

Joplin
Low Income Housing Testimony
9-14-10

John Joines Low Income Housing Testimony

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1 MR. BURLISON: Again, I want to kind of walk
2 down this. What's the amount of your 5 million-dollar
3 budget that's privately raised?

4 MR. KILLIAN: We're raising right at \$200,000
5 through regular donations. That's without the tax
6 credits.

7 MR. BURLISON: And I think you mentioned
8 4 million in credits?

9 MR. KILLIAN: Over the last ten years, yes.

10 MR. BURLISON: Were those all YOP and --

11 MR. KILLIAN: No. They're all NAP and YOP.
12 Yes.

13 MR. BURLISON: That's all I have.

14 COMMISSIONER GROSS: Anything else? (No
15 audible response).

16 Thank you for being here.

17 MR. KILLIAN: Thank you all very much.

18 COMMISSIONER GROSS: Next on the list is John
19 Joines.

20 MR. JOINES: Good afternoon.

21 COMMISSIONER GROSS: Good afternoon. State
22 your name, and proceed.

23 MR. JOINES: My name is John Joines, and I'm
24 the chief executive officer for Economic Security
25 Corporation of Joplin.

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1 I just want to first tell you that I want to
2 welcome you to Joplin, Missouri, and to the campus of
3 the Missouri Southern State University. We're so proud
4 of it. And to let you know that we're the local
5 community action agency in the area. We do about 59
6 different programs for low income individuals and
7 families.

8 I am here this afternoon, however, to speak
9 about low income housing tax credits. And I just want
10 to let you know that in the audience is our city
11 manager, Mark Rohr; and Sallie Hemenway.

12 And I just want you to know that back in 2007
13 we started this redevelopment of Joplin, and we're just
14 darn proud of it. But you know what? We did it with
15 your insistence, and we did it with housing tax
16 credits.

17 Back in 2006, Governor Blunt came to town,
18 and I had the opportunity, Mark and I, to stand on the
19 corner with him at 6th and Main Street and pronounce
20 Joplin, Missouri alive and well. And the only reason
21 it was alive and well was because the city was dead,
22 and it died from a lack of any kind of business
23 downtown. Everything had moved to the mall area. All
24 the business and thrift that we had downtown had gone
25 away. So we spent a lot of time, a lot of effort. We

1 got some investors involved in it, and we went about
2 trying to renovate the downtown Joplin.

3 In the last -- well, since 2003, our agency
4 and the Missouri Housing Development Commission, the
5 City of Joplin, and a number of other financial sources
6 invested over \$28 million in restoring this community.
7 And I wish that in that hour you have this evening for
8 lunch or dinner, I just as soon you not eat and just
9 run downtown and then look at how it looks and be proud
10 of the community, as we are.

11 I also want to, before we get any farther
12 involved, thank the wisdom of the Governor to appoint
13 such people as Alan Marble and Mark Gardner to
14 represent southwest Missouri on this important
15 commission.

16 Housing tax credits are absolutely essential
17 in restoring the downtown areas. But in addition to
18 that, the economic development factor, it also provides
19 for housing for low income people. Within the last few
20 years we have created 173 new housing units. All of
21 those are being used by either our seniors or our low
22 income population.

23 Just this year alone my agency and our
24 for-profit developer will apply for \$15 million worth
25 of tax credits to renovate two properties: one in

1 Carthage; and then one here in Joplin, Missouri, a
2 138-unit property that houses approximately 300
3 individuals. So to them, it is a Godsend.

4 I'm sure we all understand that the economic
5 times are really tough right now, and people aren't
6 able to go out and purchase homes, single-family homes
7 like they used to. We're seeing such a tremendous
8 increase in the need for rental housing. A lot of
9 it -- there's just not enough construction going on
10 right now. People are afraid to spend the money. They
11 don't have the money to spend to build homes and then
12 to rent them.

13 So the housing stock that we have, besides
14 the ones we're able to use to purchase with the tax
15 credits, are old and they're in need of repair. So
16 every dollar you put forth is just an absolute
17 essential element for the people that we represent.

18 I brought just one or two numbers, because I
19 know everybody is interested in numbers. But -- and
20 everybody has a source of numbers, but this particular
21 source has said the construction of 1,000 multifamily
22 homes generates 1030 jobs in construction and it
23 related to industry. It also provides approximately
24 35 -- or \$33.5 million in wages, and more than
25 \$17.8 million in federal, state, and local taxes and

1 fees.

