

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:

- [Despite serious effort, a meeting with the Water Utility and Public Works has not yet occurred. We have asked for help from City Council Member Mitra Jalali. We have discussed this situation and will shortly be engaging a civil engineer from Kimley-Horn.](#)
- 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.
- [The survey has been completed with no unexpected results.](#) Alliant Engineering has been hired to complete a survey of the property, including the alley and utility inverts; estimated completion is May 14.
- [This meeting has not yet been scheduled.](#)
- AEDS will present the plan to the Hamline-Midway Coalition at one of their summer meetings.
- [The architect and structural engineer discussed the indoor parking and determined there are likely to be only 7 spaces, plus space for carts, trash, etc.](#)

Funding Notes:

Please be advised that dates and amounts for uncommitted funds are subject to change.

- On July 22, 2021, the Department of Commerce announced the creation of five programs under the American Rescue Plan. As of this date, no application forms or regulations have been published. We have inquired as to when this will happen but have not yet received a response. The Preliminary Engineering Report is being compiled by the project architects.
- 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.
- 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.
- The requested legislative appropriation of \$1,000,000 to AEDS did not make it into the budget. Instead, an appropriation of \$1 million for economic development projects was made to the Department of Employment and Economic Development (DEED).
- The Neighborhood STAR grant did not score quite high enough to be funded.

Sources

| | | | |
|---|-----------|------------------|------------------------------------|
| Federal EDA Public Works Grant | \$ | 1,313,395 | NOFA not published, in discussion |
| Minnesota DEED appropriation | \$ | 1,000,000 | program currently unknown |
| Federal HFFI Grant | \$ | 200,000 | committed/spent |
| Met Council LCDA TOD Pre-development | \$ | 100,000 | committed/spent |
| St. Paul Neighborhood Star grant | | | not recommended |
| Bigelow Foundation | \$ | 200,000 | committed/spent |
| Foundation Grants | \$ | 600,000 | pending, August, October, December |
| Total Sources | \$ | 3,413,395 | |

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 |
| Total Uses | \$ | 3,413,395 |

Funding Timeline:

| | <i>Best Case</i> | <i>Worst Case</i> |
|-----------------------|------------------|-------------------|
| All funding committed | 10/30/2021 | 5/30/2022 |
| Construction Start | 1/2/2022 | 7/30/2022 |
| Occupancy | 9/30/2022 | 12/1/2023 |

| | <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 |