

Office tenants comprise only a small portion of the business community operating along U.S. 24 Highway. Just 21 office tenants are present, led by insurance agencies, construction companies, real estate companies, and income tax services. The small professional office market stems from poor market perception of the corridor; absence of freeway exposure; reduced access to necessary labor pool; below average area demographics; and small inventory of existing office space, executive housing, and support services. Re-population of the Corridor Study Area could generate demand for such service-related businesses as insurance agents, financial planners, and travel agents. Through 2020, the Corridor Study Area is forecast to absorb an additional 32,800 to 36,900 square feet of professional office space. One of the attractions of the Fairmount Business District as an office location is the potential to support a mixed-use urban setting.

Limited potential exists to support future hotel development in the Corridor Study Area. The Corridor lacks a freeway location and a major hotel room demand generator such as a convention center or large employment base. Heritage tourism represents the largest source of hotel room demand within the Corridor Study Area. Through the year 2020, demand for hotel rooms within the Corridor Study Area is estimated at 30 to 45 hotel rooms. Lodging alternatives include a small boutique hotel or bed and breakfast.

B. Competitive Residential Marketability Analysis

This section of the report evaluates the potential for the Corridor Study Area to support new residential housing.

Corridor Study Area Housing Market

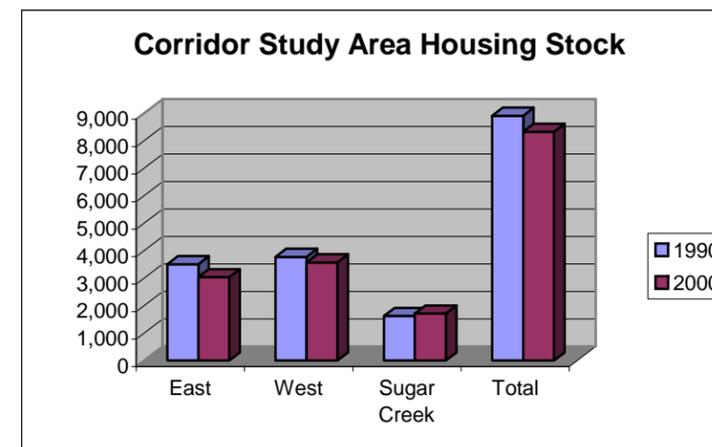
Existing Housing Stock

The Corridor Study Area supports 1,187 acres of residential land, or one-third of the total land area. Low density residential accounts for 1,148 acres, followed by medium density residential with 30.8 acres and high density residential with 8.2 acres. The 2000 Census reported 8,320 housing units within the Corridor Study Area, down 6.6 percent from the inventory of 8,904 housing units present in 1990 (Figure 2-6). Only Sugar Creek experienced a gain in housing supply, with the addition of 89 housing units. Both the East (-473 units) and the West (-200 units) Submarkets reported a loss in housing supply during the 1990s. The loss in housing stock resulted from deteriorating structural conditions and subsequent structure demolition activity.

The 2000 Census reported an 8.2 percent vacancy rate for the Corridor Study Area housing stock, led by the East Submarket with a 5.8 percent vacancy rate. By submarket the vacancy rate was reported at 5.8 percent for East Submarket; 6.8 percent vacancy rate for Sugar Creek Submarket and 11.0 percent for the West Submarket. The West Submarket suffered from a vacancy rate of 11.0 percent. The 1990 Census reported a cumulative vacancy rate of 9.3 percent within the

Corridor Study Area, led by Sugar Creek Submarket at 7.0 percent. The East Independence Submarket experienced a significant decline in vacancy rate during the 1990s, dropping from 8.2 percent in 1990 to 5.8 percent by 2000.

Figure 2-6



As reported by the 2000 Census, 58.2 percent of the housing units within the Corridor Study Area were owner-occupied (Figure 2-7). This falls well below the metropolitan Kansas City home ownership rate of 67.9 percent. The high rate of rental housing is consistent with the Corridor Study Area's older population and lower than average educational attainment and household income levels. Sugar Creek's home ownership rate of 66.8 percent is consistent with the metro average. Conversely, the West Submarket reported a home ownership rate of just 54.5 percent. According to interviews with area realtors, the submarket's low home ownership rate is largely attributed to the dominance of small, older homes and location within the less desirable Kansas City School District.

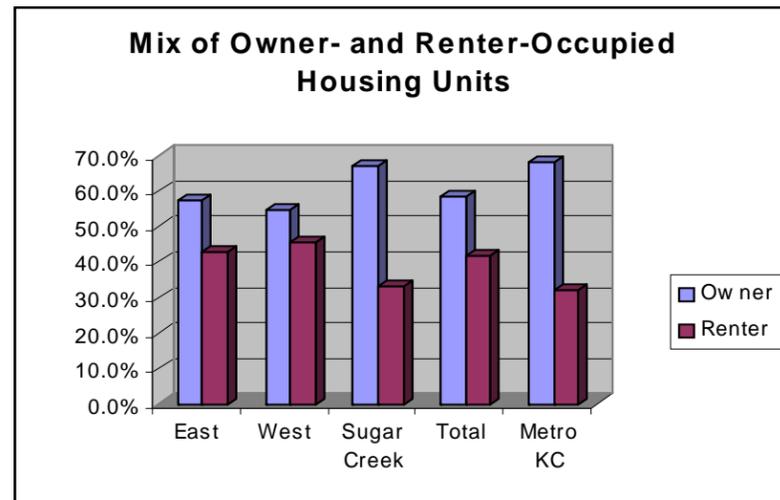
The Corridor Study Area maintains a mature housing stock (Table 2-16). The average construction date for owner-occupied housing units was 1949, with the bulk of housing constructed during the 1950s and prior to 1940. Just 4.08 percent of the owner-occupied housing stock has been built since 1980. The West Submarket maintains the oldest housing stock with a median year built of 1944. Sugar Creek supports the newest housing product with a median year built of 1957.

