URBAN NEW ENTREPRENEURIAL ECONOMY
Livable Communities Attract Millennials to Boomers

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Livable Communities Attract Millennials to Boomers

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The Coalition to Build and Support a State Historic Tax Credit Program to Build the Urban New Entrepreneurial Economy

Eric Friedman
Some History

◆ 1996: St. Louis sees its best and brightest young people leaving; they are attracted to urban centers with vibrant cultural & recreational institutions, walk-able streets, transit systems, etc. (See *Creative Class*, by Richard Florida)

◆ The city ranks 27th of 35 peer cities in number of college graduates with bachelors degrees in MSA\(^1\)

◆ St. Louis – high construction costs and relatively low housing costs.

\(^1\)East West Gateway Council of Governments, “Where We Stand,” 2010
The Goal

Create an environment in which Millennials and Boomers want to live, work, play and STAY!
Arcade Building built 1913

Historic renovation completed 2015

Dominium Development
800 Olive Street,
Downtown St. Louis
Artist lofts, market-rate apartments
& retail

Photo courtesy of US Bank, CDC
The Players

◆ A Champion – Civic “White Knight”
  ✷ Economic resources
  ✷ No agenda except commitment to his community

◆ REALTORS®
  ✷ 22,000 strong in Missouri
  ✷ Well-organized, with economic and political power

◆ Main Street programs and local preservation organizations

◆ Downtown Development CDCs, Economic development and tourism organizations

◆ Grass-roots participation, including social justice, environmental, religious and neighborhood organizations
IKEA, 300,000 sq. ft. of retail opened September 2015, 3900 Forest Park in the Cortex Innovation Community of St. Louis

Corner of Forest Park and Vandeventer, prior to IKEA groundbreaking

Located in Midtown St. Louis, one of only a handful of U.S. IKEAs located in urban areas and the only IKEA property in an urban core.

Photos courtesy of Cortex Innovation Community
The Solution

MISSOURI HISTORIC TAX CREDITS (HTC)

- Enact a 25 percent tax credit on allowable renovation costs of Historic Buildings* beginning in 1997:
  - Example: For $500K of approved renovation expenses, a developer can receive $125K in tax credits.
    - Credits are 100 percent transferable
    - Can serve as equity or collateral for the project
    - Can be sold for $0.87 to $0.92 on the dollar

*On the National Register or contributing to a Register District
Moolah Temple
3821 Lindell Blvd,
Midtown St. Louis
built 1912-1914

Before renovation, 1997

Amy & Amrit Gill, Developers
40 apartments, movie theater & bowling alley

Photos courtesy Built St. Louis

After renovation, 2005
The Result

Renovation, Renovation, Renovation

- 100 buildings renovated in St. Louis CBD
  - ▶ 5,000 new downtown residents
  - ▶ 43,000 jobs created in the state
- Nearly $3 Billion in private investment
- Highest percent increase in college graduates in a CBD in the U.S. (according to CEOs for Cities)
- More than 2,500 HTCs awarded Missouri-wide 2000-2014 (value approx. $1.38 Billion)

\(^2\)2010 St. Louis University/Missouri Growth Study (2000-2009 data)
\(^3\)Community Builders Network of Metro St. Louis, Nov. 11, 2015
1110 Washington Ave., Downtown St. Louis, built 1901

Bruce Development
82 apartments, 1st floor commercial space, parking garage

Photos courtesy Built St. Louis
Lockerdome, 1221 Washington, in the Washington Avenue Historic District
The Never-Ending Challenge

◆ Keeping HTC in place
  ✧ Continuing lobbying of legislators so program isn’t capped more or gutted

◆ Maintaining a coalition
  ✧ Keep communication open in both directions
  ✧ Build personal relationships among participants and legislators

◆ Finding new partners
  ✧ Partners such as Arch Grants.org which provides $50K grant individuals who start or grow a business in St. Louis, founded by the HTC Champion
  ✧ Cortex Innovation Community – Building the ecosystem
  ✧ Allies who “get it” – understand HTC benefits to the community, and have economic and political power
Local Internet Choice

◆ Advanced broadband is to the 21st Century what Electricity was to the 20th Century
  ◆ Advanced broadband can facilitate simultaneous progress in every area that is important to a community including education, health care, public safety, energy efficiency, and economic development

◆ Communities need to play a large role in securing high-speed, affordable, ubiquitous Internet for their community

◆ Communities must have the authority to pursue high-capacity broadband networks, by working with the private sector, and in the absence of adequate private sector involvement and investment, by pursuing broadband initiatives on their own

◆ Examples of successful local broadband initiatives include:
  ◆ Chattanooga, Tennessee
  ◆ Lafayette, Louisiana
  ◆ Santa Monica, California
The Coalition for Local Internet Choice (CLIC) is an organization that was developed to help promote local authority to make broadband infrastructure decisions.

