

A woman with short brown hair, wearing a bright yellow t-shirt with a circular logo, is focused on inspecting a single orange ceramic cup. She is in a pottery studio, with a workbench in front of her covered in dozens of similar orange cups. In the background, there are shelves with various pottery supplies, including more cups, a green bucket, and a sink area. The overall atmosphere is one of a busy, creative workspace.

LSC

# Industrial District Revitalization in Duluth

Case Study: Lincoln Park

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# Introduction

In a number of cities across the country, many long-disinvested industrial districts are experiencing a revival and in the process bringing opportunities for cities and surrounding communities. New or expanding industrial businesses generate new jobs, attract new workers, and increase demand for local products and services. Their investment in building and infrastructure helps improve neighborhood image and gives a sense of vitality to disinvested places, while bringing an increased tax base to cities.

However, the revitalization of industrial districts, like any other process of neighborhood change, may present challenges as new businesses may spark new uses and increase real estate cost, potentially triggering conflicts and gentrification pressures among residents or longtime businesses.

How can industrial districts revitalize in an equitable way, bringing benefits to surrounding low-income communities and without triggering displacement of long-term businesses?

As a community development financial institution with a national footprint, LISC works with disinvested communities throughout the country, and in recent years has been increasingly involved in supporting industrial district revitalization efforts. Below are highlights from LISC Duluth's efforts and early outcomes of this work.

**COVER PHOTO:**

Karin Kraemer, artist and owner of Duluth Pottery, a pottery studio and gallery located in the Lincoln Park Craft District in Duluth.

PHOTO CREDIT:  
MICHAEL ANDERSON



New businesses in the Lincoln Park District include Corktown Deli & Brews and Love Creamery (above) and Dovetail Café located in the Duluth Folk School (below).

PHOTO CREDIT:  
MICHAEL ANDERSON



LISC helped set the stage for the revitalization of Lincoln Park...

[T]hey knew the value of what we were doing and figured out how to support the work.

Shawn Wellnitz  
THE ENTREPRENEUR FUND

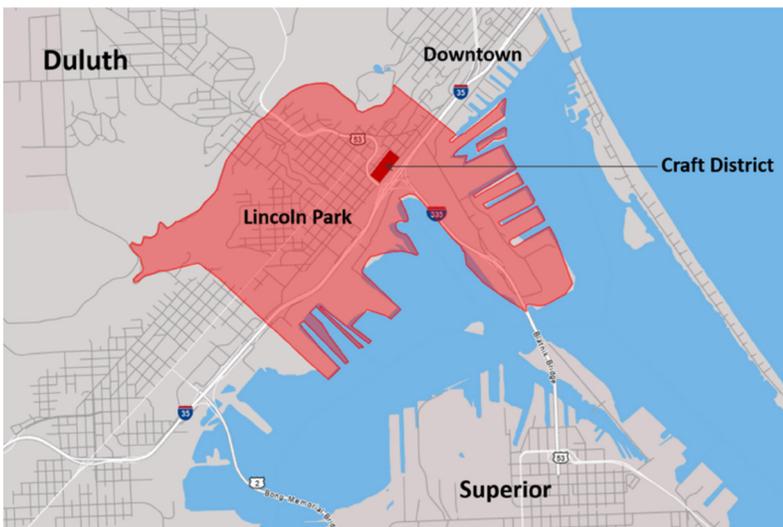
CASE STUDY

## Seeding ‘homegrown’ revitalization through catalytic investments and nurturing local capacity

Situated to the west of downtown Duluth, Lincoln Park is a residential neighborhood interspersed with small businesses, local institutions, and community organizations. Located adjacent to Duluth-Superior Port, one of the leading bulk cargo ports in all of North

