

A group of people are working together in a workshop. A man in a green shirt and glasses is looking down at a wooden structure. A woman in a white tank top is using a yellow and black RIDGID nail gun to work on the structure. Another person's arm is visible on the right, also working on the structure. The background shows a workshop with various tools and materials.

LISC NY

Inclusive Creative Economy Fund Impact Report 2023

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LISC NY is pleased to present the Impact Report for the Inclusive Creative Economy Fund for 2023.



NEW YORK CITY'S MOST DISINVESTED neighborhoods continued to endure the health, social, and economic consequences of COVID-19 across the city this year. The critical work of this fund demonstrates how deploying capital in the inclusive creative economy is catalytic in supporting local economic development and creating accessible, high-quality jobs in NY's most disinvested communities. With the support of this Fund, individuals who own businesses or manage affordable spaces within the creative economy have the resources needed to strengthen NY's economy and cultural landscape.

To strengthen our investments across New York State, LISC NYC and LISC Western NY united to become LISC New York; operating under one umbrella and consolidating our resources to maximize statewide impact and ensure that no underserved community is left behind. LISC NY works with local advocates and non-profits in communities across the state to develop specific and tailored strategies to build equity and investment where it's needed most, like in the creative economy.

Our experience with the NYC Inclusive Creative Economy Fund has proven that investors have an appetite for impact opportunities aligned with arts, design, culture, heritage, and creativity. To that end, the Fund has raised just over \$6.2 million and is fully subscribed. The Fund has also achieved success in expanding LISC's sources of capital to include accredited individuals, family offices, and donor advised funds, among other impact investors.

These investor proceeds, combined with additional capital from LISC's balance sheet, have funded over \$25.2 million in loans across four projects—the Greenpoint Manufacturing & Design Center (GMDC) Ozone Park Industrial Center, the Brooklyn Navy Yard Development Corporation (BNYDC) Building 127, La MaMa Experimental Theater Club's project at 74A

East 4th Street, and Evergreen Inc at 500 Stagg Street, Brooklyn. Information on each of these projects are detailed throughout this report.

We are pleased to report that the four projects will bring over \$111 million in total investment for their communities from public, private, philanthropic, and other sources. They bring a total of 205,500 square feet of new or renovated space to support quality jobs in the creative economy. Construction of these projects have thus far resulted in over 400 jobs created. Once completed, we estimate an additional 500 jobs will be developed related to operating these projects.

The NYC Inclusive Creative Economy Fund, as with LISC NY's other investments, is guided by our three pillars: (1) radical healing that counters racial bias and inequity, (2) inclusive economic transformation that prioritizes human talent, community health, diverse enterprises, innovation and public infrastructure; and (3) sustainable wealth generation in communities of color, including through ownership, asset building and career ladders.

As New York City emerges from the COVID-19 pandemic, we must continue to prioritize innovative models such as the NYC Inclusive Creative Economy Fund, to fill gaps left by traditional economic development policy. LISC NY looks forward to supporting the growth of the inclusive creative economy across NY would like to thank each of the investors in the NYC Inclusive Creative Economy Fund for making these projects and their important impact on neighborhoods possible.

Sincerely,

Valerie White
Senior Executive Director
LISC New York

AS THE FIRST TARGETED IMPACT INVESTMENT

opportunity benefiting artists and other creatives in New York City, the NYC Inclusive Creative Economy Fund (the “Fund”) was an important milestone for the growing number of impact investors focused on the creative economy. The Fund enables accredited investors who are passionate about art, design, culture, and creativity to help inclusive creative businesses and cultural activities thrive in New York City. The fund enables investors seeking to align their portfolios with community impact by targeting capital to the inclusive creative economy. The Fund demonstrates how a creativity lens helps impact investors to see new, high-quality opportunities in the creative economy that meet their social impact goals while realizing financial returns.

The Fund provides loans to nonprofit and mission-driven organizations that own, lease and manage affordable space so that businesses and organizations in the creative economy can take root and grow. By establishing and preserving affordable spaces for business incubation, maker and artist studios, cultural activities, and light manufacturing, the Fund will foster quality middle-skill jobs for low- and moderate-income New Yorkers. By focusing on projects that provide ongoing access to affordable space, the Fund ensures that creative and cultural activities that would otherwise be at risk of displacement have an assured position in the New York City, and beyond the COVID-19 pandemic.