2 Additionally, the recurring impact of
3 building a thousand multifamily homes averages
4 22 million in local income, 3,840,000 in tax and other
5 revenues for local governments, and 470 local jobs.

6 I just want to tell you about the future. As
7 we said, there's not much investment in single-family
8 homes for rental assistance, but the information source
9 that I quote says that the household growth will
10 require an average production of 1.85 to 2.17 million
11 new housing communities per year just to meet the
12 demand. I am sure that number is increasing now.

13 This is what I'd like to share with you, and
14 I'd be happy to take any questions.

15 COMMISSIONER GROSS: Thank you, Mr. Joines.
16 Could you, by chance, leave that material?

17 MR. JOINES: I sure will.

18 COMMISSIONER GROSS: And we'll get that out
19 to the commissioners.

20 MR. JOINES: I sure will.

21 COMMISSIONER GROSS: Anybody else that has
22 written testimony or documents, things that they want
23 to leave with us, we'll be sure that the commissioners
24 get that as well.

25 A comment that was made last night when we

1 were in St. Joseph led my co-chair, I think it was, to
2 remind everyone that part of the charge of the
3 commission is -- I was going to say do no harm. That
4 would be going too far -- but to not cut off
5 something -- a project in midstream.

6 MR. JOINES: Right.

7 COMMISSIONER GROSS: Am I saying that better
8 now?

9 And so for those of you who might have come
10 thinking, uh-oh, we've got a project approved and
11 credits have been issued, and now this commission is
12 going to come in and pull the rug out from under you,
13 am I safe in saying that that's not what this is about?

14 MR. JOINES: I understand.

15 COMMISSIONER GROSS: This is prospectively
16 looking, saying, what can we do with these programs to
17 fix, improve, in some cases do away with, if the
18 commission feels that's appropriate, but not in such a
19 way that it would cut something off in the middle. So
20 I just wanted to say that --

21 MR. JOINES: Thank you.

22 COMMISSIONER GROSS: -- for anybody that's
23 hearing and cares.

24 Questions or comments?

25 COMMISSIONER ANDERSON: John, if you had a

1 magic wand and you could make a change in the
2 administration of those low income housing tax credits
3 through MHDC, what would you do?

4 MR. JOINES: A couple things. First off,
5 maybe two years ago we had a project that was approved
6 here that shouldn't have been approved, and I suggested
7 to the commission that we didn't have a need for
8 further units of that type.

9 And I'm not positive of this, but we also
10 represent the county housing authority, and the local
11 housing authority, and the City of Joplin. All three
12 of us have to give our recommendation as to whether or
13 not a project should be funded. We said no, all of us,
14 and the project was funded anyway. So I questioned
15 that. And we further sent -- asked that question of
16 the commission and got an answer. But first, I didn't
17 like that.

18 I think another thing is that we need to look
19 throughout the state. There are a lot of smaller areas
20 that, quite frankly, can't obtain the credits and find
21 and build or renovate the larger types of complexes
22 like I just talked about, the 138 units.

23 They actually need smaller tax credits issued
24 to them. And sometimes that's difficult to do because
25 it's hard to get them underwritten. It's hard to sell

1 those credits to the syndicator and get him to sell
2 them. So we need some help to the smaller cities to be
3 able to do that.

4 I serve as the president of Missouri
5 Association of Community Action, and that works with
6 all of the different housing agencies throughout the
7 state, and we constantly talk about the issues there.

8 Overall, I just have to tell you that you
9 guys do just an absolutely fabulous job, the
10 commission, the legislature. It's wonderful to be able
11 to receive those types of credits and be able to do
12 what we do. In this town, it's been as much about
13 economic development as it's been about providing
14 housing units.

15 Quite frankly, we also used a lot of historic
16 housing credits as well, and that was different.
17 That's part of the magic wand. That made the
18 difference as to whether the project was feasible or
19 not.

20 COMMISSIONER ANDERSON: Thank you. Thank
21 you, sir.

22 COMMISSIONER WOOD: And sorry, I had to step
23 out during your presentation.

24 Would the projects not have happened if you
25 didn't have the low income housing credits?

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1 MR. JOINES: No, it wouldn't have happened.

