

2014 Neighborhood STAR Loan & Grant Program

14-138

Section A: Proposal & Organization Information

St. Paul Ward Maps: Planning Districts & Ward Maps:
www.stpaul.gov/documentview.aspx?NID=1212

Project Name: Loan AEDS Facade Loan Ward 1 Planning District 1127

Legal Entity Submitting Request: AFRICAN ECONOMIC DEVELOPMENT SOLUTIONS(AEDS)

Please check organization type(s): Public For Profit Non-Profit

Mailing Address: 1821 UNIVERSITY AVENUE W SUITE S-291, ST. PAUL, MN 55104
STREET CITY STATE ZIP

Contact Person For This Request: GENE GELGELU

Daytime Phone: (651) 646-9411 Fax #: (651) 644-4079 Federal Tax I.D. # 80-0345712

E-mail Address: GGELGELU@AEDS-MN.ORG

Proposal Location: Program focusing on University + Snelling

STAR Funding Request:

Grant request \$ 50,000.00 Please note: for-profit entities must include a pay-back loan component equal to or greater than the requested grant amount (STAR Guidelines, page 2)

Loan request \$ 10,000.00 requested interest rate and term: 0/36 MONTHS

Total STAR Request: \$ 60,000.00 (same total on page 7)

Total Match: \$ 60,000.00 (same total on pages 7 & 8)

The following compliance issues may apply to your proposal and can be reviewed on the City of Saint Paul's website: <http://www.stpaul.gov/index.aspx?NID=3710>

- * Vendor Outreach Program: Goals apply to all projects receiving city funding
- * Federal Davis Bacon Requirements: Projects funded with \$2,000 or more of federal dollars
- * Little Davis Bacon Requirements: Total project costs of \$25,000 or more
- * Two Bid Policy: Projects receiving \$20,000 or more of city funds
- * Business Subsidy: May apply to recipients of grants of \$25,000 or more and loans of \$75,000 and over
- * Affirmative Action: Entities receiving \$50,000 or more of city funds within a 12-month period
- * Living Wage: Entities receiving \$100,000 or more of city funds
- * Project Labor Agreement: Entities receiving \$250,000 or more of city funds
- * Section 3: Economic opportunities to low income persons or business concerns residing close to a project's location
- * Sustainability Initiative: A plan to make future development projects more environmentally and financially sustainable

We authorize the City of Saint Paul's Planning and Economic Development Department to order a consumer credit report and verify other credit information including past and present mortgages and contracts for deed, as necessary to process our STAR application.

Individual Completing the Application:

GENE GELGELU, EXECUTIVE DIRECTOR 03/24/2014
Name (please type) Title Date


Signature

Chief Officer or President:

2014 N-STAR Application

II. PROPOSAL INFORMATION:

1. In the space provided, please provide a description of your project or program:

We offer:

1. Entrepreneurial training: We train potential African immigrant business owners to write their business plans and establish their businesses.
2. Financial literacy education: We provide training to support individuals and families in making more educated financial decisions.
3. Loan access: We help improve loan access to support business development in African immigrant communities.
4. Business coaching and technical assistance: We coach and mentor new business owners throughout the start-up and early operational phases of their business development.
5. Homeownership training: We train individuals and families to make more educated decisions as they explore the process of purchasing a home.

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2. In the space provided, briefly describe, in quantifiable terms, the specific results of this proposal (*i.e. a façade improvement to include 6 new windows, 2 exterior doors, 3 security lights; etc.*)

The African immigrant population in Minnesota has grown quickly over a relatively short period of time. The 1990 U.S. Census reported that only 5,000 African immigrants lived in Minnesota; as of 2008, an estimated 70,000 to 80,000 African immigrants lived here.^a These immigrants are highly educated, with more than 80 percent having obtained a high school diploma and 45 percent having completed at least some college coursework.^b

Unfortunately, like many people who are new to this country, African immigrants struggle to fully utilize their education once they arrive in the United States. According to the Institute for Agriculture and Trade Policy, “Professional licenses obtained abroad are often not recognized in the United States. As a result, many former doctors, nurses, engineers, teachers and lawyers are earning a living through manual labor, which, while providing an important service, prevents Minnesota from benefiting from immigrants’ professional skills.”^c Immigrants working in manual labor are often underpaid and underrepresented by unions,^d which makes them more likely to live in poverty. As of 2010, for example, only 64.4 percent of Ethiopians and 47.9 percent of Somali people were represented in Minnesota’s workforce.^e

