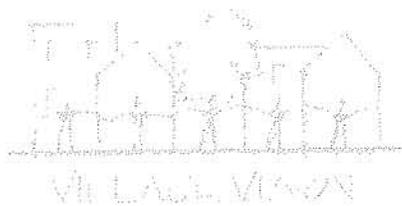


Strategic Investment Plan

VOLUME 2: APPENDICES
CITY OF PRAIRIE VILLAGE, KANSAS

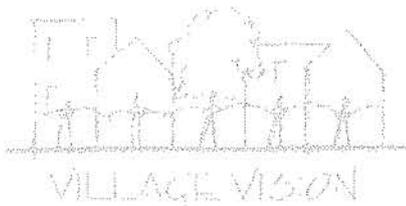
PREPARED BY
ACP-VISIONING & PLANNING, LTD.

IN ASSOCIATION WITH
ECONOMICS RESEARCH ASSOCIATES



Appendices

- A. Existing Conditions Report (Development & Redevelopment Conditions)
- B. Economic Report (Village Vision Strategic Investment Plan Market Analysis)
- C. Public Input
 - Idea Database
 - Participant Map
 - Strong Places, Weak Place Summary
- D. Bibliography
- E. Glossary



A. Existing Conditions Report

CITY OF PRAIRIE VILLAGE, KANSAS

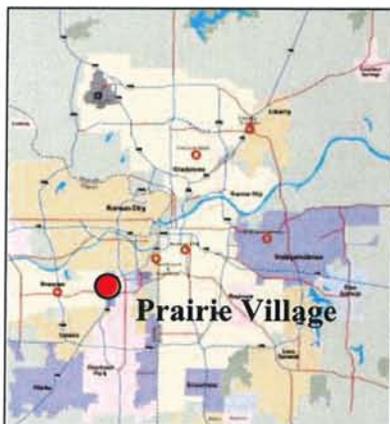
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Development & Redevelopment Conditions

This document was prepared to provide background development and redevelopment potential of Prairie Village as a part of the foundation of a new comprehensive plan.



Overview

Close to 99 percent of the land within the City of Prairie Village is developed or is committed to some type of land use. Like many “first tier” suburbs, Prairie Village is surrounded or “land locked,” by the boundaries of adjacent suburban communities, including Overland Park, Olathe, Desoto, etc. Unlike Prairie Village, many of these surrounding suburbs have vacant land available for development.

The fact that most of the land within Prairie Village is committed and the City’s boundaries are fixed does not preclude additional development. Redevelopment is certainly an option, but redevelopment needs to take place strategically by not only respecting but enhancing the relationship of one land use to another.

Land is a valuable resource and once committed to a use, it is often difficult to modify or change that use to another use. Using this resource, however, as efficiently as possible is a key to successful reinvestment. Efficiencies can be found in a number of ways. Mixing uses can save space by sharing land for parking. Building in a more compact pattern can

encourage other forms of transportation - walking, biking and transit – and reduce the need to provide space to store cars. Alternatives to on-site surface parking, including on-street parking, can also save space.

The purpose of this analysis is to gain a better understanding of how efficiently land is being used within the community. This includes general development character, the relationship of one use to another, and overall development intensities.

The following approach was used in the analysis:

- Isolate the factors contributing to the City’s character
- Identify the land use composition or the amount of land area by land use type or category
- Analyze the existing pattern of development (or the arrangement of land uses within the community) and the level of integration or segregation.
- Evaluate the overall development intensity and, in particular, the utilization of commercial land.
- Explain potential for improved land utilization by mixing and organizing uses in a more compact, neighborhood pattern and within walking distance of one another.

Context

Because of the time period in which most of the community developed (after World War II) and its location, the City of Prairie Village is considered one of the region’s ten inner or “first tier” suburbs. According to the *First Suburbs Handbook* (Mid America Regional Council, 2004), first suburbs are communities where “a majority of the housing was built just after World War II and limited undeveloped land exists within the city’s boundaries.”

Prairie Village is unique among the Kansas City suburbs. It was developed largely by one developer – J.C. Nichols - as a “planned” mostly residential or “bedroom” community to the larger Kansas City metropolitan area. Starting in the early 1940’s the community grew to 28,138 by 1970. By then, the community was almost fully developed and virtually surrounded by neighboring communities with little room to expand its boundaries. The population has since dropped to an estimated 21,887 persons (2005). This is due in large part to changing demographics (fewer persons per household), limited expansion area, and the out migration of residents seeking larger, more contemporary housing (page 5 and 6, *Market Analysis*).

The community faces a number of challenges in the future, many of which are shared by other first ring suburbs:

- Aging of neighborhood infrastructure
- Housing that is not competitive in today’s market place
- Commercial areas with comparatively low rents
- Difficulty in attracting investment



Elevated view of home near Franklin Park

Prairie Village also has a number of key attributes that set it apart from other suburbs:

- **Dense and mature urban forest within single-family neighborhoods**
Residential streets are lined with large, stately trees and interlocking canopies. Wide tree lawns add to their survivability and create a green ribbon along the roadway. Special landscaped islands create gateways to each neighborhood.
- **Extensive sidewalk system**
Very few communities, especially suburban communities, have provided sidewalks to the extent of those found in Prairie Village. This adds to the community's overall walkability and creates additional opportunities for linkages.
- **Well maintained property**
Citizens take pride in ownership, which is evidenced by the few number of properties in disrepair. Strong neighborhood associations and aggressive City policy have helped assure continued maintenance.

Land Use Composition

In order to identify areas where development or redevelopment opportunities exist, it is first important to understand how the land is currently being used from four different dimensions:

- The amount of land occupied by each land use type in proportion to the total land area;
- The location of each land use by type;
- The relationship of one land use type to another; and
- The intensity with which the land is being used.

The categories used in this analysis are similar to the general zoning classifications found in the City's Zoning Regulations. They include:

- Residential – single-family, multi-family, town homes, duplex and triplex units
- Public and semi-public
- Office commercial
- Retail commercial
- Utilities
- Parks and open space
- Vacant
- Rights-of-way

There are no industrial uses in the City, which is typical of most first ring suburbs. Office and commercial uses dominate the non-residential sector. This is reflected in the *Village Vision Comprehensive Plan Market Analysis* (page 6) where most of the employees working within the boundaries of Prairie Village work in the services sector (education, business, health, personal, legal, etc services. First ring suburbs were

developed to avoid the polluting effects of manufacturing, which were originally located closer to downtown.

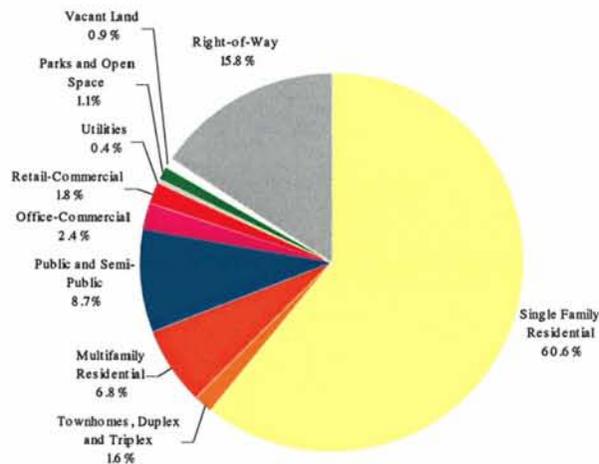
TABLE 1.1

Land Use	Area (Acres)	Ratio (%)
Total	4,925	100.00
Single Family Residential	2,601	60.6
Town Homes, Duplex and Triple	69	1.6
Multi-Family Residential	293	6.8
Public and Semi-Public	372	8.7
Office-Commercial	102	2.4
Retail-Commercial	77	1.8
Utilities	18	0.4
Parks and Open Space	49	1.1
Vacant Land	37	0.9
Right-of-Way	677	15.8

Vacant Land

Only 37 of the total 4,925 acres of land within the community are classified as vacant. This land is dispersed throughout the community, mostly on parcels of less than an acre. The opportunity to develop this land is limited not only by its size, but also by its location. Other undeveloped, (but not vacant) land, includes most of the public and semi-public land (8.7 percent, including the Meadowbrook Country Club) and land used for parks and open space (11 percent).

FIGURE 1.1: LAND USE



Source: City of Prairie Village

Residential

The predominate land use is residential, largely a reflection of when the community was developed and its original reliance on the downtown for employment, shopping and entertainment. Single-family residential makes

up over 60.6 percent of the land area. Upper Arlington, Ohio, a first ring suburb of Columbus has a similar percentage of 61.5 percent (see Appendix B). Single-family uses are also found along several of the City's major thoroughfares, including 75th Street and Mission Road. Many of the parcels occupied by these units have shallow depths which has prevented many from being converted to commercial use.

Multi-family residential occupies another 6.8 percent of the total land area. Town home, duplex and triplex units occupy 1.6 percent of the community. Along with multi-family uses, town homes and duplexes are found in major concentrations along the major thoroughfares and at the intersection of Mission Road and 79th Street.

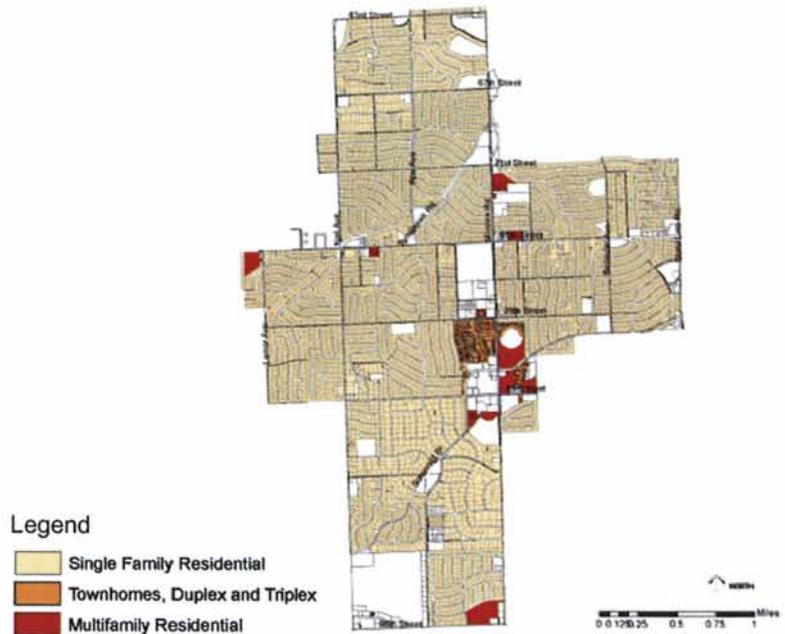
The *Market Analysis* (page 24) indicates that Prairie Village homes have fewer bedrooms, on average, than surrounding communities of Overland park and Leawood. According to residential real estate brokers, Prairie Village lacks an adequate stock of homes with four or more bedrooms, which are popular for maturing families. The few larger homes located in Prairie Village are immediately sold when placed on the market. As they mature, families are outgrowing their homes and moving to nearby towns.

The potential for expanding single-family uses to allow a floor plan that accommodates not only more bedrooms, but larger, more flexible floor space depends on 1) the current utilization of each lot and the building configuration; and 2) the maximum building area currently permitted by the zoning code.

Since the zoning code controls the maximum permitted building area, the amount of building area as a percentage of lot area or building coverage was calculated per residential zoning category. The two most prevalent zoning categories (which together make up over 69 percent of the area zoned within the City) include R-1A and R-1B. Only 14.0 percent of the total lot area in the R-1A district, on average, is covered by a structure. Lot coverage in the higher density R-1B district averages 17.1 percent. The maximum percentage of the "net" lot area, or lot area less right-of-way, permitted to be covered is 30 percent in these two districts as well as in the R-2, R-3, and R-4 districts.

Although it may be possible to double the building area to accommodate expansion on lots in these districts, setbacks also influence the amount of buildable area. It is also important to consider the visual impact expanding the livable area of these units will have on adjacent properties. The First Suburbs Coalition has developed a guide to assist owners and potential buyers of homes in first suburbs like Prairie Village with renovations to post-WW II housing (housing built between 1940 and 1970). The *Idea Book* examines four of the most common housing types found in Prairie Village — Ranch, Split Level, Two Story, and Cape Cod — and provides dozens of ideas for appropriate ways to update and make additions.

MAP 1.1: RESIDENTIAL LAND USE



Source: City of Prairie Village



View looking north along Mission Road at the Corinth shopping center in the foreground

Commercial

The commercial category includes both office and retail uses. Office and retail commercial uses occupy 4.2 percent of the total land area. Upper Arlington (see Appendix C) has 4.7 percent of its land area in commercial use. The low percentage of commercially used land is primarily because over half of the Prairie Village employment base works outside the City in Kansas City (31 percent) and Overland Park (24 percent). Office uses are primarily found along the major roadways and intersections, including 75th Street and Mission Road and adjacent to existing community scale retail centers (Corinth and Prairie Village). Other smaller neighborhood centers are, with the exception of the Somerset Plaza commercial center, located at major intersections and roadway corridors. The Corinth shopping center is located at the geographic center of the community, with the Prairie Village center located closer to the northern edge and directly adjacent to a single-family residential area.

Commercial development intensity is often measured as a ratio of the total floor area of a building to the total lot or site area. This is the Floor to Area Ratio or FAR. The higher the ratio the higher the development intensity. The following gives an average of the FAR for the following five retail commercial centers in Prairie Village:

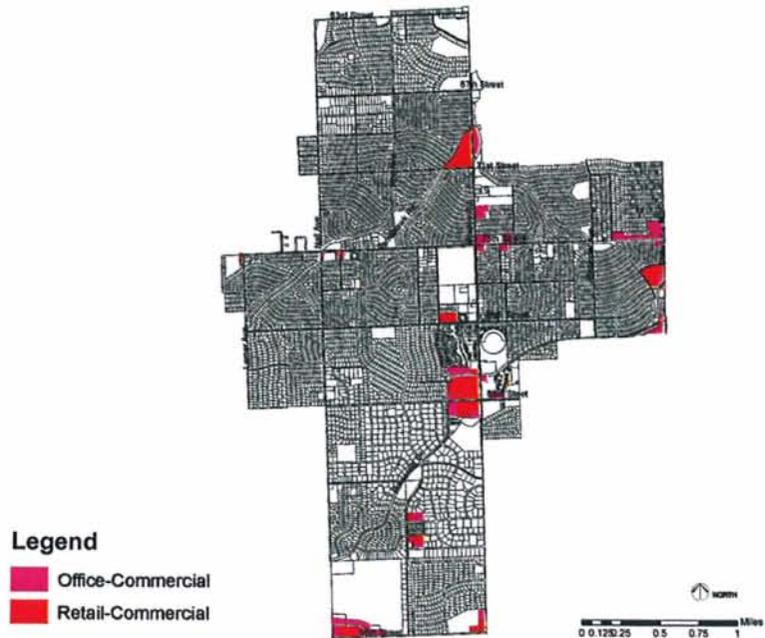
- Prairie Village: .35
- Meadowbrook: .28
- Corinth Shopping Center: .23

- State Line: .22
- Somerset: .19

The average intensity level ranges from .35 (Prairie Village) to .19 (Somerset). In Upper Arlington, Ohio FAR's ranged from .28 to .18 within its commercial areas. The Prairie Village 35 FAR is fairly high for suburban retail.

The intensity of commercial development is controlled primarily by the amount of required, on site parking. The Zoning Regulations require one space per 250 square feet. This is a fairly high commercial parking ratio, (when compared to a typical rate of one per 200 square feet) which may explain why Prairie Village has a .35 FAR.

MAP 1.2: COMMERCIAL LAND USE

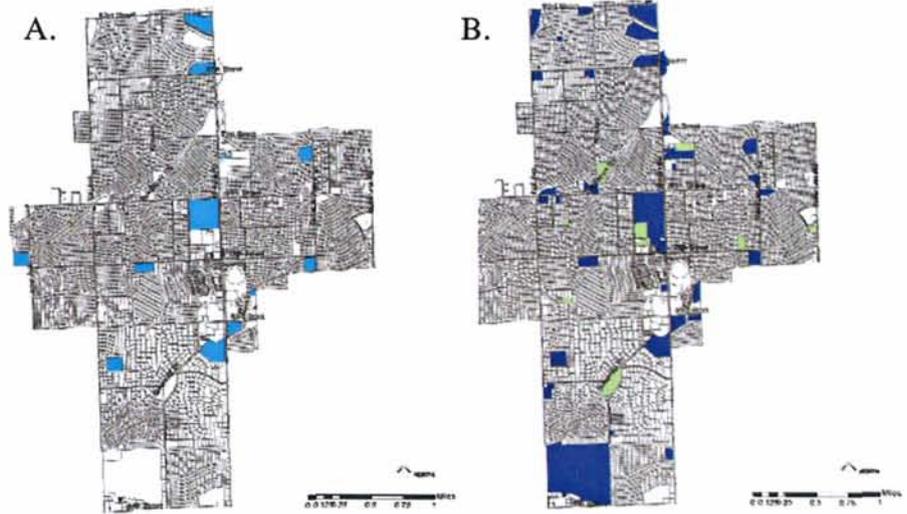


Source: City of Prairie Village

MAP 1.3 A&B: PUBLIC AND SEMI-PUBLIC LAND USE



A view looking north at the Meadowbrook Country Club



Source: City of Prairie Village

Public and Semi-Public

Public and semi-public uses (Map 1.3B, dark blue) make up 8.7 percent of the community's total land area. Upper Arlington has a slightly higher rate of 9.9 percent. A concentration of these uses is located at the intersection of Mission Road and includes the Prairie Village City Hall, the Shawnee Mission East High School, Harmon Park, the YMCA and the Community Center. Approximately 114 acres or 30 percent of this land is occupied by Meadowbrook Country Club, a private golf course. Parks and public open space (Map 1.3B, green) occupy 1.1 percent of the City. Over 15 % of the City is in right-of-way. In Upper Arlington, 14.7 percent of the land area is in right-of-way.

A majority of the school sites (Map 1.3A, light blue) are located on major roadways.

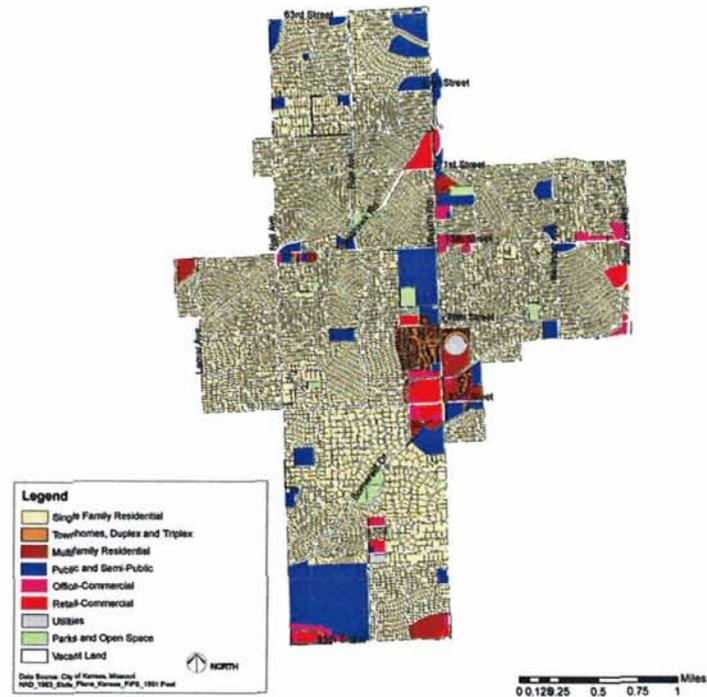


A view of looking north at Franklin Park



View looking north at the concentration of civic uses along Mission Road

MAP 1.4 COMPOSITE LAND USE

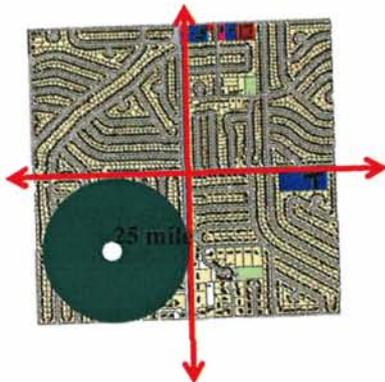


Source: City of Prairie Village

Development Pattern

Like many suburban communities, the current land use pattern is a direct result of classifying land into single use areas as part of the zoning or “districting” process. Residential uses are separated from commercial, multi-family uses are separated from single-family, office uses are separated from commercial uses, and so on. These districts, with their generous setbacks are designed to protect more intense uses from less intense ones. The resulting pattern segregates or physically separates normally compatible uses from one another (e.g. office with residential). It also requires excessive parking (minimal opportunity for shared parking), extends vehicle trips, and limits the opportunity for alternative modes of travel.

Unlike communities with historic central business districts and downtowns, (that were settled prior to WWII), no center, or commercial/cultural core exists in Prairie Village. Instead there are several centrally located shopping centers - Corinth and Prairie Village - which serve that function.



An illustration of how a typical neighborhood pattern, showing a center (white) and edge (red roadways) compares to Prairie Village's existing subdivisions pattern.

Mobility vs. Accessibility

The existing land use pattern is influenced more by “mobility” than “accessibility.” Auto-mobility - the provision of roadways to allow easy automotive access to destinations - has created a network of streets that link separate uses and serve primarily one function: to move autos.

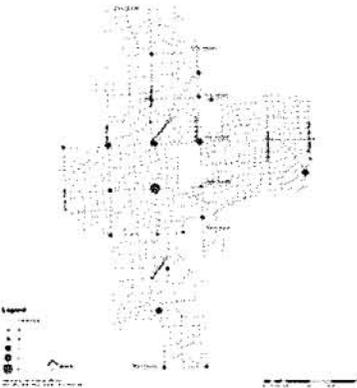
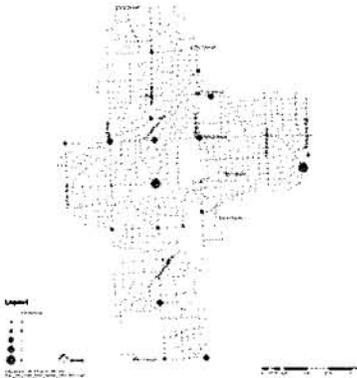
As the *2000 Traffic Safety Update* indicated, all stop-controlled intersections are operating at an acceptable level of service except for the intersection of 79th Street and Roe and 79th Street and Cambridge. The maps shown in the sidebar indicate the capacity of the roadways in the am and pm peak. Most of the intersections within Prairie Village have a level of service A through D which are considered acceptable for urban conditions. Additional capacity in the roadway system often provides opportunities to use the capacity to serve other functions, such as provide pedestrian amenities.

Accessibility - the ability to access daily needs with the minimum amount of travel and cost - organizes uses in close proximity to one another, allowing the choice of several modes of travel, including mass transit, bicycles and walking. The following looks at how the community is currently structured:

Subdivisions vs. Neighborhoods

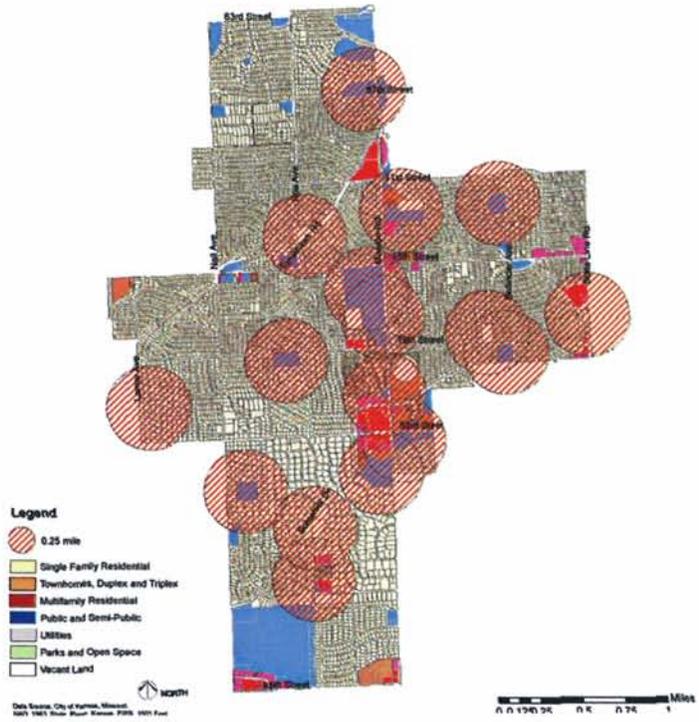
The area developed historically as collection of residential subdivisions within a rural “section and quarter-section” or one square mile grid. Roads following the rural grid have been incrementally widened to accommodate mostly through traffic. Non-residential and multi-family uses have located along the widened roads and taken advantage of roadway frontage, higher volumes, and visible intersections.

A neighborhood pattern, on the other hand, has a discernable center and edge (see Glossary). Centers can either be a civic or commercial use. Edges can either be major transportation corridors or natural corridors. Density or intensity of uses usually decreases form center to edge. The size of a neighborhood is defined by pedestrian shed or 1/4 mile radius. This is the distance that someone can comfortably walk within 5-10 minutes. Major commercial centers can have a longer pedestrian shed of ½ mile. Neighborhoods offer a mix of uses – residential, commercial and civic uses - sometimes within the same structure.



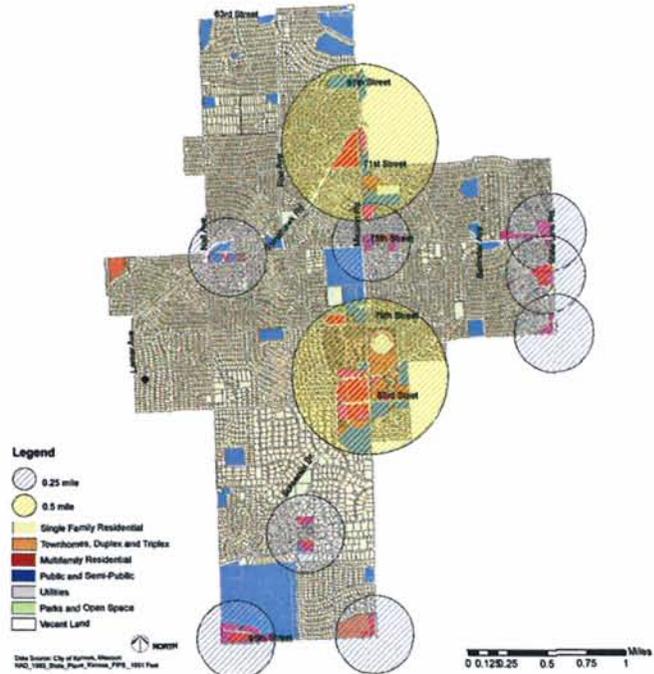
Maps illustrating pm (blue) and am (red) roadway capacity. The larger dots represent a level of service of F (no capacity) with the smaller dots represent a level of service of B or better (excess capacity).