Rental housing within the Corridor Study Area is slightly newer on average, with the median unit built in 1958. A total of 9.62 percent of the renter-occupied housing stock was built since 1980. The West Submarket supports the largest inventory of renter-occupied housing units. Due to the age of the Corridor's housing and high rate of rental units, little re-investment has occurred and property values have lagged. Consult the table on the following page for a breakdown of the Corridor Study Area's housing stock by year built and product type.

Owner-occupied housing product within the Corridor Study Area consists of small homes with 2 and 3-bedroom models accounting for over 80 percent of the stock. By comparison, new suburban homes are generally much larger possessing 3 and 4-bedrooms. The West Submarket, which maintains the oldest housing stock within the Corridor Study Area, also possesses the smallest housing product dominated by 2-bedroom models. The West Submarket's large inventory of small, older homes has led to an increasing dominance of rental housing and low property values.

Three-quarters of the rental housing stock within the Corridor Study Area consists of 1 and 2-bedroom units (Table 2-17). The East Submarket maintains the largest inventory of 1-bedroom rental units. This antiquated housing stock suffers from below average rental rates and depressed property values.

Figure 2-7



Housing Values and Rents

According to the 2000 Census, the median housing value for the Corridor Study Area of \$58,500 was 44 percent below the median of \$104,700 for the metropolitan Kansas City area (Table 2-18). Over one-third of the housing stock within the Corridor Study Area was valued between \$40,000 and \$79,999. These well below average housing values stem from the Corridor's old, small and antiquated housing product. The West Submarket supports the lowest median value of just \$45,000, which may be a result of being located within the Kansas City School District as well as maintaining the Corridor Study Area's oldest and smallest housing product. The Corridor's well below average housing values creates the opportunity to foster an affordable entry-level housing market for singles, empty nesters, and young families.

Table 2-16 Corridor Study Area Housing Stock – Year Built

Time Period	East	West	Sugar Creek	Total Units	% of Total
Owner-occupied Housing Units	1,641	1,737	1,066	4,444	100.00%
1999 to March 2000	0	0	0	0	0.00%
1995 to 1998	11	0	12	23	0.52%
1990 to 1994	5	6	15	26	0.59%
1980 to 1989	11	56	65	132	2.97%
1970 to 1979	80	47	121	248	5.58%
1960 to 1969	328	136	207	671	15.10%
1950 to 1959	480	320	264	1,064	23.94%
1940 to 1949	128	417	187	732	16.47%
1939 and earlier	598	755	195	1,548	34.83%
Median	1950	1944	1957	1949	
Renter-occupied Housing Units	1,218	1,451	529	3,198	100.00%
1999 to March 2000	0	0	0	0	0.00%
1995 to 1998	6	16	12	34	1.06%
1990 to 1994	0	20	6	26	0.81%
1980 to 1989	154	53	41	248	7.75%
1970 to 1979	262	235	80	577	18.04%
1960 to 1969	154	304	75	533	16.67%
1950 to 1959	254	341	122	717	22.42%
1940 to 1949	93	153	95	341	10.66%
1939 and earlier	295	329	98	722	22.58%
Median	1961	1957	1957	1958	

Source: U.S. Census.

According to data provided by the Multiple Listing Service (MLS), from January 1, 1999 through October 31, 2003, a total of 1,771 single-family homes sold within zip codes 64050, 64053 and 64054. Sales prices ranged from \$700 to \$325,000.

Table 2-17 U.S. 24 Corridor Housing Stock – # of Bedrooms

# of Bedrooms	East	West	Sugar Creek	Total Units	% of Total
Owner-occupied Housing Units	1,641	1,737	1,066	4,444	100.00%
No bedroom	0	0	0	0	0.00%
1 bedroom	55	126	38	219	4.93%
2 bedrooms	430	871	348	1,649	37.11%
3 bedrooms	884	548	537	1,969	44.31%
4 bedrooms	222	139	118	479	10.78%
5+ bedrooms	50	53	25	128	2.88%
Renter-occupied Housing Units	1,218	1,451	529	3,198	100.00%
No bedroom	56	156	12	224	7.00%
1 bedroom	628	356	122	1,106	34.58%
2 bedrooms	381	689	247	1,317	41.18%
3 bedrooms	133	205	124	462	14.45%
4 bedrooms	15	40	12	67	2.10%
5+ bedrooms	5	5	12	22	0.69%

Source: U.S. Census.

Because the Corridor Study Area’s rental market is dominated by older and smaller housing product, achievable rents fall short of both the metro Kansas City and Independence averages (Table 2-19). Specifically, the median contract rent within the Corridor is \$382 per month, compared to the metro rate of \$473 and \$409 for Independence. The contract rent for half of all Corridor Study Area rental units ranges from \$300 to \$449 per month. Contract rents are the highest within the East Submarket (\$417) and lowest within the West Submarket (\$346). The median contract rent in Sugar Creek is \$400 per month. The West Submarket maintains the largest inventory of rental housing, however, the stock is the oldest, offers the smallest units, and garners the lowest rents. The Corridor’s low rents pose a major constraint in the ability to support financially feasible development of new market rate rental housing. To support short-term development of rental housing, financial subsidizes will likely be required.

