

An aerial photograph of a city skyline, likely San Francisco, with a teal overlay. The image shows a dense urban area with various buildings, including a prominent tall skyscraper in the background. The text is overlaid on the image.

URBAN NEW ENTREPRENEURIAL ECONOMY

Livable Communities Attract Millennials to Boomers

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Livable Communities Attract Millennials to Boomers



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An aerial photograph of a city skyline, likely New York City, viewed from a high angle. The image is heavily overlaid with a semi-transparent green filter. The text "Nate K. Johnson" is centered in the upper half of the image in a white, sans-serif font. The background shows a dense cluster of skyscrapers and lower-rise buildings, with a body of water visible in the distance under a hazy sky.

Nate K. Johnson







lululemon

athletica



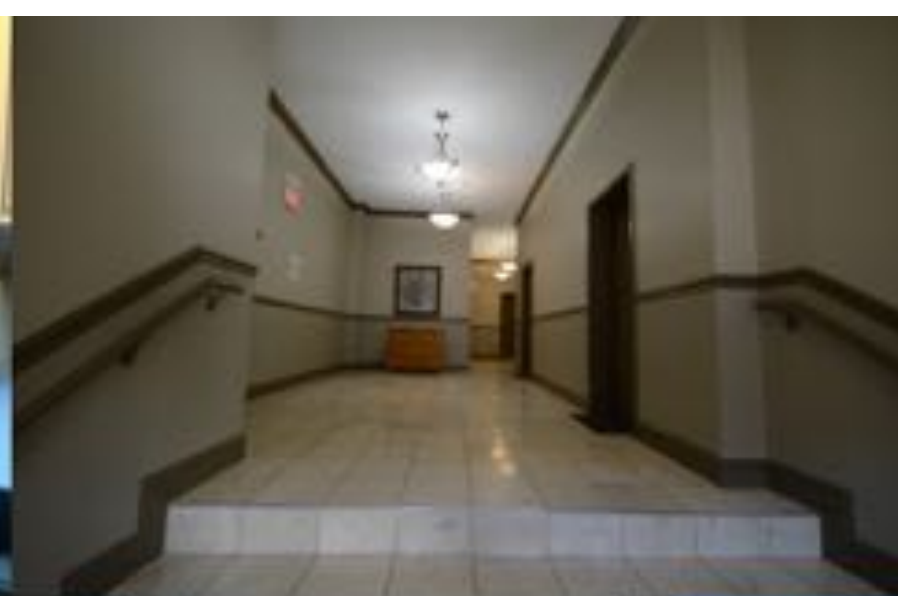






















An aerial photograph of a city grid, likely New York City, viewed from a high angle. The image is overlaid with a semi-transparent blue filter. The text is centered over the image.

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 MSA₁
- ◆ St. Louis – high construction costs and relatively low housing costs.

¹East 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



**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.

**IKEA, 300,000 sq. ft. of retail
opened September 2015,
3900 Forest Park
in the Cortex Innovation
Community of St. Louis**



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 state₂
- ◆ Nearly \$3 Billion in private investment₂
- ◆ 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)₃

²2010 St. Louis University/Missouri Growth Study (2000-2009 data)

³Community 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



Lockerdomes, 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
- ◆ CLIC will also be hosting a one day event before the Broadband Communities Conference in Austin, Texas on April 4, 2016
 - ◆ More Information is available:
<http://www.bbcmag.com/2016s/pages/16CLICconference.php>
 - ◆ Special CLIC Promotion Rates Apply

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Historic Tax Credits & Entrepreneurship in Tower Grove Neighborhoods

