

ST. LOUIS DOWNTOWN ACTION PLAN: ECONOMIC IMPACT AND FUNDING ISSUES



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Downtown Now! Inc.
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Econsult Corporation was engaged by St. Louis Downtown Now! Inc., and the St. Louis Regional Commerce and Growth Association to (1) summarize the empirical findings on the economic relationships between cities' downtowns and their metropolitan regions, and (2) identify and examine potential funding sources for strategic public investments in downtown St. Louis (the Downtown Action Plan) designed to increase the economic growth of the city and the entire metropolitan area.

The St. Louis Downtown Action Plan was a bold \$100 million public-private initiative devising strategic public sector investments to stimulate private sector demand for use of the important and underutilized locational assets of the downtown core of the metropolitan area whose revitalization would accrue to the entire region and state.

As to the impact of this development on the city, region and state, Econsult provided an in-depth review of a multitude of reports on economic and fiscal impacts of the planned development. Econsult reviewed the Action Plan's economic and fiscal impact forecasts prepared by other groups with the primary purpose of assessing their *reasonableness* and *credibility*. Our research showed that there is a preponderance of evidence that suggests that the economies of central cities and their suburbs, as measured by many standard economic growth measures (incomes, housing prices, employment), are interdependent and not independent. Econsult provided examples of successful public infrastructure improvement investments that have lead to increase economic activity and viability of downtowns, which have in turn improved the economic health and growth of an entire central city.

We recommended that the City of St. Louis establish an economic (financial) incentive program administered by the St. Louis Development Corporation in conjunction with Downtown Now! We recommended that the program be funded by city and possibly state sources only. It could be initially capitalized with (a) proceeds from a bond issue supported by 0.1% *city* sales tax rate increase or a property tax increase; (b) a City general fund contribution (and ongoing annual budget injections); and (c) possibly a startup contribution from a St. Louis or area foundation.