



To: City of St. Louis Planning Commission
From: Don Roe, Director
Subject: Chapter 353 Blighting
(Proposed 634 North Grand 353 Redevelopment Area)
Date: January 4, 2016

Summary

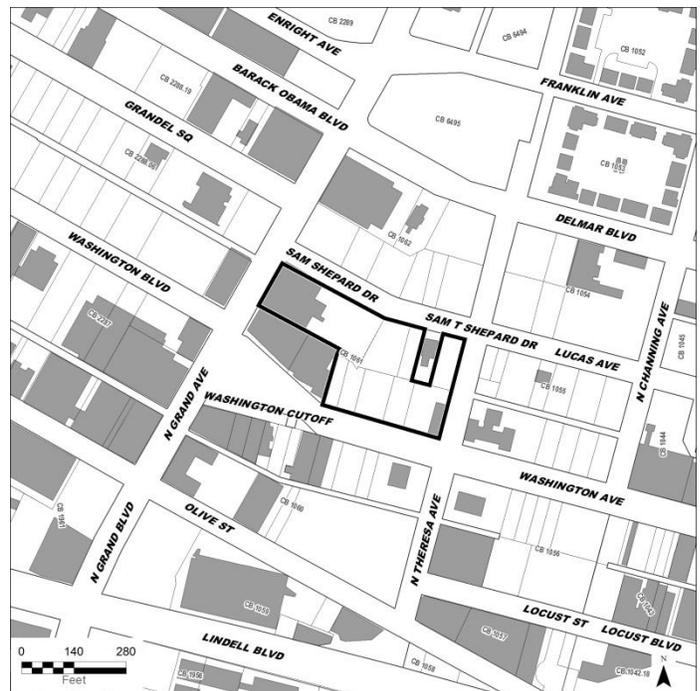
Submittal: Board Bill proposing to declare an area to be blighted under Chapter 353 of the Revised Statutes of Missouri for Planning Commission review and recommendation.

Site: The proposed 634 North Grand 353 Redevelopment Area is an approximately 2.5-acre site -- generally bounded by N. Grand Blvd. on the west, Dr. Samuel T. Shepard Dr. on the north, N. Theresa Ave. on the east, and Washington Blvd. on the south - - located in the Covenant Blu/Grand Center neighborhood.

Existing Uses: The proposed Redevelopment Area's 10 parcels include a vacant large office building (the former Missouri Theatre Building) and an occupied small storage building. The remaining parcels are used as surface parking lots.

Background: Alderwoman Marlene Davis (19th Ward) recently introduced a Board Bill proposing to declare the proposed Redevelopment Area to be blighted under Chapter 353 of the Revised Statutes of Missouri. The Board Bill was referred to the Planning Commission for its study and recommendation.

Prospective Developer: If the blighting of the Redevelopment Area is approved by ordinance, the 634 Redevelopment Corporation would like to enter into a redevelopment agreement with the City under a Chapter 353 Redevelopment Plan to redevelop the site. Phase 1 proposes a \$53 million renovation of the office building, which would include a 139-room hotel (with 22,000 square feet of related uses), 24,000 square feet of office space and 1,200 square feet of retail space. Phase 2 proposes a \$61 million mixed-use development for the remainder of the Redevelopment Area. As currently envisioned, Phase 2 would include 140 to 160 apartments, 5,000 to 15,000 square feet of office/retail space and a 500-space parking garage. This proposed Redevelopment Plan would be reviewed by the Planning Commission at a future meeting and would need to be approved by ordinance.



Determination: The Planning Commission’s recommendation must indicate if the area is a “blighted area”, as defined in Sections 11.06.010 and 11.06.020 of the Revised Code of the City of St. Louis and Section 353.020 of the Revised Statutes of Missouri, 2000, and in accordance with the procedures contained in Chapter 11.06 of the Revised Code of the City of St. Louis and Chapter 353 of the Revised Statutes of Missouri, 2000.

Recommended Action

That the Planning Commission recommends to the Board of Aldermen that the proposed 634 North Grand 353 Redevelopment Area, as defined in the attached legal description, be declared blighted by determining that the area is blighted, as defined in Sections 11.06.010 and 11.06.020 of the Revised Code of the City of St. Louis and Section 353.020 of the Revised Statutes of Missouri, 2000, and is necessary and in the public interest.

