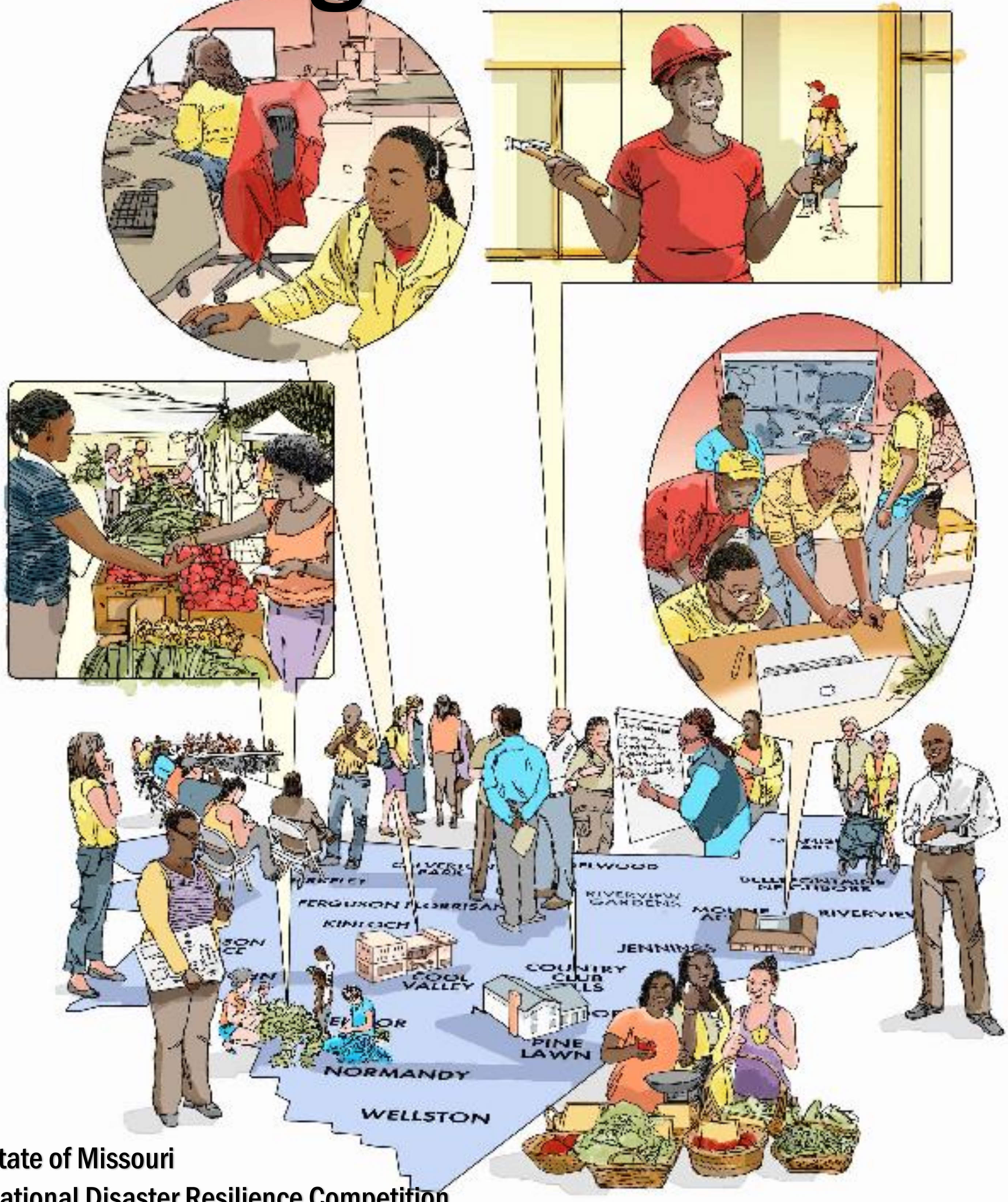
Building on Our Assets



State of Missouri
National Disaster Resilience Competition
Phase 2 Application Draft for Public Comment

October 26, 2015

Jeremiah W. (Jay) Nixon
Governor

Missouri Department of Economic Development

Mike Downing, CEcD
Director

All:

It is pleasure that I present a copy of the State of Missouri's Part 2 final application submission to the U.S. Department of Housing and Urban Development under the National Disaster Resilience Competition.

This is the culmination of work of a number of partners (St. Louis County and St. Louis Economic Development Partnership), consultants (InsightFive22 and PGAV), numerous state and regional agencies, non-profits, private businesses, and most importantly, the citizens of North St. Louis County.

It represents a strong, well documented request for funding to build economic resilience in the region.

Sincerely,

Sallie Hemenway
Director, Business and Community Services
Missouri Department of Economic Development

301 W. High St. • P.O. Box 1157 • Jefferson City, MO 65102-1157
www.ded.mo.gov • (573) 751-4962 • Fax (573) 526-7700

Exhibit A - Executive Summary

State of Missouri

01MissouriExA-ExecutiveSummary.pdf

INTRODUCTION

The wind. Walking with the wind can help push you forward. Walking in the face of wind can wear you down. If the wind is strong enough, it can knock you down.

Citizens of North St. Louis County have been fighting wind for a long time. The winds of recession drove many middle-class citizens out of their homes with predatory mortgage loans and a barrage of foreclosures. Over time, the wind slammed shut doors of opportunity and isolated neighborhoods from convenient transportation and access to employment. It weakened support systems for families**.** In 2011 and 2013, tornados blew and flooding arrived again with such fury that houses were leveled and businesses were destroyed. The essential community fabric was ripped apart. Without necessary support to lessen these impacts, vulnerable populations have increased steadily *(Ref: MoAttE12-PriorityArea.pdf)*.

Threshold - Missouri's Phase 1 Community Development Block Grant (CDBG-NDR) application successfully documented that the Most Impacted and Distressed-Urgent Recovery Need (MID-URN) target area met the threshold for the Housing, Environmental Degradation and Economic Revitalization categories *(Ref: 02MissouriExB-Threshold.pdf)*.

Soundness - The best defense against the wind is not tossing someone a rope as a lifeline, but providing them the opportunity to build protection to block the wind or a way to use it as an asset. Missouri's application – submitted by the Missouri Department of Economic Development, Division of Business and Community Services (Missouri DED) – is designed to help citizens do just that: block the wind or use it as an asset.

The premise of the state's Building on Our Assets program *(Ref: MOAttE20-BuildingAssetsRendering.pdf)* is simple: improve the economic resilience of citizens in North St. Louis County, so they are able to build assets and withstand the shocks and stressors that will

inevitably come. While it may be easier to design physical resilience projects such as floodwalls, roof tie-downs, tornado shelters, or to increase subsidies to vulnerable populations in the event of a disaster, those options have little or no measurable long-term impact on the people, families, communities and economy of North St. Louis County. The proposed program measures long-term and sustainable outcomes and outputs such as new homeownership, new businesses, new and retained jobs and increases in property values. These outcomes all lead to economic security and economic resilience and, in turn, provide economic mobility *(Ref: 05MissouriExE-Factor3Soundness.pdf)*.

The Building on Our Assets program emphasizes activities that enable community members to build financial assets, address unmet needs of households and businesses, and provide a community development impact on neighborhoods and the broader community.

Capacity - The Missouri CDBG-NDR team has capacity and capability with credible experience in a wide range of areas – from grant administration and project management to community engagement, process coordination and project oversight and implementation. This team can establish, manage and implement macro-resilience (community and regional) programs with micro-resilience (household and business) components that increase economic mobility for vulnerable populations in North St. Louis County *(Ref: 03MissouriExC-Factor1Capacity.pdf)*. This application uses prior local and regional community engagement activities as a blueprint to engage citizens and rebuild trust. The application development process involved a public engagement plan and participation by senior citizens, youth and parents, small-business owners and disenfranchised residents, among others, in discussions that provided substantive input on how they seek employment, housing and business ownership services. This engaging

participation process fosters ownership of the Building on Our Assets program among stakeholders and establishes a structure for enduring involvement.

Leverage - This proposal brings together federal, state, regional and local agencies, nonprofits, private-sector businesses and over 30 philanthropic entities as stakeholders in the Building on Our Assets concept. As a result, the state has secured Direct Financial Commitments and Supporting Commitments representing 21 percent of the total proposed budget *(Ref: MoAttB-LeverageDocumentation.pdf)*. Securing commitments is not a static, one-time effort; rather it is woven into the fabric of the Building on Our Assets program. Partners and stakeholders continue to explore how best to add value beyond submission of the CDBG-NDR Phase 2 application. Furthermore, the program expects innovative community development organizations to apply with a specific leverage plan, to ensure each program performs well beyond the five-year program duration noted in this application. This approach minimizes ongoing maintenance and builds a sustainable model of economic resilience.

Regional Collaboration and Long-Term Commitment - The state of Missouri and its partners, St. Louis County and the St. Louis Economic Development Partnership, recognize the need for integrated resilience-building components, matching technical assistance and both local and regional collaboration to ensure and sustain macro-economic resilience. Without these elements, a disaster-prone state like Missouri will continue to endure repeated economic hardships.

PROMISE ZONE

The Missouri CDBG-NDR target area overlaps the footprint of the St. Louis City and County Promise Zone. Both programs are aligned with anticipated resources and outcomes that

alleviate suburban poverty, enhance regional resilience and collaboratively support the communities of North St. Louis County *(Ref: MOAttE14PromiseZone.pdf)*.

ACHIEVEMENT OF SPECIFIC NOFA PRIORITIES

The Missouri CDBG-NDR application focuses on two priority point areas identified in the NOFA that achieve specific HUD priorities: Promote Health and Housing Stability of Vulnerable Populations and Promote Economic Development and Economic Resilience. The application provides evidence that these priorities are achieved throughout its narrative, most particularly in Exhibit E – Soundness *(Ref: 05MissouriExE-Factor3Soundness.pdf)*.

SUMMARY

There is no doubt there are a number of stressors occurring in North St. Louis County that require change – policing, court reform, fragmented municipalities and the lack of a strong foundation of community-based organizations that focus on people. Building on Our Assets *(Ref: MOAttE19-BuildingAssetsCogs.pdf)* will not solve all of the problems, nor is that the intent. The program focuses on assisting community members with some leveraged investment so they are able to establish themselves in a manner that provides support to the community instead of taking from the community. This program will occur in parallel with other local, regional and state efforts – new and ongoing – that directly complement this one, and vice versa. Strengthening North St. Louis County, particularly within floodplains and along the 22-mile tornado path, is accomplished by Building on Our Assets.

Links to other Exhibits and Attachments are found on DropBox at Missouri CDBG-NDR Phase 2 Application.

Exhibit B – Threshold Requirements

State of Missouri

02MissouriExB-Threshold.pdf

The Missouri Department of Economic Development, Division of Business and Community Services (Missouri DED) application satisfies the Most Impacted and Distressed Urgent Recovery Need (MID-URN) threshold requirements in Economic Revitalization, Housing and Environmental Degradation for Phases 1 and 2 of the CDBG-NDR competition.

Eligible Applicant

Missouri is one of 67 HUD-recognized eligible applicants to the CDBG-NDR Phase 1 and one of 40 eligible applicants for the CDBG-NDR Phase 2 *(Ref: MOAttE02-DisasterDeclarationsMO.pdf; Ref: MOExB01EligibleApplicant.pdf)*.

Eligible Declared County

St. Louis County was designated with two presidential major disaster declarations from 2011 to 2013. Specific declarations include Federal Emergency Management Agency (FEMA) DR-1980 (May 9, 2011) and FEMA DR-4130 (July 18, 2013). St. Louis County is listed on page 24 of 54, lines 15–16 of the HUDUSER CDBGDR Appendix B spreadsheet in the NOFA *(Ref: MOExB02EligibleCounty.pdf)*.

Eligible Sub-County Target Area

A sub-county area of St. Louis County commonly known as North St. Louis County has been selected as the target area *(Ref: MOAttE06-TargetAreaBlockGroup.pdf)*. The CDBG-NDR applicant considered multiple areas across the state before determining the focused target area of greatest need where a series of resilience focused activities would have the most impact. In addition, the applicant worked with other non-selected areas to find existing resources to address all or part of their needs. The selected sub-county target area is a contiguous set of census block groups *(Ref: MOExB03SubCountyTargetAreaBlkGrp.pdf)* that has seen multiple tornados and flooding in recent history *(Ref: MOAttE07-TornadoHistory.pdf)*.

DEMONSTRATING MOST IMPACTED THRESHOLD

Housing – Most Impacted

HUD predetermined that the cities of Ferguson and Berkeley, Missouri, both located within the target area, met the threshold of Most Impacted under the Housing category. Combined, the two cities suffered damage to 358 homes, of which 47 had suffered serious damage. The documentation is found on HUDUSER CDBGDR Appendix C1, page 9 and Appendix C2, page 3 *(Ref: MOExB04MostImpactedHousing.pdf)*.

Infrastructure – Most Impacted

Lambert-St. Louis International Airport sustained over $24 million in damages as a result of the tornado. Attached documentation indicates that the damage sustained by the airport was eligible for "permanent work" and therefore meets the Most Impacted Infrastructure threshold. Documentation provided by the airport director includes a claims summary of approved proposals/bids or approved invoices *(Ref: MOExB05MostImpactedInfrast.pdf; Ref: MOExB06MostImpactedInfrast.pdf)*.

Economic Revitalization – Most Impacted

North St. Louis County suffered harm to its local economy due to the disaster. According to the county damaged-properties report, 76 commercial and industrial properties out of a total 4,175 structures suffered damage *(Ref: MOExB17UnmetNeedEconDamagedBiz.pdf)*. Of those, 18 properties were "red placarded" due to significant damage. At least five businesses with damage from the tornadoes never reopened *(Ref: MOExB18UnmetNeedEcon6DamagedBiz.pdf; Ref: MOExB19UnmetNeedEconNoResources.pdf)*. Over the relevant five-year period, unemployment rates in the target area increased each year and remain two and three times the

rate of the rest of the county *(Ref: MOExB07MostImpactedEconRev.pdf)*.

Environmental Degradation – Most Impacted

The EF-4 (Enhanced Fujita Scale) tornado caused significant tree loss along the 22-mile damage path. The loss of tree canopy directly and indirectly affects housing, economic and infrastructure sectors due to increased heat indices, air contaminants and storm water runoff in a flood-prone area. Specific impacts to air quality and carbon sequestration are captured by the Missouri Department of Conversation (MDC) *(Ref: MOExB20MostImpactedEnvDegrMDC.pdf; Source: Nowak et al. Chicago's Urban Forest Ecosystem. p. iii; Source: U.S. EPA et al. Reducing Urban Heat Islands, p. 2)*.

