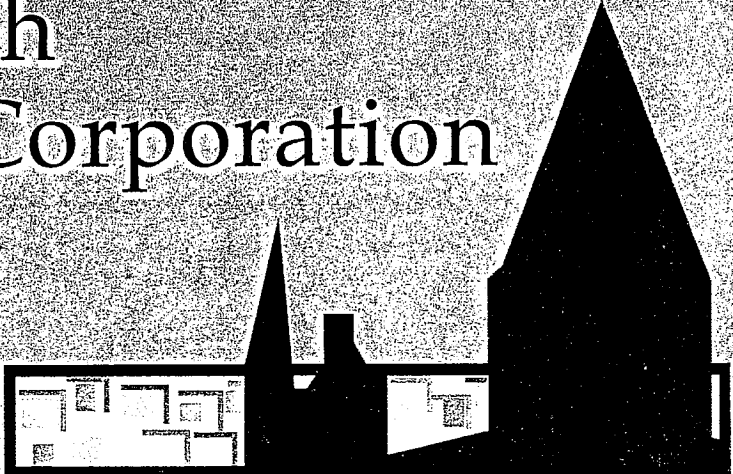


Uptown St. Joseph Redevelopment Corporation

2006-2007 Report



Introduction

The Uptown St. Joseph Redevelopment Corporation Board of Directors has focused its work in four primary areas this fiscal year—(1) ensuring that the former Heartland Health downtown campus is redeveloped in accordance with the vision of the board and community, (2) continuing efforts to secure federal funding for improvement of infrastructure in the Uptown area and concentrating staff efforts on (3) support of “in progress” abatement properties and (4) recruitment of owners of deteriorating and dilapidated properties.

Our first activity has been highly successful with the selection of the Pioneer Group as the campus master developer. The developer’s initial project will be conversion of the former Heartland Health Cancer Center to a neighborhood center.

The second activity has led to preliminary notification that a grant of \$2 million has been allocated for improvement of infrastructure in the Uptown area.

The third activity has confirmed that owners often confront significant expense in achieving abatement standards, resulting in a completion time frame that exceeds their original expectations. This was reflected at year end 2006 when more than a dozen homeowners notified staff that they would not meet the deadline for the board’s abatement approval. Abatements were half of the expected number. Frequent communication with homeowners experiencing problems has been initiated to provide advice and encouragement.

The fourth activity, which will advance to high priority in the next fiscal year, is recruitment of owners of deteriorating and dilapidated properties. Although deteriorating and dilapidated homes were reduced by approximately 50 percent during the first two years of housing services, approximately 14 percent of homes, primarily rental or vacant, remain in blighted condition. Approximately 10 percent of the owners of blighted properties have expressed interest to date in participating in the abatement program and five percent of owners have expressed willingness to sell the property. Most of the blighted properties are concentrated in the Cathedral Hill Historic District.

Promotional and educational activities have been developed to draw public attention to the assets of the area and the significant progress to date. Attendees at an August, 2006, neighborhood update indicated satisfaction with Uptown and described the area in positive terms. Residents expressed a feeling of "above average safety" in the day and "safety comparable to other neighborhoods" at night. The lowest level of satisfaction was with parks and recreation facilities.

The board also sponsored its second homes tour, with attendance up almost 50 percent over the previous year in spite of rain. Additional efforts are underway to gain visibility for the area, build neighborhood pride and encourage neighbor-to-neighbor contact.

Recruitment of commercial properties in the Frederick Ave. tax increment financing district continues, with at least one more participant anticipated in the coming year. With these revitalizations underway and the initial redevelopment activity on the former Heartland campus, the greatest change in the Uptown area will take place in 2007 and 2008.

The board's work is supported by the Advisory Committee, made up of individuals who live or work in the area or bring special expertise to the project. Ongoing assistance is provided by City of St. Joseph and Buchanan County staff.

The work of the Board of Directors and Advisory Committee and the operation of the Uptown Revitalization office are funded by Heartland Health. Initial planning, preparation of all reports and documents, including this report, were funded by Heartland Health.

The following report highlights activities from June 1, 2006, through May 31, 2007.