Dana Gray

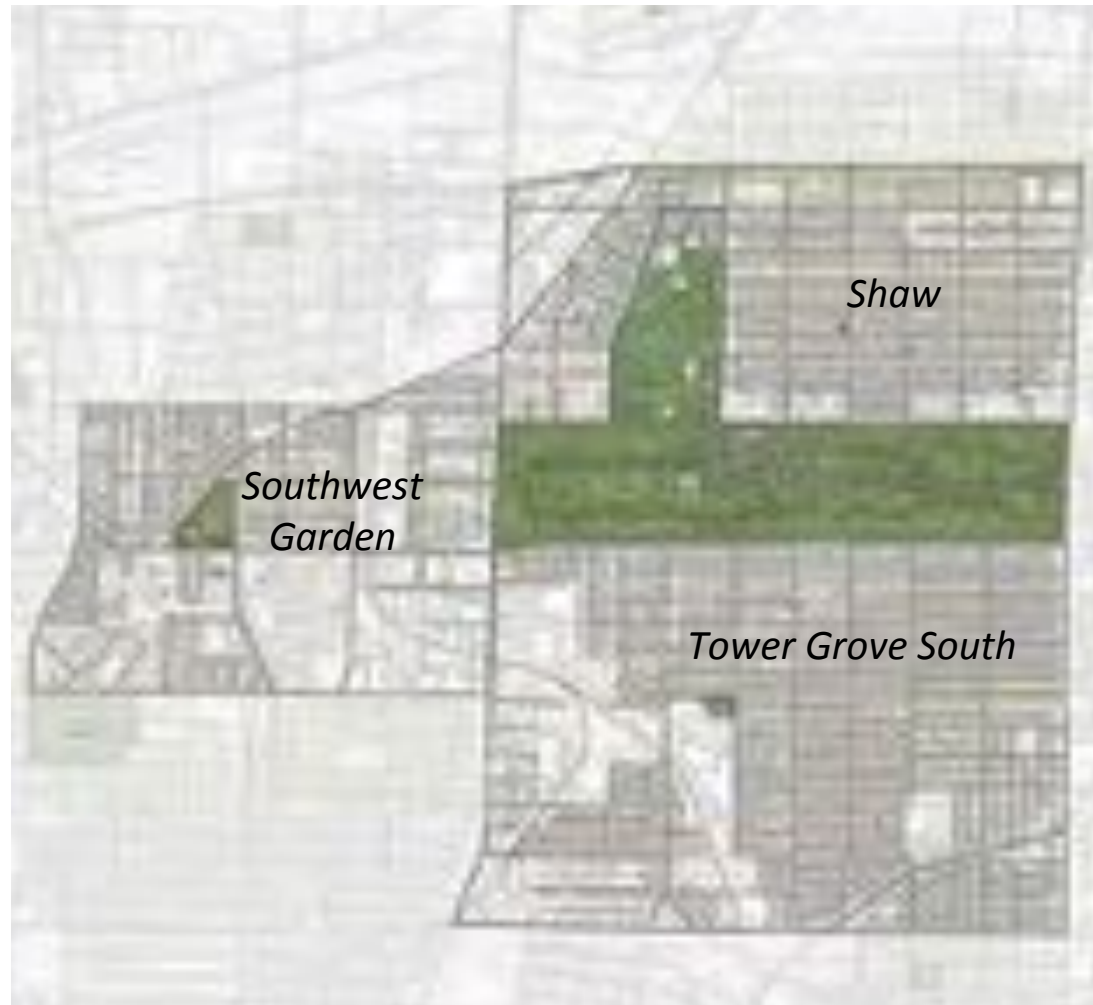
Organizational History

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.

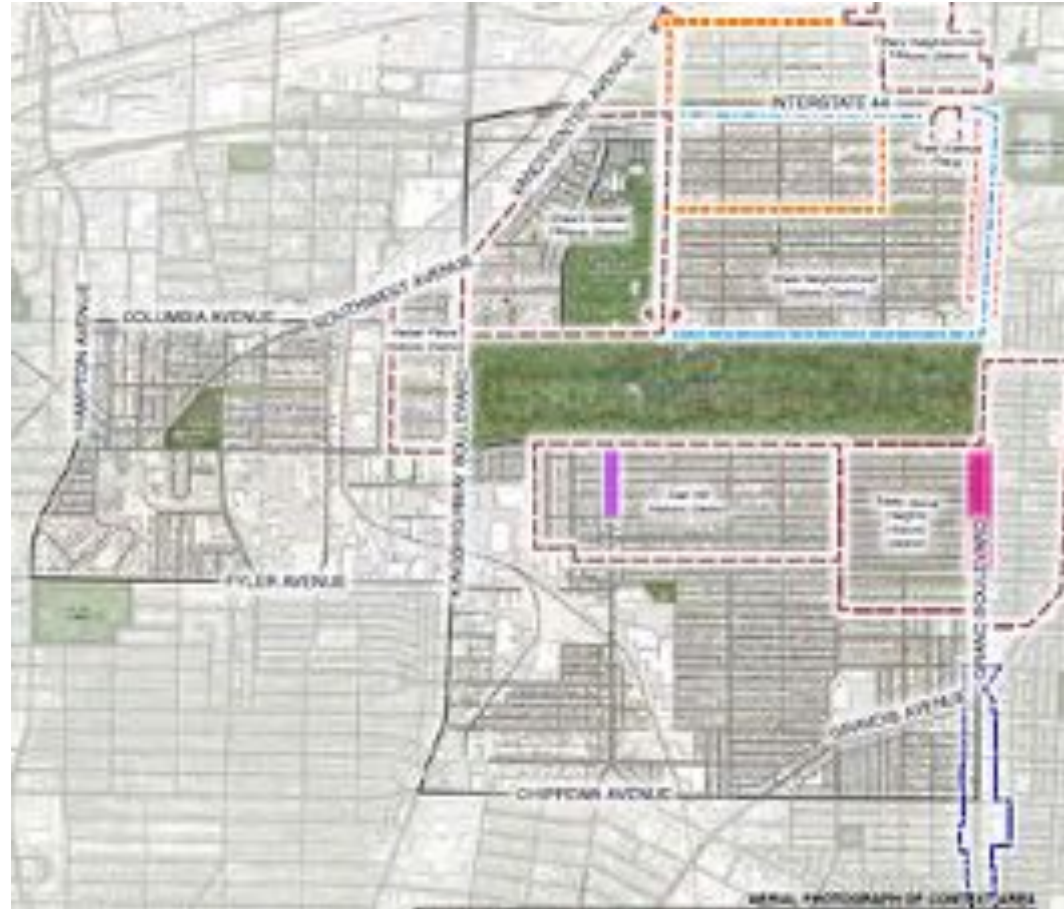


- TGNCDC service area is 1900 acres/ 2.9 sq. miles
- Total Population 25,029
- Total Households 14,822
- Housing Units 13,732
- Vacant Housing Units 2131 (15.5%)



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

Section number 7 Page 8

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

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

Auxiliary Building: Auto garage
c. 1921

(1C)

Stories: 1

Roof shape:

Flat

Wall material: Brick

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)
1896

(1C)

Type or function: Multiple dwelling/2-Family Flat

Stories: 2

Roof shape:

Flat

Porch: Stoop

Roof material:

Not visible

Wall material: Brick

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 windowills 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)
1912

(1C)

Builder: Chinberg, V.A.