DEMONSTRATING MOST DISTRESSED THRESHOLD

The target area meets several tests under the Most Distressed threshold:

1. The target area exceeds 50 percent low and moderate income. It has a "low-mod" population total of 101,780. The "low-mod universe" is 162,925 (62.47 % LMI) *(Ref: MOExB08MostDistressedLowMod.pdf)*.
2. The cities of Ferguson, Berkeley and Wellston within the target area contain 3,205 renters with incomes below 50 percent HUD Area Median Family Income. In the same income range, there are 1,685 renters who are "cost burdened" by paying more than 50 percent of their income for housing costs *(Ref: MOExB09MostDistressedRenters.pdf)*.
3. The target area is located within a designated Promise Zone. *(Ref: MOAttE14-PromiseZone.pdf)*. The target area has a 2009–2013 average unemployment rate of 17.9 percent, which is more than 125 percent of the national average, making the area economically fragile *(Ref: MOExB10MostDistressedEconFragile.pdf)*.

4. The target area includes numerous brownfield sites listed on the Missouri Department of Natural Resources database for environmentally contaminated properties *(Ref: MOExB11MostDistressed EnvBrownfld.pdf; Ref: MOAttE10-Brownfields.pdf)*.
5. HUD has predetermined the target area as Most Distressed, with materials found in the NOFA and documented on HUDUSER CDBGDR Appendix C1, p. 9 and Appendix C2, p. 3 *(Ref: MOExB04MostImpactedHousing.pdf)*.

DEMONSTRATING UNMET RECOVERY NEEDS THRESHOLD

Housing – Unmet Recovery Needs

Are there housing units in or near the Most Impacted and Distressed target area that were damaged by the disaster and have not yet been repaired? **YES.** The St. Louis County Planning Department surveyed 28 homes with damage remaining from the 2011 tornado *(Ref: MOExB12UnmetNeedHousSurvey.pdf)*. Of those surveyed, 28 homes have an attestation by the Berkeley Building Director and Ferguson Assistant City Manager as having damage remaining *(Ref: MOExB15UnmetNeedHousDirectDamage.pdf)*. A survey of homeowners indicates at least 17 households as having no means for repair from insurance, FEMA, the Small Business Administration or other sources *(Ref: MOExB14UnmetNeedHousNoResources.pdf)*. The state was a recipient of disaster recovery CDBG funds and committed 100 percent of those funds to other long-term recovery needs. No funds exist currently to dedicate toward a housing recovery program in North St. Louis County *(Ref: MOExB16UnmetNeedHousNoCDBGAvail.pdf)*.

Economic Revitalization – Unmet Recovery Needs

Are there continuing unmet Economic Revitalization recovery needs? **YES.** More than 50 businesses were affected by the disaster. Eighteen businesses were severely damaged or destroyed *(Ref: MOExB17UnmetNeedEconDamagedBiz.pdf)*. An indication of unmet need is the

number of Business Physical Disaster Loans, which are issued by the Small Business Administration to businesses to repair or replace assets after a disaster. For all the disaster destruction (FEMA DR-1980) and the damages to 76 businesses along the tornado path, the Small Business Administration issued only 11 Business Physical Disaster Loans. However, 65 businesses either did not qualify for these loans or pursued other means to resolve damages and restore business. At least five damaged businesses in the target area remain closed due to the disaster, indicating unmet economic need *(Ref: MOExB18UnmetNeedEcon6DamagedBiz.pdf; Ref: MOExB19UnmetNeedEconNoResources.pdf)*.

Environmental Degradation – Unmet Recovery Needs

Is there environmental damage from the disaster that has not yet been addressed and cannot be addressed with existing resources? **YES.** MDC monetized annual air quality and carbon losses totaling more than $1.4 million and estimates the need to replant 5,682 trees at a cost of $852,300. Prior city replanting efforts, leave a remaining need in excess of $400,000 *(Ref: MOExB20MostImpactedEnvDegrMDC.pdf)*.

CERTIFICATIONS

The applicant will comply with all applicable requirements as stated in the General Section of the NOFA. Certifications have been properly executed and accompany this application *(Ref: MOAttC-CDBGNDRCertification.pdf)*.

CDBG Eligible Activities and CDBG National Objective and Overall Benefit Test

All activities undertaken by the state of Missouri, St. Louis County and St. Louis Economic Development Partnership will meet a national objective, comply with the CDBG eligible activities found in Section 105(a) of the Housing and Community Development Act of 1974, as amended, and meet the 50 percent benefit test. No CDBG funds are requested to support

temporary measures, emergency response activities or flood hazards not participating in the National Flood Insurance Program, nor for any project that is not feasible or effective or that contains a contingency.

Proposal Incorporates Resilience

The proposal uses strategies that accomplish economic resilience by focusing on asset and wealth building activities in North St. Louis County, where people continue to survive in the face of repeated shocks and stressors. This proposal emphasizes finding untapped community assets and human capital waiting to emerge (or re-emerge). Asset building activities create wealth and economic security. Once secure, micro-economic (individual, households and businesses) and macro-economic (community and regional) resilience occurs and people, households and businesses have the opportunity for economic mobility *(Ref: 05MissouriExE-Factor3Soundness.pdf; Ref: MOAttE15-EconomicMobility.pdf)*.

Tie-Back to Disaster

All activities proposed under the Missouri application submission result from a community-driven, resilience-focused design that ties back to disaster impacts and unmet needs. The application proves unmet need exists in the Economic Revitalization, Housing and Environmental Degradation sectors in the North St. Louis County target area. This need has been affirmed by repeated feedback during regional public engagement activities. The concepts and ideas outlined in the application and the Building on Our Assets program relate directly to those unmet needs from the disaster *(Ref: 04MissouriExD-Factor2Need.pdf; Ref: 05MissouriExE-Factor3Soundness.pdf)*. The target area depicts the path of the 2011 tornado and the Building on Our Assets program provides preference to the area of direct impact.

Exhibit C – Factor 1 Capacity

State of Missouri

03MissouriExC-Factor1Capacity.pdf

PAST EXPERIENCE OF APPLICANT

This application is submitted by the Missouri Department of Economic Development, Division of Business and Community Services (Missouri DED) in collaboration with the County (County) and the St. Louis Economic Development Partnership (SLEDP). This partnership team has capacity and capability with credible experience in a wide range of areas – from grant administration and project management to community engagement, process coordination, and project oversight and implementation.

The project team has the capability and capacity to establish, manage and implement macro-resilience (community and regional) programs with micro-resilience (household and business) components that increase the economic mobility of vulnerable populations in North St. Louis County *(Ref: MOAttE11-MissouriCDBGNDRPartners.pdf)*.

Applicant – Missouri Department of Economic Development

Missouri DED is a current recipient and administrator of annual formula allocations of state CDBG funds and disaster funds. Recently, this agency successfully administered American Recovery and Reinvestment Act-CDBG funding and Neighborhood Stabilization Funding granted to the state. Missouri DED maintains an excellent compliance history while providing grants to a variety of projects undertaken by rural local governments, districts and nonprofits.

Partner – St. Louis County Office of Community Development

The County, within the Department of Planning, has been responsible for entitlement CDBG allocations and management since 1974, managing block grants for 77 municipalities plus the unincorporated county. The county excels at community and neighborhood development projects that require effective partnerships with nonprofit, neighborhood and faith-based organizations.

Partner - St. Louis Economic Development Partnership

SLEDP is the economic development agency of both the city and county of St. Louis. The partnership holds accreditation from the International Economic Development Council and excels at business development and workforce development projects that require effective public-private partnerships with the business community.

Technical Advisors

The project team is supported by technical advisors from the St. Louis Regional Chamber of Commerce, FOCUS St. Louis and the Ferguson Commission, which offer substantial regional subject matter expertise and support to guide long-term program investment in the target area.

- Jason Hall – vice president of entrepreneurship and innovation, St. Louis Regional Chamber, is dedicated to collaborative partnerships and solving regional issues.
- Felicia Pulliam – a resident of North St. Louis County, co-chair of Ferguson Commission, Economic Inequity and Opportunity Working Group, and Development Director for FOCUS St. Louis has a vested interest in long-term program success.
- Pat Sly – co-chair of Ferguson Commission, Economic Inequity and Opportunity Working Group and Executive Vice President managing Emerson Charitable Trust.
- Bethany Johnson-Javois – managing director of the Ferguson Commission while on leave as Chief Executive Officer of the St. Louis Integrated Health Network.

General Administrative and Technical Capacity

Missouri DED will contract with the County in the same manner as the current established grantor/grantee mechanism, using the same grant agreements and processes used by the state CDBG program. Missouri DED and the county are very experienced and familiar with the rules and regulations surrounding CDBG funding. The administration and oversight of

funding will rely on existing systems with proven performance for grant management and compliance. The state/county relationship provides a dual effort toward quality assurance, financial and procurement compliance, and internal controls with checks and balances.

The County and SLEDP will provide project management services at the local level and regional level respectively. Both organizations are very familiar with large-scale housing, infrastructure, and human capital projects as well as administration and implementation of complex development projects designed to impact vulnerable populations. The project management team provided by these two organizations is focused on tracking and achieving balanced development activities that create a resilient built environment for the vulnerable populations that are residents.

Recent examples of experience with rapid design and program launch capacity include implementation of new state legislation for a data center tax-exemption program and creation and compilation of a $1 million small business relief program with investors from the city, county, state and local banks to provide small grants and zero-interest loans to businesses affected by civil unrest Ferguson.

Successful project management examples include the compilation, submission and designation of a federal Promise Zone by SLEDP and the County *(Ref: MOAttE14-PromiseZone.pdf)*, in cooperation with the city of St. Louis, and the planning of a Choice Neighborhood in the city of Wellston.

Missouri DED, SLEDP and the County have participated in a range of recent projects, including property acquisition, brownfield redevelopment, disaster recovery, rehabilitation, and mixed financing – all with measureable outcomes. Technical capacity and collaboration includes several key projects:

- Expansion of jobs on the Emerson Electric campus in Ferguson.
- Acquisition of land for a call center in Ferguson by the Centene Corporation.
- Implementation of a $2 million planning and design investment to move forward on the West Florissant Avenue Great Streets Initiative in Ferguson.
- Redevelopment and rehabilitation of 634 North Grand (former Missouri Theater Building), a vacant 12-story building, into new headquarters for Bull Moose Industries and a 145-room hotel using brownfield tax credits of $2.4 million.
- Rapid launch of disaster recovery projects and programs for Joplin, Missouri *(Source: After the Storm. 2012)*, including $122 million for expedited assistance and consumer protection, restoring jobs, assisting businesses, and ensuring Joplin's housing future.
- Development of the Wellston Early Childhood Center, a $5.6 million community-driven, transit-oriented development located near a workforce training facility.
- Collaboration among state, city, regional and private sectors to leverage new office location for Square, Inc. in St. Louis' Cortex Innovation Community, an innovation hub and technology district. The project creates over 246 new jobs over the next five years with a Missouri Works estimated benefit of $2.5 million over five years.
- Assisting Ferguson with acquisition of residential properties affected by 2008 flooding. Missouri DED awarded $1.1 million of CDBG Disaster Recovery funds which were used to acquire 14 properties, and city is working with seven additional property owners participating in the flood buyout program.
- Participation with the Ferguson Commission, appointed by Governor's Executive Order 14-15 and created after the August 2014 civil unrest in Ferguson.

A project team composed of state, regional and local staff with support from a cross-disciplinary design team developed a program concept, engaged stakeholders, sought public input and prepared the Missouri CDBG-NDR application. The design team consisted of three regional firms – InsightFive22, PGAV Planners and Shockey Consulting Services – composed of project managers, planners, architects, economic feasibility analysts, environmental specialists, technical writers, communication professionals and disaster recovery planners.

Community Engagement

Prior efforts that engaged citizens provide the building blocks to seek, listen and learn from citizens and stakeholders on needs and desires for community investment. This application uses this community engagement foundation as a blueprint to engage citizens and rebuild trust *(Ref: MOAttE17-CommunityEngagement.pdf)*.

Past Engagement

Several strategic and comprehensive plans for development activities have engaged large sectors of the public in St. Louis County as well in as the target area in North St. Louis County.

OneSTL (Sustainability) and Imagining Tomorrow for St. Louis County (Strategic) are two recent regional planning processes with significant public participation. The engagement activities leading to the Promise Zone application submission and the on-going engagement related to the Wellston Choice Neighborhoods initiative are two other examples. An extremely high profile public engagement process is the work of the Ferguson Commission. This governor-appointed 10-month process engaged vulnerable populations during 17 public commission meetings in various neighborhoods around the region. Four working groups hosted 38 public meetings since November 2014 in a process involving almost 2,000 diverse stakeholders. The Economic Inequity and Opportunity working group identified solutions to disparities and

inequality ranging from economic mobility, job skills and training to employment and income, transportation, housing, entrepreneurship and small business growth. The Building on Our Assets program application incorporates relevant Calls to Action from the commission *(Source: Forward Through Ferguson* Report *Ref: MOAttE19-BuildingAssetsCogs.pdf)* that address issues and unmet needs like those from tornado and flooding disasters in North St. Louis County.

The planning process used by the Ferguson Commission was the same type of planning process that would have been used immediately post-disaster. The efforts in Ferguson identified the same unmet Housing, Environmental Degradation and Economic Revitalization needs through public participation and research and engaged the citizens of the region to help identify specific strategies and solutions.

Present Engagement

The Missouri CDBG-NDR application development process involved a public relations consultant – Shockey Consulting Services – that created an engagement plan and process. The engagement plan acknowledged the unique circumstances of the program and provided a variety of opportunities for substantive input on concept design and delivery of services.

The process engaged several hundred participants and vulnerable population stakeholders, including senior citizens, youth and parents, in discussions about how they seek services to support employment, housing and business ownership. Stakeholders and service providers were directly involved in the program design and decision-making process. Public engagement included direct outreach, citizen surveys at community events, business surveys, facilitated focus group discussions, and online publications and surveys. The project team made a purposeful attempt to design a program with input from and implementation by creative, local nonprofits with capacity or potential capacity *(Ref: MOAttD-ConsultationSummary.pdf)*.

The public engagement plan guided the project team to build partnerships with other agencies and stakeholders, recognizing that this effort has an effect on the region and that it complements other regional planning efforts. Partner consultation included discussions and review of the program concept and application with local, state and federal agency partners.

Future Engagement

Community engagement and participation doesn't stop with the application – it is an essential ongoing element for this program that will include a resilience conference and seminar for stakeholders (November 2015), a "Pitch-In" proposal event (May 2016), sub-recipient pre-application community engagement, and sub-recipient performance hearings among other activities.

Based on past examples, current momentum and an established process, the planning, engagement and outreach efforts for this application will sustain the implementation phase of this program. The desired result is that vested, local and creative stakeholders and community developers actively participate in the implementation phase.

