

**St. Louis  
Low Income Housing Testimony  
9-21-10**

# Adolphus Pruitt Low Income Housing Testimony

PUBLIC MEETING 9/21/2010

Page 34

1 the beginning date.

2 SENATOR WRIGHT-JONES: Okay. And this  
3 was the first time you've been denied your entire  
4 application. Have you had any prior to that in the past  
5 two years say, was it reduced at all or changed in any way?

6 MR. ERDMAN: We had our YOP allocation  
7 reduced \$100,000 and then pregnancy maintenance credits  
8 restored that \$100,000.

9 SENATOR WRIGHT-JONES: Thank you.

10 CO-CHAIR GROSS: Any other questions of  
11 Mr. Erdman? No. Thanks for being here.

12 MR. ERDMAN: Thank you, sir.

13 CO-CHAIR GROSS: Next on the list is A.  
14 M. Pruitt. Mr. Pruitt. We appreciate you being here. Go  
15 ahead and state your name for the record and spell it,  
16 please, for the reporter and then proceed.

17 MR. PRUITT: Adolphus M. Pruitt. Last  
18 name P-R-U-I-T-T.

19 Mr. Chairman, here's a copy of my written  
20 comments. My name is spelled out on that, as well as  
21 contact information.

22 CO-CHAIR GROSS: Okay.

23 MR. PRUITT: My name is again Adolphus  
24 Pruitt. I'm the chairman for the NAACP Missouri State  
25 Conference's Economic Empowerment Committee. I'm also

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## PUBLIC MEETING 9/21/2010

Page 35

1 chair of the Legal Redress Committee for the Missouri State  
2 Conference NAACP. I'm also here representing MOKAN, which  
3 is Minority Constructional Contractor's Advocacy Group.  
4 And also the Call to Oneness, which is a grass root St.  
5 Louis organization, and as a presence in Kansas City.  
6 Again NAACP for Missouri State Conference has a good 110  
7 branches throughout the state of Missouri. So I think that  
8 we represent a good cross section of the minority community  
9 in the state of Missouri.

10 We're here to ask the Commission to work  
11 with us to try to avoid going to the courts.  
12 Unfortunately, you know, I heard of -- I heard the Deputy  
13 Mayor run off some numbers as relates to employment and all  
14 the great things that the tax -- the State incentives are  
15 doing as it relates to creating the development and  
16 economic opportunities.

17 So what I wanted to share with you an aside  
18 of that story as it relates to the minority community. And  
19 let's start with the Low-income housing tax credits.

20 Of course, we all can agree that in most  
21 cases when it comes to the Low-income housing tax credits,  
22 for every dollar in credit awarded that roughly maybe 35  
23 cents goes to the construction of a house, 65 cents of that  
24 goes to professional services providers and contractors and  
25 all the other folks. Unfortunately, we took a look at what

PUBLIC MEETING 9/21/2010

1 the program was doing statewide. We looked at the St.  
2 Louis region in particular.

3 A good example is over the past nine years,  
4 the City of St. Louis, they've generated roughly \$992  
5 million in economic activity and using the Low-Income  
6 Housing Tax Credit. Unfortunately, for the minority  
7 business community, the minority professional service  
8 providers, and the minority work force. The percentage of  
9 our participation has been less than one-half of 1 percent.

10 We were able to document that minimum over  
11 that period of time, 171 different professional firms  
12 participating in this program, eating at the spoils of this  
13 65 percent of \$900 million, we were able to only document  
14 roughly 11 minority firms that participated at that level.  
15 It gets even worse when we look at the numbers for St.  
16 Louis County, St. Charles County, when we pulled the  
17 numbers for the Kansas City region.

18 Everywhere we go over the state, the numbers  
19 turned out to be the same. Minority participation stays at  
20 a rate of less than one-half of 1 percent. As relates to  
21 private minority developers, the number is zero.

22 We looked at other states and looked at the  
23 state of Wisconsin. Believe it or not, their numbers were  
24 the same up until about 2007, and they stepped forward and  
25 created a Co-Developer Mentor-Protege Program and emerging

## PUBLIC MEETING 9/21/2010

Page 37

1 business program, and they went from zero minority  
2 participation in 2007 to \$88 million in participation in  
3 2010, in less than three years.

4 In addition to that, of course, as  
5 advocacies for the minority community, we also take a very,  
6 very strong advocacy point as we look at HUD's Title VI  
7 regulation as it relates to fair housing.

8 It's ironic that in July of 2004, HUD's  
9 Office of Policy Development and Planning, it's the white  
10 paper. It said a couple of things we thought were  
11 interesting and may be applicable to what's going on with  
12 Low-income housing tax credits and its use in the primary  
13 urban areas of the state of Missouri.

14 It said that states should be skeptic about  
15 claims that a Low-income housing tax credits project will  
16 revitalize the neighborhood, especially where the proposed  
17 housing development is the only intervention. It also said  
18 that the choice of Low-Income Housing development in such  
19 areas should be made only when part of a well-designed  
20 revitalization strategy for that neighborhood was -- and  
21 where such strategies are not present, that Low-Income  
22 Housing Tax Credit resources may be better use to expand  
23 housing opportunities for low-income families in relatively  
24 high-income parts of the metropolitan area.

25 There's a very significant statement for the

1 St. Louis region. The St. Louis region probably has the  
2 most segregated housing pattern and one of the worst  
3 segregated housing patterns in this country.

4 It also cited the potential harmful effects  
5 of placing low-income housing projects in high poverty  
6 neighborhoods. It stated in selected among proposals in  
7 high-poverty neighborhoods, state planners should be  
8 careful to avoid overconcentration of the poorest of the  
9 poor families in neighborhoods already burdened with high  
10 concentrations of poverty.