As a result of these challenges, many African immigrants turn to entrepreneurship to make a living in the Twin Cities. This was particularly true during the recent economic downturn, but during that time AEDS saw an increased number of entrepreneurs who lacked adequate knowledge about how to start a successful business in Minnesota. African immigrant business owners face multiple challenges, including:

- Poor credit
- Inadequate knowledge of government compliance issues (licenses, taxes, etc.)
- Lack of training, technical support, etc.
- Lack of large-scale market potential
- Language and cultural barriers

In spite of these challenges, a strengthening nonprofit infrastructure and the recent economic turnaround have bred a new sense of possibility and ambition within the African immigrant community. The number of individuals who want to start businesses is increasing, creating demand for business training and technical assistance in multiple languages. Because of our cultural competency, AEDS and our partners have seen unprecedented demand for our services. We need more capacity and resources to support African immigrants to reach their potential in their new communities.

Supporting the economic success of African immigrants is an economic imperative in the Twin Cities. Our population grew more than 600 percent over the past few decades, and that pace does not appear to be slowing.^f If African immigrants are not provided an equal opportunity and empowered to build a strong economic foundation for their families to be productive, the number of individuals and families in poverty in the Twin Cities will increase and dependence on social services will grow. The long-term impact on our state will be devastating, both socially and economically.

The concept of wealth building comes naturally to our communities, but the practice of wealth building has been difficult for many African immigrants in the United States. AEDS's training and technical assistance helps these communities transfer this concept to action to overcome the barriers that have kept them from achieving their personal and professional goals in the United States.

3. In the space provided, please explain the public benefit of your project:
The economic activities that resulted from this investments are direct impact and indirect impacts. These impacts are employment, income, and tax. There will be potential increase for the property value because of the renovation of the building. This also bring benefit to the public by attracting more private investment on the corridor.

II. NEIGHBORHOOD PLANNING/COMMUNITY SUPPORT: Community involvement is a critical part of the STAR program. In this section you are being asked to identify the participation of neighborhood and community groups in your proposal.

1. Will your project be coordinated or partnered with any other project, program? If yes, please describe:
The plan is to work with Neighborhood organization for this project once the project is funded. The plan is to discuss with Hamline Midway Coalition/District Council 11 and other neighborhood organization.

2. Is this proposal identified as part of an adopted city, neighborhood, or business plan? If yes, please describe: (Neighborhood plans can be found @ www.stpaul.gov/index.aspx?NID=3446)

The proposed project is consistent with adopted Hamline Midway Plan for economic development in neighborhood.

3. Is there neighborhood\community support for this proposal? YES x NO . Please explain:

We engaged with African immigrant business on the Snelling avenue North to Minnehaha and support our idea.

III. PUBLIC COST: This section helps define the financial impact of your request on the general public. Please be as accurate as possible:

1. Will this project/program result in a change in the tax base? If yes, please complete the following:

_____ Current property taxes payable per year
 _____ Estimated taxes after project is completed
 _____ Net change in taxes per year

2. For proposals that remove property from the tax rolls, you'll need to calculate a Payment in Lieu of Taxes (PILOT) that will replace the lost property tax revenue. Suggested minimum is 25% of the total current taxes to assist with basic safety services to be paid for 20 years or the term of the agreement, whichever is longer. **The estimated PILOT is:** _____.

IV. FIVE YEAR JOB CREATION / RETENTION PROJECTIONS:

<input type="checkbox"/> Job Impact <input type="checkbox"/> No Job Impact	Year 1	Year 2	Year 3	Year 4	Year 5
# of New Full-Time PERMANENT JOBS CREATED Each Year					
Total # of Full-Time PERMANENT JOBS RETAINED Each Year (for subsequent years, include the # from "jobs created" line (above))					
# OF Full-Time PERMANENT JOBS LOST Each Year					
# of Construction/Temporary Jobs CREATED Each Year					
Average Wage for Full-Time Permanent Workers					

V. STAR PROJECT / PROGRAM ACTIVITIES: The Neighborhood STAR Program provides funding for a variety of activities. **ONLY complete the one section that best describes your proposal:**

A. Development/Redevelopment; B. Open Space Improvement; or C. Re-lending/re-granting Program:

A. Commercial or Residential Development/Redevelopment Project: Please complete this section only if you are requesting funds for a commercial or residential development/redevelopment project:

1. Define the type of public benefit that can be expected. Please place a "1" next to the item you believe is the primary benefit, and a "2" next to the item you select as a secondary benefit:

<input type="checkbox"/>	Support Vitality of Industry	<input checked="" type="checkbox"/>	Incr. Women/Minority Businesses	<input type="checkbox"/>	Address Special Housing Needs
<input type="checkbox"/>	Stablize Market Value	<input checked="" type="checkbox"/>	Encourage Entrep'ship	<input type="checkbox"/>	Retain Homeowners in the City
<input type="checkbox"/>	Provide Self-Employment Opt's	<input checked="" type="checkbox"/>	Generate Private Investment	<input type="checkbox"/>	Maintain Housing Stock
<input checked="" type="checkbox"/>	Create Local Business	<input checked="" type="checkbox"/>	Support Commercial Activity	<input type="checkbox"/>	Incr. Home Ownership Stock
<input checked="" type="checkbox"/>	Retain Local Business	<input type="checkbox"/>	Heritage Preservation	<input type="checkbox"/>	Provide Affordable Housing

2. Before a development proposal may proceed, you must have control of the property. Please indicate the type of site control you have: Deeded Title ___ Purchase Agreement___ Purchase Option___ Existing Lease ___ Lease Agreement ___ Other ___ Comments:

N/A

3. a. Type of development: New Construction _____ Rehabilitation/Expansion _____

b. Describe the current use of space (number of units, sq. ft., commercial, residential, etc.)

c. List the proposed use of space (office, retail space, housing units, etc.)

d. Will the proposal provide the leasing of space? YES ___ NO ___ If yes, please provide:

PROSPECTIVE TENANTS	SQUARE FOOTAGE	RENT PER SQUARE FOOT	IS LEASE SIGNED?

4. Anticipated start date? _____ Estimated completion date? _____
N/A

5. If this request is for a new business start-up, **please attach** your business plan.
N/A

6. Has a developer, architect, general contractor, and/or leasing and management firm been selected?
Yes _____ No _____ If yes, please identify:

N/A
7. Have detailed cost estimates been prepared? Yes ___ No ___ If yes, **please attach**.

PLEASE NOTE: Economic development activities may be subject to both the City's Living Wage and Business Subsidy requirements. For more information, please visit the city's website: <http://www.stpaul.gov/index.asp?NID=3848>

----- If you completed Section A, you are finished with Item V. Please proceed to page 7, Item VI. -----

B. Public / Private Open-Space Improvement Projects: STAR money has been used to finance important public and private open-space improvements in our community. These include playgrounds, streetscapes, or improvements to various public facilities. **Please complete this section only** if you are applying to fund a public or private open-space improvement:

1. Define the type of public benefit that can be expected. Place a "1" next to the primary benefit, a "2" next to the secondary benefit and complete the tax base data (*if applicable*) in the following chart:

<input type="checkbox"/>	Remove Blight/Pollution	<input type="checkbox"/>	Improve Health/Safety/Security	<input type="checkbox"/>	Increase/Maintain Tax Base < current tax production: < est'd taxes as built: < net tax change + or -:
<input type="checkbox"/>	Rehab. Vacant Structure	<input type="checkbox"/>	Public Improvements	X	
<input type="checkbox"/>	Remove Vacant Structure	<input type="checkbox"/>	Goods & Services Availability	<input type="checkbox"/>	
<input type="checkbox"/>	Heritage Preservation	X	Maintain Tax Base	<input type="checkbox"/>	

2. Please describe your previous experience with public or private open-space improvement projects:

AEDS is new for this project and plan to learn from her organization who done similar work n r area.

3. Describe the components included in your proposal, and approximate locations (i.e. streetlights, benches, boulevard trees, playground equipment, park improvements, etc.).

AEDS is proposing grant and loan component to help businesses in St. Paul with faced improvement.

4. Explain how this project will be maintained over the life of the improvement:

N/A

5. Anticipated start date? _____ Completion? _____

6. Please list the City department(s) and person(s) with whom you have discussed your proposal:

7. Do you have a construction cost estimate either from, or approved by, the City department and contact listed in #6 above? YES ___ (estimate attached) NO ____.