Inclusiveness by Design

The events and subsequent civil unrest in Ferguson after the death of Michael Brown exposed serious weaknesses in race relations, community policing and civil rights. This turmoil spawned a necessary and critical review of the root causes of the rioting and unrest. The Ferguson Commission, the faith-based community, St. Louis University School of Law and many local public, private and philanthropic organizations have engaged in an unprecedented evaluation and engagement in North St. Louis County. Preparation of this application continues the process and outreach that began with the Ferguson Commission. Vulnerable populations of all types – senior citizens, youth, parents, poor, the lost middle class, struggling small businesses

– and the agencies that serve these populations have been passionately involved in the development and refinement of this program.

This application acknowledges the historical events that enabled the current environment in North St. Louis County – racial inequity, extreme poverty, distrust and disenfranchisement. The Forward through Ferguson report acknowledges race as "a key factor in so many of the issues we explored. St. Louis is the 5th most racially segregated of 50 large metro areas in the United States (Ihnen, 2013). The statistical racial disparities in poverty, education, employment, and wealth point to racial inequities that we believed must be considered in all of our deliberations" *(Source: Forward Through Ferguson. 2015. p. 17)*. The desired outcome is a locally grown, inclusive and enduring program that reduces or eliminates disparities, bridges gaps in need, rebuilds public trust and reconnects a frayed community fabric.

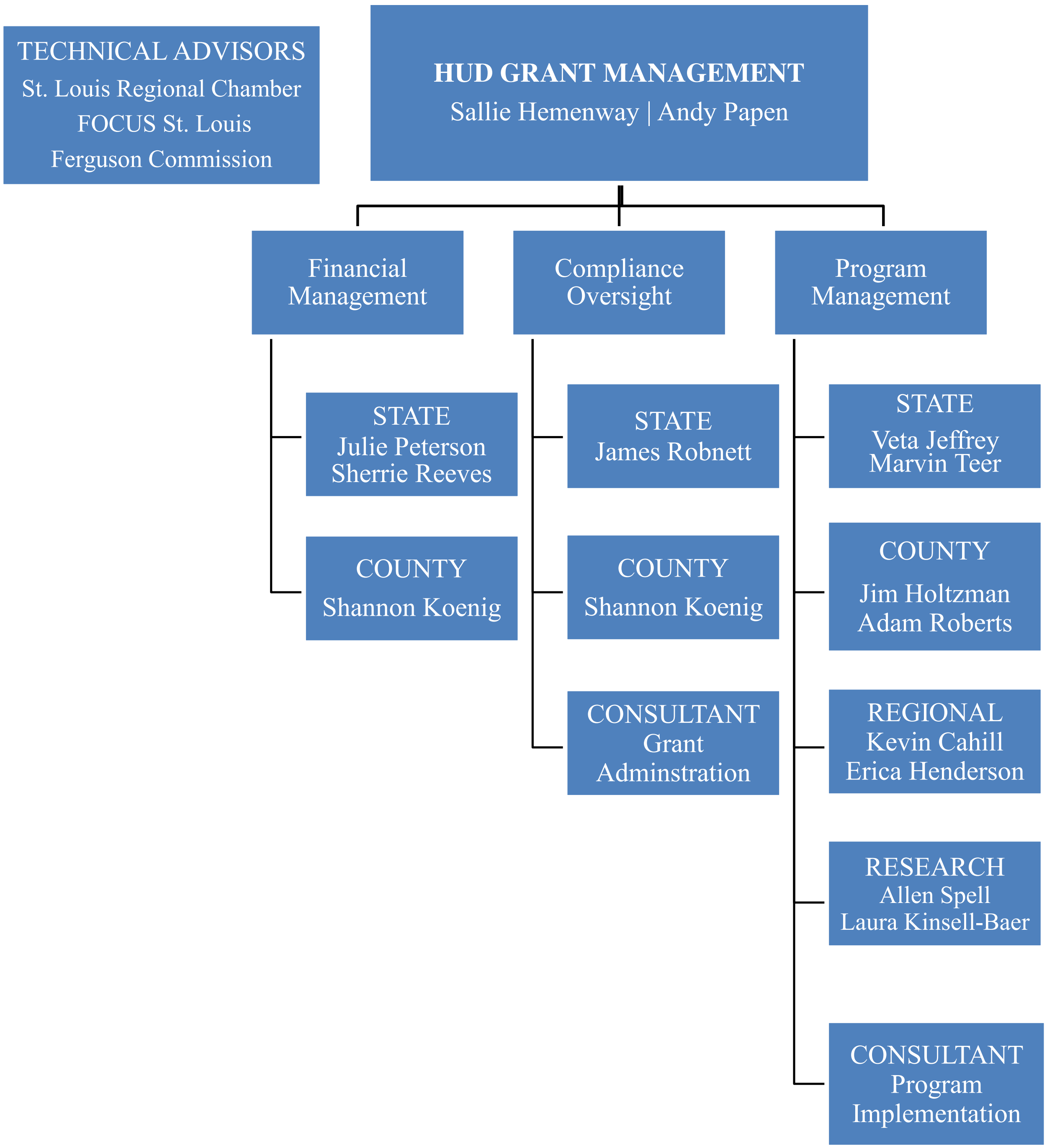
MANAGEMENT STRUCTURE

Missouri DED will coordinate a team that manages and implements this program, supported by qualified staff. The team has extensive experience designing, launching and managing projects, programs and services similar to the Building on Our Assets program. Consultants will also assist the management team with compliance oversight and program management. Selection of an experienced grant administration and program management consultants is contingent upon award.

The proposed grant management structure ensures overall project coordination with stability, expertise and responsibility among state, county and regional partners. This management structure ensures effective program delivery in Financial Management, Compliance Oversight and Program Management for Building on Our Assets. Figure 1 – Organizational

Chart, below, describes the organizational structure <u>for all three partners</u> of the Missouri CDBG-NDR grant.

Figure 1 – Organizational Chart



Grant Management

Grant management responsibility includes overall project coordination and leadership. Sallie Hemenway, director of Business and Community Services Division, will provide overall HUD grant project oversight. She has 21 years of experience with the Department of Economic Development and has been division director since 2002. The division has a budget, consisting of federal and state funds, of over $118 million. Tax credit programs, separate from the budget and overseen by Business and Community Services, totaled $299.4 million in 2014 authorizations.

Andy Papen, state CDBG manager, has extensive experience managing similar program elements and will provide specific day-to-day management. Mr. Papen has been with Missouri DED for 27 years and has been CDBG manager since 2002.

Financial Management

This team consists of experienced financial management staff from the state and county. Julie Peterson and Sherrie Reeves from the Missouri Department of Economic Development, Division of Business and Community Services and Shannon Koenig from the County will provide financial management, including accounting, HUD DRGR and reporting responsibilities.

Compliance Oversight

This team is responsible for CDBG compliance, environmental review, labor standards, procurement, contracting, and fair housing and equal employment opportunity oversight. James Robnett with Missouri DED and Shannon Koenig from St. Louis County will lead compliance oversight. A private-sector grant administration consultant with extensive CDBG experience will support this team, contingent upon award.

Program Management

A combination of state, county and regional coordination and oversight will ensure effective program implementation and participation.

The state will provide general oversight and guidance for the Building on Our Assets program to ensure consistent program delivery and a timely expenditure of the grant award. In addition, the state will deliver economic impact analysis through Alan Spell of the Missouri Economic Research and Information Center and will procure a consultant, PGAV Planners, to support this analysis during program administration.

Specific management in the target area will be led by the County and supported by a private program implementation consultant. Jim Holtzman and Adam Roberts will oversee services provided by the private consultant in delivery of the program, including outcome management, performance metrics and delivery timeline. The county will use its recent experience (Wellston Choice Neighborhoods) and complementary regional examples (Promise Zone, Ferguson Commission, OneSTL, Missouri CDBG-NDR application, and others) to ensure that a collaborative, visible and engaging community participation process continues. A program implementation consultant, contingent on award, will provide capacity building and project coordination capability based upon previous CDBG project experience.

SLEDP will coordinate the regional aspect of the program to ensure target area activities are consistent with and build regional resilience capacity in the metropolitan region. Kevin Cahill will lead the regional element with support from Erica Henderson, while Laura Kinsell-Baer will provide research support for the program.

Figure 2 – Functional Chart, below, indicates the functional elements and tasks associated within each programmatic area of responsibility.

Figure 2 – Functional Chart

HUD Grant Management	Grant Management and Oversight	
	Technical Expertise	
Financial Managment	Accounting	
	HUD DRGR	
	Reporting	
Compliance Oversight	CDBG Compliance	Contracting
	Environmental Review	Fair Housing
	Labor Standards	Equal Employment Opportunity
	Procurement	
Program Management	Implementation Outcomes/Metrics/Performance	
	Timeline/Timely Expenditure	
	Collaboration	
	Continued Public Engagement	

Contingency

The applicant does not expect challenges with partner participation or performance. This team has been assembled based upon experience and a track record of collaboration on jobs and housing programs. In the event a partner fails to act or perform in a timely manner, the organizational structure is designed to utilize technical advisors or other local and regional supporting cast members to step in and support, guide or lead the project.

State and county employees with specific roles and responsibilities identified in Figure 1, could be replaced as needed with qualified candidates to perform the required program functions listed in Figure 2.

REFERENCES

The following references are reflective of recent work, similar in scope and program to the services and delivery proposed with the Building on Our Assets program.

1. Joplin, MO Disaster Recovery Programs (Missouri DED)

    Troy Bolander, Director

    City of Joplin | Planning and Community Development

    602 S. Main St. | Joplin, MO 64801

    Phone: (417) 624-0820 | Email: tbolande@joplinmo.org

2. Small Business Relief Fund (Missouri DED – SLEDP – St. Louis County)

    W. Thomas Reeves, President

    Pulaski Bank

    12300 Olive Boulevard | Creve Coeur, MO 63141

    Phone: (314) 878-2210 | Email: treeves@pulaskibankstl.com

3. Wellston Early Childhood Center (Missouri DED – St. Louis County)

    Carolyn Seward, President and CEO

    Family and Workforce Centers of America

    6347 Plymouth Av | Wellston, MO 63133

    Phone: (314) 746-0901 | Email: cseward@fwca-stl.com

Exhibit D – Factor 2 Need

State of Missouri

04MissouriExD-Factor2Need.pdf

UNMET RECOVERY NEED

The Most Impacted and Distressed-Unmet Recovery Need (MID-URN) areas represent the sub-county target area for the Missouri CDBG-NDR application, yet the proposed Building on Our Assets program addresses resilience opportunities beyond the area. The target area encompasses a large section of North St. Louis County made up of 146 census block groups that fall inside the historic path of tornados and other severe weather events. The target area includes 40 of St. Louis County's 90 municipalities and a population of 164,574 with 62 percent low-moderate income households *(Ref: MOExB03SubCountyTargetAreaBlkGrp.pdf)* The target area met the MID threshold criteria in the categories of Housing, Infrastructure, Environmental Degradation and Economic Revitalization. The target area also met the threshold criteria for Most Distressed. The area exceeds 50 percent low and moderate income. Unmet Recovery Need (URN) was accomplished in three categories: Housing, Environmental Degradation and Economic Revitalization. Documentation detailing the Most Impacted, Most Distressed and Unmet Recovery Need categories is found in Exhibit B – Threshold.

TARGET GEOGRAPHY

The target geography is a large section of North St. Louis County. The geography suffered repeated weather-related disasters and contains identified floodplains and other environmental concerns *(Ref: MOAttE10-Brownfields.pdf; Ref: MOAttE12-PriorityArea.pdf; and Ref: MOAttE13-FloodHazards.pdf; Ref: MOAttE07-TornadoHistory.pdf; Ref: MOAttE04-ClimateChangeImpactTemp.pdf; Ref: MOAttE05-ClimateChangeImpactPrecp.pdf)*

Nature and Extent of Unmet Recovery Need

Neither data provided by HUD nor the requisite surveys (both of which meet the threshold eligibility requirements) represent the full extent of URN and impact along the 22-mile

tornado path. The April 2011 tornado was categorized on the Enhanced Fujita (EF) scale as an EF-4, which sustained that level for a period, then reduced to an EF-3 and EF-2 level along its path. According to the Storm Prediction Center, structural damage levels are as follows (*Source: Storm Prediction Center. 2007-02-02. Retrieved 2009-06-21)*:

- EF-4 Extreme damage: "well constructed and whole frame houses completely leveled;"
- EF-3 Severe damage: "extreme damage – entire stories of well-constructed houses destroyed severe damage to large buildings, such as shopping malls, structures with weak foundations are badly damaged;"
- EF-2 Considerable damage: "roofs torn off well-constructed houses, foundations of frame homes shifted;" and
- EF-1 Moderate damage: "roofs severely stripped, loss of exterior doors, windows and other glass broken."

A news story on stltoday.com immediately following the storm reported that "[i]n St. Louis County alone, more than 2,700 buildings, including homes and businesses, suffered 'noticeable damage,' according to early estimates from county officials. That ranges from severe to extreme damage and doesn't include homes that may have suffered less dramatic damage. North St. Louis County suffered the brunt of the hit." Rick Eckhard, a spokesman for the St. Louis County Police Department was quoted in the same article as saying "It's pretty much a straight path from Maryland Heights to the Chain of Rocks Bridge (over the Missouri River)." The County Emergency Management team presented their final damage assessment to FEMA recording impacts to 4,099 homes and 76 businesses. Additional damaged properties such as parks and vacant industrial land were recorded but are not included in this total.

The four-year time span since the 2011 tornado prevents specific data collection from representing all remaining need. However, available information points to the result of unmet need when using data collected by customary federal response programs. The FEMA Individual Assistance Daily Summary sheet *(Source: Bryon Boka. IA Program Specialist. DR-1980-MO IA Daily Status Report. 06/13/2012. FEMA Region 7)* recorded 1,650 registrants from St. Louis County from over 4099 recorded residents with damage and an average 57 percent overall eligibility rate from all counties for the FEMA Individuals and Households Program. St. Louis County registrants made up approximately 10 percent of that total. Using the same eligibility ratios, approximately 645 county residents of the 4099 recorded were assisted with $3.7 million in FEMA funds. The FEMA Damage Assessment report estimated 64 percent of homeowners were insured for the full contingent of counties eligible for the disaster. Missouri Department of Insurance records indicate a similar 69 percent insurance rate based upon homeowner policies in ZIP code areas contained within the target area. Sixty-nine percent of the damaged homes in 2011 (4,099) would mean 2,828 homes were insured. If 2828 had insurance and 645 received Individual Assistance, then approximately 626 had no known recovery assistance from private or public resources.

