



NMTCs Transform Center of Ferguson, Mo., Protests into Empowerment Center

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A burned-out convenience store that was the epicenter of 2014 racial protests and riots in Ferguson, Mo., will become a community-focused “empowerment center,” thanks to the infusion of new markets tax credit (NMTC) equity.

The Urban League of Metropolitan St. Louis broke ground in August 2015 on the new Ferguson Empowerment Center at the site of the former QuikTrip convenience store and gas station that burned during racial unrest in 2014 and became the site for days of protests. The \$5.8 million center will house multiple nonprofit organizations, provide employment assistance and training, financial literacy and asset building, counseling services and entrepreneurship training.

“The location of the project is really ground zero for the Ferguson unrest,” said Dan Blocher, vice president of NMTC investor U.S. Bank Community Development Corporation (USBCDC). “And these are great services from the Urban League.”

Michael McMillan, president and CEO of the Urban League’s St. Louis chapter, said the location was critical. “It was extremely important—just as

important symbolically as it was programmatically,” he said. “It was the first building burned and was on the national news, looking like [it was] a documentary from the 1960s.”

Michael Kressig, a partner in Novogradac’s St. Louis office who worked with the Urban League on the deal, said the transaction is a model of what the NMTC program offers. “The tax credits help take this symbol of frustration and anger and turn it into something that provides opportunities and hope,” Kressig said. “The entire community benefits.”

Construction is expected to finish in early 2017.

A Symbol of Unrest

The convenience store in Ferguson, a northern suburb of St. Louis, became iconic after the Aug. 9, 2014, slaying of Michael Brown by Darren Wilson, a white Ferguson police officer. Some witnesses said Brown, a black, unarmed 18-year-old, had his hands in the air, while others disagreed. Wilson was later not indicted by a St. Louis County grand jury and the U.S. Department of Justice did not file charges, although the Justice Department found that the

continued from page 1



Image: Courtesy of US Bank

The Ferguson Empowerment Center is being built on the site of the iconic QuikTrip convenience store, center of the 2014 racial protests and riots in Ferguson, Mo. New markets tax credits (NMTCs) were a key piece of the funding.

police department engaged in racial misconduct against Ferguson residents.

The day after the shooting, there was a false rumor that QuikTrip's employees had called police to report Brown as a shoplifter. Protesters looted and then burned the gas station and store. Almost immediately, the site became a makeshift public square, with gatherings and nightly conflict between the police and protesters. It was where Ferguson Police Chief Thomas Jackson released the name of Wilson as the shooter.

Peaceful protests and civil disorder continued over longstanding racial tensions between the majority-black population and majority-white city government and police. By Aug. 19, QuikTrip officials erected a chain-link fence around the property and began dismantling the store and gas station.

McMillan said the concept of the empowerment center came in the midst of the unrest. "One of the things we heard was that young people felt like their voices weren't being heard, that they weren't at the table when the decisions were being made," McMillan said. "Their assessment was accurate. We started asking young people what we could do to help and No. 1 was jobs."

So the Urban League created its Save Our Sons workforce training program for African-Americans and other men in Ferguson and the surrounding North St. Louis County

area. "We wanted to help in the rebirth of Ferguson and not let it become abandoned and neglected," McMillan said. "That's when we came up with the idea of the empowerment center at the QuikTrip site."

McMillan said QuikTrip's corporate leadership was "very, very generous" in its response, choosing to purchase the site from a franchisee, remediate it (since it was also a gas station) and donate it to the Urban League, along with making a significant donation to the capital campaign.

Enter NMTCs

The Urban League's vision for the center began in 2015 and it was slated to be one story, cost \$4 million and use a \$4 million NMTC allocation from Heartland Regional Investment Fund LLC (HRIF).

"The development had been in process for some time. We were approached by Howard Smith of Smith NMTC Associates [on behalf of the Urban League to discuss providing an allocation] in March of this year," said Jeffrey Frankel, assistant vice president of new markets tax credits at St. Louis Economic Development Partnership, which includes HRIF. "We wanted to make an impact in the North St. Louis County area and [this NMTC allocation] made sense."

