

IMPORTANT UPDATE regarding the proposed purchase of the EPIC building: As EPIC was finalizing an Offer Agreement with the seller, they decided to hold off on selling the property. EPIC has not spent any funds regarding this purchase, we were waiting for a signed Offer Agreement before paying for an appraisal, an environmental assessment etc. Please email Sarah at Sarah@eastphillips.org if you have any questions regarding this.

2433 Bloomington Ave Purchase

Purpose

To procure long-term office and meeting space for East Phillips Improvement Coalition (EPIC) and the East Phillips community, providing diverse opportunities for engaging neighbors in-person with both the work of EPIC and other neighborhood groups who could use the office space.

Renting office space is less feasible going forward due to the decrease of funding available from the Minneapolis Neighborhood Network Fund (\$15K in 2022, but long-term it plateaus to \$10K / year) to cover administrative costs of operating the non-profit organization. There is no room in this budget to cover rent for any office space (current office is \$4.8K/yr), because the costs of the following already exceed \$10K: insurance, utilities, internet, security, accounting, and website fees.



Finances

Purchasing Costs

\$180,000 from Mark Welna / SEM Investments LLC

\$1-2K for title transfer and title insurance (quote needed)

Potential of where this funding would come from:

Community Participation Program (CPP) Engagement Funds (note CPP funds end December 31 2021 and could carry over into Equitable Engagement Fund): \$125,000

Phase II Neighborhood Revitalization Program (NRP) Funds:

- 1) Phase II Plan Administration: \$35,846.68
- 2) 5.1.1. Business Infrastructure Loans: \$10,000.00
- 3) 5.2.1. Employment Readiness Program: \$10,000.00
- 4) 6.1.1. Neighborhood Promotion: \$1,000.00

Total = \$181,846.68

Operational Finances

Property Management Options:

Vendor	Wits Property Management	RP Management	Place Property Management
Fee Structure	\$320/month 10% maint. up-charge	\$279/mo 85% of first month rent for new lease. 10% maint. up-charge	\$79 per month per unit +additional fees

Pro Forma

Income

Rental Units \$1600/mo

Expenses

[Property Taxes](#) \$274/mo (\$3,284.96 / yr)

Property Mngmt \$279/mo

Property Insurance \$149/mo

Total Direct Expenses: \$702/mo

Estimated Variable Expenses:

Maintenance \$330/mo

Property Projects \$200/mo

Total Variable Expenses: \$500/mo

Total Expenses: \$1232/mo

Vacancy Loss (10%): \$160/mo

Net Income

Resources Available \$208/mo = \$2496/yr

Direct Costs to EPIC

Existing Utilities only, including electric, water, internet/security.
Paid for through grant funding.

Expected Projects and Repairs in the Next 10 Years

(in progress)

	Funds Available	Total Costs	Deferred Maintenance	General Property	Unit Specific
2022	\$6360	\$2500			
2023	\$6360				
2024	\$6360				
2025	\$6360				
2026	\$6360				
2027	\$6360				
2028	\$6360				
2029	\$6360				
2030	\$6360				

	EPIC Funds	Projects
2022	\$2496	\$250 - Door Lock \$
2023	\$2544	
2024	\$2544	
2025	\$2544	
2026	\$2544	
2027	\$2544	
2028	\$2544	
2029	\$2544	
2030	\$2544	

FAQ / Concerns Addressed

- What if we find a better office space opportunity?
 - We can sell this property to a responsible owner and move into a new office space.
- Do we want to be landlords?
 - While it is in alignment with EPIC's mission to help build and maintain affordable housing, EPIC is not a property management organization. That is why any and all property management will be contracted out to responsible businesses that are in alignment with EPIC's values.
- Will this take away from other neighborhood programming?
 - City funding is changing in 2022 - community based organizations will apply directly to the city for funding (whereas in the past EPIC would partner directly with the organization and provide EPIC funds for projects/programs)
 - If the community votes to not purchase the building, the funds (~\$110,000 from the Community Participation fund, note the remainder ~\$70,000 is from the Neighborhood Revitalization Program and could stay there) would carry over into the Equitable Engagement Fund and supplement the programs/projects in that plan but will need to be spent by the end of 2022.
 - Projects/programs in our Equitable Engagement plan:
 - Hire multilingual outreach workers (currently plan to hire two 0.1 FTE positions)
 - Community gathering infrastructure
 - Micropartnerships (help fund neighbor's projects: make funds available to the entire neighborhood, therefore EPIC isn't funding just one block, but we are also supporting neighbor's innovative ideas)
 - East Phillips garden - workshops and events
 - View EPIC's full application for the Equitable Engagement Fund at eastphillips.org to learn more about the programs/projects