- CLIC’s members include businesses, communities, advocacy groups, and individuals.

To learn more about community-driven initiatives to improve broadband capacity, and to join CLIC, visit: [www.localnetchoice.org](http://www.localnetchoice.org)

CLIC will also be hosting a one day event before the Broadband Communities Conference in Austin, Texas on April 4, 2016.

- Special CLIC Promotion Rates Apply
Historic Tax Credits & Entrepreneurship in Tower Grove Neighborhoods

Dana Gray
Organizational History

Tower Grove Neighborhoods CDC is a consolidation of 3 housing corps with 30+ years of history. The organization supports the area’s growth by promoting responsible development, affordable housing, and diverse character in the area served.

Mission: promote and improve quality of life by attracting public and private investment and providing real estate and other community services.
• TGNCDC service area is 1900 acres/ 2.9 sq. miles
• Total Population 25,029
• Total Households 14,822
• Housing Units 13,732
• Vacant Housing Units 2131 (15.5%)
Funding the creation of Historic Districts

- Community Development Block Grants
- Aldermanic Ward funds
- Federal Historic Preservation Fund
- Private investment
National Register of Historic Places
Continuation Sheet

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Reber Place Historic District
St. Louis [Independent City], Missouri

Decorative brickwork at cornice level that includes corbel courses and rectangular sections of lighter, beige brick; and the white, glazed terra cotta coping tiles on the parapet wall.

Auxiliary Building: Auto garage (1C)  
c. 1921  
Stories: 1  
Wall material: Brick  
Roof shape: Flat  
Foundation: Concrete  

This four-car garage has a flat roof and four, separate vehicular openings, each containing a non-historic aluminum overhead door. The brick walls rest on a poured concrete foundation and feature terra cotta parapet coping tiles.

4981 ARSENAL ST (primary building) (1C)  
1896  
Type or function: Multiple dwelling/2-Family Flat  
Stories: 2  
Porch: Stoop  
Wall material: Brick  
Roof shape: Flat  
Roof material: Not visible  
Foundation: Stone  

A single window and an arched recess form the two first-story bays; a single window and a paired window form the two bays of the second story. Two single entrance doors occupy the recess in the west end bay. Additional visible historic architectural elements present include the transoms over each entrance door, the header brick courses that form the segmental arches over each window; the rough-cut stone exposed foundation; the stone window walls with decorative pressed brick molding below; the decorative brickwork at cornice level that includes a pressed brick rope pattern and corbel courses that form dentils; and the pressed metal cornice at the top of the parapet wall.

4983 ARSENAL ST (primary building) (1C)  
1912  
Builder: Chinberg, V.A.  
Type or function: Single Dwelling  
Stories: 1  
Porch: Other Bay  
Wall material: Brick  
Roof shape: Flat  
Roof material: Not visible  
Foundation: Stone  

A single window and an entrance door form the two façade bays. A hipped roof porch shelters the entrance at the east end bay. Visible historic architectural elements present include the terra cotta coping tiles on the front parapet wall, the stone window wall; and the decorative brickwork over the window opening. Alterations include the loss of the original porch roof support posts; the replacement of the original entrance door, sidelight and transom with non-historic infill material; and the apparent rebuilding of the upper façade wall (shadow lines suggest alteration to this area).
Priorities for revitalization

- vacant lots
- corner properties
- LRA property
- Nuisance property
- rehab needs in excess of the marketable value
- projects not likely to attract private investment

4175 Shaw
former Gas Station

3901 Shaw
former corner market,
originally a theater
1634 Tower Grove Ave
*Before*

*After*
Olia a wine bar in a former auto service station
Elia a restaurant in a former duplex
1624-1630 Tower Grove Ave.

Before

1624-1630 Tower Grove Ave. – After
La Patisserie Chouquette, French Pastry shop
DTLS Landscape Architect Studio
1605 Tower Grove
- After
Union Studio
Artists Workspace
& Gift Shop

1621 Tower Grove – After
Old Standard
Fried Chicken & Bar

1621 & 1605 Tower Grove Ave - Before
3537 South Kingshighway - Before

After – Garcia Properties Real Estate office and 15 Loft Apartments with rooftop deck
2232 Thurman Ave - Before

After

*The Station* a take out restaurant &
*The Social Affair* catering

This project was awarded by the St. Louis Landmarks Association and is considered a Brownfield remediation success story.
3500 Magnolia – Before

3500 Magnolia – After
The Beck Law Firm
2622 South Kingshighway
Before & After
22 Unit Apartment Building
3150 S Grand Blvd. *Before & After Rooster café*

Photo credit: St. Louis Landmarks Association
Business Districts
Walkable & Bikeable Communities

Within the Tower Grove Neighborhoods is the South Grand Business District, Tower Grove Business District, and Hill Business District. Residents can walk or bike to most any service amenity needed.
LEVERAGING HISTORIC TAX CREDITS TO FINANCE URBAN REVITALIZATION

The Experience of Missouri and St. Louis

Bob Lewis
## How do Tax Credits Work?

