

Streetcar Impact Analysis TDD Questionnaire December 2014

Summary:

Over the course of three months, by way of email and phone, 34 individuals representing 46 projects in the Transportation Development District (TDD) responded to the Kansas City Streetcar District Questionnaire. The questionnaire accounted for over \$750 Million in total private investment. Respondents linked over \$609 million in private investment to the planned streetcar line as either a positive or major positive influence in their location decision. Note that responses were not received for several developments and the survey as implemented has not captured the full extent of economic activity in the TDD. The questionnaire results do indicate that directly contacting the business community is a promising method for assessing the impact of public investment on private investment decisions.

Responses:

There are over 110 relevant projects identified in the TDD. In the survey process responses were solicited from 70 of these. This figure does not represent all of the projects in the TDD that warrant contacting. For instance, the only surveyed projects identified as “lease renewals” were those with contacts provided by the EDC. Other lease renewals and projects identified as “tenant finish” have not been surveyed. Also, some large developments, such as CISCO, were not contacted due to a lack of contact information.

Responses were received from 41 projects representing 45 distinct addresses from 34 respondents. 3 respondents indicated that their project began before the TDD was announced. One respondent is located outside of the TDD.

All together, the Streetcar District Questionnaire accounted for \$759.2 million in private investment at 45 addresses. \$60 million of this is not related to the streetcar project. 24 respondents, responsible for \$609.3 million in private investment, indicated that the streetcar was a positive or a major positive factor in their location decision. That is, \$609.3 million was linked directly to the streetcar. The streetcar was a major positive factor related to 7 projects and over \$325 million. Note that some of this investment is prospective and the corresponding projects are yet to begin.

The questionnaire accounted for between 1,075 and 1,112 new jobs linked to the streetcar. 250 retained jobs can be added to this figure. The annual salaries of these new positions is estimated to be between \$51M and \$53M annually. This represents over \$500,000 a year in annual 1% earnings taxes.

Survey Motivations:

Despite the wave of new streetcar installations in the US there has been only a trickle of analysis as to their economic impact. Additionally, the degree to which ongoing projects in other cities can be used to understand effects in Kansas City is limited. This raises the question of how to make a warranted assessment of the current development impact of the new Main Street Line. Some “public interest groups” doubt the veracity of the streetcar as an efficient driver of development. Taken as a sincere

interest in public well-being, the concerns of the citizens should be addressed. What data is available that links the streetcar to private investment that can be shared with the public?

There is an ongoing inventory of public records of investment relevant to the TDD, and public statements by developers on a Google doc maintained by Kansas City BizCare. This centralized accumulation of publicly available data is necessary and useful but incomplete by nature. Relying only on the public statements of the business community will always yield imperfect data. Incentives exist to misstate total investment to the press. Public filings for permit application state only a fraction of the total cost. If public statements do not mention the streetcar directly it is impossible to know if this indicates over-site, indifference or disfavor toward the streetcar.

The Streetcar District Questionnaire attempts to deal with these issues by taking an active approach to the collection of data. It exists to link the Streetcar with private investment and job creation. Asking developers directly about the impact of the streetcar on their location decision and for an estimate of their total investment potentially avoids some of the issues of “passive” data collection.

Timeline of Survey Implementation:

August 19: Attend organizational meeting at the KC BizCare office with other interested parties regarding the tracking of the impact of the streetcar project. Introduced to the ongoing project of documenting economic activity and public statements regarding the impact of the streetcar on development decisions in the Transportation Development District. Given access to the TDD google doc maintained by KC BizCare staff.

Early September: Hired by the Economic Development Corporation of Kansas City to develop and implement the Streetcar District Survey. Given a draft survey to turn into questionnaire and contacts for developments listed on the TDD spreadsheet.

Starting late September: Implement Survey by email and phone. Identify major projects. Request additional contacts and assistance from EDC staff members towards surveying these projects.

Beginning mid-November: Collected data is assembled and initial analysis performed. Last push for responses with assistance from EDC staff.

December: Data collection completed. Analysis and report completed.

Methodology:

The Kansas City Streetcar District Questionnaire was implemented through a combination of telephone and email communication. A short message from the mayor was included with the email solicitations. With few exceptions cold calls and blind emails elicited no response. The contacts and assistance provided by the EDC staff were particularly useful. Follow up emails by the EDC staff, urging participation immediately following initial emails, were effective in generating responses. The questionnaire's high response rate seems largely due to the effective relationships of Bob Long, Gary

Sage and Drew Solomon with the business community.

