

The background features a light gray map of St. Louis on a dark gray gradient. In the top left, 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 Old Courthouse. Below the skyline are several horizontal gray bars of varying lengths, and at the bottom right, there are three wavy gray lines.

Demonstration Areas: Project Connect



**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*



Project Connect Area

The National Geospatial Agency is currently constructing a new \$1.7 billion, 700,000 square-foot headquarters in north St. Louis. Following a series of buy-outs, investments by the federal government, and relocations of long-time residents, the neighborhoods in and around Project Connect are undergoing tremendous change. As part of a broader effort to plan for these neighborhoods in the future, the Project Connect neighborhoods have come together to ensure future development reflects the current and future needs of residents.

The Project Connect demonstration area is bound on the north by Hebert, east by 19th, south by Carr, and west by Glasgow and is centered on the new government facility being built in the area.

Given high vacancy, high poverty rates, and historic disinvestment, this area scored highly on the indicators of the Economic Justice Index evaluating need and provides a significant opportunity to deploy an equitable economic development strategy as the neighborhood continues to receive investment. The North Newstead Association, North Corridor Collaborative, and Old North St. Louis Restoration Group all have a presence in the area and provide an increased level of capacity for future development efforts.

Pursuing Economic Justice means giving power to neighborhoods, organizations, and residents that have historically been denied a chance to determine their own future. SLDC is committed to empowering local organizations and residents to play a large role in determining the future of their neighborhood. This demonstration area is ideal for depicting how the pillar, Neighborhood Transformation, could impact an area in St. Louis.

3,310
RESIDENTS

471
JOBS

\$39,000
MEDIAN HOME VALUE

59%
VACANT LOTS

NEIGHBORHOOD TRANSFORMATION

Neighborhood Capacity Building in Action in the Project Connect Neighborhoods

SLDC will hire seven Neighborhood Managers, each with their own footprint, to provide direct support and coordination between SLDC and neighborhood organizations like community development corporations (CDCs) and nonprofit developers. These Neighborhood Managers will maintain frequent communication with anyone that is pursuing a project or initiative in the Project Connect area to ensure they know about SLDC resources, can apply for assistance, and meet with SLDC staff. These managers will hold regular meetings with leadership at local CDCs and neighborhood organizations in their footprint. They will prioritize prompt communication and passionate customer service to avoid unnecessary delays.

SLDC will commit \$2.5M in revolving loan funds to support CDC and neighborhood organization capacity building and utilize a portion of the \$37M in corridor funding to help them implement catalytic projects. SLDC will also continue to pursue partnerships through the Missouri Main Street program to empower residents and local leadership to drive development in their neighborhood. Finally, SLDC will work with Invest STL to provide more robust assistance to CDCs and neighborhood organizations in the Project Connect area. SLDC will focus on corridors and concentrations of opportunity sites in the Project Connect area to prioritize projects there and build a foundation for future growth.

By focusing on capacity building of residents and existing organizations, SLDC will help to facilitate neighborhood transformation in the Project Connect area and others.

Vacancy & Environmental Justice in Action in the Project Connect Neighborhoods

Vacancy and environmental justice play a huge role in the potential of neighborhoods in St. Louis. With thousands of vacant properties existing as liabilities currently, SLDC needs to reevaluate LRA and pivot these properties to become assets in neighborhoods, opportunities for future redevelopment and investment in people.

The LRA and its assets are at the core of this action plan and SLDC will create a new Operating Plan that includes the agency's goals, performance metrics, programs, and budget. An annual report will be published to inform the public of the progress the agency is making to build trust and expand transparency. To accomplish these additional annual and ongoing tasks, 4 additional staff will be hired.

A new LRA website will be created to provide the public and development community with fully up-to-date information on available lots, ongoing projects, and details about the LRA lot purchase process. Additional funds will be requested from the Board of Aldermen to accomplish this and LRA data will be integrated into the City's open data portal to be more accessible to the public. Neighborhood Managers will provide information on LRA lots that could potentially be used for locally driven development projects.

CDCs and neighborhood organizations should have the first right of refusal for LRA properties to help them pursue their projects and guide development at the neighborhood level. Local leaders and residents will be proactively connected with resources to help them resolve property violations that plague their neighborhoods. To assist in this endeavor, a process map of the code enforcement system will be created to assist in grassroots enforcement.

