



## 2016 REPORT TO THE COMMUNITY

ST. LOUIS EQUITY FUND, INC.

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# 2016 REPORT TO THE COMMUNITY



## MISSION

Our Mission is to effectively utilize corporate investment and available tax incentives to stimulate the development of affordable, low- and moderate-income housing units. We strive to revitalize and stabilize neighborhoods, through public/private cooperation and superior asset management.



The Salvation Army Veterans Residence



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Ville Properties



Westside Apartments



North Newstead 4

## LETTER FROM THE PRESIDENT



As we look back, we are proud of our many achievements over the past 28 years. The St. Louis and Kansas City Equity Funds have raised a combined \$408,000,000 which has enabled the production of 4,657 affordable homes in the St. Louis and Kansas City metropolitan areas, outstate Missouri and Southern Illinois. Our commitment to the affordable housing industry and the communities we serve will continue to be our first priority. As we look forward with the new administration in place, we cannot predict what changes might be made to the affordable housing rental program and the impact they will have on the program. Regardless, the affordable rental housing program has very broad bipartisan support and is without doubt the most successful housing program devised by Congress.

period estimated to help close that gap by roughly 400,000 units. Congressmen Tiberi and Neal have proposed companion legislation that, although not requesting an increase in the credit, would make changes allowing, among other things, states to direct more resources to facilitate housing in challenging markets and increase the ability to serve extremely low-income tenants.

In Missouri, our governor and his task force have suggested reducing the state housing tax credit. The challenges the state has in regard to budget issues are real and balancing that budget is a difficult task. The need in Missouri for affordable rental housing, however, is as great as ever and will continue to grow. Reducing the state housing tax credit would likely mean fewer affordable units would be produced on an annual basis as the leverage of the federal credits with state credits will be reduced or lost. I find it difficult to comprehend how hard it must be to provide for a family if you are in the income brackets the program serves but can't get access to affordable housing because there simply isn't enough of it available.



The Railton Apartments



Franklin School Apartments

Each year the program produces roughly 100,000 units of affordable rental housing nationally, not nearly enough to close the estimated 700,000-unit gap in demand. Senators Cantwell and Hatch have sponsored the Affordable Housing Credit Improvement Act, a bill seeking an increase of 50% in the credit over a five-year

The positive economic impact of investment in affordable housing is substantial both in terms of monetary and human capital and is not possible without our investors, housing partners and our state housing finance agency, the Missouri Housing Development Commission. Each year since 1988, the St. Louis Equity Fund has teamed with the affordable housing community to produce and preserve affordable rental housing and will, with your continued support, do so well into the future.

On behalf of the employees, investors and partners of the St. Louis Equity Fund, I express my sincere appreciation for your dedication to helping us fulfill our mission of providing affordable housing in our communities.

Sincerely,



John F. Kennedy  
President and CEO



Pine Lawn Senior Apartments



## Meet Scott...

Scott is a 52-year-old Veteran and father of seven who has struggled with drug and alcohol addiction his entire adult life. In early 2016, Scott encountered a string of bad luck: he was forced to resign from a custodial position for medical reasons, his long-term relationship with his girlfriend ended and the engine in his truck went out. He was struggling to pay his bills and turned to alcohol and drugs as an outlet. He was depressed and knew he needed help. That is when he turned to The Salvation Army and voluntarily enrolled in their detox program, continuing treatment in their outpatient program. Even though Scott was getting the help

he needed to address his addictions, he was struggling financially and had to move out of his apartment in June of 2016. He was facing homelessness. Scott was relieved to learn that he qualified for transitional housing offered through The Salvation Army Family Haven Veteran Program.

In August of 2016, The Salvation Army helped Scott to lease a unit at the Veterans Residence, which offers a structured program for Veterans and homeless individuals moving toward self-sufficiency. Since moving into permanent housing, Scott has secured a position as a driver for an adult daycare facility and has saved enough money to purchase a car. He is very involved in the programs offered by The Salvation Army

and serves as the facilitator for the Veterans Community Committee. Scott is very grateful for The Salvation Army and the programs they offer. In Scott's words, "I'm now a person that has a purpose, a plan and a vision."

The Veterans Residence was developed in 2011 and consists of 49 units and includes a community room, computer lab, library, and laundry room. All residents receive ongoing supportive services while living at the property. These include substance abuse counseling, life-skills classes, health services, transportation services, housing assistance and employment services. St. Louis Equity Fund is proud to be part of this development team.



## WHY INVEST IN THE EQUITY FUNDS?

Investments in the St. Louis and Kansas City Equity Funds help bring much needed affordable housing and historic preservation to Missouri, Eastern Kansas and Southern Illinois. These investments finance the construction of housing, but even more importantly, they help build strong communities for the residents.