Again, considering St. Louis County as 10 percent of the total, the Small Business Administration (SBA) initially distributed 998 applications and 230 completed applications were received back by SBA, of which 32 percent were approved for homeowners and businesses. SBA records indicate 27 homeowner loans with verified total losses of $3.9 million and a total loan amount of $1.3 million. The reports show they did not receive loan funds to cover the full amount of recorded losses. SBA also reports 11 business loans, of the 76 with recorded damage, were made with verified loan losses of $1.79 million and $1.72 million in closed loans. St. Louis

Regional Growth Capital, a community development partnership between government and 33 banks, provided $450,000 in nontraditional small business loans.

All of these data sets indicate remaining populations unserved by either public funds or private insurance.

The second-most-compelling indication of remaining need comes from Kevin L. Kliesen, of the Federal Reserve Bank of St. Louis, who cites in his article *The Economics of Natural Disasters* that "the nature of these destructive events – as well as their effect on the economy – varies considerably." He adds, "[a]ny type of disaster, however, can leave an economic imprint that lingers for years." Kliesen's study divides the principles of loss assessment into two separate terms: the costs of the disaster and the losses that occur through the destruction of an economy's wealth. The destruction of wealth remains the unmet recovery need in the target area and is the foundation for the Missouri CDBG-NDR application. Destruction of wealth on a micro-economic level occurs when a person loses an asset such as a home or job. Macro-economic loss of wealth occurs when the community loses a tax base. These costs create needs well beyond typical accounting used to determine the cost of the disaster.

While Kliesen recognizes the impact of recovery activities on local economy, he warns that the "net economic effect of the recovery period depends on several factors." One of those leading factors is the stage of the local economy's business cycle at the time of the disaster. For the CDBG-NDR target area, this disaster could not have occurred at a worse time.

In Michael Duncan's report entitled *Snapshot: An Ordinary Suburb, and Extraordinary Number of Foreclosures*, he found that it "is the ordinary, unremarkable postwar suburbs of northeast St. Louis County that have the highest concentration of foreclosures." The dynamic is the first indication of stressors found in areas known as the "First Suburb," a name that describes

early postwar housing built outside the city. These neighborhoods saw tremendous and quick change in the 1990s with large shifts in racial makeup and younger populations. Subprime lending practices rose, and by the mid-2000s the area had as many as 70 percent of home loans paying very high interest rates. Property values increased, and when the bubble burst the area suffered foreclosure rates three times that of the rest of the county. Bank-owned properties are scattered throughout the target area, adding to neighborhood and property value decline. In a compilation performed by Missouri Economic Research and Information Center (MERIC) during the period since the recession, the 2010–2013 American Community Survey shows vacant housing units up by over 13 percent, owner-occupied units down by five percent over the same period and occupancy of rental units increased by seven percent. Adding to the housing crisis, unemployment rates in the target area increased each year of the period and remain two to three times the rate of the county *(Ref: MOAttE09-AgeofHousing.pdf)*.

An additional factor hindering recovery is the racial and income inequity experienced in the region. The University of Missouri–St. Louis initiated an analysis of the impact of equity on the economy called *An Equity Assessment of the St. Louis Region*. The report used income, education, jobs, housing and gross domestic product as indicators to determine the economic benefits of equity. The outcome of the report is that an inclusive society is good for the economy. In the St. Louis Region, the report cites in 2012, "the economy would have been $13.56 billion larger if there had been no racial gaps in income." McKernan et al. cite in *Less Than Equal: Racial Disparities in Wealth Accumulation* that "whites on average had two times the income of blacks and Hispanics, but six times the wealth." She adds, "Wealth isn't just money in the bank, it's insurance against tough times, tuition to get a better education and a better job, savings to retire on, and a springboard into the middle class." Before the recession, an Urban Institute study

revealed that for the 30 years previous to 2010, white families earned twice what black and Hispanic families did, but were four times as wealthy when viewing assets (savings, home ownership, retirement accounts, reducing debts like mortgages and credit card balances). After the recession, the wealth divide between whites and blacks stretched to a factor of six times as much *(Ref: MOAttE18-ImbalancedCommunity.pdf)*.

The racial divide continues to shift in the context of the target area. From 2010 to 2013, the percentage of white residents declined from 26 to 23 percent. Census data reveals that 16 percent of the population over age 25 have less than a high school diploma compared to 12.4 percent statewide, and 15 percent have a bachelor's degree compared to 26.2 percent statewide (MERIC compilation). The logical conclusion is that the disaster was an accelerator for the decline in wealth. There is no choice but to look at the impacts of the "cost of a disaster" in two separate but related tracks as Kliesen has proposed. Accounting for the replacement of physical assets does not include the replacement of lost wealth, a factor that undermines resilience against future disasters.

The key to success of the Building on Our Assets program is recognizing that the path to economic resilience is circular and not linear. Home investment that builds wealth and stabilizes neighborhoods must occur in neighborhoods where values are appreciating. Professor Sandra J. Newman and C. Scott Holupka show that strategic investment is critical in a recent study *(Source: STLToday.com. Why home buying was a bust for many African Americans even during the boom. Retrieved October 18, 2015)*. The neighborhood market, not just the access to homeownership, is key to using the tool to build wealth. North St. Louis County is surrounded by areas of economic strength. There is no reason that strong investments in this area cannot result in that same economic strength.

Wealth and Resilience

The target area has a disproportionate number of low and moderate income families and a large and increasing African-American population. While other efforts to reduce or eliminate the racial disparities should be undertaken, creating wealth is the only resilience-building activity that will result in long-lasting resilience for the region and beyond. As McKernan et al. note, "The wealth gap is much larger than the income gap and may be more consequential. Wealth is key to financial stability and economic mobility: when a negative family event occurs, asset poor families are two to three times more likely to experience material hardship than non-asset poor families." Other researchers agree (Butler et al., 2008; Conley, 2009).

CDBG-NDR Funding

How will the CDBG-NDR funding be used to build economic resilience within the areas of unmet need? How will we know if we succeed? The funding proposed in the Missouri Phase 2 submission to the CDBG-NDR focuses on the three categories of Unmet Recovery Need: Environmental Degradation, Housing and Economic Revitalization, the latter of which is accomplished through business development activities and job training. The activities proposed under those three categories of funding are CDBG eligible and each use of funds will meet a national objective *(Ref: MOAttF-BenefitCostAnalysis.pdf, Appendix Table 7*). The program prioritizes use of the funds for those directly impacted by the tornado, for those residing in a floodplain or other hazardous area, and for those whose neighborhoods have been degraded by the indirect impacts of the tornado *(Ref: MOAtt12-PriorityArea.pdf)*. Home ownership, home equity created through rehabilitation and improvements, business equity, employment and transferable skills are all asset-building activities that contribute to economic security. They are

also the activities that make up the investment of the CDBG-NDR funds. Those investments will address the unmet need and build resilience in households and subsequently in the community.

Method of Distribution

In its CDBG-NDR application, Missouri is proposing funding to support a "program" as opposed to a "project." The details of the program are included in this application submittal in Exhibit E – Soundness of Approach and in Attachment F – Benefit-Cost Analysis. The program offers a framework for community-based and community-driven design and delivery and a means of selecting community development organizations that propose activities that complement other supporting initiatives. The program uses supporting leverage that builds capacity, integrates local residents, narrows and defines the target audience, allows for consistent outcomes and metrics and ensures the selection of a combination of investments that bring about a positive benefit-cost ratio.

BENEFIT-COST ANALYSIS

The benefit-cost analysis examines the four activities outlined in this application over years 2017 to 2021. A five-year period was chosen to estimate conservatively the positive benefits to the community, although impacts are expected to be extend beyond that period. The cost includes the total amount estimated for each program activity and the seven percent discount rate to reflect the cost of an alternative investment scenario based on HUD guidance. All values are presented in 2015 constant dollars assuming a general inflation expectation of two percent.

Increasing personal income in the community has a beneficial and understandable effect on local citizens and businesses. Analysis was conducted using the Regional Economic Modeling, Inc. (REMI) Policy Insight analysis tool to develop the cumulative personal income estimates that represent the benefit value. The impacts are concentrated in St. Louis County with

positive income and jobs effects occurring in the local and surrounding areas (results are totaled to the statewide level). These benefits to income represent a conservative estimate to the community based on the combined housing, business development, training and resiliency efforts this funding would support. The combined efforts of these model programs can be reasonably expected to return over $4 for every $1 invested ($205.7 million divided by $49.5 million, or a 4.15 benefit-cost ratio).

SUPPORTING LEVERAGE

The Building on Our Assets program has achieved supporting leverage from a number of entities undertaking complementary and related work in the region *(Ref: MOAttB-LeverageDocumentation.pdf)*. Examples include the following:

- The St. Louis Community Credit Union, in partnership with Prosperity Connection, is planning to open and operate a RedDough Money Center. This investment will provide target area residents access to expert assistance with personal and business finances and business and home financing referrals.
- The Small Business Relief Fund will provide working capital to small businesses in the region and will seek a partner to expand their tool in the region.
- The Workforce Centers of America Center for Employment and Training is coordinating a $5-million workforce development grant that will bring a presence to the target area and the Urban League is administering a $1.5 million grant from the Save Our Sons long-term employment program and a $1.651 million investment in a community empowerment center.

All of the supporting leverage is designed to directly intersect, enhance and multiply the effectiveness of the investments made in the areas of Housing, Environmental Degradation and

Economic Revitalization by the Building on Our Assets program. The complementary efforts of other organizations working on education, race relations, fragmented governments, community policing and municipal court reform will add to the resilience-building efforts of the Building on Our Assets program and vice versa. Success is interdependent. For a specific explanation and list of supporting leverage, refer to Exhibit F – Leverage.

RESILIENCE NEEDS WITHIN RECOVERY NEEDS

How much less costly could these disasters have been if the Building on Our Assets program were in place prior to 2011? How much less costly could these disasters have been if residents of the target area had established security and resilience? What if residents in the target area had a supportive community development, housing and social services structure? What if residents had homeownership, insurance, living wage employment, transferable skills and racial equity? What if these residents had not first been victims of predatory lenders, had the opportunity to live in housing outside the floodplain or had homes built to meet current standards for wind-resistant roof design and energy efficiency?

Instead of instability, there could be economic security. Instead of dependence on public support, there could be personal resilience and independence. Instead of high unemployment and poverty, there could be a community with economic wealth – secure, resilient and with the ability to achieve economic mobility. There could be hope and confidence.

The disasters in the North St. Louis County target area affected two of the most important assets that lead to economic wealth: housing and employment. Notwithstanding the costs of public assistance to local governments, if the Building on Our Assets program had been implemented in 2006, the following costs funded by the federal government through FEMA and other social service providers could have been avoided.

Analysis to answer these questions concluded that 69 percent (2,828) of the 4,099 April 2011 tornado impacted structures were already insured. Approximately 645 households in the target area received some type of FEMA assistance, resulting in a total of 3,473 families that were assisted either through private or public means. What conclusion can be reached about the remaining 626 families? If they were impacted and had neither insurance nor access to Individual Assistance, how did they recover? And, finally, what about the other disasters suffered in the region? Weather-related private insurance claims rose sharply in 2011 and 2012 *(Ref: MOAttF-BenefitCostAnalysis.pdf)*. If only 69 percent were insured and multiple disasters were suffered, how many more households and businesses have been adversely affected by weather-related events?

Imagine if the state had implemented the Building on Our Assets program in 2006. Prior to the tornado, 150 households in the target area would have received housing rehabilitation funding and 600 households in the target area would have received assistance to purchase a home. Over 750 homeowners would now be holding homeowner insurance policies that did not previously have them. The result of the impact to FEMA Individual Assistance in the months following Good Friday of 2011, the date of the tornado, might have been that the 645 “approved claims” against Individual Assistance would all fall into the “Ineligible-Insurance” category. In addition, the area might have realized the benefit of four times the strategic investment, as is indicated in the benefit-cost analysis of program activities *(Ref: MOAttF-BenefitCostAnalysis.pdf)*.

No mitigation effort could stop the EF-4 tornado. No project will stop future disasters. However, the state’s proposal supports families trying to build economic wealth, including private insurance, and to reduce their dependence on government assistance. Payments for

Individual and Household Assistance for this event alone totaled $3,743,713. There is no indicator that defines the equivalent fiscal or social benefits of that type of federal government investment. But there is an opportunity loss realized by the federal government of double that amount if the same investment could have gained a seven percent return elsewhere over the intervening 10-year period.

The Building on Our Assets program is sized at $42 million. As the budget depicts, that program size is made up of CDBG-NDR funding and of direct financial commitments from several diverse sources. The size of the proposal request allows for the investment needed to support those left without private insurance or FEMA Individual Assistance. The program design offsets the 645 households and businesses that accessed neither federal nor private assistance in 2011. Through targeted investments, the program is sized to account for and overcome compounded impacts of unmet need since 2011.

APPROACH

Unmet needs, public and stakeholder engagement, identification of supporting activities inside the target area, demographics and statistics, measureable results, eligible uses of the funds, and the benefit-cost analysis all indicate an approach to building resilience that focuses on building wealth. The significance of the changing economic circumstances of the target area, the other stressors that cannot be ignored, and the exposure to future threats all provide the opportunity to the residents and communities to build micro- and macro-economic resilience through a better economy.

While it may be easier to design physical resilience projects such as floodwalls, roof tie-downs, shelters, or to increased subsidies to low-income victims in the event of a disaster, those options have little or no measurable long-term impact on the individuals, families, communities

and economy of North St. Louis County. The program design allows measurement of new homeownership, increased sales by existing businesses, new business startups, new and retained jobs, and increases in property values. Evaluating alternatives has eliminated other options and returns, time and time again, as demonstrated through public engagement, to a focus on housing and jobs.

The Building on Our Assets program not only addresses unmet needs of households and businesses, but it also provides a broader community development benefit to neighborhoods and communities at large. There is no doubt that there are many stressors occurring in the target area that need changing: policing, court reform, fragmented municipalities and the scarcity of community development organizations. This application will not solve all of the problems, nor is that the intent. It is the intent to focus on members of the community who, with some investment, can establish themselves in a manner that gives to the community at large, instead of taking from it. It is also the intent to do that work in parallel with the other efforts that directly complement this one, and vice versa.

Strengthening the heart of the region, following the 22-mile tornado path, is accomplished by Building on Our Assets.

