

Exploring Models for Land Acquisition and Community Development Finance

Native American Community Development Institute

MPP Professional Paper

Sarah Berke

December 15, 2009

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Executive Summary

Building on the community vision for the American Indian Cultural Corridor, this report for the Native American Community Development Institute (NACDI) explores certain aspects of the recommendations of the “American Indian Cultural Corridor: Vision, Strategies and Actions” study. These recommendations are applied to two specific topics: land acquisition and community development finance.

In this report, I introduce several potential models for land acquisition and financing to support the American Indian Cultural Corridor vision. A land bank, structured as an LLC, and a community land trust, with explicit community control, are two different models that the community could employ to support collaboration around land acquisition for future development in the community. Community development financial institutions (CDFIs) are another model for leveraging resources for community development purposes. The report explores how land banks, land trusts, and both new and existing CDFIs could play a role in the development of the Cultural Corridor.

For each model, I outline remaining questions for the community to answer as it considers its next steps, and provide a brief list of resources for further research. I describe the local and national context for each model, and assess how each would align with the existing strategic goals for the Cultural Corridor project.

Key Recommendations

NACDI and its community partners should:

- Seriously explore the community land trust model for land acquisition to support the American Indian Cultural Corridor vision.
- Seek out partnerships for community development finance that will support the American Indian Cultural Corridor vision.
- Be pragmatic about the challenges of start-up organizations in general, and of land trusts and CDFIs in particular.
- Proactively and creatively seek out new partners, new resources, and new opportunities.
- Continue community engagement efforts.

The community will be empowered to effectively respond to 21st century opportunities and challenges, and to achieve the vision for the American Indian Cultural Corridor, by adopting creative approaches to land acquisition and community development finance that are grounded in comprehensive development strategies.

Introduction

The **Native American Community Development Institute (NACDI)** is committed to transforming the American Indian community to effectively respond to 21st century opportunities and challenges. NACDI, working from the premise that deficit and poverty-based strategies must be replaced with comprehensive asset-centered strategies, focuses on promoting innovative ideas and partnerships that embrace technology, entrepreneurship and community development strategies.¹

One major community development initiative spearheaded by NACDI is the **American Indian Cultural Corridor** project (see Appendices A and B), which aims to build on existing community assets and create a vibrant destination that celebrates American Indian identity and stimulates economic opportunity along Franklin Avenue, roughly between Cedar Avenue on the east and 11th Avenue on the west, with focus on the Franklin Avenue LRT station area. Developing the Cultural Corridor will require creative collaboration between internal and external community partners; NACDI sees its role as an intermediary in these community development efforts.

Figure 1. *The American Indian Cultural Corridor starts at the intersection of Cedar and Franklin Avenue (next to the Light Rail Transit station) and proceeds west along Franklin Avenue to 11th Avenue, approximately one half-mile. See Appendix B for more detail.*



¹ NACDI Strategic Plan 2007-2011

A study, “American Indian Cultural Corridor: Vision, Strategies and Actions” was conducted by students at the Hubert H. Humphrey Institute for NACDI in the spring of 2009.² It recommended actions that would help to create economic opportunities, foster an environment for self-sufficiency, and develop a sense of place to fulfill the vision of the American Indian community in the Franklin Avenue corridor in South Minneapolis. This paper explores certain aspects of the recommendations made in that Cultural Corridor vision document, delving into their applications for two specific topics:

1. Land Acquisition Models
2. Community Development Financial Institutions

NACDI and its partners have identified land acquisition as an important strategy for realizing the American Indian Cultural Corridor. Some properties, such as the Cedar Box and Ambles site and county-owned property near the LRT station, are longstanding targets for acquisition by the community because of their strategic locations in the corridor. Other commercial, industrial and retail properties owned by American Indian organizations in the corridor are underutilized, while some are at risk of sale. NACDI is exploring models of collaboration—including land banking and community land trusts—which the community could use to create a pool of resources for partners to tap when time-sensitive opportunities for strategic acquisitions arise, and to establish a structure for managing properties that are acquired for development.

Similarly, NACDI anticipates that new sources of financing, as well as technical assistance, will be needed for the development of new commercial, mixed-use, and housing real estate projects in the Cultural Corridor. It is therefore exploring how existing and/or new community development financial institutions (CDFIs), also known as opportunity finance institutions, could play a role in the corridor’s development.