Table 2-18 Corridor Study Area Housing Values; 2000 Census

Price Range	East	West	Sugar Creek	Total Units	% of Total	Metro KC
Less than \$10,000	0	41	12	53	0.70%	0.49%
\$10,000 - \$14,999	0	15	7	22	0.29%	0.55%
\$15,000 - \$19,999	5	79	0	84	1.11%	0.78%
\$20,000 - \$24,999	21	62	21	104	1.37%	1.02%
\$25,000 - \$29,999	0	96	18	114	1.51%	1.24%
\$30,000 - \$34,999	32	191	30	253	3.34%	1.58%
\$35,000 - \$39,999	51	84	75	210	2.77%	1.91%
\$40,000 - \$49,999	107	499	122	728	9.61%	4.58%
\$50,000 - \$59,999	421	277	162	860	11.36%	5.42%
\$60,000 - \$69,999	389	152	112	653	8.62%	6.47%
\$70,000 - \$79,999	329	86	169	584	7.71%	7.20%
\$80,000 - \$89,999	114	17	117	248	3.27%	8.23%
\$90,000 - \$99,999	119	14	47	180	2.38%	7.79%
\$100,000 - \$124,999	57	9	35	101	1.33%	14.63%
\$125,000 - \$149,999	94	20	41	155	2.05%	12.56%
\$150,000 - \$174,999	10	0	23	33	0.44%	7.85%
\$175,000 - \$199,999	0	0	0	0	0.00%	5.27%
\$200,000 - \$249,999	19	0	7	26	0.34%	5.42%
\$250,000 - \$299,999	6	0	7	13	0.17%	2.78%
\$300,000 - \$399,999	0	0	0	0	0.00%	2.34%
\$400,000 - \$499,999	0	0	0	0	0.00%	0.90%
\$500,000 - \$749,999	0	0	0	0	0.00%	0.64%
\$750,000 - \$999,999	0	0	0	0	0.00%	0.21%
\$1,000,000+	8	0	0	8	0.11%	0.15%
Median (dollars)	\$67,250	\$45,000	\$65,000	\$58,500		\$104,700

Source: U.S. Census.

Redevelopment Activity

Since 1980, very little new home construction has taken place within the Corridor Study Area. However, with the assistance of the Midtown/Truman Road Corridor Redevelopment Corporation considerable residential property reinvestment has taken place within the eastern portion of the Corridor Study Area south of U.S. 24 Highway. The Midtown/Truman Road Corridor Redevelopment Corporation oversees revitalization efforts in an area surrounding the Harry S Truman home. The original area was bounded, generally, by Waldo Avenue to the north; Pacific Street to the south; Pleasant Street on the east; and Forest Avenue on the west. In 2000, the City of Independence expanded the area to U.S. 24 Highway on the north; College Avenue on the south; and Spring Street on the east.

The Original and Expanded Areas contain 2,095 housing units. Property owners may participate in a parcel-specific tax abatement program that allows 25 years of property tax relief when homes are upgraded to meet standards required by the City of Independence and the M/TRC Redevelopment Corporation. The property owner receives full abatement during the first 10 years and 50 percent abatement during the remaining 15 years.

Table 2-19 Corridor Study Area Contract Rents; 2000 Census

Contract Rent	East	West	Sugar Creek	Total Units	% of Total	Metro KC
Total Rental Units	1,218	1,451	529	3,198	100.00%	100.00%
Less than \$100	53	29	0	82	2.56%	2.49%
\$100 - \$149	25	34	6	65	2.03%	2.47%
\$150 - \$199	56	47	0	103	3.22%	2.32%
\$200 - \$249	40	159	6	205	6.41%	3.01%
\$250 - \$299	90	169	50	309	9.66%	5.08%
\$300 - \$349	188	269	72	529	16.54%	7.67%
\$350 - \$399	285	224	89	598	18.70%	10.05%
\$400 - \$449	100	230	140	470	14.70%	10.31%
\$450 - \$499	79	125	47	251	7.85%	9.93%
\$500 - \$549	87	52	25	164	5.13%	9.07%
\$550 - \$599	26	10	39	75	2.35%	7.76%
\$600 - \$649	0	0	0	0	0.00%	6.34%
\$650 - \$699	46	7	12	65	2.03%	4.81%
\$700 - \$749	5	7	0	12	0.38%	3.35%
\$750 - \$799	6	0	7	13	0.41%	2.59%
\$800 - \$899	18	6	0	24	0.75%	3.38%
\$900 - \$999	9	0	0	9	0.28%	1.66%
\$1,000 - \$1,499	54	0	0	54	1.69%	2.35%
\$1,500 - \$1,999	27	0	0	27	0.84%	0.74%
\$2,000+	0	0	0	0	0.00%	0.05%
No cash rent	24	83	36	143	4.47%	4.16%
Median Contract Rent	\$417	\$346	\$400	\$382		\$473
Median Gross Rent	\$467	\$462	\$541	\$477		\$575

Source: U.S. Census.

Since 1995, the Midtown/Truman Road Corridor Redevelopment Corporation has received \$2,279,584 in TIF funding and \$64.1 million has been invested in the project area on public infrastructure and property renovations. Homeowners have spent \$12.4 million on property renovations under the tax abatement program and an estimated \$8.0 million more has been spent by homeowners who didn't seek tax abatement. During 2002, homeowners participating in the tax abatement program spent an average of \$19,745 on eligible rehabilitation.

This investment has significantly improved the condition of the project area's housing stock. According to a housing survey conducted in December 2002, 84 percent of the housing units are in good (sound) condition. That compares with only 36 percent in sound condition when the program began in 1995. Only 12 percent of the housing units are currently in need of minor improvements and 4 percent need rehabilitation. A similar tax abatement program for the balance of the Corridor Study Area could prove as beneficial.

