

9/20/10 7:10 p.m. Mr. Robin Cole

Cole (cont.)

Just Statement of Support for Continuing the Missouri Historic Tax Credit

The mission of Old Town Cape is to preserve the historical integrity of Cape Girardeau and promote economic development using the Main Street Four Point Approach.

To accomplish this mission Old Town Cape has engaged in activities--and supported the activities of others--that bring economic development, job creation, investment, destination development and people, either visitors or residents, to downtown Cape Girardeau.

We believe that the Missouri Historic Tax Credit is an important tool in accomplishing these goals. Specifically,

- The historic credits helped transform and revitalize several important properties in our community, including the Marquette Hotel, the Southeast Missourian building, Schultz Senior Apartments, and Breakaways, a local main street business.
- These properties would not have been able to be rehabilitated without the tax credits. The former Marquette Hotel and Schultz Senior Apartments in particular would have remained dilapidated vacant structures, depressing surrounding land values and economic activity if not for the tax credits.
- There are several structures in the community that are in need of rehabilitation, a prospect not likely without the availability of the historic tax credits.
- Cape Girardeau, and other smaller communities like us, are just now beginning to see the benefits of the tax credit program and are only now developing the sophistication necessary to take advantage of the program. Now is not the time to take this tool away from us.
- The Historic Tax Credit program is responsible for creating jobs. A recent study shows that over 43,000 jobs have been created in Missouri over the life of the program. We saw the positive effect of this during the rehabilitation of the Schultz Senior Apartments, which provided significant employment to local contractors during what would otherwise have been an abysmal construction season.
- The tax credits stimulate private investment in that every \$1 spent in credits results in over \$3 in private investment. A recent study shows the historic tax credit is responsible for leveraging almost \$3 billion in private investment.
- a recent study estimated that the tax credits generated almost \$670 million in state and local taxes.
- The historic tax credits represent good public policy in that the credits are not issued until after the private investment has been made and the rehabilitated building placed into service.

Bottom line, the historic tax credits are an important tool that creates jobs, generates significant state and local tax revenue, and promotes community revitalization.

Verbal Presentation

T. Robin Cole, III

Immediate Past President & Development Committee Chair

Habitat for Humanity-Cape Area, Inc.

117 N Middle St

Cape Girardeau, MO 63755

573.334.4439

1. My understanding of your committee's purpose is evaluation of current uses of Missouri tax credits to help create recommendations to the Governor and the legislature how to prioritize uses of these credits. Those with the greatest Return on Investment rise to the top, and others might be recommended for elimination.
2. I will explain how Habitat for Humanity-Cape Area, Inc. employs Missouri tax credits issued by the Missouri Housing Development Commission's AHAP Program (the Affordable Housing Assistance Program).
3. CapeAreaHabitat began operations in 1986, and over its first 21 calendar years built and sold 25 houses. In early 2007, we took a Strategic Decision to increase the pace of fundraising and the pace of construction to build the next 25 houses in only 5 years. By the end of 2010 (after only 4 years) we will complete number 46! We build houses in Cape Girardeau, Jackson, Sikeston, Advance, Marble Hill, and Perryville. Volunteers in each of these communities help locate local families to buy the houses and then construct them.
4. **First**, Habitat partner homeowners must hold a permanent job, must be living in substandard housing, and must be willing to partner with Habitat and invest their sweat equity in the construction of their new home. We do not work with families whose intent is to obtain something for nothing. Our efforts focus on working people in need who are seeking a hand up in their determined efforts to break the bonds of poverty; not ones seeking a hand out. We work to break cycles of dependence, and we establish new cycles of independence, by helping working people establish new permanent lives in neighborhoods where they become part of the solution — as voters, taxpayers, neighbors, parents striving to do things right, especially striving to adequately educate their children and prepare them for their futures as employable members of our society.
5. **Second**, Habitat partner families may earn as much as the median income in the county where they reside. In this county that's no more than \$55,200.00. In fact, we concentrate our efforts on those who earn no more than half, I emphasize half, that median amount. In those cases where families who apply earn more than half the median income, we first determine whether they could, with their own personal credit capacity, independently obtain traditional financing from a commercial real estate lender, and if they can — we do not accept their application. They do not need Habitat's help. Please note: a household with two working adults who earn the minimum wage of \$7.25 per hour earn more than 50% of the median income in Cape Girardeau County, so we will work with families who earn more than that 50% threshold, so long as they cannot obtain financing elsewhere to purchase their home on the open market.
6. **Third**, our homeowner selection processes take great care to select partner families who are

truly committed to home ownership and to setting the right personal financial priorities to insure they make their mortgage payments. During the years since 1986, we have involuntarily foreclosed on only two Habitat houses. One of those foreclosures was the result of the tragic death of a homeowner. We take every precaution to insure we do not discriminate in the selection of our homeowner partner families, and we support new buyers with training in budgeting and with Habitat family support advocates who stand with the new owners for as long as it takes to help them reorganize their lives so they make their mortgage payments without fail. No one thing can explain why our foreclosure rate is so low – its the virtuous combination of all the steps we take in the process. One that stands out and is widely recognized for its significance, is the requirement that each homeowner must invest their own time and sweat in the construction of their home. Doing so breeds such a solid commitment and love for their home, that we believe it is a key to our success.