1.0 Background

Determination

Alderswoman Marlene Davis (19th Ward) introduced Board Bill #235 at the Board of Aldermen on November 20, 2015 proposing to declare the proposed Redevelopment Area to be blighted under Chapter 353 of the Revised Statutes of Missouri. Board Bill #235 was referred to the Planning Commission for its study and recommendation by Timothy O’Connell, Clerk/Legal Counsel of the Board of Aldermen. The Planning Commission is required to make a recommendation as to whether the proposed 634 North Grand 353 Redevelopment Area, as defined in the legal description in Exhibit “A” and shown on the map in Exhibit “B”, should be declared a “blighted area”. The area in question is the subject of a Blighting Study prepared by Development Strategies, a St. Louis-based consulting firm, at the request of 634 Redevelopment Corporation, which (through a related entity) owns six of the Redevelopment Area’s 10 parcels, and has option contracts on the other four parcels from their current owner, Third Baptist Church. The Blighting Study, “Data and Analysis of Conditions Representing a ‘Blighted Area’ for the 634 North Grand 353 Redevelopment Area”, dated November 2015, is attached hereto as Exhibit “D”. Additionally, PDA staff has reviewed the Blighting Study and has conducted its own research and verification of conditions in the area.

The recommendation of the Planning Commission shall be guided by definitions in Section 11.06.020 of the Revised Code of the City of St. Louis and Section 353.020 of the Revised Statutes of Missouri, 2000. The following definitions apply to this task:

Section 11.06.020, Subsections A and B of the Revised Code of the City of St. Louis reads as follows:

A. “Area” means that portion of the City which the legislative authority of the City has found or shall find to be blighted, so that the clearance, replanning, rehabilitation, or reconstruction thereof is necessary to effectuate the purposes of this law. Any such area may include buildings or improvements not in themselves blighted, and any real property whether improved or unimproved, the inclusion of which is deemed necessary for the effective clearance, replanning, reconstruction or rehabilitation of the area of which such buildings, improvements or real property form a part;

B. “Blighted Area” means that portion of the City which the Board of Aldermen determines that by reason of age, obsolescence, inadequate or outmoded design or physical deterioration, existing properties and improvements, have become economic and social liabilities, and that such conditions are conducive to ill health, transmission of disease, crime or inability to pay reasonable taxes;

Section 353.020, Subsections (1) and (2) of the Revised Statutes of Missouri, 2000 reads as follows:

(1) "Area", that portion of the city which the legislative authority of such city has found or shall find to be blighted so that the clearance, replanning, rehabilitation, or reconstruction thereof is necessary to effectuate the purposes of this law. Any such area may include buildings or improvements not in themselves blighted, and any real property, whether improved or unimproved, the inclusion of which is deemed necessary for the effective clearance, replanning, reconstruction or rehabilitation of the area of which such buildings, improvements or real property form a part;

(2) "Blighted area", that portion of the city within which the legislative authority of such city determines that by reason of age, obsolescence, inadequate or outmoded design or physical deterioration have become economic and social liabilities, and that such conditions are conducive to ill health, transmission of disease, crime or inability to pay reasonable taxes;

Site

The proposed 634 North Grand 353 Redevelopment Area is approximately 2.5 acres in size and includes 10 of the 13 parcels located in City Block 1061. This city block, located in the Covenant Blu/Grand Center neighborhood, is bounded by N. Grand Blvd. on the west, Dr. Samuel T. Shepard Dr. on the north, N. Theresa Ave. on the east, and Washington Blvd. on the south. The Redevelopment Area's 10 parcels include a vacant large office building and an occupied storage building. The remaining parcels are used as surface parking lots. A legal description of the proposed Redevelopment Area is included as Exhibit "A", while a map of the proposed Redevelopment Area is included as Exhibit "B".

The office building, 634 N. Grand Blvd., is 12 stories tall and has approximately 157,000 square feet of space. The building was constructed in 1920. It originally included the 3,600-seat Missouri Theatre, ground-floor retail space, and upper-floor office space for doctors and dentists. The building is included in the Midtown National Historic District. The City of St. Louis purchased the building in the 1970's to house the City's Health Department. However, the building was vacated in 2007 due to its increasing functional obsolescence. Grand Center, Inc. purchased the building in 2012 and sold it in 2014 to an entity related to 634 Redevelopment Corporation, the prospective developer.