The first new housing subdivision in years within the Corridor Study Area is now in the planning stages. As part of its remediation program BP has purchased 131 homes immediately west and south of the refinery site. The properties are located in both Sugar Creek and Independence. BP offered the homeowners 125 percent of market value and implemented a rent-to-own program on 14 of the homes.

Plans are now in the works whereby BP will donate the non-contaminated properties to the Sugar Creek Community Development Corporation for development as a new home subdivision referred to as Woodside Glen. Success of this new home subdivision may provide a stimulus for additional rehabilitation of existing homes and new construction within the Corridor Study Area.

Senior Housing

Senior housing, taking the form of independent and assisted living, is a component of urban revitalization efforts in communities throughout the country. According to the 2000 Census, seniors (65+ years old) accounted for 17.2 percent of the Corridor Study Area population. Single-person households account for over half of the Corridor's 2,076 senior households. The large senior population and single-person households suggest a growing demand for independent and assisted living housing.

Finding appropriate housing at affordable prices can be difficult for many seniors. The federal government and State of Missouri have established several programs to assist seniors with these housing needs. Subsidized housing programs are administered through the Department of Housing and Urban Development (HUD), Missouri Rural Development (formerly Farmers Home Administration), and the Missouri Housing Development Commission (MHDC). The programs assist in the development of affordable housing utilizing separate eligible guidelines based on income, family size, employment status, and other factors.

A HUD subsidized 57-unit independent living community opened in January 2003 on Huttig Avenue adjacent to the Fairmount Business District. The community has reached 96.5 percent occupancy with a waiting list reported. This strong demand and the Corridor's large population of single-person senior households suggest additional senior housing alternatives are needed.

Due to the Corridor's large and growing senior population (see page 2-5) a senior housing component should be incorporated into redevelopment plans for the U.S. 24 Highway Corridor. The most appropriate location would be at the fringe or just outside the Fairmount Business

District, allowing residents convenient access to the retail and recreational facilities. Senior housing could be used as an ideal transitional land use between the Fairmount Business District and surrounding residential neighborhoods.

Forecast Housing Demand

Re-populating the Corridor Study Area will be critical in fostering improved housing and commercial market conditions. Despite the declining population, new residential construction is expected to be supportable in the form of small infill subdivisions (i.e., Woodside Glen) and individual single-family homes and multi-family housing. Incorporating housing into mixed-use projects is also another viable option to increase the Corridor Study Area housing stock.

To achieve a minimum threshold of new commercial development it has been estimated that the Corridor Study Area must be re-populated with 3,900 additional residents through the year 2020. This new population growth will originate by both new home construction and the gradual conversion of single-occupancy households to households with children. To accomplish this level of re-population an estimated 750 new housing units must be constructed.

According to the 2000 Census, the Corridor Study Area housing stock totaled 7,642 dwelling units. Land designated for low and medium-density residential accounts for 99.3 percent of the Corridor Study Area and occupies 1,187 acres of residential land. High-density residential land totals just 8.2 acres. The metropolitan Kansas City housing stock mix includes 71.9 percent single-family homes and 21.2 percent multi-family dwelling units. Given the infill nature of the Corridor Study Area multi-family housing will account for the bulk of new housing units. The multi-family housing will include both owner-occupied and rental product. Based on income levels the mix is forecast at 60 percent owner-occupied and 40 percent rental housing. Housing demand forecasts through the year 2020 are depicted in Table 2-20.

Through 2020, the Corridor Study Area is forecast to absorb an additional 450 owner-occupied housing units. Because of the Corridor Study Area's below average income levels the greatest demand will be for entry-level housing priced under \$125,000, accounting for an estimated 295 housing units, or two-thirds of all owner-occupied demand. Demand for move-up housing priced from \$125,000 to \$200,000 has been estimated at 135 dwelling units.

Income levels suggest considerable demand for both market-rate and assisted rental housing will also materialize through 2020. Currently, one-third of Corridor Study Area households earn less than \$25,000 per year, which isn't sufficient to financially support the purchase of a single-family home. These households are perpetual renters. Through 2020 demand for an additional 300 rental units in the Corridor Study Area has been forecast. Assisted rental housing renting for under \$500 per month is estimated to account for 40 percent of all rental housing demand, or 120 dwelling units. Meanwhile, the demand for market rate rental housing renting for \$500 to \$700 per month is forecast to total 120 dwelling units, with units renting for over \$700 per month totaling 60 dwelling units.

Table 2-20 Forecast New Housing Demand by 2020 Corridor Study Area

	Total Units	% of Total
Owner-Occupied Housing Units		
Entry-Level Housing: \$70,000 - \$100,000	135	18.0%
Entry-Level Housing: \$100,000 - \$125,000	160	21.3%
Move-Up Housing: \$125,000 - \$200,000	135	18.0%
High-End Housing: \$200,000+	20	2.7%
<i>Total Owner-Occupied Housing Demand</i>	450	60.0%
Rental Housing Units		
Rents Under \$500	120	16.0%
Rents \$500-\$700	120	16.0%
Rents \$700+	60	8.0%
<i>Total Rental Housing Demand</i>	300	40.0%
<i>Total Housing Demand</i>	750	100.0%

Source: Canyon Research Southwest, Inc.