Sincerely,



Robert Dempster, President
Uptown St. Joseph Redevelopment Corporation
Board of Directors

Cover: 11th St. and Isadore demonstration block

Project Overview

(from 2004-2006 report)

Background

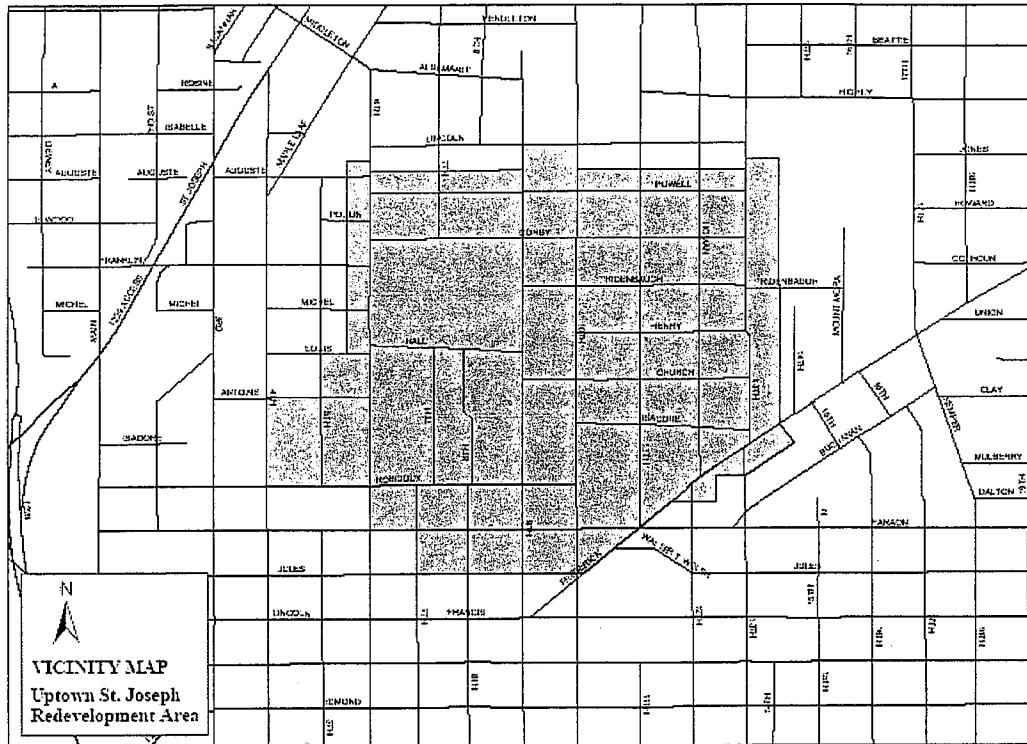
The Uptown St. Joseph Revitalization Plan was developed at the request of Heartland Health to define its approach to redevelopment of its outdated downtown campus. Studies of the campus, conducted over a 10-year period, concluded that adaptive reuse of campus facilities for any purpose was not financially feasible. All studies recommended that the campus be redeveloped as residential units, returning the property to its original use.

After further review by other groups, including city, county, educational and private institutions, no other potential reuse of the buildings was found financially feasible as a method for delivery of services. Therefore, plans were completed for demolition of the buildings and parking lots on the campus.

Heartland initiated a number of community conversations about the future of the site. Strong support for residential redevelopment was voiced; however, concerns were expressed about the condition of the neighboring historic districts. The residents were concerned about (1) deteriorating housing, (2) the high number of rental units, (3) higher-than-average crime incidence, (4) income limitations of residents, (5) lack of amenities and (6) neglect of infrastructure. Of special concern was the concentration of deteriorated homes along 9th and 10th Streets in the Cathedral Hill Historic District.

Heartland engaged Ochsner Hare & Hare, planning consultants and landscape architects, to develop a plan for the area that would meet the goals of neighboring residents and downtown revitalization advocates as well as Heartland's interest in the high quality redevelopment of the area.

The resulting Uptown St. Joseph Revitalization Plan encompasses approximately 180 acres immediately north of downtown St. Joseph. It is bounded, generally, by Faraon Street and Frederick Avenue on the south, Fourth Street on the west, Powell Street on the north and Thirteenth Street on the east. The Vicinity Map, page following, shows the project vicinity in relation to the City of St. Joseph.



The corporation relies primarily on six economic development incentives to implement the program and encourage voluntary participation: (1) property tax abatement of structures for 25 years, as allowed urban redevelopment corporations under Missouri statute 353 and approved by the City of St. Joseph (10 years at 100 percent and 15 years at 50 percent), (2) tax increment financing as allowed by Missouri statute and approved by the City of St. Joseph, (3) Missouri historic tax credits, (4) federal historic tax credits, (5) Missouri Neighborhood Preservation tax credits and (6) CDBG HOME funds.