Type or function: Single Dwelling

Stories: 1

Roof shape:

Flat

Porch: Other Bay

Roof material:

Not visible

Wall material: Brick

Foundation:

Stone

A single window and an entrance door form the two facade 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 windowill; and the decorative brick work 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 facade 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



1634 Tower Grove Ave - *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: Money $\underbrace{\text{My Money} + \text{State's Money} + \text{Fed's Money}}$
I pay up front

Alternatively: My Money + $\underbrace{\text{State's Money} + \text{Fed's Money}}$
Missouri 25%  Returned to me as tax credits
Federal 20%

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% | | |

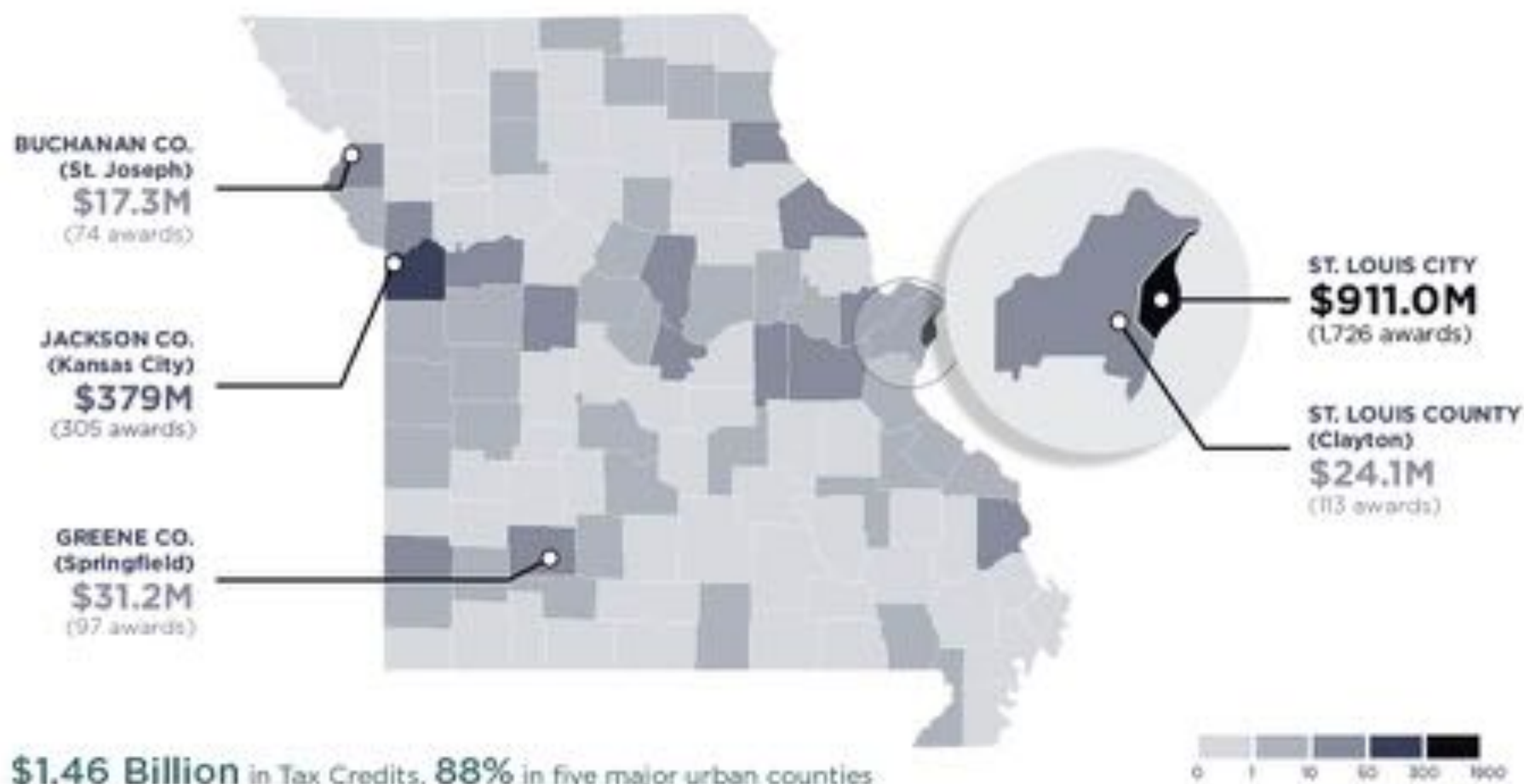
Pay off the mortgage, etc.

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)

