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COMMUNITY-BASED ECONOMIC DEVELOPMENT
IN MINNESOTA: AN UPDATE

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**COMMUNITY-BASED ECONOMIC DEVELOPMENT
IN MINNESOTA: AN UPDATE**

by
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EXECUTIVE SUMMARY

Through community-based economic development (CED) organizations, community residents and businesspeople can play important roles in the revitalization of the local economy. In this report, special attention is paid to the venture developments of CED organizations. Venture developments are CED-financed and packaged projects that create new businesses and improve and expand existing businesses.

This report presents the results of a survey of nineteen Minnesota CED organizations. Each organization has provided a summary of its venture development projects, the number of jobs these projects have created or retained, and the costs and funding sources of each project.

There were 1,668 jobs created or retained through CED venture development projects. This total represents a 70 percent increase in the number of jobs created or retained by CED organizations in Minnesota in the two years since the last CURA analysis and report. These jobs have been created or retained at an average public cost of \$4,668 per job. The CED organizations surveyed used public funds to leverage over \$17 million in private investment for a \$25.4 million total investment in Minnesota's economic development.

CED organizations also provided this survey with information on their business assistance programs. These programs--financial accounting and planning, management assistance, marketing, and business community organizing--are a vital complement to CED venture development projects. Though it is difficult to quantify the job creation results of business assistance programs, those of three CED organizations helped to create a total of 178 jobs in 1984 alone.

The report concludes by noting obstacles that CED organizations have encountered. Staff and administrative funding problems have made it difficult for several CED organizations to engage in venture development or business assistance activity. The establishment of a strong asset base--stock in a viable business venture, revenue from revolving loans, real estate equity--is suggested as a means by which these obstacles can be overcome. These assets have helped mature CED organizations reach greater self-sufficiency, thus becoming more responsive to economic development opportunities in their communities.



PURPOSE

This report was written to promote a broader understanding of Minnesota's community-based economic development (CED) organizations and their activities. The documentation contained in this report provides a means for public and private decision-makers to gain a sense of the variety and potential of CED in the state. CED organizations themselves will find the report a useful source of information on other CED organizations and their activities.

Some readers may be familiar with the 1984 Center for Urban and Regional Affairs (CURA) report, Community-Based Economic Development Organizations in Minnesota. The present report is an update and extension of that effort: Community-Based Economic Development in Minnesota: An Update builds on the documentation base of the earlier report and underscores the conclusions it reached. Community-Based Economic Development in Minnesota: An Update will serve, in turn, as a basis for future research on CED activity in Minnesota.

I. CED AND CED ORGANIZATIONS

COMMUNITY-BASED ECONOMIC DEVELOPMENT

Community-based economic development (CED) has, in recent years, become an increasingly visible partner to more conventional approaches to economic development. CED differs, however, from these approaches in that its efforts are community-initiated and controlled. CED also differs from conventional development approaches in its results: CED has stimulated the local economy and produced jobs in low income rural and urban areas where conventional approaches to economic development have done little. CED can achieve these results because it draws on a resource that communities have in abundance: residents' and local businesspeople's commitment to their immediate communities.

CED organizations ask local residents and businesspeople to put their commitment to work improving the health of the local economy. Residents and businesspeople serve on the boards and committees of the CED organization. CED board and committee members negotiate with entrepreneurs and lenders, review business plans and work with public officials on local development issues. They also review the management of the CED organization itself; they set its policies and develop long-range plans for community development.

One CED organization, for example, identified the disarray of the local business community as a problem; through CED efforts, the local business community organized and established a loan fund to finance building rehabilitation. Other CED organizations have built shopping centers, or started small industries. Unlike conventional development, CED organizations and projects are controlled by those who will benefit from them: local residents and businesspeople. The involvement and sense of accomplishment gained through this participation is central to the success of the CED approach in low-income areas.

CED ORGANIZATIONS

The CED organizations included in this report were chosen to represent the diversity of Minnesota communities that have a CED organization. The report is an illustrative, not comprehensive, picture of CED in Minnesota. Appendix II contains a sketch of each organization and its history.

Organizations included in this report are:

- American Indian Business Development Corporation, Minneapolis
- Arrowhead Community Economic Assistance Corporation, Virginia
- Community Development of Little Falls and Morrison County, Inc.

- Community Enterprises, Duluth
- East Side Neighborhood Development Corporation, St. Paul
- Ham Lake Local Development Corporation, Ham Lake
- Interfaith Association for Community Development, St. Paul
- Minneapolis North Local Development Corporation, Minneapolis
- Minnesota Chippewa Tribe
- Minnesota Migrant Council
- Phillips Neighborhood Improvement Association/Phillips Community Development Corporation, Minneapolis
- Powderhorn Development Corporation, Minneapolis
- Project for Pride in Living Industries, Inc., Minneapolis
- Region II Community Development Corporation, Bemidji
- Savanna-Nemadji Community Development Corporation, McGregor
- University Avenue Development Corporation, St. Paul
- West Bank Community Development Corporation, Minneapolis
- White Earth Community Development Corporation, White Earth
- Whittier Alliance, Minneapolis

Two characteristics are common to all these organizations: 1) community residents and businesspeople are on the boards and compose the memberships; and 2) each organization devotes some of its efforts to venture development and job creation. Beyond these characteristics, the organizations serve diverse communities and employ a variety of organizational structures and financial resources.

Seventeen CED organizations serve particular geographic areas, often in the state's economically-depressed, urban or rural, areas. Two organizations serve a particular, state-wide constituency: the Minnesota Migrant Council's Economic Development Division and the Minnesota Chippewa Tribe. Ten of the CED organizations have received partial funding from and meet the organizational requirements of the Minnesota Community Development Corporation program. The remaining nine organizations obtain their administrative and venture capital funding from public sources less specifically designed for a CED approach: CDBGs, for example. Private foundation support was an important source of administrative funding for nearly all the organizations.