N/A

8. Have businesses and/or homeowners been approached regarding any required assessments to their property? YES ___ NO ____ If yes, please indicate:

N/A.

a. How many properties will be affected? residential _____ commercial _____.

b. How many have agreed to pay assessments? residential _____ commercial _____.

----- if you completed Section A or B, you are finished with Item V. Please proceed to page 7, Item VI. -----

C. Re-Lending / Re-Granting Program for Housing or Businesses: Please complete this section only if you are requesting funds to administer a re-lending / re-granting program:

1. Define the type of public benefit that can be expected. Please place a "1" next to the item you believe is the primary benefit, and a "2" next to the item you select as a secondary benefit:

	Support Vitality of Industry	X	Incr. Women/Minority Businesses		Address Special Housing Needs
X	Stablize Market Value	X	Encourage Entrep'ship		Retain Homeowners in the City
	Provide Self-Employment Opt's	X	Generate Private Investment		Maintain Housing Stock
X	Create Local Business	X	Support Commercial Activity		Incr. Home Ownership Stock
X	Retain Local Business		Heritage Preservation		Provide Affordable Housing

2. Anticipated program start date? _____ Completion? _____.

3. Please list the number of units (houses or businesses) to be assisted: 5.

4. Briefly summarize how you will select program participants (i.e. income of recipients, requirements for match funds, cash vs. sweat equity.)

African Economic Development Solutions(AEDS) plan to outreach to businesses to introduce the existence of the faced improvement resources. The participants will be accepted based on matching funds.

5. Describe you and/or your partner's experience and capacity for operating a loan or grant program:

AEDS has small loan fund that we leverage other resources to help our communities' access to loan funds. We have packaged and closed very small loan and we will build on this experience.

6. How will this program differ from existing City housing or business programs?

This program is designed to help business owners improve their business in order to attract customers to their businesses. The program is unique to businesses.

7. Will this program coordinate with other City programs? Yes ____ No ____ If yes, please explain:
We will explore other program that may fit the need of the businesses.

8. a. Are you planning to provide loans? Yes ____ No ____ grants? Yes ____ No ____ If yes, what type of terms or conditions will be required? (i.e. will there be a mortgage or lien on sub-grantees' property? Occupancy requirements? Will the loan come due if property is sold or rented?)

Yes we are planning to provide loan and grant combination. Since this is our first experience, we will try the combination and test if it will work.

b. What kind of loan underwriting criteria do you envision? (i.e. collateral, debt-to-income ratio)
Collateral

9. Please attach program guidelines.

VI. SOURCES AND USES: Please show your use of STAR funds, private match and non-matching funds for the entire project:

CATEGORY	STAR LOAN REQUEST	STAR GRANT REQUEST	MATCHING FUNDS	NON-MATCHING FUNDS*	TOTAL
Acquisition					
Rehabilitation:					
residential					
commercial	10,000.00	50,000.00	60,000.00		120,000.00
New Construction:					
residential					
commercial					
Public Improvements					
Private Open Space Improvements					
** Direct Project Costs					
TOTALS: Same total(s) on pages 1 & 8	10,000.00	50,000.00	60,000.00		120,000.00

Please note: for-profit entities must include a pay-back loan component equal to or greater than the requested grant amount. (Neighborhood STAR Guidelines, page 2)

Line Item Examples:

- Acquisition: Up to 20% of STAR funds may be used to purchase an existing building or property
- Commercial/Housing Rehabilitation: Capital improvements to an existing building
- New Construction: new structure
- Public Improvements: Streetscape, play equipment, park benches, permanent signs, exterior lighting etc. on public property
- Private Open Space Improvements: Playground, community garden etc. on private property

* **Please List** the additional funds being used on this project that do not qualify as matching contributions (i.e. project expenditures prior to submission of a STAR application, city grants from CDBG, STAR, CIB, HRA, etc.)

N/A

Direct Project Costs (Soft Costs) - Up to 20% of STAR funds may be used for soft costs (i.e. acquisition, architect, engineering, legal and loan fees, environmental testing, permits, licenses, etc.) Eligible soft costs do not include **general administrative fees, marketing, or operating costs. **Please itemize and describe soft costs:**

N/A

Please attach an itemized budget or contractors' estimates.

VII. SOURCE OF MATCHING FUNDS: Matching funds must be *directly* related to this capital improvement proposal. Please refer to the Neighborhood STAR Guidelines (www.stpaul.gov/star) for eligible match criteria.