2 COMMISSIONER WOOD: Because of financing?

3 MR. JOINES: Yeah. The first building that
4 we actually got involved in was called the Frisco
5 Station Apartments, downtown Joplin, 6th and Main. It
6 had sat vacant for, I'm guessing, 20 plus years. Twice
7 or three times someone started to rehab it and found
8 out they could not get the financial support to do it
9 and so they scrubbed the project.

10 Now, we literally had people walk away from
11 the City of Joplin, instead of bringing jobs, because
12 our downtown wasn't kept up to date. Once we completed
13 that project, then we had individuals coming back and
14 saying, "If you're willing to put that kind of
15 investment in it, we're certainly willing to bring
16 employees in here."

17 COMMISSIONER WOOD: That's all. Thank you.

18 COMMISSIONER GROSS: So it was the low income
19 housing that spurred the redevelopment of downtown?

20 MR. JOINES: Yes. That is correct.

21 COMMISSIONER GROSS: And did downtown, as far
22 as you know, the retail stores, I guess, and offices
23 and that kind of thing, did many of those utilize the
24 historic tax credit?

25 MR. JOINES: That's the other page of this

1 story. And I'm not sure if the city manager is going
2 to talk about it, but he came in from Ohio and he put
3 together a plan that would allow the businesses
4 downtown to actually get some assistance in tax rebates
5 and ability to be able to repair the facades of their
6 existing structures, and it was just literally a
7 forgiven type of grant. That was marvelous.

8 And then, it's just like a fire. You start
9 at one place here, and it just keeps growing. Once you
10 got your neighbor working on something, the next
11 neighbor, and literally you couldn't put it out from
12 that point on.

13 And it's still growing. We've exceeded our
14 growth area from what our original intent was, and now
15 we're down in the -- we started at block one, and we're
16 probably working into block ten now. So it continues
17 to grow even today.

18 COMMISSIONER WOOD: Just one thought. In all
19 that, do you have an idea of how much was utilized in
20 tax credits between the historic and the low income?

21 MR. JOINES: Mm-hmm. The figure that I
22 passed to you, that 20 -- let's see -- 24 million of it
23 was the actual tax credits in Joplin.

24 COMMISSIONER WOOD: Thank you.

25 COMMISSIONER ANDERSON: Of the 28 million

1 invested; 24 of the 28?

2 MR. JOINES: Yes. The other 3 million that I
3 referenced here, or 4 million, was actually one we did
4 in Carthage called the Drake Apartments.

5 And this is the wonderful thing: that
6 building, again, the people couldn't pay the note on
7 it, and one day they started moving out. And because
8 of the success with the Frisco, I had a reporter from
9 the Carthage News call my office that same day and
10 said, "Look. Here's what's happening. And we know
11 what you did over there."

12 Within the hour, we were over there visiting
13 with the property owner. And within two weeks we had
14 made an agreement of what we could do to purchase the
15 building and actually restore it, assuming we got the
16 tax credits. And we did.

17 It's also -- all of our projects are 95 to
18 97 percent full, and the only reason they're not a
19 hundred percent is that natural turnover, and we're
20 waiting to clean out an apartment to get someone else
21 in.

22 Same thing with the complex up in Lamar. It
23 was built from ground up, and it was four, five years
24 ago. And I literally mean, if you were to drive up
25 there today, it is in as beautiful condition as it was

1 the day we built it because of good property
2 management. Your dollars are well invested there, and
3 they will be. And the construction itself is such that
4 it will be around for a 25-, 30-year period. We won't
5 be doing something every ten, 15 years asking for help
6 to renovate it again.

7 COMMISSIONER ANDERSON: I think, Senator, if
8 I could, the question we're trying to get at is that
9 24 million in tax credits in Joplin leveraged how much
10 in private sector?

11 MR. JOINES: Oh, gosh. I don't know that I
12 can actually give you that, Mr. Anderson, that number.
13 No, I can't give you that.

14 COMMISSIONER ANDERSON: Okay.

15 COMMISSIONER WOOD: Percentage of the
16 projects? Anything like that? Are they all different?

17 MR. JOINES: Oh, yeah. They're all
18 different.

19 Here's the deal. The City of Joplin gave us
20 150,000 seed money to purchase that. Then we had some
21 other money from home. Then we had -- so there is a --
22 I'm going to tell you the tax credits were probably
23 somewhere in the neighborhood of 80 percent of the
24 actual financing that was done on it. That number is
25 not exact.

