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A 19th-century warehouse and a vision forge a downtown loft community and a new beginning

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A redevelopment project in the heart of Downtown St. Joseph has established a new community of modern lofts while preserving one of the area's most prominent historic properties. Kansas City-based development firms Sky Real Estate, LLC and Sunflower Development Group, LLC led the efforts.

Built in 1892 for the Richardson Dry Goods Company, the 191,000-square-foot, seven-story American Electric Building has become something of an icon amid the downtown St. Joseph skyline over the course of its now 129-year tenure. The building has had a storied past since its opening as a dry goods



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warehouse, serving the American Electric Company beginning in the 1950s through 2016. In its final form, the building reopened in March 2021 as the American Electric Lofts, with 140 modern, market-rate apartment homes.

The building's location in downtown St. Joseph, a few blocks from the I-229 viaduct and Missouri River, and near the courthouse, Civic Arena and a number of local businesses, made it a perfect choice for the recent transformation. It's about an hour north of downtown Kansas City.

"There has been a lack of high-quality apartments in this market," said Wes Grammer, founder and president of Sky Real Estate. "and we wanted to fill that need."

The challenges of historic buildings

Reviving a historic structure presents its own set of unique challenges when compared to ground-up development. "There is a tremendous responsibility that comes with these types of projects to balance the needs of a modern apartment community within the footprint of a building from another era, doing so in a way that both honors the past and builds upon that legacy," said Grammer. "These considerations simply don't exist on the new construction side, but historic renovation projects offer opportunities for something special to be realized with the right attention to detail and vision."

In approaching this project and its inherent challenges, Sky Real Estate partnered with Sunflower Development Group, another Kansas City-based development firm, drawing upon their extensive experience in the space of historic preservation and urban core revitalization to help make this project a reality. The American Electric Building's preservation plan included the original masonry walls, timber structure and architectural motifs. Several hundred windows were replaced with high-performance models that would maintain the historic look of the building.

"We did a lot of tuckpointing and plaster repair on the exterior of the building to preserve its look and make it a viable building for the next 50 years," said Mark Moberly, director of development at Sunflower Development Group.

Funding the redevelopment

The majority of the project's funding came from regional lenders OakStar Bank and Lincoln Savings Bank. "With the high-finish level of our apartments and offering of amenities throughout the apartment community, we were doing something in St. Joseph that hadn't been done for some time, and our financing partners understood

this vision,” said Grammer.

In addition, since American Electric Lofts is located in a qualified opportunity zone, as designated by the federal government, all of the project’s investors took advantage of this designation with their investment.

“This project is the exact example for why opportunity zone legislation was put in place,” said Grammer.

“The opportunity zone funding provided the extra financial enhancement we needed to make this project pencil,” said Moberly. “Who knows if it gets done without that boost.”

The costs associated with a historic renovation are often staggering and always exceed the cost of new construction, said Moberly. For this reason, the developers sought and secured state and federal historic tax credits to close the gap and make the \$35.3 million project financially feasible. The most critical part of the funding equation was the use of historic tax credits, according to Moberly. “The state of Missouri and federal historic tax credits were essential to getting this project done,” he said.

Investor partners, including The Sherwin-Williams Company and Commerce Bank, were involved in the historic tax credit transaction that provided funding for over 30%, or \$11.6 million, of the construction costs.

“The fact that Missouri has a historic tax credit program makes projects like this possible,” said Moberly. “Some states don’t have these programs, which makes it more difficult, and sometimes impossible, to do historic rehabs [there].”

The City of St. Joseph also was an integral partner in making American Electric Lofts a reality. The City provided project incentives related to sales taxes, utility taxes and property taxes.

“The City of St. Joseph saw this as a catalyst project that could spur more economic development in the area,” said Grammer. “The addition of 200-plus new residents into the downtown community leads to the possibility of a lot of other things.”

“For this deal to happen, we needed all of these funding and financing elements to occur, from the lenders to the opportunity zone investors to the historic tax credits and support from the city of St. Joseph,” said Moberly.

Creating a community

Beyond building 140 loft-style apartments, Sky Real Estate and Sunflower Development Group sought to create a community. This goal was accomplished not just from the inclusion of a range of amenities in the building but also in the way the amenities have been presented.

First, as a pet-friendly building, American Electric Lofts caters to residents with pets, specifically those with pups. The building has a paw spa on the top floor and an on-site, fenced-in dog park where residents can take their dogs off-leash.

As part of the building's 10,000 square feet of community space, residents also have access to a first-floor fitness center, second-floor community/game room, fourth-floor group exercise room, and a first-floor club room with a full kitchen. Additionally, local proprietor Hazel's Coffee Bar has taken up occupancy in the first-floor retail space of the building — a great spot for tenants to grab coffee on their way out the door or meet neighbors for happy hour in the evening.

"We strategically located amenities throughout the building so residents could live in the entire building," said Grammer. "We've provided an array of amenities, so every resident feels they've got something in the building that's meant for them."

The latest in smart technology

Individual units come well-appointed with modern, energy-efficient smart LG appliances. Additionally, every loft has a smart thermostat and smart lock that connect to residents' Wi-Fi networks and can be operated with their smartphones if they so choose. The building also has a managed wireless network, so residents don't need to secure a contract with a third-party provider.

Physical keys are obsolete at American Electric Lofts, too. Instead, residents use a fob or their phone to access their unit and all common areas.

Kansas City-based Homebase is the building's smart apartment partner.

It takes a team

In addition to Sky Real Estate and Sunflower Development Group, it took a team of contractors, architects and engineers to complete the transformation of American Electric Lofts. Led by Rau Construction, which provided general contracting services, the project was designed by SWD Architects and engineered by Lankford Fendler + Associates. The majority of subcontractors were from St. Joseph.

“There were a lot of people involved with this project, but it doesn’t happen without Rau Construction,” said Moberly. “We don’t deliver on time and under budget on this complex historic rehab without them leading the team.”

“We can’t thank our contracting, design and engineering partners enough for the job they did on this project.” said Grammer.

Don’t miss this exciting opportunity to be a part of The American Electric Loft’s story – the building has already hit 65% occupancy since its opening in March of this year. For more information about this project including leasing inquiries or to schedule a tour, visit americanelectriclofts.com or call (816) 383-3211.