The fund is no longer accepting new investors. Notes purchased by existing investors pay 2.75 percent interest per annum and mature on May 31, 2026. Notes are general obligations of LISC, which has a nearly 40-year track record of investing in communities. LISC is rated AA- by Standard & Poor’s and, since 1980, has borrowed and repaid—on time and in full—more than \$2.2 billion.

The Fund was developed in strategic partnership with [Upstart Co-Lab](#) (“Upstart”), a national organization that connects capital with creative people who make a profit and make a difference. Since launching in 2016, Upstart has defined a creativity lens to frame the creative economy as an impact investing priority; has demonstrated through original research the role of creative places and businesses in comprehensive community development; developed a pipeline of 300 impact investment opportunities in the creative economy; and directly mobilized \$23 million of impact investing capital for the [creative economy](#) of the United States.

Upstart is proud to have been LISC NY’s strategic partner for the development and launch of the NYC Inclusive Creative Economy Fund, the first targeted impact investment opportunity benefiting artists and other creatives in New



York City. Coming off the success of the work with LISC, Upstart built a coalition of impact investors who understand the power of art, design, culture, heritage and creativity to drive social impact (the [Upstart Member Community](#)).

Soon after closing the Fund, LISC selected the creative economy as one of six themes to be financed with the proceeds of LISC’s \$150 million national Impact Note which launched in November 2020. Proceeds from these Impact Notes support nonprofit organizations, mission-aligned for-profit businesses, and small businesses operating in or supporting the creative economy, affordable housing, health, education, community & recreational facilities, employment, and other projects that seek to build resilient and inclusive communities. The success of the NYC Inclusive Creative Economy Fund pilot found a quick path to scale through this national note program.

Now in 2023, Upstart is launching the first impact investment strategy for the U.S. inclusive creative economy. The [Inclusive Creative Economy Strategy](#) will invest in a portfolio of emerging impact funds with creative industry exposure and early-stage companies in creative industries. Upstart’s approach targets market rate returns, prioritizes BIPOC and women entrepreneurs leading companies in creative industries, and seeks people-focused impact: quality jobs, vibrant communities, and sustainable creative lives. In tandem, Upstart will conduct an influence strategy focused on unlocking artists, art patrons and endowed cultural institutions as a new cohort of impact investors, and the creative sector as a new source of impact capital.

Upstart Co-Lab’s goal is to make the creative economy a priority within impact investing. When this happens, artists, designers and other creatives will gain access to values-aligned capital to scale their businesses and their impact. Cultural institutions, art lovers and artists will become the next cohort of impact investors. The creative economy will be more inclusive, equitable and sustainable because it is shaped by impact investment capital that shares these values.

Investors as of March 30, 2023

THE FUND HAS RAISED OVER \$6.2 MILLION from a range of investors that includes long-time community development investors and funders; foundations and endowed arts institutions; and motivated individuals and donor-advised funds.



The Altman Foundation	\$260,000
Benjamin Arnow	\$100,000
BNB Bank	\$1,000,000
Building for the Arts NY	\$100,000
Creative Capital	\$100,000
Lisa and Dick Cashin	\$250,000
Deutsche Bank	\$1,000,000
Elaine Chen Fernandez	\$250,000
Katherine Fulton and Katharine Kunst	\$100,000
Gary Hattem	\$100,000
ImpactAssets on behalf of the Enablement Fund	\$150,000
ImpactAssets on behalf of the Luna & Skye Giving Fund established by Lorrie Meyercord	\$100,000
Laurie M. Tisch Illumination Fund	\$250,000
MetLife Foundation	\$1,000,000
Thomas Middleton	\$100,000
Colleen A. Murphy	\$100,000
The New York Community Trust	\$500,000
Phillips Foundation	\$100,000
Kat Taylor	\$100,000
Woodcock Foundation	\$250,000
Anonymous	\$100,000
Anonymous	\$100,000
Anonymous	\$100,000

Loans Closed as of March 30, 2023

THE PROCEEDS RAISED FROM THE INVESTORS fund portions of the following loans, totaling almost \$25.2 million. All of the loans are current, with no delinquencies. One of the loans has been repaid.



