

## Report to the City of Saint Paul Legislative Hearing Commission

### Summary of Feasibility Work for Rehabilitation of 678 Snelling Avenue North

**Background:** The nonprofit African Economic Development Solutions (AEDS) purchased the property on January 15, 2021; the property had reportedly been vacant for over ten years. The project serves multiple goals: creation of an anchor building for the Little Africa Cultural District, rehabilitating a long-vacant building, providing stable space for small businesses that would meet the needs of the African immigrant communities and the neighborhood and create employment. The initial property evaluation was a recommendation for demolition and new construction of the planned commercial and office use. Feedback from the neighborhood and city staff led to a reconsideration of rehabilitation. A building evaluation and a schematic plan were obtained from a structural engineer. The architecture firm Cushing Terrell was selected based, in part, on their experience with grocery stores, and an initial feasibility plan was prepared.

**Feasibility Plan:** Like many St. Paul commercial streets, the building fills the lot from Snelling to the residential alley, leaving only on-street parking. Fortunately, there is room and an existing curb cut for nine indoor parking spaces. The first floor will provide 3,500 square feet of retail space, planned for a grocery store with Halal meat market, two or three small shops and a gathering space with an art gallery. Expansion of the existing second-floor mezzanine will create 5,115 square feet of office space for AEDS and office tenants. Total square footage will be 13,330 square feet.

A preliminary cost for substantial rehabilitation was estimated based on repair and replacement of the exterior brick; new roof with insulation and roof supports; window replacement, new HVAC system with rooftop units; new accessible bathrooms; new electrical service, new staircases, a LULA or elevator, structure to expand the mezzanine; new insulation, walls, flooring, and lighting.

#### Next Steps for Project Design:

- An initial meeting was held on April 7 with St. Paul project manager Kowsar Mohamed, city planner Josh Williams and Carolyn Berman, project architect, to discuss parking access issues expressed by public works staff and questions about utility locations. It was agreed that Josh Williams would discuss setting up a meeting, similar to a site plan review, with the appropriate city departments; a date has not yet been set.
- Alliant Engineering has been hired to complete a survey of the property, including the alley and utility inverts; estimated completion is May 14.
- The proposed federal funding requires a formal document titled Preliminary Engineering Report that includes measurements and descriptions of all existing and proposed building elements and systems. This document needs to be completed prior to submission of the federal application. The new Notice of Funding Availability for the program is not yet published, but is anticipated in May, so the estimated completion of this document – the outcome of the schematic design process – has not yet been formally scheduled but is likely to be by the end of June.
- AEDS will present the plan to the Hamline-Midway Coalition at one of their summer meetings.

**Funding:****Sources**

Federal EDAPW Grant	\$ 1,313,395	in discussion, to be determined after NOFA
Minnesota appropriation	\$ 1,000,000	pending, decision 5/17/2021
Federal HFFI Grant	\$ 200,000	committed/spent
Met Council LCDA TOD Pre-development	\$ 100,000	committed
St Paul Neighborhood STAR GRANT	\$ 100,000	pending, decision August 2021
Foundation Grants	\$ 700,000	pending, decision May 2021
<b>Total Sources</b>	<b>\$ 3,413,395</b>	

**Uses**

Acquisition & Closing Costs	\$ 307,500
Construction, FFE, Contingency	\$ 2,751,806
Design & Engineering	\$ 153,450
Soft Costs including legal, title & holding	\$ 119,752
Operating & Replacement Reserves	\$ 80,887
<b>Total Uses</b>	<b>\$ 3,413,395</b>

**Funding Notes:**

The Notice of Funding Availability (NOFA) for the new EDA program funding from the Covid19 Relief Act has not yet been published. A project summary has been submitted to the Minnesota representative and deemed eligible, if all proposed funding is committed at the time of application. If there is no EDA grant, rents can be raised to support a soft money loan and additional funding requests to other East metro foundation funders will be required. State funds are dependent upon the Minnesota Legislature.

**Funding Timeline:**

	<i>Best Case</i>	<i>Worst Case</i>
All funding committed	9/30/2021	3/30/2022
Construction Start	11/30/2021	5/30/2021
Occupancy	5/30/2022	12/1/2023