Residential Housing Site Evaluation

The Corridor Study Area has been evaluated for its potential to support apartments, townhouses and detached housing development based on the following site selection criteria:

Physical Attributes of the Site

A potential single-family subdivision or multi-family residential site should be level with all utilities. Also, a rectangular shape is desirable to promote efficient land planning. A location adjacent to an amenity such as a lake, golf course or park/greenbelt can enhance a residential site's marketability.

Potential residential sites within the Corridor Study Area are generally flat and serviced with the necessary utilities and street access. The proposed Woodside Glen subdivision in Sugar Creek benefits from rolling topography, heavy tree cover and incorporated open space. Potential redevelopment of Crisp Lake could offer lakeside building sites. The attraction of the Corridor Study Area as a potential residential location stems from the infill opportunities, ability to assemble suitable development sites, and close proximity to schools, places of worship, government offices, freeway corridors and employment centers. Site constraints include small residential lots, poor housing stock and deteriorating public infrastructure.

Parcel Size

Most developers of large-scale apartment properties prefer a site capable of supporting a minimum of 150 dwelling units so that inclusion of a common area amenity package (i.e., clubhouse, swimming pool, spa, fitness center and security) is financially feasible. At an average density of 20 dwelling units per acre, a minimum 7.5 - acre site is required. Given this size requirement and the need to assemble development sites will place considerable constraints on the ability to accommodate large-scale apartment development within the Corridor Study Area. Instead, small, lower amenity apartment development may be more appropriate. Apartment development as a component of a mixed-use project is also another alternative. Within the Corridor Study Area freestanding apartment development is best suited adjacent to U.S. 24 Highway and within designated commercial redevelopment nodes.

Builders of townhouse and condominium housing prefer a development site capable of supporting a minimum of 50 dwelling units so that the inclusion of a common area amenity package (i.e., clubhouse, swimming pool, spa, fitness center, tennis courts, security, etc.) is economically viable. At an average density of 10 to 12 dwelling units per acre, a minimum 4.0 to 5.0-acre site is needed. The most appropriate locations for townhouse and condominium development within the Corridor Study Area are consistent with those identified for apartments. Redevelopment of Crisp Lake with attached, for-sale housing may also be an option.

There is not a true rule of thumb for the required lot yield of potential single-family subdivision sites, particularly when community amenities are not included in the development plan. Considerable infill opportunities exist, including the proposed Woodside Glen subdivision and construction of individual homes on vacant lots and deteriorated properties.

Access and Visibility

The Corridor Study Area possesses excellent regional and local vehicular access. U.S. 24 Highway offers access to both Interstate 435 and MO 291. Major streets such as Noland Road and Sterling Avenue provide for excellent local access.

Potential apartment and townhouse sites should possess visibility via a major arterial so that an adequate marketing window can be provided. For single-family subdivision sites major arterial visibility is important, but not necessary. The visibility issue is less important when it relates to urban residential infill development. Potential multi-family sites along such well traveled streets as U.S. 24 Highway and Sterling Avenue would be most marketable.

Proximity to Employment and Services

Large and growing employment centers located in close proximity are critical when evaluating a potential single-family and multi-family residential site. While the Corridor Study Area doesn't house a large employment base, it is located in close proximity to such employment centers as the Independence Center hub and Interstate 70 and 435 corridors. The success of the Bluffs at

Sugar Creek Business Park in attracting jobs will have a significantly positive impact on the future marketability of housing within the Corridor Study Area. Schools, places of worship and recreational amenities are located within or in close proximity to the Corridor. The lack of a modern grocery and day-to-day goods and services within the Corridor Study Area is an issue.

Compatible Adjacent Land Uses

Existing and proposed land uses immediately adjacent to a potential residential site must be compatible. Compatible land uses with multi-family housing include single-family homes, retail, professional office and light business parks. Single-family housing works best when positioned adjacent to slightly higher density transitional multi-family housing. Adequate setbacks and landscaping can minimize any adverse impacts on single-family housing from commercial and employment-related land uses.

Competitive Residential Market Summary

The attraction of the Corridor Study Area as a potential location for infill residential development stems from the ability to assemble suitable development sites; high rate of property reinvestment occurring in the Corridor's eastern half; presence of parks, open space corridors, and Crisp Lake; and close proximity to schools, places of worship, government offices, freeway corridors and employment centers. Constraints facing infill residential development include lack of neighborhood shopping, Kansas City School District reputation in the western half of the Corridor Study Area, low property values, poor market perception, and deteriorating public infrastructure.

Current Corridor demographics and housing values suggest that initial new home construction should target entry-level product. Income levels indicate demand is the strongest for new housing priced from the \$90s to mid-\$100s. Government or other forms of assistance may be necessary to facilitate financially feasible development of entry-level housing.

The proposed Woodside Glen subdivision in Sugar Creek offers an excellent opportunity to create momentum for infill housing development within the Corridor. The site's sloping, tree-covered terrain provides for an attractive setting for subdivision development. The large inventory of home sites affords the opportunity to create a critical mass of housing and positively influence property values in the surrounding neighborhoods. The property surrounding Crisp Lake also provides for an excellent opportunity for infill housing. The lake amenity would be very desirable for new housing and the close proximity to the Fairmount Business District would provide easy access to a mixed-use urban center.

The opportunity for infill housing development throughout the balance of the Corridor Study Area also exists through development of vacant lots and redevelopment of deteriorated properties. Infill development opportunities are particularly attractive within the eastern half of the Corridor given the presence of the Independence School District, escalating rate of residential property investment, and higher home values.

