The background features a light gray street map of St. Louis. In the top left corner, there are vertical gray bars of varying heights. On the right side, there is a teal-colored graphic of the St. Louis skyline, including the Gateway Arch and the Missouri State Capitol building. Below the skyline are several horizontal gray bars of varying lengths, and at the bottom right, there are three wavy gray lines.

# *Demonstration Areas: MLK Corridor*



**ECONOMIC  
JUSTICE  
ACTION PLAN**

# Demonstration Areas

To illustrate how SLDC will advance the five primary goals of the Economic Justice Action Plan, several demonstration areas were selected, each representing differing degrees of disinvestment, low occupancy, and overall need. Additionally, each demonstration area covers primarily EJI-1 and EJI-2 areas to ensure investment is made in corridors and neighborhoods that have a combination of opportunity and need.

TO FOCUS SLDC'S DEVELOPMENT EFFORTS AND BETTER UNDERSTAND HOW ECONOMIC JUSTICE CAN BE ACHIEVED, FOUR DEMONSTRATION AREAS WERE SELECTED -

MLK CORRIDOR, WALNUT PARK, DUTCHTOWN, AND PROJECT CONNECT.

The demonstrations show what is possible by focusing public and private investment along commercial corridors and adjacent neighborhoods. SLDC will use a combination of local statutory incentive tools and federal and state programs to leverage private, taxable development that will generate additional public funds dedicated to further empowerment and transformation. The objective of this approach is two-fold: to stabilize the local real estate market to support private and unsubsidized investment and to empower residents and businesses to grow personal and neighborhood wealth.

In the demonstration areas, dedicated investment in new construction and renovation of unoccupied lots and

buildings will be necessary to increase demand and attract private, taxable real estate investment. Additional funding will be utilized to support residents and property owners in updating and investing in their own properties. SLDC will also prioritize resident and business empowerment programs in the demonstration areas, including those that will ensure residents have the opportunity to increase their income and build wealth through homeownership and business ownership. Combined, these initial public investments will help stabilize these neighborhoods, spur growth, and ultimately attract further private investment and generate additional public revenue for further reinvestment nearby.

Although SLDC's Economic Justice Action Plan will be utilized throughout the City in the years to come, the demonstration areas provide an opportunity to explore what each of the Plan's three pillars looks like in practice. We will demonstrate Equitable & Inclusive Development in the Dr. Martin Luther King Drive ("MLK") Corridor and Walnut Park area, Economic Empowerment in Dutchtown, and Neighborhood Transformation in the neighborhoods around Project Connect and Walnut Park.

- ▶ *Equitable & Inclusive Development on the MLK Corridor and in Walnut Park*
- ▶ *Economic Empowerment in Dutchtown*
- ▶ *Neighborhood Transformation in the Project Connect neighborhoods*



# Martin Luther King Blvd

The Dr. Martin Luther King Drive corridor is home to thousands of long-time St. Louis residents and many businesses and institutions. The corridor stretches from north of Downtown to the western city limits crossing the city from east to west for nearly 6 miles. While the corridor was once a thriving street lined with businesses and a dense residential environment, due to systemic factors like redlining and white flight, the street today lacks vibrancy and economic strength. Much of the land is unoccupied and there is significant LRA land ownership in the area. Residents, on average, have a lower household income than the city as a whole and the area lacks job opportunities and access to workforce development. This area scored extremely high on the indicators regarding need.

The presence of organizations that add capacity to the area helped the corridor score well in terms of opportunity indicators. North Newstead Association, Tandy Neighborhood Improvement Association, Tabernacle Community Development Corporation, Ville Collaborative, Revitalization 2000 Inc., Northside Community Housing, Inc., Park Central Development Corporation, Friends of Fountain Park, Better Family Life, Kingshighway Center SBD, Hamilton Heights Neighborhood Organization, Inc., and the Wellston Loop Community Development Corporation all have a footprint in this area and provide a great deal of potential support for future investment.

