

The background of the slide is a faded, light blue-tinted photograph of the Missouri State Capitol building. The building features a prominent central dome and a portico with many columns. The text is overlaid on this image.

Governor Blunt's DREAM Initiative

Downtown Revitalization Economic Assistance for Missouri

Find out how your community may realize its DREAM!



Partner Agencies



- Missouri Department of Economic Development
- Missouri Development Finance Board
- Missouri Housing Development Commission





What is DREAM?

- **It is an initiative that allows for select communities to access technical and financial assistance necessary to accomplish their downtown revitalization plans.**
- **It is a comprehensive, streamlined approach to downtown revitalization that provides a one-stop shop.**



What are the goals of DREAM?

- **To re-establish the properties in use in the downtown core;**
- **To increase property tax values and sales tax opportunities;**
- **To re-establish a sense of place and cultural heritage in the heart of the community, and;**
- **To attract private investment and new jobs.**



What kind of community is DREAM targeting?

- **Communities that have developed OR will develop a viable downtown redevelopment plan;**
- **Communities presenting a comprehensive approach to downtown revitalization rather than single projects;**
- **Communities with capacity to undertake a multi-dimensional initiative**
- **Communities with the ability to attract and maintain private investment.**



What types of opportunities exist for designated DREAM communities?

- **Access to professional planning including market studies, economic feasibility analysis and cost-benefit analysis;**
- **Access to professional technical assistance on the formation of districts to support the effort;**
- **Access to public infrastructure financing programs**
- **Access to façade renovation financing programs**
- **Access to historic preservation financing**
- **Access to housing financing**



What are the specific finance programs are involved with the DREAM Initiative?

Missouri Development Finance Board

- Contribution for Tax Credit Program**
- Public Infrastructure Bond Tax Credit Program**
- Technical Planning Assistance**
- Technical Assistance in Creating Local Financing Entities**



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Missouri Housing Development Commission

- Rental Production and Preservation Program**
- HOME Rental Production Program**
- Low Income Housing Tax Credit Program**



What are the specific finance programs are involved with the DREAM Initiative?

- **Department of Economic Development**
 - **Neighborhood Assistance Program**
 - **Community Development Block Grant (non-entitlement areas)**
 - **Historic Preservation Tax Credit Program**
 - **Missouri Downtown Economic Stimulus Act**
 - **Missouri Downtown Preservation**
 - **Brownfield Remediation and Demolition Tax Credits**

Neighborhood Assistance Program

Purpose is to “provide tax credits to assist community-based organizations in implementing community or neighborhood projects in the areas of community service, education, crime prevention, job training and physical revitalization.”

Neighborhood Assistance Program (NAP)

- **\$16 million annual cap**
- **Approved projects solicit donations from businesses or individuals with business income.**
- **Donors get 50% of their qualified donation in tax credits which are applied directly to their tax liability**

Capital Campaign (NAP)

- These expenses include the acquisition, renovation, and improvement of property, as well as new construction and equipment of facilities that will serve as the applicant's office.
- Examples of how you can use NAP

One Project Admin. Salary

Property Acquisition

Some Professional Services

Construction

Renovation

Equipment

Service Delivery (NAP)

- These expenses are defined as expenses that support the day-to-day operation of the applicant agency or address the general living conditions of a specific neighborhood or community.
- Examples of how you can use NAP:

Salaries

Revolving Loan Funds

Fringe

Rent

Travel

Utilities

Supplies

Some Professional Services

Service Delivery Example

- Gladstone Economic Betterment Council
 - Revolving Loan Fund for facade renovation
 - Before renovation



Service Delivery Example Cont...

- After Renovation!