BORROWER	La MaMa Experimental Theater Club Inc.	Brooklyn Navy Yard Development Corporation	Evergreen Inc.: Your North Brooklyn Business Exchange	Greenpoint Manufacturing and Design Center
PROJECT	74 East 4th Street	Building 127	500 Stagg Street	Ozone Park Industrial Center
COMMITMENT AMOUNT	\$9,509,999	\$6,998,079	\$5,838,000	\$2,900,000
OUTSTANDING AS OF 3/30/2023	\$5,935,585	\$0	\$1,493,646	\$2,433,310
CLOSING DATE	3/22/2019 (3/21, 7/22 increases)	10/29/2018	10/16/2019	11/15/2017
TYPE	Construction/Bridge	Construction/HTC Bridge	Acquisition/ Construction/Bridge	Construction/NMTC Leverage Loan
TERM	3 years	7 years	2 years	7 years
INTEREST RATE	6.00%	5.00%	6.00%	5.85%
PROJECT/ LOAN STATUS	Completed, in repayment	Completed, repaid	Completed, in repayment	Completed, in repayment

LISC supplements proceeds from the NYC Inclusive Economy Fund notes with other capital sources on its balance sheet. 500 Stagg Street was able to be added to the fund after Building 127 was repaid.

Our project selection is rooted in LISC's three pillars of radical healing, inclusive economic transformation, and sustainable community wealth.



IN THAT SPIRIT, WE ARE SEEKING PROJECTS THAT:



Create high quality jobs with diverse education requirements that employ BIPOC



Are located in low- or moderate-income (LMI) communities and BIPOC communities



Proactively serve, employ, or create opportunities for the surrounding community



With borrowers who are mission-driven, BIPOC-led, and committed to long-term affordability

LISC will collect and report on impact measures such as:

- ▶ Industrial floor space created
- ▶ Tenants served
- ▶ Business owner demographics, including minority- and woman-owned business enterprises (MWBs)

La MaMa is a world-renowned New York cultural institution dedicated to the artist and all aspects of the theatre.

LA MAMA EXPERIMENTAL THEATER CLUB INC.

(La MaMa), New York's premier Off-Off-Broadway venue, presents experimental work that pushes the boundaries of language and culture and showcases artists from around the globe. Since La MaMa's founding in 1961, it has grown into a thriving community where artists of all backgrounds and identities can utilize performance spaces, rehearsal studios, an art gallery, and an artist dormitory.

The NYC Inclusive Creative Economy Fund has supported the substantial renovation and restoration of La MaMa's 10,500 square foot space located at 74A East 4th Street in Manhattan's East Village neighborhood. The project completed in late 2022, delayed from the original anticipated completion earlier in the year. Delays were caused by continued supply chain issues and labor shortages. The completed building is ADA accessible to all floors, has an enlarged lobby area, a dedicated community space, an outdoor terrace, and a building-wide data network that will allow La MaMa to maintain two versatile sound-separated theater spaces that host performances and art experiences as well as create expanded opportunities for community-driven and educational programming. The construction team carefully restored the Landmarked building's 149-year-old facade to ensure a stabilized and watertight structure to last at least another century.

When La MaMa founder Ellen Stewart purchased 74A East 4th Street in 1967, the building had no roof, no flooring, and no back wall. She founded La MaMa with the belief that space is vital to the creative process and art can be a powerful vehicle for communities to come together. That belief is at the heart of La MaMa's mission. Today, this building that Ellen rescued from demolition decades ago, is a New York City landmark.



To celebrate this completion of the renovation of this primary space for programming, La MaMa hosted a ribbon cutting like no other on February 9th, 2023.

Iconic theatre-artist André De Shields was the special guest for the ribbon cutting at 74A East 4th Street, his artistic home starting in the '70s. He was joined onstage by local elected officials and performances by the Community Bell Choir, H.T. Chen & Dancers, Chinese American Lion Dancers and Native American Blessings with Henu Josephine Tarrant. New York City Mayor Eric Adams proclaimed the day La MaMa Experimental Theatre Club Day. Following the event attendees were welcome into the newly completed building to explore and experience the renovated spaces.