MAP 1.5: CIVIC CENTERS



Source: ACP – Visioning and Planning

MAP 1.6: COMMERCIAL CENTERS



Source: ACP Visioning and Planning

A neighborhood (as used here) is primarily residential and identified by a single pedestrian shed or circle with a ¼ mile in radius. A pedestrian shed is defined by the average distance that may be traveled within 5-10 minutes at an easy pace from its “edge” to its “center.” Its physical and social center is usually an important traffic intersection associated with a civic or commercial use. Its edge may be a major thoroughfare or another neighborhood

The purpose of this analysis is to understand how much of the residential community is within walking distance of Prairie Village’s existing civic and commercial uses. As new uses are considered, they should be located with respect to their proximity to other supporting uses (civic, cultural, commercial, employment, etc.) that make up a neighborhood. They should also be accessible by auto, on foot or by bicycle. New uses anticipated as part of future redevelopment efforts should be located to respect or reinforce the existing neighborhood pattern as much as possible.

Maps 1.5 and 1.6 show what occurs when the neighborhood concept is applied to Prairie Village’s existing subdivisions. It does not include neighborhoods in adjacent communities.

Neighborhoods with civic centers, (Map 1.5) including parks and schools, are either located within a totally residential area or concentrated along Mission Road. Those located within the center of a residential neighborhood (Briarwood, Somerset, Belinder, Prairie and Tomahawk schools) can be safely accessed by pedestrians and serve a valuable function as a neighborhood gathering place. Those concentrated along Mission extend their boundaries across major arterials. In some cases, this forces pedestrians, including children walking to school, to cross major arterials.

Commercial centers (Map 1.6) are also situated along Mission Road and at the southern and eastern edges of the community. Even though the larger commercial centers have a wider pedestrian shed of ½ mile, there is still a portion of the residential area outside a reasonable walking distance of a commercial center.

Strong Places, Weak Places

The foundation of Village Vision is formed by the ideas generated at the Community Visioning Workshops. In April and May 2005, those who live and work in Prairie Village were invited to attend open, public brainstorming meetings to think about the future. A total of 250 people worked in small groups with a trained facilitator to respond to generate ideas for the future and to complete a mapping activity entitled Strong Places Weak Places.

During the mapping activity, each group was asked to identify three strong and three weak places in Prairie Village for one of the following topics:

- Commerce
- Community Appearance
- Parks and Open Space
- Residential Areas
- Transportation

After the group identified its three strong and weak places, the participants discussed why these places were selected and brainstormed recommendations for improve the weak places. The results of the mapping activity were encoded into a computerized database for analysis. Appendix B includes a summary of the Strong Places Weak Places activity.

As the summary indicates, residents expressed opinions about a number of issues including the lack of sidewalks and park space, confusing traffic pattern, etc. They also liked the availability of parking, the local nature of the businesses and the fact that the community was well maintained.

Development and Redevelopment Opportunities

Creating development opportunities in a stable community where less than one percent of the total land is vacant points to making better use of land resources. The following suggests several ways to use land more efficiently and, at the same time, enhance the community's neighborhood qualities and increase its attractiveness as a place to live, work, and recreate.

- **Locate civic uses (parks, play grounds, schools, etc.) on vacant or underutilized sites within existing neighborhoods, preferably toward the center of the neighborhood.**

Merely locating uses on vacant or understated sites does not benefit the community as a whole. It is more useful to evaluate new uses in light of how they will enhance existing development with neighborhood qualities (e.g. walkable, mixed use, etc).

- **Locate neighborhood retail, office, and higher density housing at the edge of the neighborhoods on underutilized sites along corridors and at major intersections.**

Redevelopment of land along existing corridors should recognize that the corridor is really the "edge" of an existing neighborhood. In that way, new uses locating along the corridor should physically tie to the adjacent neighborhood and include uses not found within the existing residential subdivision.

- **Create "complete streets" and enhance roadway corridors as more than moving "autos" only by including accommodations for moving "people."**

Although many of the residential streets have sidewalks, the availability of routes for pedestrian travel is limited. Existing streets, especially the major roadways with excess capacity, could

be reconfigured to more closely tie the streetscape to the adjacent land uses. For instance, this can be by placing buildings forward toward the street, with parking taking a less dominant position at the rear or side of the site. This makes for a more interesting pedestrian experience and encourages walking.

- **Place civic (plazas, squares, major gathering places) uses in underutilized commercial areas.**

Commercial centers often become locations for civic activities because of their highly visible and accessible location. These centers, however, lack a formal space for gathering. Creating a public plaza or square within a commercial area will not only benefit the community, it may also enhance the amount of retail activity.

- **Locate commercial/employment uses (community commercial - office, mixed-use, etc.) in underutilized areas.**

Shopping centers, including Prairie Village or Corinth, could be redeveloped to accommodate a mix of uses at higher densities, thereby improving the efficiency of how the land is currently being used. Mixing the uses - residential with office - would offer shared parking opportunities and potentially reduce the amount of required parking in favor of additional commercial space. Although expensive to build and maintain relative to surface parking, strategically located structured parking allows development to occur at higher densities.

- **Enhance entryways as an opportunity to distinguish the community from surrounding areas.**

Entry signs (similar to the exiting signage) or markers provide a good way to identify the community from surrounding jurisdictions. Redeveloping sites at the edge of the community should provide “gateway” or “signature” structures that reinforce a sense of entry.

- **Take advantage of roadways with excess capacity (e.g. 75th Street).**

Having excess capacity in a roadway can create additional, unforeseen problems, like increasing the speed of traffic. Traffic can be calmed by not only incorporating pedestrian scaled amenities, but also by providing on-street parking. This further reduces the requirement for on-site parking and provides additional land for development.

- **Provide incentives for existing uses, especially commercial ones, to expand on-site.**

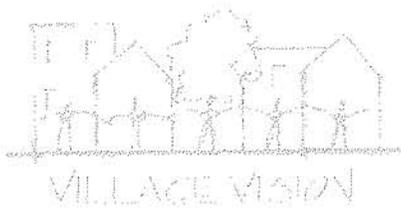
Existing zoning regulations, in many cases, require substantial building setbacks and parking that serve only one use. Reducing yard space on existing lots can increase site capacity and as well as the floor area ratio. Providing a mix of uses and sharing parking (along with providing on street parking) can reduce the amount of site area devoted to storing autos and improve accessibility.

- **Make linkages wherever possible to enhance connectivity.**

In addition to redeveloping existing sites more efficiently, exiting development can be better served by adding, wherever possible, pedestrian and vehicular ties between uses. This includes linking existing parking lots with joint driveways (e.g. through reciprocal easements) and providing pedestrian paths between residential and commercial areas.

- **Develop edges of neighborhoods with a diversity of housing.**

The edges of existing single-family residential areas along major roadways provide an excellent opportunity too not only increase the amount of commercially developable land, but to provide for more diverse choices in housing. With more housing choices, people can “age in place” without having to go outside the community for needed housing



B. Economic Report

CITY OF PRAIRIE VILLAGE, KANSAS

PREPARED BY
ECONOMICS RESEARCH ASSOCIATES

IN ASSOCIATION WITH
ACP-VISIONING & PLANNING, LTD.



Economics Research Associates

Final Report

**Village Vision Strategic Investment
Plan Market Analysis**

Submitted to

The City of Prairie Village, Kansas

Submitted by

Economics Research Associates

December 14, 2005

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Section I. Introduction

The City of Prairie Village is currently undertaking an update of its Strategic Land Use Plan (the Village Vision Strategic Investment Plan, or the “Village Vision”) to recalibrate the land use goals, strategies and tools that will guide future development through the year 2025. Economics Research Associates (the consultants) was retained by ACP Strategic Visioning (collectively referred to as “the consultants”) to assist in guiding the planning process by conducting research and analysis regarding the fundamental economic, demographic, and competitive forces affecting land use and development in Prairie Village.

The purpose of this memorandum is to provide the City of Prairie Village and the Strategic Vision Steering Committee (‘Village Vision stakeholders’) with an analytical framework for anticipating pressure for land use change in the city. These findings are intended to enable city officials and stakeholders to better understand how public policy choices may influence long-term real estate investment and development/redevelopment.

The Plan’s established “Community Vision Statement” and corresponding strategic plan implementation strategies support land use planning at a neighborhood scale with a focus on preservation of the community’s perceived high quality of life. This analysis seeks to clearly identify the critical market factors that are linked to preserving and enhancing the Village lifestyle targeted by the Village Vision. To that end, the consultants explored historic trends in the rental and for-sale housing market, as well as the commercial uses that create the Village’s neighborhood fabric such as workplaces, retail/entertainment and services. The consultants’ analysis is divided in the following sections:

- Section I: Introduction
- Section II: Executive Summary
- Section III: Methodology & Approach
- Section IV: Economic and Demographic Overview
- Section V: Residential Market Analysis
- Section VI: Retail Market Analysis
- Section VII: Office Market Analysis
- Section VIII: Development Strategies for Priority Sites
- Section IX: Fiscal Implications of Redevelopment Options
- Section X: Recommended Redevelopment Strategies



For each land use considered, the consultants evaluated the following market factors:

- Regional and sub-regional trends in inventory, absorption, product type, and rental rates/sales prices.
- Inventory of competitive and comparable projects to gauge tenant and buyer profiles, location preferences, product preferences, and pricing.
- Trade area characteristics for each land use, or specific geographic areas from which consumers, residents, and tenants will be drawn. Trade areas will reflect historic settlement patterns, migration trends, and other market dynamics.
- Projected regional demand, market capture, and the likely share of growth that could be captured by the City of Prairie Village, both in the short term and the long run.
- Local demand for residential and commercial uses in terms of units, square footage, and, as applicable, acreage.
- Characteristics of the most likely development types for each use: density, construction type, parking arrangements, achievable prices and values, market orientation, and other key variables.

Finally, the team evaluated the overall land composition of the planning area to address constraints and opportunities for development and redevelopment. The Team utilized existing GIS data (including aerial photography) to map, quantify, and analyze development and redevelopment issues and opportunities for residential, retail, office and mixed use. Three target areas were given special attention, including the Corinth Square shopping center, and two nodes along the 75th Street Corridor at Sate Line Road and Fontana Street. The physical elements of the study include land use, access management, streetscape, and pedestrian amenities.

These findings form the basis for a financial analysis of the alternative development scenarios under consideration by the Village Vision Steering Committee. Based on the result of these findings, the consultants evaluated the economic context of infill strategies, and strategies and policies for managing change. The team also reviewed the fiscal implications of alternative development patterns, including the role of commercial development in the fiscal structure of the City and, more broadly, the expected incremental fiscal benefits of alternative patterns of development. The consultants conclude the study with recommendations for redevelopment, such as the reestablishment of a Community Redevelopment Area with the authority and funding mechanisms to award public financing in the form of Tax Increment Financing and Industrial Revenue Bonds.

Section II. Executive Summary

To assist the City of Prairie Village in guiding the Village Vision Strategic Investment planning process, the consultants analyzed the fundamental economic, demographic, and competitive forces affecting current and future land use and development in Prairie Village.

In general, the city is valued for the quality of life offered by the pedestrian-friendly neighborhoods, convenient neighborhood-serving retail amenities, excellent schools, and other characteristics that make Prairie Village a unique community.

Review of historical demographic trends points to a city with an excellent demographic base; residents are affluent, well-educated, and predominantly own their own homes. At the same time, the city's landlocked housing stock is forced to compete with newer, larger product in surrounding jurisdictions that have more room to grow with population pressures and consumer preferences.

As a result, the city's net population has been declining over the last ten years – a trend that threatens to destabilize the city's tax base due to a lack of significant increases in residential property values and population-based county tax apportionment revenue sharing policies.

According to the ULI-the Urban Land Institute, many first-tier suburbs like Prairie Village are adopting a market-based approach to infill development as a means of stabilizing out-migration and declining tax revenues. Cities that offer quality of life amenities such as convenient commuting distance to downtown employment centers, traditional neighborhood-based retail goods and services, and competitive schools are well positioned to undertake infill development strategies. These characteristics are difficult to replicate in newer communities that require lengthy commutes to job locations.

However, public entities are frequently faced with barriers to land assembly, public infrastructure needs, and financing gaps on the private investment side of the development equation. Research suggests that cities that have developed a citywide approach to redevelopment through neighborhood- and site-based planning, coupled with public incentives such as short-term financing or tax benefits are attracting private investment and development.

In order to evaluate the potential benefits of urban infill strategies in the Prairie Village, the consultants considered a range of candidate sites in the form of parcels, nodes, and corridors. This research suggests that urban infill opportunities in Prairie Village are limited to small, scattered sites as opposed to a prevalence of abandoned, blighted or commercial/industrial parcels. As such, urban infill strategies will rely on distinct market dynamics and redevelopment economics that will differ with site-based conditions. Likewise, eligibility for public financing will be directed by prevailing Kansas state statutes that have established criteria for blight and that preclude retail uses from tax abatement and other incentive programs.

Three priority redevelopment sites were identified by the Village Vision Stakeholders and the consultants for focused study: Corinth Square, 75th Street and State Line Road, and 75th and Fontana Street. Based on the findings of the market study, the consultants



proposed conceptual development programs for each site. The land uses identified by the development program serve as the basis for testing the potential financial, fiscal and economic realities associated with the proposed redevelopment principles.

The Corinth Square plan envisions a pedestrian-friendly, mixed-use village, with two to three-story condominiums and townhouses served by street-level neighborhood-serving retailers. The retail component assumes that the majority of the existing local independent retailers would transition to the redeveloped space. This concept would introduce high quality, new urbanist design standards that would likely command above-market sales and rent yields. Given the limited nature of mixed-use residential infill development in the city, implementation of the Corinth Square concept would serve as a prototype for the subsequent redevelopment of other underutilized sites in the city, such as the more limited programs proposed for 75th Street at State Line Road and Fontana Street.

The office portion of the redevelopment concept for all sites envisions repositioning existing office tenants into three-to four story office uses that would be split between leased product and small format office condominiums serving professional services medical office tenants.

The consultants applied local prevailing construction cost values reported by local developers with similar projects under construction to the estimated revenues that would be generated by the residential, retail and office uses proposed by the urban infill concepts. The results of this initial financial analysis indicate that the retail and residential uses would generate sufficient revenues to support development costs. The office component, however, resulted in a negative residual land value that could not be offset by the retail and residential revenues.

The results of this initial financial analysis suggest that although the market may not be quite ready to produce sufficient revenues for each product associated with the mixed-income urban infill concept today, the Corinth redevelopment plan has the potential to create a highly competitive product in the marketplace while achieving several of Prairie Village's Strategic Investment Plan goals/principles.

Notably, the values employed in this financial analysis are based on moderate housing values. In the absence of a regulatory framework that encourages the development of a mixed-income residential product, a private developer could be expected to push the housing values significantly higher, thereby improving the project's overall development economics.

Likewise, if the current market were to evolve to a point where residents would be willing to accept a smaller condominium or townhouse product, or if the majority of the office product shifted to for-sale office condominium project, the proposed concept's financial yields would be sufficient to attract private investment.

Finally, the consultants evaluated the potential fiscal benefits associated with the conceptual redevelopment plans for each of the priority sites. The consultants conclude that to markedly improve the city's tax base, a significant level of investment would be required. To provide a basis for comparison, for every \$100,000 of incremental residential property value, the city collects only \$180 annually in property taxes. From a commercial



property standpoint, the city collects approximately \$390 in tax revenues for every \$100,000 of property value.

ERA developed order-of-magnitude cost and revenue assumptions to calculate the potential net fiscal benefits that would accrue to the City of Prairie Village at buildout of the proposed redevelopment scenarios. The consultants and City staff developed cost estimates through a detailed departmental review of the 2005 General Fund budget. The majority of public service costs support residential functions such as public works, public safety, and community parks and recreation facilities (81 percent). The balances of the General Fund costs serve commercial property functions (19 percent). Based on 2005 estimates of households and existing commercial space (2.2 million square feet), relative costs per household and per 1,000 square feet of commercial space were developed to test the relationship between costs and revenues associated with the conceptual development programs.

Based on 2005 budget estimates, public service costs are estimated to be \$994 per dwelling unit and \$1,128 per 1,000 square foot of commercial space. As indicated by the General Fund cost review, residential development typically carries a higher overall net public service cost than commercial development both due to the higher relative demand for public services by residents as well as the higher relative contribution of property and sales taxes by businesses.

This analysis concluded that the new residential development on the combined sites will generate approximately \$85,000 in property tax revenues and \$190,000 in public service costs, resulting in a net loss of \$105,000 annually. Concurrently, the office and retail uses proposed for the combined sites are anticipated to generate more than \$1 million in property and sales tax revenues and approximately \$400,000 in public service costs, resulting in a net fiscal gain of \$640,000 annually. The combined residential and commercial uses are expected to generate net fiscal benefits of more than \$535,000 annually.

The interdependent relationship of these financial and fiscal values underscores the concept that redevelopment should not be considered solely on the basis of financial feasibility or incremental fiscal revenues. Urban infill strategies will also serve to maintain and enhance surrounding property values, to retain and attract residents and businesses, and to foster a vibrant physical and social environment based on community – all important factors supporting the city's overall fiscal health.

The capacity for significant incremental increases in property and sales tax values is also restricted by the scarcity of developable land. Meaningful increases in property tax revenues will only occur through targeted, large-scale redevelopment efforts with some intensification of land uses. However, the concept of urban infill is just emerging in Prairie Village. City officials, community residents, businesses, and developers are faced with evaluating strategic investment priorities, regulatory and land assembly issues, public financing options, and the public perception of infill.

In short, a strategic approach to managing infill redevelopment can result in a mix of uses that will be financial viable as well as fiscally positive to the City of Prairie Village and the



community. To assist City staff and Stakeholders with evaluating the potential range of infill redevelopment options, the consultants provide a series of strategies and policies for managing change such as the establishment of a Community Redevelopment Area, Tax Increment Financing guidelines, and other incentives.

Following are the key demographic and land use trends identified by the real estate market analysis to provide a context for these planning parameters.

Key Demographic Trends

The current estimated population of 20,000 persons in 10,000 households consists of relatively affluent families earning an average household income of \$94,000 annually, as compared to the Kansas City Metropolitan Area household average of \$74,000 annually. The median age in Prairie Village is 40 years, with 90 percent of residents both college-educated and homeowners.

Prairie Village demographic characteristics are consistent with historic, landlocked first-tier suburbs. When benchmarked against surrounding jurisdictions with capacity for new residential development, Prairie Village has not kept up with population growth trends. Whereas Johnson County as a whole grew by 39,000 residents, Prairie Village experienced a net loss of 1,217 persons. Based on a detailed analysis of the age and amenity characteristics of Prairie Village’s housing stock, it appears that Prairie Village is losing households with growing children and those in their prime earning years to neighboring jurisdictions offering homes with three or more bedrooms.

This finding points to a need for the City of Prairie Village to consider creative urban infill strategies to encourage residential infill redevelopment. Such planning and policies could serve as a means to incent the development of a significant number of housing units in a mixed-use concept – thereby introducing a new product to the city’s housing stock sufficient to attract and retain residents.

Jurisdiction	Population Trends Net Gain/(Loss) ¹	Trends Summary
Prairie Village	(1,217)	Attracting first-time buyers and start-up families; Losing households with growing children and those in prime earning years.
Overland Park	14,500	Attracting and retaining households with children and those in their prime earning years.
Leawood	3,052	Followed a similar pattern to Overland Park; greatest increase in households with children (223% in the 35 – 39 age group).
Merriam	620	Population held steady, but did not achieve net increases experienced by more competitive housing sites.
Johnson County	39,109	Prairie Village clearly not keeping pace with County population growth trends.
Family household age group tracks populations in the range of 25-54 years old.		
Source: US Census; Economics Research Associates, 2005.		

Key Residential Market Findings

During a two-year period between 2003 and 2005, nearly 80 percent of all single-family homes sold within range of \$100,000 and \$250,000 (354 units of 448 total units sold). During the same period, nearly 15 percent of all homes sold between \$250,000 and \$499,000 (69 units). More than half of homes sold were on the market for less than 30 days. Furthermore, homes with three or more bedrooms represented 93 percent of single-family residential sales. These sales trends reflect the overall characteristics of Prairie Village's housing stock and higher demand for larger homes.

Overall multifamily apartment vacancy, absorption and rental rates indicate that Prairie Village is an average performer in the regional market. However, these trends must be viewed in light of the character of the residential product on the market. If a distinctive mixed-use product were to become available, the consultants would consider this product type to be highly competitive on a market level.

Key Retail Market Findings

The consultants tested the relative health of the local retail market by evaluating the basic elements of retail supply within a 10 to 15 minute drive time against an estimate of retail demand based on average household incomes and consumer expenditure patterns. The results of this analysis suggest that, overall, Prairie Village's community and neighborhood retail centers provide important goods and services to city residents. However, many of these uses show relatively low productivity, or sales per square foot. This limits the property's income potential and can lead to a cycle of decline and disinvestment. Some of Prairie Village's marginal retail areas would benefit from reinvestment or repositioning of the existing space. Such repositioning, which may result in a net increase in the total amount of retail square footage, should result in higher quality, more productive, and more sustainable retail offerings. Over the long run, this should increase Prairie Village's capture of the regional market share for retail spending

The Strategic Investment Planning process directed the consultants to focus on the relative condition and productivity of several key neighborhood retail-serving shopping centers, including The Village Shops, Corinth Square, and other retail nodes located along State Line, Nall, and Mission Roads.

In the consultants' experience, the Prairie Village Shops provides a compelling example of how clever clustering of unique and high quality independent retailers in a community-serving commercial center can be successful. The current roster of independent retailers includes professional businesses with past experience, structured business plans, adequate financial qualifications, and creative merchandising that clearly achieves a unique niche in the market.

At the same time, the departure of some traditional businesses point to the need to evolve in order to compete. For example, the Good Earth Vitamin Store was located in the same spot for decades. In the absence of remodeling the interior space of the store, patrons were drawn to Whole Foods, Wild Oats, and other choices, eventually causing the business to close its doors.



Prairie Village's year-to-date gross sales are up six percent from last year. In contrast, sales in the Corinth Shops were up two percent during the same period. In the consultant's view, the Corinth Shops are at a disadvantage due to a lack of reinvestment in the property and the center's awkward and obsolete site configuration.

The contrast between the relative sales productivities of similar retailers in the Village Shops and in Corinth Square point to an opportunity for the property owners and retailers in the Corinth site to improve their business positioning by participating in a comprehensive reinvestment plan.

Office Market Trends

While Prairie Village residents work primarily in the service sector, employment located in Prairie Village is primarily in sales, marketing and management (36 percent), with administrative and restaurant and personal services jobs following (30 percent and 17 percent, respectively).

Prairie Village is largely a net-exporter of labor to downtown Kansas City and Overland Park, with nearly 7,000 workers traveling inbound to work in Prairie Village, and more than 11,000 Prairie Village residents traveling outbound on a daily basis to employment posts located outside the city boundaries. As a result, the Prairie Village office market is primarily "Class B" small format, professional services space, housing a large concentration of professional medical office uses.

Although Prairie Village supports niche business activity in the professional services industry, it is likely that Prairie Village will continue to be a "net exporter" of labor due to the existing scale of commercial density and labor preferences – making it difficult to compete for significant new office development with downtown Kansas City and Overland Park.

Current office space vacancy rates in Prairie Village, and Johnson County overall, are considered very high at 14 percent and 20 percent respectively. Combined with average asking rents of \$18 per square foot, these market factors indicate limited potential for speculative office development in the absence of prescribed variables that would ensure sufficient revenues to cover the cost of construction (build-to-suit tenant, pre-sold office condominium product, or other tactics).

Section III. Methodology and Approach

The Village Vision plan's market study commenced in January 2005, concurrent with the strategic vision planning process conducted by ACP Visioning and Planning.

The consultants first conducted stakeholder interviews to gather information from a cross-section of residents, property owners, retailers, businesses, real estate brokers, developers and others to gather a range of market and physical information and to ensure that our findings have the broadest possible public and stakeholder support. The consultants participated in two Village Vision Steering Committee meetings to share our methodology and progress throughout the research and analysis phase of the project.

Using the results of the stakeholder interviews as a context for analysis, the consultants profiled demographic and economic characteristics to identify fundamental drivers of demand for the residential, retail and commercial uses targeted by the Plan. We reviewed growth trends and forecasts for specific factors such as population, households, age composition, employment, household incomes, retail sales and other economic factors in both Prairie Village and the Kansas City Metropolitan region.

To evaluate the existing retail and business mix and to inform testing of market opportunities, we examined the inventory of commercial space located in the project area based on data provided by the Mid-America Regional Council, as well as proprietary data sources (CoStar, ESRI Business Information Systems, REIS.Com, and Claritas) in order to identify the characteristics of the commercial tenants and buyers and to establish relevant trade area boundaries for the retail demand analysis.

Drawing upon the conclusions from this research as a basis, the consultants then analyzed comprehensive market trends and developed economic models to ascertain the level of market support for a range of land uses in Prairie Village. The consultants utilized a variety of public, private, and GIS-based data sources to project growth in households, income, and spending potential in Prairie Village and the surrounding areas to estimate the demand for retail uses, (e.g., destination, convenience, and service retail, and/or eating and drinking establishments).

The models utilized for this analysis reflect the projected change in demand (purchasing power) for retail uses between the years 2005 and 2009. The consultants chose this five-year time period because market forecasts over longer periods are limited by diminished accuracy and validity. Typically, extended forecasts are less likely to account for unforeseen changes in economic and demographic trends. This is particularly relevant in a market like Prairie Village, where the constantly evolving regional economy can alter the results of these forecasts at the local level. Shorter-term forecasting therefore provides a more accurate depiction of expected market conditions.

Interpreting the Results

The analysis reflects the projected demand for commercial uses in the trade area defined in the retail analysis (a ten to fifteen minute drive-time from the intersection of 75th Street and Mission Road.) While the supportable space projections derived from the analyses indicate the support for incremental commercial development activity, Prairie Village is



landlocked. In the absence of a large-scale, coordinated approach to development, there is limited capacity for future development opportunities. It is reasonable to expect that a share of the forecast demand will be accommodated by infill development that replaces underperforming space.

For the purpose of conservative economic analysis, the retail models analyze future demand conditions under two scenarios. The first scenario considers baseline market conditions, in which the respective trade areas for each realize the respective existing capture levels of demand. The second optimistic scenario assumes an induced capture rate, in which underlying market conditions unique to retail uses improve in favor of Prairie Village capturing a greater “fair share” of the demand for retail at the submarket level.

Section IV. Economic and Demographic Overview

Prairie Village, KS Political Structures and Area

Prairie Village is located in Johnson County, Kansas, which is one of the fastest growing counties of the Kansas City, MO-KS Metropolitan Statistical Area (MSA). Within Johnson County, Prairie Village occupies 6.2 square miles –1.3 percent of the County – in the Northeast corner, making it the most proximate to Downtown Kansas City, MO. The MSA is comprised of a total of 11 Counties and approximately 1.8 million people.

