



*Demonstration
Areas:*
Walnut Park



**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*



The Walnut Park West and Walnut Park East neighborhoods are located at the northern edge of the City of St. Louis, directly abutting St. Louis County. The neighborhoods are southwest of W. Florissant Avenue and east of Interstate 70. The two neighborhoods are split by Riverview Blvd. The neighborhoods are almost entirely residential in nature, with pockets of commercial activity on the edges. The area is adjacent to Calvary Cemetery and, in its early days, was comprised of mostly agricultural land. The turn of the century brought significant development and the area was developed into a dense, working-class residential community.

Both neighborhoods are more than 90% African American and have seen little investment in recent years. There is significant vacancy and very little commercial activity. In addition, housing values and median incomes remain far lower than much of the City. As a result, this area scored high in terms of need on the Economic Justice Index. Riverview-West Florissant Development Corporation and North Newstead Association both provide services to residents in the area providing some capacity for the implementation of future projects. The Cure Violence Program was also deployed in Walnut Park beginning in 2021 and has shown early signs of success, reducing violence significantly. With strong neighborhood partners, this part of St. Louis City is ripe for additional investment.

2,578

RESIDENTS

247

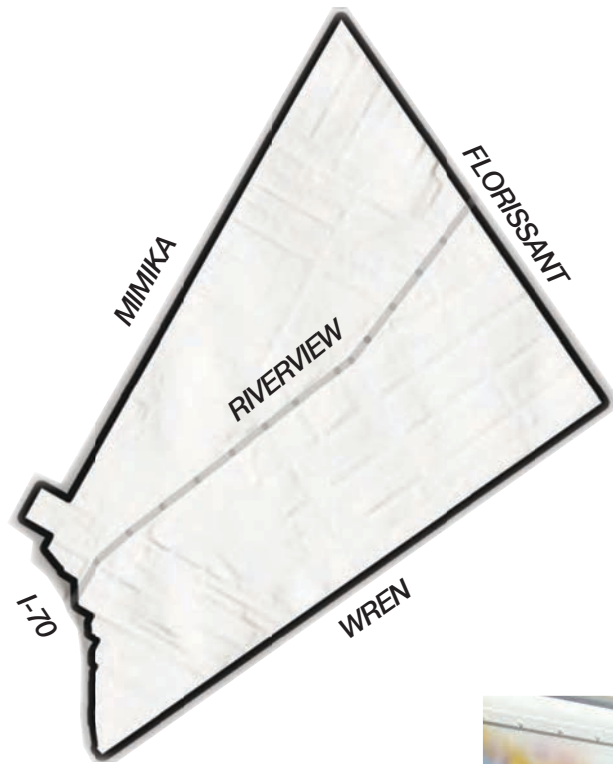
JOBS

\$67,419

MEDIAN HOME VALUE

25%

VACANT LOTS



The portion of the neighborhoods used as a demonstration area stretches from W. Florissant Avenue to the northeast to I-70 to the southwest and is centered on Riverview Blvd. Northwest Middle School and Gregory Carter Park are both included within the boundary. This area includes portions of EJI-2 and EJI-3, with significant need and less existing capacity.

These neighborhoods represent an opportunity to see Equitable and Inclusive Development in action, bringing in many of the strategies outlined for the MLK Corridor further north to another area that has shown a strong community desire for investment.



“Place viable businesses in the community... there are too many Family Dollars and General Dollars.”

Walnut Park by the Numbers

The Walnut Park demonstration area currently contains approximately 2,578 residents and only 247 jobs. About 25% of lots 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 area and their development will be incentivized first, shortly followed by privately owned unoccupied properties whenever possible.

Similar to the strategy for the MLK corridor, concentrated investments should be made using public, private, and philanthropic funds and strong partnerships. SLDC can target the construction of **9 new housing units** and 5,000 commercial square feet, and the **renovation of 11 housing units** and 5,000 commercial square feet on average **every year within the Walnut Park area**. 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 \$7M will need to be invested in Year 1 and development costs are expected to rise to \$8.9M by Year 20 as construction costs rise, but the neighborhood projects change from new construction-heavy to renovations and maintenance. Until the market stabilizes, developers will likely depend on public or philanthropic funding to cover the remaining gap that traditional lending will not finance. 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 within the Walnut Park demonstration area is vital to this effort so that SLDC can pursue fundraising, budgeting, and partnerships to fill the need. Similar to the MLK corridor, 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 51% of the total investment made, or around \$2.7M. By Year 20, the gap is expected to shrink to approximately 16% of the total investment, or \$1.4M due to property values and rents rising faster than construction and renovation costs.

Developing 50% of the area by Year 20 would **require approximately \$151M** in 2022 dollars from private, public, and philanthropic sources. The cumulative gap during that 20-year timeframe would total \$46.8M and that should serve as a target for SLDC for fundraising, partnerships, and local incentive programs. By using a targeted TIF and CID in the area, an additional \$21.6M could be generated for use incentivizing additional projects, funding CDC capacity, and financing infrastructure improvements.

To achieve Economic Justice in Walnut Park, 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 this economic growth and have their voices heard**. By reserving some LRA properties for affordable residential and commercial opportunities, SLDC can ensure that many residents and businesses will have the chance to stay and build wealth.

Over 20 years, it is projected that SLDC can influence the creation of **76 affordable housing units** and provide **5,700 square feet of affordable commercial space** for local entrepreneurs in the Walnut Park area. In addition to these units, SLDC can influence the construction and renovation of 472 housing units **and approximately 47,000 square feet of market-rate commercial space** housing nearly 23 new businesses. 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.

ESTIMATED COSTS	YEAR 1	YEAR 5	YEAR 10	YEAR 20
New Home Construction	\$ 2.7M	\$ 2.9M	\$ 3.2M	\$ 3.9M
Cumulative New Home Construction	\$2.7M	\$ 14M	\$ 29.5M	\$ 65.6M
Home Renovation	\$ 2.6M	\$ 2.8M	\$ 3.1M	\$ 3.8M
Cumulative Home Renovation	\$ 2.6M	\$ 13.8M	\$ 27.4M	\$62.8M
Commercial New Construction	\$ 1M	\$ 200K	\$ 0M	\$ 0M
Cumulative New Construction	\$ 1M	\$ 3.7M	\$ 3.7M	\$ 3.7M
Commercial Renovation	\$ 825K	\$ 893K	\$ 269K	\$ 328K
Cumulative Commercial Renovation	\$ 825K	\$ 3.8M	\$ 6.1M	\$ 9.1M
Total Construction & Renovation	\$ 7M	\$ 7.1M	\$ 7.2M	\$ 8.9M
Total Cumulative Construction & Renovation	\$ 7M	\$ 36.4M	\$ 69.9M	\$ 151.2M

OUTCOMES

IN 20 YEARS, THE WALNUT PARK AREA COULD HAVE...

3,672

RESIDENTS

1,316

HOUSING UNITS

454

JOBS

84

ANNUAL
CONSTRUCTION
JOBS

\$17.6M

WAGES
GENERATED

50

BUSINESSES

75,471 SF

COMMERCIAL
SPACE

5,740 SF

AFFORDABLE
COMMERCIAL
SPACE

NEW TAXES IN
YEAR 20:

\$2.3M

TAXABLE SALES

\$3.8M

REAL PROPERTY
TAXES GENERATED

\$223K

SALES TAX
GENERATED

\$796K

EARNINGS AND
PAYROLL TAX
GENERATED