All of the incentives are offered at no financial gain to the corporation. Tax abatement is effected using a unique “pass through” process which allows the corporation to “pass through” its benefits to the individual property owner and thus operate under not for profit principles.

Existing conditions
(from previous report)

A detailed assessment of the area by OHH demonstrated that the population of the proposed revitalization area was declining. The overall income of the area was low to moderate—a median of \$23,765 for the area in contrast to the median of \$35,500 citywide. The median value of housing in the revitalization area was \$39,326. Approximately 75 percent of the housing units were built in 1939 or earlier. Half of the housing units were deficient. Approximately 67 percent of the structures contained rental units, with only 33 percent occupied by owners. Land use patterns and existing zoning were outdated and incompatible. There were extensive infrastructure deficiencies. The area required a revitalization plan with a significant financial investment.

Leadership Commitment

(from previous report)

Heartland Health led revitalization efforts by making a financial commitment to prepare and implement a revitalization plan. The plan was adopted by the City of St. Joseph in March, 2005.

A Chapter 353 Redevelopment Corporation Board, owned by a not-for-profit corporation, was formed to guide the implementation of the plan. The Board of Directors is community-based and operates under not-for-profit principles.

The members of the Board of Directors are:

Robert Dempster, President; Reed Graves, Vice President; John Wilson, Secretary-Treasurer; Jack Fleck, Brad Lau, Roger Martin, Robert Simpson, Mark Woodbury and John Wray.

The board works in partnership with a neighborhood-based Advisory Committee.

Current advisors are:

John Wilson, Chair and Board of Directors Liaison; Rhabecca Boerkircher, Reverend Richard Dierkes, Shawn Force, Michael Insko, Chris Jenkins, Doug

Loehner, Glenn Pataky, Caroline Petrie, Liz Rose, Tim Stites, Vince Sutura, John Wood and ex officio Janet Pullen and Scot VanMeter.

The resident staff is open to the public at the revitalization office, 501 Francis St., Monday through Thursday, from 9:00 a.m. to 2:00 p.m. The telephone number is 816-232-1829.

Community Outreach

The corporation maintains an information center in the office which offers detailed information about the abatement process, historic and neighborhood preservation tax credits, use of HOME funds and contractors who have worked in St. Joseph or in the revitalization area.

The following outreach methods were used in the past year.

- Quarterly newsletter
- Individual mailings
- Recruitment phone calls
- Neighborhood meeting
- Door hangers
- Written survey
- Homes tour
- National search for master developer of downtown campus
- Presentations at City Council meetings
- Presentations to Buchanan County
- Flyers
- Contractors' consortium event
- Project orientations
- Participation in St. Joseph Civic Organizations
- Support of landlord consortium to approve living conditions
- Regular meetings with community-based Board of Directors
- Regular meetings with neighborhood-based Advisory Committee

Goals

(from previous report)

The following goals of the revitalization plan were developed, based on community commentary:

- To accomplish neighborhood revitalization in a manner consistent with historic preservation
- To correct substandard housing and building conditions
- To make needed infrastructure improvements
- To reverse the trend of rental occupancy through the conversion of existing rental units to owner occupied housing
- To reduce the trend of rental occupancy through the construction of “for sale” infill housing with styles consistent with the historic nature of the area
- To create residential neighborhoods with the same “quality of life” amenities as are available in newer neighborhoods
- To redevelop Heartland’s downtown campus in a manner that is a benefit to all parties
- To support downtown revitalization by creating desirable urban living in adjacent Neighborhoods

Implementation Activities

Revitalization Office and Services

The Uptown St. Joseph Revitalization Office is located at the southern edge of the project area.

Services provided by the office include education about Uptown incentives; prospect orientation; home visit, which includes assessment of extent of improvements needed; assistance with federal and state tax credits; assistance with

on-site landscaping concepts; on-going communication throughout the abatement process; marketing of all Uptown services; community representation; provision of meeting space and facilitation for board and advisor meetings.