To promote historic preservation in the Project Connect area and beyond, SLDC will prioritize incentives for historic buildings and more closely partner with the Building Division to assess conditions of LRA properties and assist with stabilization efforts. Action will be taken to hold absentee property owners of historic buildings to account for violations and emergency repairs.

Housing Accessibility in Action in the Project Connect Neighborhoods

In addition to expanding the capability of residents to build wealth through greater employment and entrepreneurship opportunities, SLDC will encourage homeownership and secure housing for residents in the Project Connect area. Housing accessibility in this area is threefold: providing homeownership opportunities for residents, creating a diverse housing stock, and investing in anti-displacement to keep residents in their homes. With significant vacancy in the Project Connect neighborhoods, ensuring housing accessibility will be crucial to the area's overall success and ability to transform.

SLDC should engage partner organizations and funders to offer mortgage assistance, fill the appraise gap, and offer down-payment assistance to ensure residents have homeownership opportunities. A focus should be placed on created mixed-income neighborhoods to create opportunities across the income spectrum. These resources should be offered at the EEC and online, creating multiple ways for residents to access these tools.

In order to add residents to the City of St. Louis, SLDC should focus on adding new housing units. The organization should prioritize \$4M of ARPA funding to the development of affordable rental units for households that do not exceed 30% AMI, use \$10M from ARPA to create a revolving loan fund to finance the creation of additional affordable housing with M/WBE developers in EJI-1 and EJI-2 areas, leverage existing Prop NS funds to rehab LRA properties and develop affordable housing throughout the City, and require affordable housing set-asides in market-rate developments. In addition, the organization should work to support existing resources such as the Missouri Low Income Housing Tax Credit and the State Historic Tax Credit programs to ensure their long-term existence.

With a major project like the National Geospatial Agency being developed in the Project Connect area, concerns about displacement and potential gentrification are already top-of-mind. In order to ensure low-to-moderate income residents and elderly households can stay in their homes and in the City of St. Louis, SLDC should work with existing resources to create a formal rental assistance program. Other resources such as the Property Assessed Clean Energy (PACE) program and Healthy Home Repair Program offerings should continue to be marketed to residents, with a focus on the Project Connect area in conjunction with future development.



Project Connect Area by the Numbers

The Project Connect demonstration area currently contains almost 3,306 residents, 71 businesses, and 2,297 jobs. There are very few LRA-owned lots compared to the MLK Corridor. Most of the existing unoccupied properties were obtained by Paul McKee’s various development entities as part of the Northside Regeneration project. These privately owned buildings will need to be obtained by SLDC or a partner CDC or nonprofit developer in order to secure them for affordable housing in the long-term or assembled for a different private developer to secure.

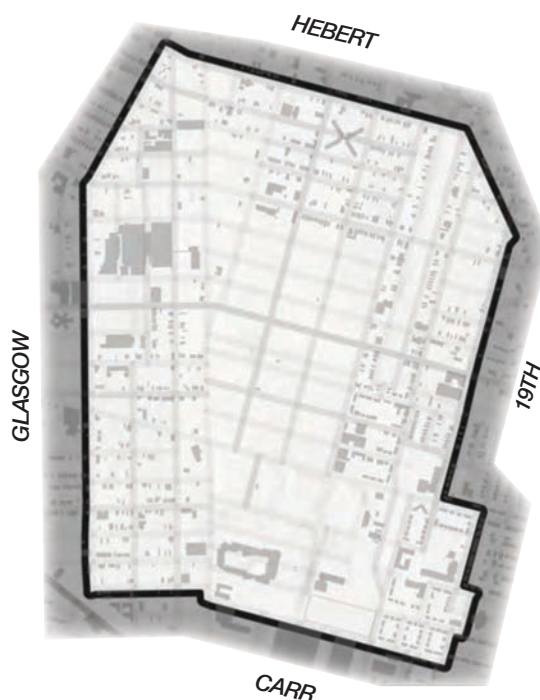
It is assumed through concentrated investments using public, private, and philanthropic funds and aggressively pursuing partnerships that SLDC can influence the construction of **25 new housing units, renovation of 15 housing units,** construction of 10,000 commercial square feet, and renovation of 10,000 square feet on average every year in the Project Connect area until unoccupied building and unoccupied lot inventory runs out. This number will vary depending on the availability of funds 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 **\$16.3M will need to be invested in Year 1** and development costs are expected to rise to \$23.8M by Year 20 due to most unoccupied lots and buildings being full. Each year, it is assumed that traditional bank financing and developer equity will cover a portion of all the investments made, but since the market is depressed, the investments will likely depend on non-private funding to cover the remaining gap. This will come from a variety of local incentive tools, federal programs and tax credits, and money from the Economic Justice Fund.