7. **What does it cost us to build a typical Habitat home?** When the owner closes on the purchase and accepts the keys, our houses are complete, turn key, painted and decorated to the new owner's satisfaction, with new appliances, MOVE-IN ready with the closet rods in place. The average out of pocket cost for Habitat is \$60,000 spent on land, site preparation, infrastructure like utility hook ups, building permits and inspections, building materials, appliances, and professional services where required (professional plumbing and electrical services, which are often donated). The labor is donated by community volunteers who build the house.
8. **What do we sell houses for?** Habitat sells each house with a 20-year NO-Interest mortgage. The down payment is sweat equity from the homeowner. We require re-payment of 75% of the mortgage, and as those payments are made, we forgive the other 25%. Without charging a builders profit (typically 15%), and without charging interest on the mortgage (typically equal to the principal amount of the mortgage), and without charging for volunteers' labor, 240 monthly payments over 20 years total only 45% of the cost that an open-market purchase would require for a similarly appraised dwelling purchased with conventional financing. Quite a good deal for Habitat partner families.
9. **What is the appraised value of homes we built with tax credits in 2008 and 2009?** If you examine the data I supplied, appraised value of homes we built was \$716,000 in 2008 and \$426,000 in 2009. Tax credits used in those years: \$192,869.55 in 2008, and \$153,732.95 in 2009.
10. In 2010, we received donations of \$183,798.02 that used tax credits totaling \$101,088.91. These donations will contribute to the completion of four homes with an appraised value expected to be \$362,000 (two of these homes are complete and have been sold to their new owners, and two are under construction).
11. **In summary, over these three years, we invested \$447,691.41 of tax credits and built and sold homes that appraised for \$1,504,000.00. In addition, Habitat holds unused lots and cash in the bank from these donations of \$167,000 – totaling \$1,671,000. This produced a Return on Investment of 373%.**
12. Please note, I only described the immediate first-year return on investment, which I believe

understates the Total Return on Investment. The reason is, the mortgage payments that come back monthly from these houses are reinvested in more Habitat home we will build. The monthly payments are joined together (leveraged if you will) with

- more donations that are not acquired with tax credits and
- large amounts of volunteer labor used to construct these homes.

That is a virtuous cycle. Contemplate a moment, as the payments come back from the first house (one built with tax credits) those payments join more donations and more volunteered labor to build another house, and the appraised value of that second house is added to the Return on Investment, and the monthly payments from the second house will come back, and will be joined again with more donations and more volunteer labor to build a third house, ... a virtuous cycle never ending. Habitat uses tax credits producing a very high Return on Investment.

Cole (cont.)

2008 Habitat for Humanity-Cape Area, Inc. Housing Production				
	Donations	Tax Credits Used	Donations on Hand	Appraised Value
341 Country Club (Cape Girardeau)				
Heartland Wood Products	\$2,300.00	\$1,265.00		
Buchheit, Inc	\$23,481.38	\$12,914.76		\$108,000.00
1428 Ozark (Cape Girardeau)				
Heartland Wood Products	\$2,300.00	\$1,265.00		
Paul D & Marilyn B Schnare	\$200.00	\$110.00		
Roy Jones	\$1,000.00	\$550.00		
Buchheit, Inc	\$23,481.38	\$12,914.76		\$86,000.00
410 Country Club (Cape Girardeau)				
Buchheit, Inc	\$23,481.38	\$12,914.76		
Heartland Wood Products	\$2,300.00	\$1,265.00		\$88,000.00
309 Heath (Sikeston)				
Blake Collins Construction	\$5,760.00	\$3,168.00		
James & Kathleen S Hux	\$1,000.00	\$550.00		
Linza & Julie Killion	\$2,000.00	\$1,100.00		
Morley Building Supply	\$1,083.45	\$595.90		
Heartland Wood Products	\$2,300.00	\$1,265.00		
Heartland Wood Products	\$5,932.00	\$3,262.60		
Alan Wire Co	\$5,000.00	\$2,750.00		\$75,000.00
408 E Center (Sikeston)				
Morley Building Supply	\$1,476.18	\$811.90		
Heartland Wood Products	\$5,932.00	\$3,262.60		
Heartland Wood Products	\$2,300.00	\$1,265.00		
Buchheit, Inc	\$23,481.38	\$12,914.76		\$74,000.00
813 Brown (Advance)				
Miles Bancshares, Inc	\$4,000.00	\$2,200.00		
Schaefer's Electrical Encl	\$4,000.00	\$2,200.00	\$8,000.00	
815 Brown (Advance)				
Miles Bancshares, Inc	\$12,500.00	\$6,875.00		
Miles Bancshares, Inc	\$22,000.00	\$12,100.00		
Schaefer's Electrical	\$34,500.00	\$18,975.00		\$115,000.00
602 Smith St (Perryville)				
Heartland Wood Products	\$2,300.00	\$1,265.00		
Buchheit, Inc	\$23,481.38	\$12,914.76		\$88,000.00
604 Smith St (Perryville)				
Heartland Wood Products	\$2,300.00	\$1,265.00	\$4,000.00	
7 lots Blackberry Lane (Perryville)				
Buchheit, Inc	\$85,000.00	\$46,750.00	\$85,000.00	
1115 Good Hope (Cape Girardeau)				
Heartland Wood Products	\$2,300.00	\$1,265.00		
Buchheit, Inc	\$23,481.38	\$12,914.76		\$82,000.00
Totals:	\$350,671.91	\$192,869.55	\$97,000.00	\$716,000.00

