

ANATOMY OF A PROPOSAL
"DOWNTOWN EAST NEIGHBORHOOD DEVELOPMENT PROJECT"

BY

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LIST OF EXHIBITS

1. Request for Proposal H-4301
2. Letter to Councilwoman-at-Large Joanne M. Collins
3. Letter from Karl Arterbery (HDAF)
4. Letter to Karl Arterbery
5. Letter to Thomas Kilbride (Director, HUD Area Office)
6. Letter to W. O. Anderson (HUD Regional Director)
7. Letter to Patricia Harris (Secretary of HUD)
8. Article from Black Enterprise Magazine (Re: Kansas City)
9. Letter from HUD Area Office to Hallmark Cards, Inc.
10. Letter from HUD to LRC (turning down project)
11. Letter to Councilman Charles Hazley (Re: memo of understanding)
12. Letter to Mayor, City Manager and Council members (Re: Budget)
13. Letter from Senator Thomas Eagleton
14. Letter from Congressman Richard Bolling
15. Letter to Governor Joseph Teasdale
16. Letter to Mayor Charles Wheeler
17. Letter from W. O. Anderson, Regional Administration
18. Memorandum of Understanding to W. O. Anderson
19. Letter to John Perez, Regional Administrator, Department of Justice
20. Letter to Senator Thomas Eagleton
21. Letter from Senator Thomas Eagleton
22. Letter from W. O. Anderson
23. Letter from Governor Joseph Teasdale
24. Letter to W. O. Anderson
25. Letter to W. O. Anderson
26. Letter to Patricia Harris (Secretary of HUD)

27. Letter to Dale Bertsch, Consultant to Urban and Regional Policy Group
28. Letter to Congressman Richard Bolling
29. Letter to Senator Thomas Eagleton
30. Letter from Senator Thomas Eagleton
31. Letter from HUD Office of Policy Development and Evaluation
32. Press Briefing Release by HUD on BEU
33. Kansas City Star News Item (Re: CDBG Funds)

SECTION I

I. INTRODUCTION

The author of this report feels certain that a series of actions, set in motion after his acceptance of a position in June, 1976, as the General Manager of a redevelopment corporation, led to the opportunity to respond to a Request for Proposal (Exhibit 1)* issued by the United States Department of Housing and Urban Development (HUD). A response, that if accepted by HUD, would hold the promise of getting a process of redevelopment of a "New-Town/In-Town" approach to an area of Kansas City, Missouri, on its way after being stymied almost from idea inception¹.

The author was asked to accept the position after having served for eighteen months in a new career position as a Regional Program Planner with the Metropolitan Council of Governments. His previous career had been as a military officer for 20 years. He had no foreknowledge of the hidden political forces which would militate against any successful effort to begin the redevelopment process, and soon found himself in direct confrontation with a very strong and unforgiving political organization and thus, lacked the access to certain of the City's bureaucracies crucial to plan implementation (Exhibit 2.)

The very first day on the job, the author was approached by a City official (whose position as an Assistant City Manager gave him almost absolute control of the resources needed to start the redevelopment process) who advised him that the corporation had made a serious mistake in not placing the Councilman representing the redevelopment area on its Board of Directors.

¹This New-Town/In-Town approach has been outlined in a Section 701 Comprehensive Redevelopment Plan for the Lincoln Redevelopment Corporation, prepared by Charles F. McAfee, Architects and Planners, 1974, and paid for by the City and HUD.

*Exhibits referred to in this entire section are contained in Appendix II.

He added that the money needed by the Corporation was available (quoted a figure of \$625,000 in Community Development Block Grant funds.) The author, not knowing the background of animosity between the Corporation and the Councilman as a representative of the area and a leading figure in the political organization, made a strong argument to the Board of Directors for selection of the Councilman—who was also the Chairman of the City's very powerful Planning and Zoning Committee having life and death powers over the Corporation's efforts—to its Board of Directors. Two members of the Board who were former City Councilmen reluctantly agreed with the rest and the Board acceded to the author's (general manager) request. An examination of Exhibits 2, 3 and 4 provides the understanding reader with an example of the ensuing problems as a result of this move. The reader is asked to remember, however, the absolute lack of progress prior to this action. The Councilman, when offered a place on the Board, accepted and became an ostensible friend of the Corporation and asked that he be kept informed of all contacts with the City.

The City's lack of positive response to numerous initiatives taken by the Corporation for access to a portion of the HUD-provided Community Development Block Grant (CDBG) funds also led to a planned direct confrontation by correspondence with HUD, beginning with the Area Office (Exhibit 5,) the Regional Office (Exhibit 6,) and thence to the Secretary of HUD (Exhibit 7.)