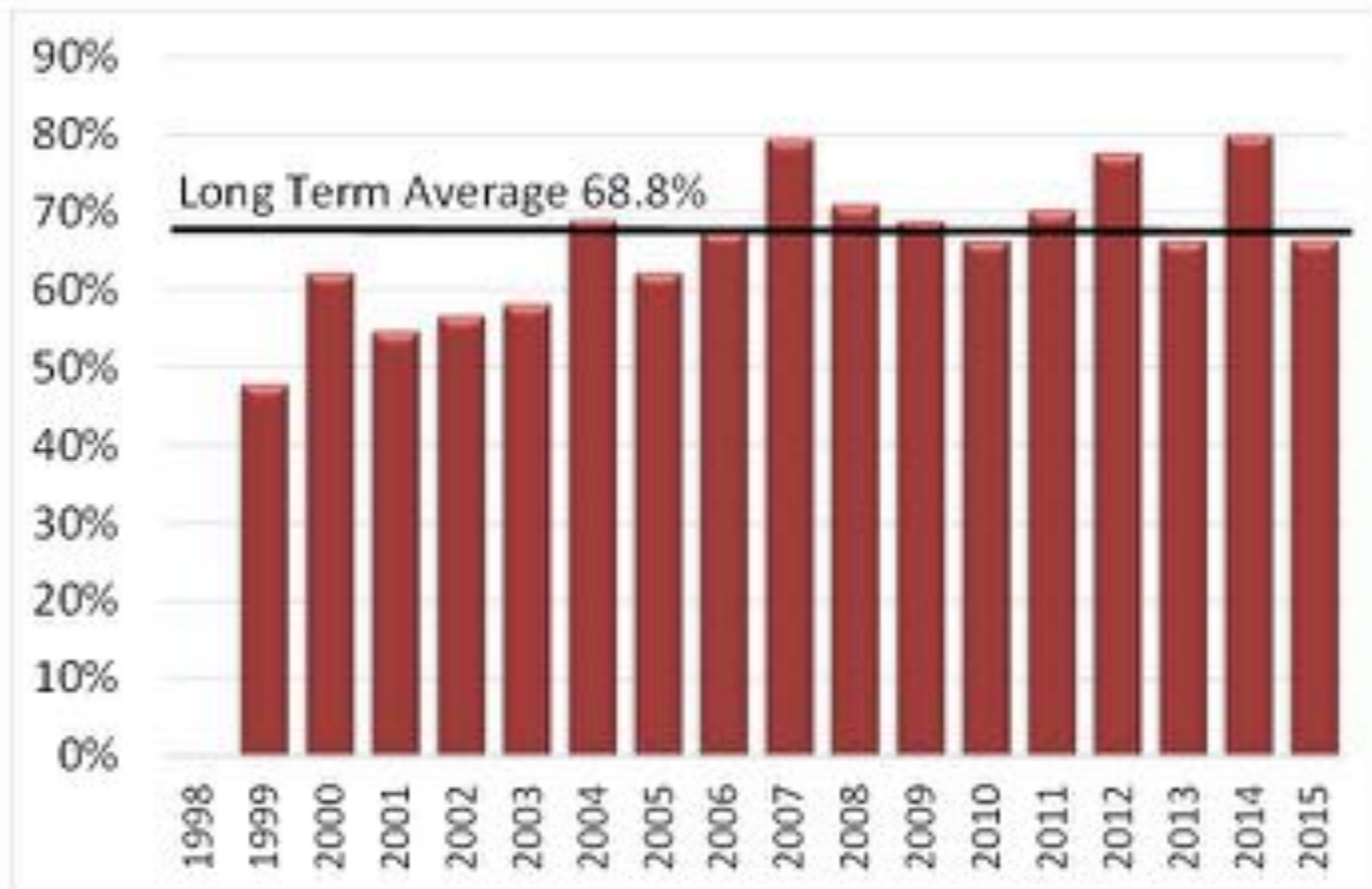


City of St. Louis

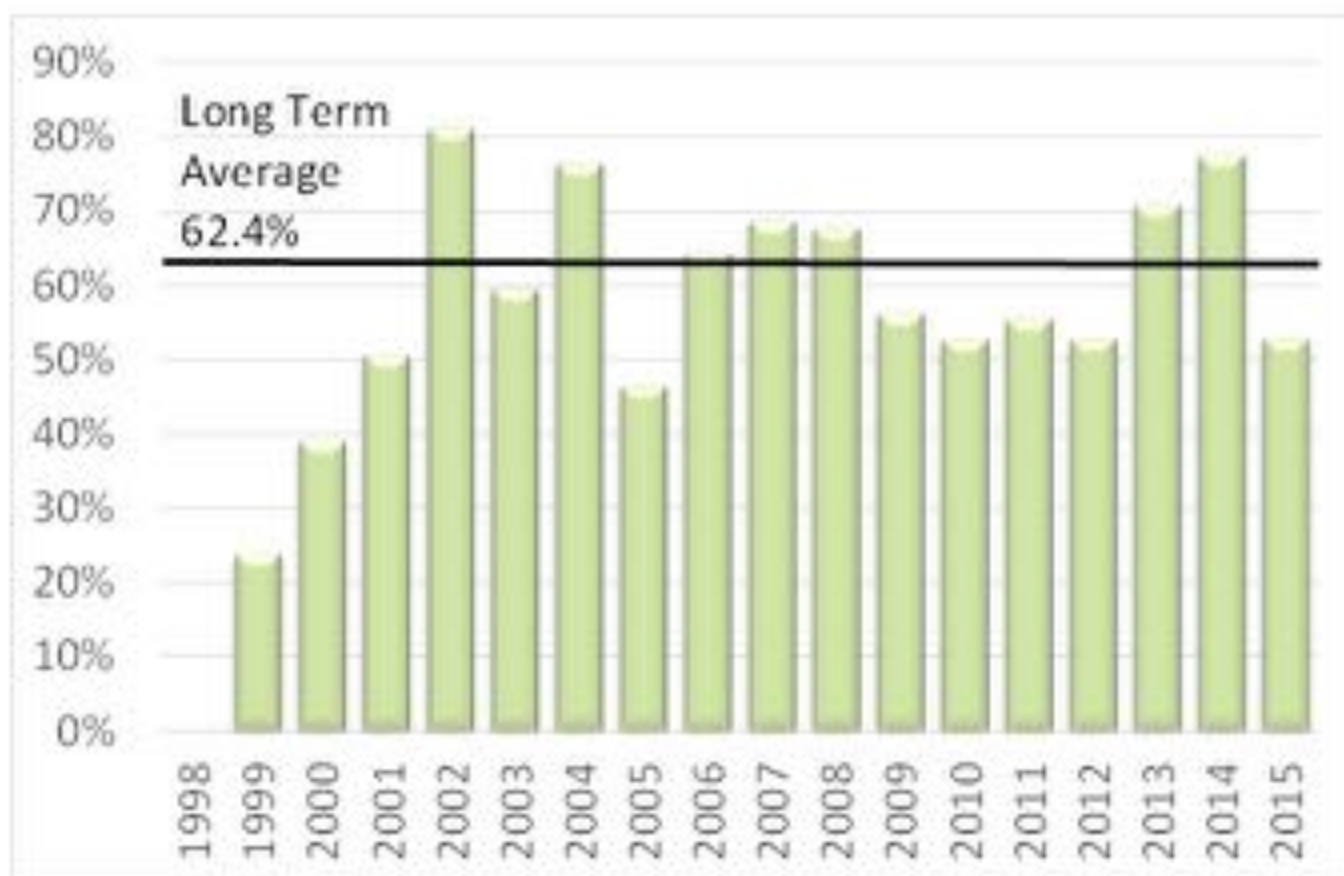
- The Story of HTC in Missouri is the Story of St. Louis
- 69% of all projects
- 62% of HTC value
- Founded 1764
- 61 square miles
 - 0.1% of land area
- 320,000 population
 - 5.2% of population