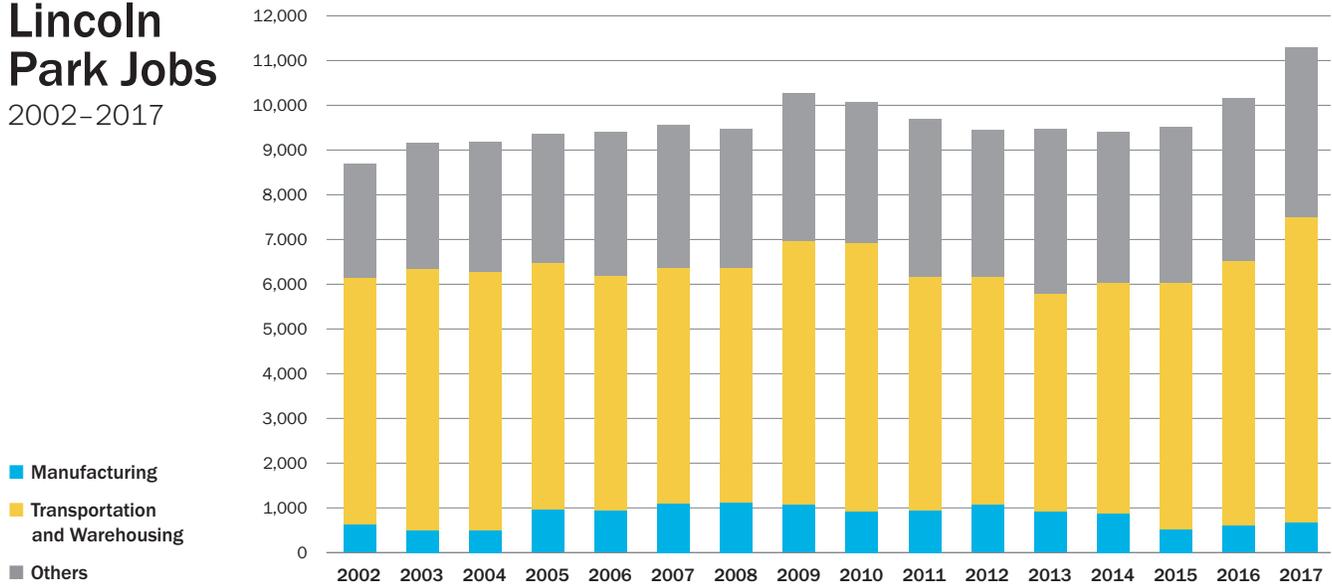
America, Lincoln Park was once an industrial hub and the place where industrial workers lived. Like many other urban neighborhoods throughout the country, Lincoln Park experienced the effects of economic restructuring and suburbanization. The neighborhood became one of the most disinvested in Duluth, with higher unemployment and poverty rates and older housing stock.

As in many other areas in the country, however, not all industrial activity left Lincoln Park. The section of the neighborhood that encompasses the port remains a vibrant industrial district, including many storage and shipping facilities, and in its northern section a



# Lincoln Park Jobs

2002-2017



SOURCE: U.S. Census Bureau. LEHD Origin-Destination Employment Statistics, 2002-2017.

number of long-term businesses have been able to stay in place, despite major economic downturns. According to the Census, the entire Lincoln Park neighborhood, including the port, gained 2,578 jobs between 2002 and 2017, representing over half of jobs created in the city of Duluth as a whole during that time, and industrial-related sectors including transportation and warehousing, manufacturing, construction, and wholesale trade employ the largest number of workers (73 percent). Furthermore, whereas manufacturing jobs decreased citywide, the larger Lincoln Park neighborhood gained 52 manufacturing jobs in this time period.<sup>1</sup>

Despite the strength of the port, the northern section of the district, including the commercial corridors along Michigan and Superior Streets, has struggled with high vacancies over the years. Despite the presence of a few long-term tenants including small businesses and local neighborhood organizations, large portions of the area between Lower Michigan and W 1st streets struggled to attract and retain businesses. However, in recent years noticeable changes began to emerge and the neighborhood is quickly shedding its image as disinvested place and gaining a reputation as a destination for artisan foods and products. Attracted by a central location, easy highway access, and affordable real estate, a number of entrepreneurs began opening their businesses in the district within the last five years.

While development has accelerated in recent years, such remarkable revitalization can be seen as the result of multiple partners working together to bring economic activity and jobs to a once disinvested part of town, and traced to a number of parallel efforts by multiple organizations and businesses in which Duluth LISC has played a catalytic role.

For 20 years LISC Duluth has supported neighborhood revitalization efforts in Lincoln Park, including entrepreneurship, affordable housing, and healthy food access initiatives. A catalytic investment was the development in 2009 of Clyde Park, a former industrial building located in the western section of the neighborhood, into a facility including a restaurant and event space, the Duluth Children’s Museum, and a regional hockey and soccer center, the Essential

Health Duluth Heritage Sports Center. In the early planning stages of this project, LISC Duluth sponsored a MetroEdge market analysis that provided sound data for its redevelopment, paving the way for the revitalization of Lincoln Park. The \$9.9 million Clyde Park project brought much-needed investment and thousands of yearly visitors to the neighborhood.

In 2011 Duluth LISC asked an economic development consultant to work with neighborhood stakeholders to establish goals and strategies for the Lincoln Park district. Following this work, LISC supported the efforts of the Entrepreneur Fund, a local business-service organization, to convene local small business leaders to promote the district's economic revitalization. As a small-business lender and technical assistance provider, the Entrepreneur Fund recognized the momentum that the arrival of new creative businesses such as Bent Paddle Brewery, Duluth Pottery, Frost River, and OMC Smokehouse was bringing to the district, as well as the barriers and challenges faced by small businesses willing to open in the district. With LISC support, the Entrepreneur Fund brought local businesses together in a series of facilitated meetings to help them identify commonalities and develop a strategic vision for the district. In the process, the group established a collaborative called Advancing Lincoln Park (ALP) in 2014. The group's vision was to attract craft producers and entrepreneurs that cared for the neighborhood and that would complement the existing industrial base and invest in branding the area as a destination craft district. In 2016 ALP, spearheaded by the combined efforts of local businesses Bent Paddle, Duluth Grill, and Frost River, successfully established the Lincoln Park Craft District, in the section of the neighborhood between 18th and 22nd avenues along Superior and Michigan streets. Through LISC's support ALP staged a holiday pop-up shop program<sup>2</sup> that helped launch the district and, together with a strong marketing campaign, position Lincoln Park as a craft destination for residents as well as local entrepreneurs.