Although none of the actors in the process has so far admitted as much, the author feels that the opportunity to respond to the Request for Proposal was not entirely coincidental. Hence, it is felt that a lesson may be contained herein for those who would initiate the redevelopment of urban areas in the face of intractable and hostile political forces. The

author hastens to add that a definitive conclusion cannot yet be drawn and, perhaps, never can be (see: Evaluation.) If, twenty years from now, the planning area, to which the proposal response (Appendix 1) is focused, is a whole and healthy community, then the success of the effort chronicled herein will be clearly evident. However, it will be a long time before all of the final evidence for evaluation is available. In the meantime, the approved Statement of Work in the response contains provisions for numerous milestones by which to measure short term successes; experience after the contract period can be examined for what it can teach; and, the methods used to achieve renewal could be evaluated objectively and graded as to effectiveness.

A. Organizational Background and Emphasis

Appendix 1, which is a response to a Request for Proposal issued by the United States Department of Housing and Urban Development, results from a combination of efforts being undertaken by two separate community-based organizations: Black Economic Union of Greater Kansas City and Lincoln Redevelopment Corporation.

The area of the City designated as the neighborhood in the response is a 600-acre portion of the Special Impact Area of Kansas City, Missouri. This area is contiguous to and substantially overlaps the Lincoln Redevelopment Area on the north (Appendix 1.) Because of this overlap, a potential for conflict between the two organizations existed from the very beginning of the effort. Fortunately, two reasons why this conflict never came to the fore were: 1) the two organizations were pursuing different aspects of the same goal of overall neighborhood revitalization, and 2) shared four of the same Board members on their respective Board of Directors.

B. The Black Economic Union of Greater Kansas City, Missouri

The Black Economic Union (BEU) since its founding in 1968, had focused on business development in an area of Kansas City which had been pre-designated by the Community Services Administration and the Economic Development Administration of the United States Department of Commerce as a Special Impact Area. This designation recognized a sixteen square mile area of Kansas City as blighted and thus made it eligible for economic development assistance from the federal government (Economic Development Act of 1965.)

The Black Economic Union, during the decade of its existence had been assisted annually in its development efforts by several federal agencies (Economic Development Administration (EDA), Office of Minority Business Enterprise (OMBE), Community Services Administration (CSA) and private capital from various sources.) For much of its existence, it had focused its attention on the smaller 600-acre area of the SIA, designated by the City as City Planning Area No. 3 and popularly referred to first as the "Truman Road/Terminal Tracks Planning Area", and later as the "Downtown East Planning Area", because of the negative connotation "Terminal Tracks."

By the end of the first decade of its existence (1978), the BEU had achieved certain successes in the areas of job creation and retention; business, industrial and commercial development; and was fairly widely recognized as a credible and viable entity in these areas of development. Its efforts are chronicled in some detail in Appendix 1.

C. The Lincoln Redevelopment Corporation

A group of citizens living in the Lincoln neighborhood initiated efforts to redevelop the Lincoln neighborhood over a decade past. They had become

alarmed by the acceleration of decay in their inner city community and were hopeful that the new focus of national and local attention (which was occurring as a result of the mid-sixties) on urban problems might, at last provide the climate and uncover the means to revitalize their community.

These efforts were formalized in 1970 with the creation of a non-profit redevelopment corporation, chartered under Missouri Law, Chapter 353, Missouri Revised Statutes. In 1971, the City of Kansas City, Missouri, authorized the Lincoln Redevelopment Corporation to prepare a comprehensive plan, under the auspices of the Community Renewal Program, for the area bounded by 18th Street, 27th Street, Brooklyn Avenue and The Paseo Boulevard. The 701 Comprehensive Redevelopment Plan, published by Charles McAfee and Associates, was formally adopted by the City Council in 1973, further legitimizing the Lincoln Redevelopment Corporation (LRC) operation.

Phase I of the Redevelopment Plan, Lincoln Garden Apartments, was constructed in 1971 following approval of a 353 Application and Development Plan by the City Council.

For the next five years, up to June of 1976*, LRC had attempted to move toward final planning and implementation of Phase II and subsequent phases of the Redevelopment Plan. Political, economic and organizational factors had impeded progress. Meanwhile, the social, economic and environmental blight which the redevelopment efforts were originally intended to eliminate had worsened considerably.

Conversely, more recent events, including the hiring of a full-time General

*The writer is writing from his perspective and first-hand knowledge of the Corporation which began with his employment as the General Manager in June, 1976.