St. Louis as Percent of Missouri: HTC Projects

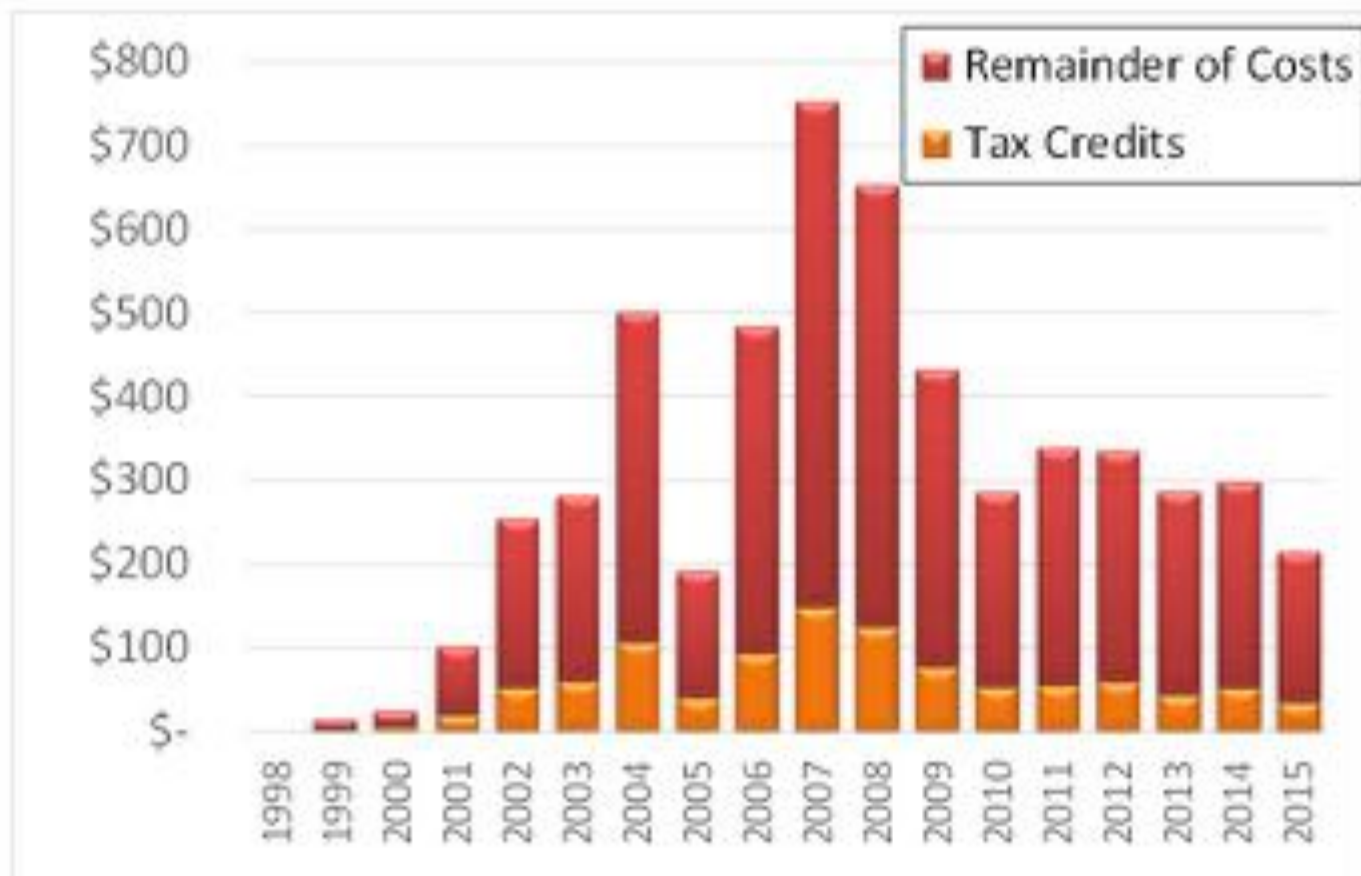


St. Louis as Percent of Missouri: HTC Dollar Value



Tax Credits as Share of Total Project Costs: St. Louis

- \$4.4 billion in total costs
- 1.0 billion in HTC's
- 23% of total costs





National Historic District
*50% of projects**



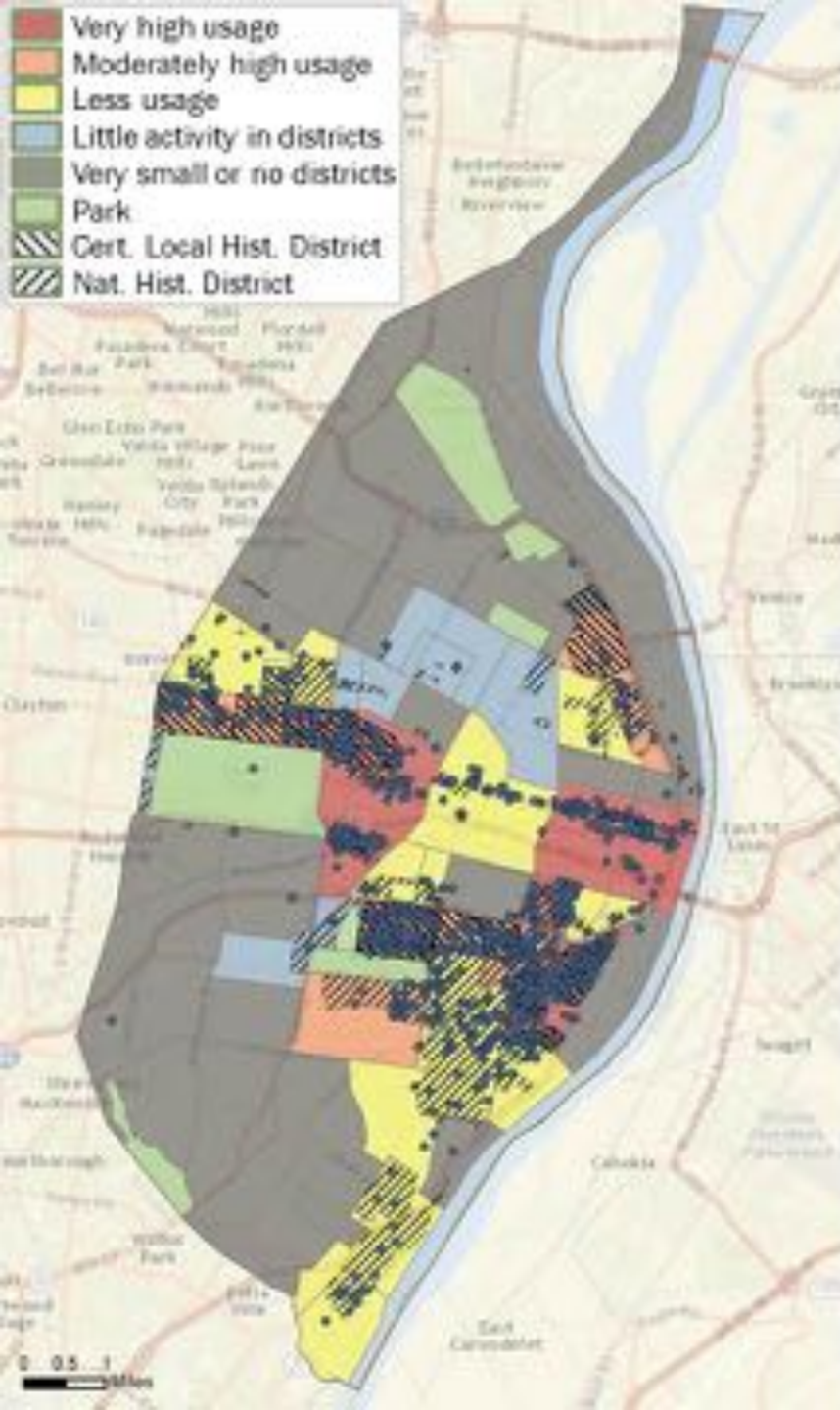
Certified Local Historic District
*37% of projects**