11 In addition -- the other thing that we found  
12 very interesting which has escaped the Low-Income Housing  
13 Tax Credit Program is the fact there seems to be a systemic  
14 need to avoid having some sort of homeownership proposal  
15 tied to the Low-Income Housing Tax Credit projects. We  
16 think that not providing those individuals the ability to  
17 accomplish the American dream through some sort of  
18 homeownership activity is -- is not in -- not operating in  
19 conjunction with HUD policy, and definitely is  
20 counterproductive to the Title VII, Title VI and Title VII.

21 You know, as they talk about state  
22 incentives period as relates to development, we took a look  
23 at all of it, and one of the things that we found very  
24 interesting again is that in most cases the primary tool  
25 for development in this region and it's emerging all of the

PUBLIC MEETING 9/21/2010

1 state is TIF, Tax Implement Financing, and in most cases  
2 that financing has some form of state incentives tied  
3 directly to it.

4 We looked at the St. Louis region, and over  
5 the past -- over 15 years we found that that economic  
6 activity and TIF and in conjunction with state incentives  
7 generated over \$7.2 billion in economic activity. When we  
8 looked at the city of St. Louis, 3.2 billion of that was in  
9 the city of St. Louis, 2.9 million of that was in St. Louis  
10 County, both with high concentrations of African-American  
11 population, business and workers.

12 Out of that 7.2 billion, again the  
13 percentage of minority participation as relates to workers,  
14 as relates to service providers, as relates to  
15 construction, again only one-half of 1 percent.

16 When we took those numbers and applied them  
17 across the board as relates to the percentage of population  
18 and the willing, able and ready as relates to minority  
19 service providers and contractors, the economic impact for  
20 the African-American community and minority business  
21 community was at a minimum of \$1.5 billion removed from  
22 their pockets.

23 Removed from the very pockets that we need  
24 to rely on to hire the folks who live in the neighborhood  
25 that that guy was talking about Hilltop over there in North

Pratt (cont)

PUBLIC MEETING 9/21/2010

1 St. Louis. I guess those families would be suffering.  
2 They can't get a job. Can't get a job because service  
3 providers can't participate in incentives, \$7.2 billion,  
4 less than one-half of 1 percent. And we all talk about the  
5 devastation in the minority community.

6 We looked at several other programs that the  
7 State has provide incentives for. Again, we picked a city,  
8 looked at the city, looked at state tax credits. Three  
9 hundred million over eight years. Missouri Development and  
10 Finance Board, \$745 million. Private activity bonds 300  
11 million. Again, MHDC 900 million. Less than one-half of 1  
12 percent.

13 The saddest part about all this is that we  
14 really want to rely on the State to step in whenever local  
15 communities and municipalities fail to live up to do the  
16 right thing as relates to the minority community. We think  
17 that is an obligation of the states to step up, and when  
18 the states don't, we go to the federal government. When it  
19 fails, as I intend to go to the court.

20 One of the examples we use is that back in  
21 1987 St. Louis Board of Alderman created the First Source  
22 Jobs Agreement. It basically said that in order to make  
23 sure that all segments of the St. Louis population get to  
24 benefit from the economic incentives and development that  
25 happen in the city of St. Louis, that those people who

Pruitt (cont)

PUBLIC MEETING 9/21/2010

1 receive those incentives have an obligation to hire as a  
2 first source those individuals who meet the low-income  
3 guidelines and were unemployed.

4 And it had nothing to do with race, simply  
5 economic status. And it said first source to just  
6 interview for any entry-level jobs created. Unfortunately,  
7 in the city of St. Louis, every economic development bill  
8 introduced in the city for the past nine years that  
9 involved any state incentives, they waived for the  
10 developer the right to adhere to the First Source  
11 Agreement.

12 So we have people running around this town  
13 looking for jobs, and the very law on the books is waived.  
14 In addition, back in 1990, MOKAN took the City of St. Louis  
15 to court as relates to participation of a settlement that  
16 entered into a consent decree, and came up with Executive  
17 Order 28 that mandated 25 and 5 as relates to 25 percent  
18 minority participation and 5 percent of women  
19 participation.

20 The City has yet -- has ever on any major  
21 development involving state incentives to hit that goal.  
22 It's just not happening. It's -- I will say this -- close  
23 by saying this.

24 You know, we know at some point in time,  
25 people are going to say here come the minorities banging

PUBLIC MEETING 9/21/2010

1 their fists, making demands. When you look at the numbers,  
2 it's ridiculous. It's ridiculous. It's nauseating we have  
3 to go to the courts to win.

4 Thank you.

5 CO-CHAIR GROSS: Thank you. Questions?

6 Yes.

7 MR. PRUITT: Yes.

8 CO-CHAIR STOGEL: Mr. Pruitt?

9 MR. PRUITT: Yes.

10 CO-CHAIR STOGEL: You're the first  
11 speaker to try to -- to bring to the Commission's attention  
12 the possible interlink of minority participation through  
13 state programs. A lot of the state programs are geared to  
14 federal programs that don't have that requirement.

15 We're all familiar with the City of Richmond  
16 case, --

17 MR. PRUITT: Yes.

18 CO-CHAIR STOGEL: -- and that's the  
19 best effort is 25 and 5?

20 MR. PRUITT: Yes.

21 CO-CHAIR STOGEL: There are folks who  
22 do make an effort. On this building and the one across the  
23 street, we were over 5 percent. We were closer to 8  
24 percent for WBE and over 25 percent for MBE.