Quantifying the gap between feasible development and the current real estate market in the Project Connect area is vital to this effort so that SLDC can pursue fundraising, budgeting, and partnerships to fill the need. A ratio of the cost of new construction/renovation to the value of the newly constructed/renovated property was used as a proxy for arriving at a target figure. The value gap in Year 1 is roughly 43%

of the total investment made, or around \$6.9M. This includes projects that are entirely done with non-private funds, particularly those done by CDCs and other nonprofit development entities.

By Year 20, the gap is expected to shrink considerably as a portion of the total investment due to property values and rents rising faster than construction and renovation costs. In terms of a dollar amount, the gap in Year 1 is roughly \$6.9M out of \$16.3M invested and the gap in Year 20 is \$5M out of \$23.8M invested.



Building out a significant portion of the Project Connect demonstration area by Year 20 would require **approximately \$387M in 2022 dollars** from private, public, and philanthropic sources. The cumulative gap during that 20-year timeframe would total \$123.6M, which should serve as a target for SLDC for fundraising, partnerships, and local incentive programs. During that same timeframe, a TIF and CID in the area would generate approximately \$56M for use on incentivizing projects, funding CDC capacity, and financing infrastructure improvements.

To serve Economic Justice in Dutchtown, SLDC must empower small-scale developers and CDCs to develop affordable housing, expand their capacity, and

build power at the neighborhood level. By obtaining private, unoccupied property, SLDC can ensure affordable opportunities for residents and businesses to stay and build wealth. In the Project Connect area over 20 years, it is projected that SLDC can influence the creation of 223 affordable housing units and provide 112,350 square feet of affordable commercial space for local entrepreneurs. In addition to these units, SLDC can influence the construction and renovation of 520 market-rate housing units and approximately 262,150 square feet of market-rate commercial space housing nearly 155 new businesses and 611 new jobs.

ESTIMATED COSTS	YEAR 1	YEAR 5	YEAR 10	YEAR 20
New Home Construction	\$ 2.4M	\$ 8.1M	\$ 8.9M	\$ 10.9M
Cumulative New Home Construction	\$2.4M	\$ 33.9M	\$ 77M	\$ 177.1M
Home Renovation	\$ 3.3M	\$ 3.6M	\$ 4M	\$ 4.9M
Cumulative Home Renovation	\$ 3.3M	\$ 17.5M	\$ 36.9M	\$82M
Commercial New Construction	\$.9M	\$ 2.1M	\$ 2.3M	\$ 2.9M
Cumulative New Construction	\$.9M	\$ 9.3M	\$ 20.7M	\$ 47.4M
Commercial Renovation	\$ 2.1M	\$ 2.2M	\$ 2.5M	\$ 3M
Cumulative Commercial Renovation	\$ 2.1M	\$ 10.9M	\$ 22.9M	\$ 51M
Total Investment (Incl Startup Costs and Acquisition)	\$ 9.6M	\$ 17.4M	\$ 19.3M	\$ 23.8M
Total Cumulative Investment (Incl. Startup Costs & Acquisition)	\$ 9.6M	\$ 77.1M	\$ 169.8M	\$ 387.4M

OUTCOMES

IN 20 YEARS, PROJECT CONNECT AREA COULD HAVE...

NEW TAXES IN YEAR 20:

5,323

RESIDENTS

2,292

HOUSING UNITS

\$28.2M

TAXABLE SALES

2,908

JOBS

224

ANNUAL CONSTRUCTION JOBS

\$8.7M

REAL PROPERTY TAXES GENERATED

\$166.9M

WAGES GENERATED

226

BUSINESSES

\$2.7M

SALES TAX GENERATED

676,700 SF

COMMERCIAL SPACE

111,900 SF

AFFORDABLE COMMERCIAL SPACE

\$9M

EARNINGS AND PAYROLL TAX GENERATED