

ST. LOUIS POST-DISPATCH

RESURRECTED HOTEL OFFERS HOPE TO THE CITY'S DOWNTRODDEN DEVELOPER INTRODUCES PLAN THAT GIVES RESIDENTS INCENTIVE TO SAVE MONEY

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It's not like he's sporting a T-shirt that reads: Amos Harris -- Crusader of the Poor.

But he figures if he can upgrade a piece of aging downtown property, raise the standard of living for a few working poor and earn a few bucks for himself -- hey, "Why not?"

In 1995, the Mark Twain Hotel at Ninth and Pine streets was a derelict building with more fire and water damage than it had fat, leathery cockroaches. The city wanted to shut down the flophouse and evict its 90 residents. That's when Harris, 41, a real estate developer and Yale graduate, moved in.

The New York transplant bought the hotel and checked into Room 842 for nine months, including a blistering summer with no air conditioning.

He bounced out resident drug dealers, addicts and prostitutes. A daunting, yet successful, challenge.

"To clean out the place, we changed locks and asked people to leave," he says. "The police were good about doing voluntary searches."

For the most part, Harris says, the unsavory element grew tired of the hassles and left.

"Then," Harris says, "it was just me and Terminex."

The Mark Twain, built in 1907, is one of the city's most elegant old architectural structures.

Built on a corner lot, it's adorned with glazed, white terra cotta friezes and linear stacks of bay windows. The glaze for the tiles, historians say, was a rare process at the time. Each tile, from locally drawn clay, was individually designed by a craftsman.

To renovate the building, Harris needed financial help. He knew about low-income and historic state and federal tax credits for urban renewal. It is the trend in New York and on the West Coast. Harris contacted historians and assembled a finance package of tax credits

and private funds. The result was an \$8 million hotel renovation that took five years.

The Enterprise Social Investment Corp., a Maryland-based organization, bought \$3.1 million worth of tax credits. Other investors include First Bank, which made a \$1.2 million loan, and the St. Louis-based **Regional Housing and Community Development Alliance**, which made a \$2.4 million loan. Harris kicked in nearly \$500,000 in the form of deferred fees.

The rest came from private investors who bought state and federal historic renovation tax credits and low-income housing tax credits. First Bank bought \$1.2 million worth of state low-income tax credits and historic tax credits.

"He took a historic building that we might have lost otherwise and put it to good use," says St. Louis Alderman Phyllis Young, D-7th Ward. "It benefits him, it benefits residents and that benefits downtown."

Without this network of investors, Young says, the Twain might have been leveled, increasing the city's homeless population.

"All housing downtown can't be upscale," Young says. "We have to provide opportunity for all people in all salary levels. This is a home for people who wouldn't be able to go into a typical rental lease option. There is a transition period between being homeless and making a year-to-year lease successful."

At the hotel's dedication ceremony in September, Young was joined by Mayor Clarence Harmon and Sen. Christopher "Kit" Bond, R-Mo. Former Mayor Freeman Bosley Jr. was an early supporter of the project.

Two weeks ago, Harris added a second stepping stone for low-income wage earners - IDAs, or Individual Development Accounts.

The IDA concept is the innovation of Michael Sherraden, a researcher at Washington University's Center for Social Development. His 1991 book, "Assets and the Poor: A New American Welfare Policy," outlines a program that combines matched savings with educational programs about savings and consumer rights.

It works sort of like a short-term 401(k) plan for moderate- and low-income wage earners. The only difference is they don't wait for retirement. They can cash out in six months for education, start-up capital for a small business or a down payment for a home.

Sherraden's research is encouraging. In a study, he found that typical IDA members could save an average of \$33 a month of their earnings. With an average match of 2 to 1, they would save \$100 a month.

"For a lot of them," Sherraden says, "it's more money than they have ever accumulated. I think if people take the initiative to sign up, our evidence indicates it's likely they will do pretty well."

Sherraden's research influenced the U.S. Department of Housing and Urban Development, which nine months ago started a three-year pilot program to finance such IDA accounts nationwide.

Harris read about Sherraden's study in the Wall Street Journal. He bought Sherraden's book and attended a local seminar. Last year, before HUD began its program, he approached the nonprofit Justine Peterson Housing & Reinvestment Corp., which assists low- to moderate-income home buyers, about a partnership with the hotel to manage an IDA program.

"It seemed like an obvious match," Harris says.

Once HUD's program was in place, Justine Peterson asked the United Way to finance the IDA savings match in partnership with HUD, and the United Way agreed. The Twain is the only low-income hotel in the nation to participate in the pilot project.

"It really is a different kind of partnership," says Sheri Flanigan-Vazquez, economic development coordinator at Justine Peterson Housing. "It makes the Mark Twain look more attractive to offer this program, a good incentive for people to come and stay."

Residents, and qualifying Twain employees, can join the IDA program. Project coordinators at Justine Peterson will conduct financial education, training and administration at the hotel.

The program works like this: When Twain residents pay rent, they can deposit extra money in an IDA account. The Twain gives the deposit to Justine Peterson, which helps the tenant set up an account. If the tenant has credit problems, Justine Peterson keeps the IDA in a joint account. This way creditors cannot touch the savings.

The Twain receives no profit for its part - only the hope to attract a more stable clientele.

Sherraden figures that an IDA program in a hotel environment might make it easier for residents to save money. "There are more positive possibilities in a supportive group situation," Sherraden says.

The multimillion-dollar renovation of the Twain is to provide safe and secure housing for low-income wage earners. The IDA provides savings incentives. So far, nine accounts have been opened. Other pieces to the puzzle include job training and job placement.

"I'm not providing the entire mechanism," Harris says. "With IDAs, we are just moving to the next level."