2009 Habitat for Humanity-Cape Area, Inc. Housing Production				
	Donations	Tax Credits Used	Donations on Hand	Appraised Value
703 High Street (Marble Hill)				
Buchheit	\$28,099.00	\$15,454.45		
Crader Equipment	\$100,000.00	\$55,000.00	\$70,000.00	\$73,000.00
510 John R Blvd (Sikeston)				
Buchheit	\$28,099.00	\$15,454.45		
Hux	\$2,000.00	\$1,100.00		
Killion	\$5,000.00	\$2,750.00		\$67,000.00
602 Smith (Perryville)				
Phillip B. Smith	\$805.00	\$442.75		
1640 N Main (Cape Girardeau)				
Phillip B. Smith	\$2,337.50	\$1,285.63		
Buchheit	\$32,409.42	\$17,825.18		\$104,000.00
803 N Spanish (Cape Girardeau)				
Buchheit	\$24,317.54	\$13,374.65		\$88,000.00
726 Hickory (Jackson)				
Heartland Wood Products	\$1,142.00	\$628.10		
Phillip B. Smith	\$755.00	\$415.25		\$94,000.00
216 Pearl (Cape Girardeau)				
Heartland Wood Products	\$1,451.00	\$798.05		
207 Mill Street (Cape Girardeau)				
Buchheit	\$28,099.00	\$15,454.45		
Dreams Big LLC	\$17,000.00	\$9,350.00		
1212 S Sprigg (Cape Girardeau)				
Mark Stuart	\$8,000.00	\$4,400.00		
TOTAL:	\$279,514.46	\$153,732.95	\$70,000.00	\$426,000.00

Cole (cont.)

2010 AHAP Applications for Housing Production

Habitat for Humanity of St. Francois	\$44,000.00
Habitat for Humanity St. Louis -- JeffVanderLou Project	\$70,000.00
Habitat for Humanity of Springfield, MO, Inc--Legacy Trails	\$20,000.00
09-020-AHAP Habitat for Humanity of Springfield, MO, Inc--Project ReHabitat	\$20,000.00
Habitat for Humanity of St. Charles County--More Than Houses Campaign	\$129,250.00
Habitat for Humanity-Cape Area, Inc	\$300,000.00
Total Habitat AHAP Applications	\$583,250.00
Total All AHAP Applications	\$13,208,023.00
Habitat Per Centage	4.42%

Maurice Sanford Historic Testimony

PUBLIC MEETING 9/20/2010

Page 117

1 State your name and please spell it for the
2 record. Then proceed.

3 MR. SANFORD: My name is Maurice
4 Sanford. I go by Moe, so if you want to question back to
5 me, it's Moe.

6 I'm here -- I'm with the -- basically from
7 the Oldtown Cape. I'm on the Economic Redevelopment
8 Committee of that project, and want to just mention a few
9 things. And again, details -- more details are in there,
10 and you can -- you asked about the Schultz School, and one
11 of those items that I want to just briefly mention is
12 Schultz School.

13 I don't have the details on it, but they're
14 readily available if you really want to see the -- Chad --
15 Chad Hartle is on our Redevelopment Committee, and would
16 have been here if he could have and spoke to you directly
17 on how that works.

18 What I want to do is just kind of go over
19 generally what the Historic Tax Credits mean to communities
20 like ours. I know statewide was probably created, from
21 what the information I was able to gather, over 43,000 jobs
22 over the life of that program.

23 It stimulates private investment to the
24 extent that every \$1 spent in credits results in over \$3 in
25 private investment. All of Missouri benefits from the

MIDWEST LITIGATION SERVICES

www.midwestlitigation.com

Phone: 1.800.280.3376

Fax: 314.644.1334

1 Historic Tax Credits. It has been used in small towns and
2 main street communities alike, which I think means a lot to
3 communities our size.

4 It generates revenue for the State. Again,
5 my numbers show that four times the amount of credit must
6 be spent before any credit is used. Because the credits
7 are paid at the end of a project, Missouri receives
8 revenues from the sales tax and payroll taxes before the
9 credits are actually issued.

10 Historic Tax Credits is the only tax credit
11 program to have been severely cut last year, is my
12 understanding. There is now in place 25 percent reduction
13 from last year's use by the cap imposed last year.