In addition to their economic development efforts several organizations are involved in local housing development and community organizing. Though the focus of this report is economic development activities and their results, it should be mentioned that CED is part of a broader effort of these organizations to generate solutions to a variety of local problems from within their communities.

II. CED PROJECTS AND ACTIVITIES

VENTURE DEVELOPMENT PROJECTS

The venture development projects of the nineteen CED organizations surveyed represent their most visible and quantifiable job creation efforts (see Table 1). According to the needs and capacities of each community, the CED organizations have engaged in a variety of venture development projects:

- the creation of small businesses and industries,
- the establishment of loan funds to assist local businesses to create or expand operations,
- and the development and management of on-the-job training programs.

Appendix I gives each organization's venture development projects undertaken to date, their job creation or retention results, and costs and funding sources of each project. Table 1 summarizes the contents of Appendix I. Two organizations surveyed (Minnesota Chippewa Tribe and Minnesota Migrant Council's Economic Development Division) are excluded from Table 1 because they were not involved with venture development projects.

JOB CREATION/RETENTION RESULTS

The venture development projects of these seventeen CED organizations have created or retained 1,668 jobs. Thirteen of the CED organizations included in this report were also included in the CURA report, Community-Based Economic Development Organizations in Minnesota. These organizations, as documented in the earlier report, had created 843 jobs as of January 1983. The results of the present study, two years later, show a sharp increase in this figure, from 843 to 1,437 jobs created or retained. The job creation records of these thirteen organizations have increased 70 percent in the last two years (see Table 2). Four additional CED organizations included in this updated report added eighty-one jobs to this figure, resulting in the grand total of 1,668 jobs.

The jobs created are permanent positions, not short-term assignments. The wage rates ranged from \$4-5 per hour for retail jobs to nearly \$9 per hour for jobs in industry. Some of the jobs reported were permanent part-time positions (counted as .5 jobs for purposes of this study).

PROJECT COSTS

The average public expenditure per job created was \$4,668. This is an average figure; it conceals a good deal of variation in job costs. Examples will illustrate how this variation is due, in part, to the types of jobs created.

TABLE 1. SUMMARY TABLE OF VENTURE DEVELOPMENT PROJECTS OF SEVENTEEN MINNESOTA CED ORGANIZATIONS

Organization	Financial Totals		Job Totals	
	Public	Private	New	Retained
American Indian Business Development Corporation, Minneapolis	\$3,246,000	\$ 2,500,000	43.5	-
* Arrowhead Community Economic Assistance Corporation, Virginia	407,500	1,180,298	45	-
Community Development of Little Falls and Morrison County, Inc.	610,000	1,537,000	132	98
* Community Enterprises, Duluth	426,456	712,810	112	15
* East Side Neighborhood Development Corporation, St. Paul	360,000	1,400,000	3	-
Ham Lake Local Development Corporation	161,000	1,850,000	33	-
* Interfaith Association for Community Development, St. Paul	29,500	380,000	153	19
Minneapolis North Local Development Corporation, Minneapolis	63,000	507,000	N/A	N/A
* Phillips Neighborhood Improvement Association/Phillips Community Development Corporation, Minneapolis	N/A	75,000	53	-
Powderhorn Development Corporation, Minneapolis	41,000	3,602,000	280	-
Project for Pride in Living Industries, Inc., Minneapolis	15,000	125,000	45	-
* Region II Community Development Corporation, Bemidji	416,480	440,700	161	-
* Savanna-Nemadji Community Development Corporation, McGregor	381,000	23,000	N/A	N/A
University Avenue Development Corporation, St. Paul	220,000	1,310,000	35	30
* West Bank Community Development Corporation, Minneapolis	515,500	568,600	174.5	89
* White Earth Community Development Corporation, White Earth	333,305	309,722	76.5	-
* Whittier Alliance, Minneapolis	491,628	1,214,778	70.5	-
TOTALS	\$7,717,369	\$17,735,908	1,417	251
<u>GRAND TOTALS</u>		<u>\$25,453,277</u>		<u>1,668</u>

Average public cost per job⁺: \$4,668, range from \$0 to \$74,620

Public/private funding leverage ratio = 1/2.3^o

*Denotes state CDC program-eligible organizations.

⁺Projects for which job figures or public costs were unavailable were excluded in calculating these figures.

^oOrganizations whose public or private financial totals were unavailable were excluded in calculating this figure.

**TABLE 2. CUMULATIVE JOB CREATION/RETENTION RECORDS
OF THIRTEEN CED ORGANIZATIONS***

Organization	Job Creation/Retention Record as of January 1983		Job Creation/Retention Record to Date	
	Created	Retained	Created	Retained
American Indian Business Development Corporation, Minneapolis	43.5	-	43.5	-
Community Development of Little Falls and Morrison County	92	98	132	98
Community Enterprises (formerly Peoples Community Enterprises), Duluth	5	-	112	15
Interfaith Association for Community Development (formerly H.E.L.P. Development Corporation), St. Paul ⁺	-	19	3	19
Minneapolis North Local Development Corporation	N/A	N/A	N/A	N/A
Phillips Neighborhood Improvement Association/Phillips Community Development Corporation, Minneapolis	6	-	53	-
Powderhorn Development Corporation, Minneapolis	244	-	280	-
Project for Pride in Living Industries, Inc., Minneapolis	27	-	45	-
Region II CDC, Bemidji	58	-	161	-
University Avenue Development Corporation, St. Paul	35	30	35	30
West Bank Community Development Corporation, Minneapolis	34.5	89	174.5	89
White Earth Community Development Corporation, White Earth	42	-	76.5	-
Whittier Alliance, Minneapolis	<u>20</u>	<u>-</u>	<u>70.5</u>	<u>-</u>
TOTALS	607	236	1,186.0	251
GRAND TOTALS		<u>843</u>	<u>1,437.0</u>	

*The source for the earlier job creation/retention results is the CURA report Community-Based Economic Development Organizations in Minnesota. The West Seventh Development Corporation, a participant in the earlier report, did not participate in the current report.