The storage building, 3501 Washington Blvd., is a two-story, 5,400-square foot structure that was built in 1965. The building is owned and occupied by Third Baptist Church, whose church is located further west in the same city block.

The remaining parcels are used as surface parking lots. Some of the parcels are used for parking for Grand Center events, while other parcels are reserved for the use of Third Baptist Church.

The prospective developer, 634 Redevelopment Corporation, owns six of the proposed Redevelopment Area's 10 parcels through a related entity and has option contracts on the other four parcels from their current owner, Third Baptist Church.

If the blighting of the proposed Redevelopment Area is approved by ordinance, the 634 Redevelopment Corporation would like to enter into a redevelopment agreement with the City under a Chapter 353 Redevelopment Plan to redevelop the site. Phase 1 proposes a \$53 million renovation of the office building, which would include a 139-room hotel (with 22,000 square feet of related uses, such as restaurant, bar and event space), 24,000 square feet of office space and 1,200 square feet of retail space. Phase 2 proposes a \$61 million mixed-use development for the remainder of the proposed Redevelopment Area. As currently envisioned, Phase 2 would include 140 to 160 apartments, 5,000 to 15,000 square feet of office/retail space and a 500-space parking garage. The storage building would be demolished as part of the second phase of the development project. This proposed Redevelopment Plan would be reviewed by the Planning Commission at a future meeting and would need to be approved by ordinance.

Three parcels in City Block 1061 are excluded from the proposed Redevelopment Area. These include two parcels owned and occupied by Third Baptist Church, 620 N. Grand Blvd. The church building is included in the Midtown National Historic District. The third parcel is a single-family home, 3508 Dr. Samuel T. Shepard Dr. The building is listed on the National Register of Historic Places as the Robert Henry Stockton House.

The proposed Redevelopment Area is located within Grand Center, an arts district with various cultural attractions, including theaters, concert and performance venues, museums, galleries and restaurants. Many are located in the Midtown National Historic District. Although attractions such as Powell Hall and the Fox Theater are within shouting distance of the proposed Redevelopment Area, the proposed Redevelopment Area has not been able to capitalize on its excellent location.

Summary of Blighting Study

As stated previously, a Blighting Study was prepared by Development Strategies, Inc., a St. Louis-based consulting firm. The firm promotes its consulting expertise as “guiding effective decisions in real estate, community, and economic development” and has conducted many blighting studies in St. Louis -- including Loughborough Commons, McRee Town, CORTEX, and the proposed NGA facility on the City’s Near North Side. The Blighting Study, “Data and Analysis of Conditions Representing a ‘Blighted Area’ for the 634 North Grand 353 Redevelopment Area”, dated November 2015, is attached as Exhibit “D”. The document includes extensive research on the proposed Redevelopment Area, including a summary of the physical condition and a photograph of every parcel in the area. Based on its research, Development Strategies states that the proposed Redevelopment Area is “blighted” and cites the following factors in reaching this determination:

Age of Existing Buildings

The two buildings remaining in the Redevelopment Area have an average age of nearly 73 years, and include:

- *The Missouri Theater Building, built in 1920 and expanded to create space for additional building mechanicals in 1957*
- *A small accessory building, built in 1965, which is currently used for storage by its owner, Third Baptist Church*

Obsolescence

Development in the Redevelopment Area was determined to be obsolete due to:

- *The functional obsolescence of the Missouri Theater Building as reflected by its abandonment and long-standing inability to attract new tenants*
- *Obsolete electrical and mechanical systems*
- *Inadequate lot size and improper platting for location- and zoning appropriate uses including office, entertainment, and retail*

Inadequate or Outmoded Design

Much of the existing infrastructure and development in the Redevelopment Area is inadequate or outmoded as represented by:

- *Electrical service underpowered for modern commercial uses*
- *Data and fiber infrastructure inadequate*
- *Inadequate water service and sprinkler system for fighting fires*
- *Lack of disabled access that conforms to the requirements of the Americans with Disabilities Act (“ADA”)*

Physical Deterioration

As identified by the field study conducted by Development Strategies, there is a physical deterioration throughout the Redevelopment Area as reflected by:

