

St. Joseph
Distressed Communities Testimony
9-13-10

Judy Moody Neighborhood Preservation Testimony

HEARING 9/13/2010

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1 MR. KOMO: -tax credits are a way for you to
2 fill those holes-

3 DR. SPRINGATE: Yes.

4 MR. KOMO: And these are kids that need a
5 place to go-

6 DR. SPRINGATE: Absolutely.

7 MR. KOMO: -from the State, so I guess
8 that's the balance, I guess, as we look-

9 DR. SPRINGATE: It's always balance.

10 MR. KOMO: -you know, it's reducing - the
11 tax credit is reducing the State's liability, I guess,
12 so then to kind of balance it out, and I guess if we
13 were fully funding the reimbursements, we wouldn't
14 need the tax credit program, but since we're not-

15 DR. SPRINGATE: Right.

16 MR. KOMO: -we need to figure out how to -
17 that's kind of balance of it.

18 DR. SPRINGATE: Thank you.

19 SENATOR GROSS: Questions from the
20 Commission? Thank you very much for being here.

21 DR. SPRINGATE: You bet. Thank you.

22 SENATOR GROSS: Next on the list is Andy
23 Moody.

24 MS. MOODY: Judy.

25 SENATOR GROSS: I'm sorry. Sorry, Judy.

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1 MS. MOODY: Thank you. I'm Judy Moody from
2 the Uptown St. Joseph Redevelopment Corporation here
3 in St. Joe. We're a group that is primarily involved
4 in neighborhood revitalization and I would like to
5 tout the Missouri Historic Tax Credit for not only
6 creating jobs but leveraging private investment and
7 returns for worn out properties, but also revitalizing
8 entire neighborhoods.

9 I represent our group which is just north
10 of downtown St. Joe. The median household income in
11 our area is approximately \$24,000, so it's not a rich
12 area, it's a poor area. Our revitalization area has
13 almost 500 structures in it; 360 of them are
14 contributing and eligible for historic tax credits.

15 Many of those structures date from the
16 1800's and like many similar neighborhoods in St. Joe,
17 ours has been neglected for a really long time. More
18 than half of them are deficient. In 2003, Heartland
19 Health initiated a program to bring this neighborhood
20 back. Later the Uptown St. Joseph Redevelopment
21 Corporation was formed to accomplish the task. Its
22 operations are funded by Heartland Health.

23 Today, more than 100 homeowners out of our
24 deficient area - we have over - half of our homes are
25 deficient, so that's approximately 250. More than 100

1 of them are now involved in revitalizing their homes.
2 At least 30 percent we know of, are relying on the
3 Missouri Historic Tax Credit.

4 Uptown offers an incentive of its own, its
5 tax abatement. However, assessments of these older
6 properties are generally very low in Buchanan County
7 and so tax abatement is kind of piddley compared to
8 the large Missouri Historic Tax Credit that these
9 people can achieve.

10 Owners who desire to rehab their homes,
11 using a long term horizon, certainly deserve the
12 historic tax credits because these aren't owners who
13 accomplish rehab with synthetic facelifts. These are
14 people who built homes that are going to be around for
15 another 100 years. They apply for the tax credits to
16 help them realize this goal.

17 The requirements for the receipt of tax
18 credits return these properties to really sound
19 condition so that they will be productive properties
20 for the next 100 years. This is no small effort on
21 the part of those doing the work. The owners rehab
22 with care and keep the home in top shape throughout
23 their tenure.

24 The total expenditures on rehabs using
25 Missouri Historic Tax Credits in our area are from

Maddy (cont.)

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1 \$25,000 to \$6,000,000. So we have a lot going on.

2 They do more than create the jobs and save
3 the historic properties and provide these impressive
4 public/private leverages. The tax credits can help
5 save entire neighborhoods. Based on my personal
6 experience in St. Joe, which extends from early 2000,
7 and my experience in Independence, Missouri, and I
8 know we're not discussing that today, the tax credits
9 and revitalizations stimulate at least two more
10 revitalizations nearby, i.e., for every house that
11 upgrades, you know, using a Missouri Tax Credit or
12 upgrades in a major rehab, at least two more rehab.