1 COMMISSIONER ANDERSON: That's fine.

2 COMMISSIONER WOOD: That's fine.

3 MR. BURLISON: The Frisco Station remodel,
4 was that all low income?

5 MR. JOINES: It's all low income. And it's
6 truly not just a housing facility. It is a community.
7 There are seven floors there. There's -- eight floors.
8 There are 57 units in it. The down floor is actually a
9 common area where all the residents can come. Every
10 single day, every single night, there is an activity
11 going on there, and these are all low income elderly
12 people.

13 They come down, they have meals, they do
14 scrapbooking. I'm not really into that, so I'm not
15 sure what all that entails. But then they have games.
16 They have dinners. They have -- and we also opened it
17 up to the community.

18 So the community can make a reservation for
19 no charge to come in, utilize the facility, and then
20 they leave. If there's a cleanup fee, we charge that.
21 But other than that, the building is open and utilized.

22 And then downstairs there are even a couple
23 other -- in what we refer to the basement, a couple
24 areas where a client wanted -- or a resident wanted to
25 bring in some additional family. There's rooms there

1 that they can have. There's a private area a lot
2 larger than their own apartment. And get together,
3 and it's just a fabulous place to visit.

4 MR. BURLISON: What about some of the other
5 ones? Do you have a mix of -- any projects that have
6 mix of market rate and low income? And how are those
7 doing?

8 MR. JOINES: We don't have, quote, a mix. We
9 have what we call -- it's just open to the public. And
10 that can be literally any age, from 18 all the way up.
11 So we have three projects in the area that we've done
12 that with.

13 The mix has been perfect as far as young
14 people and elderly people. You find that they help one
15 another. There's been no issues of any kind, that I'm
16 aware of, that there's been a negative in that effect.
17 But yes, they live together in harmony. And just
18 literally all aged individuals, married, unmarried.
19 Whatever.

20 MR. BURLISON: I guess I didn't frame what I
21 was going to say. I'm looking for the developments
22 that are using low income credits and yet are still
23 having units that are market rate.

24 MR. JOINES: We only have one right now. I
25 have not -- I'm not invested in that, but we have one

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1 that's currently in process, and I don't think it will
2 be open for another year. But there's only going to be
3 two market rates out of 28.

4 I think there is one at 6th and Main that
5 they are in the process of trying to market right
6 now -- 5th and Main, excuse me, that they're trying to
7 market right now. And I believe it will have a mix in
8 there, but there is no experience yet to determine how
9 that is going to work.

10 COMMISSIONER GROSS: Just curious. I'm not
11 sure if those are one-bedroom, two-bedroom. But if you
12 could pick one out, say a two-bedroom apartment that is
13 a low income rent apartment, what would the rent be?

14 MR. JOINES: 425. 415 to 425. Our
15 one-bedrooms will start at 335 and go up to about 385,
16 and then the two-bedrooms will generally start at four
17 to 415 range, and then 450 would be on the top side.

18 COMMISSIONER GROSS: Eligibility is what,
19 50 percent?

20 MR. JOINES: 60 percent.

21 COMMISSIONER GROSS: 60 percent?

22 Anything else?

23 COMMISSIONER MARBLE: I am familiar with
24 downtown, and I would encourage you to take a look at
25 that. I'm just curious, John. Is there any kind of

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1 security hold title to all these properties?

2 MR. JOINES: No, we don't. We are a managing
3 general partner because of our status as a 501(c)(3)
4 Nonprofit. We are also the public housing agency. So
5 we do all that, the public housing in Jasper, Martin,
6 Newton, McDonald County, except the City of Joplin.
7 And we are also what they call the CHDO, or Community
8 Housing Development Organization. As a result of that,
9 then we get priority in tax credit.

10 However, when we structure a deal, we come in
11 as the nonprofit and we work with a for-profit. We,
12 the nonprofit, because of the CHDO status, actually
13 have 51 percent of the ownership of the development.

14 We don't actually have 51 percent of the
15 ownership of the property per se, because we sell the
16 tax credits, and then the investors of the tax credits
17 obviously own the property through that period of time;
18 15 years, 17 years, 20 years, whatever it may be. So
19 they're truly the major owners. We are a minor owner
20 of the property. And yes, we do have an investment
21 then.

22 COMMISSIONER GROSS: Thank you for being
23 here.

24 MR. JOINES: Thank you.

25 COMMISSIONER GROSS: Thank you, sir.

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1 lot easier to say, would you like to go down to the art
2 gallery or restaurant to Gryphon than the Interstate
3 Company Grocer -- you know.