As the Urban League continued its capital campaign, it entered into collaboration with The Salvation Army, which entered as a financial and programmatic partner, investing its \$1.4 million capital to add a second floor to the building, a condominium it will ultimately own.

"North St. Louis County is an area that deserves more programs and services to help those in need," said Lt. Col. Dan Jennings, the Salvation Army Midland Divisional Commander. "With our partnership, The Salvation Army and the Urban League will provide help with afterschool tutoring, financial assistance for rent and utilities, emotional and spiritual care for

continued on page 3



continued from page 2

individuals re-entering society after incarceration and the Salvation Army Pathway of Hope program to help families break free of poverty.”

The involvement of The Salvation Army changed the economics and HRIF agreed to increase its allocation to \$6 million.

“It’s wonderful to be in partnership with the Urban League and it’s clearly important that agencies, organizations and others show a spirit of cooperation,” said Gary Busiek, division social service director for The Salvation Army’s Midland Division. “We can combine to bring services to bear in an impactful way.”

The growth of the capital campaign and the influx of NMTC funds increased the planned size from 4,000 square feet to 8,000, 12,000 and finally 13,500 square feet. “The tax credits sealed the deal so we could build a facility as large as it could be built,” McMillan said. “If it wasn’t for tax credits, we wouldn’t be in a position with as large a facility as others.”

The location and purpose were significant. “Anyone who reads the newspaper or read about the death of Michael Brown was aware of the riots,” said Donna Smith, executive vice president of Smith NMTC Associates. “The QuikTrip that burned was an iconic image of unrest, the Black Lives Matter movement and tackling racism.”

“This opportunity aligned well with HRIF’s mission,” said Frankel. “This wouldn’t have come to fruition if it wasn’t for the additional boost of the new markets tax credits. It’s a very powerful ‘but-for’ project.”

The development is expected to create 18 permanent positions and 65 construction jobs—plus training to help residents land other jobs.

Financing

The NMTCs and capital campaign were the key financial tools, as USBCDC invested \$2 million in NMTC equity and McMillan raised another \$4 million in donations and contributions.

“We’re proud to be in this development,” Blocher said. “We’re in St. Louis and this really speaks to some of the bank’s core values and initiatives. This is definitely of interest to us.” The development also made history: It is the first time that the 106-year-old Urban League and the 150-year-old Salvation Army have partnered on building ownership.

Nonprofits Coming

The Save Our Sons program will operate out of the center, as will The Salvation Army. Other programs will be offered by the Lutheran Missouri Synod, Better Family Life, the University of Missouri Extension and Provident Inc.

“It was an important deal for us,” said Stacie Chang, project manager for USBCDC on the transaction. “It’s meaningful that there will be six nonprofits under one roof. And the site is accessible from public transit [making it more convenient]. Everyone will be affected somehow.”

Many of the nonprofits already have a presence in the community, but the empowerment center will allow them to work more closely together in an accessible location. “The best thing is the organizational partnership,” said Busiek. “We have agreed to come alongside each other.”

Iconic Location, Model Deal

For participants, this is a landmark. “We think all new markets tax credits developments are beneficial and catalytic,” Blocher said. “But this can really be a catalyst for change and an opportunity for a better future.”

He isn’t alone.

continued on page 4

continued from page 3

“This is a perfect example of a project that sometimes isn’t highlighted because it doesn’t create a hundred jobs at the start,” Smith said. “But it provides skill-building and job-training services to a community that needs it, which is at least as important as creating up-front jobs. It’s going to reach thousands of people annually with empowerment, job skills, interview skills, empowerment skills. It’s going to help the community.”

McMillan looks forward to years of accomplishment.

“Success for us is a facility that’s fully functional and operational from sunup to sundown, with the six of us in the building serving tens of thousands of residents

Ferguson Empowerment Center

FINANCING

- ◆ \$6 million new markets tax credit (NMTC) allocation from Heartland Regional Investment Fund
- ◆ \$4 million in donations, contributions and financing obtained by the Urban League
 - Includes \$1.4 million from the Salvation Army, \$20,000 from U.S. Bancorp Community Development Corporation (USBCDC) and land from QuikTrip
- ◆ \$2 million NMTC equity investment from USBCDC

with empowerment programs,” McMillan said. “The reaction has been incredibly positive and supportive.”❖

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