Age of Development

Due to a successful large-scale land assemblage initiative, J.C. Nichols launched development of the city as a “village on the prairie” in the early 1940s, with the master planned development and construction continuing through the early 1950s as a bedroom community for the nearby downtown Kansas City employment center. The initial development benefited from the significant housing demand generated by GI’s returning from World War II and seeking a place where families could “live better for less” (*Prairie Village, Our Story*, City of Prairie Village, 2002). Nearly 83 percent of the housing stock in Prairie Village was built before 1970. By 1970, the city’s population was 28,138, or almost 13 percent of Johnson County’s population, and more than two percent of the MSA. As Prairie Village became landlocked, other jurisdictions within Johnson County were able to add significant amounts of new housing to match the growth of the Kansas City MSA. Proximate communities include Overland Park, Leawood, Merriam, and Shawnee.

Based on trends in the “year moved in” data, children who were raised in Prairie Village have tended to leave home while their parents shift to empty nester (aging in place). This trend, coupled with the development of a variety of competitive housing product in neighboring jurisdictions, contributes to Prairie Village’s declining population. A net of more than 3,500 residents left Prairie Village during the 1970s, another 1,500 did so in the 1980s, and 1,000 more in the 1990s. By 2000, the population of the town was 22,156, or just under five percent of the County’s population, and just over one percent of the MSA. The population in 2005 is approximately 21,887.

Roadway Access

Prairie Village has excellent access to Kansas City’s highways and secondary roads, and generally does not face traffic congestion or constraints.

Employment and Occupation Characteristics

The consultants evaluated employment and occupation characteristics from several perspectives:

- The kinds of jobs housed within in the boundaries of Prairie Village
- Where and how Prairie Village residents work (occupation, industry, and commuting patterns)

- The proportion of Prairie Village residents employed in industrial, manufacturing, services and retail jobs, as a share of the Kansas City Metropolitan area’s total employment today and over the next 25 years.

The consultants provide these varying viewpoints to demonstrate the current and long-term demand from residents and businesses for residential and commercial uses. Different employment categories indicate different types of demand for residential and commercial products due to price points (driven by income), space requirements (driven by type of commerce), and lifestyle choices (driven by employment opportunities, commuting patterns and other factors). By profiling long-term projections for a range of employment and occupation categories, we hope to illuminate the competitive context of Prairie Village’s place in the region.

What Kind of Jobs are Located in Prairie Village?

Businesses located in Prairie Village employ nearly 7,500 workers in 850 commercial establishments within its boundaries. These workers are in large part, executives and professionals (36 percent of total), followed by administration and support functions. The large proportion of the service industry businesses also support a significant number of service personnel (17 percent of total). An equal proportion of Prairie Village workers are employed as trade laborers in the installation, repair, and construction sectors (also 17 percent of total employment).

Table 2

Prairie Village Occupation Characteristics

Occupation	Industry	Total Employees	% of Total Employment
Executive and Professional	Sales & Marketing, Management, Educators	2,704	36%
Administration and Support	Admin-Clerical Support	2,225	30%
Service Personnel	Food and Beverage, Personal Services	1,251	17%
Trade and Labor	Installation and Repair, Construction	1,263	17%
TOTAL		7,443	100%

Includes daytime employees working within the boundaries of Prairie Village.

Source: Claritas; Economics Research Associates, 2005.

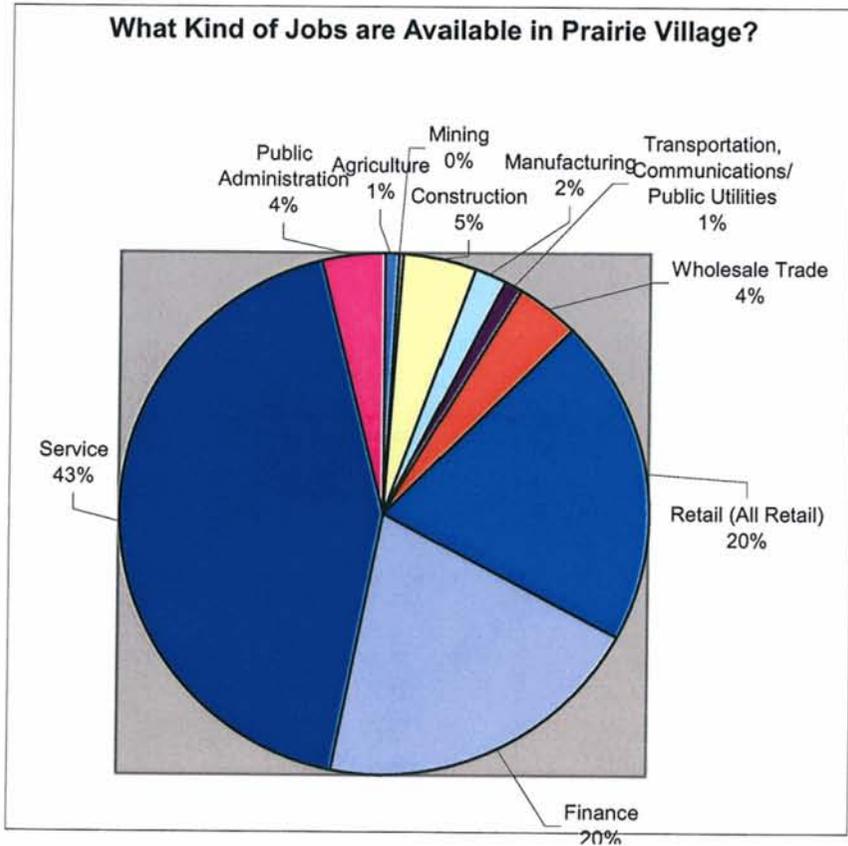
These employees primarily support the services sector (education, business and health industries), finance, and retail sectors. Notably, the finance sector employs a significant number of real estate, insurance and banking workers. These findings support the predominance of white-collar professional services office space noted by the office market analysis in “Section VII. Office Market Analysis” in this report. The following commuting trends analysis provides a useful illustration of Prairie Village as a “net exporter” of labor. This characteristic is likely due to the following factors:

- Scale of commercial density
- Cost of doing business (rents, labor, etc.)

- Availability of labor
- Business connectivity

Figure 1 on the following page provides a snapshot of the kinds of jobs available within the boundaries of the City of Prairie Village.

Figure 1



How are Prairie Village Residents Employed?

The consultants evaluated long-term planning projections developed by the Mid-America Regional Council (MARC) and concluded that Prairie Village residents are, in large part, employed in the services sector. This sector includes a wide range of employment (skilled and unskilled), with a corresponding wide range of wages. Service sector jobs include educational, business, health, personal, legal services, hotel/lodgings, motion picture and amusement functions, and public safety officers like fireman and policeman. This category includes people who are as skilled and highly paid (e.g., doctors and lawyers) to those who are skilled and educated, but who are not very highly paid. This hard-working sector of the economy includes teachers, dental hygienists, and others. This second category is commonly known as those seeking “workforce housing” options, finding themselves earning enough to be self-supporting, but not quite enough to easily find entry into the homebuyer market.

ULI-the Urban Land Institute defines “Workforce Housing” as “moderately priced dwelling units that families earning 60 to 120 percent of the area median income (AMI) can purchase.” In the case of Johnson County, the Area Median Income for a family of four is \$65,400 per year (for families that are earning between \$40,000 and \$78,500 per year).

Finally, this category includes those who are critical to the functioning of any economy, but who are not considered skilled or highly paid. These hard-working members of the economy are gas station attendants, beauty salon assistants, movie ticket takers, parking lot attendants and others. In short, Prairie Village houses a wide range of workers seeking a wide range of housing options, a trend that MARC projects to continue in the future.

From a regional perspective, Prairie Village will likely continue the trend of decreasing manufacturing and industrial employment, with an increasing share of services and retail jobs. A comparison of Prairie Village’s residents to the workers in the Kansas City metropolitan area over the next 25 years indicates:

- The proportion of Prairie Village’s blue collar (industrial) residents are declining, consistent with regional trends.
- Fairly stable proportion of manufacturing workers, although a minimal share when compared to the region’s total manufacturing workforce.
- The large majority of Prairie Village’s residents will continue to be employed in services sector, outperforming the regional share (72 percent of Prairie Village’s residential employments, versus 60 percent at the regional level).
- The city houses a “fair share” of the region’s retail employment, averaging approximately 20 percent of total employment.



Table 3

What Kind of Jobs will Prairie Village's Residents Have in the Future?

Prairie Village	2000	2010	2020	2030
Industrial	7.6%	6.8%	6.6%	6.6%
Manufacturing	0.7%	0.8%	1.2%	1.6%
Services	69.0%	72.0%	73.1%	72.4%
Retail	22.7%	20.4%	19.1%	19.4%
Total Jobs	7,253	9,060	10,135	10,403
KC Region	2000	2010	2020	2030
Industrial	20.9%	18.1%	16.4%	15.7%
Manufacturing	9.0%	7.6%	7.7%	8.1%
Services	53.7%	57.5%	59.6%	60.0%
Retail	16.5%	16.8%	16.3%	16.2%
Total Jobs	1,166,709	1,426,048	1,658,801	1,773,116

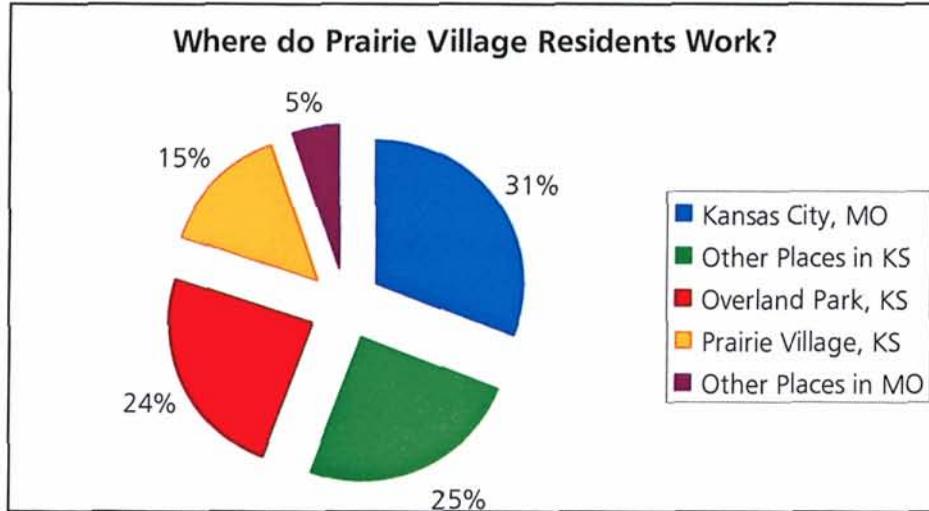
Source: MARC; Economics Research Associates, 2005.

Commuting patterns

During the decennial census, the US Census Bureau compiles data regarding commute patterns and travel times for jurisdictions across the country. This data set, also known as the Census Transportation Planning Package, provides insight into the role of Prairie Village in the greater Kansas City economy as a supplier and user of labor. Prairie Village residents of working age, either employed or seeking work, represent the City's contribution to the regional labor supply. Regional workers resident to places outside Prairie Village, but employed in Prairie Village, represent the City's use of the regional labor supply.

As shown below in Figure 2, only 15 percent of the City's resident labor force work and live in Prairie Village. Meanwhile, over half of the Prairie Village resident labor force works nearby in Kansas City (31 percent) and Overland Park (24 percent). The remaining 30 percent of the labor force is employed in a number of other locations in the states of Kansas and Missouri.

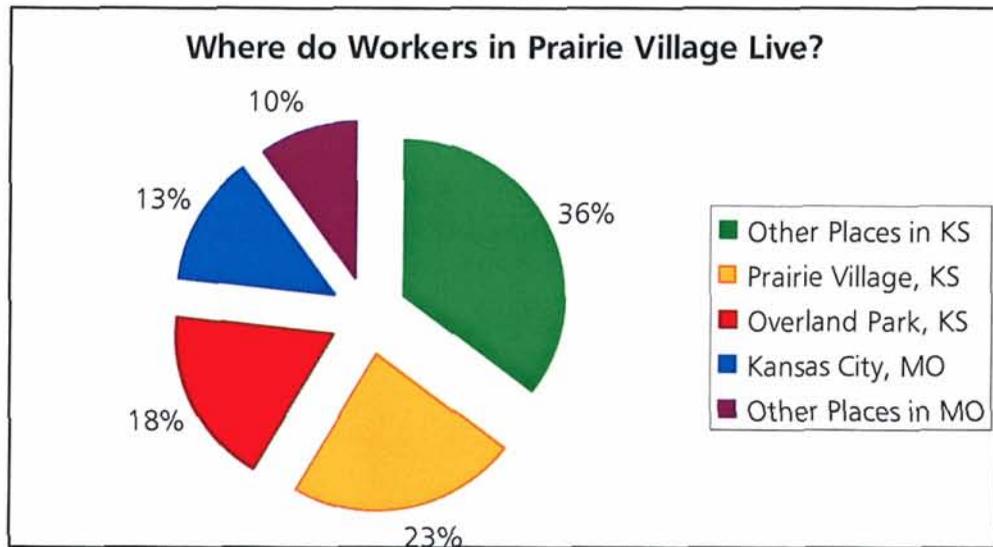
Figure 2: Outbound Workers



Source: US Census Bureau, *Journey to Work*; Mid-America Regional Council; Economics Research Associates

Figure 3 on the following page shows the place of residence for workers employed in Prairie Village. More than 75 percent of the Prairie Village employment base travels to work from outside the City. However, of all places in the region, Prairie Village residents represent the greatest share of the City’s employment base (23 percent).

Figure 3: Inbound Workers



Source: US Census Bureau, *Journey to Work*; Mid-America Regional Council; Economics Research Associates

So



In order to better understand the role of Prairie Village in the Kansas City regional economy, the consultants compared the flow of labor to and from Prairie Village, relative to other places in the states of Kansas and Missouri. The analysis indicates whether Prairie Village is a “net exporter” of labor (i.e., bedroom community to a larger economic center) or a “net importer” of labor (an economic center attracting labor from throughout the region.) For example, if more Prairie Village residents work in another place than residents of that place work in Prairie Village, then Prairie Village is a “net exporter” of labor to the respective place.

Table 4 clearly indicates that Prairie Village is a “net exporter” of labor, with far fewer local jobs (4,040) than residents looking for work. This is due in large part to the great number of Prairie Village residents working in Kansas City, MO and Overland Park, and far fewer Kansas City and Overland Park residents working in Prairie Village.

Table 4

Net Flow of Labor to and from Prairie Village

Place¹	Prairie Village Residents Working at Place	Residents of Place Working in Prairie Village	Net Flow of Labor²
Kansas City, MO	3,475	960	(2,515)
Overland Park, KS	2,735	1,305	(1,430)
<i>Prairie Village, KS</i>	<i>1,670</i>	<i>1,670</i>	-
Kansas City, KS	580	350	(230)
Lenexa, KS	545	285	(260)
Olathe, KS	300	370	70
Leawood, KS	290	435	145
Mission, KS	180	130	(50)
Shawnee, KS	170	255	85
Merriam, KS	140	70	(70)
Other Places in MO	592	721	129
Other Places in KS	548	634	86
TOTAL	11,225	7,185	(4,040)

Notes:

1. Excludes places outside the states of Kansas and Missouri.

2. "Net Flow of Labor" = "Residents of Place Working in PV" - "PV Residents Working at Place"

Source: US Census Bureau, *Journey to Work* ; Mid-America Regional Council; Economics Research Associates, 2005



Comparative Demographic Analysis

The consultants conducted a comparative demographic analysis of one-mile rings in the Kansas City metropolitan area, including Prairie Village, Merriam Overland Park, Shawnee, and Leawood. The consultants evaluated population dynamics such as enrollment changes and other factors. As a starting point, the consultants evaluated a current estimate of Prairie Village’s demographic characteristics (provided by a third-party demographic forecasting company, ESRI Business Information Systems). We conclude that the majority of the city’s current residents are in the 35 to 64-year old category (42 percent), with 15 percent of the population made up of 20 to 34 year olds. The city’s demographics reflect enormous diversity in age segmentation, with nearly 24 percent of the population under the age of 19, and nearly 19 percent of residents older than 65 years old.

Demographic Snapshot

Table 5

Prairie Village Kansas Demographic Snapshot (2004 Estimate)

Age	Population	% of Total Population	Age Segment (as % of Total Population)
0-4	1,168	6%	
5-9	1,229	6%	11%
10-14	1,321	6%	
15-19	1,313	6%	13%
20-24	944	4%	
25-29	798	4%	
30-34	1,462	7%	15%
35-39	1,485	7%	
40-44	1,656	8%	
45-49	1,657	8%	
50-54	1,609	8%	
55-59	1,352	6%	
60-64	1,020	5%	42%
65-69	800	4%	
70-74	830	4%	
75-79	865	4%	
80-84	828	4%	
85+	667	3%	19%
	21,004		

Median Age: 41 Years

Source: ESRI Business Information Solutions; Economics Research Associate, 2005.

Population By Age

Prairie Village

Prairie Village is losing population across most age cohorts. The consultants tracked five-year cohorts from 1990 to 2000 in order to examine the net change in population by a constant cohort. This population flow model, shown in Table 6 below, demonstrates which cohorts are coming to and departing from Prairie Village.

The two cohorts that gained population during the 1990s were the 15-19 and 20-24 cohorts in 1990, which were ages 25 to 29 and 30 to 34 in 2000. This has much to do with Prairie Village's housing stock, which will be addressed in the following text.

All other age cohorts lost population during the 1990s. Prairie Village lost between 11 and 16 percent in each cohort between ages 40 and 65, and in turn lost 13.4 percent of children ages 10-14 (in 2000).

Table 6: Population Flow Model, 1990 - 2000

Prairie Village, KS

Age Cohort		Net Change '90 to '00	
1990	2000	#	%
0-4	10-14	(230)	-13.4%
5-9	15-19	(279)	-19.0%
10-14	20-24	(667)	-50.4%
15-19	25-29	299	25.1%
20-24	30-34	661	73.8%
25-29	35-39	(105)	-5.8%
30-34	40-44	(327)	-15.6%
35-39	45-49	(224)	-11.4%
40-44	50-54	(216)	-12.1%
45-49	55-59	(182)	-13.6%
50-54	60-64	(218)	-19.9%
55-59	65-69	(214)	-19.4%
60-64	70-74	(291)	-22.4%
65-69	75-79	(310)	-21.8%
70-74	80-84	(420)	-35.7%

Source: MARC; U.S. Census; ESRI Business Analyst; Economics Research Associates, February, 2005

Neighboring Cities

Population flow models for Johnson County, the Kansas City MSA, Overland Park, Leawood, and Merriam are provided in the appendix. Overland Park added population in all age cohorts that were under age 55 in 2000, particularly the cohorts that are in their prime earning years. All cohorts age 55 and over in 2000 lost population during the 1990s. The population in the cohorts ages 25 to 29 and 30 to 34 in 2000 increased by 58 and 54 percent respectively during the decade, the largest increases for Overland Park. Leawood

saw even greater changes among some of its cohorts. The population ending 60 and over decreased, and at an increasingly greater rate among older cohorts. The greatest changes in Leawood were seen among the cohorts ending in ages 30 to 34, 35 to 39, and 40 to 44, increasing by 56 percent, 223 percent, and 120 percent, respectively. Merriam followed a similar pattern, as did Prairie Village, adding population only in the cohorts ending at ages 25 to 29 and 30 to 34. All others lost significant portions of their populations, with the exception of the 20-24 cohort, which saw almost no change.

Demographic Summary: 1-Mile Rings

Because Prairie Village differs in size from its surrounding communities, the consultants conducted a series of analyses within a one-mile radius to compare the differences in population density, types of households, and education levels, and income. The results are presented below; all references Table 7 through 7 refer to these one-mile rings.

In Prairie Village, the one-mile ring centered around 79th Street and Roe Avenue. Because the northern and southern sections of Overland Park differ in age of housing stock, income, and other demographics, the consultants chose both a northern and southern ring. In the north, the center of the ring was 9500 Antioch Road, while in the south it was 15100 Metcalf Avenue. In Leawood, the ring's center was at 13200 Pawnee Lane, and in Shawnee it was at 6300 Cottonwood Drive.

Note that the comparative median household incomes may be compared to Johnson County's, estimated at \$61,400 in the 2000 Census.

Population Density

There are 11,352 people who live within one mile of 79th Street and Roe Avenue in Prairie Village. Only northern Overland Park, which contains the city's older housing stock, has more people in a one-mile radius, with 15,022. There are 10,665 in southern Overland Park, 9,030 in Shawnee, 8,663 in Leawood, and Merriam.

Average household size follows a similar distribution, with the exception of Leawood, which has the largest average household size at 1.90. In northern Overland Park, the average household size is 1.55, followed by Prairie Village (1.20), Merriam (1.19), southern Overland Park (1.18), and Shawnee (1.14).

Household Types

Using ESRI Business Analyst, the consultants analyzed the households within each ring based a standardized classification system that provides a detailed description of each household. This analysis is intended to provide the town of Prairie Village with a quantitative sense of both large and small-scale differences among its population, compared to the population in neighboring cities.

The center for each ring was chosen so that the area within the city would be maximized if the shape of the city prevented the entire ring from containing the city. Locations were also chosen based on the knowledge of local neighborhoods so that the ring would be a representative sample of the different population types that live in each city.

Prairie Village

The category with the most residents in Prairie Village is *Prosperous Empty Nesters* (27%). These are married couples with no children living at home, in housing stock that was built 25+ years ago. Most couples are active both outdoors and in their communities while transitioning to retirement, while some are still working in well-established careers. These neighborhoods typically experience little turnover and nominal change from year to year.

The second most frequent category in Prairie Village is *Cozy and Comfortable* (14%). These are mostly middle-aged married couples, either without children, or with older children. Those with children usually are still living in the house in which the children were raised, similar to the empty nesters. Labor force participation is high (67%), and most are not looking to retire in the immediate future.

The third most frequent category in Prairie Village is *Metropolitans* (13%). These residents are singles, or childless couples, and include both Generation X and retirees, and labor force participation is again high (72%). The education level is also high; 50 percent have a bachelor's degree or higher. *Metropolitans* prefer older neighborhoods with a mix of single-family and multi-family structures. Most homes were built before 1960, and again, the neighborhoods are slow to change.

In total, the top three categories comprise 54 percent of the households with the one-mile ring. The most common themes include generally older households living in older housing stock, with many empty nesters and retirees. Many of these householders still live in the homes in which they raised their children. These groups are also well educated, and active both in the community, and in the outdoors.

The fourth through seventh most frequent categories total 30 percent of the households, all of which either live very comfortably or in affluence. Most are also active both in the community and the outdoors. Just over six percent are *Silver and Gold*, which is the wealthiest group of seniors. Almost seven percent are *Connoisseurs*, who are self-employed at twice the rate of the national average. These groups would generally support small office spaces and upscale retail.

Neighboring Cities

Overland Park

The northern ring in Overland Park shares many of the top categories that are in Prairie Village. *Prosperous Empty Nesters* comprise 22.4% of the households, closely followed by *Cozy and Comfortable* (21.2%).

The third most frequent category is *Old and Newcomers* (17.5%). These households pay rent rather than own, and are either in their 20s and starting their professional careers, or over the age of 75.

The fourth most frequent category is *Exurbanites* (9.5%). These households live in affluence, are well educated, and are between the ages of 45 and 64. There are usually more people who are self-employed and / or work at home than the national average. The fifth-most frequent category is *Midlife Junction* (8.4%), which represents households approaching retirement.

In general, the northern section of Overland Park has similar demographics to Prairie Village, although there is also a significant segment of the population that tends to live in rental units. The housing in Prairie Village is almost entirely owner-occupied. These households, especially those in their 20s that are still paying rent, would be prime candidates for a semi-urban, somewhat affordable community that offers a variety of services.

The southern ring in Overland Park contains only one category: *Boomburbs*. This is the section of Overland Park that contains most of the larger new homes that have been built in the past decade. These households are home to two-income, upscale, younger families—the fastest growing neighborhood type in the country. The homeownership rate is 92 percent, well above the national average of 67 percent.

Leawood

In Leawood, the most frequent category is *Suburban Splendor* (49.6%). These households typically have dual incomes and are have residents in their prime earning years. More than half of the residents have a bachelor's degree. The housing stock is relatively new, and homes are usually large and luxurious. These residents tend to shop at upscale retailers and on the Internet.

The second and third most frequent categories are *Connoisseurs* (30.3%) and *Boomburbs* (20.0%). All three of the categories in Leawood are affluent, and all are contained by the more general category *High Society*. Households that fall into this category are affluent and well educated. The median household income for this group exceeds \$94,000 on a national level. In the one-mile ring, the median household income is slightly less, at \$88,140.

Merriam

The top three categories in Merriam are *Old and Newcomers* (39.9%), *Main Street USA* (23.9%), and *Cozy and Comfortable* (10.3%). This represents a diverse mixture of households living within this one-mile ring. While 40 percent of the households typically pay rent and have lower incomes, 24 percent represents a mixture of married couple families and single-person households that earn a comfortable income and live in both single-family and multi-family units that were mostly built before 1970. Ten percent of households in the ring are couples, either middle-aged or empty nester households that have lived in the same house for decades.

Shawnee

In Shawnee, the most frequent category is *Sophisticated Squires* (33.1%). These family-oriented households tend to be located on the fringe of urbanized areas, and most are married couple families, about 40 percent of which have children under the age of 18. Labor-force participation is high, although the majority of women tend to be part-time workers.

Milk and Cookies (18.0%) represent households that tend to be young, affluent, married couples. Many have young children and live in single-family homes. The focus of these households is on their families and on their futures. The third most frequent category in Shawnee is *Cozy and Comfortable* (16.3%).

The fourth most frequent is *Young and Restless* (13.5%). These households are typically single or shared households, and well educated. Residents live in renter-occupied multi-unit buildings, and most have moved into their building in the past five years. Because they have fewer obligations, these young professionals typically have higher discretionary incomes.

Overall, the households in Shawnee are diverse, ranging from young and middle-aged affluent families that own single-family homes, to young and old residents alike, who pay rent and do not have families.

Summary

The cities in Northeast Johnson County contain a well-educated and fairly affluent population base, with age and housing types varying by city. Prairie Village is the most diverse area, with a substantial amount of both older and younger affluent and middle-class populations. Northern Overland Park is similar to Prairie Village, except for about 17 percent of the households, which has renters that are either in their early 20s or over age 75. Southern Overland Park and Leawood are both suburban and affluent, while Merriam and Shawnee are a mix of low and middle-income renters, and fairly affluent young and middle-aged households.

School-Age Population

Table 7 and 7 demonstrate the distribution of school enrollment and school-age population in Prairie Village and in the neighboring cities. Within a one-mile radius of 79th Street and Roe Avenue, 18.5 percent of the population was enrolled in primary or secondary school, as of the 2000 census. In 2000, 22.3 percent of the population in Prairie Village was under 18, a slight decrease from 22.9 percent in 1990.

Within a one-mile radius of select locations in the neighboring cities, a higher percentage of the population is enrolled in school in all rings except in Merriam. In the southern section of Overland Park, almost 31 percent of the population is enrolled, while 32 percent are enrolled in Leawood, and 24 percent are enrolled in Shawnee.