13 It's been proven in Independence and it's
14 now bearing out here. So for every rehabbed property
15 that comes on board, we have two to three more that
16 are being brought up, some without tax credits, so you
17 ought to be really happy about that. In fact, a whole
18 lot of them without tax credits. It must be called,
19 "keeping up with the Joneses." But anyhow, this can't
20 be anything but good news for counties and cities and
21 school districts.

22 I will just insert here that in
23 Independence, our goal when we started the
24 revitalization project, which is now pretty much
25 finished, was to invest 86 million over a 23 year

Moody (cont.)

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1 period, and in fifteen years, the project had already
2 invested 88 million and now it's over 100 million.
3 Obviously, tax credits play a big role in
4 Independence, but that's not out - I'm sure you'll
5 hear plenty from those folks about keeping the
6 historic tax credit. But we doubled the value of our
7 area and we intend to do that here in St. Joe.

8 If the greenest house is one that's already
9 built, I would like to add, and will stay built for a
10 100 years or more. Virtually all urban planning
11 taking place in our nation's cities today focuses on
12 green building, first neighborhoods and higher
13 density, characteristic of the smaller plats of those
14 early neighborhoods and proximity to amenities. There
15 is a much bigger picture to this whole movement of
16 returning to the heart of the city and the historic
17 tax credit has an important role to play in that. I'm
18 a planner, so I get this every day on how important it
19 is to bring people back to the city, the smaller
20 plots, the higher density, to keep the buildings
21 green, affordable housing.

22 So the Missouri Tax Credit weaves into all
23 of this and you all have doubtless heard the specifics
24 many times. Uptown also has benefitted from the
25 Neighborhood Preservation Tax Credits. Our campus

1 here that we work with used to be occupied by
2 Heartland Health. They built a new hospital here in
3 St. Joe and this land is now vacant.

4 We have engaged a developer who has
5 suffered like everybody else from the housing downturn
6 and we all just wondered if he's ever going to put
7 anything out there, but he finally is. But he's used
8 as an incentive, the Neighborhood Preservation Tax
9 Credit. I know it's a lottery. We keep drawing.
10 It's a depressed area, a depressed neighborhood, and
11 to date, we have secured about \$800,000 in the
12 Neighborhood Preservation Tax Credits, which he will
13 receive when he completes the work, not until then.
14 So he's getting ready to get started on that and it
15 will turn this vacant hospital campus to its original
16 purpose, which was many years ago, well over 100 years
17 ago, it was an area of single family homes. So that's
18 what we're going back to and that tax credit is
19 helping us a lot.

20 I also have experience with this tax credit
21 in Sugar Creek. We did some Neighborhood Preservation
22 Tax Credits for them and helped them out. As you
23 know, Sugar Creek was devastated by the BP/Amoco
24 pollution and it just ruined half of their town. They
25 were able - it's a depressed area. They were able to

1 secure the Neighborhood Preservation Tax Credit to
2 help them start back on a new slate.

3 So it's an important incentive and I think
4 in this economy, families need more, not less,
5 incentive to return their historic homes to sound
6 condition. If historic tax credits operated like tax
7 increment financing and must meet the but for clause,
8 these properties could not be reasonably expected to
9 revitalize without injection of tax incentive, as most
10 homes needing the historic tax credit would pass with
11 flying colors when they're finished.

12 So I would encourage keeping the historic
13 tax credit and it plays a much larger role than what
14 we've read on the leveraging of the jobs and all of
15 that sort of thing. It is really bigger than all
16 that. It really stabilizes and revitalizes much
17 larger areas than the house itself, or the building
18 itself. Thank you.

19 MR. STOGEL: May I ask - I have just a
20 couple of questions. In the last couple of years, the
21 number of certificates that have been issued for
22 buildings in districts have run about three to one
23 over individual nominations, so there's a growing
24 interest in that.

25 The federal credit doesn't allow - federal

1 historic credit isn't allowed on single family
2 residences, so it's unique to Missouri. There have
3 been some suggestions to the Commission that as to
4 homes in a district, since they're limited to the
5 contributing buildings, there ought to be some sort of
6 a cap on that credit so that people aren't getting
7 hundreds of thousands of dollars.