Funding and financing challenges for land acquisition and real estate development in the Cultural Corridor are very real. As Brian Miller of NACDI’s neighboring community organization, Seward Redesign, commented in a recent interview, “Lately, the priorities in our community have been on commercial corridor and small business development. The financing available for projects has been much more focused on affordable housing.” He adds that both housing and commercial sectors are “in trouble” now and that community priorities all too often do not align with the “most financially rewarding” work.³

These challenges are relevant to the urban Indian community’s work as well. The vision for the Cultural Corridor is compelling, but it is certainly not the path of least resistance. Accomplishing the Cultural Corridor project will require a strong commitment to the original community vision and creative use of available financing and funding resources, tempered with a long-term perspective and a pragmatic assessment of the challenges that will arise at every stage along the way.

² Anderson, Tia, Brad Christ, and Fay Cleaveland. “American Indian Cultural Corridor: Vision, Strategies and Actions.” Hubert H. Humphrey Institute of Public Affairs MURP, May 20, 2009.

³ Kokodoko, Michou. “Revisiting the place-based CDC model: A conversation with Brian Miller of Seward Redesign.” *Community Dividend*. The Federal Reserve Bank of Minneapolis, July 2009.
http://www.minneapolisfed.org/research/pub_display.cfm?id=4229

1. Land Acquisition Models

It is well established that “the implementation of redevelopment projects depends on successful land assembly.”⁴ As Mary Keefe of Hope Community—a successful neighborhood development organization in the Phillips community—put it, “owning land is power. The rest of the conversation [about gentrification and neighborhood change] is irrelevant, if you don’t own the land.”⁵

This section will explore two specific models of collaboration for land acquisition—a land bank structured as a limited liability corporation (LLC), and a community land trust (CLT) structured as a nonprofit corporation. These two models represent tools for creating a pool of resources which the community could tap when time-sensitive opportunities for strategic acquisitions arise, and for establishing a structure for managing properties that are acquired for development.

In looking at these models, NACDI should consider that the current economic environment makes development even more challenging than it was in the past. Cities no longer regularly grant vacant properties to nonprofit developers, as they did in the 1990s, but usually expect to be paid for land.^{6,7} As foundations and banks struggle, sources of equity-equivalent investments (EQ2s, which are subordinated community reinvestment loans from banks), program-related investments (PRIs, generally from foundations), and grants from both philanthropic and corporate sources are drying up. It is unclear when, if ever, these traditional sources of financing for land acquisition will be available at previous levels.

Land Banking

Land banking is “the advance acquisition of sites and holding them for future use.”⁸ Benefits of land banking include: making land available at lower prices for community purposes; increasing the efficiency of land assembly; providing for more effective planning; reducing or eliminating land speculation; and keeping the benefits of an investment in planning efforts for the planners themselves.⁹

Land banking is often undertaken by public entities, as they have special access to acquire and sell tax-delinquent properties. This type of land banking is desirable for municipalities because it returns the revenue stream from abandoned properties to the community, rather than to the private investors who would otherwise acquire delinquent properties.¹⁰ Private and nonprofit entities can also adopt the land bank structure, with a similar goal, but without direct access to tax-delinquent properties and public funds, they face more challenges in finding resources and opportunities to acquire property.

Community development organizations frequently form limited liability corporations (LLCs) that function as land banks for future development projects. Two organizations in the Twin Cities, Hope Community

⁴ Louw, Erik. “Land Assembly for Urban Transformation—The Case of ‘s-Hertogenbosch in the Netherlands.” *Land Use Policy* (25) 2008.

⁵ Keefe, Mary. Hope Community. Personal interview. July 15, 2009.

⁶ Ibid.

⁷ Temali, Mihailo. Neighborhood Development Center. Personal interview. July 22, 2009.

⁸ Louw, Erik: 72.

⁹ Ibid.

¹⁰ Grover, Michael. “Land banks as a neighborhood recovery strategy: A conversation with Dan Kildee of Michigan’s Genesee County Land Bank.” *Community Dividend*. The Federal Reserve Bank of Minneapolis, May 2009. http://www.minneapolisfed.org/research/pub_display.cfm?id=4205

and Neighborhood Development Center, shared their experiences with land banking in recent interviews.