Table 7

School Enrollment, 2000
1-Mile Rings in Select Areas of Johnson County⁽¹⁾
 The Village Vision / Strategic Investment Plan

	Prairie Village	Overland Park North	Overland Park South	Leawood	Merriam	Shawnee
Total Population (Age 3+)	11,089	14,433	7,534	7,454	6,637	7,798
Enrolled in Nursery/Preschool	252	308	340	310	97	216
Enrolled in Kindergarten	111	226	218	187	95	84
Enrolled in Grade 1-8	1,136	1,465	1,252	1,241	610	1,011
Enrolled in Grade 9-12	554	775	510	629	321	585
Total School Enrollment	2,053	2,774	2,320	2,367	1,123	1,896
Total Population (Age 3+)	11,089	14,433	7,534	7,454	6,637	7,798
Enrolled in Nursery/Preschool	2.3%	2.1%	4.5%	4.2%	1.5%	2.8%
Enrolled in Kindergarten	1.0%	1.6%	2.9%	2.5%	1.4%	1.1%
Enrolled in Grade 1-8	10.2%	10.2%	16.6%	16.6%	9.2%	13.0%
Enrolled in Grade 9-12	5.0%	5.4%	6.8%	8.4%	4.8%	7.5%
Total School Enrollment	18.5%	19.2%	30.8%	31.8%	16.9%	24.3%

Source: ESRI Business Analyst; Economics Research Associates, April, 2005

1. Addresses used - PV: 79th & Roe - OP North: 9500 Antioch Rd. - OP South: 15100 Metcalf Ave. - Leawood: 13200 Pawnee Ln. - Merriam: 6000 Grandview St. - Shawnee: 6300 Cottonwood Dr.

Table 8

Total Schoolage Population (Under 18), 1990 & 2000
Select Cities, Johnson County, KS
 The Village Vision / Strategic Investment Plan

	Prairie Village		Overland Park		Leawood		Merriam	
	1990	2000	1990	2000	1990	2000	1990	2000
Schoolage Population	5,299	4,930	27,979	38,953	5,146	6,936	2,578	2,231
Population 18+	17,887	17,226	85,263	110,127	13,200	17,040	8,782	8,231
Total Population	23,186	22,156	113,242	149,080	18,346	23,976	11,360	10,462
Schoolage Population	22.9%	22.3%	24.7%	26.1%	28.0%	28.9%	22.7%	21.3%
Population 18+	77.1%	77.7%	75.3%	73.9%	72.0%	71.1%	77.3%	78.7%
Total Population	23,186	21,177	113,242	149,080	18,346	23,976	11,360	10,462

Source: ESRI Business Analyst; MARC; Economics Research Associates, April, 2005

To summarize, Prairie Village is losing families that are in their primary earning years, while cities like Overland Park and Leawood are gaining these families. These cities have been better able to add new housing units with floor plans and prices that are appropriate for the modern real estate market in Northeast Johnson County. One result of this pattern is a lower median and average household income. When coupled with the loss of population, compared to the gains of surrounding cities, this has prevented the tax base from growing in conjunction with the continued need for investment in infrastructure, schools, and other public programming.

Median Household Income

As more affluent families migrate to southern Johnson County to newer and larger housing stock, the median household income in Prairie Village as a percentage of the County's has steadily fallen since 1990. In 1990, the median household incomes in Prairie Village and Overland Park were about equal, both hovering around \$44,000, compared to under \$43,000 for all of Johnson County. By 2000, the median in Overland Park had increased to over \$62,000, compared to only \$58,600 in Prairie Village. Currently, the median in Prairie Village is \$72,755, compared to \$80,495 in Overland Park, and by 2010, the medians are expected to rise to \$89,994 and \$98,839, respectively. The median household income in Johnson County is projected to be \$99,837 in 2010.

The median household income in Leawood has consistently been higher since 1990, rising from \$74,980 to \$102,496 during the 1990s. The current median is \$106,424, and it is projected to climb to \$127,899 by 2010. In contrast, the median in Merriam has consistently been lower than in Prairie Village, rising from \$34,013 to \$48,455 in the 1990s. The current median is \$54,208, and by 2010 it is projected to rise to \$64,332.

Housing Stock

Tenure

The housing units in Johnson County are predominantly owner-occupied and single-family detached. In Prairie Village, 8,600 (85 percent) of the housing units are owner-occupied, compared to 74 percent for all of Johnson County. In Leawood, this figure is over 92 percent, while in Overland Park it is 71 percent.

New Housing Units

During the 1990s, Prairie Village added only 67 housing units, a change of less than one percent. In comparison, Overland Park added over 14,000 new units, and Leawood added almost 2,300, which amounted to increases of 31 and 35 percent, respectively. Notably, Prairie Village is "landlocked," as compared to other cities that have been able to expand the diversity and quality of its housing offerings.

In many close-in older suburbs nationally, there are new patterns in urbanism that could be a good road map for Prairie Village as the community assesses its land use policy. Where there is housing stock that is perceived to be at a reasonable price point in a location within easy commuting distance to employment and retail centers, these areas are undergoing significant demographic shifts as 'household formation couples' seek housing choices that

offer the opportunity for property appreciation. In spite of the quality of the housing stock, people move to these neighborhoods and, with the right zoning controls, tend to substantially renovate or reconstruct these properties to fit their needs (whether it be refinishing a basement, construction an addition, or demolishing and rebuilding). The results of these shifts in neighborhood investment are directly tied to the resulting support for retail.

Appraised Home Values: Median and Distribution

The median appraised value in Johnson County has increased by almost 30 percent since 2000, from \$170,868 in 2000 to \$220,270 in 2005. By 2010, ESRI projects that the median value will rise to \$276,131. The median appraised value in Prairie Village was \$161,644 in 2000, almost identical to that of Overland Park. Since then, however, the median in Overland Park has increased by approximately 35 percent to over \$218,000, while the increase in Prairie Village was more modest, rising to just under \$203,000, or 25 percent since 2000. By 2010, the projected median home value in Prairie Village is around \$252,500, compared to \$278,500 in Overland Park. The disparity is likely due to the incremental growth of larger, more viable new stock in Overland Park.

The median appraised home value in 2000 in Leawood was \$268,643, or 66 percent higher than Prairie Village. This difference is projected to rise slightly to 68 percent by 2010; the median home value in Leawood is projected to be over \$425,000.

Only 15 percent of the houses in Prairie Village are appraised at more than \$300,000, compared to 25 percent in Overland Park, and more than 58 percent in Leawood. In all of Johnson County, just over 18 percent of owner-occupied units are appraised at more than \$300,000. By 2010, just under 22 percent of owner-occupied units are projected to be appraised at over \$300,000 in Prairie Village, compared to 43 percent in Overland Park, 76 percent in Leawood, and 31 percent for the County.

Year Built

The housing stock in Prairie Village is much more aged than it is in Overland Park, Leawood, and other bedroom communities in Johnson County. Only 17 percent of the housing units in Prairie Village were built after 1970, and almost half were built during the 1950s. In 1999 and the first part quarter of 2000, according to the 2000 census, only 37 new units were built in Prairie Village, compared to 2,099 in Overland Park, 150 in Leawood, and 6,742 countywide.

Only 3.4 percent of all housing units in Prairie Village were built in 1990 or later, compared to 26.4 percent in Overland Park, and 27.1 percent in Leawood. Countywide, 24.6 percent of the housing units were built during this time period.

The homes in Prairie Village also have fewer bedrooms, on average, than in Overland Park and in Leawood. Almost half of the owner-occupied housing units in Prairie Village have three bedrooms, whereas in Overland Park and Leawood, almost half contain four bedrooms. In Prairie Village, only one-third of the owner-occupied units have four or more bedrooms, compared to 55 percent in Overland Park, and two-thirds in Leawood. Countywide, just under half of all owner-occupied units have four or more bedrooms.



Empty Nesters

An important obstacle that Prairie Village should address is that older families and empty nesters that have resided in the same unit for decades occupy a relatively high percentage of its larger homes. As of the 2000 census, 15.2 percent of all Prairie Village housing units were moved into before 1970, compared to just under six percent in Overland Park and Leawood. Conversely, 40 percent of Prairie Village's housing units were moved into since 1995, compared to 56 percent in Overland Park. Countywide, 54 percent of the housing stock was moved into during the same period.

Section V. Residential Market Analysis

The consultants evaluated the for-sale residential real estate market conditions of Prairie Village in the context of the Kansas City Metropolitan area to better understand historical trends for the patterns of in- and out- migration. The consultants tested home sale prices and time on market by analyzing recent data from the Heartland Multiple Listing Service (only 2003 to 2005 data were available). The consultants interviewed several brokers to evaluate the buyers' location preferences, characteristics and housing style/neighborhood preferences. The consultants also tested the proportion of the Prairie Village's multifamily rental market to evaluate the potential for a range of potential residential redevelopment scenarios to be addressed in "Section VIII. Development Opportunities for Priority Sites" in this report.

Residential Market: For-Sale

Prairie Village is part of the Northeast Johnson County real estate market. The consultants collected and analyzed sales data for Prairie Village, Overland Park, Leawood, and Merriam, in order to compare the number of units sold, sales prices, and the number of days on the market. The data collected is for a two-year period, from April 2003 to April 2005. The results of the analysis are presented below.

The consultants do not consider the housing stock in Merriam is competitive with that of Prairie Village, Overland Park, and Leawood. Traditionally, Merriam is a blue-collar town with smaller and less expensive homes considered less competitive with the housing stock available in Northeast Johnson County.

Prairie Village: Home Sales

Over the past two years, the sale price for 79 percent of the homes sold in Prairie Village was between \$100,000 and \$250,000, while only 15 percent were between \$250,000 and \$500,000. According to residential real estate brokers, Prairie Village lacks an adequate stock of houses with four or more bedrooms that run from the lower \$300s to \$500,000, which are popular for maturing families. Table 9 shows the number of single-family homes sold in Prairie Village since April 2003, by sales price.



Table 9

Single-Family Home Sales in Prairie Village, April, 2003 - April, 2005

Average Sale Price	Units Sold	% of Total Units Sold	Cummulative Share
< \$100,000	5	1.1%	1.1%
\$100,000 to \$249,999	354	79.0%	80.1%
\$250,000 to \$499,999	69	15.4%	95.5%
\$500,000 to \$749,999	12	2.7%	98.2%
\$750,000 to \$999,999	6	1.3%	99.6%
\$1,000,000 +	2	0.4%	100.0%
Total	448	100.0%	

Source: Heartland Multiple Listing Service; Economics Research Associates

According to real estate brokers, most young families moving into Prairie Village do not intend to remain there in the long-term. The homes in Prairie Village are viewed as good first or second homes because of school quality, and a steady real estate market. However, because there are not many houses with four or more bedrooms that become available, most families outgrow their homes in Prairie Village and usually look to a nearby town, such as Overland Park or Leawood, to meet their long-term housing goals.

Even with negligible change in the housing stock, the median assessed home value in Prairie Village rose more than \$19,000 since 2000, or almost 12 percent, after inflation. In Johnson County, the median assessed value increased by nearly \$25,400, or almost 15 percent, during the same period. According to local real estate brokers, when houses with four or more bedrooms do become available in Prairie Village, it is not uncommon for them to sell before appearing on the open market. This is a positive sign for the city of Prairie Village because it indicates that given the right housing stock, Prairie Village is still seen as an attractive place to live for maturing families.

Housing Prices: Prairie Village and Neighboring Cities

A closer look at average sales price by number of bedrooms in Prairie Village demonstrates the premium placed on single-family homes with 4+ bedrooms. From April 2003 to April 2005, only 142 homes with 4 or more bedrooms sold in Prairie Village. Table 10 shows the distribution of home sales in Prairie Village by number of bedrooms.



Table 10

Single-Family Home Sales By Number of Bedrooms
Prairie Village, April, 2003 - April, 2005

Unit Size (Bedrooms)	Units Sold	% of Total Units Sold	Cummulative Share
1 BR	1	0.2%	0.2%
2 BR	30	6.7%	6.9%
3 BR	275	61.4%	68.3%
4 BR	120	26.8%	95.1%
5+ BR	22	4.9%	100.0%
Total	448	100%	

Source: Heartland Multiple Listing Service; Economics Research Associates

In Prairie Village, moving from a one-bedroom to a two-bedroom home raises the average sales price from \$102,000 to approximately \$139,800 (37 percent). From two to three bedrooms, the price increases only 14 percent, to around \$158,700. However, from three to four bedrooms, the average sales price increases by 79 percent, climbing to near \$283,900. Moving up to a five-bedroom house raises the average sales price another 60 percent, to \$454,200, and a six-bedroom house leads to an increase of 53 percent, pushing the average sales price to \$694,700.

In Overland Park, approximately 2,500 homes with 4+ bedrooms sold during the same time period. This fact alone demonstrates that families looking for larger homes have far more choice in Overland Park than they do in Prairie Village. As a result, larger homes in Prairie Village are a commodity, and their average sales price is higher, even though the houses are older. Also, houses with equal numbers of bedrooms are typically smaller in Prairie Village than they are in Overland Park and Leawood. Table 11 shows the average sales price by number of bedrooms for each city.



Table 11

Average Sales Prices of Single-Family Homes
By Number of Bedrooms, April, 2003 - April 2005

Unit Size (Bedrooms)	Prairie Village	Overland Park	Leawood	Merriam
1 BR	\$102,000	\$126,925	-	-
2 BR	\$139,781	\$129,046	\$199,765	\$123,370
3 BR	\$158,698	\$158,741	\$274,514	\$147,709
4 BR	\$283,874	\$276,421	\$433,388	\$173,533
5 BR	\$454,194	\$378,756	\$587,855	\$189,380
6 BR	\$694,699	\$565,887	\$924,220	-
Average Sales Price	\$207,492	\$237,362	\$431,172	\$149,372
Median Sales Price	\$158,829	\$196,975	\$364,950	\$149,925

Source: Heartland Multiple Listing Service; Economics Research Associates

The average sales price of three-bedroom homes in Prairie Village and in Overland Park is almost identical (\$158,700). Moving from a three-bedroom to a four-bedroom home in Overland Park raises the average sale price by approximately \$176,400 to \$276,421. While this represents an increase of 74 percent, it is slightly less than the 79 percent figure in Prairie Village. The average price rises to around \$378,800; an increase of 37 percent, compared to 60 in Prairie Village. Even with newer homes and typically larger floor plans, homes with more than four bedrooms in Prairie Village are more valuable than in Overland Park on a per unit basis.

Both the average sales price by bedroom and the median assessed value of houses in Leawood have consistently been higher than in Prairie Village and Overland Park. As of the 2000 census, two-thirds of the homes in Leawood had four or more bedrooms, and 94 percent had three or more. For two- to four- bedroom homes, the average sales price in Leawood since 2003 has been around 56 percent higher than in Prairie Village. Most of the five and six-bedroom homes are much larger and luxurious in Leawood, and are not consistent with the types of houses that most residents of Prairie Village and Johnson County look to buy.

As in Prairie Village and Overland Park, the largest increase in average sales price in Leawood occurs when moving from a three-bedroom to a four-bedroom home. However, the increase is not as dramatic as in Prairie Village or Overland Park; 58 percent, compared to 79 and 74 percent, respectively.



Average Price Per Square Foot

Residential land is also more valuable in Prairie Village than it is in Overland Park or Merriam on a per square foot basis, both in assessed value and sales prices. In 2004, the average price per square foot of residential land was \$133 in Prairie Village and \$119 in Overland Park. As was the case with the sales data, the price per square foot is higher in Leawood, at \$147, and lower in Merriam, at \$117. For all of Johnson County, the average price per square foot in 2004 was \$121. Since 2000, the average sales price has increased in Prairie Village by an annual average of 5.6 percent, compared to 5.0 percent in Overland Park, and 4.6 percent in Johnson County.

In all jurisdictions, the average sales price has been consistently above the average assessed value. The average assessed value has increased at an annual average of 3.9 percent in Prairie Village, compared to 4.8 percent in Overland Park, and 4.6 percent in Johnson County. This is not alarming because Prairie Village has not added the housing units that Overland Park and other areas of the County have.

However, out of the cities analyzed, Prairie Village has the highest ratio of average sales price to average assessed value, at 118 percent, compared to 112 percent in Overland Park, 116 percent in Leawood, and 111 percent for the County. In other words, residents of Johnson County are willing to pay the most over the assessed value to live in Prairie Village, out of the cities analyzed. The detailed tables in the appendix presents price per square foot data in detail.

Average Time on the Market

Based on a correlation between average unit size, amenities, and land values in Prairie Village, the quality of life offered in Prairie Village appears to be highly valued. The average time on the market for a home in Prairie Village is 28 days, compared to 31 in Overland Park and Merriam, and 47 in Leawood. In most housing markets, more expensive houses remain on the market for a longer period of time, and the Johnson County market is no exception. Number of days on the market for all single-family homes is shown in detail below in the following table.

Table 12

Single-Family Homes: Number of Days on the Market
Select Cities in Johnson County, 2003-2005

Days on Market	Prairie Village	Overland Park	Leawood	Merriam
< 7 days	21.9%	19.8%	19.5%	15.9%
7 to 29 days	29.9%	28.8%	20.8%	32.3%
30 to 89 days	32.6%	31.7%	27.6%	35.4%
90 to 179 days	14.1%	13.8%	19.9%	14.0%
180 to 365 days	1.3%	4.9%	9.4%	2.4%
> 365 days	0.2%	1.0%	2.8%	0.0%
Total SF Home Sales	448	4,008	1,264	164
Median Days on Market	28	31	47	31

Source: Heartland Multiple Listing Service; Economics Research Associates

As mentioned above, the median household income in Prairie Village is ten percent lower than in Overland Park. Because houses with an equal number of bedrooms are on average more expensive in Prairie Village, one might expect them to remain on the market for a longer period of time than in Overland Park, however this is not the case. Again, larger homes in Prairie Village appear to be more valuable than in Overland Park. Table 13 shows the median number of days on the market for all single-family homes by city, and number of bedrooms.

Table 13

Median Number of Days on the Market By Number of Bedrooms
Select Cities in Johnson County, April 2003 - April 2005

City	1 - 2 BR	3 BR	4+ BR
Prairie Village	18	24	38
Overland Park	21	24	39
Leawood	44	34	51
Merriam	21	36	36

Source: Heartland Multiple Listing Service; Economics Research Associates

The median number of days on the market for homes with four or more bedrooms in Prairie Village and Overland Park are 38 and 39, respectively. The median number of days on the market for houses in Leawood is considerably higher than in Prairie Village and Overland Park. This is partly because more of the homes in Leawood have four or more bedrooms, and are therefore more expensive. The other main factor in how quickly a home sells is the proportion of homes that are put on the market. In the case of Prairie Village, because a lower percentage of its housing stock turns over per year, houses that do become available stay on the market for less time, as a result.

In Leawood, almost three times as many homes sold between 2003 and 2005 than in Prairie Village. The median number of days on the market during this period was 47 in Leawood, and 28 in Overland Park, a difference of 68 percent. For three-bedroom houses, the median number of days was 34 in Leawood, compared to 24 in Prairie Village, and in houses with four or more bedrooms, the median was 51 in Leawood, and 38 in Prairie Village.

Total Housing Units Versus Units Sold

To further demonstrate the relative lack of larger homes on the market in Prairie Village compared to Overland Park and Leawood, the consultants compared the total number of single-family homes that sold to the total number of owner-occupied units in each city.

Table 14 shows that while 5.2 percent of homes with 4 or more bedrooms sold in Prairie Village between April 2003 and April 2005, 9.2 percent sold in Overland Park, and 17.4% sold in Leawood. For three-bedroom homes, seven percent sold in Prairie Village, while eight percent sold in Overland Park, and 8.7 in Leawood. One to two-bedroom homes also were more available, on a percentage basis, in Overland Park and Leawood, than in Prairie Village. Only 2.1 percent of homes of this size were put on the market, compared to 4.1 and 4.2 percent in Overland Park and Leawood, respectively.

Table 14

Percentage of Owner-Occupied Units That Sold, By Number of Bedrooms
Select Cities in Johnson County, April 2003 - April 2005

City	1-2 BR	3 BR	4+ BR
Prairie Village	2.1%	7.0%	5.2%
Overland Park	4.1%	8.0%	9.2%
Leawood	4.2%	8.7%	17.4%
Merriam	4.0%	5.9%	4.9%

Source: Heartland Multiple Listing Service; ESRI Business Analyst;
Economics Research Associates

Residential Market: Multifamily Rental Market

The consultants obtained multifamily apartment trends data from REIS at the submarket level to ascertain the relative position of Prairie Village in the context of the Kansas City Metropolitan Area. Although the Prairie Village submarket is aggregated with two neighboring jurisdictions, Merriam and Shawnee, the data suggests that Prairie Village apartment market is an average performer in the metropolitan context. The submarket is comprised of 7,451 units (out of 105,208 total units), or just over seven percent of the total metropolitan multifamily market. These units are housed in 45 apartment complex buildings, again just over seven percent of the total metropolitan market. The average asking rent for a combination of Class A, B and C properties is \$661 per month (first



quarter, 2005), or 108 percent of the median asking rent of \$612 per month. The Prairie Village submarket's asking rent rank is the fifth highest in the metro area's 16 submarkets reviewed. Prairie Village also enjoys the fifth lowest vacancy rates, at 7.2 percent, slightly lower than the area median of 7.9 percent. This vacancy rate is considered fairly stable in a suburban context. Another indicator of a fairly healthy multifamily submarket is evidenced by the relatively minor level of rent concessions currently offered, at less than one month's rent (91 percent of the area median level). The consultants regard these findings very positive considering the data supplied is for a mix of property classes. Properties in prime locations with a quality product and accompanying amenities are likely to outperform other submarkets with limited multifamily residential offerings.



Figure 4

Kansas City Metropolitan Area Multifamily Rental Submarket Trends

Submarket	Inventory (Buildings)	% of Total	Inventory (SF/Units)	% of Total	Asking Rent \$	% of Median	Vac %	% of Median	Free Rent (mos)	% of Median
Overland Park South	43	7.0%	10,809	10.3%	\$ 825	135%	7.4	94%	1.20	133%
Overland Park North	51	8.3%	10,203	9.7%	\$ 715	117%	8.0	101%	0.90	100%
Shawnee/Lenaxa	39	6.4%	9,849	9.4%	\$ 692	113%	7.8	99%	1.00	111%
Grandview/Far South	48	7.8%	9,532	9.1%	\$ 615	101%	8.5	108%	1.00	111%
Gladstone/Liberty	50	8.1%	8,251	7.8%	\$ 583	95%	8.3	105%	0.90	100%
Merriam/Mission/Prairie Village	45	7.3%	7,451	7.1%	\$ 663	108%	7.2	91%	0.90	100%
Platte	34	5.5%	6,805	6.5%	\$ 646	106%	6.8	86%	1.00	111%
Independence	38	6.2%	6,315	6.0%	\$ 598	98%	9.4	119%	0.80	89%
Raytown	37	6.0%	6,147	5.8%	\$ 577	94%	7.0	89%	0.70	78%
North Kansas City	42	6.8%	5,951	5.7%	\$ 608	99%	6.8	86%	0.80	89%
University/Plaza	42	6.8%	5,235	5.0%	\$ 732	120%	5.6	71%	0.70	78%
Southwest Kansas City	32	5.2%	4,594	4.4%	\$ 522	85%	9.8	124%	1.00	111%
Wyandotte	32	5.2%	4,565	4.3%	\$ 541	88%	8.5	108%	0.90	100%
Olathe	33	5.4%	4,151	3.9%	\$ 623	102%	7.4	94%	0.90	100%
Downtown/East KC	26	4.2%	3,295	3.1%	\$ 650	106%	10.5	133%	1.00	111%
Midtown	22	3.6%	1,975	1.9%	\$ 458	75%	9.5	120%	0.70	78%
TOTAL / MEDIAN	614	100.0%	105,128	100.0%	\$ 612		7.9		0.90	

Data collected include multifamily apartment properties in the A, B, and C-class, as of the first quarter of 2005.

Source: REIS; Economics Research Associates, 2005

Section VI. Retail Market Analysis

The consultants evaluated the demand for destination, convenience, and service retail, lodging and/or eating and drinking in the Prairie Village submarket in the context of the Kansas City metropolitan area to test the relative support for retail generated by Prairie Village residents, daytime employees and visitors. Destination shopping differs from convenience and service retail in that it is generally larger, offering apparel and other shoppers goods in a unique setting. Convenience and service retailers tend to support daily needs such as grocery, pharmacy, personal services (salons) and others. Regional and sub-regional trends reported by community/neighborhood commercial centers and regional malls are provided below.

Regional and sub-regional trends

According to regional and submarket data provided by MARC and REIS, the Johnson County retail market continues to experience stable market conditions. Although there was a slight recession in 2003 (with vacancy rates rising, absorption and cap rates falling), the market appears to be improving slightly. As of the first quarter of 2005, the vacancy rate at community shopping centers is estimated at six percent, as compared to nearly ten percent at neighborhood shopping centers. Asking rent at these centers are nearly \$17 per square foot and \$13 per square foot, respectively. Although community centers report positive absorption rates of approximately two percent of total occupied stock, neighborhood centers show slight negative absorption of 1.8 percent, or nearly 1.3 percent lower than in 2005 (Table 4).

Furthermore, the Johnson County Appraisers 2005 Revaluation Report indicates that although buyers are motivated by low interest rates and sales remain strong for retail investment property, nearly all retail property types experienced declining capitalization rates from 2003 to 2005. The capitalization rate equates to the “discount rate” used to determine the present value of the retail space’s stream of future earnings. The capitalization rate equals normalized earnings after taxes divided by present value, expressed as a percentage. Capitalization rates are used to determine the potential sales value of an income-producing property.

These trends apply to a range of property types, from single tenant to larger Neighborhood Centers. For example, the capitalization rates for Class A single-tenant properties declined from nine percent to 7.75 percent from 2003 to 2005. Rates for unanchored strip centers in the same class dropped from ten percent to 8.75 percent, while anchored neighborhood and community centers dropped from 9.7 percent to 8.5 percent. These trends indicate a level of perceived investment risk in retail property types in the Johnson County market.

Regionally, many large-format malls are struggling. Colliers International Real Estate Services reported that Ward Parkway Mall experienced such significant dark space that owners of the mall opted to reconfigure the space to a lifestyle format (with drive-up parking linked to out-facing storefronts as opposed to the inward configuration of enclosed mall space). As a result, national retailers like Petsmart, Target, Dick’s Sporting Goods and Pier 1 Imports have moved into the space and the mall’s performance appears to be improving. In spite of apparent competition, vacancy rates appear to be relatively healthy



at 7.5 percent of available space, indicating some potential opportunity for additional retail product (as compared to a typical market saturation threshold vacancy rate of 9%).

At the same time, Colliers reports that the Johnson County submarket has more than 2.7 million square feet of retail space in the pipeline (planned or under construction) as of January 2005. The consultants consider this volume of pipeline activity to be quite significant; only time will reveal the extent to which the introduction of over 2 million square feet of retail space into a local market showing signs of saturation can be absorbed (Table 16).