⁺The 150 jobs associated with Interfaith's Unidale project were created before January 1983, but not included in the earlier report.

Public cost per job is generally high when a large amount of construction is required for a project. The American Indian Business Development Corporation's 1982 shopping center project created 43.5 jobs at a higher public cost per job than all other venture development projects in this report: \$74,620. (This project had a strong influence on the overall average public cost per job. In fact, if the project is excluded when calculating this figure, the overall average public cost per job drops from \$4,668 to \$2,506). As well as creating new jobs, however, the AIBDC built a shopping center to replace part of the community's deteriorated retailing area. New construction is a costly but often necessary component of job creation in physically deteriorating communities.

Creation of industrial jobs has a higher cost per job than retail or other service jobs. In areas where declining industries have left a large industrial workforce unemployed, CED organizations have developed ventures tailored to this workforce. The fuel peat harvesting project of the Arrowhead Community Economic Assistance Corporation has created eighteen new jobs at a public cost of \$12,222 per job. Though more costly than most projects, this venture represents an effort to match the community's human and physical potential with an innovative diversification of the area's industry--the fuel peat project is the first of its kind in the state.

In other communities, CED organizations have been able to use smaller scale, less expensive methods to create new jobs. The loan packaging efforts of many CED organizations have helped local entrepreneurs obtain the financing they needed to create new businesses. For existing local businesses, CED organizations have packaged loans to purchase equipment, renovate or expand existing buildings, hire additional employees, or meet short-term operating expenses.

The Whittier Alliance, for example, used a revolving loan fund to both expand existing small businesses and create new small businesses in its once-deteriorated Nicollet Avenue commercial area. At a public cost to date of \$5,061 per job, the Alliance's efforts created and retained a total of 67.5 jobs and revitalized the community's shopping area. Since the loan fund revolves, per job costs will decline with each new loan made.

Region II Community Development Corporation of Bemidji made ten loans from its revolving loan fund, capitalized by the state's CDC program, to create new or expand existing enterprises. One 1980 recipient of a Region II CDC loan, Anderson Fabrics, began operations with eight employees; four years later, the firm employs over 120 community residents and is still growing. Through its loan fund, Region II CDC assisted in the creation and retention of 161 jobs at an average public cost per job of \$2,586. Since these loan funds revolve, costs per job decline with each new loan made,

making them a more effective use of public dollars in job creation efforts of CED organizations.

VENTURE DEVELOPMENT PROJECT FUNDING SOURCES: PUBLIC AND PRIVATE

Venture development projects were funded through a combination of public and private sources. Some type of public funding was usually needed to attract private investment. Leverage ratios can be used to show, for each public dollar invested, the amount of private funds attracted.

The public/private funding leverage ratios for the seventeen CED organizations in this survey ranged from 1/0.8 to 1/87.8; the average public/private funding leverage ratio was 1/2.3. (This figure was calculated only for those organizations where both public and private funding totals were available.)

Public Funding

Public funds for venture developments came from a variety of sources. Ten of these seventeen CED organizations surveyed are eligible to receive funding from the Minnesota Community Development Corporation (CDC) program. This state program is a source of both administrative grants and venture capital grants. CDC program venture capital grants provide the early capital needed to leverage larger amounts of private business investment in low-income communities. Other public sources of funding, while important to CED organizations, are less targeted to the CED approach. State sources include the Governor's Rural Development Council and the Iron Range Resources and Rehabilitation Board. Federal sources include programs of the Department of Housing and Urban Development, Economic Development Administration, Office of Economic Opportunity, and the Small Business Administration.

These public funds were used to establish small business loan programs administered by the CED organization itself in eight cases. The Region II CDC of Bemidji employed state CDC grants (among other funds) in its very successful loan program (mentioned previously) and Duluth's Community Enterprises, whose revolving loan fund is capitalized largely through Community Development Block Grant funds, hopes to augment its loan capacity to \$2.5 million by 1986.

The advantage of these revolving loan programs is that the capital obtained by the CED organizations can be used in perpetuity, thereby providing an ongoing resource to

community businesses and the CED organization. As the funds are invested, the original public capital leverages private investment several times over. These funds not only contribute to each community's sense of control since their use is determined by the CED organization itself, they increase the capacity of the CED organization to respond quickly to economic development opportunities. Other CED organizations plan to establish similar loan programs.

Private Funding

Private funding, leveraged by public expenditures, was used in almost every venture development project. Private project capital comes in the form of owner equity or private bank loans. The high interest rates of recent years, however, have been an obstacle in some attempts to obtain financing from private banks for venture development projects. Another obstacle has been private banks' hesitancy to devote capital to venture development projects in the low-income areas that many of the CED organizations serve.

Private foundation support was employed by most CED organizations to cover administrative funding costs; in only a few cases were foundation grants employed in venture development projects. This fact underscores the importance of the availability of public capital for venture development projects in depressed low income areas.

BUSINESS ASSISTANCE ACTIVITIES

Almost all the CED organizations devote effort and resources to small business assistance and organizing. Business assistance may include business and financial planning, management, market research, and merchandising as well as other assistance. The business assistance efforts of Powderhorn Development Corporation, for example, played an important role in helping new businesses locate in the community, bringing with them new jobs. Many CED organizations conduct seminars on business creation and management. Business assistance efforts also serve as an important organizing and promotional force for the local business community.

Only a few CED organizations keep track of the ultimate job creation results of the hundreds of individuals and businesses that use their business assistance services. The data provided by three CED organizations, however, reveal that such programs, in addition to venture development projects, are a significant job creating force.