Listed Individually
19% of projects

*Projects may be listed in both national and certified local historic districts.

2015



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

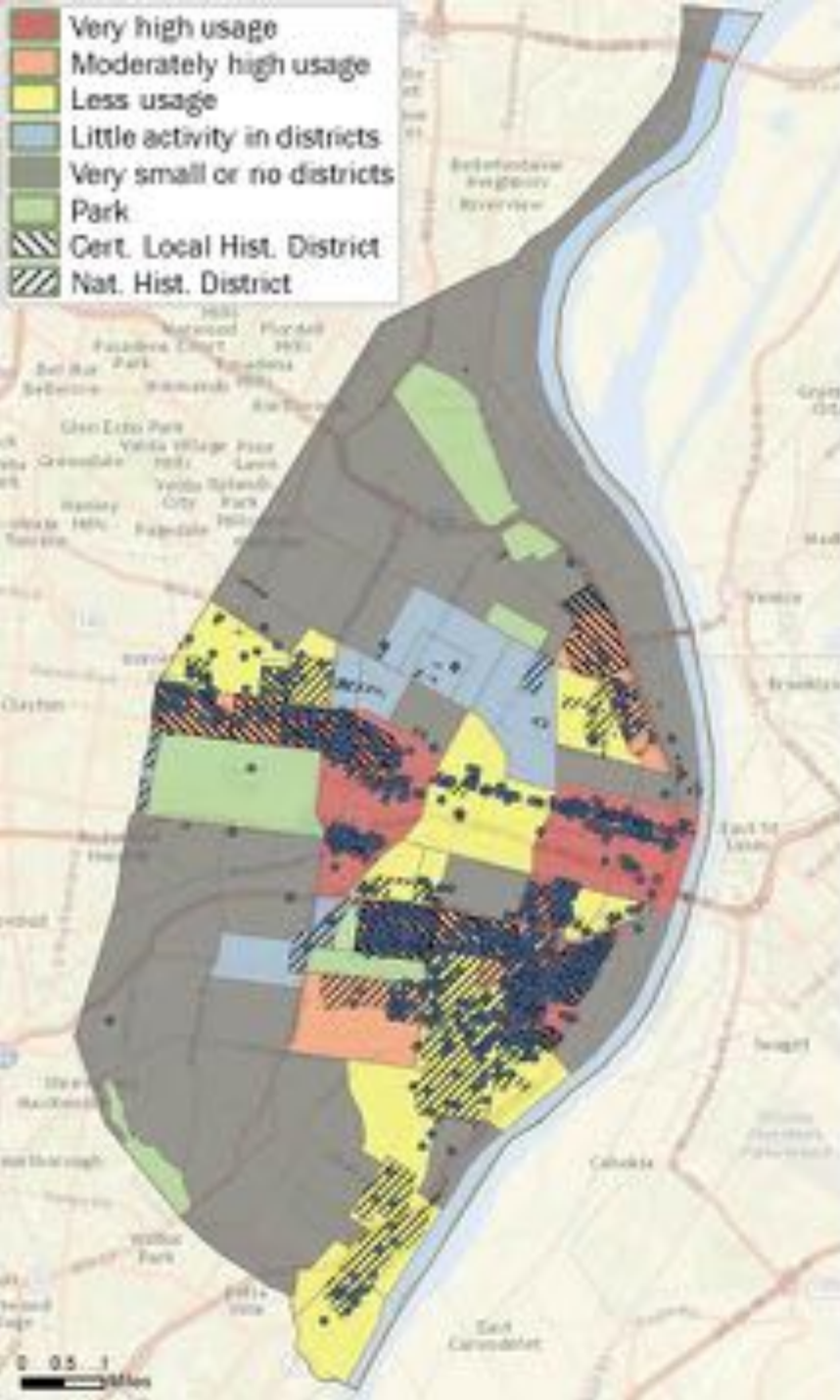
neighborhoods

Between 6% & 8% of parcels and/or 50 to 100 projects

Less usage

5% or fewer parcels and/or fewer than 50 projects

Neighborhoods with districts but **little activity**



What explains the differences?