Table 15

Retail Submarket Market Trends

Johnson County Snapshot	Square Feet	% of Total Square Feet	Vacancy Rate	% Change from 2003	Asking Rent	% Change from 2003	Absorptions as	Increase/
							% of Occupied Stock	Decrease from 2003 (%)
Community Shopping Centers	6,011,000	61%	6.1	65%	\$ 16.68	-0.4%	2.4	0.5
Neighborhood Shopping Centers	3,846,000	39%	9.8	40%	\$ 12.88	-0.8%	-1.8	-1.2
Total	9,857,000	100%	7.5	50%	\$ 15.20	-0.3%	0.8	-0.1

Source: REIS; Economics Research Associates, 2005.

Table 16

**Johnson County Regional Submarket
Major Retail Projects, Planned or Under Construction**

Project Name	Location	Status	Description
Merriam Pointe	I-35 & 67th Street	Planned	320,000 sf power center, no anchors named.
Target	97th & Quivira	Planned	Super Target to be completed in 2005.
Lionsgate Market Place	143rd & Metcalf	Under Construction	275,000 sf, Dillon's Grocery, Steinmart, Bank of Anthony
Canyon Creek	North of K-10 & Cedar Creek	Planned	195,000 sf of retail plus 177,000 sf of office
Falcon Valley NEC	K-10 & Woodland Road	Planned Expansion	Mixed use - 112,000 sf of retail plus some office.
Village of Overland Pointe SEC	135th & Antioch	Under Construction	Multiplex theater and small retailers
Shawnee Crossings	K-7 & Shawnee Mission Parkway	Continuing Development	Mixed retail and office.
Leawood Market Center	SWC 135th & State Line	Planned	67,000 sf of retail plus 3 pad sites
Park Place	117th & Nall	Planned	230,000 sf of retail.
Ironhorse Centre	151st & Nall	Planned	110,000 sf of mixed retail and office; no anchors named.
Olathe Terrace	119th & Blackbob	Planned	450,000 sf of retail.
Lifestyle Center	135th & Metcalf	Planned	Planned project, no anchors named.
Parkway Plaza	NWC 135th & Roe	Site Preparation	
Crystal Springs Shopping Center	135th & Pflumm	Planned	320,000 sf of retail.
Cornerstone of Leawood	SEC 135th & Nall	Planned	350,000 sf of retail. Ultimate Electronics, Seville Home, Market Foods.
Ridgeview Falls	119th & Ridgeview	Planned	240,000 sf of retail. Drugstore anchor.

Estimated Retail Space in Reported in Pipeline (square feet) 2,669,000

Source: Colliers, Martin, Tucker Market Report Kansas City, January 2005; Economics Research Associates, 2005.

Tenant Profiles

The Prairie Village Submarket contains nearly 940,000 square feet of retail in community and neighborhood centers and more than 1 million square feet of retail space in two regional malls (Ward Parkway and Oak Park Malls). The consultants provide the following tenant profiles for the two “anchor” neighborhood strip centers that are located in the center of the jurisdictions boundaries, as designed by J.C. Nichols in the original 1940’s master plan for the “village on the Prairie.”

The Corinth and Village shops were designed to be highly accessible to neighborhoods so that residents could find it easy to make the place a regular part of their routine—in other words, residents can comfortably walk to the shops from their homes. These centers continue to operate as “social condensers”—the place where citizens of a community or neighborhood develop relationships, discuss issues, and interact with others outside the home.

J.C. Nichols recognized that the retail format that would best serve his neighborhood planning vision included cafes, markets, and corner places where his homebuyers could feel welcome and find opportunities for interaction with other residents in the newly formed community. These kinds of retail places have always been an important factor in influencing the way in which communities develop cohesion and a sense of identity. Ray Oldenburg, in *The Great Good Place* (1989), calls these locations “third places” (the first being the home and the second being work). According to Oldenburg, these third places are crucial to a community for a number of reasons. They create distinctive informal gathering places, they foster relationships and a diversity of human contact, they help create a sense of place and community, they invoke a sense of civic pride, they allow people to relax and unwind after a long day at work, and they encourage sociability instead of isolation.

In addition to lending to the creation of a sense of place in Prairie Village, these independent retailers provide the basic goods and services for daily life: full-service grocery stores, pharmacy, dry cleaners, book store, must store, liquor, specialty foods, and others. The tenants in the Village and Corinth shops have provided the city’s residents important goods and services for more than 50 years. Retail in Prairie Village is traditionally neighborhood-serving with a healthy inflow of shoppers traveling in from outside the primary trade area. Notably, the Corinth Square shopping center is currently attracting customers from nearly 40 cities in Kansas, Missouri, Nebraska, Iowa, and Texas. Anecdotal comments from retailers indicate that their customers are attracted to the shopping center’s unique, independent retail product mix. These primary centers report occupancy above 95 percent with a good mix of grocery, restaurants, and some apparel. Tenanted primarily with regional/local operators, the shops are viewed as part of community.

Local Independent Retailers

In the consultants’ experience, the Prairie Village Shops provides an excellent of example of how clever clustering of unique and high quality independent retailers in a community-serving commercial center can be successful. Prairie Village’s year-to-date gross sales are



up six percent from last year. Sales in the Corinth Shops are up two percent during the same period.

The current roster of independent retailers includes professional businesses with past experience, structured business plans, adequate financial qualifications, and creative merchandising that clearly achieves a unique niche in the market. Independent retailers anywhere rely on these market factors to survive. For example, the new upscale tenant “RSVP in the Village” (everything you need to entertain) is in the process of relocating to Prairie Village.

Some traditional businesses have found it difficult to compete. For example, the Good Earth Vitamin Store was located in the same spot for decades. In the absence of remodeling the interior space of the store, patrons were drawn to Whole Foods, Wild Oats, and other choices.

The importance of solid financial footing is evidenced by the departure of a neighborhood favorite, the Tippins Restaurant and Bakery. The restaurant recently declared bankruptcy and the space remains vacant while the property owners deal with legal issues.

Notably, Federated Properties is in the process of acquiring the May Company (parent company to the Jones Store). While the deal scheduled to close by the end of 2005, the future of the Jones Store unknown.

Regional/National Chain Retailers

With regard to sales productivity performance, national chains in the Village have experienced mixed success. A Gap clothing store was located in the Village center for approximately five years. The Gap store exited the market when they couldn't meet aggressive sales targets (2004) during a wave of national consolidations. An Applebee's restaurant arrived approximately one year ago. They have one big rush from 6:00 in the evening until 8:00 p.m., but have a hard time filling the tables thereafter. Highwoods Properties was in negotiations with a national bookstore for the Westlake Hardware store space in Corinth Shopping Center (one of the large format spaces in the center) for more than a year, during which time Westlake's lease agreement remained on a month-to-month term. After lease negotiations with the bookstore failed, Westlake renewed its lease for below market rate terms. The most successful national retailers appear to be a Starbucks coffeehouse, a Chico's clothing store, and a Cold Stone Creamery located in the Village. According to Highwoods, the Starbucks it is extremely productive in spite of initial neighborhood opposition to the concept.

The consultants provide summary profiles of these centers below.



Table 17

Neighborhood Shopping Center Profiles

Prairie Village Shops (71st Street/Mission Road)

Anchor Tenant:	The Jones Store, Hen House Market
No. Stores:	40
Tenant Overview:	Starbucks, Einstein Bagels, Bruce Smith Drugs, Chico's Clothing Store, Banking, Dry Cleaners, Café Province, Boulangerie Phillippe, Blue Moose, Applebees, Bijan Salon and Spa, Bruce Smith, Drugs, Euston's Hardware Store, Mady & Me, Better Cheddar, Ryman Liquor, M Taylor, Spangler's, Natural Wear, Toon Shop
Distance from Competing Mall:	3 miles
Access:	Convenient location attracts both Johnson County and adjacent Missouri residents
Other:	Competitive lease rates and professional building management
Current Vacant Space:	8,961 square feet (3 vacant out of 40 stores)

Corinth Shops (North and South, 83rd Street/Mission Road)

Total Sq. Ft.:	322,594
Anchor Tenant:	Hen House, Westlake Hardware
No. Stores:	50
Tenant Overview:	Learning Tree Toys, Land of Paws, Wedded Bliss Custom Bridal, Sopra Salon and Spa, EJ's Boutique, Jewelry Arts, Wooten's, and Johnny's Tavern and Salty Iguana
Demographics:	Average Household income of \$79,327; median age of 41.
Distance from Competing Mall:	5 miles
Access:	Easily accessible to downtown Kansas City and all major arteries
Current Vacant Space:	2,092 square feet (1% of total available space)

Source: Highwoods Properties, May 2005.

Buyer Profiles

According to ESRI Tapestry analysis, residents of the City of Prairie Village have a diverse range of consumer spending preferences. “Prosperous Empty Nesters” comprise 26.9 percent of the population, and have strong spending preferences toward home improvement and lawn care, physical activity and fitness (i.e. golf, skiing, bicycle riding), and travel. Most in this category are still working in well-established careers. Nationally, the median age is 46, and over half of this demographic segment tends to be over the age of 55.

Those in the “Cozy and Comfortable” category of residents (14.4 percent of the population) tend to be middle-aged and also have strong preferences for home improvement and lawn care products, but also enjoy home electronics, and leisure activities, including golf.

Metropolitans generally consume home improvement goods, travel frequently, and have hobbies including music, sports, and outdoor activities, and have a median age of 37.2 years.

Main Street USA (8.7 percent) are slightly younger than the “Cozy and Comfortable” income bracket (35 years old), and have spending preferences that include going to theme parks or domestic travel, and in the evenings enjoy dining out, seeing movies, and playing billiards.

The two groups with the most upscale spending preferences include “Connoisseurs” (6.8 percent of total population) and “Silver and Gold” (6.2 percent of total population). The “Connoisseurs” typically engage in conspicuous consumption, buying the latest technology and gadgets. Home improvement and lawn maintenance is generally performed by hired services. Also popular are trendy coffee houses, high-tech sporting equipment, travel, and buy clothing from stores such as Eddie Bauer, Nordstrom, Lord & Taylor, Macy's and other high-end stores. The median age is 45 years.

The “Silver and Gold” residents are the wealthiest, and almost the oldest, seniors. This characterization is tied to a significant portion of Prairie Village’s overall population, with almost 70 percent of residents over 55 years of age. Activity preferences include travel, remodeling and home improvement (services), dining out, reading, and participating in outdoor activities, including golf, bicycling, and fishing.

These buyer profiles are consistent with the current predominant supply of neighborhood and community shopping centers in the submarket area. Given that, overall, residents of Prairie Village are active in the outdoors and in recreation activities, such as golf, bicycling, fishing, and travel. If Prairie Village is looking for an anchor of a future commercial area, a big box store such as REI could cater to a wide variety of residents of Prairie Village, as well as those in neighboring communities. Other stores that may align with the preferences of the more populous categories include home furnishings and accessories (Bed Bath and Beyond, Linens and Things).

Trade Area Analysis

The consultants established the likely primary trade area for consumers, residents, and tenants in the Prairie Village submarket by conducting an on-site drive-time analysis, recording the boundary established by 10-minute and 15-minute drive times from the intersection of 75th Street and Mission Road. The consultants then applied these boundaries to a GIS mapping system to construct the boundaries shown in Figure 5 on the following page. The boundaries of this trade area are roughly tied to Johnson Drive/Route 69 heading south to Travis /I-169/93rd Streets, west to Roe/103rd Streets, northeast to Locust/84th Streets, north to Locust/65th Streets, and northwest to Rockwell/51st Streets and southwest to Route 69.

The consultants determined that approximately 78,000 residents (35,000 households), earning an average household income of \$98,261 are located in this submarket trade area, indicating significant spending power potential. The consultants evaluate the relationship between the available supply of retail space against the demand for retail space generated by the Prairie Village residents, employees and visitors in the following spending power analysis.

Submarket Supply: Inventory

The majority of retail space in this trade area was built from late 1940s to mid 1970s, with many centers renovated in late 1980s to early 1990s. The consultants provide a table detailing the supply of community/neighborhood space in the primary, secondary, and tertiary markets, as well as regional mall space on the following page.

The consultant's analysis indicates that average lease rates are from \$9 to \$20 per square foot indicating mixed sales productivities between smaller, local independent businesses, and larger regional and national chains. Occupancy rates appear to be healthy at between 97 and 100 percent of available space.

In total, the Prairie Village submarket includes nearly 1.6 million square feet of community/neighborhood-serving retail space, and 1 million square feet of regional mall space, or a total of nearly 2.6 million square feet of retail serving 35,000 households.

Prairie Village Retail Trade Area

Figure 5

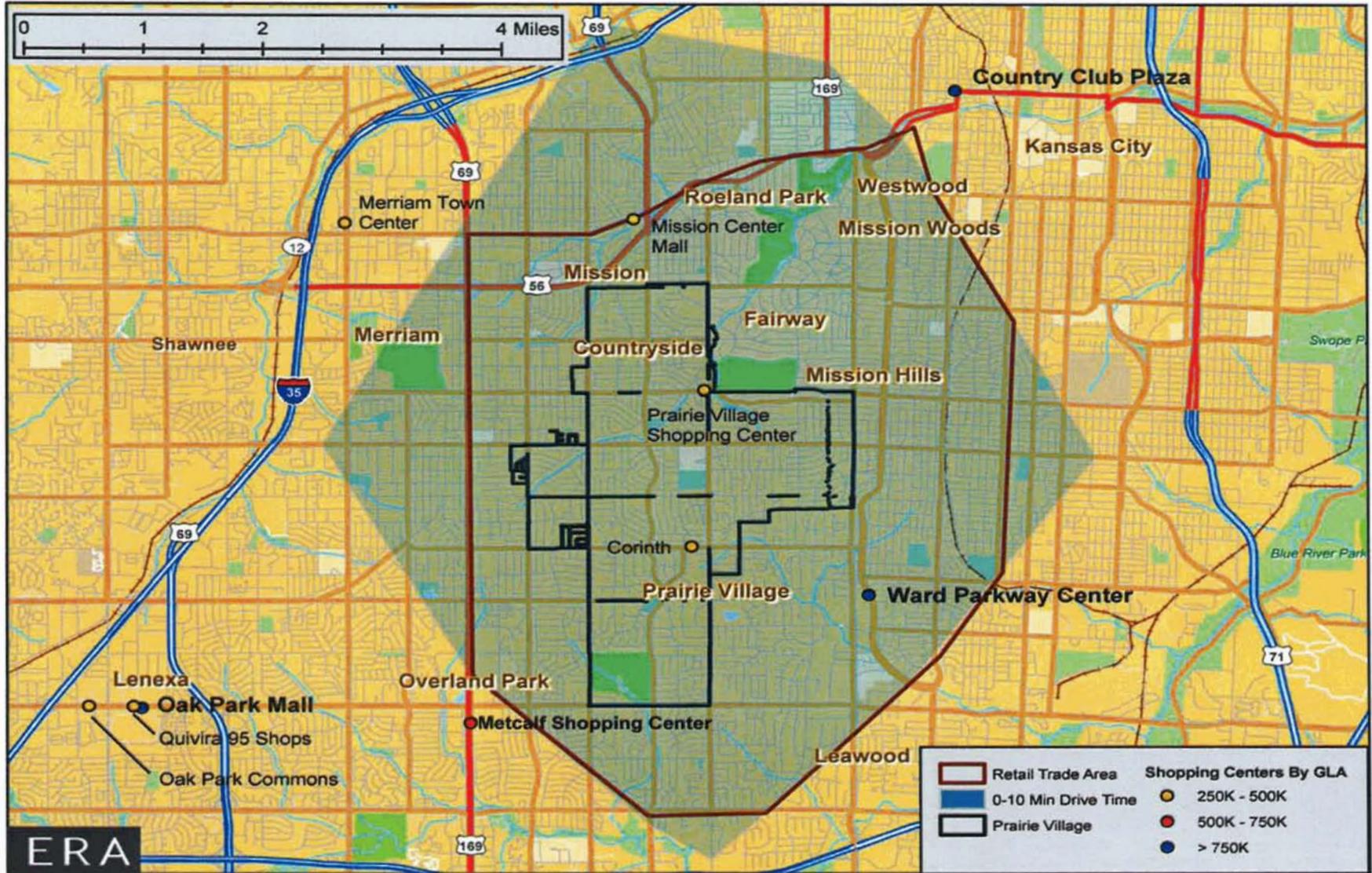




Table 18

Prairie Village Submarket Retail Market Supply Analysis

Center Name	Gross Leasable Area	Opened	Address	Zip	Occupancy %	Sales / SF	Avg. Lease Rate	Last Renovation	Stores
Primary Submarket Supply									
Corinth Square	322,594	1962	4050 W. 83rd St.	66208	95%	\$400	\$16-\$20 / SF		51
Prairie Village Shopping Center	432,846	1948	4000 W. 71st St.	66208	97%	\$260	\$16-\$20 / SF	1989	49
Stateline Shopping Center	102,385		7620 State Line Rd.	66208	100%	dna	dna		14
Meadowbrook Village Center	47,630	1975	95th & Nall	66207	< 100%	dna	dna	1987	27
Somerset Plaza	15,000	1965	90th St. & Roe Blvd.	66208	dna	dna	dna	1993	9
Kenilworth Shops	18,310	1964	95th & Mission Rd.	66207	81%	dna	\$12-\$14 / SF		8
<i>Subtotal</i>	938,765								
Secondary Submarket Supply									
Ranch Mart North Shopping Center	200,000	1958	3801 W. 95th St.	66206	dna	dna	dna	1968	80
Ranch Mart South Shopping Center	200,000	1968	3700 W. 95th St.	66206	dna	dna	dna	1978	42
<i>Subtotal</i>	400,000								
Tertiary Submarket Supply									
Fox Hill Center	7,297	1974	I-435 & Roe Blvd.	66207	dna	dna	dna		dna
Nall Hills Shopping Center	145,000	1962	9628 Nall Ave.	66207	< 100%	dna	\$9-\$13 / SF	1977	dna
Trailwood Shopping Center	74,000	1968	95th & Nall	66207	87%	dna	dna	1986	dna
96th & Nall Shops	7,194	1978	96th & Nall	66207	100%	dna	dna		dna
<i>Subtotal</i>	233,491								
Total Submarket Supply									
Community/Neighborhood Retail Centers	1,572,256								
	+								
Ward Parkway and Mission Center Regional Malls	1,053,216								
	=								
Total Prairie Village Submarket Supply	2,625,472								

Source: CoStar; Economics Research Associates, 2005.

Submarket Demand: Spending Power and Supportable Space

Assuming average sales productivity rates (\$275 per square foot, ULI Dollars and Cents of Shopping Centers), Prairie Village's residents and visitors currently can support approximately 1.4 million square feet of retail. This spending power is based on the average household incomes of over 35,000 households located in the primary trade area equivalent to a ten-minute drive time from the center of Prairie Village. Given that the trade area currently includes 2.6 million square feet of retail in community/neighborhood strip centers and regional malls, the Prairie Village submarket appears to be oversupplied by a significant margin if evaluating all types of retail and a range of quality and offerings (approximately 500,000 square feet).

However, a comparison of the gross spending power against total retail supply does not provide a complete description of the community's retail health. At a micro-level, Prairie Village's community and neighborhood retail centers provide important goods and services to city residents. It is important to note that many of these uses show relatively low productivity or sales per square foot and would not be considered competitive with new or revitalized retail products.

Some of Prairie Village's marginal retail areas would benefit from reinvestment or repositioning of the existing space. Such repositioning, which may result in a net increase in the total amount of retail square footage, should result in higher quality, more productive, and more sustainable retail offerings. Over the long run, this should increase Prairie Village's capture of the regional market share for retail spending.

The consultants recommend that the Vision's stakeholders focus not on how much retail exists in Prairie Village, but rather on the quality and diversity of offerings.



Table 19: Prairie Village Submarket Spending Power by Retail Category

Residential Retail Market Demand	Retail Trade Area	Mixed Productivity/ Offerings	Enhanced Productivity/ Offerings
Trade Area Households	35,387	35,387	35,387
Average Household Income	98,261	98,261	98,261
Gross Retail Spending Potential	\$ 951,962,298	\$ 951,962,298	\$ 951,962,298
Estimated Prairie Village Market Capture			
Annual GAFO Expenditure	10%	20%	25%
Annual Convenience Expenditure	65%	65%	70%
Annual Eating & Drinking Expenditure	20%	20%	25%
Total Trade Area Retail Purchasing Power by Major Retail Category			
Annual GAFO Expenditure	\$ 46,268,939	\$ 92,537,879	\$ 115,672,348
Annual Convenience Expenditure	\$ 183,475,294	\$ 183,475,294	\$ 197,588,779
Annual Eating & Drinking Expenditure	\$ 41,400,644	\$ 41,400,644	\$ 51,750,805
Total Retail Expenditure	\$ 271,144,878	\$ 317,413,817	\$ 365,011,932
Potential Inflow Purchasing Power (Daytime Employees and Visitors)			
Annual GAFO Expenditure ¹	\$ 2,313,447 5%	\$ 4,626,894 5%	\$ 5,783,617
Annual Convenience Expenditure ²	\$ 9,173,765 5%	\$ 9,173,765 5%	\$ 9,879,439
Annual Eating & Drinking Expenditure ³	\$ 6,210,097 15%	\$ 6,210,097 15%	\$ 7,762,621
Total Purchasing Power			
Annual GAFO Expenditure ¹	\$ 48,582,386	\$ 97,164,773	\$ 121,455,966
Annual Convenience Expenditure ²	\$ 192,649,059	\$ 192,649,059	\$ 207,468,218
Annual Eating & Drinking Expenditure ³	\$ 47,610,741	\$ 47,610,741	\$ 59,513,426
Total Retail Expenditure	\$ 288,842,186	\$ 337,424,573	\$ 388,437,609
Total Supportable SF⁴	1,390,770	1,435,320	1,487,943

¹ GAFO represents General Apparel, Furniture and Other retail goods.

² Capture rate assumptions for office worker and visitor inflow based on estimated 7,500 employees working in Prairie Village, with average annual daytime spending of \$23.5 million (ICSC Survey).

Source: City of Prairie Village; Consumer Expenditure Survey; ESRI; Economics Research Associates, 2005



Table 20

Prairie Village Retail Analysis
Summary of Supportable Retail Space by Major Retail Category

Trade Area Retail Market Demand	Current Market/ Limited Offerings	Range of Supportable Square Feet	
		Mixed Productivity/ Mixed Offerings	Enhanced Productivity/ Enhanced Offerings
Residents			
GAFO ¹	205,640	462,689	336,501
Convenience ²	917,376	815,446	790,355
Eating & Drinking	230,004	165,603	188,185
Subtotal	1,353,020	1,443,738	to 1,315,041
Inflow			
GAFO ¹	10,282	23,134	16,825
Convenience ²	45,869	40,772	39,518
Eating & Drinking	34,501	24,840	28,228
Subtotal	90,651	88,747	to 84,571
Total Market			
GAFO ¹	215,922	485,824	353,326
Convenience ²	963,245	856,218	829,873
Eating & Drinking	264,504	190,443	216,412
Total Supportable Retail Space (sf)	1,443,671	1,532,485	to 1,399,612
	(-)	(-)	(-)
Less Current Existing Space	1,991,981	1,991,981	1,991,981
	=	=	=
Net Supportable SF	(548,310)	(459,496)	(592,369)

¹ GAFO is the major retail category that includes general apparel, furniture, and other retail purchases.

² Convenience is the major retail category that includes food at home (grocery), personal care products, tobacco and reading materials.

³(Assuming 100% of existing vacancies filled)

Source: ESRI Business Analyst; U.S. Consumer Expenditure Survey; Economics Research Associates, April 2005

Tenanting/Mix Strategies

Improvement in the community's retail base will be dependent upon capturing a larger share of the existing consumer market within the primary trade area identified in the retail demand analysis as well as inflow from external markets. In the case of Prairie Village, the variables driving current market capture rates appear to be the community and neighborhood serving nature of the city's retail space, proximity to competitive regional destination retailers, and the size and character of the housing stock in Prairie Village. In other words, consumers have ample retail choices within proximity of home and work. Prairie Village businesses appear to be supported by neighborhood traffic, with some evidence of inflow for specialty retailers.

The lack of competitive, new housing stock is likely to constrain opportunities to fundamentally change the consumer market and the resulting support for retail. Because a competitive housing product is not available, the potential for increasing disposable income goes elsewhere. However, Prairie Village resident demographics are very strong, offering diversity in age and affluence. Nearly half of the population is between 35 and 64, with the balance evenly distributed between children and elders. The average household income of Prairie Village residents is \$90,000 annually, as compared to the national average of approximately \$45,000.

However, area retailers are faced with significant competition from existing community-serving and regional malls. Prairie Village is served by nearly 50 percent more retail than the national average level of space per capita (34 square feet of retail per person as compared to the national average of 22 square feet per person). The consultants' experience indicates that unless a retailer is positioned to attract significant inflow from outside the defined primary trade area, there is not enough support for investment grade sales productivity levels or the debt associated with rehabilitation or new construction of existing space.

From a market positioning perspective, Prairie Village Shops have attracted extremely unique and highly productive independent retailers that have benefited from clever clustering (Mady & Me, Cold Stone Creamery, and Gymboree Play). These retailers have been successful in attracting higher than average inflow for community-serving retail establishments. As an example, the Corinth Square shopping center is currently attracting customers from nearly 40 cities in Kansas, Missouri, Nebraska, Iowa, and Texas. Anecdotal comments from retailers indicate that their customers are attracted to the shopping center's unique, independent retail product mix. Inflow is also supported by the high mobility of the average Kansas City resident (perhaps as far as 15 miles).

The consultants conclude that in order to support more retail or to improve the productivity of the existing retail, Prairie Village needs to attract from a larger trade area. To provide a context for quantifying the potential buying power outside of the City of Prairie Village limits, the consultants obtained retail sales data from Claritas to compare the retail spending power of residents located in the primary trade area to the retail sales potential of retailers located within the city boundaries (note that the primary trade area extends beyond the city's boundaries as illustrated in Figure 5).

This comparison indicates that retailers located within the city's boundaries are not capturing a significant share of the retail spending power associated with primary trade area residents living outside the city's boundaries:

- Total retail sales potential for retailers located within the city's boundaries for 2004 are reported at \$186 million.
- Based on the average household income reported for all Prairie Village households and retail spending patterns reported by the US Consumer Expenditure Survey, city residents hold nearly \$ 200 million retail spending power—a figure comparable to the retail sales potential reported by Claritas for Prairie Village retailers.

- In comparison, there are nearly 26,000 households located outside the city's boundaries and within a 10-minute drive time of the Village businesses (defined as the primary trade area for the purpose of the retail demand analysis). The retail spending power of these external households is estimated at \$715 million annually. In short, businesses located within the boundaries of Prairie Village have the opportunity to capture a share of \$715 million in incremental retail spending power over and above current capture rates from shoppers located within their primary market area.

Although it is likely that the existing and planned regional malls will continue to act as the first-line capture of destination spending currently serving the larger trade area, these figures indicate the capacity for Prairie Village community and neighborhood-serving retailers to improve their market capture rates. From a competitive point of view, opportunities for retailers to expand their market share will be dependent upon reinvestments and upgrades.

