

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

Demonstration Areas: Downtown



**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*



Dutchtown Neighborhood

The Dutchtown neighborhood is on the south side of the City of St. Louis and is one of the densest areas in the city. Dutchtown is home to a diverse population, a variety of historic architecture, a growing business district, and several well-known local businesses. The neighborhood includes several major corridors including Jefferson, Chippewa, Meramec, Compton, and Grand, creating a mix of small-scale neighborhood commercial land uses and a dense mix of residential housing stock.

According to the 2020 census, the Dutchtown neighborhood is home to over 15,000 residents with a majority minority population. Over a quarter of the population is under 18. Unlike other parts of the city, Dutchtown’s building stock is largely intact with very few unoccupied lots, minimal public ownership, and a small-scale development pattern. Though there has been a resurgence of investment in the commercial corridors and historic housing in recent years, the neighborhood still struggles with occupancy, with roughly a quarter of housing units being unoccupied. Increased unemployment numbers and a higher-than-average crime rate have contributed to Dutchtown’s increased need for investment. The neighborhood placed very highly on the indicators related to need.

Lutheran Development Group, Dutchtown South Community Corporation, Dutchtown Main Streets, and the Dutchtown Community Improvement District all service the Dutchtown area and provide additional capacity for the implementation of projects, increasing their opportunity score. As a result, the area falls within EJI-1 and EJI-2 according to the Economic Justice Index and provide an opportunity for strategic investment and support by SLDC and others.

Economic Justice pertains to more than just real estate development. Ultimately, for residents and businesses to benefit from economic growth, SLDC and its partners have to provide opportunities for personal and entrepreneurial growth. Along with the tasks outlined under the Equitable & Inclusive Development pillar, this demonstration area shows how the Economic Empowerment pillar will be pursued in the Dutchtown area and others.

4,097
RESIDENTS

747
JOBS

67
BUSINESSES

ECONOMIC EMPOWERMENT

Small Business Empowerment & Support in Action in Dutchtown

For SLDC, small business empowerment starts with aggressively pursuing a world-class Minority and Women-owned Business Enterprise (M/WBE) ecosystem and putting a physical location for economic empowerment where it is needed, starting at Sumner High School in North St Louis. The Economic Empowerment Center (EEC) will serve businesses, whether they are certified M/WBE's or not, with dedicated and rotating staff. The EEC plans to hire 2 new employees to help M/WBE's with certification in addition to a Center Manager to run day-to-day activities and engage with partner organizations and community members.

The EEC will also have rotating staff from the City's Small Business Assistance Center and M/WBE Compliance team. Other hires will include a Grant Specialist to secure funding for programming at the EEC that supports small businesses. The Center will also generate revenue from fees and licensing for its various programs and services as it grows. SLDC also acknowledges that strictly relying on a physical location is not an option today and that virtual participation must be a priority to meet people where they are and avoid time-consuming trips and costly travel for small business owners. Businesses located in the Dutchtown demonstration area will be able to travel to the EEC or attend virtual workshops to help grow their business.

Another key element of the EEC project is that SLDC cannot offer everything a small business needs to pursue growth and build wealth, but through key partnerships, the EEC can host a range of services and resources. The EEC will partner with existing organizations to offer a variety of on-site and virtual workshops to help businesses build their capacity. Specifically, a contract with the Small Business Empowerment Center (SBEC) will provide back-end support to small businesses.

SLDC will also leverage various small business loan and grant programs at its disposal to assist the small

businesses involved with the EEC and elsewhere. A revolving loan fund with an initial investment of \$2M will be established to provide long-term and startup capital for small businesses. A full-time Business Services Manager will be responsible for this program and additional Business Development Officers will be hired to increase lending capacity. The Local Development Company (LDC) will continue to offer direct, low-interest loans to businesses.

There is a growing small business ecosystem solidifying along Meramec Street in the Dutchtown neighborhood that consists of entrepreneurs that represent the diversity of the neighborhood. There are two main examples of how private and nonprofit enterprises are driving small business startup and innovation activity in Dutchtown: the Urban Eats food incubator, shared kitchen, and marketplace and The Wink, a retail incubator. Urban Eats provides kitchen space for food-related businesses at a price they can afford and a food hall for them to sell their goods and develop their business. Across the street from the shared kitchen, The Wink, located in the historic Winkelmann building, follows a similar model as Urban Eats by allowing retail businesses a chance to have a storefront at an affordable price. These establishments aid small businesses as they go through the City's approval process, and provide affordable space for entrepreneurs to occupy as they are starting their businesses. There are grassroots organizations all over the City, like Urban Eats and The Wink that have the expertise to fulfill many actions described in this Plan and SLDC will partner with these to expand the City's capacity to help small businesses.