Parcel size requirements and the need to assemble development sites will place constraints on the ability to accommodate large-scale multi-family development within the Corridor Study Area. Instead, small, lower amenity development may be more appropriate. Multi-family development as a component of a mixed-use project is also another alternative. Multi-family residential development is best suited adjacent to U.S. 24 Highway and within designated commercial redevelopment nodes. Redevelopment of Crisp Lake with attached, for-sale housing may also be an option.

Through 2020, the Corridor Study Area is forecast to absorb an additional 450 owner-occupied housing units with the greatest demand for entry-level housing priced under \$125,000 accounting for two-thirds of the new demand. Move-up housing priced from \$125,000 to \$200,000 has been estimated to capture 30 percent of owner-occupied housing demand.

Currently, one-third of Corridor Study Area households earn less than \$25,000 per year and are perpetual renters. Through 2020, demand for an additional 300 rental units in the Corridor Study Area has been forecast. Assisted rental housing renting for under \$500 per month is estimated to account for 40 percent of all rental housing demand, or 120 dwelling units. Meanwhile, the demand for market rate rental housing renting for \$500 to \$700 per month is forecast to total 120 dwelling units, with units renting for over \$700 per month totaling 60 dwelling units.

The Corridor Study Area supports a large senior population, suggesting a growing demand for independent, assisted living and congregate care housing. Through 2020, the Corridor Study Area is forecast to absorb an additional 175 to 350 senior housing units. Below average levels of senior housing units suggest a need for subsidized senior housing. The construction of new senior housing would make housing units formerly occupied by seniors available for occupancy by larger households, assisting in re-population of the Corridor Study Area.

C. Market Study Recommendations

Based on the study findings, potential redevelopment opportunities for the Corridor were identified, as well as specific redevelopment sites/locations.

Market Positioning

The U.S. 24 Highway Corridor once served as a major retail and business location catering to area residents and highway vehicular traffic. Like so many first-tier suburbs, over the past several decades as new transportation corridors were constructed and the major employers that once served as the principal economic engines closed, the Corridor's economic base, housing stock, public infrastructure, and population demographics have deteriorated. The Corridor's population is also aging in place which has hampered retail trade and produced a growing trend in absentee property owners and rental housing (a growing number of homes once occupied by seniors have

been sold to investors and operated as rental housing or those inheriting the homes have placed them in the rental market because the homes were difficult to sell or had no underlying mortgages). The Corridor is now one of Independence's most blighted areas.

The vision of the Corridor is to create a mixed-use urban environment offering a blend of economic, governmental, cultural, recreation, housing and pedestrian activities. Several "activity centers" should be created, each of which targeting a specific market niche (i.e., civic, cultural, shopping, housing, etc.). The Corridor's market positioning can leverage off its historical context, presence of the Truman Presidential Museum & Library, and growing ethnic population.

This report has identified three primary redevelopment nodes within the U.S. 24 Highway Corridor, including: 1) Fairmount Business District/Crisp Lake; 2) U.S. 24 Highway and Sterling Avenue; and 3) U.S. 24 Highway and River Boulevard. In implementing the vision the three primary redevelopment nodes would target distinctive market niches.

The Fairmount Business District's history, unique architecture and growing ethnic population offers the potential to position itself as both a provider of goods and services to the local neighborhoods as well as a regional shopping and entertainment destination. Given its central location within the corridor and crossroad of two major transportation corridors, the U.S. 24 Highway and Sterling redevelopment node is best positioned to serve as the principal "neighborhood" shopping destination supporting such day-to-day retail needs as a supermarket, drug store, and general merchandise. Finally, the U.S. 24 Highway redevelopment node is also suited as a "neighborhood" shopping destination; however, the proximity of the Truman Presidential Museum & Library and other heritage sites also provides the opportunity to cater to tourists.

When implementing the vision for the U.S. 24 Highway Corridor, the following issues should be addressed:

- Enhancing the Corridor's housing stock must be a priority with the goal of improving living conditions, increasing property values, and stimulating population growth. The first step would involve stabilizing the existing housing stock through property repair and code enforcement. The second phase would involve upgrading the existing housing stock through investing in major improvements (i.e., new roof), building additions and public infrastructure. The last step would involve new home construction;
- Improving the Corridor's demographics (i.e., population and income levels) through new residential construction and re-populating single-person homes with larger households will be the key to expanding the retail base and business community. Before the Corridor's retail base can be revitalized population and income levels must rise;
- Increasing the housing stock through infill development will be a key component in enhancing the urban environment and economic vitality of the entire Corridor. A mix of housing stock is recommended, including senior housing, high-density single-family and

townhouses, small apartment properties, and entry-level housing. A neighborhood that offers a balanced mix of housing types and prices will return more value to the community, to the residents, and to the developer. A wide variety of building types, plans and prices enhances value by broadening the market, while careful design and planning ensure no loss of control over quality, construction phasing or economies of scale. This approach to the market will increase absorption while creating an attractive, aesthetically diverse neighborhood that avoids the “cookie cutter” syndrome;