- The Minnesota Chippewa Tribe, through its Indian Business Development Center, provides management and technical assistance to entrepreneurs. These services have helped individuals acquire the information and training necessary for business creation and expansion, resulting in the creation and retention of 140 jobs in 1984 alone.

- The Savanna-Nemadji CDC's newly-begun loan packaging service involves a local accountant to assist individuals in applying for business loans. In 1984 this new service helped to create at least fifteen jobs.
- Minnesota Migrant Council's Economic Development Division helps its constituents obtain better sales and record keeping skills through business management programs; these business management skills have enabled Hispanic and farm worker entrepreneurs create and retain twenty-three jobs in small businesses in 1984.

The venture development and business assistance efforts of CED organizations, complement each other. The business assistance and organizing activities of more established CED organizations often lay the groundwork for future venture development projects. Efforts of the West Bank CDC, for example, led to the establishment of a "theater district" in the commercial area of the community. Their organizing and promotional techniques attracted new investment interest in the business community. The West Bank CDC's venture development experience, in turn, will assist in the development of these new businesses. Thus CED's business assistance activities and venture development projects reinforce one another, making both programs more effective.

III. CONCLUSIONS: THE NEEDS OF CED ORGANIZATIONS

The venture development projects of these CED organizations have created and retained 1,668 jobs. These jobs are, themselves, proof of the success with which a CED approach is being applied in Minnesota's urban and rural low-income communities. The CED approach has also created a spirit of involvement and commitment within these communities. Community participation in local economic development will encourage, over the long term, increasingly self-reliant and healthy community economies.

The 1984 CURA report, Community-Based Economic Development Organizations in Minnesota, noted six requirements critical to the long-term growth and success of a CED organization. The track record of CED organizations in the last two years has re-emphasized the importance of several of these.

PROFESSIONAL STAFF

The lack of staff has been an obstacle to several organizations' development. The board members of CED organizations--local residents and businesspeople--are volunteers; they cannot devote the time necessary for the day-to-day administration of board policies and plans. In the absence of staff, the commitment of these community leaders cannot be translated into viable venture development projects and business assistance programs. The most immediate goal of those organizations that lack staff is the acquisition of even short-term funding for staff positions.

STABLE ADMINISTRATIVE FUNDING

Organizations again noted the difficulty of obtaining a stable source of administrative funds. An adequate long-term source of administrative funds is an obvious requirement for the hiring, and retention, of competent staff. This difficulty stems from one of the fundamental problems facing CED organizations. In order to attract administrative funding, in most cases, CED organizations must have established a track record. For new organizations, however, the process of establishing relations with the community and building the board's capacity to identify and take advantage of opportunities for economic development is lengthy. Such a process does not always produce the short-term results that establish a track record and attract funding.

ESTABLISHING AN ASSET BASE

The six to eight years of experience achieved by mature CED organizations has demonstrated that the establishment of a strong asset base can help meet the organization's staff and administrative needs. An asset base generates revenues--the rent received by the AIBDC from its shopping center, for example, or the loan repayments the Whittier Alliance receives from its loan fund--that the CED organization can employ, in a discretionary manner, where they are most needed. An asset base puts a CED organization on the track of self-sufficiency.

Mature CED organizations--those that have built up a strong asset base--have established themselves as legitimate partners to private developers and have received more attention from private banks. An asset base has allowed these organizations to function in a self-reliant fashion, and to respond more quickly and creatively to their community's economic development opportunities.

APPENDIX I. CED VENTURE DEVELOPMENT PROJECTS AND RESULTS

RESEARCH METHODS

Research for this study began with a request for information which was mailed to twenty-one CED organizations, fourteen of which were included in the previous survey. Six additional organizations were included in this updated survey to broaden the representation of CED organizations in Minnesota. These six included three state-eligible community development corporations, one local development corporation from a small suburban metropolitan community, and two community economic development organizations which focus on special populations, statewide. One of the organizations included in the last survey was not included in this study due to a lack of information.

This sample of CED organizations included several subsets of organizational types. The largest subset is that of state-eligible* community development corporations. While these ten organizations represent just over half of the organizations surveyed, they represent all (ten out of ten) of the existing state-eligible community development corporations that have completed venture development projects or have venture development projects in the process. (In 1985, eleven state-eligible community development corporations were granted administrative funding, and as of this writing, \$290,000 is available for venture capital grants in this calendar year.)

Six of the other organizations are representative of an estimated twenty to thirty active CED organizations in inner-city neighborhoods (four), small metropolitan suburbs (one), and rural small towns and regions (one). Two organizations are statewide CED organizations whose economic development programs serve special populations. And the remaining organization is a community-based nonprofit organization which focuses on job creation in its own business enterprises. While this describes the range of organizational subsets within CED organizations, the overall distribution of these organizations within community-based economic development in Minnesota is unavailable. However, it was felt for this survey that these organizations were representative of the range of CED organizations.

*State eligibility requires that the organization be nonprofit with clearly defined geographic boundaries within which at least ten percent of the population is low-income; that the organization's membership be restricted only to residents of the area; and that its board of directors be at least 40 percent low-income and at least 60 percent area residents, while the remainder may be non-resident business, financial or community leaders.

This survey sought information on each organization's history, board and staff composition, funding sources, venture development projects, business assistance programs, and future plans. Annual reports and other documentation were received in response to the request. In most cases numerous follow-up interviews were conducted with CED organizations' staff members.

The job creation results, the total project costs, and the funding sources for each organization's venture development projects presented in the following tables are cumulative and current as of January 1985. Jobs created by each project are identified as either "new" or "retained." "New" jobs were created by a new or expanding business. "Retained" jobs remained in the community as the result of a project that assisted a business in danger of failing or considering a move out of the community. The jobs listed are permanent positions. Temporary construction jobs were not included. Each part-time job was counted as .5 of a full-time job.