Manager on June 15, 1976, and the filing, after a five-year delay, of a Phase II Project Plan on September 9, 1976, for which final approval was expected by December, 1976, had renewed hopes of the major participants that the Lincoln Community would be revitalized. However, if these hopes were to be realized, LRC would have to implement a well-planned, efficiently executed stabilization program designed to eliminate as many impediments to progress in redeveloping the area as possible.

An in-depth assessment of LRC at that time, in light of its past and possible future efforts, indicated both real problems and undeniable potential. The problems seemed solvable; the potential to create a viable community in the Lincoln area seemed promising.

As opposed to the Black Economic Union, the Lincoln Redevelopment Corporation focus was housing development. It had not, however, made much progress since a project had been implemented early in its existence as a formal organizational entity. It lacked the necessary resources and federal support and, although there was political support of the organization, the City Councilman representing the area—as it later became clear (Exhibit 8)—was hostile to the Corporation's efforts*. The fact that this Councilman was also the Chairman of the City Council Planning and Zoning Committee threatened the continued existence of the Corporation.

Although the situation surrounding the Lincoln Redevelopment Corporation's

*This hostility stemmed from an earlier political campaign in which two of Lincoln's Board members had been engaged. The present City Councilman had, along with his political organization, won the two Council seats previously held by the two Board members by defeating them for re-election. He had refused to bury the hatchet. Except for the personal animosity of this Councilman, LRC enjoyed wide support. This Councilman, because of his powerful position, withstood all efforts to marshal this support behind LRC's efforts.

effort to revitalize its neighborhood is much too lengthy to detail here, it is in the telling of some of the needs and problems of the LRC and from its perspective, however briefly, that the promise and significance of the response to HUD's Request for Proposal H-4301, becomes clear. Following, then, is a brief assessment of needs and problems in several areas of the Lincoln Redevelopment effort.

II. AN ASSESSMENT OF THE SITUATION—NEEDS AND PROBLEMS—LEADING TO THE RESPONSE

A. Management and Operations

The technical and humane complexities of the urban redevelopment process required sound management, considerable technical and inter-personal skill and a highly coordinated approach if redevelopment efforts were to succeed. Although LRC had recognized the importance of this principle, the Corporation had been unable to apply this principle in practice for reasons generally beyond its control.

In its early years of operation, LRC attempted to use the services of Board members to implement redevelopment plans. The dedication of Board members throughout the life of the Corporation had been, and remained, evident. However, Board members were not always suited by training and experience to perform some of the work required. Furthermore, Board members attempting to act in such a dual capacity in addition to involvement in their respective occupations, found they had insufficient time to do all that was needed.

Cognizant of its needs, LRC attempted to hire a professional staff to implement its plans. A commitment from Hallmark Cards, Incorporated, while generous, could only pay the salary for a General Manager. One manager was hired, but, unfortunately, incompatibilities arose, and he had recently been released, suffering a fatal heart attack at a relatively young age (46.) His predecessor had also suffered a fatal heart condition while serving as general manager³. It was generally felt that the new manager

³Several persons close to the Lincoln situation related to the new manager that they felt that the job conditions had contributed to the early demise of both. There had apparently been much interference from Board members in day-to day operations.

had a more relevant combination of skills from experience in architecture, planning, management, urban renewal, economic development and housing. Progress of a sort soon became evident and the Board had expressed confidence in the new manager and allowed him a free hand.

Because of recent experiences, LRC now clearly recognized the importance of a separation of policy-making and staff functions and the need for a highly skilled development team. They recognized, too, that too much work was involved for one person to begin to do it all. Obviously, more permanent and businesslike arrangements were needed. Even though LRC did not have the resources to hire the support staff it needed, it was recognized that a skilled staff would have to be assembled if future challenges were to be met.

An application was prepared to borrow the needed funds from the City's Housing Development Assistance Fund (HDAF); however, all efforts to do so were unsuccessful—although the fund had been set up for just that purpose and with LRC in mind.

B. Implementation of Phase II Project

In spite of its resource lack—with the help of a full-time volunteer with professional credentials in Manpower Planning and Administration—a formal submission of the Phase II 353 Application and Development Plan to the City on September 9, 1976, marked significant progress. However, it was only the beginning of a long and complex process required to implement the Phase II plan⁴.