Justification for reinvestment in retail property will be tied to the existing performance of individual shopping centers (rental and vacancy rates). The consultant's review of existing retailer operations indicate that there is not enough sales potential for existing tenants and property owners to invest more. In centers like Corinth Square that have little to no vacancies and are reporting a healthy increase in sales from the same period of last year, investment in property upgrades may not be warranted.

The consultants do not believe that there is a 'natural' opportunity for new national chain stores to significantly penetrate the submarket's neighborhood and community centers. These tenants have threshold criteria regarding sales productivity levels, traffic counts, and co-tenancy—critical factors in determining whether or not to consider entering in to lease negotiations. Stakeholders undertaking retail redevelopment will succeed in attracting national chain retailers to the Prairie Village market only through the opportunity to co-locate with unique and synergistic independent retailers in a highly competitive real estate product.

Conclusions

The consultants tested the relative health of the local retail market by evaluating the basic elements of retail supply within a 10 to 15 minute drive time against an estimate of retail demand based on average household incomes and consumer expenditure patterns. The results of this analysis suggest that, overall, Prairie Village's community and neighborhood-serving retail centers are balanced with market demand, if not slightly oversupplied by marginal retail uses that would benefit from reinvestment or repositioning of the existing space.

As an example, Prairie Village's year-to-date gross sales are up six percent from last year. In contrast, sales in the Corinth Shops were up two percent during the same period. In the consultant's view, the Corinth Shops are at a disadvantage due to a lack of reinvestment in the property and the center's awkward and obsolete site configuration.

The contrast between the relative sales productivities of similar retailers in the Village Shops and in Corinth Square point to an opportunity for the property owners and retailers

in the Corinth site to improve their business positioning by attracting a larger portion of available market share. Strategies seeking increase market capture rates should focus on retaining and attracting residents in the 30 to 65 age group that will provide a greater level of support for goods and services. Options could include land use planning tools such as increasing the residential density in targeted areas (transitioning single family detached to townhouses in an urban village setting), or supporting significant rehabilitation of housing stock that is unable to compete in the regional market.



Section VII. Office Market Trends

The consultants conducted an office space analysis to size Prairie Village's share of the Northeast Johnson County commercial office market. The consultants evaluated location/concentration characteristics, inventory, absorption trends, vacancy, and rental rates. We also analyzed the user groups of Prairie Village's office space, including users multi-tenant and single-user office, professional services, and back-office operations.

Commercial Office Market

As of January 1st, 2005, Johnson County contained 37.4 percent of the total office space for the Kansas City MSA, second only to Jackson County, MO, which contains Downtown Kansas City, MO. The next highest county in the MSA contains only five percent of the office space. Johnson County has almost 32 million square feet of office space, a vacancy rate of 13.9 percent, and an average rental rate of \$17.56. The office space in the MSA as a whole has a vacancy rate of 15.3 percent, and an average full service rental rate of \$16.70.

Overland Park is the main employment center of Johnson County, with almost 20 million square feet of office space, or 62.5 percent of the total space countywide. Prairie Village has 850,428 square feet of space, or 2.7 percent of the County's space. The vacancy rate in Overland Park is below that of the county, at 12.9 percent, while Prairie Village is well above, at 20.4 percent.

Office buildings are classified according to a combination of location and physical characteristics. Class B and Class C buildings are always defined in reference to the qualities of Class A buildings. There is no formula by which buildings can be placed into classes; judgment is always involved. A fair number of the Class C office spaces in the inventory are not truly office buildings but rather walk-up office spaces above retail or service businesses.



Table 21

Office Market Summary By Class, As Of January 1, 2005
 Prairie Village, Kansas
 Prairie Village Vision / Strategic Investment Plan

Class	Number of Buildings	Total RBA ⁽¹⁾	RBA As % of Market	Total Vacancy Rate ⁽²⁾	Total Average Rental Rate
A	-	-	-	-	-
B	20	568,357	66.8%	28.7%	\$17.57/fs
C	22	282,071	33.2%	3.6%	\$11.15/fs
Total	42	850,428	100.0%	20.4%	\$17.15/fs

Total Net Absorption					
Class	2004	2003	2002	2001	Avg. Annual '01-'04
A	-	-	-	-	-
B	(62,376)	(46,414)	18,677	(18,422)	(27,134)
C	10,041	5,498	6,631	(14,433)	1,934
Total	(52,335)	(40,916)	25,308	(32,855)	(25,200)

(1) Rentable Building Area
 (2) Includes Direct Vacancy and Sublet Vacancy

Source: CoStar Property; Economics Research Associates, March, 2005

Table 21 presents a breakdown of the Prairie Village office market by Class. Class B office space represents the majority of vacant office space. There is approximately 568,400 square feet of rentable Class B space in Prairie Village, nearly 29 percent of which is vacant. The Class C market is much stronger, with about 282,100 square feet of rentable space, only 3.6 percent of which is vacant. While the average rental rate is lower for Class C space, at \$11.15 per square foot, it is more in line with the type of office space that Prairie Village can easily fill; office space for small businesses and professional and medical offices. The average rental rate for Class B space is \$17.36 per square foot. In 2004, Class B space experienced negative absorption of almost 62,400 square feet, and from 2001 to 2004, the average annual absorption was negative 27,100 square feet. Class C space has seen positive absorption for each of the past three years, from 6,600 in 2002, to 5,500 in 2003, and 10,000 in 2004.

ULI-the Urban Land Institute defines Class A space as buildings that have excellent location and access, attract high quality tenants, and are managed professionally. Building materials are high quality and rents are competitive with other new buildings. Class B buildings have good locations, management, and construction, and tenant standards are high. Buildings should have very little functional obsolescence and deterioration.

Class C buildings are typically 15 to 25 years old but are maintaining steady occupancy. Tenants filter from Class B to Class A and from Class C to Class B. In a normal market, Class A rents are higher than Class B which are above Class C.



Table 22

Office Market Summary By Class, As Of January 1, 2005
 Overland Park, Kansas
 Prairie Village Vision / Stragic Investment Plan

Class	Number of Buildings	Total RBA ⁽¹⁾	RBA As % of Market	Total Vacancy Rate ⁽²⁾	Total Average Rental Rate
A	22	3,402,098	17.0%	23.0%	\$20.00/fs
B	285	15,198,467	76.1%	11.2%	\$17.36/fs
C	149	1,373,104	6.9%	6.9%	\$15.74/fs
Total	456	19,973,669	100.0%	12.9%	\$18.03/fs

Total Net Absorption					Avg. Annual '01-'04
Class	2004	2003	2002	2001	
A	(107,468)	181,199	16,891	(252,376)	(40,439)
B	74,162	97,730	(387,725)	(134,938)	(87,693)
C	31,262	13,409	(72,358)	(36,166)	(15,963)
Total	(2,044)	292,338	(443,192)	(423,480)	(144,095)

(1) Rentable Building Area

(2) Includes Direct Vacancy and Sublet Vacancy

Source: CoStar Property; Economics Research Associates, March, 2005

Table 22 highlights the differences in the office market by class for Overland Park. The majority (76 percent) of the space is Class B, which has a rental rate near that of Prairie Village, but a much lower vacancy rate (11.2 percent). While Class C space does not comprise much of the rentable space in Overland Park, it accounts for 149 of the 456 buildings, or almost 33 percent. For the past two years, both Class B and Class C space have seen positive absorption.

Hit by Sprint downsizing, large segments of office parks were vacated in Overland Park. According to the 2005 Johnson County Appraiser, the office market is now relatively flat, with high vacancies and flat to slightly lower rental rates. Prairie Village should approach additional office space with caution.

Section VIII. Development Strategies for Priority Sites

Following a two-day public workshop intended to solicit participation and comments from Prairie Village residents and Stakeholders, the consultants finalized a conceptual development program for three priority redevelopment sites in the defined study area. The consultants analyzed a preferred development program that could be supported from a market demand perspective and using information gathered for the market analysis and interviews with brokers, developers and others involved in real estate construction and investment in the area. Based on this input, the consultants prepared a conceptual financial analysis of the development costs and operating revenues and expenses to test the financial feasibility of the proposed uses in each of the priority redevelopment sites.

Conceptual Development Program

The priority development site planning process considered a range of land uses, density, design, and use-mixes. Based on detailed research and analysis in the community and the local market, a conceptual development program was developed for three key sites. A summary of the conceptual development program is provided in the following table.

Table 23

Conceptual Development Program: Priority Development Sites

Proposed Land Use	Corinth Square A	75th & State Line	75th & Fontana
	Site 1	Site 2	Site 3
Retail (square feet)			
Retail	204,200	33,600	3,100
Restaurant Retail	10,000	10,000	-
Subtotal Retail (square feet)	214,200	43,600	3,100
Office (square feet)			
Office for Lease	60,000	13,400	6,400
Office Condominiums ¹	16,300	-	-
Subtotal Office (square feet)	76,300	1,500	1,500
Residential			
Condominiums (units)	68	19	2
Unit Size (square feet)	1,400	1,400	1,400
Townhomes (units)	64	28	10
Unit Size (square feet)	1,975	2,200	1,960
Total Residential (units)	132	47	12
¹ Office Condominiums product is based on 11 units and 1,500 square feet per unit.			
Source: Prairie Village Vision Strategic Investment Plan Community Workshop; ACP Visioning and Planning; Economic Research Associates, 2005.			



The sites identified for redevelopment planning were selected based on a number of physical and economic characteristics that point to a degree of underutilization when compared to similar uses in other parts of the city. Such a comparison allows for a hypothetical “if...then” analysis of the extent to which a redevelopment scenario would result in esthetic improvements to the built environment, increases in the tax base, expansion of public realm assets, and other elements that would serve to conserve economic investment and reinforce the social fabric of the community as a whole.

Summary of Financial Assumptions

The conceptual development programs for each of the proposed sites are based on prevailing local construction cost and operating/sales revenue assumptions. These values are based on current market research in Johnson County, Kansas, with appropriate adjustments to reflect the potential market demand that could be generated by the conceptual development programs if the redevelopment initiatives were to succeed. As such, these values are for discussion purposes only and must be considered in the context of the specified range of interrelated assumptions that apply only to the redevelopment opportunities under consideration.

The financial analysis is structured to test the residual land value of the unique uses identified by the conceptual development program. The estimated residual land value is based on the capitalized stabilized year cash flow, less construction costs (including vertical development costs, contingencies, and parking). The value is expressed in whole dollars, as well as the value per square foot of development. Due to a range of potential unknown variables, the construction costs specifically exclude the cost of financing, taxes, land, and infrastructure costs. Furthermore, the analysis does not take into consideration the potential financial impact of construction time (and associated carrying costs), construction costs escalations, interest rates, absorption, and other factors.

Retail Uses

Retail space is estimated to support between \$26 and \$35 per square foot, and construction costs of \$225 per square foot. The leasing concept assumes that the majority of existing tenants would transition to new space, and that incremental retail development would continue to provide neighborhood-serving amenities. The retail revenue target is benchmarked after current rates achieved by high performers among local independent business owners in Prairie Village.

Office Uses

Leased office product revenue assumptions are based on the requirement that a tenant be identified prior to construction (build-to-suit concept or other). Current average office rents for Class “A/B” space are reported to be \$18 per square foot. This rental rate would be insufficient to justify new construction. The conceptual development program assumes that the large majority of the office space would be tied to redevelopment of existing space, as opposed to net new space. (Note that in the absence of a detailed office inventory associated with the study areas, it is not possible to develop an estimate of the incremental value that would be created by repositioning office product as proposed by the conceptual development program.) The financial analysis assumes that the redeveloped office space



could garner approximately \$22 per square foot, a rate that reflects an existing tenant base that would be will to pay above-market lease rates for a build-to-suit product in a preferred location.

Office condominium product assumes a sale price of \$250,000 per unit, or \$167 per square foot. In the absence of sufficient comparable office condominium product in the Prairie Village market, it is difficult to assign a market value to the potential sales price of these units. However, this product is gaining acceptance into similar first-tier suburbs due to low interest rates, and the predominance of Class “B”, small format professional office space in these markets. Prairie Village has a large concentration of medical office space users who would likely be attracted to this product type. The office condo product represents a small proportion of the overall office development program (only 11 units in the proposed Corinth A site, with an average of 1,500 square feet each).

Construction costs, including hard, soft and tenant improvement costs only, are estimated at \$195 per square foot.

Residential Uses

The mixed-use concept requires a higher density residential product that is relatively untested in the Prairie Village market. The Prairie Village market contains only seven percent of all apartment units in the Merriam/Shawnee/Prairie Village market. Likewise, condominium product makes up a nominal proportion of the owner-occupied housing market. The concept takes into consideration the local market’s preference for residential product proposed for the infill concept. The consultants recommend that the housing product be largely owner-occupied, with two to three bedroom units and dedicated parking. For the purpose of land planning and financial testing, the condominiums are planned at an average of 1,400 square feet with a targeted average sales price of \$240,000 per unit. Townhomes are planned to be between 1,600 and 2,200 square feet with a targeted average sales price of \$325,000. Although the redevelopment concept could shift to a higher value housing product to better cross-subsidize the overall value of the redevelopment plan, this shift would require policies that would ensure a wide variety of housing types and price levels to bring people.

Residential cost estimates reflect the cost premium for elevators and an above-grade, wrapped parking structure associated with the condominium product in a mixed-use structure. Construction costs for the condominium product are estimated at \$138 per square foot; the townhome product is expected to require approximately \$110 per square foot, including two-car, back-loaded garages.



The following tables provide the summary of values that form the basis for calculating the estimated supportable developer investment per square foot of gross building area for the Corinth site. The total estimated development costs are subtracted from these values to derive the surplus/ (deficit) available for land, financing and infrastructure costs on a per square foot basis.

Table 24: Cost and Revenue Assumptions (Per Square Foot/Unit)

	Hard Costs	Soft Costs	TIs	Revenue	
Retail (per sf)					
Retail	\$128	\$22	\$45	\$26	PSF
Restaurant Retail	\$139	\$24	\$50	\$35	PSF
Subtotal Retail					
Office					
Office for Lease (per sf)	\$139	\$24	\$20	\$22	PSF
Office Condominiums (units)	\$139	\$24	\$20	\$250	Per Unit
Unit Size					
Residential					
Condominiums (units)	\$116	\$20	\$2.25	\$240	Per Unit ('000s)
Unit Size					
Townhomes (Units)	\$93	\$16	\$2.50	\$325	Per Unit ('000s)
Unit Size					
Subtotal Residential					

Parking (spaces)	Assumptions	
Retail	Parking Cost	\$ 12,000
Restaurant	Soft Costs (as % of hard costs)	20%
Office	Contingency	10%
Office Condo	Gross building area per parking space	\$ 350 SF
Condominiums	Parking Revenue	\$ 1,320 Per Year
Townhomes		\$ 15,000 Sale

Source: Prairie Village Vision Strategic Investment Plan; ACP Visioning & Planning Ltd.; Marshall & Swift Cost Estimators (October 2005 Survey); Highwoods Properties; Economics Research Associates, Inc.

The following table shows the land value (positive or negative) on a per square foot basis that each of the individual uses can support.



Table 25

Corinth Square A

Residual Land Value (RLV) Based on Capitalized Value of S Stabilized Year Net Operating Income

	Vertical Development Costs	Contingency @ 10%	Parking Costs	Total Costs	Capitalized Stabilized Yr Cash Flow ¹	Project Surplus/(Deficit) Available for Land, Financing & Infrastructure	Surplus (Deficit) per SF
Retail							
Inline Retail	39,766,000	3,977,000	7,351,000	51,094,000			
Restaurant	2,134,000	213,000	360,000	2,707,000			
Subtotal Retail	41,900,000	4,190,000	7,711,000	53,801,000	\$ 59,921,000	6,120,000	28.57
Office							
Office for Lease	11,001,000	1,100,000	2,160,000	14,261,000	\$ 10,622,118	(3,638,882)	(60.65)
Office Condominium	2,989,000	299,000	587,000	3,874,000	\$ 2,543,000	(1,331,000)	(81.66)
Subtotal Office	13,990,000	1,399,000	2,747,000	18,136,000	13,165,118	(4,970,882)	
Residential							
Condominium	13,174,000	1,317,000	1,224,000	15,715,000	13,872,000	(1,843,000)	(19.36)
Townhomes	14,081,000	1,408,000	1,152,000	16,642,000	26,520,000	9,878,000	78.15
Subtotal Residential	27,255,000	2,725,000	2,376,000	32,357,000	40,392,000	8,035,000	
Total	\$ 83,145,000	\$ 8,314,000	\$ 12,834,000	\$ 104,294,000	\$ 113,478,118	\$ 9,184,118	(54.94)

¹ Capitalized stabilized year cash flow estimates associated with leased retail and office uses are based on a capitalization rate of 8.5%.

Source: Prairie Village Vision Strategic Investment Plan; ACP Visioning & Planning Ltd.; Marshall & Swift Cost Estimators (October 2005 Survey); Highwoods Properties; Economics Research Associates, Inc.



Summary of Financial Results

Based on development costs and operating revenue and expense assumptions that were developed by the Planning Team (which were the result of the public workshop process), the consultants project that of the six product types and three uses analyzed that are shown in Table 25 above, only three product types—general retail, restaurant service, and market rate for-sale townhomes, will generate positive residual land value. It is unknown whether the residual land value for even these unique product types would generate sufficient financial returns to pay for land, infrastructure, financing costs, and taxes. If analyzed on a combined level, the residual value per square foot is negative.

The residential market values were purposely tied to average price points to reflect sensitivity to serving moderate-income homebuyers. The financial performance of the proposed redevelopment concept could be significantly improved if the housing component were maximized to generate additional revenues to offset the cost of office development, or if the majority of the office product space were shifted to office condominium product.

The proposed average residential price point of \$285,000 per unit is considered moderate when compared to prices exceeding \$400,000 to \$600,000 per unit as reported by local real estate brokers with mixed-use construction currently underway.

Likewise, office rental rates of \$22 per square foot could convert to an upfront condominium sale with a value of \$250 per square foot (\$375,000 per unit) or higher. To this end, it is anticipated that the developer could “cross-subsidize” the leased office product with more financially feasible uses. Furthermore, shifts in market demand could further push the development economics to achieve sufficient financial feasibility.

However, highest and best use of land from a financial/economic point perspective may not be the highest and best use for the community. The financial feasibility analysis of the proposed uses was performed from a real estate perspective only. It is entirely possible that the inclusion of financially infeasible uses could provide synergistic values to the overall development program or achieve public policy objectives that require the inclusion of a particular use.

As an example, the discrepancy between these housing values underscores the need for the City of Prairie Village to engage the private development community in order to protect the Plan’s basic principles of housing diversity and neighborhood connectivity. The priority development site concepts could be furthered with support from public financing or other incentive benefits (TIF, Industrial Revenue Bond Financing, etc.).

Section IX. Fiscal Implications of Redevelopment Options

The team evaluated the fiscal implications of the proposed development concepts at the three priority redevelopment areas, including the role of mixed-use infill development in the fiscal structure of the City and, more broadly, the expected benefits and costs of alternative patterns of development. Using current or agreed-upon assumptions regarding tax rates, budget structure, and assessment policies, the consultants developed an impact model that quantifies the expected public service costs and net revenues associated with the conceptual development programs.

The consultants provide a summary of findings regarding the city's fiscal structure, such as tax rate assumptions, budget structure, and assessment policies. These findings provide a framework for the evaluation of costs and benefits associated with a range of development options under consideration.

According to the City of Prairie Village 2005 Budget Statement, "...in this fully developed City, growth will occur only through redevelopment and increases in appraised value." The consultants analyzed the city's fiscal structure with a focus on the Village Vision Strategic Investment Plan's basic principles that seek to support redevelopment initiatives while preserving the ambiance of livable neighborhoods offering a variety of housing, recreation and local commerce in pedestrian-friendly centers. These principles establish an important context for public and private consideration of the proposed urban infill strategies.

Overview of Fiscal Structure

The fiscal projections profiled in this report are based on analysis of the City of Prairie Village 2005 Budget document. To provide a context for evaluating the potential public service costs and property and sales tax revenues that would be generated through infill development strategies, the consultants provide an overview of the City's current budget structure on the following page. In summary, the majority of City tax revenues is unpredictable, variable with inflation, or controlled to fund a specific service (76%).

Furthermore, several of the tax and fee revenue line items are calculated on a variable basis, making it difficult to discern the direct correlation between the revenue stream and residential or commercial development. Many of the revenue streams could be considered revenue neutral, with fees sufficient to cover the costs associated with the line item (e.g., franchise fees for utilities are paid on a fixed basis, depending on existing contracts for right-of-way usage).

The consultants reviewed the City's assessment policies with respect to residential and commercial redevelopment opportunities and noted a number of important fiscal variables:

The sales tax analysis includes intangible retail purchases such as tax on car lease contracts. After July 2004, a destination based user tax went into effect, further diluting sales to outside of PV, although few retailers know how to implement the new law.

Although local tax rates are comparable to neighboring communities indicating an appropriate tax burden, property tax increases are limited by lack of new residential

development opportunities. Nearly 24 percent of General Fund revenues are supported by retail sales taxes. Real growth in retail sales tax revenues will occur by recapturing share of lost market, improving diversity and quality of retail offerings.

The share of Johnson County sales tax revenues retained by Prairie Village is calculated on per capita basis; declining population translates to declining share of revenues (a two percent decrease from the 2003 revenue level is projected for 2005). One-half of the distribution is based on the City's proportion of the total county population with the balance based on each city's share of the total property tax revenue generated throughout the County. As other cities grow and Prairie Village loses population, the City's share of this distribution declines.

The consultants conclude that the future fiscal health of the City of Prairie Village is dependent upon stabilizing and growing population and recapturing retail sales through infill redevelopment strategies.

Public Service Costs and Revenues

The proposed priority site redevelopment scenarios imply not only a change in land use, but also an intensification of the land use due to a shift from a single use to a mixed use product. This change is typically accompanied by a shift in public costs and benefits due to the need for public infrastructure improvements, the resulting increase in on-site and adjacent property values, and ongoing annual public service costs associated with public realm improvements.

The appropriateness of the public service costs associated with upfront capital investment required to implement the plan, as well as ongoing annual public service maintenance costs, can be evaluated in the context of the projected incremental tax revenues and other benefits generated by the proposed redevelopment scenarios.

These costs should be considered independently from the current General Fund budget process due to a number of important factors. First, the upfront capital investment costs that could be accessed from public sources will be one segment of multiple public and private financing streams that are based on a site-specific need. Public funding provided by Tax Increment Financing or Revenue Bond Financing would not be otherwise available from typical annual capital funding streams.

Likewise, the municipal resources that would be required to fund maintenance of the new public realm assets proposed by the redevelopment scenarios should be considered in light of the potential incremental tax revenues and other benefits that would not be generated "but for" implementation of the redevelopment plan.

Due to the multiple unknown variables associated with the potential capital costs that would be generated by the residential and commercial uses on a site-specific basis, the comparison of costs and revenues considers only General Fund operating values.

The consultants provide an overview of the public costs and benefits of redevelopment that could be expected to result from implementation of the Village Vision Strategic Investment Plan in the following sections.



The consultants developed order-of-magnitude cost and revenue assumptions to calculate the potential net fiscal benefits that would accrue to the City of Prairie Village at buildout of the proposed redevelopment scenarios. Cost estimates were developed from a detailed departmental review of the 2005 General Fund budget. The majority of public service costs support residential functions such as public works, public safety, and community parks and recreation facilities (81 percent). The balance of the General Fund costs serves commercial property functions (19 percent). Based on 2005 estimates of households and existing commercial space (2.2 million square feet), relative costs per household and per 1,000 square feet of commercial space were developed to test the relationship between costs and revenues.

The primary variable drivers of general fund revenue in the City of Prairie Village are property and sales taxes. The table below demonstrates that nearly half of the City's general fund revenues are derived from these sources.

Table 26

Summary of Revenue Sources

Property Taxes	24%
Sales Tax	24%
Franchise Fees	9%
Intergovernmental Transfers	18%
Charges for Services	9%
Other	16%
	<hr/> 100%

Source: City of Prairie Village 2005 Annual Budget; Economics Research Associates, 2005.

The consultants relied upon the market values developed in the financial analysis of the priority redevelopment sites to estimate assessed values and gross retail sales that support the calculation of fiscal benefits.

This analysis concluded that the new residential development on the combined sites will generate approximately \$85,000 in property tax revenues, \$190,000 in public service costs, resulting in a net loss of \$105,000 annually. Concurrently, the office and retail uses proposed for the combined sites are anticipated to generate more than \$1 million in property and sales tax revenues, approximately \$400,000 in public service costs, resulting in a net fiscal gain of \$640,000 annually. The combined residential and commercial uses are expected to generate net fiscal benefits of more than \$535,000 annually.

Notably, these costs and revenues are based on the planning targets defined by the conceptual development programs proposed for the combined priority redevelopment sites. A shift in values resulting from higher residential sales prices, or a conversion from leased office to office condominium space, would result in higher market values and associated property tax revenues. These projections are preliminary and are subject to change, based on the outcome of the policies and programs that could established by the City of Prairie



Village not only to encourage mixed-use development, but also to regulate the scale, character, and quality of redevelopment activity.