- Infill housing within the Corridor should occur at medium and high densities. This strategy will improve the economics of home building, provide for a more urban environment and foster a growing population. Recommended average densities are 5.0 to 7.0 dwelling units per acre for single-family homes; 10.0 to 12.0 dwelling units for attached townhouses; and 18.0 to 22.0 dwelling units per acre for apartments;
- Emphasis on commercial infill development, benefiting the Corridor by increasing employment and tax revenues, providing residents and visitors with much needed goods and services, and improving aesthetics. Priority should be placed on attracting a large employer into the Corridor that would generate demand for housing, goods and services. The Bluffs at Sugar Creek business park proposed by BP could serve as a major economic engine for the Corridor by attracting new companies and jobs;
- Reduce the strip commercial appearance of the U.S. 24 Highway frontage by introducing residential housing and recreational open space in strategic areas. Emphasis should be placed on creating several compact mixed-use urban centers fostering a pedestrian environment. Particular emphasis should be placed on redevelopment of the Fairmount Business District;
- Emphasis should be placed on incorporating open space and recreational uses into the Corridor in an effort to create an increased sense of place and community, improve market perception, and differentiate the Corridor from other suburban locations. Potential uses include walking and biking trails along the stream corridors; neighborhood pocket parks; redevelopment of Crisp Lake; and sidewalks linking the commercial redevelopment nodes with the surrounding residential neighborhoods;
- Create pedestrian and public transportation linkages between the Corridor and other “urban centers” such as Independence Square and Englewood District.
- Cooperation between the governments of Independence and Sugar Creek to assure the proper planning and development of the Bluffs at Sugar Creek business park, the Woodside Glen residential subdivision, and the intersection of U.S. 24 Highway and Sterling Avenue. Successful development of these sites with employment and residential uses will have a profound affect on the future image and marketability of the Corridor;

- Public infrastructure must be upgraded, including streets, utilities, and parks. Initial phase could involve streetscape improvements within the Corridor’s recommended commercial redevelopment nodes; and
- Increased emphasis on redevelopment of the “gateways” into the Corridor.

Forecast Real Estate Demand

Demand for commercial and residential space within the Corridor Study Area has been forecast through the year 2020 in effort to quantify the level of future development opportunities.

Commercial Land Uses

The Corridor Study Area currently supports 376,000 square feet of retail space (includes anchored shopping centers, strip commercial and freestanding retailers), including 108,000 square feet of anchored shopping center space. The existing population base can support an estimated 445,000 square feet of retail space, suggesting the Corridor Study Area is currently experiencing considerable retail sales leakage.

The three primary redevelopment nodes along U.S. 24 Highway at River Boulevard, Sterling Avenue and the Fairmount Business District are currently capable of supporting an additional 76,000 square feet of shopping center space. Assuming no further population decline and the re-population of 3,900 residents, by 2020 the Corridor Study Area is forecast to absorb an additional 103,000 square feet of retail space. Of this new retail space demand, the three redevelopment nodes are forecast to support 43,000 square feet of shopping center space with the remaining 60,000 square feet of retail space taking the form of strip centers and small freestanding retailers such as restaurants, banks, auto parts stores, and convenience stores.

The most viable retail formats supportable within the Corridor Study Area’s three primary redevelopment nodes include neighborhood, strip and specialty centers. The U.S. 24 Highway intersections at River Boulevard and Sterling Avenue represent the most viable neighborhood shopping center redevelopment sites.

The primary trade area demographics for each potential neighborhood shopping center redevelopment site are sufficient to support 40,000+ square feet of supermarket space, which greatly exceeds the size of both existing supermarkets (Apple Market and Thriftway). Rather than supporting new neighborhood shopping center development at the U.S. 24 Highway intersections at Sterling Avenue and River Boulevard, a viable redevelopment option is expanding the existing shopping centers with 40,000+ square foot modern supermarkets and additional shop space. The small shop space would be designed to house such neighborhood-based businesses as restaurants, dry cleaners, beauty salons, video rentals, cards and gifts, home electronics, florists and bike shops.

The potential is limited for the U.S. 24 Highway Corridor to support 100,000+ square foot freestanding big-box retailers such as discount department stores and home improvement stores. The primary constraint is the ability to assemble a 15 to 25-acre development site. The northwest corner of U.S. 24 Highway and River Boulevard represents the only potential big-box retailer site within the Corridor Study Area.

Office tenants comprise only a small portion of the business community operating along U.S. 24 Highway. The small professional office market stems from poor market perception; absence of freeway exposure; reduced access to the necessary labor pool; and small inventory of existing office space, executive housing, and support services. Re-population of the Corridor Study Area could generate demand for such service-related businesses as insurance agents, financial planners, and travel agents. Through 2020, the Corridor Study Area is forecast to absorb an additional 32,800 to 36,900 square feet of professional office space. This new office space demand stems from the anticipated population growth within the Corridor Study Area. One of the attractions of the Fairmount Business District as an office location is the potential to support a mixed-use urban center.

Heritage tourism represents the primary source of hotel room demand within the Corridor Study Area. The presence of a hotel would assist in capturing tourism expenditures within the Corridor Study Area. However, due to the narrow hotel room demand within the Corridor Study Area financial incentives may be required to foster future hotel development. Through the year 2020, additional demand for hotel rooms within the Corridor Study Area is estimated at 30 to 45 hotel rooms. Lodging alternatives include a small boutique hotel or small bed and breakfast establishments.

Residential Land Uses

Through 2020, the Corridor Study Area is forecast to absorb an additional 450 owner-occupied housing units with entry-level housing priced under \$125,000 accounting for two-thirds of the new demand. Move-up housing priced from \$125,000 to \$200,000 has been estimated to capture 30 percent of owner-occupied housing demand. Financial incentives may be necessary to facilitate new entry-level housing.

Currently, one-third of Corridor Study Area households earn less than \$25,000 per year and are perpetual renters. Through 2020, demand for an additional 300 rental units in the Corridor Study Area has been forecast. Assisted rental housing renting for under \$500 per month is estimated to account for 40 percent of all rental housing demand, or 120 dwelling units. Meanwhile, the demand for market rate rental housing renting for \$500 to \$700 per month is forecast to total 120 dwelling units, with units renting for over \$700 per month totaling 60 dwelling units.

