

A photograph of a rooftop solar panel array. In the background, a tall, lattice-structured cell tower stands against a sky with scattered white clouds. The solar panels are dark blue with white grid lines, arranged in rows on a flat roof. A metal railing is visible behind the panels.

# LISC NYC

**Inclusive Creative**

**Economy Fund**

**Impact Report 2022**

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# LISC NYC is pleased to present the Impact Report for the Inclusive Creative Economy Fund for 2022.



**OVER THE PAST YEAR NEW YORK CITY'S** most disinvested neighborhoods continued to endure the health, social, and economic consequences of COVID-19 across the city. 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 NYC'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 NYC's economy and cultural landscape.

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 \$18.5 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 74 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 NYC'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 NYC looks forward to supporting the growth of the inclusive creative economy across NYC would like to thank to 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  
Executive Director  
LISC NYC

**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 at 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 impact investing to the creative economy. Upstart is disrupting how creativity is funded by connecting the \$17 trillion of socially responsible and impact investing capital in the U.S. to the \$920 billion American [creative economy](#). The Fund laid the groundwork for Upstart’s [Member Community](#) of impact investors focused on the creative economy which launched in 2019.



Soon after closing the Fund, Upstart and LISC selected the creative economy as one of six themes to be financed with the proceeds of the \$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.

In January 2022, Upstart released its first impact report: [Investing for an Inclusive Creative Economy](#). The report details six creative economy investments made by the Member Community and describes Upstart’s proprietary pipeline of investible opportunities in creative industries including fashion, film & TV, and food. It also introduces the five dimensions of people-focused impact that Upstart tracks in all the investments it supports: access to capital for BIPOC and women entrepreneurs, quality jobs, vibrant communities, sustainable creative lives, and an inclusive creative economy. The development of this impact framework was largely influenced by Upstart’s work with LISC.

# Investors as of March 30, 2022

**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, 2022

**THE PROCEEDS RAISED FROM THE INVESTORS** fund portions of the following loans, totaling almost \$18.7 million. All of the loans are current, with no delinquencies. One of the loans has been repaid.



<b>BORROWER</b>	Greenpoint Manufacturing and Design Center	Brooklyn Navy Yard Development Corporation	La Mama Experimental Theater Club Inc.	Evergreen Inc.: Your North Brooklyn Business Exchange
<b>PROJECT</b>	Ozone Park Industrial Center	Building 127	74 East 4th Street	500 Stagg Street
<b>COMMITMENT AMOUNT</b>	2,900,000	6,998,079	3,000,000	5,838,000
<b>OUTSTANDING AS OF 3/30/2022</b>	2,494,357	0	2,086,630	2,028,918
<b>CLOSING DATE</b>	11/15/2017	10/29/2018	3/22/2019	10/16/2019
<b>TYPE</b>	Construction/NMTC Leverage Loan	Construction/HTC Bridge	Construction/Bridge	Acquisition/Construction/Bridge
<b>TERM</b>	7 years	7 years	3 years	2 years
<b>INTEREST RATE</b>	5.85%	5.00%	6.00%	6.00%
<b>PROJECT/ LOAN STATUS</b>	Completed, in repayment	Completed, repaid	Under construction, interest-only period	Under construction, interest-only period

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 (MWBEs)

# GMDC is creating secure and stable spaces for small manufacturing in New York City.

**GREENPOINT MANUFACTURING & DESIGN CENTER** (GMDC) creates and sustains 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 looking to grow and thrive in New York City.

Since completing the redevelopment of the Ozone Park Industrial Center in December 2019 and the grand opening in January 2020, GMDC has been working to rent out all manufacturing spaces in the 85,000 square foot three-story industrial property. GMDC secured six new tenants between January and March 2020, before the COVID-19 pandemic effectively halted any interest in leasing new space. The remaining space stayed vacant while private redevelopment plans and commercial property transfer slowed down – which are generally the greatest generators of small manufacturing displacement. *“This is the real estate pressure that brings people to us. Small manufacturers’ long term land lords will triple the rents to pull more revenue or force the manufacturing businesses out,”* said Cassandra Smith, GMDC Senior Project Manager.

In the summer of 2021, things started picking up again and GMDC has been signing a number of leases per month. There are currently 22 of the 24 units leased – and they continue to receive inquiries for the remaining spaces. GMDC Ozone Park Industrial Center is marketed specifically to businesses that seek the locational and market advantages of New York City, including custom woodworkers, cabinet makers, artisanal trades such as set builders and display makers, home goods manufacturers, metal workers, and garment makers.



Ryan Sullivan, one of GMDC's newest tenants who owns and operates an art fabrication business specializing in welding, mold making, resin and painting mediums, shared that he connected with GMDC after his previous manufacturing space had become too costly and his lease came up for renewal. Ryan found GMDC to be much more affordable and pro-tenant. His business required an expansive exhaust system and a large hole had to be cut in the roof to retrofit the space for his needs. *“This was essential to what I do and they helped me make it happen. I feel so lucky.”* Ryan expressed that this kind of accommodation is not typical for commercial owners and that GMDC really works with their tenants to make the space work for them, *“The build out is very thoughtfully done – there’s enough power in the spaces, the elevator is the right size and the load dock functions properly. It just works here.”*

The 85,000 square-foot space currently houses the following tenants:

**Woodworking:**

- ▶ [Bartenschlager Woodwork LLC](#)
- ▶ [Montford Workshop](#)
- ▶ [RP2 Woodworking Inc.](#)
- ▶ [Sons & Co Woodworking](#)
- ▶ [Spatial Relations LLC](#)
- ▶ [WP Millwork Inc.](#)

