



COMMUNITY TRANSFORMATIONS



Venture Capital for Communities

LISC gets in early when support is hard to find

By Jay Walljasper

In recent years, America has realized the crucial role that early support plays in getting new businesses off the ground. We herald those investors who take a risk on promising but unproven ideas as “venture capitalists”—and they’re rewarded with a share of the profits.

The process works much the same way for non-profit ventures, which also depend on visionary supporters ready to offer start-up capital and other forms of assistance. That’s one of LISC Twin Cities’ key missions.

“This is a role we’ve always played,” explains Andriana Abariotes, executive director of LISC Twin Cities. “We were created to be a tool to invest in communities that had been systematically harmed by redlining”—a common practice until the 1980s in which financial lenders often refused loans to people or projects deemed too risky in certain neighborhoods, often with low-income residents or people of color.

“It’s more than just money,” says Abariotes. “We sometimes help our partners structure their deals, help them build more capacity in their organizations, and help them connect with other investors and resources. We pursue strategic thinking with them and help them to better tell their own stories.”

LISC has helped launch a number of high profile projects across the Twin Cities—for instance the Midtown Global Market on Lake Street, Hope Community and Aeon’s mixed-used redevelopment of the Franklin-Portland intersection in Minneapolis, and a network of Financial Opportunity Centers across the region that offer people with low incomes employment counseling, financial coaching, and other skills and resources to get ahead.

“The vision that drives our work,” says Abariotes, “is a commitment to racial equity and access to opportunity. We’re dedicated to energizing low-income communities and to connecting neighborhood revitalization to economic prosperity for the region.”

Community driven and collaborative

LISC’s criteria in choosing what to support focuses on projects that have originated in the communities themselves, that are built on collaboration with other groups, and that fit into a wider agenda of community

improvement, notes LISC Program Officer Kate Speed. Typically, the financial investments are small loans at zero percent interest, matched with technical assistance and help in opening up conversations with other potential partners.

Planning for three new projects in challenged Twin Cities neighborhoods is now underway, thanks to a jumpstart from LISC.

Western U Plaza on the Green Line in St. Paul

Western U Plaza is a renovation of the historic Old Home Dairy building and new construction to create 57 units of affordable housing, as well as commercial space, on University Avenue near the Green Line's Western Avenue Station in St. Paul.

Nieta Presley, executive director of the Aurora St. Anthony Neighborhood Development Corporation, a community-based initiative in St. Paul's Frogtown Rondo area that's carrying out the project, says, "LISC put in money in the preliminary stages when other people were saying, 'this looks like a good project but we're going to wait a while'. Their staff provided a lot of technical assistance. They were our advisors providing information and inspiration. We were able to bring resources to the table through LISC because they could convince others this was a worthwhile project that needs to happen."

After six years of planning, the project is set to begin construction this year through a partnership between Aurora St. Anthony and the for-profit Sand Companies Inc. and funding from a variety of local and national sources.

Speed explains that LISC became excited about the Western U Plaza for its vision of creating "a 21st century Rondo commercial district and African-American cultural cornerstone" on the new light rail line to replace St. Paul's original African-American hub on Rondo Avenue, which was destroyed in the 1960s to make way for I-94.

Juxtaposition Arts in North Minneapolis

Juxtaposition Arts, a community education center on West Broadway Avenue that serves North Minneapolis youth, is beginning an ambitious expansion of its programs and campus.

Dedicated to fostering innovative thinking and professional design skills among inner city youth, Juxtaposition Arts aims to help revitalize North Minneapolis by empowering students aged 9 to 21 to apply their creativity toward professional success and community improvement. Their goal is to expand the Juxtaposition Arts' classroom, studio, workshop, gallery and retail space in order to double the number of young people involved in the program to 4,000.

"LISC has been involved in a number of projects in the neighborhood," notes Abariotes, "so when Juxtaposition founders DeAnna and Roger Cummings started thinking about expanding, we came in to help. Their work not only improves kids' creativity, it also helps them achieve school and life goals."

LISC offered initial funding to defray the predevelopment costs and a loan to help acquire three properties adjacent to their campus, along with support to boost the organization's capacity to launch the project and the accompanying capital campaign. "We've been priming the pump," says Speed, so they can attract business and philanthropic investments from local and national funders."



Rendering of the redeveloped Old Home Dairy site

East Side Enterprise Center in St. Paul

The East Side Enterprise Center will be a hub for business and workforce development and assistance, and a business incubator for small food business and cooperatives in St. Paul. When the Latino Economic Development Center and the Dayton's Bluff Community Council hatched plans to help Latino, Hmong, and other urban farmers on the East Side, LISC helped secure federal Housing and Urban Development funding. The goal is to create a facility with a warehouse, refrigeration, commercial kitchens, office space, and classrooms to help community-based entrepreneurs turn their dreams into viable businesses.

Like private sector venture capitalists, LISC seeks a return for its risky, ahead-of-the-curve investments—not a lavish monetary reward but rather the satisfaction of knowing they've helped strengthen low-income neighborhoods throughout the region. "Our return is social equity," says Speed. "Our return is community impact." □

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