Goal 1: To accomplish neighborhood revitalization in a manner consistent with historic preservation objectives

Contributing Properties Participate

To date, 85 properties are actively participating in the abatement process. Of the 85 participating properties, 57 are contributing and eligible for historic tax credits. This figure includes 19 new properties added in the last fiscal year and 33 properties placed on inactive status. Properties placed on inactive status were destroyed by fire, sold or removed by owner request. Owners removing properties from abatement cite financial difficulties, illness or family issues as the reasons for removal. New owners of sold inactive properties are being contacted to return the property to abatement. Inactive properties may return at the request of the owner, but will be subject to new minimum mandatory expenditures.

To date, 118 properties have completed orientations and inspections.

Heartland District Redevelopment Receives Tax Credits

Heartland Health has been approved for an additional \$231,300 in Neighborhood Tax Credits for 2007. In the previous year, \$169,200 was approved, bringing the total that will be applied by the campus master redeveloper to \$400,500.

A number of individual properties in the Uptown area are eligible for Missouri Neighborhood Preservation Tax Credits, which are approved through a lottery system.

Demonstration Block Receives Funding Notification

Uptown's proposed demonstration block, generally bounded by Frederick Ave. to Church St. along N. 10th and N.11th Streets, has received notification of approval for federal funding. The Uptown area is approved for \$2 million in infrastructure improvements. The demonstration block revitalization includes ADA ramps, curbs and gutters, alley overlays, street trees, sidewalks and neighborhood markers. The

demonstration block includes a significant investment from the Cathedral of St. Joseph to revitalize the parking lot at 5th St. and Church St. and revitalize a home on N. 11th St..

Overlay Tax Increment Financing District

The revitalization of commercial properties along Frederick Avenue from 10th to 13th Streets is underway with the Ryan Block building, with a projected investment of \$858,945. The board is pursuing additional projects.

Goal 2: To correct substandard housing and building conditions

Housing surveys are scheduled at two-year intervals. The next scheduled survey is in 2008; however, properties rated as deteriorated or dilapidated in the 2006 housing survey were revisited in 2007 to confirm status. Several properties were in the process of revitalization and 60 were confirmed as deteriorated and five as dilapidated. The focus of much of the Uptown staff has been on identifying and contacting owners of deteriorated properties, most of which are rental or vacant units. Uptown has encouraged individual residents to monitor adjacent deteriorating homes and report violations to the City of St. Joseph.

Property owners completing the abatement program continue to exceed minimum requirements. The average minimum expenditure required for properties completed in 2006 was \$6,664. The majority of 2006 properties approved for abatement required only a \$5,000 minimum.

Candidates for abatement are reviewed by a professional inspector and photographed. Upon completion, properties are subject to City and Uptown review, photographs are taken, expenditures are documented, the file reviewed by the Uptown Board of Directors for abatement approval. The abatement information is presented to Buchanan County for approval and recording. An annual accounting of abated properties is presented to the City of St. Joseph. All properties are subject to five year inspections throughout the abatement period.

Tax Abatement Summary 2006-2007

Housing Services Report 06-01-07	Investment
2006 Completed Abatement Projects by Address	
1024 N. 10 th St.	
922 N. 11 th St.	
901-903 N. 11 th St.	
905-907 N. 11 th St.	
610-612 N. 12 th	
619 N. 4 th St.	
709 N. 6 th St.	
725 N. 6 th St.	
416 N. 7 th St.	
1124 Corby St.	
1107 Ridenbaugh St.	
TOTAL ALL PROPERTIES	\$474,369
Number of Completed Applications	11
Average Expenditure per Property	\$43,124
Minimum Required Expenditure All Properties	\$73,307
Ratio of Actual Versus Required*	1:6.5

* property owners spent 6.5 times the minimum required

The projected improvements to be completed by the remaining active properties in the abatement program total \$4,705,177. The figure does not include the total of abated properties, listed above, or the abated properties of 2005 in the amount of \$133,636.

HOME Funds Aid Deteriorated or Dilapidated Properties

The board continues to educate contractors and property owners about the potential for revitalization of properties in poor condition. Uptown has been approved for \$165,340 in HOME funds to provide safe, clean housing for income-qualified individuals. The money may be used to purchase the home. Owners must

rent properties to income qualified tenants for the number of years, based on the grant amount. Several recruitment initiatives have been undertaken, including phone marketing, newsletter articles and a contractors' reception.