### Typical Financing:

COME UP WITH THE MONEY!

### Alternatively:

My Money + State’s Money + Fed’s Money

I pay up front

### Alternatively:

My Money + State’s Money + Fed’s Money

Missouri 25%

Federal 20%

Returned to me as tax credits
## How do Tax Credits Work?

### Typical Financing:

- **$1,000,000** Project Costs

### Alternatively:

- My Money + State’s Money + Fed’s Money
  - $500,500
  - $250,000
  - $200,000

**Missouri 25%**
- Returned to me as tax credits

**Federal 20%**
- Pay off the mortgage, etc.

Who has $1,000,000 to put at risk?
- Sell the tax credits to “rich” tax payers.

*Cost of doing so reduces value of tax credits to 85-90%.*
Historic Preservation Tax Credit Awards by County (1998 – 2015)

- Buchanan Co. (St. Joseph): $17.3M (74 awards)
- Jackson Co. (Kansas City): $379M (305 awards)
- Greene Co. (Springfield): $31.2M (97 awards)
- St. Louis City: $911.0M (1,726 awards)
- St. Louis County (Clayton): $24.1M (113 awards)

$1.46 Billion in Tax Credits, 88% in five major urban counties
City of St. Louis

- The Story of HTCs in Missouri is the Story of St. Louis
- 69% of all projects
- 62% of HTC value
- Founded 1764
- 61 square miles
  - 0.1% of land area
- 320,000 population
  - 5.2% of population
St. Louis as Percent of Missouri: HTC Projects

Long Term Average 68.8%
St. Louis as Percent of Missouri: HTC Dollar Value

Long Term Average 62.4%
Tax Credits as Share of Total Project Costs: St. Louis

- $4.4 billion in total costs
- 1.0 billion in HTCs
- 23% of total costs
National Historic District
50% of projects*

Certified Local Historic District
37% of projects*

Listed Individually
19% of projects

*Projects may be listed in both national and certified local historic districts.
Four broad categories of neighborhoods—What explains the differences?

**Very high usage** neighborhoods
Over 8% of parcels and/or more than 100 projects

**Moderately high usage** neighborhoods
Between 6% & 8% of parcels and/or 50 to 100 projects

**Less usage** neighborhoods
5% or fewer parcels and/or fewer than 50 projects

Neighborhoods with districts but little activity
What explains the differences?

Length of district designation?
- High usage neighborhoods tend to have longer historic district designations.
- There are exceptions.

Neighborhood Coverage?
- Districts tend to follow neighborhood boundaries.
- Neighborhoods with higher percent of eligible parcels tend to use more HTCs.
- Again, however, there are exceptions.

Growing neighborhoods?
- Growing neighborhoods tend to use HTCs more often (correlation?).
- No correlation. Some shrinking neighborhoods also use many HTCs.

Elimination of overcrowding?
- But those that have grown have:
  - Used HTCs heavily or
  - Have a great historic building stock.
What explains the differences?

Increasing Property Values?
- Very high and moderately high neighborhoods had strong value growth.
- Cause or effect?
- Less usage neighborhoods have mixed results.

Crime?
- Crime is lower and declining faster in tax credit neighborhoods.
- There is a statistical correlation between higher usage rates and declining crime.

Geographic Location?
- Agglomeration Effect: Where there are HTCs, more show up.
- Historic district designation is a catalyst.
- 81% of tax credit projects took place in designated districts.
Downtown St. Louis as a Historic Preservation Tax Credit Success Story

WASHINGTON AVENUE LOFT DISTRICT
1875 – 1930
Thriving commercial warehouse district specializing in dry goods, garments, and shoe manufacturing

Post WWII
Decline in manufacturing and preference for single-story industrial space leads to high vacancy

1960s – 1990s
Numerous projects to revitalize Downtown St. Louis

1998-2015
State historic tax credits make large-scale renovation financially feasible and lead to dramatic population growth

1920s

2007
Simultaneous Growth in Tax Credit Use: Downtown Total Housing Units & Population

- Residential Population +175%
- Total Downtown Housing Units +105%
- Housing Units Added by Tax Credit Projects

Image credit: Rob Powers
“ST. LOUIS is a place where people come to MAKE THINGS — always has been.”

(Popular Mechanics Magazine)

Voted #1 BEST STARTUP CITY IN AMERICA
Questions?

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