Exact figures on costs and funding sources, and jobs created or retained were unavailable for a few of the projects. Where accurate figures were not reported the columns were marked N/A (not available). The reader should note that when N/A appears in the columns for individual projects, the column totals for each organization may not fully represent either the project costs or jobs created or retained. The public cost per job was calculated by totaling the number of jobs and amount of public investment where both figures were available and then dividing these totals. The public/private funding leverage ratio compares the total public funding to the total private funding where both figures were available.

Abbreviations used in the following summaries:

- BIA (Bureau of Indian Affairs)
- CDBG (Community Development Block Grant)
- CDC (Community Development Corporation)
- DAP (Developmental Assistance Program--American Lutheran Church)
- EDA (Economic Development Administration)
- GMMHC (Greater Minneapolis Metropolitan Housing Corporation)
- HUD (Housing and Urban Development)
- IRB (Industrial Revenue Bonds)
- IRRRB (Iron Range Resources and Rehabilitation Board)
- MCDA (Minneapolis Community Development Agency)
- OEO (Office of Economic Opportunity)
- SBA (Small Business Administration)
- RLF (Revolving Loan Fund)
- TIF (Tax Increment Financing)
- UDAG (Urban Development Action Grant)

**VENTURE DEVELOPMENT PROJECTS AND RESULTS
FOR NINETEEN MINNESOTA CED ORGANIZATIONS**

American Indian Business Development Corporation, Minneapolis

Project	Costs & Funding Sources		Jobs	
Shopping Center 1982	\$1,300,000	EDA	43.5	new
	1,119,000	UDAG		
	477,000	CDBG		
	350,000	TIF		
	750,000	private meeting		
	<u>1,750,000</u>	retailer equity		
	<u>5,746,000</u>			
TOTALS	<u>3,246,000</u>	public		
	<u>2,500,000</u>	private		
	<u>\$5,746,000</u>		43.5	new

Arrowhead Community Economic Assistance Corporation, Virginia

Project	Costs & Funding Sources		Jobs	
Roaring Stony Lodge/Stony River Rafting 1983	\$ 7,500	ACEAC (revolving loan fund)	8	new
	30,000	other public		
	<u>238,000</u>	private		
	275,500			
Mesabi Peat Resources 1983	20,000	ACEAC*	1	new
	<u>20,000</u>	private		
	40,000			
Fens Company (fuel peat harvesting operation) 1984	120,000	ACEAC*	18	new
	100,000	other public		
	<u>652,298</u>	private		
	872,298			
American Hockey Stick Company 1984	50,000	ACEAC**	18	new
	80,000	other public		
	<u>270,000</u>	private		
	400,000			
TOTALS	407,500	public		
	<u>1,180,298</u>	private		
	<u>\$1,587,798</u>		45	new

*State of Minnesota, Department of Economic Security, Office of Economic Opportunity, through the Arrowhead Economic Opportunity Agency.

**Community Services Discretionary Authority for Urban and Rural Community Economic Development Projects.

Community Development of Little Falls and Morrison County, Inc.

Project	Costs & Funding Sources		Jobs	
Crestliner (acquisition)	(see below)*		60	new
Rich Prairie Livestock	(see below)*		5	retained
Aqua Care	(see below)*		8	new
Artistic Cultured Marble	(see below)*		5	retained
Samson Industries	(see below)*		80	retained
Engelhardt Poultry Breeding	(see below)*		2	new
Nordic Crestliner (expansion)	(see below)*		70	new
TOTALS	610,000	public	132	new
	1,537,000	private	98	retained
	<u>\$2,147,000</u>		<u>230</u>	

*Cost and funding sources for individual projects above were not available but are shown in the organizational totals.

Community Enterprises, Duluth

Project	Costs & Funding Sources		Jobs	
Zenith Insulating Products (insulated window shades) 1981	\$ 25,500	CDBG	5	new
	<u>10,800</u>	state CDC program		
	36,300			
Small Business Enterprises (9 firms) 1983	160,000	RLF*	45	new
	<u>362,500</u>	private	15	retained
	522,500			
Women's Business Enterprises (5 firms) 1983	41,000	RLF*	14	new
	<u>50,000</u>	private		
	91,000			
Small Business Enterprises (4 firms) 1984	69,343	RLF*	14	new
	<u>125,443</u>	private		
	194,786			
Women's Business Enterprises (3 firms) 1984	72,133	RLF*	12	new
	<u>144,867</u>	private		
	217,000			
Minority Business Enterprises (3 firms) 1984	47,680	RLF*	22	new
	<u>30,000</u>	private		
	77,680			
TOTALS	426,456	public	112	new
	712,810	private	15	retained
	<u>\$1,139,266</u>		<u>127</u>	

*The revolving loan fund was capitalized through CDBGs.

East Side Neighborhood Development Corporation, St. Paul

Project	Costs & Funding Sources		Jobs	
Energy Conservation Auditor's Program 1982	\$ 60,000	HUD (energy demonstration grants)	3	new
Payne-Arcade Commercial Revitalization Project 1984	300,000	St. Paul Neighborhood Partnership Program (CDBGs) grants	N/A	
	1,400,000	private sources (owner equity, foundations, private bank loans)		
	<u>1,700,000</u>			
TOTALS	360,000	public		
	<u>1,400,000</u>	private		
	<u>\$1,760,000</u>		3	new

Ham Lake Local Development Corporation, Ham Lake

Project	Costs & Funding Sources		Jobs	
Revolving Loan Program (assisted 7 small industrial businesses) 1982	\$ 161,000	CDBG	33	new
	<u>1,850,000</u>	private		
	<u>2,011,000</u>			
TOTALS	161,000	public		
	<u>1,850,000</u>	private		
	<u>\$2,011,000</u>		33	new