Goal 3: To make needed infrastructure improvements

During the initial planning process, consultants and City staff conducted walking tours of the Uptown area to assess infrastructure needs. Subsequently, a budget of \$3.5 million was proposed as part of the revitalization plan. The Uptown board has presented needed infrastructure requests to the City for inclusion in the Capital Improvements program. Of particular concern is the deteriorated status of College Hill Park (retaining wall and all fencing and equipment) and the lack of amenities in Nature Walk Park.

City Infrastructure Improvements in Uptown Area 2006-2007

District	Amount
Robidoux Hill District	
Robidoux Hill West District	
Cottage District	\$ 9,706
Hall St. District	
Heartland District	\$ 99
Cathedral Hill District	
Cathedral Hill North District	\$21,080
Frederick Ave. District	
TOTAL	\$30,885

Goal 4: Reverse the Trend of Rental Occupancy through Conversion to Owner Occupancy

At project inception, approximately 67 percent of housing units were rental. Uptown tax abatement guidelines withhold tax abatement from investors who rapidly acquire properties for rental purposes. The guidelines encourage reduction in the

number of rental units and encourage returning structures to the original number of housing units. From 2004-2006, there was a reduction in 74 rental units. A Housing Survey with tenure information will be prepared in 2008.

Heartland campus redevelopment will contribute significantly to the percentage of owner occupied homes. The developer has proposed 105 single family housing units. A final plan is anticipated by Fall, 2007.

Goal 6: Create Residential Neighborhoods with Amenity and Quality of Life

The planned demonstration block, continued infrastructure commitments from the City of St. Joseph and the re-use of the Heartland Cancer Center as a community center with meeting rooms and outdoor pool, will be implemented in the coming year.

Additional amenities are planned by Pioneer Group for the residential redevelopment of the Heartland campus.

Goal 7 & 8: To Redevelop the Heartland Campus and Support Downtown Revitalization by Creating Desirable Urban Living

With the selection of the Pioneer Group as master developer, a new community of residents committed to urban living will be realized. The new housing and other planned downtown improvements will stimulate revitalization in adjacent areas.

Several new downtown loft projects have been announced and Uptown recently approved abatement of 41 housing units scheduled for revitalization as the San Regis Apartments. The San Regis Investment is projected to exceed \$10 million.

“In progress” approved Uptown tax abatement candidates are completing improvements totaling at least \$4.7 million. Additional properties will be added during the year.

Investment and Resource Commitment

The overall redevelopment budget for the Uptown St. Joseph Revitalization Plan was approved by the City of St. Joseph in March, 2005. Over the 23-year life of the

Uptown St. Joseph Tax Increment Financing Plan, the projected investment is approximately \$51.2 million.

An average annual investment would be approximately \$2.2 million.

Uptown St. Joseph Projected Development Budget (est. costs)

Category	Amount
Revitalization Districts	\$40,826,574
Frederick Ave Overlay TIF District	\$8,837,815
Revitalization and TIF Plan	\$265,546
Application and Funding Fees	\$8,500
Housing Services Office	\$1,233,500
TOTAL	\$51,171,935

Investment and Resource Commitment through May 31, 2007

Investment Category	Amount
353 Plan, Approval; TIF Application & Funding Agreement	\$ 303,248
Operations	\$ 576,365
Campus Demolition	\$2,768,513
Infrastructure (City of St. Joseph)	\$30,885
Housing Improvements through Abatement Program	\$608,005
Institutional Investment	\$419,618
TOTAL INVESTMENT	\$4,706,634
Resource Commitment Category	
Abatement Projects in Progress	\$4,705,177
MO Neighborhood Preservation Tax Credits	\$ 400,500
HOME funds grant	\$ 165,340
TOTAL HOUSING COMMITMENT	\$5,271,017
Frederick Avenue TIF Project	\$ 858,945
TOTAL COMMITTED RESOURCES	\$6,129,962
TOTAL INVESTMENT & COMMITTED RESOURCES	\$10,836,596

Conclusion

Major investment in the Uptown area is expected in the coming fiscal year. Work is underway on a \$10.5 million upgrade of the San Regis Apartments. Work on revitalization of the former Heartland Cancer Center will begin when City approvals are completed. The original projected investment for the revitalized Heartland campus was \$21.2 million. The board anticipates that 35 property owners will complete rehabilitations by December 31, 2007, or request extensions through December 31, 2008. With current actual investment and commitments, the Uptown project should approach 50 percent of its \$51.2 million investment goal by December, 2008.