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 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
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.”


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

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


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.
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.”
## QLNC Partner List

<table>
<thead>
<tr>
<th>Duluth Grill</th>
<th>Generations Health Care Initiatives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Duluth HRA</td>
<td>Head of the Lakes United Way</td>
</tr>
<tr>
<td>Duluth Public Schools</td>
<td>Hydrosolutions of Duluth/AMFA</td>
</tr>
<tr>
<td>Duluth Seaway Port Authority</td>
<td>LISC Duluth</td>
</tr>
<tr>
<td>Duluth Transit Authority</td>
<td>Lutheran Social Services</td>
</tr>
<tr>
<td>Duluth Workforce Board</td>
<td>One Roof Community Housing</td>
</tr>
<tr>
<td>Ecolibrium3</td>
<td>SOAR Career Solutions</td>
</tr>
<tr>
<td>Entrepreneur Fund</td>
<td>St. Louis County</td>
</tr>
<tr>
<td>Essentia Health</td>
<td>UMD CUE</td>
</tr>
<tr>
<td>Family Rise Together</td>
<td>Zeitgeist Center for Arts and Community</td>
</tr>
<tr>
<td>Duluth Community Schools Collaborative</td>
<td></td>
</tr>
<tr>
<td>City of Duluth</td>
<td></td>
</tr>
<tr>
<td>Community Action Duluth</td>
<td></td>
</tr>
<tr>
<td>Damiano Center</td>
<td></td>
</tr>
<tr>
<td>Duluth Grill</td>
<td></td>
</tr>
</tbody>
</table>

## Healthy Communities, Healthy People

A person’s physical well-being is influenced by the community in which they live. 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 Kuehnov, 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.”
**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.

**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.

**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.
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.

2019-2020 LOCAL ADVISORY BOARD
Geoffrey Popham, Chair
U.S. Bank
Michael Boeselager
St. Luke’s
Stephanie Cummings, Vice Chair
Wells Fargo
Erica Danielski
maurices
Jessica Deegan
Minnesota Housing
John Erickson
DSGW Architects
Robert Espenson
Frandsen Bank
Jean Farmakes
LHB, Inc.
Elena Foshay
City of Duluth
Bill Gronseth
ISD 709
Cammy Hansen
National Bank of Commerce
Frank Jewell
St. Louis County
Joe Johnson, III
North Shore Bank
Shane Johnson
Johnson Wilson Constructors
Deb Otto
Bremer Bank
Neal Ronquist
Duluth News Tribune
Laura Thorsvik
Essentia Health
Outgoing LAB Members
Kimberly Carlisle
James Garvey
Shari Marshik
Sherry Sanchez-Tibbetts

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
Benedictine Sisters of St. Scholastica
Bremer Bank
DSGW Architects
Fryberger Law Firm
Hanft Fricle, A Professional Association
Johnson-Wilson Constructors
LHB, Inc.
McGough Construction Co.
St. Luke’s
Western Bank

Other Corporate Giving
A&A Enterprises Charitable Fund - DSACF
Apter Family Fund - DSACF

Individual Donors
Michael Boeselager
Katherine Bogen
Patrick & Jennifer Boyle
Frank Jewell & Kathleen Busche
Stephanie Cummings
Tony Cuneo
Jessica Deegan
Deborah DeLuca
M. George & Barbara Downs
Gary Eckenberg
John Erickson
Bob & Linda Espenson
Jean Farmakes
Elena Foshay
Debbie Freedman & Peter Wodrich
William Gronseth
Cammy Hansen
Helena Jackson
Joe Johnson III
Shane & Sara Johnson
David Kirby
Pamela Kramer & Grey Doffin
Lars Kuehnnow
Emily Nygren
Deborah Otto
Bethany Owen
Geoff & Sandy Popham
Tina & Jennifer Robbins
Neal Ronquist
Sherry Sanchez-Tibbetts
Melanie Shepard & Alan Netland
Mimi Stender
Carolyn Sundquist
Lonnie & Pam Swartz
Kenneth Taille
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