Exhibit E – Factor 3 Soundness of Approach

State of Missouri

05MissouriExE-Factor3Soundness.pdf

> "It is easy for the truth to be masked. It is easy to lose perspective in the fact that there are a number of strengths and incredible capacity in this region…We can leverage that capacity to do incredible things if we will just be thoughtful and targeted about the way in which we implement policy and the programs that come from those strengths."
>
> *– Rich McClure, Co-Chairman of the Ferguson Commission*

BUILDING ON OUR ASSETS – OUR APPROACH TO ECONOMIC RESILIENCE

Residents of North St. Louis County are trapped – not by a lack of desire but by a lack of opportunity. Over 62 percent of target area households are considered low or moderate income. Many live in aging homes in socially isolated areas. Due to a lack of education and training residents are unable to meet the demands of the jobs available in the area. As a result, they must rely on a long ride on public transit to reach job opportunities. The declared disasters are not the sole cause of North St. Louis County's unmet needs but have certainly exacerbated them. Embedded in the issues of poverty, unemployment and inadequate housing is the factor of racial inequality.

The Ferguson Commission report *(Source: Ferguson Commission. Forward Through Ferguson. 2015. p. 7)* states "[t]he law says all citizens are equal. But the data says not everyone is treated that way." There are compelling differences in the profiles of populations that are just a few ZIP codes apart. For example, at its extreme in the St. Louis region, life expectancy differs by nearly 40 years *(Source: St. Louis County. Aging Successfully in St. Louis County. 2015)*. In mostly white, suburban Wildwood, Missouri, the life expectancy is 91.4 years. In the mostly black, inner-ring suburb of Kinloch, Missouri, life expectancy is just 55.9 years *(Source:*

Ferguson Commission. *Forward Through Ferguson*. *2015)*. Other comparisons directly related to race tell a similar story in Table 1, below. *(Ref: MOAtt18-ImbalancedCommunity.pdf)*

Table 1 – Racial Disparity in St. Louis County

Comparison	Blacks	Whites
Percentage of Uninsured	17.57%	7.18%
No High School Diploma	13.5%	6.11%
Living Below Poverty Level	22.66%	6.54%
Children Below Poverty Level	35.1%	6.38%
Home Ownership	49%	78%
Median Home Value	$108,600	$195,600

(Source: Ferguson Commission. *Forward Through Ferguson*. *2015*. *pp*. *57–59)*

The premise of the state's Building on Our Assets program is simple: improve the economic resilience of citizens in the targeted area through financial asset building so that they are able to recover from recent disasters and withstand whatever shocks and stressors come their way. This approach will provide greater outcomes for citizens than a physical project aimed at only one type of potential future disaster. The proposed program enables community members to build financial assets such as savings, home ownership and business equity. These assets give families the ability to weather emergencies, be more successful in the labor market and improve the lives of their children *(Source: Corporation for Enterprise Development*. *Why Assets Matter*. 2013*)*. The program activities become rungs on an economic ladder that allows the target area to reach opportunities not available today.

The first rung on the ladder is **economic security** (a precursor to economic resilience): protection against the hardship of economic loss that these vulnerable populations face each time a disaster comes their way *(Source: Hacker et al. The Economic Security Index: A New Measure of Economic Security of American Workers and Their Families. 2010.)*. The next step is to provide the community with both **micro-economic resilience** and macro-economic resilience.

A World Bank publication *(Source: Stephane Hallegatte. Economic Resilience: Definition and Measurement. 2014)* discusses the effects of a disaster on the well-being of an individual, known as welfare impact. In addition to human loss, the report recognizes that natural disasters have economic consequences that affect welfare of both individuals and the economy as a whole. Micro-economic resilience depends on a "household's vulnerability, such as their pre disaster income and ability to smooth shocks over time with savings, borrowing, and insurance." Macro-economic resilience "is the ability of the economy to cope, recover, and reconstruct and therefore to minimize aggregate consumption losses." The two resilience models intersect in a community's ability to reduce its welfare disaster risk by reducing the exposure and vulnerability of individuals. Hallegatte's recommended policies below mirror the goals of the Building on Our Assets program: 1) Financial inclusion and stability, 2) Household insurance programs – especially when they target the poor, 3) Facilitated access to credit in post disaster situations and 4) Support for households to improve their housing conditions.

The top rung on the ladder, **economic mobility**, correlates directly with a Ferguson Commission signature call – Opportunity to Thrive (*Ref: MOAttE15-EconomicMobility.pdf*). The Ferguson Commission report states:

> Economic mobility is defined as the likelihood that a family will move up the income ladder from one generation to the next. Unfortunately, St. Louis ranks 38

out of the 50 largest metro areas in the country in economic mobility (Chetty, 2014).

When people do not have equal opportunity to thrive, the entire region pays a price. The University of Missouri-St. Louis Public Policy Research Center's Equity Assessment says, eliminating racial income gaps would boost the St. Louis economy by $14 billion. If there had been no racial gaps in income in 2012, the St. Louis regional economy would have been $13.56 billion larger (Public Policy Research Center, 2015). *(Source: Ferguson Commission. Forward Through Ferguson. 2015. p. 50)*

A local example of this economic ladder (*Ref: MOAttE16-PersonalResilience.pdf*) is evidenced in the destruction and subsequent rebuilding after the civil unrest in Ferguson. Juanita Morris, a small-business owner in Ferguson had the economic security, resilience and mobility to rebuild her apparel shop after it was burned to the ground on November 24, 2014 *(Source: St. Louis Today "A Fashion Boutique Rises from the Ashes of West Florissant." Retrieved October 23, 2015).*

NARROWING THE ALTERNATIVES

Missouri's Phase 1 proposal took a **project-based** approach to address Housing, Environmental Degradation and Economic Revitalization as the region's unmet needs. Project components included new mixed-income housing, adaptive reuse of existing housing, neighborhood resource centers, regional resilience collaboration and a Healthy Neighborhood Strategy. As the team worked on a more detailed proposal for Phase 2 during the Rockefeller Academies, it became increasingly clear that their initial project approach would not permanently impact the unmet needs of the overwhelmingly vulnerable population in the target

area. Any physical project they considered would mitigate only one type of threat. In order to maximize their probability of success, the team members realized a community development

(Source: [Forward Through Ferguson](). Retrieved October 12, 2015)

approach was their best choice to take advantage of every opportunity.

The World Bank takes the same view: "Experience has shown that when given clear and transparent rules, access to information, appropriate capacity, and financial support, poor men and women can effectively organize to identify community priorities and address local problems by working in partnership with local governments and other supportive institutions" *(Source: World Bank. Retrieved October 20, 2015)*.

Consistent with the NOFA, the proposed program integrates broader community development activities to build long-term resilience. The combined approach addresses the need in the broader context of the factors affecting households and businesses. As a result, what emerged from the Academy is a shift from project to program – from bricks and mortar to a response to community needs.

PUBLIC ENGAGEMENT – LISTENING AND REFINING

Listening to Recent Engagement

Recent public engagements conducted across the St. Louis Region are the building blocks for state assessment of unmet needs and the community-driven approach outlined in this application *(Ref: MOAttE17-CommunityEngagement.pdf)*. The *Building a St. Louis Regional Community Development System* report states:

> When we allow neighborhoods to decline as a result of concentrated poverty, housing abandonment, neglected public infrastructure and other dysfunctions, we waste human resources that could be better put to use to bolster the regional economy for example, when people live in communities without access to jobs, the result is an underperforming job market characterized by pockets of high unemployment. Economically and racially segregated neighborhoods are associated with poor health outcomes caused by stress, poor air quality and lack of access to medical services. We all end up paying for these costs through our public and private health insurance.
>
> In short, supporting community development for older disinvested neighborhoods would result in a stronger regional economy and a better quality of life for everyone in the region. *(Source: Strengthening St. Louis Neighborhood Task Force. Building a St. Louis Regional Community Development System. 2014)*

The task force has since released an implementation plan that revolves around Neighborhood and Community Based Economic Development Organizations.

An extensive public participation process was conducted by the Ferguson Commission. The commission held 17 public commission meetings in neighborhoods around the region. In addition, four working groups, including one focused on Economic Inequity and Opportunity, held 38 community participation meetings that produced Opportunity to Thrive, one of the four pillars emerging from public feedback. The Opportunity to Thrive section of the report includes a call to action around asset building that declares "saving and investing in education, skills, experience, a house, land, an enterprise, financial securities, or other assets improve families' capabilities, earning and life circumstances over time and across generations." *(Source: Ferguson Commission. Forward Through Ferguson. 2015. p. 148)*. Appreciating the parallel paths of disaster recovery planning in Economic Revitalization, Environmental Degradation and Housing sectors, HUD approved the use of disaster CDBG funding to financially support the Ferguson Commission's Economic Inequity and Opportunity working group. Sallie Hemenway, Missouri DED, served as a member of the working group. In a collaborative effort, co-chairs of the Ferguson Commission, Economic Inequity and Opportunity Working Group – Felicia Pulliam, from FOCUS St. Louis and a North St. Louis County resident, and Pat Sly from Emerson Electric – participated in the development and review of the program and Missouri CDBG-NDR application.

Input from the Wellston Neighborhood Choice planning process echoes similar sentiments: "Employment, coupled with effective management of household income, is the most important tool to overcoming generational poverty and disadvantage. About six out of 10 Wellston Housing Authority households indicated that they are unemployed for various reasons. The top services needed for employment include job skills training, 24-hour child care and transportation, since major regional employment centers are not located near Wellston." *(Source:*

St. Louis County Office of Community Development. Wellston Neighborhood Choice Plan. not yet published 2015). The draft report identifies a Neighborhood Opportunity Hub to serve community needs.

A study of the Spanish Lake area commissioned by the St. Louis Economic Development Partnership (SLEDP) learned through public participation that there was a strong need for a neighborhood hub that would offer an array of economic services directed by the neighborhood.

St. Louis was recently designated a Promise Zone by President Obama. The Promise Zone concept acknowledges the struggle to build a resilient middle class and the need for communities to operate programs fueled by local accountability of outcome based performance.

Refining Our Approach Through Listening

It is clear that asset building and local ownership of programs are two repeated requests of residents living in North St. Louis County. The public participation process related to the Missouri CDBG-NDR Phase 2 application is a refinement of that need, asking more about methods of delivery and services desired to gain direction for the concept.

Key audiences for engagement included individuals and businesses who would receive support through the Building on Our Assets program and potential service providers to the program. Activities and feedback from each of these audiences included:

- Survey distribution at two (previously scheduled) community events. The first event was a college fair for families in the target area. The second event was a home, health and energy fair for area residents.
- Two focus groups with service providers. These groups involved 19 individuals from various agencies and nonprofits.

- Business owner survey. Outreach and distribution to businesses at two previously scheduled meetings.
- Individual meetings and conversations between federal, state and local government, philanthropic organizations, nonprofit organizations, private sector representatives and partnership team members *(Ref: MOAttD-ConsultationSummary.pdf)*.

The feedback received was very helpful for refining the program design and language. As a result of the focus group comments, the team modified the concept from Centers for Opportunity and Innovation, which implied a physical space, to the Building on Our Assets program, which may or may not require a physical space. Comments helped the team solidify goals for the program which include financial inclusion and stability, household insurance programs (especially when they target the poor), facilitated access to credit in post disaster situations, and support for households to improve their housing conditions. Engagement of stakeholders, many of whom are working to tackle other needs within the target area, confirmed the direction and use of CDBG-NDR funding in this proposal as one that would directly impact and directly complement their efforts. Those organizations and many of their activities may be found in the Supporting Commitments section of Exhibit F – Leverage in this application.

Lastly, feedback guided the team to clarify the target population for the grant as low to moderate income individuals and households that due to recent disasters or other events lost a foothold on the economic security that comes from owning a job and/or business and having steady employment. The program does not target the poorest of the poor in an effort to leverage capacity that exists in the community, which in turn, will help stabilize the whole community.

Continuing and Future Public Engagement

The Missouri Department of Economic Development (Missouri DED) will seek input from stakeholders well after the application period closes. In November 2015, the state and Greater St. Louis Community Foundation are cosponsoring a resilience conference in St. Louis. This statewide, two-part conference will include national and regional resilience experts, government agency partners, financial institutions, philanthropic foundations, community development organizations and other private and nonprofit agencies. The conference will explore a cross section of resilience-oriented activities and provide local and regional community developers an opportunity to review the Building on Our Assets program application process, requirements for submission and criteria for a successful application.

Public participation will be a key program component during implementation of the Building on Our Assets program as applicants must engage their target markets as part of the development of their proposals under this program. Consistent feedback regarding performance is also a requirement over the five-year program period. Additional activities for potential applicants, starting in February and running through 2016, will launch the program application process and build community awareness. During the first phase of the selection process, the community will serve an important role in narrowing the field of applicants by participating in the evaluation process. (see Program Timeline on page ExE-15).

PROGRAM DESIGN

The Building on Our Assets program includes activities designed through community-based input and proposed by innovative applicants through a competitive process. The overall objective is to increase the economic mobility of North St. Louis County residents through increased economic resilience. Preference will be given to programs implemented in the

designated priority area within target area *(Ref: MOAttE12-Priority Area.pdf)*. By emphasizing reinvestment in this priority area, the program rebuilds the neighborhood fabric, increases land use density, and increases community resilience *(Ref: MOAtt19-BuildingAssetsCogs.pdf)*.

Program Components

The program is community-driven and addresses identified unmet needs of business and housing development in the North St. Louis County target area. It promotes a synergistic approach to community development activities to encourage submittals from innovative community development organizations. Successful proposals will include components of the following four focus areas. Examples of potential activities are included for each focus area.

Business Development

- Small business lending and micro-lending.
- Incubator and mentorships.
- Entrepreneurship development.
- Partnerships with corporations.
- Revolving loan fund.
- Pre-incubation idea center.
- Equity investments.

Housing

- Housing rehabilitation grants.
- Housing rehabilitation technical assistance.
- Home buyer purchase grants.
- Mortgage rescue.
- Principal cost reduction.

- Housing counseling and resources.

Training and Skills

- Skills-based training tied to local high demand jobs.
- Sustainable economy-based job training.
- Adult training (on-the-job shadowing, classroom GED, local union apprenticeships).
- Bridge to local business apprenticeships.
- Financial literacy and counseling.
- Training and employment embedded in center-supported housing and business programs.
- Jail and fine alternatives: certificate-based training in resilience activities – tree canopy replanting, creek and streambed restoration, blight removal.
- Community service opportunities.

Regional Resilience

- Communications node and technology empowerment.
- Space for Community Organizations Active in Disaster (COAD).
- Safe rooms in each center.
- Technical assistance in zoning and building standards.
- Regional resilience planning and coordination.

