

2019-2020 REPORT TO THE COMMUNITY



LISC By the Numbers 1997-2019

1,689
JOBS CREATED

2,106
HOUSING UNITS DEVELOPED
OR PRESERVED

147.5
BLOCKS OF LIGHTING &
STREETScape IMPROVEMENTS

186
CHILD CARE SPACES

LISC DULUTH

CATALYZING OPPORTUNITIES

Embracing Emerging Opportunities

To thrive as individuals and communities, we all need opportunities.

A key role that LISC plays is pushing aside obstacles and catalyzing opportunity for all. This role is even more important as we face a turning point in our country, one where we need to address two major pandemics at once: COVID-19 and the urgent need to pursue and support racial justice. LISC is committed to this effort and believes that no single factor drives the opportunity gap or will bridge it. LISC has long deployed a comprehensive strategy which connects residents to safe, affordable housing, financial coaching, job training, quality education, and much more.

Our 2019-2020 Annual Report spotlights the ways we and our partners are creating opportunities. LISC Duluth has been working as a catalyst for comprehensive community development for nearly 23 years. To date, we have made direct investments of over \$105 million in housing, jobs, and



OUR FOCUS

- p.3 **AFFORDABLE HOUSING**
- p.4 **FAMILY INCOME & WEALTH BUILDING**
- p.5 **ECONOMIC DEVELOPMENT**
- p.6-7 **COMMUNITY DEVELOPMENT & SEED GRANTS**

business start-ups. Our funds also have helped build the capacity of local nonprofits leading community transformation, particularly in the Hillside and Lincoln Park neighborhoods.

In the past year, we've also expanded our efforts by working with private-sector developers and investors through Opportunity Zones. One of the many opportunities this tax incentive tool affords is the development of mixed-income housing—particularly for lower-middle-income households.

We've also added partnerships with Duluth NAACP and Family Rise Together, a nonprofit that works to support stronger families. There are so many dedicated people creatively working to open doors to new opportunities for community betterment. Working with these partners, we can't help but feel optimistic about the additional efforts that are helping residents build wealth, primarily through access to homeownership and asset building.

We look to the future with optimism. Supreme among these are the ongoing generosity of our donors, the vitality of our community partnerships, and the leadership of our Local Advisory Board. In 2020, LISC Duluth will continue to help our neighbors discover and create opportunities to build stronger communities. For all of us.

Sincerely,

Pam Kramer, Executive Director &
Geoff Popham, Local Advisory Board Chair



Strategies We Pursue

- Strengthen existing alliances while building new collaborations to increase our impact on the progress of people and places.
- Develop leadership and the capacity of partners to advance our work together.
- Equip talent in under-invested communities with the skills and credentials to compete successfully for quality income and wealth opportunities.
- Invest in businesses, housing, and other community infrastructure to catalyze economic, health, safety and educational mobility of individuals and communities.
- Drive local, regional, and national policy and system changes that foster broadly shared prosperity and wellbeing.

Thank you for the photos used in this report: Michael Anderson, Lars Kuehnow, Ivy Vainio, Center City Housing Corp., Community Action Duluth, Damiano Center, Northspan Group, One Roof Community Housing, Warehouse Productions



Affordable

Housing

GOAL: Increase the supply of affordable housing in Greater Duluth

\$166,500 INVESTED

Moving to a Better Life

For the residents of the Esmond Building in Lincoln Park, once known as the Seaway Hotel, the last two weeks of January were one of the most memorable fortnights in their lives. That's when they moved to Garfield Square Apartments, their new residence a few blocks away.

The newly constructed Garfield Square has been designed for single adults, most of whom have struggled with homelessness in their lives, and many of whom have behavioral health needs and issues. **"It is designated as permanent supportive housing,"** says Nancy Cashman, executive director of Center City Housing, the new building's developer and manager.

LISC provided a predevelopment loan and helped convene partners to get the project underway.

The Esmond, Cashman notes, was in a **"sad, tired state where residents had a minimal number of shared bathrooms and no kitchens."** At Garfield Square, residents have their own bathrooms and kitchens. Garfield Square also offers onsite supportive services, including a full-time case manager and mental health counseling. As one tenant told Cashman after the move, **"This is the nicest thing anyone has ever done for me in my life."**

View our video: <https://bit.ly/GarfieldSquareDuluth>

Housing Development Requires Effort and Patience

Housing developments that are designed to provide long-term, permanent, affordable, and quality housing for very low-income residents often take years to develop. In 2017, LISC Duluth provided a predevelopment loan to help One Roof Community Housing get an affordable housing project in the Hillside neighborhood, called Brewery Creek, onto the drawing board.