**Metalworking/ Design & Fabrication**

- ▶ [Icon Fabrication, Inc.](#)
- ▶ [JPE Consulting](#)
- ▶ [Fredericks and Mae](#)
- ▶ [Rosa Valado](#)

**Furniture Design and Antique Restoration:**

- ▶ [Vidal's Antiques Corp.](#)
- ▶ [Adam Otlewski](#)

**Perfume Manufacturing**

- ▶ [Montagne Parfums](#)



# Impacts to date

(PROJECTED FOR CONSTRUCTION AND OPERATIONS PHASES)

		SPONSOR	
GREENPOINT MANUFACTURING AND DESIGN CENTER	BROOKLYN NAVY YARD DEVELOPMENT CORPORATION	LA MAMA EXPERIMENTAL THEATER CLUB INC.	EVERGREEN INC.: YOUR NORTH BROOKLYN BUSINESS EXCHANGE
		PROJECT	
Ozone Park Industrial Center	Building 127	74 East 4th Street	500 Stagg Street
CONSTRUCTION JOBS (DIRECT)			
88	110	126	61
CONSTRUCTION JOBS (INDIRECT)			
22	48	21	9
OPERATING JOBS (DIRECT)			
78	263	16	17
OPERATING JOBS (INDIRECT)			
34	83	11	3

# - ACTUAL # - PROJECTED



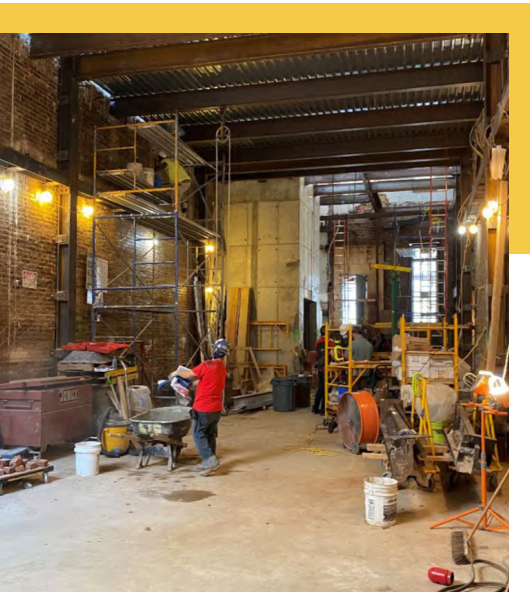


**BROOKLYN NAVY YARD DEVELOPMENT CORPORATION, Building 127**

**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 BNY had expected to be completely leased by 2021. Due to the pandemic leasing activities slowed tremendously between ‘20-‘21. The two secured tenants are currently in the build out phase and BNYDC is in talks with tenants to lease the remaining three spaces.



**LA MAMA EXPERIMENTAL THEATRE CLUB, 74 East 4th Street**

**Bio:** La Mama Experimental Theatre Club (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.

**Impact:** The NYC Inclusive Creative Economy Fund is supporting the substantial renovation and restoration of La Mama’s 10,500 square foot space. The renovations will create separated spaces for increased usage, expand educational and artistic programming, and carefully restore the building’s 149 year old facade to ensure a stabilized and water tight structure to last at least another century. The project is now in the interior build out phase, which is anticipated to complete by spring 2022 and be ready for programming in fall 2022. With the updated space, La Mama will expand their services to the community including after school and senior citizen programming and generate more opportunities and financial support for the artists. La Mama *“wants art making to be part of everybody’s life – not just privileged individuals as it so often is. It enriches you as a human being. We want everybody to feel that ‘it’s for me’,”* says Mary Fulham, Managing Director.



**EVERGREEN: YOUR NORTH BROOKLYN BUSINESS EXCHANGE, 500 Stagg Street**

**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 NYC’s loan of \$5.8 million.

**Projected Impact:** The rehab of the site was completed in late 2021 and final signoffs are being obtained to begin using the space. Evergreen has been actively engaged in selecting tenants for the three available spaces and hopes to have signed leases by summer 2022. A ribbon cutting ceremony was held in March 2022.



**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 NYC’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 NYC, LISC’s flagship New York City office, was established in 1980. LISC NYC supports local partners whose services and programs aim to create a more equitable, inclusive, and sustainable New York City. Since 1980, LISC NYC has invested over \$3.1 billion and leveraged an additional \$7.6 billion in support of low-income communities. This has resulted in over 42,000 affordable homes built and nearly 2 million square feet of retail and community space preserved.

Since April 2020, LISC NYC’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 and Leah Martins-Krasner, Community Development Officer at LISC NYC.

### **Page 1: Cover Page**

Photo by Frederick Charles, ©Frederick Charles, fcharles.com

### **Page 2: Preface**

Photo by Tim Soter, courtesy of Erik Bruce / GMDC

### **Page 3: Investment Premise**

Photo by Tim Soter, courtesy of BIG HEAVY STUDIOS/ GMDC

### **Page 4: Investors**

Rendering of 74 East 4th Street courtesy of La MaMa ETC

### **Page 5: Loans**

Photo by Tim Soter, courtesy of GMDC

### **Page 6: Project Selection**

Photo courtesy of Ryan Sullivan

### **Page 7: New Project Profile**

Photos by Frederick Charles, ©Frederick Charles, fcharles.com

### **Page 8: Impacts**

Photos by Tim Soter, courtesy of GMDC,

### **Page 9: Impacts**

From bottom to top: photo courtesy of the Brooklyn Navy Yard Development Corporation, photo courtesy of La MaMa ETC, photo courtesy of Evergreen Exchange.

### **Page 10: Background**

Photo by Tim Soter, courtesy of GMDC

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