The portion of the MLK corridor utilized as a demonstration area stretches from North Grand Boulevard to the east to the St. Louis City limit to the west. The demonstration area includes the commercial corridor itself, as well as two blocks to both the north and south to include a mixture of commercial and residential land uses. With recent investment by SLDC and others, the corridor has the potential to create a strong, connected north St. Louis.

**3,924**

RESIDENTS

**1,916**

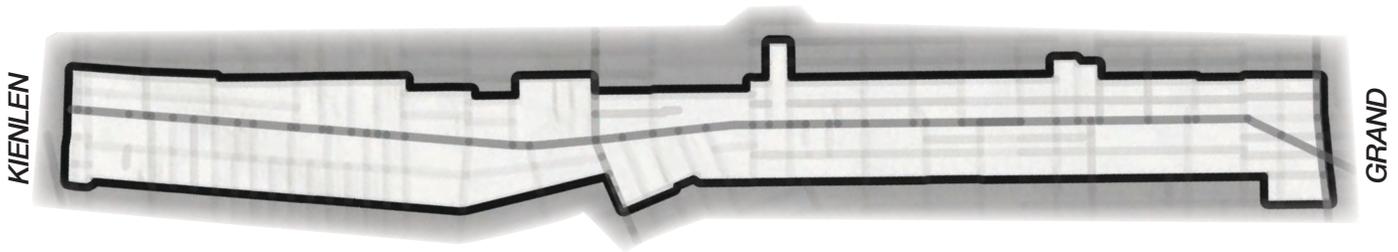
JOBS

**\$55,000**

MEDIAN HOME VALUE

**40%**

VACANT LOTS



At its core, equitable real estate development reduces the disparity in market demand in neighborhoods that have faced systemically racist development, lending, and investment practices through the dedication of significant local, federal, and philanthropic funds. In addition to focusing on geography to advance equity, an inclusive approach will prioritize local and minority developers, contractors, and businesses to ensure that minority and resident stakeholders have an opportunity to financially benefit from revitalization and build wealth.

Though the high level of vacancy and public ownership of land and buildings along the MLK corridor can be seen as a weakness, it provides an opportunity for SLDC to leverage public and philanthropic funds to convert LRA lots and buildings back into productive use in partnership with Community Development Corporations or other local or nonprofit entities with sufficient capacity. This strategy has three primary benefits: long-term affordability, local control, and increased capacity of local organizations.

One important piece of the Equitable and Inclusive Development Pillar deals with preventing displacement as the local real estate market stabilizes and grows. Rent and sale prices of residential units and commercial spaces will follow the market and over time could place these spaces out of reach for current residents and businesses. The creation of permanently affordable units is most feasible prior to the increase in property values and utilizing land that is already publicly owned. This approach does not exclude LRA lots from being sold for private, taxable residential or commercial development, but it does mean that a certain number of units could be preserved for long-term affordability to combat displacement.

Local control is a key aspect of Economic Justice because the opportunity to plan and control urban

development has been historically denied to those at the local level. As a result, partnership with mission-driven and community-driven developers such as CDCs will ensure that development responds to the needs and interests of residents and the community.

Capacity building of CDCs and other local organizations is crucial to ensuring the ability of a community to continue these efforts beyond the initial phases of investment. Through their partnerships, SLDC will strive to help local organizations create sustainable revenue streams that will allow these organizations to continue to engage with the neighborhoods they represent and contribute to or lead projects that result in lasting, community-driven transformation.

Another integral piece of developing the MLK corridor is the utilization of statutory tools such as Tax Increment Financing ("TIF") and Community Improvement Districts ("CIDs") to produce revenue for future projects and programs. Currently, SLDC has access to significant funds through the American Recovery Plan Act ("ARPA") that will be used to advance Economic Justice. However, these funds only provide a temporary boost and, if spread evenly throughout the City, may not result in significant long-term gains for neighborhoods.