14 CO-CHAIR GROSS: Moe, that's just not
15 correct.

16 MR. SANFORT: Do you have the numbers
17 what it is?

18 CO-CHAIR STOGEL: Last year, the
19 redemptions were \$186 million. It was the fifth largest
20 equivalent expenditure, 13 million more than retirement
21 system.

22 MR. SANFORT: And where are those
23 numbers that you've -- that you quoted?

24 CO-CHAIR STOGEL: What?

25 MR. SANFORT: Where can I find those

1 numbers?

2 CO-CHAIR STOGEL: There's -- go to our
3 website, and there's -- there's a graph in Section 3 or
4 4 --

5 MR. SANFORT: Okay.

6 CO-CHAIR STOGEL: -- that outlines that
7 and compares it to the general revenue expenditures. You
8 can't reduce the State Historic Tax Credits. It's an
9 entitlement credit, and the \$43,000 --43,000 job year
10 number is not a permanent job flat count to this. So --

11 MR. SANFORT: Well, those jobs are
12 there that wouldn't have been there had the tax credits not
13 been there. So --

14 CO-CHAIR STOGEL: But if the 2,000
15 permanent Missouri jobs, when you read the report or you
16 read Sarah Coggins' report, it's 43,000 job years --

17 MR. SANFORT: Uh-huh.

18 CO-CHAIR STOGEL: -- over a ten-year
19 period.

20 MR. SANFORT: Well, it looks like we
21 speak in everything over a ten-year period. So I'm not
22 sure if that is a negative or a positive.

23 CO-CHAIR STOGEL: I'm trying to deal
24 with the terminology correctly.

25 MR. SANFORT: Oh.

PUBLIC MEETING 9/20/2010

Page 120

1 CO-CHAIR STOGEL: So anyways. There is
2 not a 25 percent reduction in the State Historic Credits.
3 That is not a correct statement. It can't be. People fail
4 to --

5 MR. SANFORT: Well, somebody calculated
6 it that way. So --

7 CO-CHAIR STOGEL: No, actually it's
8 predicted, given the lack of liquidity with the banks and
9 the slowdown in construction and how hard it is that the
10 redemptions will fall off because the projects are not
11 starting up. And it may fall down to \$140 million or 130
12 million.

13 MR. SANFORT: Uh-huh, because of the
14 slowdown in the economy.

15 CO-CHAIR STOGEL: People have testified
16 all day about how hard it is to get a project started.

17 MR. SANFORT: Uh-huh.

18 CO-CHAIR STOGEL: So --

19 MR. SANFORT: And don't blame it on the
20 banks. I'm the bank for 45 years, and believe me, if
21 someone has a good project, we're in business to make
22 money, and the only way we make money is by making loans.
23 So I take exception to your comment a while ago.

24 CO-CHAIR STOGEL: Some people today
25 spoke a while ago. Which bank were at?

1 MR. SANFORT: Pardon?
2 CO-CHAIR STOGEL: Which bank are you
3 at?
4 MR. SANFORT: The Bank of Missouri here
5 in Cape.
6 CO-CHAIR STOGEL: Great.
7 MR. SANFORT: But I've been in St.
8 Charles, St. Louis, West Plains, Columbia, and I know all
9 those bankers are really anxious to make loans. It's not
10 that we don't want to make them. It's hard to find a good
11 one right now.
12 CO-CHAIR STOGEL: It's hard to find
13 good ones. It's hard to get financing.
14 MR. SANFORT: Anyway, my comments are
15 there. So you can copy those, unless you have other
16 questions of me.
17 CO-CHAIR STOGEL: Tell me about the
18 group, the area you represent, the geography.
19 MR. SANFORT: The geography? It's
20 basically from West End Boulevard, and I don't know -- to
21 the river, and then from South Cape to probably Broadway.
22 CO-CHAIR STOGEL: One square mile?
23 MR. SANFORT: Roughly the population
24 base probably in there is five or six thousand people.
25 CO-CHAIR STOGEL: Two square miles,

1 three square miles?

2 MR. SANFORT: Probably a little larger
3 than that. Probably four or five square miles.

4 CO-CHAIR STOGEL: And is that one
5 district?

6 MR. SANFORT: It's part of the Dream
7 Initiative that we were a part of.

8 CO-CHAIR STOGEL: Okay. So there's
9 five or six square miles that are concentrated?

10 MR. SANFORT: In -- there's some
11 industry, mostly housing, and downtown redevelopment as far
12 as Main Street goes.

13 CO-CHAIR STOGEL: And that's a
14 combination of Dream, Historic Credits, --

15 MR. SANFORT: Correct.

16 CO-CHAIR STOGEL: -- some housing
17 efforts, buildings of all types and sizes?

18 MR. SANFORT: That's right.

19 CO-CHAIR STOGEL: It's sort of like
20 your central business corridor.

21 MR. SANFORT: It really is. It's the
22 original central business district to Cape Girardeau,
23 obviously. We'd like to recover some of those buildings,
24 and that's what the tax credits are enabling us to do.