Case Study: Hope Community¹¹

Hope Community (Hope) began its neighborhood revitalization efforts in the 1990s, when its supporters began to acquire and manage problematic vacant properties in the vicinity of the shelter the nonprofit organization ran at the intersection of Franklin and Portland Avenues. Eventually, the nonprofit merged the ownership and operation of these properties into its own organizational structure. In 1996, Hope made a strategic decision to close its shelter operations and reorganize as a neighborhood development organization. Since then, it has gone from rehabilitating a few single family homes to redeveloping an entire block, guided by a vision that emerged from comprehensive community engagement processes.

Key elements of Hope Community's success are:

- *Community engagement.* Hope regularly conducts listening projects with neighborhood stakeholders and incorporates the findings into its work.
- *Starting with an audacious vision.* Working with an architect, Hope incorporated what it had learned from community listening projects into six-foot-tall conceptual drawings of an ambitious vision for a revitalized neighborhood. These drawings were then presented to leaders all around the city, building awareness and momentum—and eventually attracting key funding from the Phillips Foundation.
- *Building a strong track record.* Even before it had the capacity to do large-scale real estate developments, Hope developed well-managed programs serving community residents.
- *Starting with small successes.* Successfully rehabilitating a few single-family houses, managing community programming, and acquiring a small portion of the land it had targeted for acquisition all helped to build the organization's legitimacy and good reputation. In the long term, this reputation was leveraged to support larger projects.
- *Relationship building.* As a small organization, Hope recognizes the importance of knowing the local development community through-and-through, so that it can reach out to engage the right people at key moments to support initiatives.
- *Finding the right partner.* Because of the strong reputation it had developed through small, initial successes and because of its strong relationships with local development players, Hope was able to sign on Aeon as a development partner when it was ready to proceed with large-scale real estate projects. This partnership was "right" for both parties.
- *Building scalable organizational systems.* The organizational framework Hope established when it was still small was adaptable to support the organization's growth.

Through the strong reputation and relationships it developed, Hope was able to attract key seed funding for land acquisition, its Opportunity Fund, from the local Jay and Rose Phillips Foundation. Hope also occasionally called on individual donors to fund last-minute strategic acquisitions of smaller properties. Once Hope had assembled enough land and equity, it was able to attract the rest of the funds and financing needed from city, county, state, and private financial sector sources to support its development efforts.

¹¹ Keefe, Mary. Hope Community. Personal interview. July 15, 2009.

Case Study: Neighborhood Development Center¹²

Neighborhood Development Center (NDC) conducted a community planning process for the University-Dale intersection in the 1990s, and then began acquiring properties to realize the community's vision for the area. The project came to a halt in the midst of the acquisition process, as the economics of the deal became problematic with rising land values and construction costs in the late 1990s and early 2000s. The acquired land was held in the interim by an LLC, made up of NDC and its committed project partners. Nearly 20 years later, the project is now coming closer to becoming a reality.

According to Mihailo Temali, NDC's property acquisition for University-Dale was accomplished by (in order of importance):

- *Vision from community process.* More than any other project NDC has done, this project is firmly founded in the community's vision that emerged from the 1990s community process.
- *Collaboration with partners.* Five nonprofits and one for-profit entity collaborated on the land acquisition and development project. Each brought personal relationships to the table that were uniquely useful in various land acquisition negotiations.
- *Legal entity formed.* The six project partners formed an LLC, the UDRC, to land bank property that had been acquired as the project was assembled.
- *Long timeline.* In order to realize the community's vision, great stores of patience have been required of NDC and its partners. The project is now nearing its 20th year.
- *Funds.* Temali emphasized that, while they are important, actual dollars are of much less importance than the preceding four success factors. Much of the property for the project will be/has been acquired from the City of St. Paul with a deferred loan. Other portions of the site have been acquired with a combination of NDC's internal funds, subordinated equity-equivalent (EQ2) debt from banks, and a LISC loan.

Based on the lessons of these two case studies, it is clear that NACDI and its partners are already collaborating in ways that can eventually serve as a strong foundation for land acquisition efforts. Both NDC and Hope Community emphasized the importance of starting with a community engagement process to create a strong vision. NACDI's ongoing community engagement efforts supporting the American Indian Cultural Corridor project have much in common with the successful community processes NDC and Hope conducted.