- *The moderately deteriorated condition of the Missouri Theater Building*
- *The moderately deteriorated condition of parking areas and landscaping*

Economic Liability

As a result of the previously mentioned blighting factors, the Redevelopment Area is an economic liability as reflected by:

- *The underutilization of the Redevelopment Area, given its location near other major development in Grand Center, leading to decreased revenues for taxing authorities*
- *The long-term vacancy and deterioration of improvements in the Area, which inhibits new investment and creates a burden on the City*

Social Liability

The blighting factors also create a social liability due to:

- *Vacancy within the Area, creating an elevated risk of fire, crime, and personal injury*
- *Lack of access for persons with disabilities that conforms to the requirements of the ADA*
- *The Area's negative effect on nearby development in Grand Center*
- *The Area's inability to pay taxes sufficient to support much-needed municipal services*

Conditions Conducive to Ill Health, Transmission of Disease, or Crime

The long-term vacancy and other conditions within the Redevelopment Area create conditions conducive to ill health, transmission of disease, and crime because of:

- *An increased danger of uncontrolled fires due to risk of arson*
- *The deteriorated condition of some existing site improvements—a potential hazard for pedestrians and vehicles both within, and adjacent to, the Area*
- *Vacancy in the Area, creating an environment in which criminal acts could go unobserved*
- *High level of crime in the surrounding area*
- *Likely environmental contamination from demolition of older structures without proper abatement of hazardous building materials*

Inability to Pay Reasonable Taxes

The Redevelopment Area is blighted by reason of its inability to pay reasonable taxes due to:

- *Vacancy of the Missouri Theater building and marked underutilization of much of the rest of the Area*
- *Inability to attract meaningful investment despite its prime location*
- *Declining assessed values*
- *Low total taxable value relative to adjacent, redeveloped parcels*

Finding of Blight

As summarized above, and discussed in detail in the balance of this report, the data demonstrate that conditions in the Redevelopment Area are above the established threshold standards for blight under Chapter 353 RSMo and Section 11.06. The data support a finding that the Redevelopment Area is blighted by reason of age, obsolescence, inadequate or outmoded design or physical deterioration, that it has become an economic and social liability, and that such conditions are conducive to ill health, transmission of disease, crime and/or inability to pay reasonable taxes.

Looking beyond the individual factors of blight described here, it is important to understand the collective impact of these factors. The Redevelopment Area is clearly failing to adequately contribute to the economic and social welfare of the City of St. Louis and its residents. It is an area of marked economic underutilization, particularly given the considerable benefits of its location within the rapidly-developing Grand Center Arts District.

The high cost of renovating the Missouri Theater Building and providing the infrastructure necessary to allow the Area to capitalize on its locational assets has effectively precluded the possibility of any private redevelopment investment. Without access to the powers of redevelopment under Chapter 353, the Area will almost certainly continue to be economically underutilized and fail to produce the fiscal and economic benefits necessary to contribute to the long term viability of the City of St. Louis and other taxing districts.

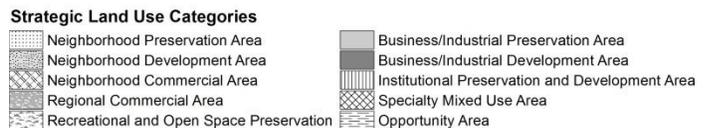
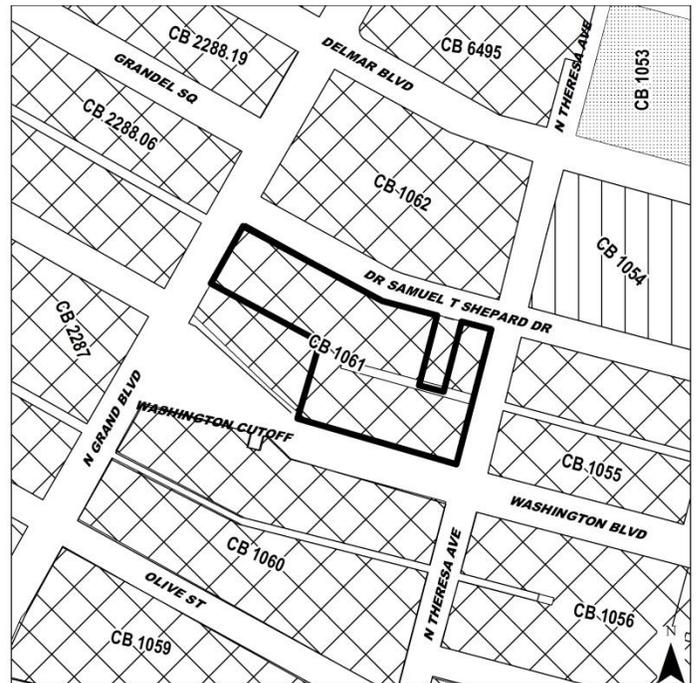
2.0 Comments