Through the use of TIF and CIDs, the investment of ARPA funds in the short-term into taxable development projects with a portion of that revenue captured by TIF and CID can develop long-term public revenue set aside for economic justice. This revenue could be used to help expand CDC capacity, invest in affordable housing, attract additional private investment, or any number of other possibilities. The same principle would apply to the use of Opportunity Zones, New Market Tax Credits, Historic Tax Credits, and any other tools that could support the development of taxable projects in TIFs and CIDs.

## EQUITABLE & INCLUSIVE DEVELOPMENT

### *Economic Development Incentive Reform in Action on the MLK Corridor*

Making the incentive process more accessible to businesses and developers will assist development along the MLK Corridor. A more expedient incentive process can reduce additional costs on incentive recipients and other efforts that ensure smaller, community-based, or minority-owned developers have greater access to incentives. Equitable and inclusive development is dependent upon expanding the pool of potential incentive recipients beyond those that typically have access to, and the capacity to apply for, incentives.

An online platform for ease of access, data tracking on projects, and the display of a project pipeline map to improve transparency are all ways that more equitable and inclusive development can occur.

As neighborhood plans are completed along the MLK corridor, a menu of options for community benefits will ensure the wishes of the community are incorporated into incentive agreements without delaying projects unnecessarily. For larger projects exceeding \$50M in total project cost, at least one public meeting will be held to incorporate public feedback into the process. Additionally, incentive recipients exceeding \$1M in total project cost will require annual reports to track any applicable metrics such as jobs created or retained, average wage, total investment to date, and M/WBE participation, if applicable. In order to improve transparency, a publicly accessible, user-friendly online platform will track data on projects underway and in the pipeline. Data collection and tracking along the MLK corridor will be important to answer two primary questions: (1) where do we incentivize projects and (2) how are we doing? Factors influencing the “where to incentivize” question would include:

- ▶ Where is there a concentration of LRA lots?
- ▶ Where is there an existing concentration of business and development activity?
- ▶ Where does the neighborhood want to see development?

Factors influencing the “how are we doing” question would include:

- ▶ Is there a sufficient number of affordable units?
- ▶ Have community benefits been secured?
- ▶ How many jobs have been created and at what wage?
- ▶ What was the total investment?
- ▶ Does the CDC or other neighborhood-level entity have greater capacity?

### *Proactive Site Assembly & Development in Action on the MLK Corridor*

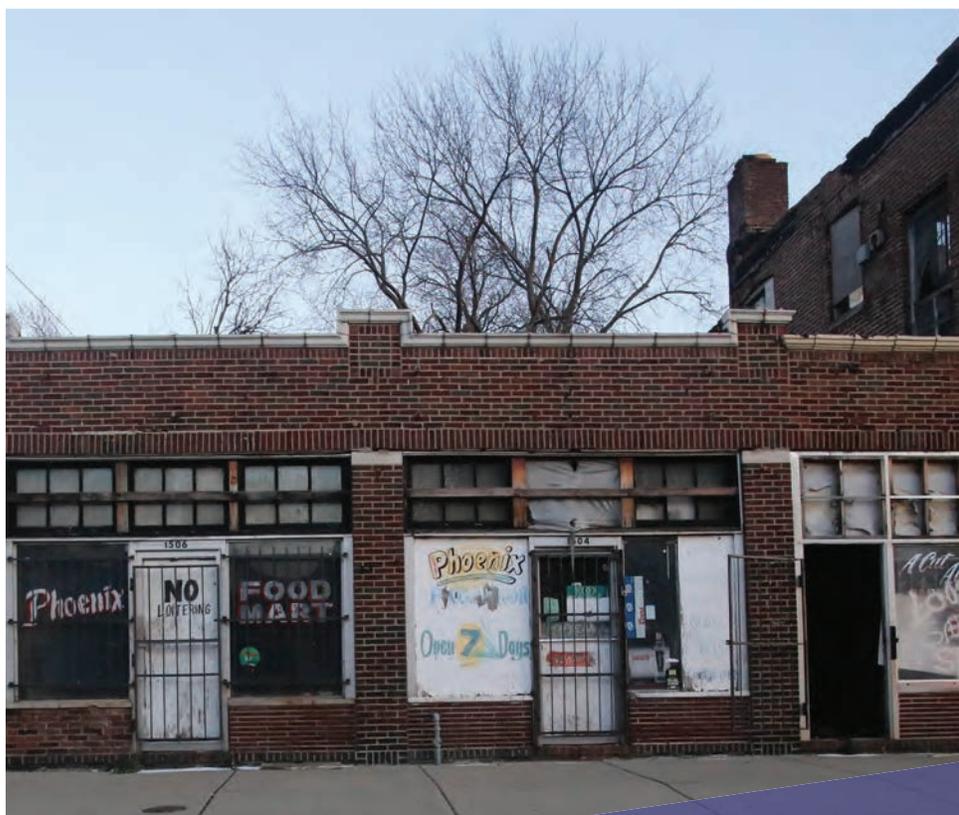
The prevalence of LRA-owned lots and buildings is an opportunity for developing permanently affordable properties and helping CDCs and other neighborhood entities build capacity. For the lots with development potential, SLDC will pursue funding options for remediating buildings and sites where possible to lower the barrier for future development. Ultimately, if a small number of LRA lots are what’s holding a development back, they should be sold or exchanged. If a few private lots are left on an otherwise LRA-owned block, SLDC will explore using TIF, CID, or other funds, to assemble the lots into a larger site.