⁴Proposed redevelopment project in a blighted area for which a 353 Application and Development Plan was filed with the City of Kansas City, Missouri, in September, 1976. To be constructed in two stages: Stage 1—elderly

A number of needs and problems had to be addressed before implementation would be possible. A formal presentation before the City Council would be required for which no adequate presentation materials had been developed. The important dimension of citizen involvement in this process had received less attention than LRC thought wise. Further progress toward implementation demanded additional legal, engineering and architectural services, including final design. Street and alley vacation and utility easement packages would have to be submitted to the City Council for approval by ordinance. Three independent appraisals of properties in the Phase II site had to be conducted prior to determination of fair market value and negotiation for land acquisition. A final relocation plan had yet to be developed. Financing alternatives would have to be explored in depth as soon as possible. The information flow needed among entities participating in the redevelopment process needed improvement.

Insuring the capability to solve the problems and perform the tasks relevant to implementing the Phase II project had obvious resource and staff ramifications. Furthermore, expediting the processing of Phase II had crucial significance for the feasibility of pursuing implementation of the long-range plan.

C. Planning Subsequent Phases

A comprehensive, integrative approach to redevelopment had been identified by LRC as essential to achieving its mission. The 701 Comprehensive

high-rise, 128 units, Section 8 rental; and, Stage 2, multi-family low-rise, 86 units, market rate—in an area bounded by 22nd Street, 23rd Street, Vine Street and Woodland Avenue. Construction was expected to begin in 1977. The project would require HUD to guarantee the mortgage and approve the high-rise as a Section 8 project.

Redevelopment Plan expoused the concept of "New-Town/In-Town" development, which aimed at development of a microcosm in which people may live, work, play and shop within a compact geographic area. This area, which would be a subsystem of the larger metropolitan area, would be large enough to support the above activities, yet small enough to allow a sense of community to develop. Basic needs for the Lincoln Community had been investigated in depth, and the framework for the entire long-range development had been formulated. The basic development philosophy LRC was following required that no individual project be considered in isolation from the total planned community. While the importance of this approach cannot be over-emphasized, the realities of resource constraints would not allow for simultaneous development of an entire community. Therefore, a phased approach to development had been chosen as feasible and consistent with the comprehensive development philosophy. A phased approach would also allow for a minimum of community disruption and would facilitate relocation of current residents into newly developed projects.

Unfortunately, the lengthy delay between phases I and II had resulted in considerable misunderstanding among important participants in the redevelopment process. Many persons and institutions had forgotten the philosophies outlined in the long-range plan (Exhibits 3 and 4.) Evidence available to financial institutions, potential investors and official bodies of the comprehensive approach seemed slight. Consequently, the lack of specific phased project plans subsequent to Phase II* had encouraged a tendency among these major participants to judge individual phased projects out of context.

*Phases III and IV were follow-on redevelopment projects, type and location to be determined.

Thus, the outline of the Lincoln Community puzzle was clear, but the shape of the individual pieces was not. This problem was causing considerable confusion over the suitable placement, character, type, scale, timing and inter-relationships of specific redevelopment projects.

In order to clarify these issues and to facilitate sound decision-making concerning future projects, work would have to begin on the preparation of 353 Applications for additional development phases. This would necessitate further research, planning, preliminary design, financial projections, market studies, meetings with residents and owners and meetings with public and private institutions.

D. Property Acquisition, Blight Clearance and Site Development

LRC was aware that to control properties in designated redevelopment areas at an early stage in the process was critical, and that it was a fact of life that as improvements took place, land values could be expected to increase disproportionately. Redevelopment within City boundaries was an expensive proposition to begin with. The longer the delay, and the less the control exercised, the more expensive the land could become. Also, the pressing need to clear blight around new projects could not begin until control of the land was gained.

Hallmark Cards, Incorporated, had made a commitment to LRC to provide \$500,000 for land acquisition and demolition for future project activity. However, there were several stringent—but not unreasonable—requirements which LRC had to meet before these funds could be used. Hallmark required that the City and HUD would have to approve LRC's project and had advised LRC that its commitment would expire, or, would be placed in limbo as of

March 31, 1977, if no project had been started.

LRC strove mightily to retain this corporate backing and to create the necessary three-way partnership required for its project. However, its efforts failed and its only firm commitment lapsed—primarily because of a failure on the part of the City to respond*.

E. Information, Marketing and Public Relations

The need to inform appropriate entities about LRC's plans were obvious. Incomplete or erroneous information was already damaging the credibility of not only LRC but also those institutions who would have to be a party to the redevelopment effort. The City was being criticized by some of the residents for arbitrariness insofar as their properties were concerned.