Interfaith Association for Community Development, St. Paul

Project	Costs & Funding Sources		Jobs	
Community Business Assistance Program (packaged loans for 9 existing businesses) 1971-75	\$ 29,500	Model Cities	19	retained
	<u>280,000</u>	private banks		
	<u>309,500</u>			
Unidale Shopping Mall 1977		N/A	150	new
Interfaith International Travel and Transportation Co., Inc. 1984	100,000	owner equity	3	new
TOTALS	29,500	public	153	new
	<u>380,000</u>	private	<u>19</u>	retained
	<u>\$ 409,500</u>		<u>172</u>	

Minneapolis North Local Development Corporation, Minneapolis

<u>Project</u>	<u>Costs & Funding Sources</u>		<u>Jobs</u>
Plymouth Ave. Shopping Center Rehabilitation 1982	\$ 63,000 7,000 <u>70,000</u>	CDBG owner equity	N/A
Estes Funeral Chapel 1982-83	425,000 75,000 <u>500,000</u>	IRB owner equity	N/A
TOTALS	63,000 507,000 <u>\$ 570,000</u>	public private	N/A

Minnesota Chippewa Tribe

<u>Project</u>	<u>Costs & Funding Sources</u>		<u>Jobs</u>
(The Minnesota Chippewa Tribe focuses its efforts on the management and technical assistance programs of its Indian Business Development Center. For discussion of job creation and retention of these efforts see the section on business assistance activities.)			

Minnesota Migrant Council: Economic Development Division

<u>Project</u>	<u>Costs & Funding Sources</u>		<u>Jobs</u>
(MMC concentrates primarily on business assistance and development programs. For discussion of the job creation and retention results of these efforts see the section on business assistance activities.)			

**Phillips Neighborhood Improvement Association/Phillips Community
Development Corporation, Minneapolis**

<u>Project</u>	<u>Costs & Funding Sources</u>		<u>Jobs</u>	
Phillips Works, Inc. (bindery) (developed by PNIA) 1982	\$ 75,000	corporate donations	23	new
Phillips Job Bank (developed by PCDC) 1984	N/A		30	new
TOTALS	\$ 75,000	private	53	new

Powderhorn Development Corporation, Minneapolis

Project	Costs & Funding Sources	Jobs
502 Loan Program (26 loans made) 1971-76	\$ 41,000 617,000 <u>658,000</u>	SBA/Model Cities private banks 78 new
Commercial Building & Property Acquisition Rehab & Sale Projects 1976-84	2,881,000 95,000 9,000 <u>2,985,000</u>	private banks owner equity in-kind 202 new
TOTALS	41,000 3,602,000 <u>\$3,643,000</u>	public private 280 new

Project for Pride in Living Industries, Inc., Minneapolis

Project	Costs & Funding Sources	Jobs
Multi-purpose Factory (labor intensive packaging, assembly facility) 1982-84	\$ 15,000 125,000 <u>140,000</u>	MCDA private sources 45 new
TOTALS	15,000 125,000 <u>\$ 140,000</u>	public private 45 new

Region II Community Development Corporation, Bemidji

Project	Costs & Funding Sources	Jobs
Anderson Fabric 1980	23,000 25,000 20,000 10,000 <u>78,000</u>	owner equity BU-R* local bank in-kind 123 new
(phase 2) 1981	49,700 50,000 100,000 25,000 12,000 <u>236,700</u>	owner equity BU-R* RLF** local bank in-kind

....continued on next page

Project	Costs & Funding Sources		Jobs	
Bejou Coop Store 1980	14,000	BU-R*	6.5	new
	20,000	membership		
	10,000	DAP grant		
	15,000	local bank		
	5,000	in-kind		
	<u>64,000</u>			
Gillman Grocery 1981	13,000	owner equity	2	new
	13,000	BU-R*		
	31,000	local bank		
	<u>57,000</u>			
Debs Community Coop 1981	580	BU-R*	2	new
	10,000	DAP grant		
	17,000	local bank		
	600	membership		
	400	in-kind		
	<u>28,580</u>			
Grund's Mill 1982	33,000	owner equity	10	new
	12,000	BU-R*		
	40,000	local bank		
	<u>85,000</u>			
Lauderbaugh Associates 1982	1,000	BU-R*	1	new
	1,000	owner equity		
	<u>2,000</u>			
Good Earth Foods 1982	1,000	owner equity	2	new
	1,500	landlord		
	900	BU-R*		
	<u>3,400</u>			
Northland Lumber and Steel 1983	30,000	owner equity	10.5	new
	60,000	BU-R*		
	60,000	RLF**		
	40,000	local bank		
	<u>190,000</u>			
Tilton Ceramics Inc. 1984	40,000	BU-R*	4	new
	40,000	RLF**		
	20,000	local bank		
	12,500	owner equity		
	<u>112,500</u>			
TOTALS	416,480	public	161	new
	440,700	private		
	<u>857,180</u>			

*Business Unlimited - Region II (BU-R) is a revolving loan program funded by the state CDC program.

**RLF is a revolving loan fund capitalized by the EDA but administered by the Midwest Minnesota Community Development Corporation (MMCDC).