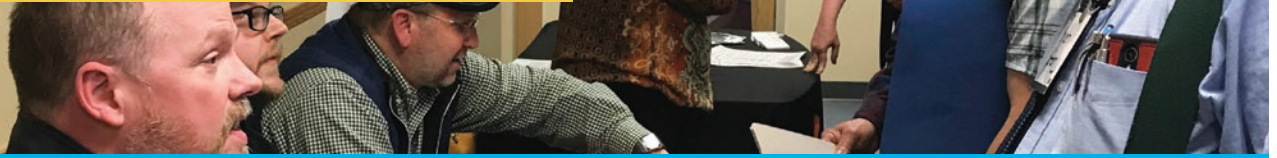
For an affordable housing development to be financially feasible, Housing Tax Credits through the state of Minnesota are required. Last year, the state turned Brewery Creek down. But one rejection needn't doom a project. Case in point: In July, One Roof will be breaking ground on Decker Dwellings, a 42-unit family housing development project near Miller Hill Mall. (LISC Duluth also made a predevelopment loan for Decker Dwellings.) One Roof first applied for tax credits three years ago—and was rejected due to the high level of competition for funds at the state level. A second application also fell short.

The third time was the charm. One Roof redesigned Decker Dwellings to increase construction efficiencies, and the City of Duluth committed tax-increment financing, demonstrating sufficient local financial resources to merit state investment. Decker Dwellings is scheduled to open in August 2021.

One Roof is now much more optimistic about its potential to move Brewery Creek forward. Brewery Creek's "redesigned" proposal is a 52-unit project that will include housing for low-income families, as well as permanent supportive housing for clients of Life House, a Duluth nonprofit serving homeless young adults. **One Roof recently secured a grant commitment of \$1.425 million from Essentia Health for the project.** This private investment will help close the funding gap and should help Brewery Creek score significantly higher in the application process. **"We'll be presenting a project that's 50% supportive housing with major financial support from a local employer,"** One Roof executive director Jeff Corey says.

Family Income &

Wealth Building



GOAL: Implement strategies to grow family income & build wealth

\$135,000 INVESTED

Building Futures in Manufacturing

We often hear that Duluth is a post-industrial city—that our economic future will be built on megabits rather than drill bits.

Not so fast. In 2018, the Duluth Seaway Port Authority completed a study of the role of Duluth's industrial sector in the City's economic base. (LISC Duluth was a member of the study's advisory committee.) The study revealed that there were nearly 9,500 industrial jobs in Duluth, and they offer wages that exceed the city-wide average. What's more, these jobs **"are accessible across a broad range of educational preparedness,"** says Port Authority executive director Deb DeLuca. The study also reported that many manufacturing jobs are available—jobs that "can provide a pathway out of poverty," DeLuca adds.

But the people who need those jobs face barriers to accessing them. Among the barriers is "preparedness"—the soft skills people need to obtain and to keep a job. Many people who could benefit from such employment haven't had experience in holding and keeping a job.

LISC Duluth is helping connect employers and potential employees by working with Community Action Duluth to implement a training program called Bridges to Career Opportunities (BCO), which is part of a national LISC asset and income-building model utilized at many LISC sites. In developing BCO, Community Action Duluth and LISC partnered with the Arrowhead Manufacturing and Fabricators Association (AMFA), which assembled the manufacturing class curriculum, recruited the instructors, and delivered the training for the four-week program. A three-year LISC grant from the Citi Foundation is providing part of the support for BCO. LISC and Community Action Duluth hope to identify additional financial investors to prepare more potential job candidates.

According to Community Action Duluth executive director Jeff Longenecker, 37 participants obtained an industry-recognized credential from the program, and 22 were hired upon

completing their training. A second BCO class, which had been planned for March, will be rescheduled after the COVID-19 pandemic abates.

View our video on BCO: https://bit.ly/BCO_LISC

View LISC Case Study on Manufacturing:
<https://bit.ly/QAmanufacturing>

Planning from the Inside

The Duluth region's low unemployment rate and high labor demand mask an uncomfortable truth: For residents of African heritage, the unemployment rate is 23%. Among Native Americans, it's 12%.

In November, LISC Duluth was awarded a grant from the Northwest Area Foundation to develop a plan to help shrink these disparities. With the help of the grant, LISC has convened a diverse group of stakeholders representing African heritage and Native American individuals. They, along with key workforce and entrepreneurship development agencies, will create a plan designed to increase family wealth and assets for people of color through job training, entrepreneurship, and career pathways.

One of the planning grant team members is Janet Kennedy, a member of Duluth City Council and first vice president of the Duluth Branch NAACP. (She also runs Healthy Alliances Matter, a business and nonprofit consultancy.) **"Many times, we look at these issues solely through the employers' eyes,"** Kennedy notes. **"But we also need to look at it from the perspective of those facing barriers to getting a job, and from the perspective of those with a transformational idea who need access to capital and other support."**

Later this year, LISC Duluth and planning group members intend to apply for an implementation grant.