Staff of the Planning and Urban Design Agency has reviewed the above-referenced conclusions drawn by Development Strategies and concurs with the overall conclusions of the report based on staff’s knowledge of the proposed Redevelopment Area and the methodologies used by Development Strategies.

In addition to reviewing the Blighting Study, staff conducted its own research and verification of conditions in the area. This took the form of examining all parcels in the area -- with a focus on the physical condition of the buildings and parking lots. Photos of the parcels were taken -- a portion of which are included in Exhibit “C”-- and will be presented at the January 6, 2016 Planning Commission meeting.

The City’s Strategic Land Use Plan designates the entire proposed Redevelopment Area -- as well as much of Grand Center -- as a Specialty Mixed Use Area (SMUA). The SMUA Strategic Land Use Category is defined as: “Areas like Downtown St. Louis where it is intended that a unique mix of uses be preserved and developed.”

The proposed two-phase development project -- Phase 1 proposes a \$53 million renovation of the office building, which would include a 139-room hotel (with 22,000 square feet of related uses), 24,000 square feet of office space and 1,200 square feet of retail space, while Phase 2 proposes a \$61 million mixed-use development, including 140 to 160 apartments, 5,000 to 15,000 square feet of office/retail space and a 500-space parking garage -- would enliven a current “dead zone” with additional people (hotel guests, office workers and residents) and activity, and strengthen Grand Center’s mixed-use environment.



It should be noted, however, that this proposed blighting doesn’t affect proposed land uses. The Planning Commission only needs to determine whether the proposed Redevelopment Area is blighted -- not whether the proposed Redevelopment Area is in conformity with the City’s Strategic Land Use Plan.

2.1 Public Input

The Board of Aldermen will conduct a public hearing as part of the legislative process.

2.2 Previous Commission Action

None.

2.3 Requested Action

Chapter 11.06 of the Revised Code of the City of St. Louis requires the Planning Commission (as successor to the Community Development Commission) to transmit its recommendations to the Board of Alderman either in advance of the introduction of a proposed ordinance regarding the proposed blighting of an area or after a proposed ordinance has been referred to the Planning Commission by the Clerk of the Board of Aldermen.

Section 11.06.050 specifically states: *“Provided that any recommendation to declare the area blighted shall contain a determination that the area is blighted as defined by Section 11.06.020 and redevelopment of the area under Chapter 353 of the Missouri Revised Statutes, 1949, as amended, and this chapter is necessary and in the public interest.”*

Requested Recommendation

That the Planning Commission recommends to the Board of Aldermen that the proposed 634 North Grand 353 Redevelopment Area, as defined in the attached legal description, be declared blighted by determining that the area is blighted, as defined in Sections 11.06.010 and 11.06.020 of the Revised Code of the City of St. Louis and Section 353.020 of the Revised Statutes of Missouri, 2000, and is necessary and in the public interest.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY OF ST. LOUIS PLANNING COMMISSION AS FOLLOWS:

1. The area described in Exhibit “A” is a blighted area in accordance with the definitions in Section 11.06.020, Subsections A and B of the Revised Code of the City of St. Louis and Section 353.020, Subsections (1) and (2) of the Revised Statutes of Missouri, 2000.
2. The area described in Exhibit “A” is recommended for redevelopment under Chapter 353 of the Revised Statutes of Missouri, 2000 and Chapter 11.06 of the Revised Code of the City of St. Louis and is necessary and in the public interest.
3. The Director of the Planning and Urban Design Agency is hereby authorized and directed to notify the Board of Aldermen of its recommendation.