To meet the ongoing challenge of fostering community participation and managing collaboration among organizations, NACDI has worked, from the very beginning of the project, to engage community members and community organizations in articulating and envisioning the cultural corridor strategy. Its ongoing programs are designed to build relationships within the community, to foster the development of leaders, and to engage the community in creating a common vision for the Cultural Corridor project. NACDI is also developing a successful track record of brokering community development strategies, and is forging key relationships in the Twin Cities development world. NACDI's own board of directors represents a collaboration among many community leaders, both Native and non-Native. Each of these strategies is bringing NACDI and its partners closer to a model for collaborating successfully around land acquisition and physical development. These continued efforts should eventually present opportunities to attract support for the community's land banking and cultural corridor development goals.

¹² Temali, Mihailo. Neighborhood Development Center. Personal interview. July 22, 2009.

Another lesson to draw from these case studies is that NACDI should strive to build the capacity of its organizational systems—and/or the capacity of its partner organizations’ systems—to prepare for taking on larger projects in the future. It should be patient, ready to steward the community’s vision over the long timeframe that is required for accomplishing real estate acquisition and development goals.

The community should be aware that a major new land banking effort is being initiated in the Twin Cities as a result of recent federal legislation, the Neighborhood Stabilization Program (NSP), which encourages and funds land banking activities.¹³ Implemented by the Family Housing Fund (which serves the seven-county metropolitan area), the Twin Cities Community Land Bank is described as “a nonprofit limited liability company. . . . It is a highly flexible and responsive community development tool that leverages public and private dollars to accomplish the goals of neighborhood stabilization and recovery. The Community Land Bank is an interim acquisition lender for recipients of NSP1 and NSP2 funds. It acts as a lender to nonprofit developers undertaking rehabilitation and new construction. . . . The Community Land Bank provides additional community services, such as developing creative homeownership financial products and coordinated neighborhood marketing.”¹⁴ Though the Family Housing Fund’s primary focus is on housing, the new land bank will also support some neighborhood commercial development. NACDI should further explore this Land Bank program and other new developments, especially those connected with federal stimulus initiatives, for their potential to help NACDI and its partners acquire properties in the Cultural Corridor area.

Community Land Trusts

Community land trusts (CLTs) are another model which the urban Indian community is considering. Appropriately, CLTs “are well positioned to tackle complex projects in distressed neighborhoods” and have a “unique combination of attributes that enable them to aid in neighborhood organizing and community development and can play an instrumental role in capturing value.”¹⁵ These unique attributes include local, democratic control, and no individual ownership of assets.

CLTs are designed to deliver and balance benefits to both individuals and to the community.¹⁶ They play the dual role of community development and community organizing, and maintaining a balance between these two sets of interests, so that neither overpowers the other, is very important to CLT success.¹⁷ NACDI’s own dual identity, as both community organizer and development intermediary, seems therefore to fit well, philosophically, with the CLT model.

There are ten elements of the “classic” community land trust model:

- *Nonprofit, tax-exempt corporation:* Either an independent organization, or part of a preexisting nonprofit.
- *Dual ownership:* Ownership of land is retained, and buildings on the land can be sold.

¹³ The Neighborhood Stabilization Program is administered by HUD and was initiated in response to the housing market crisis in 2008. Funds in Minnesota are allocated by Minnesota Housing “to local governments and other qualified entities that have experience administering CDBG funds and demonstrate capacity; provide substantial impact to the housing market in a geographic area; and provide evidence of a comprehensive neighborhood stabilization strategy.”

http://www.mnhousing.gov/idc/groups/homes/documents/webcontent/mhfa_007690.pdf

¹⁴ <http://www.changingthefaceofhousing.org/jobs/72009/pm.pdf>

¹⁵ Davis, John Emmeus. *Starting a Community Land Trust: Organizational and Operational Choices*. Burlington Associates in Community Development, 2007.

¹⁶ Ibid.

¹⁷ Ibid.