Table 27

**Prairie Village Vision Strategic Investment Plan
Priority Development Site Alternatives**

FISCAL BENEFITS

Property Tax Benefits	Summary of Market Value (millions\$)				Property Tax Revenues				
	Corinth Square A	75th & State Line	75th & Fontana	Meadowbrook	Corinth Square A	75th & State Line	75th & Fontana	Meadowbrook	Combined Sites
	Site 1	Site 2	Site 3	Site 4	Site 1	Site 2	Site 3	Site 4	
Retail (per sf)									
Retail	\$ 51.09	\$ 8.41	\$ 0.78	\$ -	\$ 201,375	\$ 33,135	\$ 3,057	\$ -	\$ 237,567
Restaurant Retail	\$ 2.71	\$ 2.71	\$ -	\$ -	\$ 10,669	\$ 10,669	\$ -	\$ -	\$ 21,337
Subtotal Retail	\$ 53.80	\$ 11.11	\$ 0.78	\$ -	\$ 212,043	\$ 43,804	\$ 3,057	\$ -	\$ 258,904
Office									
Office for Lease (per sf)	\$ 14.21	\$ 2.89	\$ 1.38	\$ -	\$ 56,020	\$ 11,391	\$ 5,441	\$ -	\$ 72,852
Office Condominiums (units)	\$ 3.92	\$ -	\$ -	\$ -	\$ 15,457	\$ -	\$ -	\$ -	\$ 15,457
Subtotal Office	\$ 18.14	\$ 2.89	\$ 1.38	\$ -	\$ 71,478	\$ 11,391	\$ 5,441	\$ -	\$ 88,309
Residential									
Condominiums (units)	\$ 15.72	\$ 4.39	\$ 0.46	\$ -	\$ 28,491	\$ 7,961	\$ 838	\$ -	\$ 37,290
Townhomes (Units)	\$ 16.64	\$ 7.28	\$ 2.60	\$ -	\$ 30,171	\$ 13,200	\$ 4,714	\$ -	\$ 48,084
Subtotal Residential	\$ 32.36	\$ 11.67	\$ 3.06	\$ -	\$ 58,662	\$ 21,160	\$ 5,552	\$ -	\$ 85,374
Total Market Value / Property Tax Revenues	\$ 104.29	\$ 25.68	\$ 5.22	\$ -	\$ 342,000	\$ 76,000	\$ 14,000	\$ -	\$ 432,000

Sales Tax Revenues	Sales Productivity	Estimated Gross Sales				Estimated Local Sales Tax Revenues				
		Corinth Square A	75th & State Line	75th & Fontana	Meadowbrook	Corinth Square A	75th & State Line	75th & Fontana	Meadowbrook	Combined Sites
		Site 1	Site 2	Site 3	Site 4	Site 1	Site 2	Site 3	Site 4	
Retail (per sf)										
Retail	\$ 260	\$ 53,092,000	\$ 8,736,000	\$ 806,000	\$ -	\$ 530,920	\$ 87,360	\$ 8,060	\$ -	\$ 626,340
Restaurant Retail	\$ 350	\$ 3,500,000	\$ 3,500,000	\$ -	\$ -	\$ 35,000	\$ 35,000	\$ -	\$ -	\$ 70,000
Subtotal Retail		\$ 56,592,000	\$ 12,236,000	\$ 806,000	\$ -	\$ 565,920	\$ 122,360	\$ 8,060	\$ -	\$ 696,340
Site-Based										
Total Site-Based Fiscal Benefits						\$ 907,920	\$ 198,360	\$ 22,060	\$ -	\$ 1,128,340

Source: Prairie Village Vision Strategic Investment Plan; ACP Community Planning; Marshall & Swift Cost Estimators (October 2005 Survey); Highwoods Properties; Economics Research Associates,



Table 28

Summary of Prairie Village General Fund Public Service Cost Values (2005 Estimate)

	City of Prairie Village Residential/Commercial Populations (Housing Units/Square Feet) ¹				Total General Fund Budget (2005 Estimate)	
	Housing Units		Commercial Space (SF)			
	9,779		1,994,000			
	Residential Cost Burden	Cost Per Household	Commercial Cost Burden	Cost Per 1,000 SF Commercial	Total Budget	Percent of Total
City Governance	75% \$ 576,896	\$ 59	25% \$ 192,299	\$ 96	\$ 769,194	5%
Public Works ²	75% \$ 2,546,806	\$ 260	25% \$ 848,935	\$ 426	\$ 3,395,741	44%
Public Safety ³	75% \$ 3,080,025	\$ 315	25% \$ 1,026,675	\$ 515	\$ 4,106,700	29%
Municipal Justice	75% \$ 217,402	\$ 22	25% \$ 72,467	\$ 36	\$ 289,869	2%
Administration - Misc.	90% \$ 975,430	\$ 100	10% \$ 108,381	\$ 54	\$ 1,083,811	6%
Administration - Solid Waste	100% \$ 1,210,708	\$ 124	0% \$ -	\$ -	\$ 1,210,708	7%
Community Programs, Parks & Recreation	100% \$ 1,117,123	\$ 114	0% \$ -	\$ -	\$ 1,117,123	7%
Total Public Service Costs Per Household/Per 1,000 SF Commercial Space⁴		\$ 994		\$ 1,128	\$ 11,973,146	100%

¹ Estimate of households provided by ESRI Business Information Solutions (2005); estimate of gross commercial square footage provided by ACP.

² Excludes capital expenditures and debt service related to community pool costs.

³ Mixed-use property owner will provide private on-site security patrols; estimate excludes administration and off-duty contractual services

⁴ Due to the site-based focus of the cost analysis, City of Prairie Village staff recommended that the following public service cost

Public Works	Infrastructure Improvements	\$ 3,831,900
Public Safety	Administration	\$ 686,017
Off-Duty Contractual Services	Security	\$ 38,405
Contingency Fund	Non-Budgeted Expenses	\$ 650,000

Total Exclusions	\$ 5,206,322
Total Costs Included in Analysis	\$ 11,973,146
Total Annual General Fund Operating Budget	\$ 17,179,468

Source: City of Prairie Village 2005 Budget; Economics Research Associates, 2005.

Project-Based Fiscal Benefits

To evaluate the fiscal contributions posed by intensification of the recommended redevelopment scenarios, the consultants evaluated the property and sales tax revenues that would be generated by the residential, office and retail uses. These findings are based on current tax rates and assumed revenue values provided in the financial analysis and in the summary of assumptions (Appendix Table M). The detailed calculations supporting these tax projections are located in the appendix to this report. These tax projections represent the total direct contribution to the City of Prairie Village General Fund budget. Note that additional property and sales tax revenues will also flow to Johnson County, the School District, and the State of Kansas.

Corinth Square

The proposed concept could generate approximately \$273,000 annually in property taxes and nearly \$556,000 in sales taxes, for a total fiscal impact of \$829,000. Of these revenues, approximately \$250,000 could be incremental “net new” property and sales taxes. This estimate is based on the difference between the product mix and market values of existing land uses. The increase in sales taxes takes into consideration the likelihood that new retail uses on the site will be more productive by capturing a larger share of the local market and by increasing the draw of inflow customers from outside the site’s primary trade area boundaries. These assumptions are based on interviews with local brokers and retailers, and analysis of current customer base data by zip code.

Not only will the project revitalize a centrally located underutilized parcel of land, but it will also result in a 30 percent increase in tax revenues over and above the parcel’s current taxes. The consultants consider the positive value of “net new” fiscal benefits that would accrue to the City of Prairie Village upon redevelopment of Corinth Square as a qualitative and quantitative indicator of improvements in the community’s overall quality of life.

75th Street Corridor

Based on the combined benefits that would be generated by the 75th Street Corridor development concepts at State Line Road and Fontana Streets, the proposed commercial and residential uses would generate approximately \$93,000 in incremental annual property tax revenues and nearly \$130,500 in sales tax revenues. Due to the nature of the existing land uses along the 75th Street Corridor, a calculation of the potential “net new” amount of property and sales tax revenue generated by this type of development will require further study. However, similar to the projected benefits associated with the Corinth Square concept, redevelopment of the 75th Street Corridor has the potential to produce quantitative and qualitative benefits to the community.

Potential Costs of Public Realm Improvements

In addition to the public service costs associated with serving residents and businesses in income-producing land uses, the potential costs of public realm improvements should be considered. Taking the Corinth site as an example, the proposed redevelopment plan includes new streets, sidewalks, parking facilities, and a public plaza. Although the potential incremental public service costs associated with maintaining these proposed new

public realm assets are difficult to quantify in the absence of site-specific cost estimates, it is possible to infer the magnitude of the potential impact by analyzing the current City of Prairie Village General Fund budget structure.

According to City of Prairie Village 2005 Budget and other city resources, the City requires approximately \$16.5 million annually. These funds support an existing network of parks and recreation assets, streets, sidewalks, and other public realm assets. Analysis of the 2005 budget indicates that the majority of the City of Prairie Village's General Fund public service costs are attributable to salaries and compensation (39 percent), contractual services (28 percent), and capital equipment purchases greater than \$2,000 (25 percent). The balance of the budget is comprised of commodities (4 percent) and debt service on capital improvements (three percent). (See Appendix Table L for detailed budget data.)

Assuming that the proposed Corinth mixed-use development will include privately-funded security and other related benefits, the detailed line item expenditures identified in the Prairie Village 2005 General Fund budget summary suggest that new streets, sidewalks, and public plaza (park) space will impact the following detailed categories:

- **Personnel:** Wages and benefits for new city staff, such as a full-time redevelopment manager or other staff dedicated to the proposed reinvestment initiatives.
- **Contractual Services:** Fees and contracts for solid waste, recycling, planning and economic development services and Tax Increment Financing administration fees.
- **Commodities:** Snow/ice removal, street patching, trees, fertilizer, seed, flowers for parks, street marking material, and other supplies required for public realm maintenance.
- **Capital:** Major one-time equipment purchase including improvements to infrastructure, facilities, park development and City-owned building improvements
- **Debt Service:** Expenditures for payments on principal, interest and charges scheduled each year on the City's outstanding indebtedness.

To provide a context for considering the potential increase in public service costs due to the proposed improvements, the City's current network of 11 city parks and other public spaces is comprised of a combined area of 65 acres of land. The direct expenses tied to parks and recreation maintenance include personnel (nine full-time maintenance employees), contractual services (including building and grounds maintenance fees) and commodities (including building and grounds maintenance supplies). These two distinct line items currently require approximately \$775,000 annually to directly support the maintenance of the city-wide public realm assets detailed in the following table.



Table 29

City of Prairie Village Parks and Recreation Assets	Total Number of Assets
Swimming Pool Complex (Summer Only)	1
Tennis	19
Picnic Tables, Cooking Grills	8
Play-Scapes	11
Covered Shelter	2
Exercise Path/Trail	4
Pavilion	8
Outdoor Volleyball Court	2
Baseball Field/ Soccer Field	5
Street Islands (Flower Gardens and Public Trees)	210
Basketball Courts	2
Fountains	6
Public Buildings	9

Source: City of Prairie Village Budget (2005); Economics Research Associates, 2005.

Buildings and grounds maintenance services and supplies for city-wide buildings and parks and recreation assets are currently supported with approximately \$12,000 per acre annually. Although this estimate excludes an estimate of the potential incremental personnel and other costs that would result from expanding the parks and recreation network to include the proposed public plaza in Corinth, these figures provide order-of-magnitude values that can be compared to the estimate of incremental tax revenues and other benefits provided in the detailed site analyses in the discussion of fiscal benefits.

Conclusion

The consultants have determined that the future quality of the Prairie Village community is dependent upon addressing population out-migration. The city's net population has been declining over the last ten years—a trend that threatens to destabilize the city's tax base due to a lack of significant increases in residential property values and population-based county tax apportionment revenue sharing policies.

To markedly improve the city's tax base, a significant level of investment would be required. For every \$100,000 of incremental residential property value, the city collects only \$180 annually in property taxes. From a commercial property standpoint, the city collects approximately \$390 in tax revenues for every \$100,000 of property value. Concurrently, each new dwelling unit carries a public service cost of \$994 per dwelling unit and \$1,124 per 1,000 square feet of office and retail space. Based on a high-level comparison of costs and benefits, it appears that residential activity associated with mixed-use development will be cross-subsidized by the higher fiscal values produced by commercial uses.

However, the scarcity of developable land restricts the capacity for large-scale real estate projects and significant incremental increases in property values. Meaningful increases in property tax revenues will only occur through targeted, large-scale redevelopment efforts



with some densification and intensification of land uses. The consultants provide recommendations for redevelopment strategies in the following section.

Section X. Recommended Redevelopment Strategies

Infill strategies are implemented within a site-specific economic context that introduces barriers and opportunities for redevelopment.

The guidance provided by these principles indicate the City Officials, residents, and businesses are seeking strategies to preserve and expand the fiscal health of the City of Prairie Village while retaining the community-based character of Prairie Village's neighborhood and commercial centers. To adhere to these principles, the consultants recommend that the City of Prairie Village consider implementing infill redevelopment strategies and public financing tools that will attract a critical mass of investment, serving to expand the tax base through incremental growth in the housing stock, property values, and sales tax revenues.

The consultants provide an overview of opportunities, constraints, and a recommended approach to redevelopment of the sites

Corinth Square

Opportunities for Redevelopment

The results of this initial financial analysis suggest that although the market may not be quite ready for all aspects of an urban infill concept today, the Corinth redevelopment plan has the potential to create a highly competitive product in the marketplace while achieving several of Prairie Village's Strategic Investment Plan goals/principles. If the market were to evolve to the point that residents would be willing to accept a smaller condominium or townhouse product, or if major built-to-suite tenant were identified for a significant office project, the proposed concept's financial yields would be sufficient to attract private investment. The projected development timeframe for this concept is short-term to mid-term. The site size and configuration is uniquely situated for a mixed-use concept. This site offers opportunity for increasing the capture of the local market, as well as increasing inflow from beyond the traditional trade area.

A mixed-use product would extend the day, evening, weekend traffic to the site, serving to increase support for retail activity. As described in the retail analysis in this report, the Corinth Square shopping center is currently attracting customers from nearly 40 cities in Kansas, Missouri, Nebraska, Iowa, and Texas. Anecdotal comments from retailers indicate that their customers are attracted to the shopping center's unique, independent retail product mix. A development concept that is based on incorporating these existing independent retailers with a appropriate national and regional retailers (such as those selling household formation products), will leverage the center's existing customer base, increase market share, and improve sales productivities to rates that will likely yield sufficient financial results to warrant investment in redevelopment of the property.

Constraints to Redevelopment

Preserving the existing character and affordability of the residential and commercial base in the city while producing sufficient financial results to attract private investment to the priority redevelopment sites will depend on a series of interdependent variables that are controlled by public and private entities.

For example, the feasibility of any redevelopment concept must be first analyzed in the context of the existing ownership structure. The economic performance of the Corinth Square concept will be predicated upon a range of financial variables associated with property's existing ownership structure. Included in these variables are current land value, economic performance of existing uses as compared to proposed uses, land carrying costs during the redevelopment's construction phase, and potential land disposition issues such as tax liability.

The Corinth Square property is an existing asset that is performing well for the owner/investor. Redevelopment of the site would cut valuable income stream during construction, regardless of a phased redevelopment approach. In addition to the loss of income, the owner/investor will continue to support the land carrying costs.

Redevelopment costs are fairly high to take full advantage of the site; structured parking is expensive and decked parking will require a portion of the site's vertical space. Furthermore, the current office market does not indicate that the office product will generate sufficient returns to warrant new investment. Current average leasing rates of \$18 per square foot would need to edge closer to \$22 per square foot or higher to meet the cost of office construction. However, interviews with local office developers suggest that the office condominium market is emerging in Johnson County, with some examples of new office condominium construction projects currently underway. Although the financial feasibility of office condominium product requires further study, a shift from leased office product to office condominium would improve the financial feasibility of the overall development program.

Recommended Approach

These unknown and shifting variables will pose both constraints and opportunities for achieving the proposed redevelopment plan under consideration. These factors may provide the basis for justifying potential public/private deal structuring strategies to offset financial risks to the private investor by sharing certain costs with the goal of achieving a shared vision for redevelopment of the site. These strategies could include parking revenue bond financing, tax increment financing, or other public financing mechanisms. Given that the Corinth Square concept has been proposed as a prototype for subsequent infill initiatives in Prairie Village, the consultants recommend that the City provide public funding for predevelopment design and zoning activities to ensure citizen involvement throughout the process of designing change for the community.

75th Street Corridor

Opportunities for Redevelopment

Redevelopment of priority sites identified along the 75th Street Corridor provides the opportunity to reinforce the City's identity at key nodes. The ACP plan employs 'gateway' anchors that will better define the boundaries of the Prairie Village community.

Constraints to Redevelopment

There is currently no clear vision for the corridor. Given that the majority of the traffic through the corridor is primarily for regional access (in and out), it may be difficult to demonstrate sufficient on-site market capture for retail uses. Redevelopment of the corridor will also be constrained by multiple property owners, making land assemblage of developable sites very cumbersome. Community stakeholders have also voiced concerns about the potential impact on adjacent neighborhoods. Furthermore, prevailing residential deed restrictions may restrict residential redevelopment initiatives due to the authority of Home Owners Associations to bring civil legal action against individual homeowners that pursue redevelopment and rehabilitation designs that are inconsistent with guidelines that were established by J.C. Nichols more than fifty years ago (height restrictions, etc.).

Recommended Approach

The City of Prairie Village should consider developing a prototype for regulatory reform that would direct public and private land assemblage efforts. In order to implement a large-scale redevelopment plan, the City could consider land banking or other tactics to ensure that the redevelopment area has sufficient land area.

Other Redevelopment Candidates

Meadowbrook Country Club/Radio Tower

The City may need to consider concessions regarding height and density; such concessions should be matched by clear community benefits (residential mix, design innovation, commercial vitality, and accessibility). There is a strong near-town market opportunity for residential development. Given the scarcity of developable land in Prairie Village, the Meadowbrook concept provides a unique opportunity for the development of a new traditional neighborhood within the city's boundaries. The city should consider planning and zoning controls that will be consistent with current zoning while also serving to maximize the real estate value. There is also an opportunity to include the redevelopment of adjacent underutilized retail property located at 91st and Nall Streets, thereby integrating retail and residential uses in a master plan concept.

Somerset Elementary School

Based on stakeholder interviews and comments provided during public workshop meetings, the community's primary objective is to ensure that the Village Vision Strategic Investment Plan includes provisions to exclusively designate the site for recreational or other civic uses. Due to the scarcity of land and the size, location, and configuration of the site, the parcel would be considered highly desirable by the private real estate development community.

Designation of the Somerset site for civic uses through the Village Vision Strategic Investment Plan could serve to provide tangible examples of how the plan's implementation will adhere to the community's land use principles. At the same time, the site may be large enough to allow for compatible townhouse development. A mixed-use

concept on this site could serve to further reinforce and reconnect the neighborhood to public uses.

Strategies and Policies for Managing Change

A key element for encouraging infill development, particularly mixed-use product, is a focused public investment strategy that establishes incentives related to public infrastructure upgrades, zoning and development approvals, and other areas where the city is in a position to influence the redevelopment process.

According to ULI-the Urban Land Institute, innovative city-based community development funding tools for land assembly and infill development are built on public/private partnerships. The feasibility of infill financing exists along continuum of risk; lenders' perception of risk is dependent upon which phase of the development process they fund and which market they serve. Capital funding for market rate projects will rely on predictability and standard lending practices that ensure profitability.

Infill projects that incorporate community visioning principles (such as mixed-income residential product in a market that would absorb housing at higher price points) will likely require gap financing. This is especially true for projects that do not present a compelling link between the current state of the site and its projected use.

In the context of Prairie Village, the financial results related to the conceptual Corinth Square redevelopment plan demonstrate that the highest and best use of land from a financial/economic point perspective may not be the highest and best use for the community.

The consultants conclude that in order for successful land assembly and infill development to occur in Prairie Village, transparent regulatory and financial systems need to be in place. Examples of potential formal economic development structures and incentive programs that the City of Prairie Village could consider adopting to achieve both public and private redevelopment goals are discussed in the following section.

Tax Increment Financing (TIF) Commission

The priority redevelopment site concepts offer tangible fiscal, economic, and cultural benefits that support the core community principles established by the Village Vision Strategic Investment Plan. These characteristics could generate community endorsement of the use of public financing tools to implement the plans.

However, public financing programs require the formulation of administrative and operational structures. The consultants recommend that the City of Prairie Village consider establishing a Tax Increment Financing Commission to implement the community redevelopment activities outlined in the Strategic Investment Plan. The TIF boundaries should cover a specified geographic area (or a series of priority sites) that would be known as the Tax Increment Financing District. Within the TIF District(s) the TIF Commission could offer a public funding through established state mechanisms. TIF is a unique tool available to the City of Prairie Village for redevelopment and the implementation of the adopted Strategic Investment Plan under the "preservation" eligibility guidelines



established by Kansas State Statutes. Establishing a TIF District would also enable the City to further revitalization efforts in smaller parcels that are not part of contiguous land assembly efforts or unlikely to generate sufficient incremental tax revenues to warrant Tax Increment Financing as individual projects.

The primary advantage of Tax Increment Financing for urban infill initiatives is that land acquisitions and improvements are financed with tax-free borrowing, thus reducing interest costs. Moneys raised through TIF can be used for initiatives selected and administered by local governments, such as land acquisition, land and building cost subsidies, structure rehabilitation, and public improvements. In some cases, TIF funding can be used for land assembly purposes, thereby providing an opportunity for developers to purchase sites and/or buildings at sub-market costs.

TIF works for both privately-owned land and publicly-owned land to be sold for redevelopment. It is available only if private redevelopment would not occur without public improvements. TIF cannot be used speculatively to prepare a site for development.

TIF funding would require property values in the Community Redevelopment Area to be capped or frozen at the assessed value for a particular base year. Thereafter, any tax revenues due to increases in value in excess of the base are dedicated to the redevelopment area. The generated revenue is known as TIF funding. In the case of Prairie Village, the TIF calculation would be based on the combined county property tax rate (less approximately 5 percent of collected taxes retained by the State of Kansas). To provide a basis for evaluating the leveraging power of the incremental tax revenue flows, for every \$1 million in incremental assessed value resulting from redevelopment investments, approximately \$200,000 of public debt funding is created (based on a twenty-year term, a debt service coverage ratio of 120 percent, and a six percent interest rate, as reported by local economic development authorities' experience with current TIF projects).

Tax Increment Financing is employed throughout the State of Kansas as a method to provide public financing assistance for local redevelopment effort by leveraging private investment to achieve urban revitalization goals within specified geographic areas (CRA). For projects eligible under "preservation" guidelines, the funding can be used for acquisition, demolition, site preparation, and public infrastructure improvements.

The TIF Commission, or other comparable development entity, would be granted the authority and funding to direct redevelopment initiatives city-wide. The TIF Commission could work to establish minimum threshold eligibility requirements for TIF-funded redevelopment projects. The TIF Commission would work with the City Council, private developers/investors, and the community to establish guidelines for defining what makes a redevelopment project "feasible" and worthy of limited TIF funding.

In some instances, a project may be financially viable while not reflecting the community planning principles (the construction of luxury residential in a community seeking moderate income housing products). Likewise, a project may not appear to yield sufficient revenues to justify new construction investment, but it might provide a needed product or service to the community (e.g., a mixed-use product in a soft office market). In short, we are trying to help them with policy planning and financing strategies.

Using TIF financing as an incentive will enable the City to explore a mixed-income residential program that would provide lower-cost units for first-time homebuyers and/or seniors, with a portion of upscale units to improve the project’s financial feasibility. In the absence of such leverage, the City of Prairie Village will not be in a position to influence the diversity and affordability of new housing stock.

A TIF Commission would also enable to City to evaluate mechanisms for providing existing retail tenants with financial assistance in the form of low/no interest loans or grants that would off-set declining sales during construction disruptions due to redevelopment. Notably, retail land uses are not eligible for TIF funding in Kansas. These funds would need to be generated through other forms of public funding.

Kansas TIF Requirements

The consultants conferred with the City of Kansas City, Kansas Economic Development Department (KCKEDD) to assess the likely process and structure that would be required for the City of Prairie Village to implement a Tax Increment Financing district for the development plan concepts under consideration. Based on the experience of the KCKEDD, the City of Prairie Village would be required by Kansas state statute to establish a Tax Increment Financing Commission to govern and administer the activities of the TIF. The TIF Commission is typically made up of City/County officials with involvement in the redevelopment initiatives funded by the TIF. The TIF Commission may solicit private business and community representation either through established City Council channels or through formal TIF Commission representation.

For each TIF-funded project or development, the TIF Commission is required to:

- Conduct a feasibility study to confirm that the conservation, development or redevelopment of the proposed project area is necessary to promote the general and economic welfare of the city.
- Develop a “district plan” that identifies all of the proposed redevelopment project areas and identifies in a general manner all of the buildings and facilities that are proposed to be constructed or improved in each redevelopment project area.
- Conduct a feasibility study, which validates (i) whether the project’s benefits and revenues are expected to exceed or be sufficient to pay the project costs and (ii) the effect if any, the project will have on any outstanding Kansas STAR bonds [K.S.A. 12-1770a(k)].
- Coordinate with the Board of County Commissioners of the county and the Board of Education of any school district levying taxes on property within the proposed redevelopment project area.

Local Examples of TIF Benefits

TIF Commissions can work in conjunction with—or independently of—Community Development Corporations (CDCs). A CDC is a neighborhood-based nonprofit organization whose mission is to revitalize communities through new and rehabilitated

housing, commercial development, neighborhood organizing, and a variety of resident services. CDCs are also active in establishing strategic partnerships with government, private and community partners to leverage community reinvestment.

Notably, a CDC’s mission is typically focused on serving the local needs of low- or moderate-income households. Given that Prairie Village is not marked by significant disinvestment, the full range of traditional CDC activities may not be applicable.

The consultants learned that there are several CDCs active in the Kansas City Metro region – both in Kansas and Missouri. Although these communities are not considered uniformly comparable to Prairie Village from the perspective of size and character, these locations are actively engaged in the kinds of redevelopment activities recommended by Village Vision Strategic Investment Plan.

Information regarding these successful programs is available from the Greater Kansas City Local Support Initiatives Corporation (“GK LISC;” www.lisc.org/kansascity). GK LISC is a national community development organization whose primary mission is neighborhood revitalization. GKC LISC works directly with community development corporations (CDCs) to rebuild urban core neighborhoods in the greater Kansas City area. LISC provides financial resources and technical assistance for:

- New and renovated housing development
- Commercial and economic development
- Crime prevention programs
- Community organizing and
- Organizational development

Specific examples of GK LISC’s member organizations’ achievements are illustrated by the Community Development Corporation of Kansas City, Missouri:

- Provided gap financing for low to moderate senior and market rate housing for 22 new single-family homes and a 60-unit elderly housing complex
- Providing land acquisition costs for property located at 63rd and Prospect Streets to reposition two local shopping centers.

The City of Prairie Village could consider working with GK LISC or another appropriate national neighborhood redevelopment organization like the National Development Council’s Midwest team (www.ndc.org) during the initial stages of establishing the TIF Commission to obtain technical assistance on how to best leverage the city’s public investment.

TIF Challenges

The consultants evaluated a range of the potential challenges to implementing a Tax Increment Financing program in the City of Prairie Village and identified the following considerations:

- **Past history with TIF funding:** The City of Prairie Village implemented TIF funding program for approximately \$800,000 in infrastructure improvements in 1997. In this instance, the Prairie Village Governing Body served as the City's TIF Commission, and the project receiving TIF funding involved the demolition of fifteen homes and the construction of an assisted living facility. After approximately seven years, this TIF project was closed and all taxing jurisdictions began receiving their full share of property tax revenue attributable to the new development. The program was administered by a TIF Commission, with support from a quasi-public/private Community Development Corporation that did not solicit full participation from the City Council body. As a result, the initiative did not achieve the political support that it needed to be replicated for other projects. It is likely that the Village Vision's TIF recommendation will be considered in light of the institutional memory of this experience and will need to demonstrate how to overcome past political drawbacks.
- **Cost/benefit considerations:** The Village Vision Strategic Investment Plan has identified limited opportunities for large-scale redevelopment in Prairie Village. In the short-term, the Corinth Square redevelopment plan would be the most likely candidate for TIF funding. The City would incur certain costs for the staffing and resources that would be required to establish a TIF Commission, secure TIF funding, and oversee the public/private development process. The consultants estimate that the incremental City and County property tax revenues generated by the Corinth plan would support \$200,000 of TIF financing for every million dollars of incremental market value. Furthermore, TIF funds are restricted to public improvements and cannot be used to provide direct assistance to privately financed components of the overall project. It is recommended that the Village Vision Steering Committee consider establishing a TIF working group or other entity to further study the costs and benefits of using TIF funding to further the Plan's urban infill initiatives.