The need for decent, safe and affordable housing continues to grow. We have a long way to

go to meet this need, but each year our investments help build stronger communities and revitalize neighborhoods. We want to thank our investors for helping to make this possible.

### Benefits of Investing:

- The St. Louis and Kansas City Equity Funds have an excellent track record of managing investments and a solid reputation in the affordable housing industry.
- Investors in the Equity Funds support the communities in which they reside and serve, and earn a return on their investment.
- The investments are CRA-qualified for financial institutions.
- Investors are given the opportunity to participate in the governance of the Equity Funds by serving on the Board or one of its five corporate committees.



“Just as we assist investors in seeking strategies that contribute to social goals and missions while supporting their own financial objectives, Northern Trust looks to make investments in organizations that make a positive impact within environmental, social and governance arenas. In making community investments, we seek partners that offer strong teams, solid business models, discipline and efficiency in the use of capital, and can demonstrate the social impact of their work. We’ve been investing in St. Louis Equity Fund for seven years now and have consistently increased our Community Reinvestment Act dollars year-over-year. That is a testament to the high regard with which we hold the organization, its staff, and mission to provide affordable housing to the St. Louis community.”

**Andrew Walshaw**  
Senior Vice President  
Northern Trust Corporation



*Values* Dedication, Professionalism, Collaboration

## Meet Shavon and Family...

**I**n 2013, Shavon and her three children, triplets McKoy, McKenzie and McKai, found themselves quickly outgrowing their small, two-bedroom apartment. Shavon was overwhelmed with what seemed to be impossible at this point in her life— rent and furnish a home large enough for her family. That is when she turned to Beyond Housing for assistance. The staff of Beyond Housing helped Shavon through the application process and she was approved to lease a three-bedroom home in the Leschen Place Homes development, a Low-Income Housing Tax Credit development located in Hillsdale in North St. Louis County. Beyond Housing didn't stop there – they helped Shavon furnish the kids' bedrooms with bunkbeds and dressers. Needless to say, Shavon, McKoy, McKenzie and McKai were all very excited to move into their new home.

Currently, Shavon works full-time as a Patient Care Technician for Missouri Baptist Medical Center and all three children are doing well in school. When asked about their favorite part of their house, McKoy enthusiastically replied that his favorite part is having his own room and plenty of room to play. Shavon is very grateful to Beyond Housing and all of the programs they offer in which she actively participates. She said it is great to know they care about their residents and take a very active role in the community.

Leschen Place Homes was developed in 2004 by an affiliate of St. Louis Equity Fund and is now part of Beyond Housing's portfolio. The St. Louis Equity Fund is a proud partner of Beyond Housing and looks forward to continuing our work with them to further their mission and ours.





## WHY PARTNER WITH THE EQUITY FUNDS?

The St. Louis and Kansas City Equity Funds work very closely with their development partners to ensure that a sound product is constructed and maintained. The Equity Funds strive to offer the necessary assistance to these partners throughout the development process, providing both financial and technical assistance through its affiliate organization, Gateway Community Development Fund, Inc.

In addition, staff monitors the performance of each investment during the construction, lease-up and operational phases and offers assistance with a variety of issues that may arise throughout the life of the development. From the planning process through the operational phase, the St. Louis and Kansas City Equity Funds are committed to providing professional guidance and support to their partners to create successful, sustainable affordable housing.

### **Benefits of Partnering:**

- The Equity Funds are local and are able to monitor all stages of the development, from the planning process through the operations phase.
- The Equity Funds provide competitive credit pricing and work closely with developer partners to ensure a financially sound investment.
- The Equity Funds offer technical and financial assistance throughout the development process to meet its partners' needs.



DeSales Impact 2014



**"At DeSales we believe that quality, affordable housing and good property management are essential to the well-being of St. Louis neighborhoods. The investments that St. Louis Equity Fund has made with us have helped us to improve the neighborhoods we serve, particularly on what had been some of our most challenging blocks. They have also helped to build and strengthen our organization. Much of what we have been able to accomplish would not have been possible without our partnership with St. Louis Equity Fund."**

**Thomas Pickel**  
**Executive Director**  
**DeSales Community Development**





**“Lutheran Senior Services appreciates the partnership and expertise the St. Louis Equity Fund brings. It allows us to further our ministry in offering affordable housing to those in St. Louis with limited incomes — a growing need for many.”**

**Rev. John Kotovsky  
President  
Lutheran Senior Services**





## DUNN ROAD MANOR

Dunn Road Manor is located in Florissant in North St. Louis County. This investment represents the third partnership between St. Louis Equity Fund and Lutheran Senior Services, the developer and general partner. The new three-story building is located

adjacent to an existing 62-unit building which was developed by Lutheran Senior Services in 2000 and continues to be owned and operated by the organization. The unit mix of Dunn Road Manor consists of 18 one-bedroom and 18 two-bedroom units, all of

which will be rent-restricted for elderly tenants with incomes at or below 60% of area median income. The residents of the new development will have full access to the amenities in the existing facility, including a computer room, library, and multipurpose room.