- *Leased land*: Owners of buildings on land are provided with exclusive use of their land.
- *Perpetual affordability*: The CLT retains an option to repurchase structures on the land when the owners decide to sell. Resale price is set by a formula in the ground lease.
- *Perpetual responsibility*: The CLT has a continuing interest in structures on its land (and people residing in them), even after they are sold.
- *Open, place-based membership*: Residents of a geographically defined community can become voting members of the CLT. (Variations include broader eligibility criteria or allowing nonprofit corporations, local governments, and private institutions to become members).
- *Community control*: Two-thirds of the governing board are community members
- *Tripartite governance*: One-third of the board represents leaseholder interests, one-third represents community members in general, and one-third represents public leaders.
- *Expansionist acquisition*: CLTs are committed to an active acquisition and development program.
- *Flexible development*: CLTs accommodate a variety of land uses, property tenures, and building types: ranging from housing to commercial space to parks and gardens.

Not all CLTs have all ten of these features, and there are many variations on the framework of the basic structure.¹⁸

One challenge for applying the CLT model to NACDI’s cultural corridor project may be that CLTs, while flexible enough to allow for a variety of uses, tend to focus on housing. In Minnesota, housing CLTs are by far the most familiar type.

Case Study: First Homes CLT in Rochester¹⁹

First Homes Community Land Trust (First Homes) is a Rochester Area Foundation initiative to make existing homes in Rochester, Minnesota, affordable for workforce housing. While unusual in some ways, as noted below, it is generally typical of a housing CLT model, with which Minnesotans are most familiar.

First Homes was funded by \$7 million in grants from the Mayo Clinic Foundation and \$3 million in matching grants from the Minnesota Housing Finance Authority (MHFA). Homebuyers are subject to income eligibility requirements and must earn no more than 80% of the Minnesota state median income.

First Homes offers several mechanisms to write down the cost of a home to qualifying buyers. A gap loan program provides interest-deferred second mortgages for individual homebuyers, to be repaid when the home is sold again. Through the land trust, a “land subsidy” reduces the price of the home. Finally, the MHFA Homeownership Assistance Fund provides additional subsidies to write down monthly mortgage payments for buyers. Buyers can retain 50% of the appreciation of their home at sale (while in a classic CLT model, they can retain only 25%).

While First Homes has community representation on its board of directors, the Rochester Area Foundation controls appointments to the board. This is not typical for a CLT.

¹⁸ Ibid.

¹⁹ Summarized from Packnet, Dwan. “The First Homes Community Land Trust.” Lincoln Institute of Land Policy Working Paper, 2005.

While housing CLTs are better known and, in general, more funding is available for housing efforts than for other kinds of community development, some CLTs have been successful in developing commercial real estate. Usually, in such cases, commercial and housing development strategies are pursued together by the land trust.

Case Study: Dudley Street Neighborhood Initiative²⁰

Dudley Street Neighborhood Initiative (DSNI) operates in the Roxbury/North Dorchester neighborhoods of Boston. It was founded in 1984 by community residents coming together to address the devastation of their neighborhood by arson, disinvestment, and redlining, and to combat outside land speculation. A comprehensive redevelopment plan was created through a community process and updated through an “urban village visioning process” in 1996.

Unique to DSNI’s success is its use of eminent domain. Residents convinced the city government to grant this power to DSNI, so that residents could acquire many of the 1,300 vacant lots abandoned in the neighborhood. Land assets acquired via eminent domain helped to establish a community land trust focused on housing and commercial corridor development in the 60-acre Dudley Triangle area.

At least one CLT focuses exclusively on commercial property. This example is particularly relevant to the urban American Indian community’s vision in south Minneapolis.

Case Study: Anchorage Community Land Trust²¹

The Anchorage Community Land Trust grew out of community engagement efforts, collaboration among nonprofit organizations and businesses, and philanthropic support. Founded in 2003, the land trust focuses on the Mountain View neighborhood in the northeast section of Anchorage, Alaska, with a goal of creating a vibrant arts and culture corridor in the diverse low-income neighborhood.

To date, Anchorage Community Land Trust has acquired six commercial properties in the neighborhood and is promoting projects on the properties that improve quality of life for residents and support the goal of developing an arts and culture district. Among the current and future uses of the land trust’s properties are a credit union, a restaurant social enterprise, office space for nonprofits and businesses, an arts center, and artist incubator space.