Performance Measures/Metrics

The Building on Our Assets program activities should increase insurance coverage, household wealth, access to capital and financial literacy. One result will be lower Individual Assistance claims when the next disaster strikes. In her book *The Resilience Dividend*, Judith Rodin states, “Becoming more resilient in a turbulent and unpredictable world will require that,

when disruption inevitably strikes, insurance coverages have been secured, so that our cities, communities, and the people that inhabit them can recover more rapidly and to lessen the public expenditure in the aftermath of a disaster that may be better applied to activities and initiatives that help us build resilience before disruption strikes." The program activities should lessen damage rates and insurance claims by building quality housing, elevating structures to withstand damage and removing structures from the floodplain. Activities should increase property values, which will allow Small Business Administration loans for recovery. An increase in property values will mean an increased tax base for the community enabling them to fund costs from unmet needs. Building on Our Assets will measure its success using the following four metrics:

1. **Resilience Value** – Increases in insured home ownership and increases in insured businesses: Measure the number of insured homeowners created because of the program activities (750 is the model program goal) and the number of insured business owners created (300 is the model program goal). The down payment and closing costs program along with the principal reduction program will create new insured homeowners. The business revolving loan fund and the start-up costs equity investment funds will create new insured business owners.
2. **Environmental Value** – Reduced Energy Use: Measure energy efficient appliances and improvements funded by the program and calculate the energy consumption decrease. Energy consumption will decrease due to rehabilitation of older homes.
3. **Social Value** – Education Levels: Measure the population over age 25 with the distribution of education and the number of people directly assisted by training programs to move from one education level to the next. There is a link between social volatility and education levels *(Source: Cutter et al. Social Vulnerability to*

Environmental Hazards. 2003). Training programs will create educational opportunities and the program overall will increase available income.

4. **Economic Revitalization Value** – Increased Income: Measure the median household income, which can be measured annually. The model training program will affect 975 workers through on-the-job training, classroom, apprenticeship and union programs. There is a link between household income, household wealth and economic security *(Source: Hacker et al. The Economic Security Index. 2010)*.

Program Implementation

Building on Our Assets program implementation will be divided into two phases to ensure that the program is community-designed. Households and businesses (beneficiaries) are required to carry insurance as part of the benefit, and insurance education and training classes will be made available in the target area during the life of the program. The first phase will focus on attracting and educating prospective community development organizations. The second phase will assist chosen organizations in forming collaborative partnerships and activities that can be implemented within the program (see Program Timeline on page ExE-15). It is important to note that some activities may require a physical location while others may be conducted in an existing location or may not require office space.

The first phase includes a campaign to find innovative community development organizations. Organizations outside of the region are encouraged to apply if they have local partners. Capacity-building is built into the model to allow for organic growth of local North St. Louis County community-based organizations, creating a long-lasting impact in the area as a result of the program. The state will hold a November 2015 conference for prospective applicants that will include sessions on economic resilience. Organizations that submit proposals

within the minimum criteria (outlined further below) will be invited to participate in a public evaluation process similar to the TV show “Shark Tank” called “Pitch-In.” Applicants will pitch their Building on Our Assets program activity to a panel of judges. The panel will consist of representatives of the partnership and a cross section of community members that could include housing and education experts, chief executives from nonprofits and the private sector, residents and resilience experts.

The second phase of the process will involve proposal refinement. Selected applicants will receive a planning grant of $25,000 from Missouri CDBG-NDR partners to enable them to form a team and refine the program. Partners will provide technical assistance to create a benefit-cost analysis for each proposed activity and will evaluate these proposals during the second phase to select the funds sub-recipients.

Program Timeline

The program timeline is aggressive yet feasible. The state anticipates a five-year program, with the requested waiver. The program begins in January 2016 when the state receives its award notification from HUD. The schedule and activities are listed in Table 2, below.

Table 2 – Program Timeline

Dates	Activities
January 2016 (early)	Assignment of administrative staff by NDRC partners.
January 2016 (late)	Finalization of marketing plan by staff and partners.
February 2016	Workshop for potential applicants to launch the Building on Our Assets program and to begin marketing the program to the community.

Dates	Activities
March 2016	Partners release formal call for proposals and implement marketing program to potential applicants.
April 2016	Staff receives and reviews proposals, reviews collaborations based on eligibility criteria, and issues invitations to “Pitch-In” event.
May 2016	Partners host “Pitch-In” event in North St. Louis County. Community members and partnership representatives serve as evaluators. The community audience is encouraged to participate in the selection process via keypad polling.
May 2016 (late)	Evaluation team selects winners of “Pitch-In” event. Chosen applicants may be asked to refine their proposal or form additional collaborations in order to better meet the program objectives. Each selected team is awarded $25,000 to develop a more complete proposal and build a community-based collaborative program. Each team is provided technical assistance from a consultant retained by the partners to conduct a complete benefit-cost analysis of the activity proposal using the benefit-cost model provided in the partner’s CDBG-NDR submittal to HUD.
June 2016 (early)	Partners publish full proposal application and guidelines for selected applicants.
July 2016 (late)	Full application due from selected applicants.

Dates	Activities
August 2016	Partners complete evaluation of applications and issue contracts for physical locations required as part of the Building on Assets program.
September 2016	Partners initiate environmental review, followed by Notice to Proceed
September 2017	Year 1 program activities complete, 100 percent obligation of funds
September 2018	Year 2 program activities complete
September 2019	Year 3 program activities complete
September 2020	Year 4 program activities complete
September 2021	Year 5 program activities complete, 100% expenditure of funds

Feasibility and Capacity

The Missouri DED, SLEDP and St. Louis County will manage the Building on Our Assets program in partnership. An organizational chart is provided in Exhibit C – Capacity. The total budget for Building on Our Assets is $42,404,316. Of this budget amount, Direct Financial Commitment totals $3,850,000. Supporting Commitments total $15.2 million from 13 different public, private and nonprofit organizations working in the region. Any decreases in award should be in proportion to maintain a positive benefit-cost. These amounts are referenced in the Sources and Uses Statement in Attachment B-Leverage Documentation *(Ref: MOAttB-LeverageDocumentation.pdf)*.

Budget

The program budget summary is listed in Table 3, below. Direct leverage sources include St. Louis County (STLCO), Missouri DED Neighborhood Assistance Program (NAP), Missouri DED Home Investment Partnership (HOME), Missouri DED Division of Workforce Development (DWD), Missouri Development Finance Board (MDFB), Missouri DED – Business Community Services (BCS).

Table 3 – Program Budget Summary

Category	TOTAL	CDBG-NDR	Leverage	Leverage Source
Pre-Program	$280,000	$255,000	$25,000	Wells Fargo
Housing	$10,150,000	$6,900,000	$3,250,000	STLCO, NAP, HOME
Business Development	$23,000,000	$22,400,000	$600,000	MDFB, NAP
Training	$3,592,000	$3,392,000	$200,000	DWD
Regional Resilience	$3,552,349	$3,527,349	$25,000	BCS
TOTAL	**$40,574,349**			
5% Admin Limit	$1,829,967	$1,823,717	$6,250	BCS
TOTAL Plus Admin	**$42,404,316**	**$38,298,066**	**$4,106,250**	

The CDBG NDR budget pages that depict Project Detail, DRGR Coding, Sources and Uses, Eligible Activities and National Objectives may be found in the Budget Appendix (1-5) of Attachment F – Benefit-Cost Analysis *(Ref: MOAttF-BenefitCostAnalysis.pdf)*. Additional details for Sources and Uses may be found in Attachment B – Leverage Documentation *(Ref: MOAttB-LeverageDocumentation.pdf)*. The budget was developed using HUD industry standards. All budget calculations are under the allowed thresholds and are based on Midwest market pricing.

Scoping and Scaling

The program request is sized to address unmet need from 2011 disaster. The design, with multiple activities built into the program, allows for scoping or scaling, as necessary. Funds may be increased or decreased in the following categories: physical construction, resilience planning, housing, business development, training and capacity building. Administrative funds would be adjusted consistent with any changes. The budget is compliant with CDBG thresholds of planning and administration, public services and public benefit. Any changes in program activities must be made with consideration to program percentage rules. The benefit-cost analysis also indicates the results of investments of each activity. The combination of specific activities and outcomes provides a positive benefit-cost ratio. Any increases or reductions to categories as a result of scoping and scaling must also give sufficient consideration to those specific benefit-cost results.

REGIONAL COOPERATION AND PLAN CONSISTENCY

The Building on Our Assets program activities are consistent with the St. Louis County consolidated plan as well as the St. Louis Regional Hazard Mitigation Plan.

East-West Gateway Council of Government

The *St. Louis Regional Hazard Mitigation Plan*, updated by East-West Gateway Council of Governments under the direction of the Missouri State Emergency Management Agency, contains all of the CDBG-NDR program target area within its boundaries. Several action steps from the plan align closely with the Building on Our Assets program, including Public Awareness and Involvement through COAD participation in the program, Public Actions to prepare for Natural Disasters through safe rooms that can serve as relief centers, and Prepare for Extreme Weather through establishing relief centers.

In addition, the East-West Gateway Council of Governments along with 10 other consortium partners completed a regional plan for sustainable development entitled *OneSTL – Plan for a Prosperous, Healthy, Vibrant St. Louis Region*. The council believes there is synergy between Building on Our Assets and the OneSTL Themes of Collaboration and Prosperity. *(Ref: MOAttD-Consultation Summary.pdf)*

Promise Zone

The Missouri CDBG-NDR program boundary overlaps the footprint of the St. Louis City and County Promise Zone and its purpose aligns with the anticipated outcomes addressing unmet needs in North St. Louis County. The St. Louis Economic Development Partnership, regional administrator of St. Louis' designated Promise Zone, considers these proposed CDBG-NDR program activities as another resource supporting St. Louis' effort to alleviate suburban poverty, enhance regional resilience, and collaboratively embrace underserved communities of North St. Louis County *(Ref: MOAttE14-PromiseZone.pdf)*

PROGRAM APPLICANTS CRITERIA, EXPECTATIONS AND OUTCOMES

Key Evaluation Criteria for Applicants

Successful applicants will incorporate the following characteristics in their application to develop a Building on Our Assets activity.

- **A collaborative approach** – Physical locations should include components of most, if not all, four areas of activities: business development, housing, training and skills, and regional resilience collaboration. Partners are looking for "atypical partnerships" that are synergistic, creative and logical. Activities must be designed to capture multiple outcomes and measurable steps toward resilience. All program beneficiaries must obtain private insurance coverage for their home or business.
- **A community-driven model** – Applicants must demonstrate their model is reflective of the desires of the community, is data-driven, and is customer-driven in nature.
- **Local and accessible service provision** – The spatial mismatch of populations to jobs and social services is a major consideration, particularly considering the suburban nature of the target area, the relatively low access to personal vehicles and the lack of high-quality public transportation. Any physical location should be located to maximize proximity to the target population and, preferably, to public transit.
- **Sustainable model** – Applicants should identify how their proposed activity will be sustained (and funded) after five years of CDBG-NDR funding or, if the program situation warrants it, should describe how the program will transition or disband upon conclusion of the program funding.
- **Scalability and replicability** – In allocating resources to the programs, it is critical that the applicants demonstrate that their proposal is scalable and replicable elsewhere in the region. Building on Our Assets can be a national model for building economic

resilience in struggling urban and suburban communities. The program activities will be unique to each community and the program may not work in isolated areas. Instead, program replicability can be successful by modelling the same approach in locations where other overlapping issues are being addressed concurrently and where an opportunity exists for near economic growth.

- **Geography** – Program activities within the priority area impacted by the 2011 and 2013 disasters will receive preferential, but not exclusive, consideration for funding.
- **Leverage additional commitments –** Ability to leverage additional funding (initially and continuing past year six). Leverage may include cash or in-kind services.
- **Sharing of Knowledge** – Successful sub-recipients must agree to collaboratively publish annual policy statements, lessons learned, and best practices.
- **Alignment with the Ferguson Commission Economic Inequity and Opportunity Calls to Action** – Each proposal should demonstrate how its goals align with the Opportunity to Thrive priority to increase economic mobility of residents in North St. Louis County.

Consideration for selection will be given to applicants in two areas, Capacity and Expertise and Focus and Target, and evaluations will consider factors including the following.

Capacity and Expertise – Inclusion of a diversity of strong local partners; Capacity (or ability to gain capacity by partnering) to complete the program; Expertise in proposed program area; Identification of proposed staff; Knowledge of CDBG and other funding aspects.

Focus and Target – Evidence of ability to meet the identified unmet needs; Long-term commitment to the community; Types of services proposed; Size and scale proposed for the

program; Proof of both regional and local impact; Multiple resilient activities, such as the employment of Section 3 persons as part of the program activity.

Applicant Outcomes

While applicants must use a service provision approach that is community-driven, they are encouraged to use innovative best practices that may not have been tried in the North St. Louis County area previously. Applicants are expected to pursue the following **outcomes**:

- Building resilience, the ability to “bounce back” from shocks.
- Meeting identified unmet needs such as housing, employment and business creation and retention.
- Including safe rooms and a COAD facility, if constructing a physical space.
- Creating centers of activity that are community-driven and informed by community consensus.
- Building economic mobility through increasing economic security via job creation, labor force preparation (job readiness) and improvement in economic security and economic well-being indices.
- Improving education for the target population through improvements to local schools or other approaches.
- Providing higher quality of life for target population.
- Increasing accessibility of resources and services.
- Participating with other sub-recipients on publication of annual policy statements, lessons learned and best practices.

Physical development within the Building on Our Assets program should support the following **values**:

- Be open, welcoming spaces.
- Meet people where they are located.
- Provide one-stop shopping for services, businesses, resources.
- Function as a community-focused learning center.
- Utilize resources to be a business incubator.
- Maintain a steady clientele as a critical member of the neighborhood.
- Create a referral network by integrating with a regional resilience collaborative.

Exhibit F – Factor 4 Leverage

State of Missouri

06MissouriExF-Factor4Leverage.pdf

LEVERAGE COMMITMENTS

This proposal brings together resources and leverages them in a way to provide direct support to the target area while also supporting and advancing regional resilience goals and investments. For the Phase 2 proposal, the state secured $9.01 million in leverage commitments: $3.6 million ($4.1 million total contributions) in Direct Financial Commitments and $5.41 million ($15.42 million total contributions) in Supporting Commitments. Combined, Direct Financial and Supporting commitment leverage represents 21 percent of the total proposed program budget of $42.4 million. All leverage commitments and a Sources and Uses document are included in Attachment B – Leverage Documentation *(Ref: MOAttB-LeverageDocumentation.pdf)*.

Critical to programs success, leverage commitments were achieved through partnerships with federal, state, regional and local agencies, along with nonprofit, private sector and philanthropic entities. The state engaged regional banks and financial institutions during the process and connected with over 30 philanthropic foundations (community, corporate and national) while working closely with the Center for Disaster Philanthropy. Several foundations committed resources, reflected in the leverage documentation, while others are committed to exploring how to best add value beyond Phase 2 *(Ref: MOAttD-Consultation Summary.pdf; Ref MOAttE11-MissouriCDBGNDRPartners.pdf)*.