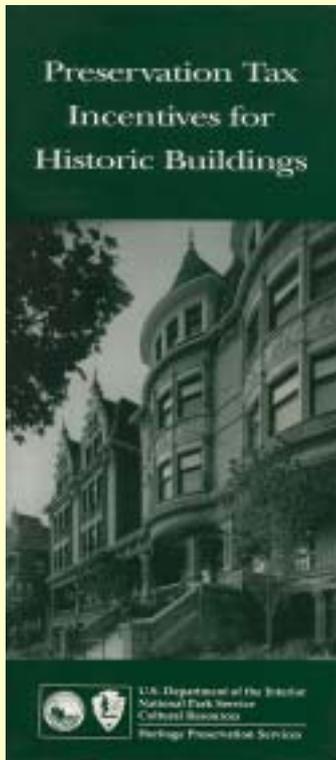


A Few NAP Projects

- **Grand Center, Inc. (Revolving Loan)**
- **Rebuilding Together St. Louis**
- **Franciscan Connection**
- **Revitalization 2000**
- **North Side Team Ministry**
- **Beyond Housing**

Federal Rehabilitation Tax Incentive Program

- **Program became effective in 1968**
- **Purpose was to aid in the redevelopment of historic structures throughout the nation**
- **Provides a tax credit equal to 20% of the eligible rehabilitation expenditures for a “qualified historic rehabilitation”**
- **Provides a tax credit equal to 10% of the eligible rehabilitation expenditures for a “non-qualified” structure built before 1936**
- **20% credit is limited to income-producing, depreciable property**
- **10% credit is limited to commercial property**



Missouri Rehabilitation Tax Incentive Program

Historic
Preservation
Program



MISSOURI
DEPARTMENT OF REVENUE

- **Program became effective January 1, 1998**
- **Purpose was to aid in the redevelopment of historic structures in Missouri**
- **Provides a state tax credit equal to 25% of the eligible rehabilitation expenditures for a “qualified historic rehabilitation”**
- **25% credit includes income-producing, depreciable property; and taxpayer’s personal residence**
- **No provisions for a “non-qualified” structure**

Eligibility (Ownership Requirements)



- **Any person, firm, trust, estate, or corporation is eligible to participate in the state program, except:**
 - **government entities**
 - **not-for-profit entities**
 - **flow through tax treatment entities, including a not-for-profit**
 - **a property owner that leases an otherwise eligible rehabilitated structure to a tax-exempt entity**

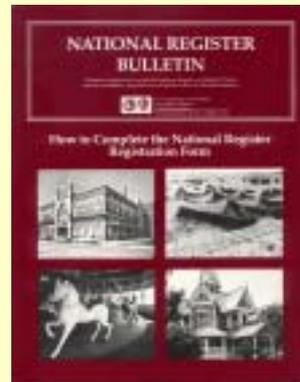
Certified Historic Structure



National Register of Historic Places

The Official Honor Roll of buildings significant in American history

This is the official Federal list of districts, sites, buildings, structures, and objects significant in America's national, state, and local history, architecture, archeology, engineering, and culture.



Eligibility (Basis Requirements)

- **The rehabilitation must be *substantial***
- **Missouri Credit - the rehabilitation costs and expenses must meet or exceed 50% of the total basis in the property**
- **Federal Credit - the rehabilitation costs and expenses must meet or exceed the greater of \$5,000 or 100% of the adjusted basis of the building and its structural components**

Renaissance Grand Hotel

- ❖ **Formerly 18 story Statler Hotel and 22 story Lenox Hotel.**
- ❖ **Statler closed in 1985. Lennox closed in 1993.**
- ❖ **At time of applications, project was owned by city of St. Louis.**
- ❖ **City of St. Louis and Gateway Hotel Partners worked in conjunction to develop 1081 room Hotel, and 850 car garage.**

Project Costs

- ❖ **Total Project Costs were estimated at \$222,614,000 for hotel (rehab and new construction) and an additional \$21,853,000 for garage.**
- ❖ **Location was important not only for development of convention center but also for surrounding area.**

Public Project Funding

- ❖ **Brownfield Remediation credits: 6,450,000**
- ❖ **State Historic Credits: 24,546,683**
- ❖ **Federal Historic: 19,637,346**
 - ❖ Above used for hotel rehab
- ❖ **State TIF: \$22M/ 23 years**
- ❖ **Local TIF: \$26.5M/ 23 years**
 - ❖ Above used for infrastructure