The strategic acquisition of lots for future development should be done in accordance with neighborhood plans and the City’s strategic land use plan. SLDC’s Neighborhood Managers will frequently communicate and perform outreach with local developers, CDCs, and businesses to make connections or SLDC to pursue and assist. Neighborhood Managers will be SLDC’s ears on the ground to connect projects with resources, such as information on eligibility and approval processes for particular funding sources. A clear database of LRA-owned properties, a map of incentive areas, and guides for approval processes will be the tools of the Neighborhood Managers.

## *Commercial Corridor Revitalization in Action on the MLK Corridor*

Along MLK, and other corridors throughout the City, a “Corridor First” model will be the target of SLDC’s targeted investments. One of the City’s greatest strengths is its neighborhoods, and many of them have vibrant commercial corridors at their center. A Corridor First model focuses on commercial investment along existing transit and auto transportation routes first and then uses the resulting momentum to assist in residential revitalization.

By using a combination of TIF and CID, among other local tools, SLDC can attract investment to commercial corridors and build a foundation of commercial and mixed-use development that will generate revenue for future projects. That revenue can be used to fund additional projects, help CDCs build capacity, and create below market-rate opportunities for housing and small businesses. SLDC will require an investment into adjacent transportation assets for incentivized projects that exceed \$10M in total costs. This will ensure that corridors have safe and comfortable transit facilities to make the new developments accessible to everyone.



**“Businesses need access to capital at reasonable rates.”**

## MLK Corridor by the Numbers

The MLK demonstration area currently contains approximately 4,000 residents, 218 businesses, and 1,916 jobs. About 40% of lots and 30% of structures are unoccupied. For this demonstration, it is assumed that within a 20-year timeframe, **around 50% of the unoccupied lots and buildings will be occupied**. A number of LRA-owned properties are scattered throughout the corridor and their development will be incentivized first, followed by privately owned unoccupied properties whenever possible.

Through concentrated investments using public, private, and philanthropic funds and strong partnerships, SLDC can target the construction of **28 new housing units** and 13,000 commercial square feet, and the **renovation of 18 housing units** and 7,500 commercial square feet on average **every year along the MLK corridor**. This number will vary depending on available funding and interest in the market. It is also assumed that there will be development occurring without SLDC's assistance during this timeframe as the market strengthens.

To achieve this pace of development, an estimated \$15.5M will need to be invested by public and private partners in Year 1 and development costs are expected to rise to \$24.5M by Year 20. While traditional bank financing and developer equity will cover a portion of this investment each year, until the market stabilizes, developers will likely depend on public or philanthropic funding to cover the remaining gap. This gap funding will come from a combination of local incentives, federal programs, tax credits, and the Economic Justice Fund.

