

Name of Project: Downtown Redevelopment Projects, St. Louis, Missouri
Name of CDE: Advantage Capital Community Development Fund

The Advantage Capital Community Development Fund was created to increase the investment capital available to entrepreneurs in Low-Income Communities throughout the nation, particularly those communities within New Orleans, St. Louis and other markets where Advantage Capital manages other, non-New Markets investment funds. The Fund is able to use the incentives offered by the New Markets Tax Credit program to access Advantage Capital's deep and diverse stable of investors both to raise large pools of capital dedicated for investment in these areas and, when appropriate, to provide investment for entrepreneurial businesses that are not adequately served by traditional capital providers.

Downtown St. Louis, particularly along Washington Avenue, has experienced a rebirth of activity over the last several years through the conversion of old office and warehouse buildings into loft apartments and condominiums. While these projects have been remarkably successful, community leaders and economic development officials have identified a missing link in the area's redevelopment as a shortage of tenants for the retail and commercial space located in these projects.

Thus, in early 2004, the Fund agreed to use a portion of its NMTC allocation to help address this problem. Advantage Capital worked with US Bank, which has long been a major investor in these revitalization efforts, to identify three development projects in the Washington Avenue district that could be significantly improved through the NMTC Program: Grace Lofts, Louderman Lofts, and Rudman on the Park. The Fund was able to provide a combination of debt and equity capital to increase the investment amounts and reduce debt service costs to a level where additional costs could be supported. Thus, the projects realized a significant monetary benefit from the financing, which they are using to fund the improvements and lease incentives that will attract businesses to locate in the neighborhood.

Grace Lofts consists of commercial and residential space in an eight-story, 60,000-square-foot building originally constructed in 1907. The Fund's \$10.3 million investment provided capital for the project owners to provide above-market buildout of the available retail and commercial space on the first and second floors (15,000 s.f. total), enabling them to offer below-market rents to prospective tenants. The project, which includes 20 residential condominiums, also projected 25 construction jobs and 10 permanent jobs to be created through the redevelopment.

Louderman Lofts includes both commercial and residential space in another historic building just a few short blocks off Washington. The 12-story structure has 21 residential condominiums on floors six through 12 and commercial space on the first five floors. The Fund's \$5.8 million investment generated capital enabling the project owners to build out the 31,600 square feet of commercial space and offer attractive rents to prospective office tenants. About 28 construction jobs and 70 subsequent full-time jobs are expected to be created or retained as a result of the project.

The investment in Rudman on the Park provided \$14.8 million in attractive financing for a historic, renovated mixed-use development on Washington Avenue. The eight-story building, originally constructed in 1901, has approximately 120,000 square feet. The ground floor (15,000 s.f.) is configured as retail space; floors two and three are office space (30,000 s.f.); floors four through eight have 48 residential rental apartments. Improved liquidity provided by this financing was used primarily to provide incentives and buildout for a restaurant and small grocery store occupying 11,000 square feet on the street level. The project was projected to create 25 construction jobs and 15 subsequent jobs. The restaurant has proven quite popular and brings many non-residents into the neighborhood, where they can see and experience the revitalization of the area.



Grace Lofts



Louderman Lofts



Rudman on the Park