One program currently available to aspiring real estate developers is the Real Estate Diversity Initiative (REDI) which seeks to expand the relatively small pool of minority developers in the City. Supporting initiatives like REDI will enable SLDC to serve in an advocacy and financier role to support grassroots real estate development, particularly among minority developers. SLDC can use its existing database of M/WBE's to identify likely candidates for participation in this initiative and others like it.

Through partnerships with local organizations and supportive resources, SLDC will expand its capacity and avoid duplication of services wherever possible.

Workforce Development in Action in Dutchtown

A minimal amount of growth in homeownership and entrepreneurship will take place without SLDC taking an aggressive approach to workforce development. It is also true that the threat of gentrification will be heightened if the economic mobility of the City's most vulnerable residents does not improve. That is why it is vital that SLDC pursue stronger partnerships with partner agencies that offer accreditation, apprenticeship programs, and training to residents. The first step in this process is to hire a Workforce Manager to oversee the performance of SLDC's workforce initiatives and ensure progress is being made.

The Workforce Manager will also pursue strategic partnerships with major employers and educational institutions in the St. Louis region to facilitate job connections for St. Louis' youth and labor force. SLDC and the Workforce Manager will prioritize marketing around connecting youth and the existing labor force with jobs connections and training programs. Through existing organizations working in Dutchtown such as the Cure Violence Initiative, Employment Connection, and the Thomas Dunn Learning Center, SLDC should seek to partner and expand capacity to reach additional residents and offer existing workforce services.

Expand Education in Action in Dutchtown

The Dutchtown neighborhood is the youngest neighborhood in the City of St. Louis with a high number of residents under 18 and a population in high need of additional educational resources. As a means toward investing in the economic empowerment of residents, strategic investment in the educational aspects under the control or influence of SLDC would be prudent.

SLDC should work with SLATE and STL Youth Jobs, two existing functions of City government, to offer additional youth-to-jobs programming, ensuring residents of the Dutchtown area and others have the opportunity to successfully transition from school to the workforce. Forming a close relationship with the St. Louis Public Schools will be a crucial part of coordinating these resources, ensuring that on-site training and information can be offered through the school buildings themselves, bringing the resources directly to the students.

Promoting educational institutions as community anchors will also be particularly important in the priority areas of the City of St. Louis. Where possible, SLDC should seek to collaborate with SLPS to plan for the future of school buildings that are currently in use and consider what is possible for those that are currently unoccupied. By utilizing Neighborhood Managers as the on-the-ground presence of SLDC, the organization can better work to find solutions for these buildings so they no longer sit unoccupied, creating safety issues for nearby residents.

The Economic Empowerment Center should also play a role in furthering SLDC's commitment to education by offering high-speed internet and access to education related programming. Through a continued partnership with TechSTL, the organization should pursue involvement in the installation of public wifi and internet where possible as part of re-development projects and large public investments. While education is not directly in SLDC's purview, it is an important part of economic justice and their commitment to economic empowerment, so the organization should seek to partner with others to make positive steps toward offering resources to residents and ensuring investments by SLDC further this cause.



Dutchtown Neighborhood by the Numbers

The area shown in the map currently contains almost 4,097 residents, 67 businesses, and 747 jobs. Very few lots are unoccupied and most of the unoccupied buildings are privately owned. These privately owned buildings will need to be purchased by agencies affiliated with SLDC, a partner CDC, or nonprofit developer in order to secure them for affordable housing in the long-term.

It is assumed through concentrated investments using public, private, and philanthropic funds and aggressively pursuing partnerships that SLDC can influence the construction of **8 new housing units**, renovation of 13 homes, construction of 4,000 commercial square feet, and **renovation of 4,000 square feet on average every year** 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 **\$7.4M will need to be invested in Year 1** and development costs are expected to decline to \$2.9M 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 this market is currently 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 private philanthropic investments through SLDC.