25 That said, the low-income credit, for folks

PUBLIC MEETING 9/21/2010

1 in the room, neither at the federal or state level do have  
2 a mandate for minority participation. That's -- the TIF  
3 stuff is way beyond the scope of this Commission.

4 MR. PRUITT: Okay.

5 CO-CHAIR STOGEL: So you should  
6 understand our scope.

7 MR. PRUITT: All right.

8 CO-CHAIR STOGEL: But we hear the  
9 message of the notion that in the policy question, which  
10 the Commission will take up, on the notion of having MBE  
11 and WBE participation on a best-efforts basis, for the  
12 Supreme Court included in-use of state credits because  
13 that's what the Commission is to consider, all possible  
14 policy and strategic issues. So we thank you for your  
15 comments.

16 MR. PRUITT: Thank you.

17 CO-CHAIR GROSS: Next on the list is  
18 Tom Sullivan. Mr. Sullivan, welcome. State your name and  
19 spell it for the record, and proceed.

20 MR. SULLIVAN: My name is Tom Sullivan.  
21 S-U-L-L-I-V-A-N.

22 Mr. Co-Chairman and members of the  
23 Commission, I'm Tom Sullivan with Affordable Housing  
24 Coalition of Missouri, a group advocating for support for  
25 Low-income housing tax credits.

# Tom Sullivan Low Income Housing Testimony

PUBLIC MEETING 9/21/2010

Page 43

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## PUBLIC MEETING 9/21/2010

Page 44

1                   When Governor Nixon addressed this  
2 Commission, he said he wanted tax credit programs to create  
3 jobs, spur economic development and build communities. The  
4 Low-Income Housing Tax Credit Program precisely fits this  
5 criteria.

6                   A 2007 study by Missouri State University  
7 and the BKE Accounting Firm found the programs to be very  
8 beneficial to the state of Missouri. Some of the findings:  
9 Low-income housing tax credits create many thousands of  
10 jobs, over 41,800 full-time jobs between 2000 and 2005; the  
11 credits generate \$9.60 of economic activity for every  
12 dollar of state credits awarded, a 6.5 billion impact for  
13 the five-year study; many thousands of affordable housing  
14 units have been provided for working families and seniors,  
15 and many neighborhood have been revitalized.

16                   The report concluded:

17                   "The Missouri Low-Income  
18 Housing Tax Credit Program  
19 provides a tangible benefit to the  
20 State in economic terms and to the  
21 citizens who utilize the program."

22                   Another study conducted by the Missouri  
23 Department of Economic Development and released in February  
24 of this year found that 41 of 78 projects authorized in  
25 2009 would not have been possible without the Low-income

PUBLIC MEETING 9/21/2010

1 housing tax credits. It also found that rents in the units  
2 would have increased an average of \$288 a month without the  
3 state credit equity.

4 Much has been made of the total amount of  
5 the tax credits. This isn't a bad thing for tax credits  
6 working as intended. For example, a Ford dealer would be  
7 pleased to have a bigger building than the Ford Motor  
8 Company. It means the dealer has sold more cars, made more  
9 profit, and has the money in the bank to pay the bill.

10 The Low-income housing tax credits work  
11 pretty much the same.

12 Governor Nixon said tax credits could be  
13 used for, "Good and solid purposes." Affordable housing  
14 for working families and seniors, the creation of thousands  
15 of jobs, increased economic development in the community  
16 building are all such good and solid purposes, but they  
17 would not be possible without Low-income housing tax  
18 credits.

19 The program has proven its worth. It should  
20 be preserved. Thank you.

21 CO-CHAIR GROSS: Any questions? Thank  
22 you very much.

23 MR. SULLIVAN: Thank you.

24 CO-CHAIR GROSS: Next on the list is  
25 Mark Ketchire (ph.)?

PUBLIC MEETING 9/21/2010

1 MR. KEOSHKERIAN: Keoshkerian.

2 CO-CHAIR GROSS: Sorry about that.

3 Welcome. Please state your name and spell it for the  
4 record.

5 MR. KEOSHKERIAN: Sure. My name is  
6 Mark Keoshkerian. K-E-O-S-H-K-E-R-I-A-N. I'm here to  
7 testify in support of the History Tax Credit programs. I  
8 would classify myself as a small -- small developer.

9 To put some context in that, the last seven  
10 or eight years I've done about nine projects, 30 units  
11 created all within the city of St. Louis. Seven of those  
12 projects utilized the Historic Tax Credit program.

13 Some further context, really without  
14 exception, every one of those buildings, projects were  
15 completely vacant, abandoned, really falling apart.  
16 Probably could have been torn down or would have been  
17 shortly thereafter. Not to pat myself on the back, but  
18 that's a lot of stock in the city. They're beautiful  
19 homes, but that's the state they were in.

20 As being the individual who kind of really  
21 sees all the bills, pays out all the expenses, kind of sees  
22 exactly what's left at the end of the year, or what's not  
23 left I guess these days, it just -- the Historic Tax Credit  
24 Program has been a really the ability to take these  
25 buildings that are so far gone, and again I'm speaking for

# Catherine Rodgers-Edward's Low Income Housing Testimony

PUBLIC MEETING 9/21/2010

Page 55

1 kinds of tests as well.