The overwhelming majority of developments targeted for contact came from developments identified on the TDD Google doc. Three exceptions to this deserve notice as they point toward expanded methods of survey implementation. One development was identified through personal interaction with the Downtown Council. One unsolicited response was received after a survey respondent passed the questionnaire on to an acquaintance. One contact was identified by consulting online mapping services. Each of these examples suggests a method to expand the scope of the survey in the future.

The Streetcar District Questionnaire is six questions long. It was not uncommon for a survey to last less than five minutes. It is assumed that the brevity of the survey positively contributed to response rates. The survey could last as long as ten minutes due to the respondent asking clarifying questions, the discussion of the streetcar project in general, or long answers to question six.

The Questionnaire begins with establishing a clear record of who is being interviewed and their role at the company in question. In some cases this meant asking a company president his title. The company or development address as well as email and phone number was established prior to the interview.

Question One asks the interviewee to confirm that the development decision was made in a time frame relevant to the investigation. The specific verbiage of the report asks if the decision was made “recently”. If asked for clarification it was indicated that recently referred to October 2012, a few months after voters approved the streetcar plan. The specific wording of this question mentions expanding or locating “operations” in Downtown Kansas City, as well as renewing an “existing lease”. It does not explicitly mention real estate investments and this caused some confusion. If the survey continues the question should be changed to include real estate investments.

Question Two uses a Likert Scale to determine the degree of influence the streetcar had on the development location decision. The scale runs one to five; five being “a major positive influence” and one indicating the “streetcar was a negative factor”. The specific terminology was read out loud to every interviewee over the phone. This question links the streetcar to the development decision and it is appropriate that discussion of the survey's findings reflect this question's terminology: “To what degree was your location decision influenced by the planned streetcar line?”

Question Three gives the respondent the choice of describing their investment as one of the following: Real Estate Investment, Existing Business Expansion, Lease Renewal or New Business Location. Space is provided to describe the project in a more personalized way. Question Four restated question three and asked for the number of new jobs created and their average salary, as well as total investment. Question Five asks if respondents are willing to share their information publicly.

Quotes from Developers:

Although question six asks specifically for other factors related to the investment decision in some interviews it became an open ended discussion of Kansas City. The survey process is an exercise in directed listening, this question the most of all. Entering the survey process it was expected that respondents unhappy with the streetcar would take this opportunity to complain about the streetcar, but that did not happen. The developers that ranked the streetcar as having a negative impact on their location decision mentioned the current disruption of normal traffic flows and expressed skepticism

about streetcar's pricing structure, but not disapproval of the project in total.

Most of the collected comments are superlatives about Kansas City. One developer with long experience in the metropolitan area said what the City is doing is “phenomenal” and “Kansas City is on Fire.” He stated that he is “completely sold on the city.” Another respondent said directly “We chose to develop an apartment building on the site because of the proximity to the streetcar line.”

Many developers spoke of the importance of the crossroads or the river market neighborhood to their employees and customers. Employers and developers were quick to mention these areas appeal to the millennial demographic. Others mentioned that these neighborhoods were exciting places to be involved in. Still other developers mentioned the importance of tax incentives to make their developments possible.

These quotations capture the general feeling of the survey responses. A developer of a residential conversion said he is “Cognizant and aware of the streetcar. It helps our business plan significantly.” Another respondent said the streetcar did not factor into their plans but they are “happy about the stop nearby.”

Reading through the survey responses it is clear that the streetcar is understood as a nice amenity, one of the positive features of the downtown area. It is worthwhile to quote this respondent at length. “Downtown has seen a large number of positive investments in the last decade both public and private in nature, namely the Sprint Center, the Power and Light District, and now the streetcar. The area has begun to take life, which paired with the millennial demographic entering the rental market and the revitalization of the Crossroads Area has set the stage for our multifamily development. Urban infill development is costly and presents many challenges, and our project was particularly difficult. The city and taxing jurisdictions stepped up with the appropriate economic development tools to allow this project to happen.”

Looking Forward:

There are many directions to take this research going forward.

- Continue the implementation of the survey as is, soliciting responses from the large developments (Cisco, the Folgers Block, Sporting Innovations, etc.) that have not been contacted.
- Shift the questionnaire's focus toward new and existing businesses to pick up new job creation.
- A new survey could be undertaken to assess the economic impact of these new developments based on the estimated earnings taxes of the new residents.
- Design a questionnaire to capture the impact of the streetcar on new TDD residents. Perhaps it could be automated part of the smart cities initiative?
- Expand this report into a scholarly paper that can be referenced by other social scientists and cities as they seek to assess the impact of other projects.