Economic Development

GOAL: Expand economic opportunities for low- & moderate-income residents & their communities

\$61,818 INVESTED

Investing with Impact

The federal Tax Cuts and Jobs Act of 2017 created a category of tax-advantaged investments called Opportunity Zones, designed to encourage investment in low-income areas. The state of Minnesota identified 128 census tracts, including five in Duluth, as Opportunity Zones.

“We saw this new tax incentive as a way to encourage Duluth investors to look at Opportunity Zone neighborhoods,” says Duluth Superior Area Community Foundation president and CEO Holly Sampson. She also saw **“an opportunity to attract outside investors to strengthen economic opportunities for individuals in low-income neighborhoods.”**

In early 2019, the Duluth Superior Area Community Foundation (DSACF) provided a grant to LISC Duluth to bring together public partners and private developers. For help, LISC Duluth contracted with Minneapolis-based Cogent Consulting PBC to create a framework and tools for social impact investing, which supports financially successful projects that are good for the community. “In Duluth, there are investors who are ready to go,” Cogent founder Susan Hammel says.

“Working with a trusted community partner like LISC gives them a lot of assurance that it will benefit the community.”

LISC and Duluth-based Northspan Group have established an online portal identifying key locations and buildings available for economic development within Opportunity Zone neighborhoods. **“That has been a great resource for potential investors,”** Sampson says. Among the 12 projects featured is the Board of Trade, a mixed-use redevelopment project in downtown Duluth with 20% dedicated to affordable housing. LISC Duluth, with support from national LISC, has also conducted educational programs and seminars to promote Opportunity Zone investment.

In February, the DSACF awarded LISC a second grant, funded through its Opportunity Zone Fund to continue this work with Cogent. So, what’s ahead? “Taking these tools—the framework, the blueprint, the scorecard—and putting them to work on real projects,” Hammel says. **“We want to get some deals done.”**

Owning Your Own

Lincoln Park’s Craft District has attracted numerous entrepreneurs. Many of them have ambitions beyond starting their own business—they also want to own their own building.

With financial backing from LISC Duluth, the Entrepreneur Fund convened a series of four Commercial Building Forums. The monthly panel discussions brought together perspective buyers with attorneys, realtors, city officials, architects, construction companies, and business owners who’ve purchased buildings in Duluth.

“Forum attendees appreciated that the panelists and audience participants brought up questions they had never thought to ask,” says Sandi Larson, who organized the series for the Entrepreneur Fund. The Entrepreneur Fund has been one of the driving forces behind Advancing Lincoln Park, an informal neighborhood business advocacy group that has helped revitalize Lincoln Park. One of the group’s tenets is to ensure the entrepreneurs who create the energy and corridor redevelopment benefit from the transformation through building ownership and remain in the neighborhood.

While the long-term outcomes of these well-attended forums are yet to be determined, **“It’s fair to say there will be some action,”** Entrepreneur Fund CEO Shawn Wellnitz says. **“We don’t know what that’ll be yet, but it’s cooking.”**

Comprehensive Community

Development



GOAL: Maintain our comprehensive community development approach & collective impact model in Lincoln Park & Hillside

\$135,000 INVESTED

QLNC Partner List

AICHO
ARC Northland
ARDC-Metropolitan Interstate Committee
Bridging Health Duluth
Center City Housing Corp.
CHUM
City of Duluth
Community Action Duluth
Damiano Center
Duluth Community Schools Collaborative

Duluth Grill
Duluth HRA
Duluth Public Schools
Duluth Seaway Port Authority
Duluth Transit Authority
Duluth Workforce Board
Ecolibrium3
Entrepreneur Fund
Essentia Health
Family Rise Together

Generations Health Care Initiatives
Head of the Lakes United Way
Hydrosolutions of Duluth/AMFA
LISC Duluth
Lutheran Social Services
One Roof Community Housing
SOAR Career Solutions
St. Louis County
UMD CUE
Zeitgeist Center for Arts and Community

Healthy Communities, Healthy People

A person's physical well-being is influenced by the community in which they lives. Neighborhoods with higher levels of poverty typically have health disparities and shorter lifespans. Addressing the Social Determinants of Health is a key community development tool for LISC Duluth.

One of the participants in LISC's Quality of Life Neighborhood Collective (QLNC) is Bridging Health Duluth, a collaboration between health care systems, public health and human services entities, and Duluth's nonprofit sector. Bridging Health Duluth partners work with the community in developing regular health needs assessments and implementation plans.