2 CO-CHAIR GROSS: Any questions for Mr.  
3 Puskas?

4 CO-CHAIR STOGEL: Which credits are you  
5 using?

6 MR. PUSKAS: The Rebuilding Communities  
7 Tax Credits and the Incubator Tax Credits.

8 CO-CHAIR STOGEL: Thank you.

9 CO-CHAIR GROSS: Thanks for being here.  
10 Next is -- Mr. Puskas, how many employees do you have?

11 MR. PUSKAS: Singulex has 24 here in  
12 St. Louis. At the new company, we have three.

13 CO-CHAIR GROSS: Thank you. C. B. E.  
14 Rogers-Edwards. Sorry.

15 MS. ROGERS-EDMOND: I have a very long  
16 name. It's Catherine Rogers-Edmond.

17 CO-CHAIR GROSS: Okay.

18 CO-CHAIR STOGEL: Thank you.

19 CO-CHAIR GROSS: Proceed.

20 MS. ROGERS-EDMOND: Hello. I'm  
21 Catherine Rogers-Edmond, and I am the community coordinator  
22 for Betty Living Communities, which is a small  
23 not-for-profit housing corporation in Hyde Park. And I sat  
24 here and I've been listening to all the developers and the  
25 big, big numbers about the billions and billions of dollars

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PUBLIC MEETING 9/21/2010

Page 56

1 that have utilized to affect neighborhoods. And I'm here  
2 to speak on behalf of the neighborhoods that are affected  
3 by those by those millions of dollars.

4 Hyde Park is a neighborhood by Highway 70  
5 and Salisbury that probably 15 years ago you would never  
6 even want to drive through, but in the last five years,  
7 we've been able to develop houses through betterment of  
8 communities that were taken over probably the last 200  
9 families that have now come into our neighborhood that we  
10 have no waiting for any of our units.

11 We have a list of people that would love to  
12 be in our houses. We right now have 38 homes that are  
13 fully occupied, and from those 38 homes, 28 of those  
14 residents have been there for three years more. We've had  
15 10 out of 16 of our first phase that have been there for  
16 five years, and this is a neighborhood that was totally  
17 transient population, and the median income was very, very  
18 low, making an income about \$200,000.

19 Now we have residents that are loving the  
20 neighborhood, people who love to come to our neighborhood  
21 and people that are waiting to come to our neighborhood.  
22 So the utilization of Low-income housing tax credits have  
23 -- has rebuilt a place where I grew up, rebuilding a place  
24 where I live, rebuilding a place where I work, and  
25 rebuilding a place where I love to bring my family.

1 CO-CHAIR GROSS: Very good. Any  
2 questions for Ms. Rogers? Okay. Thank you very much. We  
3 appreciate your perspective on that issue.

4 Next is William Simon. Okay. Next will be  
5 Jerry Schlicter. Welcome. Proceed.

6 MR. SCHLICTER: Thank you. I want to  
7 thank -- I think everybody in this room would echo this.  
8 We want to thank all of you for your service and your  
9 dedication for this. It's not a high paying job or a  
10 paying job at all, and it takes a lot of time. We  
11 certainly appreciate your investment in the state's future  
12 very, very much.

13 I'm a resident of the city of St. Louis as  
14 some of you, and I'm also a lawyer, but I don't do  
15 development work, I don't do real estate law, and I want to  
16 give you a little bit of a description. Three things about  
17 -- that talk about the Historic Tax Credits and the  
18 Rebuilding Communities Tax Credits, which the speaker --  
19 two speakers before spoke about and as well as Bill Simon  
20 was going to speak about, but he had to leave. And I want  
21 to talk about the history, talk about what other states are  
22 doing, and raise a word that I know is not a part of your  
23 mandate, but since this is all about the loss of revenue  
24 the state has had, the word revenue and some options there.

25 Even though it's not a part of your charge,

# Tim Barry Low Income Housing Testimony

PUBLIC MEETING 9/21/2010

Page 69

1                   On the bottom line for the necessity for  
2 business predictability for the Historic Credit for  
3 developers and for communities does that come out on the  
4 business side of predictability. And I echo what Jerry has  
5 said. I'm going to put that in the record.

6                   And, Zach, are you or any of our other  
7 commissions, would you like to --

8                   MR. BOYERS: No.

9                   CO-CHAIR STOGEL: We thank everybody,  
10 and I think it's appropriate, after 90 minutes of very  
11 robust testimony and ongoing, thank the crowd. We'll  
12 continue in 15 minutes. We can recess. Thank you.

13                   (Thereupon, a break was taken at 4:44  
14 p.m. until 5:05 p.m.; after which, the  
15 proceedings continued as follows:)

16                   CO-CHAIR GROSS: We'll come back to  
17 order. Next on the list is Tim Barry. Welcome, Mr. Barry.  
18 Go ahead and spell your name for the record.

19                   MR. BARRY: Tim Barry. B-A-R-R-Y. And  
20 I'm here representing the Missouri Work Force Housing  
21 Association. We have about 90 members, who are involved in  
22 one way or another with either the Low-Income Housing Tax  
23 Credit or the Historic Tax Credits.

24                   Over the years, and too many years I think,  
25 but I spent a lot of time with many affordable housing

PUBLIC MEETING 9/21/2010

1 programs and many redevelopment programs. And I'm here to  
2 tell you that the tax credit programs are run more  
3 efficiently and have better results than any of the other  
4 programs over the last 40 years or so that I've been  
5 involved.

6 And I would ask the Commission to keep the  
7 old adage in mind that if it's -- if it's not broke, don't  
8 try to -- don't try to fix it.

9 The social benefits of these programs,  
10 certainly the Low-Income Housing Tax Credit programs are.  
11 Obviously every one and I think we've heard plenty about  
12 that and I'm not going to even deal with that. I know that  
13 the discussions over the last year or maybe more than that  
14 has really been about the State, the budget crisis, and  
15 that's really what we're all about this afternoon.