25 CO-CHAIR STOGEL: Have you used the NAP

1 Program at all?

2 MR. SANFORT: We have, yes.

3 CO-CHAIR STOGEL: The Main Street

4 Program and the NAP Program?

5 MR. SANFORT: Yes, sir, we have.

6 CO-CHAIR STOGEL: How would you rank

7 that program as --

8 MR. SANFORT: I think the NAP Credits

9 certainly are -- I mean, we invest in NAP Credits, the

10 bank.

11 CO-CHAIR STOGEL: Uh-huh.

12 MR. SANFORT: We also invest in Main

13 Street Credits, so I think they're good things. They try

14 to -- they do funnel the money to the areas that need it

15 the most in the downtown area, and/or the NAP Credits where

16 there's actually a proven need.

17 CO-CHAIR STOGEL: Okay. Do you access

18 the Main Street portion of the NAP Credits?

19 MR. SANFORT: Our bank did, yes.

20 CO-CHAIR STOGEL: Okay.

21 MR. SANFORT: Uh-huh, yes, sir.

22 CO-CHAIR STOGEL: So you use all the

23 varieties on different projects?

24 MR. SANFORT: We do. Yeah, we do feel

25 good about -- we feel good about buying credits. Now, that

1 reduces the tax liability that the bank has. That's what
2 they're there for.

3 CO-CHAIR STOGEL: But it's an
4 investment in the state.

5 MR. SANFORT: It is an investment in
6 the community.

7 CO-CHAIR STOGEL: Somebody has to buy
8 the credits.

9 MR. SANFORT: Yes, sir.

10 CO-CHAIR STOGEL: Okay. What's the
11 biggest success -- how long has this district been set up,
12 and what's your biggest success?

13 MR. SANFORT: This is the third year of
14 the Dream Initiative, is my recollection, maybe fourth.

15 CO-CHAIR STOGEL: Maybe fourth?

16 MR. SANFORT: Yeah, maybe fourth. I
17 think our biggest -- biggest challenge is to resurrect an
18 are of downtown and Broadway. That's our first objective.
19 The downtown people have been very responsive to investing
20 in their buildings.

21 I think the tax credits have helped that.
22 Chad Hartle certainly is living proof of that, his -- his
23 effort in a couple of different projects.

24 What was the other? Was that the question
25 you asked?

1 CO-CHAIR STOGEL: Your biggest success.

2 MR. SANFORT: Yeah, I think the Schultz
3 School is probably the biggest success.

4 CO-CHAIR STOGEL: And that's in this
5 district?

6 MR. SANFORT: Yes, it is.

7 CO-CHAIR STOGEL: What's your biggest
8 frustration?

9 MR. SANFORT: Probably not having
10 enough activity of the current building owners, and they
11 could -- they could step forward if they felt like the
12 objective could be met. The objective could be met quicker
13 if we had a tremendous cooperation from that group, and
14 they want to do it. They are having to prove that they can
15 make money in their investment, and that's what we're all
16 trying to do for them. We don't want to lose downtown.

17 CO-CHAIR STOGEL: We've had some
18 observations that some of these programs are just too
19 difficult administratively to work through. Are you
20 finding any of that?

21 MR. SANFORT: Certain -- certain parts
22 of that is, I'm also -- as I said, I was a banker. We
23 formed a community development corporation Cape Girardeau
24 -- Greater Cape Girardeau Community Development
25 Corporation, which we are in the process of trying to set

1 up our own revolving loan fund for certain portions of that
2 area, which would permit people to borrow money at a about
3 a 3 percent rate. And if they put some money into it,
4 we'll match their funding up to \$10,000. And it has to be
5 used to improve the looks of the building.

6 We're trying to get the -- the corridor to
7 look attractive to other investors that might be interested
8 in coming downtown.

9 CO-CHAIR STOGEL: Louisville has a very
10 successful program.

11 MR. SANFORT: And Paducah has a very
12 successful one.

13 CO-CHAIR STOGEL: What one?

14 MR. SANFORT: Paducah. I mean,
15 Kentucky has done a very good job with theirs, and we're
16 just trying to --

17 CO-CHAIR STOGEL: About the same
18 bandwidth of dollars?

19 MR. SANFORT: Yes. Other questions?

20 CO-CHAIR STOGEL: No, wish you luck on
21 your community effort.

22 MR. SANFORT: Yes, sir.

23 CO-CHAIR GROSS: Did you have any --
24 any input on the cost of the Schultz building?

25 MR. SANFORT: No, I didn't. You know,

1 I hear those numbers, but I'm sorry I can't remember what
2 they were. They're big numbers, and if you had seen
3 Schultz School before they started it and what the use of
4 it turned out to be for the senior housing, it's a
5 tremendous benefit to the community, and to that group, I
6 might add.

