

Ken Nuerenberger Historic Testimony

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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 Carondelette 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

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,

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.

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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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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 --

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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.

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

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.

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.

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

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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
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10 not in as good a condition or something, it's a lower rent,
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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.

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1 CO-CHAIR GROSS: Very good.

2 MS. SMITH: I'm representing the Benton
3 Park Housing Corporation. It is a non -- a not-for-profit
4 volunteer organization, and I want to tell you the story of
5 our neighborhood. It is -- I think it exemplifies how
6 important the Historic Tax Credits have been for the
7 revitalization of our communities.

8 When my husband and I moved to Benton Park
9 30 years ago, the neighborhood had half of the houses on
10 the block were vacant and boarded up. Most of the other
11 houses on our block, and this is fairly typical, were
12 occupied by older people who were on limited incomes and
13 had not been able to invest in their properties. So the
14 properties were a little rundown and ragged, even though
15 they were beautiful, old historic buildings. And also
16 their systems were 100 years old and wearing out.

17 When we started rehabing our place, we
18 called ourself "tuppies", tired urban pioneers. And
19 unfortunately, it took us about five years to rehab a house
20 based on how much energy we had, time and energy, for our
21 sweat equity, and the money we had available. And so what
22 was happening was even if we got all of the "tuppies" in
23 the city to move into Benton Park and into our
24 neighborhood, I don't think we would have had so many
25 people as we were losing older people in the neighborhood,

1 who were, you know, dying off or moving to nursing homes or
2 whatever.

3 So we were kind of going downhill. About 20
4 years ago, the City had the foresight to establish these
5 community housing appropriations where they got volunteers
6 from the neighborhood to be their boots on the ground to
7 help them figure out what to do with the vacant and
8 abandoned properties, particularly ones that the City
9 owned.

10 And I've been on the board for the last 20
11 years, and when we started, every single project we worked
12 on had to have a federal subsidy, because unfortunately the
13 amount of money it took to rehab one of these buildings
14 costs more than the building was worth after it was
15 finished and you could sell it for.

16 But it kind of gave us a little jump start
17 with some equity or some matching funds from the City,
18 block -- or gap money they called it, to close that gap.
19 We started attracting developers into the neighborhood who
20 now with the gap money were actually able to develop
21 properties and sell them and stay in business.

22 And so we started getting more properties
23 done, and we're talking a very slow pace still, maybe just
24 a couple of buildings a year or something like that. But
25 fortunately we had decided to make our neighborhood a