



# NATIONAL TRUST COMMUNITY INVESTMENT CORPORATION

## PROJECT HIGHLIGHTS

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### PROJECT GOAL:

Rehabilitation of former post office building for use as courtrooms, classrooms, and commercial space

### HISTORIC STATUS:

National Historic Landmark;  
National Register of  
Historic Places

### DEVELOPER:

DESCO Group

### TAX CREDIT INVESTOR:

US Bank

### TOTAL DEVELOPMENT COST:

\$44,000,000

### TOTAL SQUARE FOOTAGE:

214,000 net square feet

### KEY PROJECT FINANCING:

\$22,500,000

*Tax credit equity (federal historic and New Markets) from NTCIC / Old Post Office*

\$8,200,000

*New Markets-enhanced first mortgage from ESIC*

### PROJECT COMPLETION:

2006

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## Old Post Office, St. Louis, MO

### BACKGROUND

Construction of the 242,000 gross square foot Old Post Office began in 1872 and was completed in 1884 at a cost of approximately \$6 million (in 1884 dollars). The building's monumental proportions, vast vertical elements and distinctive hipped roofline made it a prominent landmark in downtown St. Louis. Such a commanding interior space proved difficult to occupy, however, after postal operations ceased. The building first fell vacant in 1975. Even a \$16 million renovation and adaptive reuse overseen by the U.S. Government Services Agency (GSA) failed to secure its future. Various retailers tried the location and failed. Federal office consolidation plans led to the building's designation as surplus property again in the 1990s. The DESCO Group and DFC Group, Inc., both of St. Louis, began redevelopment and financing planning in the fall of 2000. The result was a \$44 million rehabilitation returning the grandiose structure to viability.



### THE PROPERTY

The GSA ranked the Old Post Office as the sixth most historic and the seventh most architecturally significant building in its vast inventory of over 2,200 structures. It stands four stories tall with two additional levels below grade. The primary architect was Alfred B. Mullett, supervising architect of the US Treasury, who was also the architect for the Old Executive Office Building (originally the State, War and Navy Building) in Washington, DC. The Old Post Office and the Old Executive Office Building are the only two remaining French Second Empire style governmental buildings in the United States.

### THE PROJECT

The Missouri Court of Appeals, Eastern District, will occupy the entire third and fourth floors (50,000 square feet) of the rehabilitated structure. The massive two-story courtroom in the southwest corner of the third floor will once again be utilized as a courtroom for the first time since 1935. The courtroom in the southeast corner of the third floor will become the law library for the Court. Webster University will expand its downtown St. Louis campus and will occupy all of the Mid Level (first level below grade), with a small administrative office on the Mall Level (street level) for a total of 32,500 square feet. The St. Louis Business Journal (6,850 square feet), St. Louis Public Library (7000 square feet), Pasta House Pronto (2,500 square feet) and Teach for America (2,150 square feet) are also confirmed tenants. A total of 66% of the 157,500 rentable square footage has been leased. The remaining 56,500 square feet will be for retail and offices on the garden, mall and second floors.

### INVESTMENT STRUCTURE

NTCIC utilized \$22.5 million of its first round \$127 million New Markets Tax Credit (NMTC) allocation to enhance an equity investment for the rehabilitation of the Old Post Office building. A National Historic Landmark, the project is eligible for approximately \$7.5 million in Federal Historic Tax Credits (HTCs) and nearly \$8 million in Missouri state HTCs. The enhancement with NMTC provided an additional \$7.5 million or 33% more of critical equity. But for this additional



# OLD POST OFFICE, ST. LOUIS, MO (CONTINUED)

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equity, the project would not have been feasible, and the Old Post Office itself, which was scheduled to be vacated by the GSA, would have been threatened. The project is now being completed with less debt and smaller debt service payments, the key to offsetting the risks associated with redeveloping a historic property in a low-income community. NTCIC created a subsidiary Community Development Entity, NTCIC/Old Post Office, LLC, with US Bank to facilitate the transaction. US Bank is the federal and state HTC investor and the NMTC investor and will own 99.99% of NTCIC/Old Post Office, LLC. That entity in turn owns 99.99% of the St. Louis' U.S. Custom House and Post Office Building Associates, LP, which owns the Old Post Office.

## COMMUNITY IMPACT

The Old Post Office building is located at 815 Olive Street, St. Louis, MO 63101, which is in a qualified low-income community (with average family incomes at 69% of the area median.) This is also an additionally distressed area as defined by the Community Development Financial Institutions Fund, since the tract has an unemployment rate 1.83 times the national average and is part of a local redevelopment district. The low-income community will benefit from the rehabilitation of the Old Post Office through the attraction of businesses, jobs, and students utilizing local business services.

The community has further benefited from the preservation of one of the oldest buildings in St. Louis and a significant national historic monument. The commitment to redevelop the Old Post Office and the pending development of the 9th Street Garage (with additional development costs of \$32.8 million) has spurred the rehabilitation of most of the adjacent historic properties. Ten of the 11 surrounding historic property owners who recently undertook substantial property improvements and were surveyed by NTCIC staff, stated they would not have done so if they had not been convinced the Old Post Office rehabilitation would move forward. Tom Reeves of Downtown NOW! stated that the rehabilitation of the Old Post Office was an essential factor in stabilizing the area and catalyzing the rehabilitation of those 10 buildings.

The leveraged economic activity combined with the Old Post Office itself can be summarized as follows:

- 11 previously vacant or underused historic buildings rehabilitated;
- 1,920,500 rehabbed square feet;
- \$432,300,000 million in rehabilitation and development costs;
- at least 576 apartments and condos;
- 391,200 square feet of office and retail space;
- 89,800 square feet of public library, court and university space;
- 262 new hotel rooms; and
- a public plaza, historic theater and two entertainment and conference facilities

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

## ENDORSEMENT OF LOCAL PRESERVATION ORGANIZATIONS

The National Trust for Historic Preservation's Midwest Regional Office participated in a review of this project that culminated in the August 2003 signing of a Programmatic Agreement by the GSA, the Advisory Council on Historic Preservation, the Missouri SHPO, the MDFB, the City of St. Louis, and the National Trust for Historic Preservation.

FOR MORE INFORMATION, PLEASE CONTACT

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