Length of district designation?

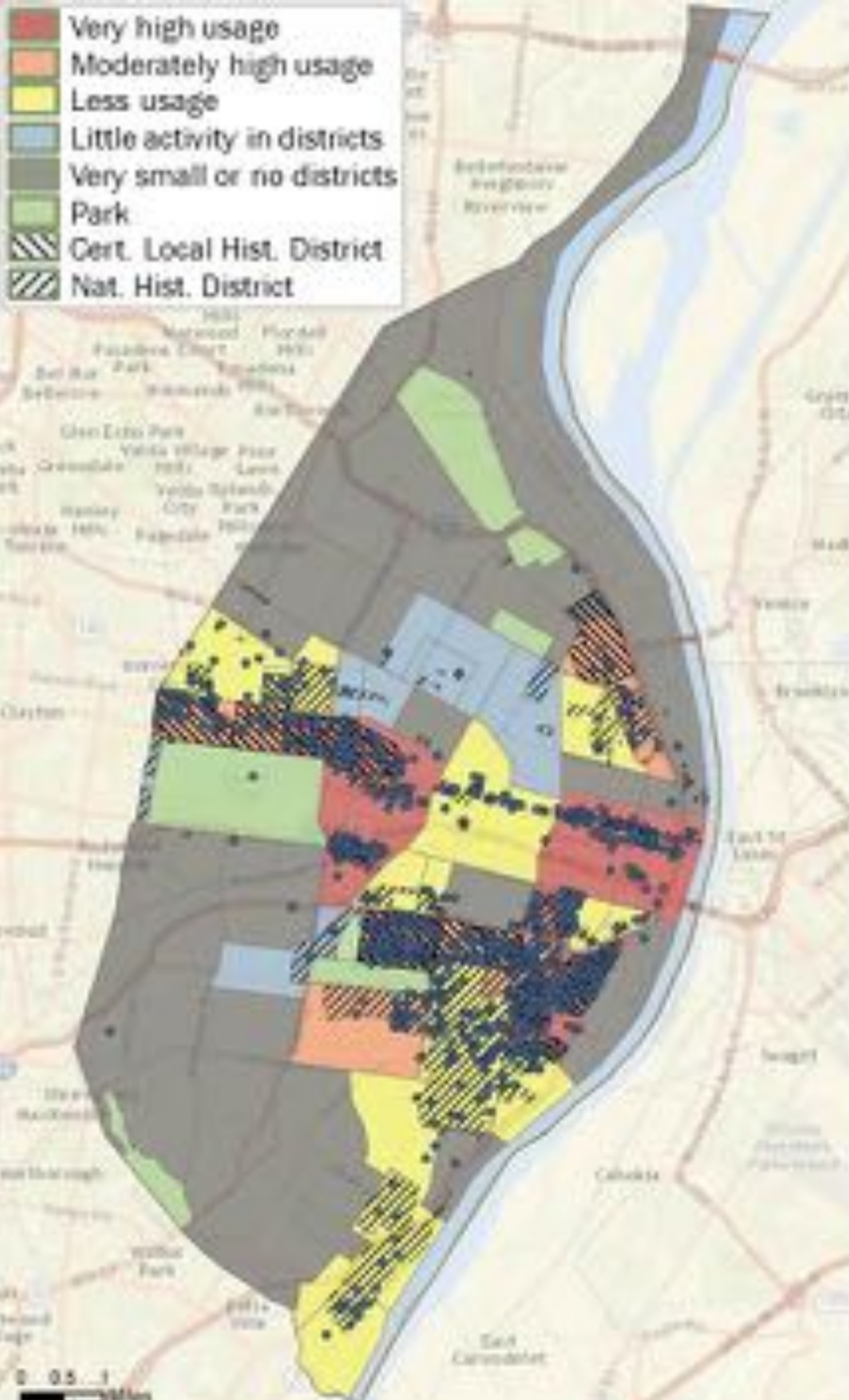
- High usage neighborhoods tend to have longer historic district designations.
- There are exceptions.

Neighborhood Coverage?

- Districts tend to follow neighborhood boundaries.
- Neighborhoods with higher percent of eligible parcels tend to use more HTC's.
- Again, however, there are exceptions.

Growing neighborhoods?

- Growing neighborhoods tend to use HTC's more often (correlation?).
- No correlation. Some shrinking neighborhoods also use many HTC's.
 - *Elimination of overcrowding?*
- But those that have grown have:
 - Used HTC's 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 HTC's, 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