7 CO-CHAIR GROSS: Thank you.

8 MR. SANFORT: Thank you.

9 CO-CHAIR GROSS: Did you want to say
10 something else?

11 MR. COLE: Just to remind -- Mr. Cole.

12 I'm sure Moe will remember this. When you
13 ask for the biggest success, you're sitting in the biggest
14 success, use of tax credits in construction. This entire
15 facility was, I don't know, if my memory serves me
16 correctly, \$21 million of the total cost.

17 So this is in that same downtown area. Tax
18 credits were a massive part of the cost of this facility.

19 CO-CHAIR STOGEL: Of this building?

20 MR. COLE: Yes, sir.

21 CO-CHAIR STOGEL: What kind of credits?
22 Did you get MDHC credits?

23 MR. COLE: I don't remember that much
24 of it. I just remember it was a very large number.

25 MR. WAGNER: Could it be through the

1 university.

2 CO-CHAIR STOGEL: It could have been
3 Brownfield credits to cleanup the ground. I'm not -- I
4 can't think of a statutory program because education --
5 education is a permitted use in the Brownfield credits.

6 MR. SANFORT: I'll tell you Brownfield
7 is used for more of that part in this area.

8 CO-CHAIR STOGEL: And MDEC don't
9 qualify because it's higher education. Brian, can you
10 think of a credit program for this building?

11 MR. SCHMIDT: This River Campus was, a
12 very substantial piece of it was.

13 CO-CHAIR STOGEL: Okay.

14 MR. SCHMIDT: I have a list in my car
15 on my computer.

16 CO-CHAIR STOGEL: Tomorrow let's have a
17 little sidebar, but we'll check that out.

18 MR. SANFORT: Just didn't want to be
19 overlooking that.

20 CO-CHAIR STOGEL: It would be important
21 information if that turns out to be confirmed.

22 MR. WAGNER: Mr. Chairman, let me just
23 -- the reason I asked about the Schultz house is to get a
24 sense. Ninety-five units of housing for senior living in a
25 \$14 million project. How many dollars worth of credits

1 went into that?

2 CO-CHAIR STOGEL: I don't know, but --

3 MR. WAGNER: I just wanted to get a
4 back of the envelope sense for how many dollars of credit
5 went into 95 units of housing.

6 CO-CHAIR STOGEL: Mr. Wagner, that was
7 a good question. I will call MHBC tomorrow. I will get
8 you an answer by tomorrow night's session.

9 MR. WAGNER: From a 30,000 foot level,
10 if it were \$10,000 credit and this \$14 million project
11 comes into being, that's a great deal.

12 MR. SANFORT: It was more than that,
13 but I can't remember.

14 MR. WAGNER: I'm sure it is, but
15 somewhere there's sliding scale.

16 CO-CHAIR STOGEL: There's an
17 application that MHBC. Isn't the seniors affordable?

18 MR. WAGNER: Yes.

19 CO-CHAIR STOGEL: Then we'll get the
20 application for it.

21 MR. WAGNER: Okay.

22 CO-CHAIR STOGEL: Put it on my list for
23 tomorrow.

24 MR. WAGNER: Thank you.

25 CO-CHAIR STOGEL: We'll get that

1 answer, and we'll put it in the record.

2 MR. WAGNER: Perfect.

3 MR. SANFORT: I didn't say thank you
4 all for coming down here. I appreciate that.

5 CO-CHAIR STOGEL: Well, we appreciate
6 everybody coming out tonight to help us in our learning
7 curve here.

8 CO-CHAIR GROSS: Would anyone else like
9 to testify?

10 MR. BILL: I'd like to.

11 CO-CHAIR GROSS: Please. State your
12 name and spell it for the record.

13 MR. BILL: My name is Larry Dill.
14 L-A-R-R-Y. B-I-L-L.

15 And right now I'm running as the independent
16 candidate for Congress in the 8th District. And the big
17 question I've got is what -- what happens to these tax
18 credits if you actually don't owe the State in that much
19 tax? If you could explain that to me, I'd appreciate it.

20 CO-CHAIR STOGEL: You calculate your
21 State tax liability.

22 MR. BILL: Okay.

23 CO-CHAIR STOGEL: Tax credits come in
24 two basic forms, transferrable certificates and
25 allocations. A few common certificates that are not

Lance Altenthal Historic Testimony

PUBLIC MEETING 9/20/2010

Page 143

1 on Missouri Tax Credit Programs. Anyone else like to
2 testify? Okay.

3 MR. ALTENTHAL: My name is Lance
4 Altenthal. I -- I'm from Cape.

5 CO-CHAIR GROSS: Would you please spell
6 the name for the record.

7 MR. ALTENTHAL: I work as a project
8 manager for Double Diamond Construction, which is out of
9 Jackson, and we also have a branch in Festus, Missouri.

10 We work strictly on these tax credit
11 programs. The last three projects I've been on involved a
12 tax credit for these. And I've noticed whenever he was
13 asking about where this money goes if it's not all spent.
14 I've noticed in ours, if it's not all spent within the
15 initial budget that we give to MHDC to get these tax
16 credits, instead of pocketing it or selling it, we -- we go
17 back and add more to the project, make it prettier, make it
18 nicer, add more.