In addition to Direct Financial and Supporting leverage commitments included with this application, the Building on Our Assets program proposal is designed to attract additional capital and leverage through innovative community development capacity-building requirements as described in Exhibit E – Soundness of Approach *(Ref: 05MissouriExE-Factor3Soundness.pdf, page 11)*.

The proposal recognizes that local community development organizations are better positioned than a state government entity to request and secure funding from the philanthropic and private sectors for community-driven proposals. As part of the application process, innovative community development organizations (applicants) are asked to identify specific project leverage, assets, networks and resource relationships. In addition, applicants are required to identify funding or program resources for operations beyond the five years of funding provided through the Missouri CDBG-NDR grant. The state secured commitments from financial institutions to support successful applicants during the implementation period with the design of products that best leverage program investments. This program approach leverages community development infrastructure established through the Missouri CDBG-NDR grant.

DIRECT FINANCIAL COMMITMENTS

The following direct financial commitments apply to the proposal. The Division of Business and Community Services committed $25,000 for regional and economic resilience collaboration, $7,500 for a resilience and program kickoff conference, and $500,000 in 50 percent tax credits that will result in contributions of $1 million. In addition, the Division of Workforce Development committed $200,000 to support workforce development activities and the Missouri Development Finance Board committed $100,000 for business development activities. The St. Louis County Office of Community Development committed $2.75 million over five years through CDBG and HOME Investment funds. Wells Fargo Advisors contributed a $25,000 grant to support the proposal. All these funds are included into the program budget and reflected in the Sources and Uses document and list in Table 1 – Direct Financial Commitments, below.

Table 1 – Direct Financial Commitments

Source	Committed Resource
Missouri Department of Economic Development, Division of Business and Community Services through St. Louis County / St. Louis Economic Development Partnership	• $25,000 – Committed to St. Louis County – Economic Resiliency Collaboration (Phase 1).
Missouri Department of Economic Development, Division of Business and Community Services	• $500,000 – Tax credit awards in 50 percent MO Neighborhood Assistance Tax Credits ($1,000,000 contribution; $500,000 counted) (Phase 1 and 2).
Missouri Department of Economic Development, Division of Business and Community Services	• $7,500 – Resilience Conference, Building On Our Assets Program, Nov. 2015.
Missouri Department of Economic Development, Division of Workforce Development	• $200,000 – Missouri Works Training for workforce development programs.
Missouri Development Finance Board	• $100,000 – Business development.
St. Louis County Office of Community Development	• $250,000; $50,000 per year for five years in CDBG funds.
St. Louis County Office of Community Development	• $2.5 million; $500,000 per year for five years in HOME Investment Partnership Funding.
Wells Fargo Advisors	• $25,000 – Grant.
Total Direct Financial Commitments	**$3,606,250 ($4.1 million total including $500,000 in 50 percent tax credits).**

SUPPORTING COMMITMENTS

As part of the outreach and consultation efforts, the state and partners have secured a number of supporting leverage commitments, activities and community assets that complement the activities outlined in the proposal. Community stakeholders recognize the co-benefits the proposal provides their respective organizations and are committed to collaborating with the state. Supporting commitments include community engagement; workforce development and job training programs; business improvement, relief and recovery funds; insurance education outreach; investments securing access to financial services and products and commitments to host a regional resilience conference. Several key supporting commitments are detailed below.

Missouri Governor Nixon established the Ferguson Commission on November 18, 2014 to study social and economic conditions and provide recommendations for making the St. Louis region a stronger, fairer place for everyone *(Source: Ferguson Commission. Forward Through Ferguson. 2015; Ref: 03MissouriExC-Factor1Capacity.pdf. page 7).*

While this proposal outlines activities to address the challenges of business and housing in the target area, the ongoing work of the Ferguson Commission provides a parallel action to address issues of race inequity, embedded in the issues of economic resilience within North St. Louis County. The implementation of Calls to Action from the Ferguson Commission is integral to the success of this proposal and vice versa.

The Missouri Department of Insurance committed to support this proposal by providing opportunities for education about insurance *(Ref: MOAttF-BenefitCostAnalysis.pdf, page 33)*. The Building on Our Assets program promotes insurance education through incentive benefits given to businesses and individuals who take insurance classes as part of program participation.

Investments from Prosperity Connection ($2.11 million), a local nonprofit that assists individuals and families earn economic independence, and St. Louis Community Credit Union ($3.1 million) in the target area ensure participants of the Building on Our Assets program have access to financial services and products that build wealth and economic security.

The St. Louis Economic Development Partnership (SLEDP) and St. Louis Port Authority committed $500,000 for beautification and marketing efforts for the cities of Dellwood and Ferguson. This financial commitment is leverage accepted for Phase 1 and applied as Supporting Commitment for Phase 2. These funds focus on improvements in business districts and support target area businesses.

St. Louis Economic Development Partnership worked closely with the Missouri DED, St. Louis Regional Chamber and a consortium of banks to raise $1 million for the Small Business Relief Program in response to the unrest in and around Ferguson. Since September 17, 2015 the fund has provided $745,500 in loans and grants to more than 70 small businesses to ensure their recovery and continued operation within the target area.

The Urban League of Metropolitan of St. Louis (Urban League) committed $1,51 million in funds, with major contributions coming from regional employers AT&T and Anheuser-Busch, through the Save Our Sons program. The program is a workforce training program for males in the Ferguson and North St. Louis County target area. In addition, the Urban League committed $1.6 million ($1 million land remediation, demolition and $651,000 in cash donations) for the Community Empowerment Center to be built in Ferguson, serving the North St. Louis County target area. The facility will provide integrated services through a unique model of community partner collaboration, eventually accommodating the Save Our Sons program and offering community space for North St. Louis County residents.

Family and Workforce Centers of America provides youth and adult workforce development services. Since September 17, 2014 they have implemented three projects to strengthen economic resilience of families in North St Louis County. These investments represent $4.05 million focused on job training and workforce development activities.

Additional supporting leverage commitments are illustrated in the table below and supporting documentation included in Attachment B: Leverage Documentation *(Ref: MOAttB-LeverageDocumentation.pdf)*.

Table 2 – Supporting Commitments

Source	Committed Resource / Funding
Ferguson Commission	• $110,765 – From Community Services Block Grant to support planning activities; public input utilized to develop this proposal and program design.
Missouri Department of Insurance	• $40,000 – Insurance Education to homeowners and small business owners.
Missouri Technology Corporation (MTC)	• $100,000 – Seed capital, venture capital investments, business development, and advisement for program participants.
Prosperity Connection	• $268,000 – Capital investments for the new Wealth Accumulation Center in North St. Louis County. • $1.85 million – Operating funds for Wealth Accumulation Center for three years.
St. Louis Community Credit Union	• $3.1 million – New Market Tax Credit for branch enhancements and product offerings in North St. Louis County.

Source	Committed Resource / Funding
St. Louis Economic Development Partnership and St. Louis Co. Port Authority	• $500,000 – Allocated for demolition, marketing and beautification efforts for cities of Dellwood and Ferguson (Phase 1 Leverage).
SLEDP, St. Louis Regional Chamber – Small Business Relief Fund	• $1,000,000 – Grants and loans to support business recovery in target area ($747,500 given out to date).
Regional Business Council	• $312,000 – Reinvest North County Fund for business recovery; grants, capacity building, building repairs. • $274,000 – Reinvest North County Fund – school districts; student and parent programming.
Urban League of Metropolitan of St. Louis	• $1.5 million – Save Our Sons long-term employment program. • $1.651 million – Community Empowerment Center Ferguson ($1,000,000 land, remediation, demolition; $651,000 cash donations).
Family and Workforce Centers of America	• $2.5 million – Dept. of Labor Career Pathways – Bridge-STL job training and employment. • $850,000 – W. K. Kellogg Foundation STEPS St. Louis Grant for training and employment program. • $700,000 – HHS Healthy Relationships and Education Grant –job training and workforce development.
St. Louis County Division of Workforce Development	• $500,000 grant for American Job Center (AJC) in the Department of Justice Services (DJS) facility.
Greater St. Louis Community Foundation	• $135,000 – Come Together Ferguson Fund. • $30,000 – Giving For Good Fund ($20,000 Urban League Job Center; $10,000 Ferguson Commission; $20,000 youth services and small business support).

Source	Committed Resource / Funding
	• Reinvest North County Fund ($ listed in Regional Business Council). • Resilience Conference Co-Host (November 2015) • Invest STL Fund.
Central Bank, Commerce Bank, Midwest Bank Centre, Pulaski Bank, Reliance Bank, UMB Bank	• Regional financial institutions commitments in supporting Building on Our Assets once implemented through the development of products that leverage private investments.
TOTAL SUPPORTING COMMITMENTS	**$15,420,765 (1.5 x $3.607 = $5.411 million)**

Program Implementation Commitments

As stated earlier, the Building on Our Assets program is designed to leverage resources beyond Direct and Supporting Commitments. During implementation, the program leverages resources at multiple stages. Several community financial institutions – Central Bank, Commerce Bank, Midwest, Pulaski, Reliance and UMB Bank – are familiar with and actively investing in the North St. Louis County target area by providing supporting commitments. Their involvement includes designing and providing products that best leverage and extend private investments and CDBG-NDR funds. These institutions recognize their role in building economic resilience across the region and have documented their commitment to the successful implementation of the proposal.

LEVERAGE BEYOND THE TARGET AREA

The state committed $25,000 to support regional economic resilience collaboration. This funding connects the target area with resilience efforts and initiatives implemented across the

region. This support would leverage several regional resilience programs and activities, including OneSTL, a plan for sustainable development for the St. Louis region; Strong Cities, Strong Communities; and the 100 Resilient Cities program. The state has also firmly committed funds to host a regional resilience conference in November 2015. These commitments leverage the convergence of resources focused on resilience within the region, extending impact and creating an incredible opportunity for the St. Louis metropolitan region.

There is a strong commitment to regional economic resilience which has been formalized through an executed memorandum of understanding (MOU) between St. Louis Economic Development Partnership (SLEDP), the St. Louis Development Corporation and the St. Louis Regional Chamber *(Ref: 07MissouriExG-Factor5Commitment.pdf)*.

Invest STL is another regional initiative with critical leverage extending beyond the impact of the CDBG-NDR investments in the target area. Invest STL is an initiative of the Greater Saint Louis Community Foundation. Invest STL institutionalizes the region's ability to align local and national investment behind 1) an ecosystem capable of coordinating neighborhood and regional projects, 2) sustained neighborhood revitalization initiatives, and 3) professional development. This initiative mobilizes, leverages, and invests financial, human and social capital in North St. Louis County and the entire region.

OUTCOMES

The identified resources and commitments best support the overall objective to increase economic security, resilience and mobility of North St. Louis County residents and businesses through investments that create opportunities. The activities outlined in the proposal and leveraged through supporting commitments together achieve the outcomes identified: increased

insurance coverage, increased household wealth, increased access to capital and increased financial literacy *(Ref: 05MissouriExE-Factor3Soundness.pdf)*.

The Building on Our Assets program design creates a methodology that can be replicated anywhere. The model does not rely on a single source of funding, program focus or location. The focus on individual and community economic resilience is applicable in every neighborhood and every community.

Exhibit G – Factor 5 Regional Coordination and Long-Term Commitment

State of Missouri

07MissouriExG-Factor5Commitment.pdf

The state of Missouri and its partners, St. Louis County and the St. Louis Economic Development Partnership, have learned an overriding lesson, that they must weave resilience-building components into development as natural and purposeful design elements or Missouri, a disaster-prone state, will suffer economic hardship:

- Development gains it has made will be placed at risk, as disasters destroy infrastructure, neighborhoods, communities, businesses, and families.
- Dependence on public subsidies for repair and recovery will provide only short-term economic benefits rather than long-term benefits of post-disaster private investment.
- Opportunities for economic growth experienced by communities not affected by such shocks will be lost.
- Wealth opportunity of struggling low- and moderate-income families will be eroded.

STATE-LEVEL COMMITMENTS

Resilience-Building through CDBG Applications

The Missouri Department of Economic Development, Division of Business and Community Services (Missouri DED) implemented the commitment it made in Phase 1 – to award state Community Development Block Grant (CDBG) applicants priority points for proposing development activities that incorporate readily identifiable resilience components. More recent revisions to the state CDBG guidelines add output and outcome measures.

Effective Date and Duration / Actions Completed and Milestones

This program went into effect in April 2015. Subject only to further refinements, the additional language and preference points are permanent. Missouri DED will incorporate resilient design technical assistance into New Grantee and Administration workshops to create awareness and broaden knowledge.

Baseline and Outcomes

Missouri DED requires applicants to describe benefits using reputable and established benefit-cost analysis modeling measures and methods, which allow objective, quantifiable evaluation. Models used by FEMA and the Missouri Department of Transportation are two acceptable examples.

Missouri DED set goals for measuring adoption of this approach by applicants and will evaluate results to allow the approach to be fine-tuned. In year one, the goals are for 10 applications to include readily identifiable resilience components and for five of these applications to receive awards; the current baseline is zero. In an average year, there are 125 applications and 60 receive awards. As of this application submittal, five applications have included readily identifiable resilience components; all five of these applications received awards. Missouri DED will target the types of resilience components proposed. Within those goals, and based upon historical numbers of applications submitted under the different categories of water and wastewater, community facilities, economic development and other public infrastructure needs, the goals are further delineated as follows:

- Of 10 applications with resilience components, at least three will increase physical resilience measured by “increasing the number of days of uninterrupted public utility services” or “increasing the number of persons with access to drinking water.”
- At least three applications will create economic resilience measured by “creating and retaining jobs held by low income persons.”
- Four applications will create physical resilience on a regional basis by “decreasing the cost of property damage,” “decreasing the amount of time spent on alternative routes” and “increasing the speed of response for emergency responders.”

Lessons Learned

Based on applying this approach within the CDBG program for six months, success of this effort will require continued support of applicants through technical assistance and training.

Resilience-Building through Tax Credit Program Applications

Missouri DED is incorporating similar priority points strategies into its statewide Neighborhood Assistance Tax Credit program *and* Youth Opportunities Tax Credit program. Supporting letters are attached in the documentation section of this exhibit.

Effective Date and Duration / Actions Completed and Milestones

This strategy will be operational within one year of CDBG-NDR Phase 2 grant award announcements. The intent is for the proposed additional language and preference to be permanent. The guidelines and application for the Youth Opportunities Tax Credit program are under revision and will be made available in November for the next program year, which begins January 1, 2016. Updates will be made to the Neighborhood Assistance Tax Credit program allowing applications to be collected in March and April for a first round of funding in the next program cycle, which begins July 1, 2016.

Baseline and Outcomes

The goals for each of these programs is for 10 applications to include readily identifiable resilience components and for five of these applications to receive awards; this is up from a baseline of zero. Quantifiable measures estimating the impact of proposed actions must be included to obtain the priority points. There are no lessons learned until this strategy begins.