Marketing and feasibility studies needed to be performed for specific projects. The redevelopment process was unsound unless results of such studies were taken into account prior to design. Investors and insurers required such studies before deciding to participate. Evidence was available that private capital could be induced to bear the major share of the redevelopment risk if such studies, which would outline the degree of risk, could be produced.

Potential inhabitants for planned projects would have to be identified and cultivated. The long-term bias against living in the inner city needed to be addressed in the marketing and public relations efforts. The Lincoln

*It is important to note here that the City Councilman representing the district in which LRC was located, was also an employee of Hallmark Cards and privy to discussions relative to withdrawal or continuation of the Hallmark commitment. The author was excluded from these discussions.

area would have to be promoted as one that was being made a desirable place to live and work.

Some system of information flow and feedback would have to be established among LRC, official bodies, residents and owners, private investors and the general public.

F. Research

Trends and legislation affecting development needed to be researched. LRC would have to keep abreast of new ideas and emerging problems in housing technology, energy, transportation, economics and other areas as they specifically related to LRC's plans and projects. Information pertaining to redevelopment efforts in other parts of the country would have to be studied for applicability to the Lincoln Redevelopment Area. Real and rapid changes were occurring in American society. Information about these changes was crucial to the intelligent planning and design of subsequent projects. During the previous several years, LRC had not had the capability to adequately address this issue*.

G. Institutional Requirements and Relationships

Redevelopment could not take place in a vacuum. Renewing a severely blighted area would be extremely difficult under the best of circumstances; without the cooperation of key participants in the public and private sectors, it would become impossible. Understanding the nature of key actors and

*A few years earlier, several Board members had visited a New-Town/In-Town project: Cedar-Riverside in Minneapolis-St. Paul. Evidence in the corporate files pointed also to some early familiarity with HUD programs and procedures.

discovering the inter-relationships among agencies and political and citizen groups becomes tantamount to survival in the redevelopment business.

Liaison relationships with appropriate entities, which foster the necessary trust and information flow, did not exist to the degree needed. LRC recognized the great need to sustain the momentum created by recent progress, from which new interest from area residents, public agencies and private investors had emerged. However, each group was waiting for clear signs of a cooperative approach to redevelopment.

In the private sector, Hallmark Cards, Incorporated, had pledged \$500,000 for land acquisition and blight clearance for the Phase II site, in addition to payment of a general manager's salary for one year. This commitment would run out March 31, 1977. Stipulations of the Hallmark pledge were that public agencies, specifically the City and the United States Department of Housing and Urban Development, demonstrate firm commitment to LRC's development effort. HUD had stated that every consideration would be given to insure projects which were feasible, consistent with HUD policy guidelines, and which had the approval of the City. HUD also wanted the City to commit itself to sizable public works investments in the area using funds that HUD had provided under its CDBG Program.

Both the City and HUD had expressed firm support of LRC's plans⁵. However, each was waiting on the other's commitment to the redevelopment effort.

⁵The City in this instance means the City Manager, Mayor and all other Councilpersons except the one representing the area in question and serving on the LRC Board. All others had expressed outright support (Exhibit 12) for a project which was so close to the hearts of two prominent members of the Lincoln Board who had been their former councilmanic colleagues.

Neither would commit without the other and LRC was caught up between the two. Although there was frequent expression of goodwill on the part of both for the effort, LRC felt that the time for a commitment beyond goodwill had come. HUD had let it be known that it's logical further involvement would occur once specific planning and preparation of Phase II was finished and a complete mortgage package could be formally submitted for review. HUD had expressed a willingness to help (Exhibit 9), in any way it could, to get Phase II to that point. HUD apparently would not take any further official action until that time. Therefore, it seemed that further progress toward realizing the long-range redevelopment goals now depended on what the City would do.

H. Financing

LRC had obvious needs for financial resources. It prepared an application and followed all of the guidelines (Exhibit 4) for a loan (\$298,000) from the City's Housing Development Assistance Fund (HDAF.) At the time, the only resources available would allow for salary for one staff person until March 31, 1977. No money was available to hire additional staff or for basic operating expenses. LRC could adhere to the deadline on the commitment from Hallmark Cards, Incorporated, but only if the schedule of work outlined in its loan application to the City for HDAF monies (Exhibit 6) could be followed. Operating capital was needed if the work necessary to identify and secure specific project financing was to be done.

In spite of all efforts, the City would not act in time to prevent the commitment from Hallmark Cards from being withdrawn. However, after some very intense "politicking" and appeals directly to the City Manager, the City agreed to pay the salary of the general manager (\$26,000) for a