19 And I guess what I really just like to get
20 at how much -- I know I'm paying taxes. I'm going to pay
21 regardless. I like seeing our local subcontractors put to
22 work through these. They buy supplies through local
23 hardware stores, Lowes, Buchheits.

24 And on my last project, we did the Schultz
25 Senior Apartments right down the street here, and it was

MIDWEST LITIGATION SERVICES

www.midwestlitigation.com

Phone: 1.800.280.3376

Fax: 314.644.1334

1 also using Historical Tax Credits, which I enjoyed because
2 I went to high school back in the day whenever that was the
3 original high school. It's just nice.

4 Rather than -- basically the City told us
5 that if we didn't do it, it was just going to get knocked
6 down. And that's a shame to see part of Cape -- I realize,
7 yeah, most people do go to the mall to spend their money,
8 but it's nice to jog by there and see that we've made that
9 part of the community better. And I know one of these
10 things we is an audit before and after of police reports,
11 before start, after we start -- or after we finish the
12 project.

13 And our goal is a job that drastically in
14 the last three projects the city police have just told us
15 what an amazing difference it is from the time we take over
16 and acquire that building to the time we're done. And we
17 are doing another project right now on Park Street, right
18 over here. It's called Cape Riverview II, and is probably
19 one of the worst locations as far as police reports crime
20 goes in Cape, and we've already gotten a thank you from the
21 City saying that thanks for just kind of helping out that
22 area of town.

23 It needs help. Nobody else wanted to go in
24 and throw money into, I guess, uplifting, giving it a
25 facelift, that part of town. It's hard to just go in and

1 with no help and just spend your money on that part of the
2 town. Whereas, we with help of tax credits were able to do
3 it. Otherwise, I don't think as a developer and investor
4 you'd ever want to spend that much money in that area of
5 town.

6 CO-CHAIR GROSS: What kinds of project
7 is that?

8 MR. ALTENTHAL: This is affordable
9 housing also.

10 CO-CHAIR GROSS: That's also affordable
11 housing.

12 MR. ALTENTHAL: All we do is affordable
13 housing.

14 CO-CHAIR GROSS: Okay.

15 MR. ALTENTHAL: That's our specialty.
16 Usually it turns out to be senior apartments because we
17 found that they usually take better care than just open to
18 anybody.

19 MR. SANFORT: Is this another Chad
20 Hartle project?

21 MR. ALTENTHAL: Yes, sir. That's my
22 boss, and he just does one after the other. We usually put
23 in for about seven, is what we put in for. This year we
24 got two, and last year we got two projects approved. The
25 year before that, we got one. I mean, so it -- it keeps it

1 going. It keeps local subs in work. They tell us all the
2 time they always look forward to our projects because they
3 know it will -- we have one subcontractor alone that hired
4 15 new people just to work on this one project.

5 And there's 15 people, one project, one
6 company that we put to work. So it's just -- it's nice to
7 know that.

8 MR. WAGNER: I want to thank you for
9 mentioning the impact on the surrounding crime in the
10 police report.

11 MR. ALTENTHAL: It's --

12 MR. WAGNER: That's made a societal
13 benefit that really can't be measured in dollars and, you
14 know, in budgetary impact. And that's very valuable.
15 Frankly, it's not yet been mentioned to my knowledge. So
16 that's an important component.

17 MR. ALTENTHAL: It's nice. About every
18 day the local people who live around there, who do live in
19 the nicer homes down there, and just unfortunately live on
20 the outskirts of that bad area, will walk by and just say
21 thanks. We appreciate what you're doing. It's nice that
22 finally somebody had enough to help out down there. So
23 that's nice too.

24 So I just wanted to -- no questions, but
25 just wanted that to be known.

1 CO-CHAIR GROSS: That's fine.

2 MR. ALTENTHAL: And also as far as job
3 goes, I -- it's just nice knowing coming out of college
4 that I had already had a job. I was given a chance by Chad
5 to prove myself back whenever I was in college, as well as
6 my other co-worker. You know, if it wasn't for the tax
7 credits, then I'd still probably be doing more internships
8 and looking for more jobs, even though I'm done with
9 college now.

10 As well as my boss, he's a little bit on the
11 younger age, but it's because of these tax credits, we both
12 have a decent job now, which is nice.

13 CO-CHAIR STOGEL: Thank you.

14 CO-CHAIR GROSS: Thank you for being
15 here.

16 MR. WAGNER: Thanks.

17 CO-CHAIR GROSS: Anyone else like to
18 testify? Please. Welcome. Go ahead and state your name
19 and spell it for the record and then proceed.