Please Identify Source & Type of Matching Funds	Amount	Date Available	Match Firm?
A. Estimated volunteer labor/sweat equity*:			
B. Estimated in-kind service*:			
1			
2			
3			
C. Estimate and name source of cash donations:			
1			
2			
D. Name and amount of anticipated foundation grants:			
1			
2			
3			
E. Amount of loan(s) and name of lender:			
1			
2			
F. Amount and source of private equity:			
1			
2			
3			
G. Amount, source and type of other match:			
1			

2			
3			
TOTAL VALUE OF MATCHING FUNDS**	\$60,000	<i>Enter total on pages 1 & 7</i>	

* Up to 30% of the total match may be indirect contributions including in-kind goods and services, sweat equity and/or volunteer labor. Sweat equity and volunteer labor is valued at \$15 per hour (*Neighborhood STAR Guidelines, page 7*)

** Please enter the same total on pages 1 and 7

VIII. APPLICANT INFORMATION. This section provides the STAR Board, elected officials, and staff with basic information about your organization, and its abilities to carry out a STAR project.

1. *In the space provided, please describe your organization (i.e. its history, structure, business, membership, purpose etc.)*

African Economic Development Solutions (AEDS) supports a diverse set of African immigrant communities in the Twin Cities region in building wealth and assets to improve their quality of life. AEDS emerged out of a small group of immigrants who were concerned about the decline of wealth in African immigrant communities. While a number of nonprofits had emerged to fill this gap in the Somali community at the time, there were several other immigrant groups, particularly Oromo, Ethiopian and Eritrean communities, who were being underserved. In response, AEDS was established to support wealth creation within a variety of African immigrant communities by providing training and mentorship to individuals, families and businesses.

The emergence of AEDS coincided with an economic recession that deeply impacted many communities of color, including African immigrants. Despite hardships such as job and home losses, the entrepreneurial spirit within our communities continues to grow and AEDS experienced an immediate demand for our training and technical assistance. Since our inception more than four years ago, we have supported 28 business owners in establishing their own businesses, which now employ at least 100 people. The result has been more than a 4:1 return on investment of grant funds invested in AEDS.

2. *What is your status as a legal entity? (i.e. corporation, partnership, nonprofit, proprietor, etc.)*

Nonprofit

3. *Who will be the designated project manager? Gene Gelgelu
In the space provided, please describe her/his background, skills and experience in managing similar-type projects.*

Gene Gelgelu has over five years of experience in providing business support and involved in faced improvement grant loan committee.

4. *Do you have an adopted\official conflict-of-interest policy? If so, please summarize or attach.*

Yes. Please see attached.

5. *If you have received City funds within the past five years, please identify below or attach a separate list:*

YEAR	PROGRAM	AMOUNT	BALANCE

Draft Façade Improvement Grant Program

African Economic Development Solutions (AEDS)

PHONE: 651-646-9411

I. Purpose

AEDS Façade Improvement Grant program is an initiative to visually improve the appearance of buildings within the city of St. Pau business district. Also the program will help in attracting new business to relocate to the corridor and retain existing businesses in city of St. Paul.

II. Eligibility

- Property owners and tenants within the city of St. Pau¹
- Property is identified as commercial, industrial, office, mixed-use,
- The program guidelines may be evaluated based on individual situation

III. Program Overview

a. Allowable Improvements

b. Prohibited Improvements under FIG

- New construction
- Temporary signage

IV. Application

Requested Information

In order for the applicant to be considered for the façade improvement grant, applicant must submit an application to AEDS.

Pre-application

Description of intended façade improvements

Final application

V. Selection Criteria

VI. Grant Funds – Disbursement and Usage

Condition of the agreement

VII. African Economic Development Solutions Façade Loan

Program

AEDS will work with business owners to analyze on how the business owner uses their matching fund. The loan program rate will be competitive rate available to businesses. There will be a minimum and maximum loan amount one business owners may request for one business.

IX. Property Owner Consent

AEDS 201 4 Board of Directors

Teshite Wako, Board Chair
Chief Financial Officer
Neighborhood Development Center (NDC)

Amano Dube
Executive Director
Brian Coyle Center

Gene Gelgelu
Executive Director
African Economic Development Solutions.

Habtamu Awetu-
Human Right Specialist
City of St. Paul

Abdirahman Ahmed
Business Owner
Minneapolis