16 Over the past, oh, I guess seven to eight  
17 months I've been to Jeff City talking about -- talking to  
18 Senate committees and House committees about these two  
19 credits, as well as reading many articles in the paper  
20 about what these credits are costing the State. And it's  
21 always a little bothersome that the number that I read and  
22 the number that I hear, they just add up how much the  
23 credits are and say that's what is costing the State. And  
24 they don't do what all of us do when we look at something  
25 and say what does something cost, is the revenue side.

## PUBLIC MEETING 9/21/2010

Page 71

1                   Are they really generating any revenue, but  
2 I'm not an economist, but I know for sure they're  
3 generating revenue. And the question would be how much  
4 revenue, and that's really my point with the Commission, is  
5 when you are looking at all of these credits and in terms  
6 of the fiscal crisis and in terms of the fiscal impact to  
7 the State, that we look at both sides of the ledger.

8                   There's obviously income tax -- income tax  
9 factor of people who are working on these projects in the  
10 first few years of the project. Right now, for example,  
11 I'll just pick one out that right now there are 37 houses  
12 being built in Hillsdale, Missouri. There are carpenters  
13 out there that would not be working if they weren't working  
14 on that project. We all know what the construction  
15 industry is like.

16                   Those carpenters are earning a pretty decent  
17 salary. They're paying income tax, and again, I know we  
18 talk about multipliers and I said I'm not an economist, but  
19 I know that they're spending money that they wouldn't be  
20 spending if they weren't working on that particular  
21 project.

22                   We not only have the income tax, we have the  
23 sales tax, which impacts not only the state government but  
24 local government as well. We have property tax which is  
25 going to continue on for these projects because the great

## PUBLIC MEETING 9/21/2010

Page 72

1 majority of these projects had the state credit has helped  
2 finance are in areas that are either have been abandoned or  
3 are being abandoned. So there wouldn't be any property tax  
4 without the projects that have been -- that have been put  
5 forth through these state credits.

6           There are also full-time jobs connected with  
7 these, not only the construction jobs and all the other  
8 jobs that we talked about. And I know later on there's  
9 someone will present how many different kinds of jobs there  
10 are. But there are full-time jobs, property managers,  
11 maintenance men, janitors and so forth, that are associated  
12 with these projects.

13           So again, when we -- when we measure the  
14 cost to the State, the question is is it really costing us  
15 anything, or is it really a revenue generator?

16           And the last financial benefit I would like  
17 to mention I -- I hardly ever hear mentioned at all, as I  
18 mentioned, most of these projects are in areas that have  
19 either been abandoned -- for example Hillsdale, Missouri  
20 would be one -- or are being abandoned. And the kinds of  
21 services that great money and great funds have been put  
22 forth to these areas, like the streets, light, water,  
23 sewer, electric, gas, all of them now are being utilized,  
24 where they wouldn't have been abandoned in the past.

25           Now, what the financial benefit of that is

Barry (cont)

PUBLIC MEETING 9/21/2010

Page 73

1 again, I have no idea, but it has to be substantial. So  
2 the -- the thing that I would ask the Commission to do is  
3 in looking at all the credits, and again I --I commend you  
4 for the time that you're putting in. This can't be no fun  
5 thing you have already done. And thank you for that, and  
6 thank you for the Commission.

7 But I would ask you to -- to measure for the  
8 Low-Income Housing Credit and for the Historic Credit,  
9 measure both sides of the ledger, because certainly they  
10 are generating revenue, and there are studies that show  
11 that they are actually generating more revenue than it's  
12 costing the State.

13 And that's my comments for today. Thank you  
14 very much.

15 CO-CHAIR GROSS: Thank you, Mr. Barry.  
16 Any questions for Mr. Barry.

17 MR. BARRY: Thank you.

18 CO-CHAIR GROSS: Thank you very much.  
19 Next I'm not sure. Michelle Shilling -- Schuller? Do you  
20 want to testify?

21 MS. SCHULLER: No, I'm not testifying.

22 CO-CHAIR GROSS: Then the next is  
23 Melissa Dann. Welcome.

24 MS. DANN: Thank you.

25 CO-CHAIR GROSS: Please spell your name

# Ken Nuerenberger Low Income Housing Testimony

PUBLIC MEETING 9/21/2010

Page 113

1 bit of a break till 7:00. Is that okay with everybody who  
2 has yet to speak?

3 AUDIENCE MEMBER: (Inaudible.)

4 CO-CHAIR STOGEL: Sure, we'll  
5 accommodate you. What's your name?

6 MR. NUERENBERGER: Ken Nuerenberger.

7 CO-CHAIR GROSS: Yeah, we'd just about  
8 got to you. Go ahead and spell your name for the record,  
9 and proceed.

10 MR. NUERENBERGER: Ken Nuerenberger.

11 N-U-E-R-E-N-B-E-R-G-E-R. Thank you for accommodating me.

12 My sister-in-law in from out of town. My wife will be very  
13 happy. The -- they're waiting for me.

14 I'm a small developer using both Historic  
15 and Low-Income Tax Credits. Our firm's name is MD  
16 Consulting Group.

17 Lo, ten years ago or so if I learned one  
18 thing about the Low-Income Tax Credit Program was it has  
19 something to do with something Southern Illinois. And that  
20 is my experience with urban development, was very similar  
21 to small towns. And what I have -- one of the messages I  
22 would like to communicate today is how important I see the  
23 credit programs, both the Historic and the Low-Income, as  
24 they affect the more difficult areas to develop, which I  
25 find consistently are the small towns, whether it be

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1 Illinois or Missouri and probably the rest of the country;  
2 although I haven't worked there. And certainly urban  
3 areas, like I worked in Fox Park, Lafayette Square which  
4 now is considered a nice neighborhood, Shaw neighborhood,  
5 Hyde Park, which I worked with Cathy Rogers who spoke  
6 earlier, and other neighborhoods like Carondolette in the  
7 city.