Tax Increment Financing Guidelines

The CRA should establish threshold guidelines for awarding TIF funding. Criteria could include: compliance with the principles established by the Village Vision Strategic Investment Plan; demonstrated need for public assistance (financing gap); amount of public assistance versus private investment; and the requested length of term for public assistance. The policy should also establish parameters for evaluating development benefits and costs. The direct and indirect benefits of the proposed redevelopment project could include: employment (i.e., number of jobs retained or created, percentage of jobs held by City residents, wage and salary information, etc.); tax base effect (i.e., estimated market value of new development, new property taxes generated, etc.); housing stock created or enhanced (number of new rental or ownership units, sale price or rental rates of units, etc.); and other benefits relating to the CRA's and City's redevelopment objectives. Finally, the evaluation criteria should support methods for recapturing the public subsidy through long-term ground leases, subordinated loans, sale and/or refinancing provisions, and potential equity participation as permitted by law.

- Explore the potential benefit of establishing a Tax Increment Financing Commission tasked with the primary responsibility of managing redevelopment initiatives both for the Corinth Square project and throughout the city.
- Contact the Greater Kansas City Local Support Initiatives Corporation (LISC) or the National Development Council’s Midwest team to solicit technical assistance on how to best structure public involvement in the public/private redevelopment process.
- Develop a “district plan” that identifies all of the proposed redevelopment project areas and identifies in a general manner all of the buildings and facilities that are proposed to be constructed or improved in each redevelopment project area.
- Conduct a detailed feasibility study to further validate whether the proposed projects’ benefits and revenues are expected to exceed or be sufficient to pay the project costs.

Industrial Revenue Bond Financing

Kansas Industrial Revenue Bond financing could provide below-market debt for construction costs. Furthermore, purchases of tangible construction goods for IRB-financed projects are exempt from state and local sales taxes. This benefit equates to 7.4 percent of taxable hard costs excluding labor, or \$74,000 for every \$1 million in tangible construction purchases.

Preserve the Village’s Architectural Character

Adopt the Mid-America Regional Council’s proposed design guidelines by linking to tangible incentives that would serve to protect the city’s architectural character and quality while promoting new urbanist design principles. The design guidelines should be reviewed and approved in concert with individual homeowner’s associations to address the potential barriers posed by residential deed restrictions.

Conclusion

Whereas neighboring cities have been able to build thousands of new houses that more adequately serve the demand for more modern and upscale housing, Prairie Village has experienced negative population growth. In the absence of the introduction of competitive housing stock, the outbound flow of middle-aged professionals and families will likely continue as Johnson County continues to grow as an employment center.

A city-wide strategic investment plan that promotes infill redevelopment initiatives through public/private financing structures will serve to preserve and enhance the housing stock in Prairie Village, attract a more diverse set of residents, and incrementally improve the city’s tax base. These steps will ensure that City of Prairie Village will be in a position to fund future public investment needs and continue to provide its residents with the quality of life that makes Prairie Village an attractive and unique community.



Appendix

- Table A: Population Flow Model: Johnson County, KS, 1990-2000
- Table B: Population Flow Model: Kansas City, MO-KS MSA, 1990-2000
- Table C: Population Flow Model: Overland Park, KS, 1990-2000
- Table D: Population Flow Model: Leawood, KS, 1990-2000
- Table E: Population Flow Model: Merriam, KS, 1990-2000
- Table F: Home Sales By Number of Days on Market & Bedrooms – Prairie Village
- Table G: Home Sales By Number of Days on Market & Bedrooms – Select Cities
- Table H: Number of Home Sales By Number of Bedrooms – Select Cities
- Table I: Average Price Per Square Foot – Select Cities, 2000-2004
- Table J: Average Price per Square Foot—Single Family:
- Table K: Estimated Supportable Retail Space (Square Feet)
- Table L: Detailed Financial Assumptions—Retail
- Table M: Detailed Financial Assumptions—Leased Office
- Table N: Detailed Financial Assumptions—Office Condominium
- Table O: Detailed Financial Assumptions—Residential



Appendix Table A

**Population Flow Model
Johnson County, KS
Prairie Village Vision**

1990 to 2000

Age Cohort		Population in Cohort		Net Change '90 to '00	
1990	2000	1990	2000	#	%
0-4	10-14	28,222	34,756	6,534	23.2%
5-9	15-19	27,862	30,023	2,161	7.8%
10-14	20-24	25,573	24,196	(1,378)	-5.4%
15-19	25-29	22,229	32,561	10,332	46.5%
20-24	30-34	21,645	35,516	13,870	64.1%
25-29	35-39	33,186	40,686	7,500	22.6%
30-34	40-44	34,970	40,000	5,030	14.4%
35-39	45-49	34,003	36,207	2,204	6.5%
40-44	50-54	30,699	30,873	174	0.6%
45-49	55-59	22,065	20,624	(1,441)	-6.5%
50-54	60-64	16,207	14,444	(1,763)	-10.9%
55-59	65-69	13,858	11,930	(1,928)	-13.9%
60-64	70-74	13,094	11,099	(1,995)	-15.2%
65-69	75-79	12,115	9,779	(2,337)	-19.3%
70-74	80-84	8,541	6,551	(1,991)	-23.3%

Source: MARC; U.S. Census; ESRI Business Analyst; Economics Research Associates, February, 2005



Appendix Table B
Population Flow Model
Kansas City, MO-KS MSA
Prairie Village Vision

1990 to 2000

Age Cohort		Population in Cohort		Net Change '90 to '00	
1990	2000	1990	2000	#	%
0-4	10-14	120,455	133,973	13,518	11.2%
5-9	15-19	119,624	123,105	3,481	2.9%
10-14	20-24	110,515	106,821	(3,694)	-3.3%
15-19	25-29	103,842	127,379	23,537	22.7%
20-24	30-34	103,617	131,694	28,077	27.1%
25-29	35-39	140,699	151,206	10,507	7.5%
30-34	40-44	145,581	148,353	2,772	1.9%
35-39	45-49	131,994	130,663	(1,331)	-1.0%
40-44	50-54	115,701	112,613	(3,088)	-2.7%
45-49	55-59	90,538	84,086	(6,452)	-7.1%
50-54	60-64	71,783	63,556	(8,227)	-11.5%
55-59	65-69	66,030	55,106	(10,924)	-16.5%
60-64	70-74	64,045	50,618	(13,427)	-21.0%
65-69	75-79	59,515	42,782	(16,733)	-28.1%
70-74	80-84	44,699	28,109	(16,590)	-37.1%

Source: U.S. Census; ESRI Business Analyst; Economics Research Associates, February, 2005



Appendix Table C

**Population Flow Model
Overland Park, KS
Prairie Village Vision**

1990 to 2000

Age Cohort		Population in Cohort		Net Change '90 to '00	
1990	2000	1990	2000	#	%
0-4	10-14	8,222	11,065	2,843	34.6%
5-9	15-19	8,137	9,251	1,114	13.7%
10-14	20-24	7,418	7,421	3	0.0%
15-19	25-29	6,632	10,491	3,859	58.2%
20-24	30-34	7,123	11,034	3,911	54.9%
25-29	35-39	11,009	13,515	2,506	22.8%
30-34	40-44	10,919	13,076	2,157	19.8%
35-39	45-49	10,567	12,025	1,458	13.8%
40-44	50-54	9,748	10,353	605	6.2%
45-49	55-59	7,243	6,866	(377)	-5.2%
50-54	60-64	5,599	5,209	(390)	-7.0%
55-59	65-69	4,870	4,510	(360)	-7.4%
60-64	70-74	4,716	4,252	(464)	-9.8%
65-69	75-79	4,376	3,660	(716)	-16.4%
70-74	80-84	2,771	2,434	(337)	-12.2%

Source: U.S. Census; ESRI Business Analyst; Economics Research Associates, February, 2005



Appendix Table D

**Population Flow Model
Leawood, KS
Prairie Village Vision**

1990 to 2000

Age Cohort		Population in Cohort		Net Change '90 to '00	
1990	2000	1990	2000	#	%
0-4	10-14	1,255	2,252	997	79.4%
5-9	15-19	1,554	1,813	259	16.7%
10-14	20-24	1,501	577	(924)	-61.6%
15-19	25-29	1,179	526	(653)	-55.4%
20-24	30-34	555	869	314	56.6%
25-29	35-39	523	1,689	1,166	222.9%
30-34	40-44	1,035	2,280	1,245	120.3%
35-39	45-49	1,794	2,519	725	40.4%
40-44	50-54	2,002	2,257	255	12.7%
45-49	55-59	1,425	1,470	45	3.2%
50-54	60-64	1,113	1,086	(27)	-2.4%
55-59	65-69	954	888	(66)	-6.9%
60-64	70-74	1,035	911	(124)	-12.0%
65-69	75-79	941	787	(154)	-16.4%
70-74	80-84	690	478	(212)	-30.7%

Source: U.S. Census; ESRI Business Analyst; Economics Research Associates, February, 2005



Appendix Table F
Population Flow Model
Merriam, KS
Prairie Village Vision

1990 to 2000

Age Cohort		Population in Cohort		Net Change '90 to '00	
1990	2000	1990	2000	#	%
0-4	10-14	870	610	(260)	-29.9%
5-9	15-19	725	589	(136)	-18.8%
10-14	20-24	652	657	5	0.8%
15-19	25-29	569	914	345	60.6%
20-24	30-34	755	938	183	24.2%
25-29	35-39	1,350	915	(435)	-32.2%
30-34	40-44	1,230	829	(401)	-32.6%
35-39	45-49	1,042	857	(185)	-17.8%
40-44	50-54	833	707	(126)	-15.1%
45-49	55-59	648	535	(113)	-17.4%
50-54	60-64	527	387	(140)	-26.6%
55-59	65-69	495	337	(158)	-31.9%
60-64	70-74	440	307	(133)	-30.2%
65-69	75-79	465	305	(160)	-34.4%
70-74	80-84	317	159	(158)	-49.8%

Source: U.S. Census; ESRI Business Analyst; Economics Research Associates, February, 2005



Appendix Table G

Home Sales By Number of Days on Market, By Number of Bedrooms
Prairie Village, KS, April 2003 - April 2005

Number of Days on Market (DOM)	1 - 2 BR	3 BR	4+ BR	Total Units Sold
< 7 days	6	64	28	98
7 to 29 days	16	86	32	134
30 to 89 days	8	77	61	146
90 to 179 days	1	43	19	63
180 to 365 days	-	5	1	6
> 365 days	-	-	1	1
Median Days on Market	18	24	38	28

Source: Heartland Multiple Listing Service; Economics Research Associates



Appendix Table H

**Number of Days on Market By Number of Bedrooms
Select Cities in Johnson County, April 2003 - April 2005**

Overland Park	1-2 BR	3 BR	4+ BR	Total Units Sold
< 7 days	60	281	451	792
7 to 29 days	76	450	628	1,154
30 to 89 days	60	414	796	1,270
90 to 179 days	19	132	402	553
180 to 365 days	9	27	159	195
> 365 days	0	4	38	42
Total Homes Sold	224	1,308	2,474	4,006
Median Days on Market	21	24	39	31

Leawood	1-2 BR	3 BR	4+ BR	Total Units Sold
< 7 days	5	52	188	245
7 to 29 days	4	53	206	263
30 to 89 days	8	64	276	348
90 to 179 days	4	36	211	251
180 to 365 days	1	9	108	118
> 365 days	0	0	36	36
Total Homes Sold	22	214	1,025	1,261
Median Days on Market	44	34	51	47

Merriam	1-2 BR	3 BR	4+ BR	Total Units Sold
< 7 days	3	17	6	26
7 to 29 days	12	32	9	53
30 to 89 days	8	39	11	58
90 to 179 days	3	16	4	23
180 to 365 days	0	2	2	4
> 365 days	0	0	0	-
Total Homes Sold	26	106	32	164
Median Days on Market	21	36	36	31

Source: Heartland Multiple Listing Service; Economics Research Associates



Appendix Table I

Number of Home Sales By Number of Bedrooms
 Select Cities, April 2003 - April 2005

Unit Size (Bedrooms)	Prairie Village	Overland Park	Leawood	Merriam
1 BR	1	2	0	0
2 BR	30	222	22	26
3 BR	275	1,308	214	106
4 BR	120	2,219	837	27
5 BR	18	238	168	5
6 BR	4	17	20	0
Total Sales	448	4,006	1,261	164

Unit Size (Bedrooms)	Village	Park	Leawood	Merriam
1 BR	0%	0%	0%	0%
2 BR	7%	6%	2%	16%
3 BR	61%	33%	17%	65%
4 BR	27%	55%	66%	16%
5 BR	4%	6%	13%	3%
6 BR	1%	0%	2%	0%
Total Sales	100%	100%	100%	100%

Source: Heartland Multiple Listing Service; Economics Research Associates



Appendix Table J

**Average Price Per Square Foot
Single-Family Residential
Johnson County, KS - Select Cities**

	Sales Prices					Avg. Annual % Increase
	2000	2001	2002	2003	2004	
Prairie Village	\$107	\$113	\$119	\$125	\$133	5.6%
Overland Park	\$98	\$103	\$107	\$111	\$119	5.0%
Leawood	\$125	\$130	\$132	\$140	\$147	4.1%
Merriam	\$97	\$101	\$106	\$112	\$117	4.8%
Johnson County	\$101	\$106	\$110	\$114	\$121	4.6%

	Assessed Values					Avg. Annual % Increase
	2000	2001	2002	2003	2004	
Prairie Village	\$97	\$103	\$107	\$110	\$113	3.9%
Overland Park	\$88	\$95	\$98	\$102	\$106	4.8%
Leawood	\$109	\$116	\$120	\$124	\$127	3.9%
Merriam	\$85	\$93	\$97	\$103	\$106	5.7%
Johnson County	\$91	\$97	\$102	\$106	\$109	4.6%

	Sales Price / Assessed Value				
	2000	2001	2002	2003	2004
Prairie Village	110%	110%	111%	114%	118%
Overland Park	111%	108%	109%	109%	112%
Leawood	115%	112%	110%	113%	116%
Merriam	114%	109%	109%	109%	110%
Johnson County	111%	109%	108%	108%	111%

Source: Johnson County Revaluation Report, 2005



Appendix Table K

Estimated Supportable Retail Space by Use Mix

Residential Retail Market Demand	Retail Trade Area	Mixed Productivity / Mixed Offerings	Enhanced Productivity/ Enhanced Offerings
Trade Area Households	35,387	35,387	35,387
Gross Retail Spending Potential			
Annual GAFO Expenditure ¹	\$ 462,689,393	\$ 462,689,393	\$ 462,689,393
Annual Convenience Expenditure ²	\$ 282,269,684	\$ 282,269,684	\$ 282,269,684
Annual Eating & Drinking Expenditure	\$ 207,003,222	\$ 207,003,222	\$ 207,003,222
Total Annual Residential Retail Expenditures	\$ 951,962,298	\$ 951,962,298	\$ 951,962,298
Estimated Prairie Village Market Capture			
Annual GAFO Expenditure	10%	20%	25%
Annual Convenience Expenditure	65%	65%	70%
Annual Eating & Drinking Expenditure	20%	20%	25%
Total Trade Area Retail Purchasing Power by Major Retail Category			
Annual GAFO Expenditure	\$ 46,268,939	\$ 92,537,879	\$ 115,672,348
Annual Convenience Expenditure	\$ 183,475,294	\$ 183,475,294	\$ 197,588,779
Annual Eating & Drinking Expenditure	\$ 41,400,644	\$ 41,400,644	\$ 51,750,805
Total Retail Expenditure	\$ 271,144,878	\$ 317,413,817	\$ 365,011,932
Potential Inflow Purchasing Power (Daytime Employees and Visitors)			
Annual GAFO Expenditure ¹	\$ 2,313,447 5.0%	\$ 4,626,894 5.0%	\$ 5,783,617
Annual Convenience Expenditure ²	\$ 9,173,765 5.0%	\$ 9,173,765 5.0%	\$ 9,879,439
Annual Eating & Drinking Expenditure ³	\$ 6,210,097 15.0%	\$ 6,210,097 15.0%	\$ 7,762,621
Total Purchasing Power			
Annual GAFO Expenditure ¹	\$ 48,582,386	\$ 97,164,773	\$ 121,455,966
Annual Convenience Expenditure ²	\$ 192,649,059	\$ 192,649,059	\$ 207,468,218
Annual Eating & Drinking Expenditure ³	\$ 47,610,741	\$ 47,610,741	\$ 59,513,426
Total Retail Expenditure	\$ 288,842,186	\$ 337,424,573	\$ 388,437,609
Resident-Supported Retail Space (SF)			
GAFO	205,640	370,152	420,627
Convenience	917,376	815,446	790,355
Eating & Drinking	184,003	165,603	188,185
Total	1,307,019	1,351,200	1,399,167
Inflow-Supported Retail Space (SF)			
GAFO	10,282	18,508	21,031
Convenience	45,869	40,772	39,518
Eating & Drinking	27,600	24,840	28,228
Total	83,751	84,120	88,777
Total Supportable SF⁴	1,390,770	1,435,320	1,487,943

¹ GAFO represents General Apparel, Furniture and Other retail goods.

² Capture rate assumptions for office worker and visitor inflow based on estimated 7,500 employees working in Prairie Village, with average annual daytime spending of \$23.5 million (ICSC Survey).

Source: City of Prairie Village; Consumer Expenditure Survey; ESRI; Economics Research Associates, 2005.



Appendix Table L

City of Prairie Village General Fund Expense Budget (2005 Estimate)

Budget Department (Character Item)	Expense Description (Line Item)	Estimated Annual Cost (2005 Budget)	Percent of Depart- mental Budget	Percent of Total Budget
I. PERSONNEL COSTS				
Salaries/Wages	Compensation for all city employees	\$5,150,441	79%	
	Health Care, life insurance and other insurance coverage	\$669,475	10%	
	Social Security and Pension Costs	\$708,236	11%	
		\$6,528,152	100%	39%
II. CONTRACTUAL SERVICES				
Utilities, Communications	Electricity, Gas, Water, Telephone Communications Systems	\$946,740	20%	
Insurance	City's liability, workers compensation, and unemployment, and other insurance	\$451,727	10%	
Taxes	Taxes on bonded debt for sewer system	\$850	0%	
Printing	Printing of forms, documents, and public notices	\$13,570	0%	
Fees/Contracts for Services	Solid waste collection and recycling, Engineering services, City planner's fees, Economic Development Services, TIF fees related to redevelopment costs	\$2,161,065	46%	
Training and Contracts	Conferences and other education for elected officials and employees	\$197,895	4%	
Vehicular and other Equipment Maintenance	Non-routine maintenance for office and other operating equipment	\$313,540	7%	
Building and Grounds Maintenance	Maintenance for HVAC systems for all City-owned facilities, Repair of park foundations, tree removal, swimming pool paint and repair, and repairs to tennis courts and lights, City-wide tree trimming	\$609,280	13%	
		\$4,694,667	100%	28%
IV. COMMODITIES				
Postage, clothing, vehicular and other supplies	Office supplies, police uniforms, public works and police vehicle supplies	\$450,360	67%	
Building and Grounds Operating Supplies	Snow/ice removal, street patching, trees, fertilizer, seed, flowers for parks, street marking material, swimming pool and tennis court operating supplies	\$223,150	33%	
		\$673,510	100%	4%
V. CAPITAL				
Equipment Purchases	Major equipment purchases in excess of \$2,000, including improvements to infrastructure, facilities, park development and City-owned building improvements	\$4,081,800	100%	25%
V. DEBT SERVICE				
	Expenditures for payments on principal, interest and charges scheduled each year on the City's outstanding indebtedness	\$551,338	100%	3%
	TOTAL EXPENDITURES (2005 Budget)	\$16,529,467		100%

Source: City of Prairie Village Budget (2005); Economics Research Associates, 2005



Appendix Table M

Public Benefits of Redevelopment

Summary of Assumptions	Residents	Average HH Size	Total Households
Residential Population	21,450	2.19	9,779
Commercial Population	Employees ¹ 7,443	Commercial Space (sf) 2,605,050	
General Fund Revenue Assumptions			
Taxes on Property	Rate	Value Basis	
Residential Mill Rate	15.765	11.50%	assessed value
Commercial Mill Rate	15.765	25%	assessed value
Local Ad Valorum Tax	0.045	total state sales and use tax collections	
Local Sales Tax	1%	gross retail sales	
County Sales Tax	0.5%	gross sales	
County Transfer - Street Improvement	0.25%	portion of tax transferred to City for street improvements	
County Transfer - Street Improvement	0.25%	Country transfer for CIP, parks, economic development	
Other General Fund Revenues Excluded from Analysis			
Compensating Use Tax	sales tax on personal property purchased outside city, but stored within city		
Franchise Fees - Utilities	Considered revenue neutral		
Licenses and Permits	Considered revenue neutral		
Intergovernmental Revenues	Considered revenue neutral		
Other Non-General Fund Revenues			
Solid Waste Management Fund	Considered revenue neutral		
Special Highway	Considered revenue neutral		
Speical Alcohol Tax Fund	Considered revenue neutral		
Special Park	Considered revenue neutral		
TIF	revenue neutral - project-based tax increment		
Debt Service	Unknown		
Capital Project Fund	Unknown		

¹ Claritas daytime employment report, 2005 estimate.

Source: City of Prairie Village 2005 Budget; Economics Research Associates, 2005.



Appendix Table N

Detailed Financial Assumptions: RETAIL

STABILIZED YEAR RETAIL INCOME STATEMENT

Site 1
Corinth Square A

	General Retail	Restaurant	Total/Avg
Gross Building Area	204,200	10,000	214,200
Net Leasable Area	183,780	9,000	192,780
Avg. Gross Rent (2005 Dollars)	\$26.00	\$35.00	\$26.42

Operating Costs (% Revenue)	0.0%
Stabilized Vacancy Factor	0.0%
Selling Costs	3.0%
Return on Capital (Stabilized Year Cap Rate)	8.5%

	Stabilized Yr
<u>Occupied GLA</u>	
General Retail	183,780
Restaurant Retail	9,000
Total Occupied GLA	192,780

<u>Retail Lease Revenue</u>	
General Retail	\$ 4,778,280
Restaurant Retail	\$ 315,000
Total Retail Revenue	\$ 5,093,280
Less: Vacancy Allowance	\$ -

Net Retail Lease Revenue \$ 5,093,280

<u>Expenses</u>	
Operating Expenses	\$ -
Total Expenses	\$ -

Net Retail Leasehold Income \$ 5,093,280

Stabilized Year Net Operating Income	\$ 5,093,280
Capitalized Value @ 8.5%	\$ 59,921,000
Supportable Developer Investment per SF GBA	\$ 280

Source: Prairie Village Vision Strategic Investment Plan; ACP Visioning & Planning Ltd.; Marshall & Swift Cost Estimators (October 2005 Survey); Highwoods Properties; Economics Research Associates, Inc.



Appendix Table O

Detailed Financial Assumptions: LEASED OFFICE SPACE

Corinth Square A

OFFICE INCOME STATEMENT

Inflated US Dollars

Office Assumptions

Gross Building Area	60,000
Net Leasable Building Area	54,000
Gross Rent per SF NRA	\$22.00
Vacancy Allowance	4%
Operating Costs per SF NRA	\$4.40
Selling Costs	3.0%
Return on Capital (Stabilized Year Cap Rate)	8.5%

Operating Cash Flow Estimate

	<u>Stabilized</u>
Leasehold Cash Flow	\$ 1,188,000
Less: Vacancy Allowance	47,520
Less: Operating Costs	<u>237,600</u>
Net Leasehold Cash Flow	\$ 902,880
Reversion	
Less: Selling Costs	\$ 27,086
Net Cash Flow	\$ 875,794

Site 1

OFFICE INCOME STATEMENT

(BEFORE TAXES & FINANCING)

SUPPORTABLE INVESTMENT ANALYSIS

Stabilized Year Net Operating Income	\$ 902,880
Capitalized Value	\$ 10,622,118
Supportable Developer Investment per SF GBA	\$ 177

Source: Prairie Village Vision Strategic Investment Plan; ACP Visioning & Planning Ltd.; Marshall & Swift Cost Estimators (October 2005 Survey); Highwoods Properties; Economics Research Associates, Inc.



Appendix Table P

Detailed Financial Assumptions: OFFICE CONDOMINIUM

FOR SALE OFFICE CONDOMINIUM - INCOME STATEMENT

Site 1
Corinth Square A

Housing Assumptions

	Market Rate
Number of Units	11
Average Unit Size	1,500
Net Saleable Area	1,350
Sale Price per SF	\$167
Occupancy Factor	100%
Parking Spaces (3 per 1,000 SF)	49
Parking Space Sale Price	\$15,000
Parking Occupancy	100%

Other Assumptions

For Sale Office Marketing/Selling Costs and Profit	20.0%
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For Sale Office Revenue

	Stabilized Year
For Sale Office Condominium Revenue	2,445,000
Parking Space Revenue	733,500
Total Revenue	3,178,500
less: Marketing/Selling Cost	\$ 635,700
Total Office Condo Cash Flow	\$ 2,542,800

SUPPORTABLE INVESTMENT ANALYSIS

Total For-Sale Value w/ Stabilized Parking	\$ 2,543,000
Supportable Developer Investment per SF Office Condo	\$ 173

Source: Prairie Village Vision Strategic Investment Plan; ACP Visioning & Planning Ltd.; Marshall & Swift Cost Estimators (October 2005 Survey); Highwoods Properties; Economics Research Associates, Inc.



Appendix Table Q

Detailed Financial Assumptions: RESIDENTIAL DEVELOPMENT

Corinth Square A

RESIDENTIAL CONDOMINIUMS - INCOME STATEMENT

Market Rate

Housing Assumptions

	Condominiums	Townhomes
Number of Units	68	96
Average Unit Size	1,400	1,975
Net Saleable Area	1,400	1,975
Sale Price per SF	\$171	\$165
Housing Occupancy Factor	100%	100%
Parking Spaces (1.5 per unit)	102	144
Parking Space Sale Price	\$0	\$0
Parking Occupancy	100%	100%

Other Assumptions

For Sale Housing Marketing/Selling Costs and Profit	15.0%	15.0%
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For Sale Housing Revenue

	Years to Absorb	Condominiums	Townhomes	Annual Absorption
Annual Absorption	3	23	32	55
Total Cumulative Absorption				

For Sale Residential Revenue

	Condominiums	Townhomes	Total Project
Total Revenue	\$ 16,320,000	\$ 31,200,000	
less: Marketing/Selling Cost/Developer Profit	\$ 2,448,000	\$ 4,680,000	
Total Housing Cash Flow	\$ 13,872,000	\$ 26,520,000	\$ 40,392,000

SUPPORTABLE INVESTMENT ANALYSIS

Supportable Developer Investment per SF Housing	\$ 146	\$ 140	\$ 142
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Source: Prairie Village Vision Strategic Investment Plan; ACP Visioning & Planning Ltd.; Marshall & Swift Cost Estimators (October 2005 Survey); Highwoods Properties; Economics Research Associates, Inc.