**Number of units:**  
36

**SLEF Commitment:**  
\$7,067,912

**Financing:**  
Low Income Housing  
Tax Credits

**Consultant:**  
Old Orchard Consulting/  
Gateway CDFI

**General Contractor:**  
Paric Corporation

**Architect:**  
St. Louis Design Alliance Architects

**Construction Lender:**  
Central Bank of St. Louis

**Permanent Lender:**  
Lutheran Senior Services

**Property Manager:**  
Lutheran Senior Services

# BOARD OF DIRECTORS & COMMITTEES

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### **Dale Oberkfell**

Midwest BankCentre

### **Andrew Walshaw**

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Advisory Member

### **Joseph Sooter, Jr.**

Stifel Bank & Trust



# INVESTORS & GENERAL PARTNERS

## Recent Investors

Ameren	Lindell Bank & Trust Company
Anheuser-Busch	Midland States Bank
TheBANK of Edwardsville	Midwest BankCentre
BMO Harris Bank	Midwest Regional Bank
The Business Bank of St. Louis	Morrill & Janes Bank and Trust Company
Cass Commercial Bank	Northern Trust Corporation
Centene Corporation	Parkside Financial Bank & Trust
Central Bank of the Midwest	PNC Bank, N.A.
Central Bank of St. Louis	The PrivateBank
Citizens National Bank of Greater St. Louis	Reliance Bank
Commerce Bank	Royal Banks of Missouri
Enterprise Bank & Trust Company	Scottrade Bank
First Bank	Spire Inc.
First Collinsville Bank	Stifel Bank & Trust
First County Bank	UMB Bank, N.A.
First State Bank of St. Charles	
Great Southern Bank	
Jefferson Bank and Trust	

## Current General Partners

Better Living Communities	Metropolitan Housing Development Corporation
Beyond Housing	Milton D. Rothschild
Cardinal Ritter Senior Services	Missouri Housing Partners
DeSales Community Development	North Newstead Association
Fox Meadows Supportive Living, LLC	Northside Community Housing, Inc.
Fulson Housing Group	Overland Property Group
Housing Revitalization, Inc.	Places for People, Inc.
Irving Partners, LLC	Renaissance Property Group
I-70 Northwest Development Corporation	Pruitt-Igoe Development Corporation
Ivanhoe Neighborhood Council	Robert Wood
JVL Renaissance, Inc.	Sisters of the Most Precious Blood
The Lawrence Group	St. Patrick Center
LoftWorks, LLC	The Salvation Army – Midland Division
Lutheran Senior Services	Touchette Regional Hospital
McCormack Baron Salazar, Inc.	Westside Housing Organization
McEagle Properties, LLC	



**“Northside Community Housing, Inc. (NCHI) is a small non-profit with a big mission of providing North St. Louis residents with affordable housing and opportunities to improve their lives and revitalize the communities. While NCHI has the capacity to partner with the community to create a vision and plan for carrying out this mission, our ability to execute these plans would be impossible without the support of the St. Louis Equity Fund, Inc. (SLEFI). In addition to providing the financial support that NCHI needs to develop fiscally sound projects, the SLEFI staff and board dedicates significant time towards assisting NCHI with addressing the challenges and enhancing the strengths of our organization and the communities that we serve.”**

**Jessica J. Eiland**  
**President**  
**Northside Community Housing, Inc.**



## Mission

To provide consulting services, financial products and training to entities serving low-income neighborhoods and their residents in the St. Louis and Kansas City metro areas; filling the need for innovative financing and development services.



Gateway Community Development Fund, Inc. was formed in 2009 as an affiliate of the St. Louis and Kansas City Equity Funds. Certified by the U.S. Department of the Treasury, Gateway's primary purposes are threefold: lending, consulting and collaboration to promote community and economic development.



Ivanhoe Gateway at 39th



"The Ivanhoe Neighborhood Council's board, staff, and residents are extremely grateful to the Gateway CDFI

and Kansas City Equity Fund for the funding assistance provided for our "Ivanhoe Gateway at 39th" project, our initial new housing development. Had it not been for the receipt of this funding, we simply would not have been able to begin our project. Thank you!"