Besides supporting planning and organizing efforts by businesses and the Entrepreneur Fund, Duluth LISC helped fund Ecolibrium<sup>3</sup>, a neighborhood organization long established in the community, and brought an urban strategist to maintain momentum for the effort and market the district through a district coordinator position. Shawn Wellnitz, chief executive officer of the Entrepreneur Fund, highlighted LISC's instrumental role in the district's revival:

*LISC helped set the stage for the revitalization of Lincoln Park... [T]hey knew the value of what we were doing and figured out how to support the work. For example, LISC paid for the coordinator position for the district. And where else do you find those dollars, and someone willing to do that work? The city has so many different priorities so pulling those resources together was invaluable.*

As a homegrown and volunteer-driven effort, the initiative to revitalize Lincoln Park faced an early challenge in the lack of dedicated staff to focus on the activities required to drive district revitalization, from promotion and marketing to business attraction. Laura Mullen, co-founder of Bent Paddle Brewery, explains the importance of the district coordinator position that LISC strategically sponsored to help address this challenge:

*One of the most helpful things was the creation of the district coordinator position that LISC funded. Before she came onboard we were doing all the business attraction ourselves, which was crazy. Then she came in with all the information, could show the buildings and help with referrals. Not only that, but she also did all the tactics around branding like the #CraftingSomethingGreat! [campaign]. It made all the difference.*

Part of the district's success stems from the presence of supportive public partners. In 2016 the City of Duluth adopted the Lincoln Park Small Area Plan that changed zoning in the district

to allow for manufacturing and retail/flexible land uses, and actively participated in ALP's efforts including by creating a liaison for all city-related functions, which helped streamline city approval processes as well as connect businesses to much-needed information and resources. For example, through designating Lincoln Park as an Innovation Zone the city piloted a grant program to address a challenge many businesses were experiencing in trying to acquire and renovate buildings in the district. Jason Hale, senior housing developer for the City of Duluth and former city liaison for Lincoln Park, explained that even though industrial buildings were affordable, business owners could not obtain mortgages large enough to cover acquisition and renovation costs since the area had been disinvested for so long. So the city stepped in to provide a loan with a forgivable portion to address this financing gap. The Advance West Pilot Program, as the grant program is known, helped eight businesses renovate and open doors in Lincoln Park, and was later expanded to serve businesses citywide.

In addition to the \$9.1 million LISC provided in New Markets Tax Credit equity for the redevelopment of Clyde Park, since 1999 it has invested nearly \$4.1 million in grants and loans to the various organizations working collectively to revitalize Lincoln Park,<sup>3</sup> as well as sponsoring market analyses and economic development consulting services to provide sound baseline information and help guide the efforts.

The early outcomes of such collective efforts are promising. No longer seen as a sleepy part of town, Lincoln Park is increasingly recognized as a craft and popular destination where locals and tourists can find a variety of businesses offering locally made goods such as pottery and leather apparel, and enjoy craft beers and ciders, top-rated burgers, and artisanal ice cream. In fact, between 2014 and 2017 the section of the neighborhood that encompasses the Craft District saw an increase of 134 jobs, with manufacturing jobs and accommodation and food services positions nearly tripling from 15 to 43 and from 37 to 101 respectively.<sup>4</sup>

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## Outcomes of District Revitalization Efforts by LISC and Partners

- Area recognition through the Craft District designation
  - Pop-up market that attracted nearly 500 visitors who came to see 10 featured vendors, two of which are now permanently located in the Craft District
  - Establishment of Advancing Lincoln Park as a collaborative for district revitalization enabling ongoing business networking and peer support
  - Creation of Advancing West Pilot Loan Program by the city to fill financing gaps in small business access to capital
  - Expansion of major anchors like Bent Paddle and Frost River Trading Co.
  - Planned investment for a mixed-income housing project in the district
  - 42 new businesses and 175 new jobs
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Aerostich, legacy manufacturer of motorcycle gear located in Lincoln Park for over twenty years.

PHOTO CREDIT: MICHAEL ANDERSON

## Endnotes

- 1 U.S. Census Bureau. LEHD Origin-Destination Employment Statistics, 2002-2017.  
<https://onthemap.ces.census.gov/>
- 2 The Lincoln Park Craft Business Pop-up was held on five consecutive Saturdays between October 31 and November 28, 2015.
- 3 These have included the following organizations: Entrepreneur Fund, Ecolibrium3, Community Action Duluth, Duluth Children's Museum, Duluth Art Institute, and Lincoln Park Business Group.
- 4 U.S. Census Bureau. LEHD Origin-Destination Employment Statistics, 2002-2017.  
<https://onthemap.ces.census.gov/>



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