Savanna-Nemadji Community Development Corporation, McGregor

<u>Project</u>	<u>Costs & Funding Sources</u>		<u>Jobs</u>
Alternative Roughage Cattle Feed Program 1976	\$ 23,000	private contributions, in-kind services	N/A
	21,000	Governor's Council on Rural Develop. Grant	
	<u>44,000</u>		
Aitkin County Small Log Sawmill Project (in progress)	120,000	CDBG	N/A
	240,000	IRRRB loan	
	<u>360,000</u>		
TOTALS	381,000	public	N/A
	23,000	private	
	<u>\$ 404,000</u>		

University Avenue Development Corporation, St. Paul

<u>Project</u>	<u>Costs & Funding Sources</u>		<u>Jobs</u>	
Exterior Grant Program (grants made to 40 businesses) 1978-81	\$ 50,000	CDBG	N/A	
	200,000	private sources		
	<u>250,000</u>			
SBA 502 Loan Program (4 new businesses, 3 existing businesses) 1979-81	170,000	SBA	35	new (est.)
	1,110,000	private banks	30	retained (est.)
	<u>1,280,000</u>			
TOTALS	220,000	public	35	new (est.)
	1,310,000	private	30	retained (est.)*
	<u>\$1,530,000</u>		65	

*Job estimates made by Steve Erdahl, President, UADC

West Bank Community Development Corporation, Minneapolis

Project	Costs & Funding Sources		Jobs	
West Bank Coop Grocery 1977	\$ 32,200	state CDC program	14.5	new
	80,000	HUD revenue sharing		
	30,000	private bank		
	1,000	stock purchases		
	<u>143,200</u>			
West Bank Coop Pharmacy 1980-81	55,000	state CDC program	3	new
	40,000	Campaign for Human Dev.	10	retained
	45,000	private bank		
	56,000	note from seller		
	<u>196,000</u>			
Block 21 Revitalization (re- volving loans to 4 existing businesses) 1981	50,000	state CDC program	30	retained
	125,000	private banks		
	<u>175,000</u>			
Riverside Cafe 1982-83	40,000	Episcopal Diocese Loan	5	new
	20,000	owner's equity	24	retained
	18,000	West Bank CDC Rev. Loan Fund		
	42,000	state CDC program		
	40,000	CDBG		
	50,000	private bank		
	<u>210,000</u>			
<u>In progress:</u>				
Extempore Cafe 1982-83	12,000	private donations	2	new
	73,000	CDBG	5	retained
	2,600	member contributions		
	35,000	state CDC program		
	<u>122,600</u>			
Dudley Riggs Theater 1982-83	72,000	owner's equity	10	new
	24,300	state CDC program	20	retained
	41,000	UDAG recapture loan		
	25,000	GMMHC Loan		
	75,000	private bank		
	<u>237,300</u>			
Radisson Metrodome Hotel Develop- ment/West Bank Job Bank*	(no financial participation)		140	new
TOTALS	515,500	public	174.5	new
	568,600	private	89	retained
	<u>\$1,084,100</u>		<u>263.5</u>	

*A West Bank CDC combined commercial/residential project attracted the hotel development. The Job Bank, an ongoing, screening/employment service of the CDC, placed community residents in hotel jobs.

White Earth Community Development Corporation, White Earth

Project	Costs & Funding Sources	Jobs
Ojibwa Bait Company 1980	N/A	4.5 new
White Earth Garment Mfg. Inc. 1983	\$ 7,200 10,150 <u>150,250</u> 167,600	18 new
Ojibwa Forest Products (saw mill) 1983	15,955 300,000 <u>159,472</u> 475,427	24 new
White Earth Food Coop 1984	N/A	30 new
TOTALS	<u>333,305</u> <u>309,722</u> \$ <u>643,027</u>	public private 76.5 new

Whittier Alliance, Minneapolis

Project	Costs & Funding Sources	Jobs
Commercial Exterior Rehab. Subsidy Program (grants and loans to 11 existing businesses) 1979-80	6,800 <u>61,500</u> 68,300	N/A
Nicollet Ave. Economic Development Area Commercial Loan Program (8 participating businesses) 1982	140,028 <u>162,928</u> 302,956	21.5 new
Loan Program (5 participating businesses) 1983	114,150 <u>460,000</u> 574,150	41.5 new
Loan Program (6 participating businesses) 1984	87,450 <u>186,550</u> 274,000	4.5 new
Pedestrianway Improvement Project 1982-83	150,000 <u>337,000</u> 487,000	N/A
Whittier Wood Youth Conservation Training Program 1984	N/A	3 new
TOTALS	<u>491,628</u> <u>1,214,778</u> \$ <u>1,706,406</u>	public private 70.5 new

*The revolving loan fund was capitalized primarily through CDBGs.

APPENDIX II: PARTICIPATING CED ORGANIZATIONS

American Indian Business Development Corporation, Minneapolis

AIBDC was incorporated in 1975 by a group of community residents in south central Minneapolis. The organization was directly responsible for planning and developing a shopping center which has brought five new retail stores into the community. AIBDC currently has two staff members.

Arrowhead Community Economic Assistance Corporation, Virginia

ACEAC was established in 1982 with support from the Arrowhead Economic Opportunity Agency. ACEAC serves Lake, Cook, and St. Louis counties (excluding the city of Duluth). It manages a revolving loan fund and offers assistance to communities, nonprofits, and for-profit businesses which substantially benefit low income, unemployed or minority persons. ACEAC has one full-time and three part-time staff members.

Community Development of Little Falls and Morrison County, Inc.

CDLFMC was incorporated in 1968, first hired staff in 1981, and now has two full-time and one part-time staff members. The corporation is classified as a local development corporation under the now discontinued SBA 502 Loan Program. It is governed by a fifteen member board of directors with representatives from business, financial institutions, agriculture, and government. Since 1981, the corporation has been involved in three start-ups, one buy-out, four expansions, several feasibility studies, and a variety of education and public relations activities. Their efforts enable local government, community members, and financial institutions to respond to economic development possibilities in the area.

Community Enterprises, Duluth

CE, incorporated in 1978, serves the Duluth metropolitan area. The organization operates a revolving loan fund which provides below market loans for business start-ups and expansions showing potential for job creation. CE also has a wide range of business assistance programs including Area Vocational Technical Institute (AVTI) business development (Entrepreneurial Counsellors, Inc.). They are a partner in Duluth's Business and Technology Center. CE has a staff of four.