The Corridor Study Area supports a large senior population, suggesting a growing demand for independent, assisted living and congregate care housing. Through 2020, the Corridor Study Area is forecast to absorb an additional 75 to 150 senior housing units. Below average income

levels suggest a need for subsidized senior housing. The construction of new senior housing would make housing units formerly occupied by seniors available for occupancy by larger households, assisting in re-population of the Corridor Study Area.

Redevelopment Opportunities & Potential Sites

Three potential commercial redevelopment nodes have been identified within the U.S. 24 Highway Corridor, including: 1) Fairmount Business District; 2) U.S. 24 Highway and Sterling Avenue; and 3) U.S. 24 Highway and River Boulevard. In addition to these activity nodes, the issues of corridor “gateways” and residential redevelopment were addressed.

Fairmount Business District

Given its unique architecture and history the Fairmount Business District affords the opportunity to support a mixed-use urban center. The Fairmount Business District and Crisp Lake should be incorporated into one redevelopment node, creating the opportunity to support a mix of retail, restaurants, senior housing, apartments, attached townhouses or row houses, and public space. Expanding the current inventory of commercial space and housing units will be essential in creating a vibrant and successful urban center.

The potential exists for the Fairmount Business District to provide goods and services to the local neighborhoods as well as serve as a regional shopping and entertainment destination. Examples of neighborhood-based businesses include restaurants, beauty salons, furniture and home furnishings, dry cleaners, apparel and accessories, bookstore, bike shop, physicians, lawyers, accountants, insurance, and financial services.

The area’s growing ethnic population can serve as a cornerstone for establishing the Fairmount Business District as a regional shopping and entertainment destination through incorporating ethnic restaurants, markets, crafts, and festivals. Complementing the ethnic market niche, the Fairmount Business District could also serve as a “cluster” for artists and antique dealers, both of which are drawn to inexpensive, and unique urban space. In addition to housing artists and antique dealers in the existing commercial space along U.S. 24 Highway, the single-family homes adjacent to the Fairmount Business District could be converted into live-work space. The low housing values could be an incentive to attracting artists and antique dealers. A unique cultural “district” could be created within the adjacent residential neighborhoods.

The Fairmount Business District currently supports 33,000 square feet of commercial space. Through 2020, the Fairmount Business District is forecast to support an additional 40,000 to 50,000 square feet of retail space, 10,000+ square feet of office space, 150 to 200 multi-family housing units, and 50 to 75 senior housing units.

Redevelopment guidelines for the Fairmount Business District are summarized in the bullet points below:

- Public infrastructure improvements, including an enhanced streetscape featuring additional landscaping and public space, sidewalks connecting to adjacent residential neighborhoods, and a trail system along the power line easement;
- Provide additional public parking and directional signs;
- Establish critical mass of commercial space by assembling building sites capable of supporting mixed-use development. Potential options include razing the one-story structures on the north side of U.S. 24 Highway and assembling the adjacent automotive and industrial properties into one contiguous redevelopment site;
- Construct a mix of new housing, including senior housing, apartments, and row housing or townhouses; and
- Government financial assistance may be required to facilitate the rehabilitation or redevelopment of existing commercial structures.

U.S. 24 Highway & Sterling Avenue

Given its central location within the Corridor and crossroad of two major transportation corridors, the U.S. 24 Highway and Sterling Avenue redevelopment node is best positioned to serve as the principal “neighborhood” shopping destination supporting such day-to-day retail needs as a supermarket, drug store, and general merchandise. Successful development of the Bluffs at Sugar Creek with R&D and light manufacturing businesses will also enhance the potential of the U.S. 24 Highway and Sterling Avenue redevelopment node to accommodate such support retail businesses as restaurants, day care center, copy center and office supply store.

The U.S. 24 Highway and Sterling Avenue redevelopment node is also well positioned to capture retail sales originating from the drive-by highway traffic. The principal retail businesses benefiting from the highway traffic include fast food restaurants and convenience stores.

Multi-family housing is also envisioned for this redevelopment node. The principal challenge in facilitating urban development at this intersection is creating feasible building parcels given the severely sloping topography.

U.S. 24 Highway & River Boulevard

The eastern half of the Corridor Study Area houses the Truman Presidential Museum & Library and supports the best housing stock and population demographics. The intersection of U.S. 24 Highway and River Boulevard has been identified as a potential redevelopment node featuring retail, residential, recreational and tourism-related development. The 24 Hi-Way Shopping Center at the northwest corner of 24 Highway and River Boulevard affords the opportunity for future redevelopment into an expanded neighborhood shopping center anchored by a modern 40,000+ square foot supermarket.

Western & Eastern Gateways

To enhance the image of the U.S. 24 Highway Corridor, the planning and development of “gateways” at each end is recommended. The “gateways” will create a sense of arrival and set the tone for redevelopment efforts throughout the balance of the Corridor.

The primary asset of the Corridor’s western gateway is its natural setting. The area surrounding Rock Creek and the Mt. Washington Cemetery offers an excellent opportunity to create a natural gateway feature through development of a public recreation and open space. Potential public improvements include a parking lot, restroom and food service facilities, transit station, playscape, and a trail head. Commercial development could include a bike shop and restaurant overlooking Rock Creek. The western “gateway” could become a major public gathering place.

The Corridor’s eastern “gateway” has been defined as the Truman Presidential Museum & Library and adjacent McCoy Park. This tourism and recreation “destination” could be enhanced by improving the public infrastructure and introducing such “tourism-related” uses as restaurants and other heritage tourism enterprises. The existing streetscape elements should be continued westward to River Boulevard. A primary goal should be to capture and retain a larger tourism market.