EXHIBIT A

Legal Description

A tract of land in Block 1061 of the City of St. Louis, beginning at the Intersection of the East line of Grand Boulevard, with the South line of Samuel Shepard Drive (formerly Lucas Avenue); thence East along the South line of Samuel Shepard Drive, a distance of 315.06 feet to an angle point in said South line; thence continuing East along the South line of Samuel Shepard Drive (formerly Lucas Avenue) a distance of 108.22 feet to the Northwest corner of property conveyed to Robert and Natalie Duggan by deed recorded in Book 07102008 page 16 of the City of St. Louis Records; thence South along the West line of said Duggan property a distance of 142.56 feet to the Southwest corner thereof; thence East along the South line of said Duggan property a distance of 50 feet to the Southeast corner thereof; thence North along the East line of said Duggan property a distance of 142.56 feet to the South line of Samuel Shepard Drive (formerly Lucas Avenue); thence East along the South line of Samuel Shepard Drive (formerly Lucas Avenue) a distance of 60 feet to the West line of Theresa Avenue; thence South along the West line of Theresa Avenue a distance of 274.34 feet more or less to the North line of Washington Boulevard; thence West along the North line of Washington Boulevard a distance of 325 feet more or less to the East line of property conveyed to Third Baptist Church by deed recorded March 3, 1973 daily number 102; thence North along the East line of said Third Baptist Church property a distance of 160 feet more or less to the Northeast corner thereof and to the South line of property conveyed to TLG 634 N Grand LLC, by deed recorded in Book 12042013 page 219 of the City of St. Louis Records; thence West along the South line of said TLG 634 N Grand LLC a distance of 245 feet more or less to the Southwest corner of said TLG 634 N Grand LLC property and to the East line of Grand Boulevard; thence North along the East line of Grand Boulevard a distance of 129 feet 4 inches to the point of beginning.