The Anchorage CLT sees its role in the community as fourfold: property owners, community engagement facilitators, arts & culture center advocates and nonprofit services coordinators.²² It is working in collaboration with the local Mountain View Community Council, other community groups, and a consulting group to engage neighborhood residents in an ongoing community planning process to guide its future work.

NACDI would have certain advantages and disadvantages if it takes on the role of sponsoring a new CLT to support the community’s vision.²³

²⁰ “Dudley Street Neighborhood Initiative History.” <http://dsni.org/history.shtml>

²¹ Anchorage Community Land Trust. <http://www.anchoragelandtrust.org/>

²² “The Many Faces of ACLT.” Anchorage Community Land Trust. <http://www.anchoragelandtrust.org/pdfs/Brochure.pdf>

²³ Davis, John Emmeus. *Starting a Community Land Trust: Organizational and Operational Choices*. Burlington Associates in Community Development, 2007.

Advantages

- *Solid foundation in community engagement efforts.* NACDI's ongoing work has established it as legitimate in the eyes of funders. Meanwhile, it is also developing a reputation for accountability within the community. NACDI's organizational focus gives it special insight into the local market conditions in the American Indian Cultural Corridor target area.
- *Established track record as a nonprofit organization.* NACDI has some existing staff capacity to support community development and real estate transactions, and its partner organizations have additional capacity in this area.
- *Diversification.* Sponsoring a CLT may provide more organizational stability for NACDI, by diversifying the organization's activities and broadening its funding base.

Disadvantages and challenges

- *Relatively small, new organization.* Building any new program from scratch is slow and difficult. After just three years of NACDI operations, it is possible that funders could perceive the organization as lacking the capacity to spearhead a CLT effort. NACDI also risks competing for funds and other resources with more established nonprofit groups, which would interfere with its ability to bring community groups together for an effective collaboration.
- *Existing programs and organizational structure.* Any nonprofit organization taking on a new initiative—especially one which, as with a CLT, creates a separate organizational structure within an existing organization—must consider the risk of taking away staff and leadership energy from existing programs. Additionally, CLT sponsors face the challenge of cultivating an open, engaged membership and opening up their governance structures to real democratic community control.²⁴

Land Acquisition Models: A Comparison

The land bank (LLC) and community land trust models both can be used for the purposes of land acquisition to support a community redevelopment effort. In considering whether a land bank or a community land trust might better serve the goals of the Cultural Corridor vision, the community should take into account:

- Which is preferred: An institution that *can be dissolved* (land bank/LLC) or an institution that is intended to *exist in perpetuity* (community land trust)?
- Which is preferred: More (with a community land trust) or less (with a land bank/LLC) *direct community control*?

²⁴ Ibid.

	Land Bank (LLC)	Community Land Trust
Assemble land to support community redevelopment	X	X
Allow partners to pool resources and collaborate	X	X
Structure for managing interim use of land	X	X
Exists in perpetuity		X
Explicit structure for democratic community control		X

Based upon this initial assessment, this report recommends that the urban Indian community should seriously explore the CLT model. Each model has its own advantages and disadvantages, depending on the community's priorities, but the CLT model is a good philosophical fit for NACDI in its role as a community development intermediary, and considering its goal of creating a lasting community asset with the American Indian Cultural Corridor project. In view of the importance of beginning land assembly efforts to support the Cultural Corridor vision, a land bank model should likely be adopted as an interim strategy as NACDI works out the very real logistical challenges of a CLT.

Remaining Questions:

- What role would NACDI play in forming and managing a land bank/LLC? In a CLT?
- How would a CLT serve (or not serve) NACDI's partner organizations' interests? How would it serve (or not serve) the whole community's interests?
- What are the legal implications of forming a CLT? Could land placed into trust be leveraged financially to support community development goals? What are the challenges of converting an LLC structure into a CLT structure?
- What external resources would be available to a community land trust? To a land bank/LLC?