Margaret May, Executive Director  
Ivanhoe Neighborhood Council

# Lending ▪ Consulting





## Lending

Gateway strives to expand capital access for organizations that seek financing to develop and maintain affordable housing. Gateway's loan products include permanent first mortgage financing, predevelopment lending, and construction loans. Gateway's borrowers are for-profit and non-profit entities working in underserved areas throughout Gateway's target markets, the St. Louis and Kansas City metropolitan regions, as well as other

communities across Missouri and the Midwest.

### First Mortgage Loans:

Gateway offers the origination of mortgage loans as well as refinancing to replace a traditional lender. It can sometimes be difficult for developers to obtain the financing necessary to develop and maintain affordable housing. Gateway helps fill the need for this product in the St. Louis and Kansas City metropolitan regions.

### Predevelopment Loans:

Gateway offers predevelopment loans to entities that develop affordable rental housing, most often financed with Low-Income Housing Tax Credits and/or HUD loans and grants. The availability of low-interest predevelopment funds, from a lender who understands this sector of the housing market, is often crucial. Gateway provides this financing to assure an adequate supply of affordable rental housing in our communities.



Garfield School Apartments

### Construction Loans:

Gateway offers short-term loans to developers to finance the purchase and rehabilitation of distressed homes which are then sold to owner-occupants. This product allows developers to improve neighborhoods block by block, rather than one or two houses at a time, fulfilling a need for safe and welcoming communities for families who are ready to purchase a home.

## ■ Collaboration



## Consulting

Gateway's staff and consultants bring a wealth of knowledge to its clients, with experience that includes decades in the development, management, and financing of affordable housing; consulting with community development organizations; and leadership of organizations in the public and private sector. This expertise provides a sound basis for Gateway's wide array of consulting services, which includes organizational development and strategic planning for experienced entities as well as

those new to the field of housing and community development.

Consulting is available to developers of affordable housing, and includes preparation of proposals and applications for funding with Low-Income Housing Tax Credits. In addition Gateway works with developers to secure other sources of public and private funds. Gateway also provides the full array of services necessary for the successful development and construction of affordable housing.



Gateway's LIHTC compliance training was well attended by its partners and their property managers.



**"Another successful partnership! We thank Gateway CDFI for collaborating**

**with us on the Lemay Development Corp. urban planning project. Gateway was knowledgeable, professional, and engaging. Thank you, Gateway!"**

**Jeff Mugg  
St. Louis Design  
Alliance, Inc.**



## Collaboration

Services also include training in technical aspects of affordable housing development and ownership, such as project operations and financial projections, construction draw management, and compliance and asset management.

Gateway is well positioned to assist for-profit and non-profit organizations of all sizes as they work to fulfill their missions to provide housing and community development assistance to those they serve.

An important part of Gateway's mission is collaboration with financial institutions, government entities, developers, and other community-based organizations working in the housing and community development arena. This collaborative work allows Gateway to achieve flexibility and tailor its products and services to the needs of its partners and clients.

Gateway staff and consultants remain routinely engaged in collaborative efforts such as the Urban Developers' Exchange, the Kansas City CDFI Peer Group, the Community Builders Network and the St. Louis CDFI Coalition. They have also developed a rapport with staff of the City and County Community Development Departments in St. Louis, Kansas City, MO and Kansas City, Kansas.

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Old Orchard Consulting

**Joseph Cavato**  
JAC Consulting, LLC



Cottages at Cathedral Square



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Office Administrator



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**Meredith Toler**  
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## Professional Consultants

Polsinelli  
Attorneys at Law



RubinBrown LLP  
Certified Public Accountants



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**Steve Rasche**  
**Chief Financial Officer**  
**Spire Inc.**

"At Spire, we believe in advancing the communities in which we live, work, and play. By partnering with the St. Louis Equity Fund over many years, together we are helping to provide affordable housing to working families and bringing vitality and economic activity from Southern Illinois to Kansas City."



**Lt. Colonel Dan Jennings**  
**Divisional Commander**  
**The Salvation Army, Midland Division**

"The Salvation Army Midland Division has utilized a strong partnership with the St. Louis Equity Fund in its low-income housing tax credit developments. The Salvation Army believes that it is important to find mission alignment and organizational trust in complex housing development and finance matters. St. Louis Equity Fund has demonstrated its missional fit with The Salvation Army and we believe that the Equity Fund is the ideal and trusted partner for other nonprofit housing developers."





*Investments Building Affordable Communities*