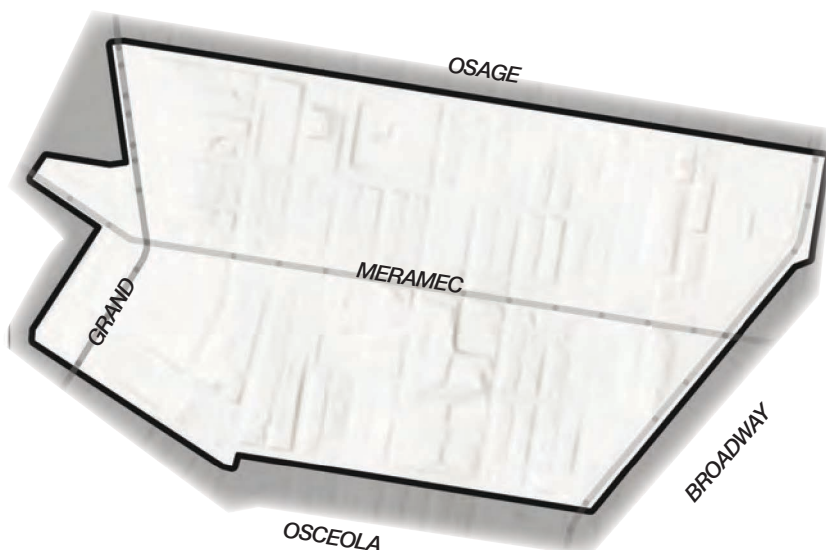
Quantifying the gap between feasible development and the current real estate market in Dutchtown is vital to this effort so that SLDC can pursue fundraising, budgeting, and partnerships to fill the need. A ratio of the cost of new construction/renovation to the value of the newly constructed/renovated property was used as a proxy for arriving at a target figure. The value gap in Year 1 is roughly 41% of the total investment made, or around \$3M. 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 be eliminated entirely 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 \$3M out of \$7.4M invested and the gap in Year 20 is \$0.00 out of \$2.9M invested. One reason the gap is negligible in Year 20 is because the neighborhood will be fully built out and no gap for new construction will need to be filled. The value gap for renovations, already lower than that of new construction projects, will be all that remains to fill in the final years of the sequence.

Fully building out the Dutchtown demonstration area by Year 20 would **require approximately \$123M** in 2022 dollars from private, public, and philanthropic sources. The cumulative gap during that 20-year timeframe would total \$19M. That gap should serve as a target for SLDC for fundraising, partnerships, and local incentive programs. During that same timeframe, a TIF and CID in Dutchtown would generate approximately \$26.4M for use on incentivizing projects, funding CDC capacity, and financing infrastructure improvements.

To further Economic Justice in Dutchtown, SLDC must empower residents and businesses to participate in economic growth to build wealth and have their voices heard. By purchasing private, unoccupied property, SLDC and its affiliated agencies can ensure affordable opportunities for residents and businesses to stay and build wealth.



ESTIMATED COSTS

	YEAR 1	YEAR 5	YEAR 10	YEAR 20
New Home Construction	\$ 2.4M	\$ 2.5M	\$ 0M	\$ 0M
Cumulative New Home Construction	\$ 2.4M	\$ 11.2M	\$ 11.2M	\$ 11.2M
Home Renovation	\$ 2.8M	\$ 3.2M	\$ 3.6M	\$.9M
Cumulative Home Renovation	\$ 2.8M	\$ 15.5M	\$ 32.8M	\$ 69.6M
Commercial New Construction	\$.8M	\$.8M	\$.9M	\$ 1.1M
Cumulative New Construction	\$.8M	\$ 4.1M	\$ 8.7M	\$ 19.4M
Commercial Renovation	\$.9M	\$.5M	\$.5M	\$.6M
Cumulative Commercial Renovation	\$.9M	\$ 3.4M	\$ 6.2M	\$ 12.6M
Total Investment (Incl Startup Costs and Acquisition)	\$ 7.4M	\$ 7.7M	\$ 5.6M	\$ 2.9M
Total Cumulative Investment (Incl Startup Costs and Acquisition)	\$ 7.4M	\$ 37.2M	\$ 64.2M	\$ 123.7M

OUTCOMES

In Dutchtown over 20 years, it is projected that SLDC can influence the creation of 76 affordable housing units and provide 25,200 square feet of affordable commercial space for local entrepreneurs. In addition to these units, SLDC can encourage the construction and renovation of 206 market-rate housing units and approximately 84,000 square feet of market-rate commercial space housing nearly 62 new businesses and 136 new jobs. With a focus on workforce development in Dutchtown, many more residents will be able to move up the economic ladder and benefit from growth in their neighborhood.

IN 20 YEARS, DUTCHTOWN COULD HAVE...

4,737

RESIDENTS

2,623

HOUSING UNITS

883

JOBS

29

ANNUAL
CONSTRUCTION
JOBS

\$51.6M

WAGES
GENERATED

149

BUSINESSES

147,000 SF

COMMERCIAL
SPACE

25,000 SF

AFFORDABLE
COMMERCIAL
SPACE

NEW TAXES IN YEAR 20:

\$6M

TAXABLE SALES

\$4.8M

REAL PROPERTY
TAXES GENERATED

\$.6M

SALES TAX
GENERATED

\$2.9M

EARNINGS AND
PAYROLL TAX
GENERATED