La MaMa is excited to welcome everyone into the renovated building to see how artists and audiences can engage through new models of connectivity that exponentially increase access to the arts for all. La MaMa's first show, HIP HOPERA of 5P1N0K10 opened in the Club on February 16, and the space will host La MaMa Moves! DANCE Festival in April.



Impacts to Date

(PROJECTED FOR CONSTRUCTION AND OPERATIONS PHASES)

SPONSOR			
LA MAMA EXPERIMENTAL THEATER CLUB INC.	BROOKLYN NAVY YARD DEVELOPMENT CORPORATION	EVERGREEN INC.: YOUR NORTH BROOKLYN BUSINESS EXCHANGE	GREENPOINT MANUFACTURING AND DESIGN CENTER
PROJECT			
74 East 4th Street	Building 127	500 Stagg Street	Ozone Park Industrial Center
CONSTRUCTION JOBS (DIRECT)			
126	110	37	88
CONSTRUCTION JOBS (INDIRECT)			
21	48	9	22
OPERATING JOBS (DIRECT)			
16	263	17	97
OPERATING JOBS (INDIRECT)			
11	83	3	34

- ACTUAL # - PROJECTED



BROOKLYN NAVY YARD DEVELOPMENT CORPORATION, Building 127

Bio: The Brooklyn Navy Yard Development Corporation (BNYDC), a nonprofit that oversees the Yard on behalf of the City, develops, rehabilitates, and manages space in the Yard for job-intensive modern manufacturers. BNYDC's vision is to create a flourishing industrial sector that provides pathways for businesses to thrive and for New York City residents to access quality jobs. The NYC Inclusive Creative Economy Fund supported BNYDC's Building 127. The 100,000-square-foot building houses the following tenants:

- ▶ Smart Design (known for OXO kitchen tools) is a strategic design company that helps people live better and work smarter
- ▶ Daedalus Design & Production - specializes in scenery fabrication and production services

Project Update: There is still space available for rent in the renovated building, which BNYDC had expected to be leased by 2021. Due to the pandemic, leasing activities slowed tremendously between '20-'21. The two secured tenants, Smart Design and Daedalus Design & Production, have moved into the building and are finalizing outfit of the space. BNYDC is in talks with additional tenants to lease the remaining space. The team has seen an increased interest in industrial space from creative businesses and expect to have the building fully leased by year end.

EVERGREEN: YOUR NORTH BROOKLYN BUSINESS EXCHANGE

Bio: As neighborhoods like Williamsburg and Greenpoint attract new residents and businesses, the area's industrial real estate is under significant pressure from market forces seeking to convert industrial properties for office, entertainment, retail, and even residential uses. In October 2019, with funding from the NYC Inclusive Creative Economy Fund, Evergreen successfully closed on the purchase of 500 Stagg Street in Brooklyn, its fifth building. The property is a 10,000 square foot warehouse that is being renovated into a multi-tenant manufacturing facility for three small businesses in the design and fabrication sector. The \$7.1 million project is being financed primarily by city funds and being bridged by LISC NY's loan of \$5.8 million.

Project Update: The rehab of the site was completed in late 2021 and final signoffs were obtained in 2022 to begin occupying the space. A ribbon cutting ceremony was held in March 2022 and as of February 2023, Evergreen is fully leased with three tenants occupying the spaces. The 10,000-square-foot building houses the following tenants:

- ▶ Leerform Fabrication serves museums, galleries, and individual artists by providing logistical and fabrication services for exhibits, travel, and storage. Delivers comprehensive design and crating services from woodworking and metal fabrication facility.
- ▶ Veritate – is a biodegradable packaging production company, works with Leerform Fabrication on their shipping materials. Typically uses hemp and mycelium materials.
- ▶ BKNY Printing Company specializes in apparel screen printing.

GREENPOINT MANUFACTURING & DESIGN CENTER (GMDC)

Bio: Greenpoint Manufacturing & Design Center (GMDC) provides industrial space that's affordable, available & accessible to create and sustain viable manufacturing sectors in urban neighborhoods through planning, developing, and managing real estate, as well as offering related services. It has played a vital role in helping meet New York City's need for affordable, flexible production space for small- and mid-sized manufacturers, visionary designers, and artists and artisans. Since its inception in 1992, GMDC has rehabilitated eight manufacturing buildings in New York City. GMDC currently owns and manages six of these properties, the newest among them being the GMDC Ozone Park Industrial Center at 101-01 95th Avenue in Ozone Park, NY.