REGIONAL COMMITMENTS

Regional Economic Resilience Memorandum of Understanding

St. Louis Economic Development Partnership (SLEDP), the St. Louis Development Corporation and the St. Louis Regional Chamber executed a memorandum of understanding (MOU) that establishes a single set of guiding principles, priorities and goals around resilience as this term relates to economic development in the region. The MOU for each partner are attached at the end of the exhibit. These parties have previously shown interest in promoting resilience through investments and resilience-building programs, including the Promise Zone Initiative; the Strong Cities, Strong Communities Initiative; and the 100 Resilient Cities network.

Effective Date and Duration / Actions Completed and Milestones

The MOU was executed October 22, 2015 and has indefinite duration, but is expected to be a long-term commitment. The MOU formalized intentions of the parties to coordinate the promotion of economic resilience, to support efforts related to St. Louis's participation in the 100 Resilient Cities network, to leverage SLEDP's pending award of CDBG-NDR grant funds and to share Missouri DED grant funds intended to support these efforts.

Baseline and Outcomes

Unlike a program, an MOU does not have milestones. The goal is increased coordination on region issues to ensure a resilient and sustainable metropolitan area. There are no lessons learned until this strategy begins.

LOCAL COMMITMENTS

St. Louis County Consolidated Plan

St. Louis County Office of Community Development (County) will be prioritizing applications for Consolidated Plan funds based on applicants' inclusion of resilience

components. This approach borrows from the Missouri DED priority points strategy integrated into the state CDBG process. The county will include the resilience component addition in public notices, Requests for Proposals, and grant applications. The resilience addition will describe the benefits to the applicant of including resilience components in projects or programs, explain requirements for how resilience components should be described, and provide requirements for describing benefits using FEMA, Missouri Department of Transportation or other agency benefit-cost analysis modeling measures and methods that allow quantifiable evaluation.

Effective Date and Duration / Actions Completed and Milestones

This method will be operational by March 1, 2016, the beginning of the next application cycle, following a draft plan which will be published by January 2016 for a 30-day public comment period. The consolidated plan is a five-year plan, effective from 2016 through 2020. The County has committed to completing proposed guideline revisions and implementing resilience-enhancing projects and programs. A letter from the County is attached to the exhibit.

Baseline and Outcomes

The county will use the following internal targets to evaluate and adjust its approach, in addition to using a benefit-cost analysis to evaluate the value of resilience components on a case-by-case basis: In Year One, 30 percent of applications will include readily identifiable resilience components and 50 percent of applications will receive awards. There are 25 applications in an average year and 10 of these receive awards; the baseline for both metrics is currently zero.

Lessons Learned

Lessons learned from prioritizing funding based on inclusion of resilience components should be transferrable to other funding and assistance programs. This approach identifies high-value resilience-building strategies and provides information for promoting resilience building.

Jeremiah W. (Jay) Nixon
Governor

Department of Economic Development

Mike Downing, CEcD
Director

U.S. Department of Housing and Urban Development
National Disaster Resilience Competition

RE: State of Missouri – Part 2 Application

To Whom it May Concern:

The Division of Business and Community Services in the Missouri Department of Economic Development is the agency with the statutory oversight and administration responsibilities of the Neighborhood Assistance Tax Credit Program and the Youth Opportunities Program. The policy directives outlined annually in the program "guidelines" are within the purview of the Division to edit and amend, as long as they are consistent with the statutes. Annual updates to the guidelines document is made to implement priorities, achieve outcomes, and obtain more efficient and effective uses of the program funds.

It is the intent of the Division to embed resilience design components into the projects awarded under both of these programs. The process to achieve that outcome includes incorporating preference points for applicants who incorporate resilience design into the scoring system currently used for the applications submitted for funding. In a manner similar to the Community Development Block Grant Program (CDBG), the Division is currently amending the program "guidelines" and "application" documents and forms to reflect the inclusion of related narrative questions, measures, and scoring. The timeline of those edits will allow each new program year to start off with the information included within its documents. The program year for the Youth Opportunities Program starts January 1, 2016. The program year for the Neighborhood Assistance Program starts July 1, 2016. The goals for the programs are also similar to CDBG with 10 applications which include readily identifiable resilience components received in Year One, at least five of which would receive an award of funds.

We trust that this letter shows our commitment to resilience in design.

Sincerely,

Sallie Hemenway
Director, Division of Business and Community Services
Missouri Department of Economic Development

c: Brenda Horstman, Finance Manager
Andy Papen, CDBG Manager

301 W. High St. • P.O. Box 1157 • Jefferson City, MO 65102-1157
www.ded.mo.gov • (573) 751-4962 • Fax (573) 526-7700

MEMORANDUM OF UNDERSTANDING

This Memorandum of Agreement (this "MOU") is entered into as of this 21 day of 10, 2015 (the "Effective Date") by and between the St. Louis Regional Chamber & Growth Association, d/b/a St. Louis Regional Chamber, a Missouri nonprofit corporation (the "Chamber"), and the St. Louis Economic Development Partnership, a Missouri nonprofit corporation (the "Partnership"), and the St. Louis Development Corporation, a Missouri nonprofit corporation ("SLDC"), each a 'Party' and collectively the "Parties."

WHEREAS, the St. Louis Economic Development Partnership, the St. Louis Development Corporation and the St. Louis Regional Chamber have come together to delineate their mutual understanding of the concept of the term "resilience" as that term relates to economic development.

WHEREAS, the parties have shared common interests in planning and collaboration through efforts such as the Promise Zone application and designation, the Strong Cities Strong Communities designation, the shared investment in the Small Business Relief Fund and their on-going interests of promoting economic development in the region.

WHEREAS, the parties wish to establish a set of guiding principles characteristics, priorities, and goals related to the concept of "resilience," and particularly micro-resilience, which will serve St. Louis City and County in the arena of economic development.

NOW THEREFORE, in consideration of the foregoing, the Parties agree as follows:

1. The Parties adopt as an appropriate definition of 'resilience' that definition put forward by the Rockefeller Foundation, which states:

   "Resilience is the capacity of individuals, communities and systems to survive, adapt, and grow in the face of stress and shocks, and even transform when conditions require it. Building resilience is about making people, communities and systems better prepared to withstand catastrophic events—both natural and manmade—and able to bounce back more quickly and emerge stronger from these shocks and stresses."

2. The Parties adopt as an appropriate concept and definition of the term 'micro-economic resilience' put forward by S. Hallegatte of the World Bank in his paper 'Economic Resilience: Definition and Measurement, which states:

Micro-economic resilience "depends on the distribution of losses; on households' vulnerability, such as their pre-disaster income and ability to smooth shocks over time with savings, borrowing, and insurance, and on the social protection system, or the mechanisms for sharing risks across the population."

3. The Parties agree to work toward creating greater micro-economic resilience in their communities by adopting policies which:

   - Promote economic growth;
   - Reduce inequality;
   - Support households to improve their housing conditions;
   - Support information and education campaigns on risk maps;
   - Promote diversification of income within households;
   - Promote diversification of activities at the local and regional level;
   - Increase financial inclusion and stability;
   - Facilitate household insurance programs, especially when they target the poor; and
   - Facilitate access to credit in post-disaster situations.

4. The Parties agree to cooperate, share information, and mutually support the following efforts:

   - St. Louis City's designation of a Rockefeller Foundation 100 Resilient City including participation (as regional representatives) in the development and implementation of a City Resilience Strategy over the next two years coordinated by a Chief Resilience Officer employed by the City and initiated by the Agenda Setting Workshop on October 27, 2015.

   - The Partnership's pending award of the National Disaster Resiliency Competition (NDRC) grant funds, particularly the planning funding related to the "regional resilience collaboration".

   - The Partnership's award of planning funds from the U.S. Department of Commerce for the development of a Comprehensive Economic Development Strategic Plan (CEDS) will include a section on resilience, which will be purposely consistent with the efforts of the NDRC regional resiliency collaborative plan and the 100 Resilient City plan.

5. Parties agree to cooperate and share a grant from the Missouri Department of Economic Development, Division of Business and Community Services in the amount of $25,000 in support of the efforts described herein.

6. The Parties agree to coordinate their efforts to achieve these goals.

IN WITNESS WHEREOF, the Parties have executed this MOU as of the Effective Date.

St. Louis Regional Chamber & Growth Association,
d/b/a St. Louis Regional Chamber,
a Missouri nonprofit corporation

By:

Name: Joseph Reagan

Title: President & CEO

St. Louis Economic Development Partnership,
A Missouri nonprofit corporation

By: ______________

Name: ________________

Title: ____________

St. Louis Development Corporation,
a Missouri nonprofit corporation

By: Otis Williams

Name: Otis Williams

Title: Executive Director

IN WITNESS WHEREOF, the Parties have executed this MOU as of the Effective Date.

St. Louis Regional Chamber & Growth Association,
d/b/a St. Louis Regional Chamber,
a Missouri nonprofit corporation

By:______________

Name:________________

Title:____________

St. Louis Economic Development Partnership,
A Missouri nonprofit corporation

By: [signature]

Name: Sheila Sweeney

Title: CEO, SLEDP

St. Louis Development Corporation,
a Missouri nonprofit corporation

By:______________

Name:________________

Title:____________

ST. LOUIS ECONOMIC DEVELOPMENT PARTNERSHIP
serving st. louis city and county

October 14, 2015

Ms. Sallie Hemenway, Director
Division of Business and Community Services
Missouri Department of Economic Development
301 High W. High Street, P.O. Box 118
Jefferson City, MO 65102

Subject: National Disaster Resilience Competition, State of Missouri, Department of Economic Development Phase 2 Application

Ms. Hemenway:

The St. Louis Economic Development Partnership ("Partnership") is pleased to provide this letter in support of the proposal being submitted by the State of Missouri for the National Disaster Resilience Competition ("NDRC") Phase 2 Application. The Partnership certifies that the NDRC program boundary overlaps the footprint of the St. Louis City and County Promise Zone, and is fully aligned respecting the anticipated outcomes addressing unmet needs in North St. Louis County.

The St. Louis Economic Development Partnership (the "Partnership"), was created in 2013 through the combination of the economic development functions of St. Louis County and St. Louis City. As such, we are responsible for creating high quality business and employment opportunities and enhancing the quality of life to advance long-term diversified growth throughout St. Louis County, the City of St. Louis and the St. Louis Region.

As the regional administrator of St. Louis' designated Promise Zone, we believe the NDRC activities will connect St. Louis' effort to alleviate suburban poverty, enhance regional resilience, and more fully embrace the impacted and underserved communities of North St. Louis County. Enclosed with this letter is HUD Form 50153 documenting the State of Missouri NDRC Phase 2 grant application's affiliation with the St. Louis City and County Promise Zone.

Sincerely,

Rodney Crim
President

7733 Forsyth Boulevard, Suite 2300, St. Louis, MO 63105
www.STLPartnership.com p: 314.615.7663 f: 314.615.7666
an accredited economic development organization

Certification of Consistency with Promise Zone Goals and Implementation

I certify that the proposed activities/projects in this application are consistent with the goals of the Promise Zones and the revitalization strategies detailed in my Promise Zone application.

(Type or clearly print the following information)

Applicant Name: State of Missouri, Department of Economic Development

Name of the Federal Program to which the applicant is applying:
HUD National Disaster Resilience Competition

Name of the Promise Zone Designated Community
St. Louis City and County Promise Zone

The proposed project meets the following geographic criteria (please select one):

- ☐ The proposed project is solely within Promise Zone boundaries
- ☐ The proposed project includes the entire Promise Zone boundary and other communities
- ☒ xxxx The proposed project includes a portion of the Promise Zone boundary
- ☐ The proposed project is outside of the Promise Zone boundaries, but specific and definable services or benefits will be delivered within the Promise Zone or to Promise Zone residents

Please note that projects which substantially and directly benefit Promise Zone residents but which are not within the boundaries of the Promise Zone may be considered. Agencies will make clear the acceptable definition of substantially and directly beneficial in the program's award and funding announcement.

I further certify that:

(1) The applicant is engaged in activities, that in consultation with the Promise Zone designee, further the purposes of the Promise Zones initiative; and

(2) The applicant's proposed activities either directly reflect the goals of the Promise Zone or will result in the delivery of services that are consistent with the goals of the Promise Zones initiative; and

(3) The applicant has committed to maintain an on-going relationship with the Promise Zone designee for the purposes of being part of the implementation processes in the designated area.

Name of the Promise Zone Official authorized to certify the project meets the above criteria to receive bonus points: Rodney Crim

Title: President

Organization: St. Louis Economic Development Partnership

Signature:

Date (mm/dd/yyyy) 10/14/2015

Steven V. Stenger
County Executive

Saint Louis **COUNTY** **PLANNING**

Glenn A. Powers
Director of Planning

October 14, 2015

Missouri Department of Economic Development
301 West High Street
Jefferson City, MO 65101

Re: Commitment to Increased Resilience

Dear Ms. Hemenway,

This letter is to confirm the St. Louis County Office of Community Development's (OCD) commitment to increasing the resilience of communities in North St. Louis County, and particularly within the MID-URN defined in the State of Missouri's National Disaster Resiliency Competition (NDRC) application, through projects funded in response to St. Louis County's Consolidated Plan.

The Consolidated Plan aligns funding priorities for the CDBG, HOME and ESG programs. The Plan focuses on strategies that address the need for affordable housing, supportive housing for special needs populations, homeless shelters and prevention, economic development, infrastructure improvements, and public services are at the center of the plan and grant-making process. In many ways, the plan addresses issues that increase community members' vulnerability to natural and manmade disasters.

Beginning in March 2016, guidelines for Consolidated Plan-related funding cycles will incorporate resiliency components, including evaluation criteria that prioritize projects that build resilience in disadvantaged and underserved communities. On average, OCD receives 25 applications annually. Within the first round of incorporating resilience components in the guidelines, OCD anticipates 30% of all applications will include readily identifiable resilience components, and at least 50% of these proposals will be funded.

This letter serves as a firm agreement to complete or implement, within one year of Phase 2 grant award announcements, the programs and projects that will achieve these goals. This letter serves as an agreement to monitor results of these programs and projects and to report results to the State of Missouri regularly. St. Louis County Office of Community Development understands that the loss of some or all funds awarded through the NDRC is possible if these actions are not completed.

Sincerely,

Jim Holtzman

Jim Holtzman, Director
St. Louis County Office of Community Development

OFFICE OF COMMUNITY DEVELOPMENT
41 South Central Avenue • 5th floor • Clayton, MO 63105-1725 • PH 314/615-4405 • FAX 314/615-8674 • RelayMO 711 or 800-735-2966
South County Location • PH 314/615-4025 • Fax 314/615-4125
web http://www.stlouisco.com