8 I've also worked in small towns like  
9 Booneville. We got a project done and a project under  
10 construction. Sikeston and Kirksville, and saw how that  
11 helped those small towns and how these programs work and  
12 how you need both of them. You need historic -- you need  
13 both historic tax for the project and the low-income to  
14 make some projects work, as well as to see the towns be  
15 saved.

16 One thing that hasn't been said. I think I  
17 can use one example is how it's the green concept. To me  
18 green is conservative in all ways about saving things, and  
19 we save streets. We save the sewers, we save the power,  
20 all the things that go into it, but of course, we also save  
21 the building.

22 And I think that when you look -- and I  
23 thins, Senator, you mentioned something about looking at  
24 other costs. Not only having to rebuild roads, not having  
25 to rebuild power stations, not having to do all those

PUBLIC MEETING 9/21/2010

Page 115

1 expensive things that cost us is a real tradeoff when you  
2 look at doing historic buildings and doing many of these  
3 low-income tax projects in towns in urban areas.

4 And I think the green parts that everybody  
5 talks about, whether it be the roofs or the heating systems  
6 or how you build it is not nearly as much as saving the  
7 town itself. That's the great green concept.

8 The other point I want to make is as we see  
9 the gap grow between the wealthy and the working poor, are  
10 just the working class. Those working people are working  
11 very hard and need a quality house. They definitely need  
12 one which we see in Booneville. We're building  
13 single-family homes with the low-income tax credits. The  
14 people are going to rent some houses that are presently  
15 inefficient. There's no codes there for their homes.

16 So they're going to move into a house where  
17 they are presently paying \$200 for the utilities that might  
18 be as low as \$75 because of MHDC's criteria for having high  
19 energy efficient green kind of buildings.

20 So I think we want the working people who  
21 may only make 11 or 12 dollars an hour to be able to live  
22 in a place where their energy bills aren't \$200 a month,  
23 and there's affordable rent.

24 Another thing that goes then for the urban  
25 areas and the small towns is that the rents are always

1 lower there. They're not the suburban areas where rents  
2 are much higher. So we have to have both programs to make  
3 the rents work for them in the market conditions of those  
4 areas.

5           There are many things, at least from my  
6 perspective, that I think can be negotiated with the  
7 low-income or historic, but I don't think these things are  
8 easy to do because of the complex -- at these hearings are  
9 hard to say oh, change this, make this, shorten that. Very  
10 complex inner relationship between the economics of these  
11 programs. So hopefully some of the organizations like the  
12 Workforce Task Force works for housing group or the  
13 historic groups who work with this committee to look at  
14 what possibilities there are and some compromise.

15           But I want to make a little important point  
16 that I see all the time, is whether it's the low-income --  
17 if you make a decision today, that impacts three or four  
18 years. It isn't going to have any budget impact today, and  
19 for historic, it's two to three years out. So there's no  
20 -- anything you do to make these programs change that are  
21 very far out, they're not going to impact things today for  
22 the Governor's or the House and the Senate trying to  
23 balance a budget today.

24           These are things that impact things two and  
25 three and four years out because you have to be funded.

1 You have to design and you have to build it to get the  
2 credits, cost certification, and my --

3 Finally I guess the most important thing I  
4 would ask you today is the deal that what we now see in the  
5 business whether it's low-income where we didn't have to  
6 pay MHDC being delay and or we can't get cost  
7 certifications done.

8 Delays, uncertainty and appearance -- or the  
9 actual appearance of -- or the actual political process of  
10 these things happening as to whether or not you're going to  
11 get credits or not get credits. I hope this committee, and  
12 I do thank you all for spending all this time because it's  
13 got to be boring as heck and sometimes tiresome, but we  
14 have to get past this uncertainty, this period of delays,  
15 because that's the worst thing. That hurts our credibility  
16 in the state. It hurts our ability to get value for the  
17 credits, and I know Zach and Steven probably will see that.

18 You know, when all of a sudden people are  
19 saying well, do we really think we want to invest in  
20 Missouri because maybe those credits won't come through and  
21 maybe we won't spend the time pushing down the values. So  
22 that makes our credit programs, whatever is left will be  
23 worth less.

24 So I think it's really important that we get  
25 a solution and get back to, which many people have said,

PUBLIC MEETING 9/21/2010

Page 118

1 this state was the leader, it was the creative, it was the  
2 example. And I was proud to be a developer in Missouri  
3 where everybody else came to us and asked how to do it.

4 And I want to get back to where we still  
5 have that example and we're not 49th on the list but we're  
6 1 or 2. So that's all I had to say. Thank you.

7 CO-CHAIR GROSS: Okay. Thank you.

8 CO-CHAIR STOGEL: Again, thank you. A  
9 couple of things. On the low-income one of our colleagues,  
10 Mark Gardner, is working on the low-income stuff. So call  
11 Mark and he has that information on the website. Mr. Boyer  
12 is our manager for the historic. So I'm sure you have his  
13 number.

14 MR. NUERENBERGER: He knows a little  
15 bit about that, yeah.

16 CO-CHAIR STOGEL: And just so it's  
17 clear, at no point in time, has there ever been any  
18 conversation about retroactivity or take-aways. The  
19 Governor's third charge is to protect people who have  
20 already made investments. There's no concept for take-away  
21 from someone.