The latest assessment and plan, which was completed in May 2019, **identified mental health, food insecurity, and youth substance abuse as the top three priorities.** Bridging Health Duluth has developed strategies and action plans to address those issues in Duluth. According to Mary Rapps, executive director of Generations Health Care Initiatives and one of the partners in Bridging Health Duluth, "there are a number of action teams that have been formed to complete strategies around each of those three priority areas. The issues are big and complex. **Working with LISC's cross-sector Quality of Life Neighborhood Collective will help accomplish the goals outlined in the implementation plan.**"

Local Food, Local Places

Ecolibrium3 is addressing the Quality of Life issue of food insecurity in Lincoln Park with a new initiative. In the fall of 2019, the organization received a "Local Foods, Local Places" (LFLP) technical assistance grant from the U.S. Environmental Protection Agency. Ecolibrium3 is bringing together community members and stakeholders, including LISC, to create an action plan to optimize land use for neighborhood food production, expand food retailing and farmer's markets, and work with neighborhood groups to boost food affordability and access. **"The neighborhood had a very successful five-year Fair Food Access Campaign,"** says Lars Kuehnow, LISC Duluth program officer. "The initiative connected with the community, but Lincoln Park remains without a grocery. Ecolibrium3 is looking to continue the work in a comprehensive way to create a fresh food access solution and reduce food insecurity."



Seed Grants

LISC Duluth seed grants support programs that engage residents and respond to community needs and opportunities. A special thanks to the McKnight Foundation for supporting these grants, which were awarded in 2019.

\$15,000 TOTAL



Child Care Program

Lincoln Park Children & Family Collaborative provided staff training allowing the program to earn a three-star “Parent Aware” rating from the state of Minnesota. “This rating demonstrates the quality of the child care provided,” says Jodi Broadwell, the collaborative’s executive director. It also allows the program to accept early-learning scholarships through the state.

Lincoln Park Solar Garden

Ecolibrium3 secured legal services for the garden site, which will incorporate a 40-kilowatt solar array, public gardening plots, a gathering space, and a public art installation. “It’s an absolutely dynamic site to tell the past, present, and future story of Duluth and the Lincoln Park neighborhood,” says Ecolibrium3 CEO Jodi Slick.



Summer Food Corps

Damiano Center created a summer job program for eight teens. In addition to working in a community garden, corps members put together a curriculum for a child care and mentorship program that they led. This helped them develop skills and experience they can take into the work world.



Bike Share for Active Transportation

Zeitgeist Center for Arts and Community conducted planning and research for a bike share system in Duluth. “We see this as a tool to help develop more multimodal, active transportation,” says Zeitgeist executive director Tony Cuneo. “Ultimately, we hope this will provide more transportation options for people who need them.” Zeitgeist is seeking matching funds for the program with an intended launch this summer.



Indigenous Economy and Indigenous Entrepreneurship Series

American Indian Community Housing Organization (AICHO) held two workshops in August led by Lakota business development expert Nick Hernandez, who offered insights to community members of all ages interested in launching Indigenous food-system enterprises. Hernandez presented tips and led discussions on business planning and start-up strategies.

LISC DULUTH

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2019-2020 LISC DULUTH STAFF

Pam Kramer, Executive Director

Lars Kuehnow, Program Officer

Emily Nygren, Assistant Program Officer

Tina Robbins, Administrative Coordinator

Linda Mathiasen, Communications and Marketing Consultant



Governor Tim Walz joins LISC staff Emily Nygren, Lars Kuehnow, and Tina Robbins at LISC Duluth's 22nd Anniversary Luncheon Celebration, held at the DECC on April 17, 2019. The governor was the keynote speaker at the event, which welcomed more than 330 attendees.

Together with residents and partners, LISC forges resilient and inclusive communities of opportunity across America—great places to live, work, visit, do business and raise families.

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THANK YOU TO OUR 2019 DONORS

\$100,000 +

The McKnight Foundation
Northwest Area Foundation
U.S. Department of Housing & Urban
Development

\$25,000 - \$99,000

Minnesota Housing Finance Agency
Northland Foundation

\$10,000 - \$24,999

Essentia Health
Lloyd K. Johnson Foundation
maurices
Opportunity Zone Fund of the Duluth
Superior Area Community Foundation

\$5,000 - \$9,999

National Bank of Commerce
North Shore Bank
U.S. Bank
Wells Fargo

\$1,000 - \$4,999

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Lonnie & Pam Swartz
Kenneth Talle
Laura Thorsvik

**TOTAL
INVESTMENTS
1997-2019**

\$14.45 M

Local Funds Invested to Date

\$91.03 M

LISC & LISC Affiliate

Investments in Duluth to Date

\$38.55 M

National Equity Fund

\$32.64 M

New Market Support Corporation

\$19.84 M

Other LISC Investments

\$105.48 M

Total LISC Funds Invested in Duluth

Support the LISC Duluth mission at
<https://bit.ly/SupportLISCDuluth>