4 MR. TEETER: The image on this flier is
5 actually the after. I wish I had a picture, but it
6 actually looks like this rendering. That's what it
7 looks like today.

8 MR. WHITEHILL: The exterior of the building
9 currently today, if you were to drive by it, looks
10 exactly as it did when it was completed in 1917 --
11 excuse me, 1915.

12 COMMISSIONER GROSS: Thank you.

13 MR. WHITEHILL: I'll leave these. Thank you.

14 COMMISSIONER GROSS: Next is Jeb Markman?

15 MS. MARKMAN: Deb Markman.

16 COMMISSIONER GROSS: Sorry.

17 MS. MARKMAN: D-E-B, M-A-R-K-M-A-N. I'm with
18 the Jasper County Public Housing Agency in Joplin, and
19 we serve Barton, Jasper, Newton, and McDonald Counties,
20 not excluding the city limits of Joplin. So I want to
21 talk a little bit about low income tax credits.

22 We have about 23,000 low income people in
23 southwest Missouri, and we have approximately 351
24 vouchers, Section 8. That's all we do is the Section 8
25 housing choice voucher program.

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1 So we don't have a lot of options to provide
2 low income housing assistance without the low income
3 tax credit units in our area, especially in the rural
4 parts of our counties. That's a really important area.

5 We pay approximately, on an average, \$291 in
6 housing assistance payments per family. When you do a
7 survey and you ask families what the word "affordable"
8 and "safe" housing means, in dollars, you kind of get
9 about 325 to 350.

10 So when we talk about mixed housing and new
11 units, the housing authority is not in favor of new
12 units. We are interested in taking old units and
13 rehabbing them, especially if they've been -- haven't
14 had some of those new niceties in the last 30 years
15 done to them. Everybody wants a dishwasher, you know,
16 new updated kitchens.

17 We need to keep our current housing and just
18 renovate it and make it available to our families.
19 Again, the economic benefit is to keep our families in
20 our areas, and their strengths and talents.

21 Children in southwest Missouri have a huge
22 mobility issue. They're moving in and out. A lot of
23 our families move two and three times a year. So you
24 can imagine in the school systems how that can cause an
25 effect with learning. That is just a huge issue

1 economically.

2 Our children need to be able to learn. They
3 need to be in a stable environment. Housing is a
4 number 1 concern in our community as far as the amount
5 that people have to put out. Rent and utilities,
6 that's number 1.

7 So we just need to be able to keep those
8 units available and keep safe, secure environments for
9 our families.

10 And I will entertain any questions.

11 COMMISSIONER GROSS: Any questions? (No
12 audible response).

13 Thank you very much for being here.

14 MS. MARKMAN: Thanks.

15 COMMISSIONER GROSS: Next is Cynthia Schwab.

16 PARTICIPANT: She just had to leave.

17 COMMISSIONER GROSS: She didn't say for sure
18 she was going to testify.

19 Mark Williams? Welcome, Mr. Williams.

20 MR. WILLIAMS: Thank you. Welcome to Joplin.

21 My name is Mark Williams. I am not a
22 professional developer. I'm on the Convention and
23 Visitors Bureau board, on the Downtown Alliance Board,
24 and I was vice president of Ozark Christian College.

25 So my brother and I decided to start buying a

Ernest J. Straub III Low Income Housing Testimony



September 14, 2010

Tax Credit Review Commission

Dear Commissioners;

Thank you for the opportunity to speak in favor of the Missouri Low Income Housing Tax Credit program. This program has been the backbone behind the preservation of and building of hundreds of Affordable Housing units. The importance of preserving hundreds of historical properties is in itself immensely beneficial to the community it serves. But that is overshadowed by the need to provide quality affordable housing for those that need it the most.

When you look at the overall benefits this program generates:

- Job creation
- Payroll taxes
- Income taxes
- Sales taxes
- Housing for Missouri citizens
- Preservation of historical structures
- and Effective development across the entire state

Then I hope you will realize the asset the state has with this program. I urge you to continue this program as it currently exists, and do not consider any changes as this would drastically affect the amount of developments that could be build, which affects construction jobs created.

This program puts Missouri to work, which is what is most needed at this time.

Sincerely,

A handwritten signature in black ink that reads "Ernest J. Straub III". The signature is fluid and cursive, with the last name "Straub" being particularly prominent.

Ernest J. Straub III
President of Straub Construction