8 There's been some examples around the state
9 where people who would fix up their homes and receive
10 literally 3 to \$400,000 in state credits, and if
11 you're going to spend four times 400,000 and put
12 1,600,000 in your home, should the state really be
13 doing that kind of support. I understand if you're
14 putting 40,000 into your home, that \$10,000 is a
15 critical component. In your experience, would some
16 sort of a no gold coast clause or a relatively
17 reasonable cap be - hamper you in any way?

18 MS. MOODY: It wouldn't hamper us either in
19 the City of Independence or in St. Joe. The homes,
20 particularly in Independence, are modestly priced,
21 primarily bungalows, averaged priced, median houses
22 probably an average sale price of maybe \$85,000.

23 Here in St. Joe, they're mostly, you know,
24 older two story homes and in much worse shape, quite
25 frankly, and cost a lot more to rehab, and people have

1 a lot less money.

2 So I think those are the people I'm
3 standing up for today, because those are the people
4 I've worked with for ten or fifteen years, the smaller
5 restoration of 1920's bungalow, an 1850's Queen Anne
6 or whatever. These are the people who need the most
7 help, and originally our office, which is primarily a
8 homeowner's support, we help them get their tax
9 abatement. And incidentally our tax abatement
10 requires the secretary standards on all of our
11 contributing structures so whether they go for tax
12 credits or not, we nail them on bringing that house
13 back, using it.

14 MR. STOGEL: Some sort of cap would not
15 interfere with that - it wouldn't interfere with your
16 activities or in Independence-

17 MS. MOODY: No.

18 MR. STOGEL: -in your judgement, but it
19 would prevent the \$400,000 example from occurring on
20 Portland Place in St. Louis.

21 MS. MOODY: I know where Portland Place is.
22 Yes, it would not bother us too much.

23 MR. STOGEL: One other question, there's a
24 comment that's been made about the credit program
25 where you can take a credit twice after five years?

1 MS. MOODY: You can finish your job?

2 MR. STOGEL: Yeah, finish your job, project
3 runs and it's ten years since the last go round, you
4 take federal and state credits again. Would it have
5 any limitation of some sort for taking a credit but
6 once on a home?

7 MS. MOODY: Well-

8 MR. STOGEL: I know you can't do all the
9 work at once, so there would be an argument that,
10 sure, the second phase of the work should get a second
11 credit, and maybe even be phased so that it's up to
12 the cap, but any ideas you have on that, love you to
13 talk to Peter, whose working with the Coalition. If
14 you would be kind enough, Peter, to work on that,
15 because this is the first time we're really hearing
16 testimony about non - individually nominated
17 buildings, so some thought ought to be given to the
18 35,043 buildings which are now in 304 or 306 districts
19 that encompass the tax credit base.

20 MS. MOODY: Well, it helps the person, the
21 lower income person, who really, sincerely wants to
22 save the house and bring it back and bring it back
23 right.

24 MR. STOGEL: But we don't want to - I'm not
25 sure that the historic would want to have this income

1 test, but would rather have it as a capped expenditure
2 test.

3 MS. MOODY: I think that might be
4 reasonable.

5 MR. STOGEL: Like rather than trying to get
6 certifications of people's income of 24,000, 34,000,
7 40,000, and that's not the purpose of trying to save a
8 historic building, but putting some sort of reasonable
9 cap on it can go a long way to prevent gold coast
10 usage as has been suggested.

11 MS. MOODY: Yeah, we just have a lot of
12 people who could use this.

13 MR. STOGEL: I'd like you to talk with Peter
14 and exchange cards and be part of the process.

15 MS. MOODY: Okay, thank you very much.

16 SENATOR GROSS: Questions from anybody else
17 on the Commission? None? Thank you very much for
18 being here. Next is Robin Winner. Welcome, Ms.
19 Winner.

20 MS. WINNER: Thank you so much.

21 SENATOR GROSS: Go ahead and state your name
22 again for the record and proceed.

23 MS. WINNER: My name is Robin Winner and I'm
24 the Executive Director of Synergy Services in Kansas
25 City. And I appreciate the opportunity to be here