Quantifying the gap between feasible development and the current real estate market along the MLK corridor is vital to this effort so that SLDC can pursue fundraising, budgeting, and partnerships to fill the need. The ratio of the cost of development to the value of the newly constructed or renovated property was used as a proxy for arriving at a target figure. In Year 1, the gap is roughly 50% of the total investment made, or around \$7.9M. By Year 20, the

gap is expected to shrink to approximately 23% of the total investment, or \$5.5M due to property values and rents rising faster than construction and renovation costs.

Developing 50% of the MLK corridor by Year 20 would **require approximately \$394M** in 2022 dollars from private, public, and philanthropic sources. The cumulative gap during that 20-year timeframe would total \$144M and that should serve as a target for SLDC for fundraising, partnerships, and local incentive programs. The use of a TIF and CID along the MLK corridor could generate approximately \$68M from these proposed investments for use in incentivizing additional projects, funding CDC capacity, and financing infrastructure improvements.

To serve Economic Justice along the MLK corridor, SLDC must assist in attracting private and public investment to an area that has been disinvested for decades, and it must **empower residents and businesses to participate in economic growth** and have their voices heard. By reserving some LRA properties for affordable residential and commercial opportunities, SLDC is ensuring that many residents and businesses will have the chance to stay and build wealth.

Along the MLK corridor over 20 years, it is projected that SLDC can influence the creation of **204 affordable housing units** and provide **93,000 square feet of affordable commercial space** for local entrepreneurs. In addition to these units, SLDC can influence the construction and renovation of 575 housing units and approximately 300,000 square feet of market-rate commercial space housing nearly 200 new businesses and 650 new jobs. With appropriate redevelopment agreements and policies in place, M/WBE firms will have the opportunity to build wealth and grow from the construction spending in the area and the City's business assistance grants, loans, and services will allow entrepreneurs and businesses to find a home in the corridor.

ESTIMATED COSTS	YEAR 1	YEAR 5	YEAR 10	YEAR 20
New Home Construction	\$ 8.4M	\$ 9M	\$ 10M	\$ 12M
Cumulative New Home Construction	\$8.4M	\$ 43.7M	\$ 91.9M	\$ 204M
Home Renovation	\$ 3M	\$ 3.2M	\$ 3.6M	\$ 4.3M
Cumulative Home Renovation	\$ 3M	\$ 15.6M	\$ 33M	\$73.2M
Commercial New Construction	\$ 2.6M	\$ 2.8M	\$ 3.1M	\$ 3.8M
Cumulative New Construction	\$ 2.6M	\$ 13.8M	\$ 29M	\$ 64.5M
Commercial Renovation	\$ 1.3M	\$ 1.4M	\$ 1.6M	\$ 1.9M
Cumulative Commercial Renovation	\$ 1.3M	\$ 7M	\$ 15M	\$ 33M
Total Construction & Renovation	\$ 15.3M	\$ 16.4M	\$ 18.3M	\$ 22M
Total Cumulative Construction & Renovation	\$ 15.3M	\$ 81M	\$ 172M	\$ 394M

## OUTCOMES

IN 20 YEARS, THE MLK CORRIDOR COULD HAVE...

**5,949**

RESIDENTS

**2,409**

HOUSING UNITS

NEW TAXES IN YEAR 20:

**\$34.9M**

TAXABLE SALES

**2,564**

JOBS

**232**

ANNUAL CONSTRUCTION JOBS

**\$10.8M**

REAL PROPERTY TAXES GENERATED

**\$145.9M**

WAGES GENERATED

**417**

BUSINESSES

**\$3.3M**

SALES TAX GENERATED

**831,000 SF**

COMMERCIAL SPACE

**94,000 SF**

AFFORDABLE COMMERCIAL SPACE

**\$7.6M**

EARNINGS AND PAYROLL TAX GENERATED