East Side Neighborhood Development Corporation, St. Paul

ESNDC was incorporated in 1979 by local residents and businesspeople. The organization was active in the revitalization of the local business association and is currently administering a commercial property rehabilitation program for local existing businesses and developing employment alternatives for residents affected by the Whirlpool plant closing. ESNDC is also involved in energy conservation and housing issues in the community. They have three full-time and two part-time staff persons.

Ham Lake Local Development Corporation, Ham Lake

HLLDC was incorporated in 1982 as a certified SBA 502 local development corporation. The organization concentrates on small industrial development in Anoka County. Its board includes representatives from local government, industry, and the banking community. HLLDC has one part-time staff member.

Interfaith Association for Community Development, St. Paul

IACD serves St. Paul's Summit-University community. (HELP Development Corporation, included in the 1984 CURA report, was consolidated with IACD in 1983.) IACD has a junior partner role in the Unidale Mall project and is planning a buy-out of the Mall in 1985. IACD has a for-profit companion company, Churches United for Business Development (a holding company), from which they will receive long-range administrative support. Currently IACD has no staff.

Minneapolis North Local Development Corporation, Minneapolis

MNLDC was incorporated in 1980 by a group of community residents and businesspeople to promote local small business development. MNLDC helps north Minneapolis residents obtain small business loans through the Greater Minneapolis Metropolitan Housing Corporation's Small Business Administration 503 Loan Program. They are also developing a commercial plan for Plymouth Ave. MNLDC has no staff.

Minnesota Chippewa Tribe

The Minnesota Chippewa Tribe is a federally recognized tribe of Chippewa Indians residing on six reservations in Minnesota. The Minnesota Chippewa Tribe's Indian Business Development Center was begun in 1972 and has since provided business assistance to over 700 Indian and/or minority businesses and individuals. The IBDC serves the Chippewa Indian population of the entire state of Minnesota from its Cass Lake and Duluth offices. There are a total of five staff members at the two locations.

Minnesota Migrant Council

The MMC was started in 1971 by a group of citizens and farm workers concerned about the welfare of Minnesota's migrant and seasonal farm workers. The MMC's Economic Development Program, begun in 1982, includes a business assistance program, consultations with business development specialists, and workshops for start-up businesses or expansions. Employment resulting from these efforts is targeted to farm workers and Hispanics in Minnesota. MMC is presently considering alternatives for a for-profit subsidiary to generate income for the council.

Phillips Neighborhood Improvement Association/Phillips Community Development Corporation, Minneapolis

PNIA was formed in 1962 by a group of active community residents and has performed a wide range of activities in the neighborhood. The organization has worked closely with Honeywell Corporation to start a bindery firm in the community. A companion organization, PCDC, was established in 1982 and is involved in housing rehabilitation in the community. It also operates a locally based housing demolition and salvage company. Together, PNIA and PCDC have three staff members.

Powderhorn Development Corporation, Minneapolis

PDC was incorporated in 1969 as a Local Development Corporation by a group of local business owners with support from the Model Cities program. Through 1975, the organization assisted small businesses in obtaining needed financing through the SBA 502 Loan Program. Since 1976, PDC has been active in commercial redevelopment in south Minneapolis through a number of projects involving the acquisition and sale of vacant commercial buildings and property. The organization has also provided technical assistance to a number of community businesses. In addition, PDC has developed land use and design plans for several commercial areas within the community. Currently, PDC has one staff member.

Project for Pride in Living Industries Inc., Minneapolis

PPL Industries, Inc. is a private non-profit minority vendor established in 1982 with an initial work force of twenty-seven. The organization provides job experience to predominantly minority "hard-to-employ" persons through contracts with private industry for salvaging metals, assembly, packaging, hand bindery work, microfilming, and rough carpentry. PPL Industries plans to have attained self-sufficiency by the end of its third year. They have three staff members.

Region II Community Development Corporation, Bemidji

Region II CDC was incorporated in 1977 by a small group of people with previous experience in community development. The organization has a staff of two. Region II CDC has obtained and packaged financing for numerous business development projects in small communities in north-central Minnesota, and also provides technical assistance to small businesses in the area.

Savanna-Nemadji Community Development Corporation, McGregor

Savanna-Nemadji CDC was formed in 1976 to serve the residents of Aitkin and Carlton counties. The CDC is currently planning a lumber mill project. It also conducts accounting and financial advice services. As well as economic development activities, Savanna-Nemadji CDC provides the community with food shelf services, education programs, and housing development. The CDC has one staff person.

University Avenue Development Corporation, St. Paul

UADC was incorporated in 1975 as a Local Development Corporation by a group of local business owners and the president of a local bank. The organization helped businesses obtain financing through the Small Business Administration 502 loan program and also helped to finance storefront improvements through a grant program. Currently, the UADC has no full-time staff, but is seeking administrative funding assistance from the City of St. Paul.

West Bank Community Development Corporation, Minneapolis

West Bank CDC was incorporated in 1975 by a group of active community residents. The organization has obtained and packaged financing for two small business start-ups and for building acquisitions and fixed improvements by a number of local businesses. In addition, the organization provides technical assistance to community businesses and has conducted a market study of the community. West Bank CDC is also involved in housing development and has a staff of four.

White Earth Community Development Corporation, White Earth

White Earth CDC was incorporated in 1981 by members of the White Earth Indian Reservation Business Committee. The CDC includes representatives of local business, financial, education, and religious communities in its membership. The organization operates several reservation enterprises and is also conducting job training programs. White Earth CDC has one staff member.

Whittier Alliance, Minneapolis

Whittier Alliance was incorporated in 1978 by a group of community residents and local businesspeople, with the help of the Dayton-Hudson Foundation. Through its revolving loan program, it has provided financing for five new businesses, and for equipment purchases and fixed improvements for fourteen existing businesses. The organization has also helped small businesses finance storefront improvements through a grant program, and has worked with the city to implement a public improvements project for the community. Whittier Alliance has six staff members, some of whom work on housing development and other community activities.

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