Project Update: The NYC Inclusive Creative Economy Fund supported GMDC's Ozone Park Industrial Center. Since the grand opening in January 2020, GMDC has leased out all manufacturing spaces in the 85,000 square foot three-story industrial property and receives regular inquiries from interested prospective tenants. The completed space currently houses the following businesses:

Woodworking:

- ▶ Bartenschlager Woodwork LLC
- ▶ Montford Workshop
- ▶ RP2 Woodworking Inc.
- ▶ Sons & Co Woodworking
- ▶ Spatial Relations LLC
- ▶ WP Millwork Inc.

Metalworking/

Design & Fabrication:

- ▶ Coming Soon
- ▶ Fredericks and Mae
- ▶ Heavy Furniture
- ▶ Icon Fabrication, Inc.
- ▶ JPE Consulting
- ▶ Phyto.Fun LLC
- ▶ Rosa Valado
- ▶ Ryan Sullivan

Furniture Design,

General Contracting & Custom Cabinetry:

- ▶ Adam Otlewski
- ▶ C&G A-Plus Interior Remodeling
- ▶ Vidal's Antiques Corp.

Fragrance Manufacturing:

- ▶ Aroma Direct



AS A COMMUNITY DEVELOPMENT financial institution, LISC has over four decades of experience aggregating and deploying mission-motivated capital from government sources, large foundations and financial institutions regulated under the Community Reinvestment Act. The premise of the Fund is to broaden LISC’s capital providers to include impact investors—accredited individuals, family offices, donor advised funds, and endowed institutions—all of whom are committed to supporting and advancing the creative sector. We also set out to test the notion that a new constituency of investors would be compelled by a broad definition of the “inclusive creative economy” that includes not just affordable spaces for artists, artisans, and performers, but also for manufacturers and makers. In the expanding creative sector, these distinctions among workers are becoming increasingly fluid.

The Fund was developed in partnership with Upstart Co-Lab, a field-building initiative that spearheaded the creation of a “Creativity Lens” for the impact investing industry. Upstart founder Laura Callanan’s strategic guidance was instrumental in all aspects of launching the Fund—from developing marketing materials, to educating potential investors and their advisors about the opportunity and its significance as part of her broader field-building effort.

LISC NY’s work in this area began in 2016 with the support of Citi Foundation’s Community Progress Makers Fund, which provided a two-year capacity building grant to assist us in diversifying our local nonprofit borrower partners beyond our traditional housing focus. As this theme around New York City’s inclusive creative economy began to emerge, we were thrilled to receive a second

Community Progress Makers award in 2018. We are deeply grateful for Citi’s support of our work in this space. Citi, along with ArtPlace America, Deutsche Bank, The New York Community Trust, and Rockefeller Brothers Fund provided critical support that positioned us to evolve this work and launch the Fund.

The Local Initiatives Support Corporation (LISC) is a national nonprofit organization that equips underinvested communities with the capital, strategy, and know-how to become places where low- and moderate-income (LMI) Americans can thrive. LISC NY, LISC’s flagship New York City office, was established in 1980. LISC NY supports local partners whose services and programs aim to create a more equitable, inclusive, and sustainable New York City. Since 1979, LISC has invested over \$27 billion and leveraged an additional \$75 billion in support of low-income communities. This has resulted in over 463,215 affordable homes built and nearly 78.5 million square feet of retail and community space preserved.

Since April 2020, LISC NY’s investment strategy has been guided by three pillars:

- ▶ Radical healing that counters racial bias and inequity, including through community safety, creative placemaking, and arts initiatives;
- ▶ Inclusive economic transformation that prioritizes human talent, community health, diverse enterprises, innovation, and public infrastructure; and
- ▶ Sustainable wealth generation in communities of color, including through ownership, asset building, and career ladders.

THE NYC INCLUSIVE CREATIVE ECONOMY FUND REPORT was produced by Christine Retzlaff O’Connell, Director Community Development Investments and Pres Adams, Senior Community Investment Officer at LISC NY.

Page 1: Cover Page

Photo by Luke Ohlson, courtesy of Evergreen Exchange

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Photo by Smart Design, courtesy of Brooklyn Navy Yard Development Corporation

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