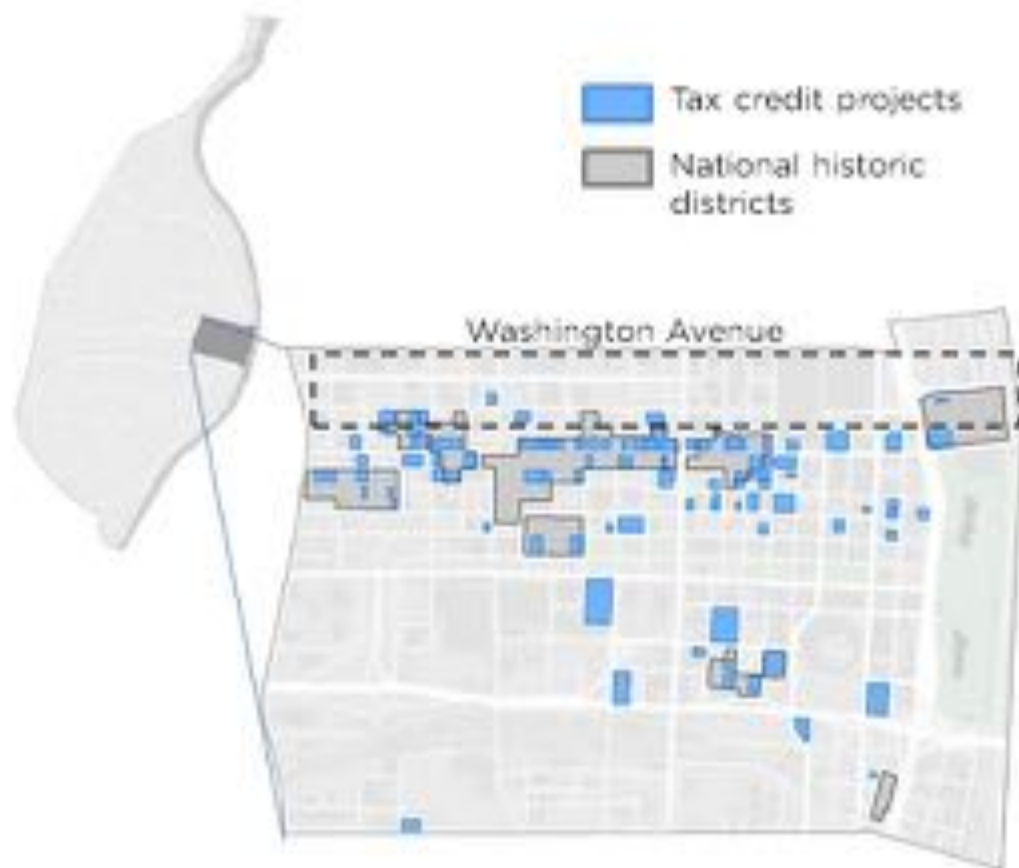
Decline in manufacturing and preference for single-story industrial space leads to high vacancy

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



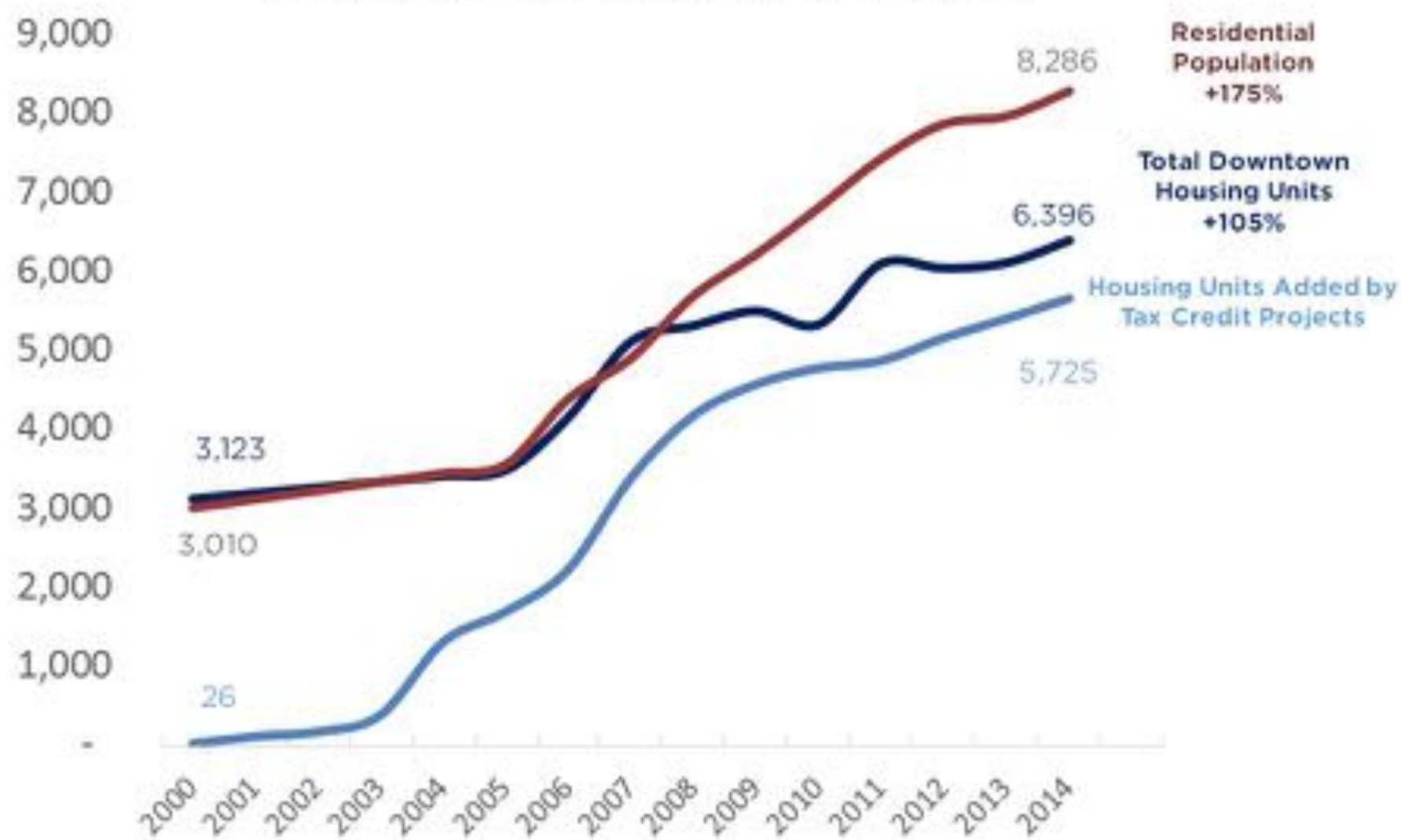
1920s



2007



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



“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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