22 MR. NUERENBERGER: Yeah, I think the  
23 biggest thing -- that's good to hear that there's no  
24 take-away or retroactivity.

25 I think the thing that there is concern is

1 how long it takes for cost certification and the delays,  
2 because we all try to anticipate when the credits are going  
3 to come in, and that's the thing we all -- the review  
4 process and those things. Our banks are being concerned  
5 how much interest do we have to build in before the credit  
6 will actually deliver.

7 CO-CHAIR STOGEL: As to the historic, s,  
8 the subcommittee has started working on a list of specifics  
9 for the administration and DED to deal with some of those  
10 specific conversations, and we responded to people's  
11 processing as part of the process. It is very much on the  
12 table.

13 MR. NUERENBERGER: That's what I  
14 understand.

15 CO-CHAIR STOGEL: Get all your permits  
16 to Mr. Wood.

17 MR. NUERENBERGER: And we'll put those  
18 in writing. Thank you.

19 CO-CHAIR GROSS: Thank you very much.

20 CO-CHAIR STOGEL: Senator Gross has  
21 something to do, but we'll take you, and then we'll take a  
22 break.

23 MS. ELLER: Thank you.

24 CO-CHAIR STOGEL: All right. Thank  
25 you.

# Celeste Rueter Low Income Housing Testimony

PUBLIC MEETING 9/21/2010

Page 130

1 good point, and we'd be happy to sit down with him.

2 CO-CHAIR STOGEL: That's all over with

3 Pete again --

4 MR. FARRELL: Right.

5 CO-CHAIR STOGEL: -- just, you know,

6 bounce whatever ideas you have off of there because it's

7 hard for me to assess the testimony of those.

8 MR. FARRELL: And Gary Clap has been in

9 contact with Pete Levy. He was the gentleman that

10 testified in St. Joe, and we have information that I've put

11 together for all ten innovation centers, and we'll provide

12 that to the Commission.

13 CO-CHAIR STOGEL: That would be

14 appreciated by the Commissioners.

15 CO-CHAIR GROSS: And any for Jim,

16 anybody?

17 CO-CHAIR STOGEL: No.

18 CO-CHAIR GROSS: Thank you, Jim. Next

19 on the list is David Dwars. David Dwars? No. How about

20 Celeste Rueter. Welcome. Go ahead and spell your name

21 please and proceed.

22 MS. RUETER: Sure. My name is Celeste,

23 C-E-L-E-S-T-E, Rueter, R-U-E-T-E-R.

24 Good evening. I want to thank you all for

25 taking some much of your time and serving on this

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## PUBLIC MEETING 9/21/2010

Page 131

1 commission.

2 My name is Celeste Rueter as I said. I am  
3 the government affairs director for the St. Louis  
4 Association of Realtors, and I'm here today on behalf of  
5 the 8,000 plus members of our association to speak in  
6 support of maintaining both Historic and Low-Income Housing  
7 Tax Credit Programs. I'm going to focus today on historic.

8 Historic Tax Credits have been proven to  
9 create jobs and spur economic development. As you know,  
10 the health of the job market and the economy directly  
11 affects the health of the real estate market. In addition,  
12 quality education -- quality education is important as a  
13 component of a healthy real estate market as well.

14 And I think it's sort of how this debate has  
15 been framed. It comes in circles. It is pitting  
16 education, quality education, against Economic Development  
17 or Historic Tax Credits, and we see economic development  
18 and quality schools as going hand in hand, rather than  
19 being mutually exclusive.

20 And the three -- three most important words  
21 in real estate, you know, are location, location, location.  
22 But what does that really mean? For most people, a good  
23 location means that you're in a safe neighborhood, near  
24 quality schools, and good jobs.

25 And so I would say -- and we've heard --

## PUBLIC MEETING 9/21/2010

Page 132

1 we've heard testimony today about how these tax credits  
2 have revitalized neighborhoods. That turns out to lead to  
3 higher real estate values, which is then going to create  
4 higher property taxes, which is the foundation for school  
5 funding.

6 So one can almost argue that Historic Tax  
7 Credits are a different way of the state investing in  
8 polyeducation. Rather than direct -- a direct investment  
9 in education and in schools, through an indirect way, these  
10 Historic Tax Credits will eventually provide for a better  
11 property tax foundation and more money to the schools.

12 Now, I'm in an association, we do not  
13 directly apply for these tax credits. The St. Louis  
14 Association of Realtors is proud to count as one of its  
15 members developers, both large and small, who invest  
16 millions in projects that would not be possible without  
17 these credits; commercial Realtors who work to meet the  
18 retail and office spaces that result from these  
19 developments; and residential builders who work to  
20 represent both buyers and sellers in the many lots, condos  
21 and other residential real estate transactions that have  
22 occurred as a result of Historic Tax Credit based  
23 development.

24 So there's a ripple effect, you know. I  
25 think that's part of the problem too, public perception.

## PUBLIC MEETING 9/21/2010

Page 133

1 The huge projects are the ones that get into the news, so  
2 everybody sees that it's the people with a lot of money  
3 that are getting tax credits from the state, but they're  
4 not thinking about the small developer that's just doing a  
5 house here and there, all of the contractors, plumbers,  
6 electricians, et cetera that are employed because of these  
7 projects, and the people that live or work in these spaces.

8 They're all taxpayers, and they all produce  
9 revenue that goes into state coffers.

10 So the state receives more in revenue than  
11 it expends in Historic Tax Credits, which is a unique  
12 feature for being a government program. And these tax  
13 credits are not spent until work is completed. So that's  
14 also a good feature of this program.