MODESA

- **Missouri Downtown Economic Stimulus Act – 99.915 – 99.1060**
 - Available in more areas than State TIF
 - May be used in or near the “Historic Downtown” of any Missouri city with median annual income \$62,000 or less
 - Other criteria apply
 - Enacted in 2003

MODESA Eligible Areas

- **Blighted or Conservation Area**
- **In or near CBD with at least 50% buildings 35 or more years old**
- **Cannot exceed 10% entire area of municipality**
- **Not in a floodplain unless protected by a USACE levee**
- **Declining population or property tax base past 20 years (not required)**

MODESA Criteria

Population Spread	Minimum Project Cost	New Jobs Created
300,000 +	\$10,000,000	100 +
100,000 to 299,999	\$5,000,000	50 +
50,001 to 99,999	\$1,000,000	10 +
<=50,000	\$500,000	5 +

MODESA Participations

- **Local Participation (up to 25 years)**
 - **Local TIF with min. 50% EATs & 100% PILOTs increment; or,**
 - **Comparable amount of local funds from the municipality or a NFP org.**
 - **Combination of the above two on a dollar-for-dollar basis**

MODESA Participations

- **State Participation (up to 25 years)**
 - Up to 50% state incremental G.R. sales tax (3%); or,
 - Up to 50% state incremental income tax withholdings, based on AGI; or,
 - Combination of both

Downtown Preservation

Missouri Downtown Revitalization Preservation Program

- **Substantially Similar to MODESA**
 - **Significant advantage to smaller towns**
 - **New minimum \$250,000 project cost**
 - **Elimination of “new job created” requirement**
 - **Limits local commitment to 50% of new sales tax increment, no property tax increment capture requirement**
 - **No Development Authority or Commission required – Local governing body approves Redevelopment Plan and Project by ordinance**

Downtown Preservation Criteria

Annual Cap: \$15,000,000

(Yearly allocation may be less)

Population Spread	Estimated Project Cost Minimum
100,000 – 199,999	\$5,000,000
50,000 – 99,999	\$1,000,000
10,000 – 49,999	\$500,000
1 – 9,999	\$250,000

Downtown Preservation

Participations

- **Local Participation (up to 25 years)**
 - Local TIF with at least 50% of local sales tax increment captured
- **State Participation (up to 25 years)**
 - Up to 50% of incremental state G. R. (3%) sales tax

Brownfield Redevelopment Program

- **Basic Eligibility:**
 - Abandoned or underutilized (more than 3 years or >35%)
 - Public ownership or endorsed by the city
 - Accepted into VCP
 - Need for assistance
 - 10+ new jobs must be created or 25 jobs retained
 - Commercial development



Brownfield Remediation Tax Credits

- **Credits are provided for remediation of hazardous substances**
 - **Up to 100% of costs**
 - **Limited to the Net State Economic Benefit**
 - **All work must be done in compliance with the Voluntary Cleanup Program**

Other Benefits Brownfield Program

- **Brownfield Tax
Benefits**
 - **Jobs/Investment
credits**
 - **Similar to Enterprise
Zone**
- **Demolition Tax
Credit**

Brownfield Redevelopment Program

- **Brownfield Tax Benefits:**
 - Up to \$1300 per new job
 - Credits provided for 2% of new investment
 - Up to 50% tax exemption
 - Provided 1-10 years
 - Local government must provide either tax abatement or tax increment financing (TIF)

Demolition Tax Credit

- Credits are provided for demolition not part of the Voluntary Remediation Activities but on the property or adjacent to the contaminated property.
 - Up to 100% of costs
 - Limited to the Net State Economic Benefit and Least Amount Necessary.

Brownfield Redevelopment Program

- **Prior to incurring costs:**
 - VCP application to DNR
 - Brownfield application to DED
- **Upon payment of remediation costs:**
 - Up to 75% credits provided
- **Upon issuance of a Clean Letter from DNR**
 - Remaining credits provided

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