20 MR. GAMMON: My name is Tom Gammon.
21 It's G-A-M-M-O-N.

22 I'm the president of EDCO Construction
23 Specialties, Incorporated. We own Drury Company, the
24 largest subcontractors in this area, as well as Danalle
25 Construction, Inc. And I wanted to speak a little bit to

Tom Gammon Historic Testimony

PUBLIC MEETING 9/20/2010

Page 147

1 CO-CHAIR GROSS: That's fine.

2 MR. ALTENTHAL: And also as far as job
3 goes, I -- it's just nice knowing coming out of college
4 that I had already had a job. I was given a chance by Chad
5 to prove myself back whenever I was in college, as well as
6 my other co-worker. You know, if it wasn't for the tax
7 credits, then I'd still probably be doing more internships
8 and looking for more jobs, even though I'm done with
9 college now.

10 As well as my boss, he's a little bit on the
11 younger age, but it's because of these tax credits, we both
12 have a decent job now, which is nice.

13 CO-CHAIR STOGEL: Thank you.

14 CO-CHAIR GROSS: Thank you for being
15 here.

16 MR. WAGNER: Thanks.

17 CO-CHAIR GROSS: Anyone else like to
18 testify? Please. Welcome. Go ahead and state your name
19 and spell it for the record and then proceed.

20 MR. GAMMON: My name is Tom Gammon.
21 It's G-A-M-M-O-N.

22 I'm the president of EDCO Construction
23 Specialties, Incorporated. We own Drury Company, the
24 largest subcontractors in this area, as well as Danalle
25 Construction, Inc. And I wanted to speak a little bit to

MIDWEST LITIGATION SERVICES

www.midwestlitigation.com

Phone: 1.800.280.3376

Fax: 314.644.1334

1 just the Schultz School project and how it benefitted us.

2 We -- that -- that project alone gave us
3 seven full-time equivalents last year, and we had over
4 twenty different people on our staff work on that project,
5 \$450,000 in payroll and benefits paid out of our company to
6 -- from that one single project. And in this -- in this
7 market, the tax credit work really helps add to our bottom
8 line, and our total contract over there was almost \$2
9 million.

10 And so you know, we've bought roofing
11 supplies, we've bought drywall, we bought all kinds of
12 material from different suppliers from here in the state in
13 the local area. Plus our own labor working over there.

14 We're involved in a project with Chad at
15 Desoto and on the Riverview Apartments here, and we're
16 working with another developer here in Cape on an Historic
17 Tax Credit project that will be offices. And it's just
18 real valuable to our bottom line and our work flow,
19 especially if you look at the amount of work. The volumes
20 are way down, and margins are way down in our industry.

21 Most architectural firms have shrunk to
22 fractions of what they once were. Construction companies
23 are the same way. We -- we've eliminated several people
24 this year. And if the downturn continues, that will go
25 deeper. So the tax credits to -- to us as contractors are

PUBLIC MEETING 9/20/2010

Page 149

1 very valuable in working hand in hand with contractors to
2 -- or with developers to bid that work.

3 And almost all this work is not -- you know,
4 it's not handed to you. You have to bid the work. It's
5 all on an open bid, and you know, we're a union company,
6 and these are good -- good jobs and good benefits, and you
7 know keep kids with clothes on their back and shoes on
8 their feet so they can go to school and food on their
9 plates.

10 CO-CHAIR GROSS: I was going to ask --
11 everybody probably knows this except for me up here. When
12 you accept or apply for any of these tax credits, whether
13 they're historic or low-income, do you have to agree to use
14 or pay prevailing wage?

15 MR. GAMMON: No.

16 CO-CHAIR GROSS: You're not.

17 CO-CHAIR STOGEL: Only if you have the
18 triggering federal program like 221D4 or a block grant for
19 HODAG and you don't --

20 CO-CHAIR GROSS: But the state program
21 doesn't --

22 CO-CHAIR STOGEL: The State programs do
23 not require you and do not require --

24 CO-CHAIR GROSS: Okay. I figured
25 somebody would know.

PUBLIC MEETING 9/20/2010

1 MR. GAMMON: So the one project we're
2 working on with be prevailing wage because it has the
3 federal component to it.

4 CO-CHAIR GROSS: Thank you. Any
5 questions? Appreciate you being here.

6 MR. GAMMON: Thank you.

7 CO-CHAIR GROSS: Anyone else? Seeing
8 none, it's after eight o'clock. Unless there's an
9 objection from any Commissioner, we'll go ahead and call
10 this to a close, and make a motion to adjourn?

11 CO-CHAIR STOGEL: Motion to adjourn.

12 CO-CHAIR GROSS: Second?

13 MR. WAGNER: Second.

14 CO-CHAIR GROSS: And we have a motion
15 and a second. All in favor say aye.

16 MR. WAGNER: Aye.

17 CO-CHAIR STOGEL: Aye.

18 MR. BURLISON: Aye.

19 CO-CHAIR GROSS: We are adjourned.

20 (Thereupon, the proceedings were
21 concluded at 8:05 p.m.)

22 o8o

23 UNLESS OTHERWISE NOTIFIED IN WRITING BY THE PARTIES
24 INVOLVED, ALL NOTES IN CONNECTION WITH THIS PROCEEDING WILL
25 BE DESTROYED 12 MONTHS FROM THE DATE OF THIS PROCEEDING.