15 So as an association, we support Historic  
16 Tax Credits as one of Missouri's best jobs in economic  
17 development programs, and we ask that they be maintained.

18 We're not blind to the fact that there are  
19 budget problems. That's why we're here. We're here to  
20 discuss what can be done to balance things out.

21 But I would, along with Mr. Barry that spoke  
22 earlier, I would ask -- you know, he was talking about  
23 looking at both sides of the ledger. And while I  
24 understand there are budget problems, where would the  
25 budget be without these programs, especially the Historic

Rueter (cont.)

PUBLIC MEETING 9/21/2010

1 Tax Credit, which has shown to produce more revenue than --  
2 than it takes.

3 So that's -- I thank you for your time.

4 CO-CHAIR GROSS: Question for you.  
5 Where did you get your information about any of the details  
6 on the benefits of historic programs? You said it brings  
7 in more money than it costs. Where did you get that  
8 information from? Can you provide that to us?

9 MS. RUETER: I could provide it to you.  
10 I don't have it -- I don't have the details with me today,  
11 but I can definitely send it to you. I planned -- or my  
12 intention is to send something, a more detailed statement,  
13 to you --

14 CO-CHAIR GROSS: Sure. That would be  
15 fine.

16 MS. RUETER: -- at a later time.

17 CO-CHAIR GROSS: Okay. What do you  
18 think of the notion that was presented earlier by someone  
19 that what tax credits do and I think they were -- even  
20 though they didn't specify, I think they'd probably prefer  
21 primarily to historic and low-income as just moving  
22 business around or people around and not really creating  
23 anything new, as a matter of fact, moving a business from  
24 one store to another. All you do is create a vacancy where  
25 the store used to be.

Rueter (cont)

PUBLIC MEETING 9/21/2010

1 In terms of your business in real estate,  
2 what do you think about that, that notion? Do you agree  
3 with that?

4 MS. RUETER: I mean, I don't know if  
5 that's necessarily true. I don't -- it's something that I  
6 -- I can definitely try and see if we have some statistics  
7 on that, on whether, you know, vacancies are created and  
8 not filled. I mean, it's also possible that the building  
9 that was left, you know, it's got maybe a building that's  
10 not in as good a condition or something, it's a lower rent,  
11 it allows someone else that can afford, you know, a lower  
12 rent to move there.

13 CO-CHAIR GROSS: That's good.

14 MS. RUETER: And some others getting to  
15 work in newer buildings.

16 CO-CHAIR GROSS: Questions from anyone?  
17 Thank you, Celeste, for being here. Appreciate it.

18 MS. RUETER: Thank you.

19 CO-CHAIR GROSS: Next on the list is  
20 Pat Bannister. Pat Bannister? No. How about Marion  
21 Smith? Welcome. Appreciate you being here. Go ahead and  
22 spell your name for the record and then proceed.

23 MS. SMITH: My name is Marion Smith.  
24 While most people have to spell their last name, I have to  
25 spell my first name. It's M-A-R-I-O-N.

# Richard Creason Low Income Housing Testimony

PUBLIC MEETING 9/21/2010

Page 156

1 probably be very helpful, at least to me, for all that  
2 low-income or the historic credits. So I'll forward to  
3 getting that. Just one last question, if you don't mind.

4 Are you familiar with -- what about -- are  
5 you familiar with what's going on in the surrounding states  
6 or -- I mean, are there still a lot lessons for us to learn  
7 and what happens there?

8 MS. TIMM: I under- -- within Illinois,  
9 I think they have just started a state historic program.

10 MR. WAGNER: That's right.

11 MS. TIMM: Yeah. We have clearly been  
12 a leader, as mentioned earlier, but we're focused, of  
13 course, in the state of Missouri to serve our constituents.

14 Any other questions? Thank you.

15 CO-CHAIR GROSS: Thank you.

16 Father, please.

17 FR. CREASON: My name is Richard  
18 Creason. C-R-E-A-S-O-N. I live and pastor at Holy Trinity  
19 Catholic Church, 3519 North 14th Street, in the Hyde Park  
20 neighborhood. Senator Wright-Jones represents our  
21 district.

22 When I think about our neighborhood in the  
23 last 50 years or so, I can only think about disinvestment.  
24 Too much unemployment, too limited education potential,  
25 little or no health care for folks that live there and have

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PUBLIC MEETING 9/21/2010

Page 157

1 lived there for years.

2                   And so I think that the hope that things  
3 like Historic Tax Credits bring to us, is just really  
4 significant because I think as the gentleman from Landmarks  
5 pointed out to us, when you can bundle those with other  
6 distressed community tax credits for low-income housing,  
7 affordable housing, Rebuilding Communities Act,  
8 neighborhood assistance, all of them, I think make a  
9 significant impact in battling poverty.

10                   And that's my point I think that I would  
11 make this evening, is that this is a great resource to us  
12 that we should not let go of. I understand that big tax  
13 credits sometimes have been misused and misdirected, but I  
14 think in the case of distressed communities, they ought to  
15 take a higher priority on your estimation about how we  
16 redevelop our communities and our neighborhoods.

17                   The efforts that Crown Square has made in  
18 bring \$35 million into our community, the efforts that  
19 Peter George and Lew Shoulders have made in bringing  
20 reinvestment into some of the homes in our community has  
21 been extremely effective and significant for raising that  
22 level of life and quality that the gentleman from Landmarks  
23 again talked about.

24                   So I would just add my amen to his comments,  
25 and thank you for your work this evening.