EXHIBIT B

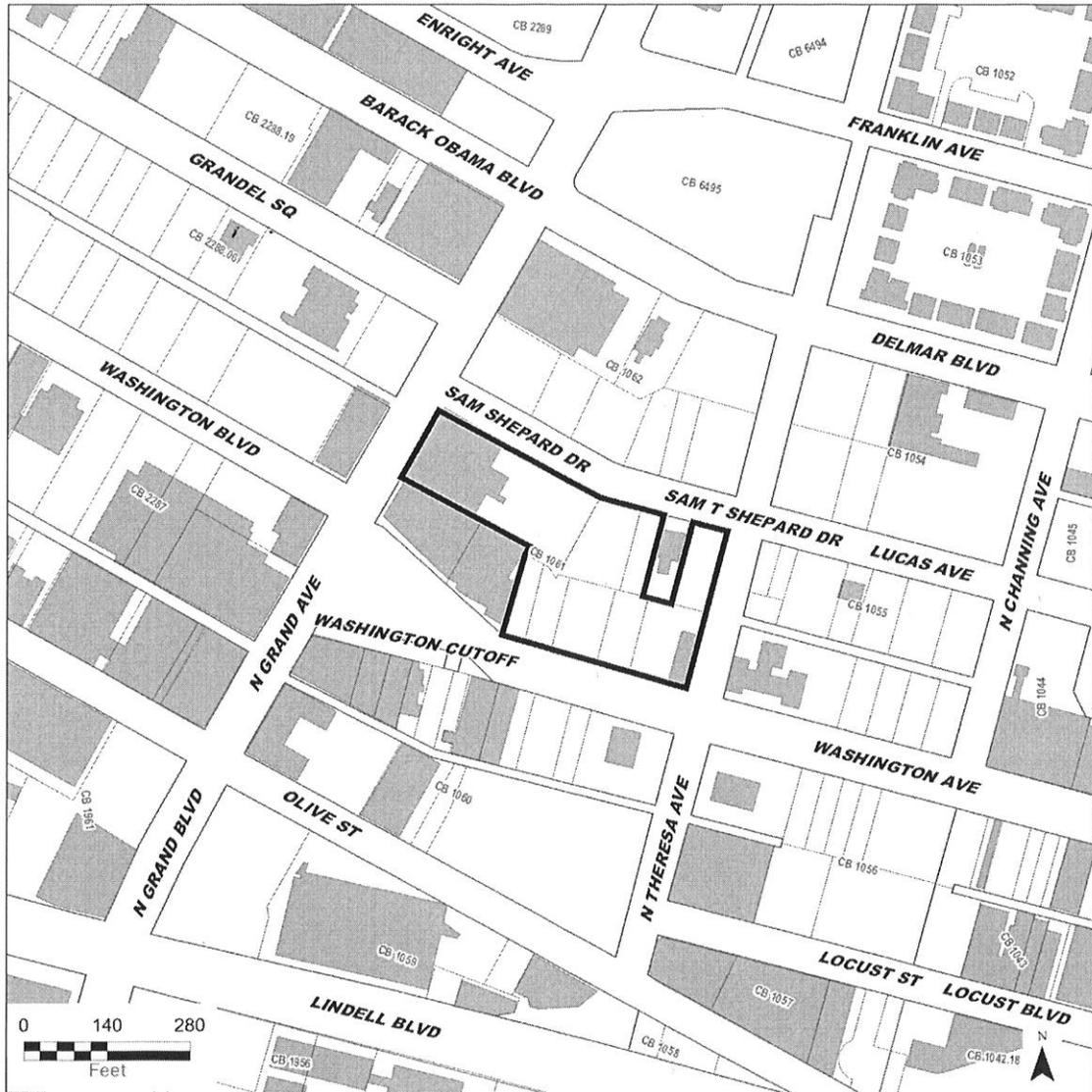


Exhibit "C"

Photos of
Proposed 634 North Grand 353 Redevelopment Area

	
<p style="text-align: center;">1) Proposed Redevelopment Area (Vacant office building, 634 N. Grand Blvd.)</p>	<p style="text-align: center;">2) Proposed Redevelopment Area (Boarded & open windows, 634 N. Grand Blvd.)</p>
	
<p style="text-align: center;">3) Proposed Redevelopment Area ("Blocked-in" storefronts & new windows on 2nd & 3rd floors, 634 N. Grand Blvd.)</p>	<p style="text-align: center;">4) Proposed Redevelopment Area (Boarded-up storefronts, 634 N. Grand Blvd.)</p>

Photos of
Proposed 634 North Grand 353 Redevelopment Area

	
<p style="text-align: center;">5) Proposed Redevelopment Area (Damaged terra cotta, 634 N. Grand Blvd.)</p>	<p style="text-align: center;">6) Proposed Redevelopment Area (Boarded-up windows, 634 N. Grand Blvd.)</p>
	
<p style="text-align: center;">7) Proposed Redevelopment Area (Deteriorated windows/ dirty terra cotta, 634 N. Grand Blvd.)</p>	<p style="text-align: center;">8) Proposed Redevelopment Area (Boarded-up windows & door, 634 N. Grand Blvd.)</p>

Exhibit "C"

Photos of
Proposed 634 North Grand 353 Redevelopment Area

	
<p>9) Proposed Redevelopment Area (Rusty window frame, 634 N. Grand Blvd.)</p>	<p>10) Proposed Redevelopment Area (Deteriorated structure, 634 N. Grand Blvd.)</p>
	
<p>11) Proposed Redevelopment Area (Cracks in surface parking lot, 3514-20 Dr. Samuel T. Shepard Dr.)</p>	<p>12) Proposed Redevelopment Area (Surface parking lot, 3500 Dr. Samuel T. Shepard Dr.)</p>

Exhibit "C"

Photos of
Proposed 634 North Grand 353 Redevelopment Area

	
<p>13) Proposed Redevelopment Area (Storage building, 3501 Washington Blvd.)</p>	<p>14) Proposed Redevelopment Area (Surface parking lot, 3511-19 Washington Blvd.)</p>
	
<p>15) Proposed Redevelopment Area (Telephone poles on surface parking lot, 3511-19 Washington Blvd.)</p>	<p>16) Proposed Redevelopment Area (Surface parking lot with potholes & uneven surface, 3517-25 Washington Blvd.)</p>

Exhibit "C"

Photos of
Proposed 634 North Grand 353 Redevelopment Area

	
<p>17) Proposed Redevelopment Area (Cracked sidewalk, 3517-25 Washington Blvd.)</p>	<p>18) Adjacent properties (Third Baptist Church, 620 N. Grand Blvd.)</p>
	
<p>19) Adjacent properties (Third Baptist Church, 620 N. Grand Blvd.)</p>	<p>20) Adjacent properties (Single-family building, 3508 Dr. Samuel T. Shepard Dr.)</p>