

Name of Project: Old Post Office, St. Louis, Missouri

Name of CDE: National Trust Community Investment Corporation

Background

Construction of the 242,000 gross-square-foot Old Post Office began in 1872 and was completed in 1884 at a cost of approximately \$6 million (in 1884 dollars). The building's monumental proportions, its vast vertical elements and distinctive hipped roofline made it a distinctive landmark in downtown St. Louis. Such a commanding interior space proved difficult to occupy, however, after postal operations ceased. The building first fell vacant in 1975. Even a \$16 million renovation and adaptive reuse overseen by the U.S.

Government Services Agency (GSA) failed to secure its future. Various retailers tried the location and failed. Federal office consolidation plans led to the building's designation as surplus property again in the 1990s. The DESCO Group and DFC Group, Inc., both of St. Louis, began redevelopment and financing planning in the fall of 2000. The result is a \$44 million rehabilitation plan to return the grandiose structure to viability.

The Project:

The Missouri Court of Appeals, Eastern District, will occupy the entire third and fourth floors (50,000 square feet) of the rehabilitated structure for its courtrooms and library. Webster University, The St. Louis Business Journal, St. Louis Public Library and Teach for America are among the other confirmed tenants. To date, a total of 66% of the 157,500 rentable square footage has been leased. The remaining 56,500 square feet will be for retail and offices on the garden, mall and second floor.

Project Financing:

NTCIC utilized \$22.5 million of its first round \$127 million New Markets Tax Credit (NMTC) allocation to enhance an equity investment for the rehabilitation of the Old Post Office building. A National Historic Landmark, the project is eligible for approximately \$7.5 million in Federal Historic Tax Credits (HTCs) and nearly \$8 million in Missouri state HTCs. The NMTC equity provided an additional \$7.5 million or 33% more of critical equity. But for this additional equity, the project would not have been feasible, and the Old Post Office itself, which was scheduled to be vacated by the GSA, would have been threatened. The project is now being completed with less debt and smaller debt service payments, the key to offsetting the risks associated with redeveloping historic property in a low-income community. NTCIC created a subsidiary Community Development Entity, NTCIC/Old Post Office, LLC, with US Bank to facilitate the transaction. US Bank is the federal and state HTC investor and the NMTC investor and will own 99.99% of NTCIC/Old Post Office, LLC. That entity in turn owns 99.99% of the St. Louis' U.S. Custom House and Post Office Building Associates, LP, which owns the Old Post Office.

Community Impact:

The Old Post Office building is located at 815 Olive Street, St. Louis, MO 63101, which is in a qualified low-income community (69% median family income). This is also an additionally distressed area as defined by the Community Development Financial Institutions Fund, since the tract has 1.83 times the national unemployment rate and is

part of a local redevelopment district. The low-income community will benefit from the attraction of businesses, jobs and students utilizing local business services.

The commitment to redevelop the Old Post Office and the pending development of the 9th Street Garage (with additional development costs of \$32.8 million) has spurred the rehabilitation of 10 nearby buildings.

- The leveraged economic activity combined with the Old Post Office itself can be summarized as follows:
- 11 previously vacant or underused historic buildings rehabilitated;
- 1,920,500 rehabbed square feet;
- \$432.3 million in rehabilitation and development costs;
- at least 576 apartments and condos;
- 391,200 square feet of office and retail space;
- 89,800 square feet of public library, court and university space;
- 262 new hotel rooms; and
- a public plaza, historic theater and two entertainment and conference facilities.

According to the Study of Net Fiscal Benefits to the State of Missouri (March 2005) on the rehabilitation of the Old Post Office, the State of Missouri is also expected to derive direct tax revenues of \$13.6 million, indirect tax revenues of \$7.6 million and \$27.1 million in direct and indirect tax revenues from the surrounding development projects. The total net benefit to the State is expected to be \$75.6 million.