Resources for Further Inquiry:

- Family Housing Fund's Twin Cities Community Land Bank
- Central Corridor Funding Collaborative (Jonathan Sage-Martinson)
- White House Office of Social Innovation²⁵
- City of Lakes Community Land Trust²⁶
- Anchorage Community Land Trust²⁷
- Dudley Street Neighborhood Initiative,²⁸ Sawbill Community Land Trust, and other CLTs that have developed commercial real estate

²⁵ http://www.whitehouse.gov/the_press_office/President-Obama-to-Request-50-Million-to-Identify-and-Expand-Effective-Innovative-Non-Profits/

²⁶ <http://www.clct.org/>

²⁷ <http://www.anchoragelandtrust.org/>

²⁸ www.dsni.org

2. Community Development Financial Institutions

Based on the anticipated need for new sources of financing and technical assistance to support American Indian Cultural Corridor development, this section will consider Community Development Financial Institutions (CDFIs), also known as opportunity finance institutions, as a tool for NACDI and its partners. This section will describe CDFIs, analyze how they might be relevant to realizing the existing vision for the American Indian Cultural Corridor, consider whether forming a new CDFI might be an appropriate strategy for the community, and outline the next steps that should be taken.

What is a CDFI?

CDFIs are financial intermediaries that share a common vision of expanding economic opportunity and improving the quality of life for low-income people and communities.²⁹ They are specialized financial institutions that work in market niches that are underserved by traditional financial institutions.³⁰ The U.S. Department of Treasury's CDFI Fund certifies organizations who can demonstrate that they meet the following requirements:

- Be a legal entity at the time of certification application;
- Have a primary mission of promoting community development;
- Be a financing entity;
- Primarily serve one or more target markets;
- Provide development services in conjunction with its financing activities;
- Maintain accountability to its defined target market; and
- Be a non-government entity and not be under control of any government entity (Tribal governments excluded)³¹

Not all operating CDFIs are certified, but the advantage of certification is eligibility to apply for financial assistance awards from the federal CDFI Fund. Technical assistance awards are available to assist emerging organizations that can demonstrate an acceptable plan to become certified.

The four CDFI sectors—banks, credit unions, loan funds, and venture capital (VC) funds—are characterized by different business models and legal structures.

²⁹ Opportunity Finance Network

³⁰ U.S. Department of Treasury CDFI Fund

³¹ U.S. Department of Treasury CDFI Fund. http://www.cdfifund.gov/what_we_do/programs_id.asp?programID=9

CDFI Types³²	Structure	Sample Products	Regulation	Community focus
Community Development Credit Union	Cooperative (nonprofit)	Deposits and loans for consumers and small business; financial education and outreach	Regulated and insured	Special focus on serving low-income members
Community Development Bank	For-profit	Deposits, loans, and investments for consumers, business, and nonprofits; education and technical assistance	Regulated and insured	Serve distressed communities; community representation on board of directors
Community Development Loan Fund	Nonprofit (generally)	Loans and technical assistance to one or more of: microenterprise, small business, housing development, commercial development, nonprofit organizations	Unregulated	Serve low-income communities; Community representation on board of directors
Community Development Venture Capital Fund	Nonprofit or for-profit	Equity and debt-with-equity investments	Unregulated	Invest in distressed communities; Community representation in leadership

CDFIs are distinguished from other financial institutions by their community focus, individualized approach, market knowledge, patient and persistent work, and their leadership role.³³ CDFIs are not solely financial intermediaries: often, providing technical assistance is as important to their mission as is providing financing.

What is a Native CDFI?

Native CDFIs are CDFIs that “primarily serve (meaning, at least 50 percent of its activities are directed toward serving Native Americans, Alaska Natives and/or Native Hawaiians) a Native Community.”³⁴ The federal CDFI Fund has a separate program, the **Native American CDFI Assistance (NACA) Program**, through which established and emerging Native CDFIs can apply for financial and technical assistance, and which also provides capacity-building and technical assistance services for a variety of Native financial training initiatives. The NACA program grew out of a Congressional mandate in 1994 to study lending and investment practices on Indian reservations and other lands held in trust by the United States and the subsequent 2001 Native American Lending Study.

³² Based on Opportunity Finance Network, “The Four Sectors of the CDFI Industry.” http://www.opportunityfinance.net/industry/industry_sub1.aspx?id=230

³³ Opportunity Finance Network and First Nations OWEESTA Corporation. “Does Your Native Community Need a CDFI? Powerpoint presentation, 2008. <http://www.oweesta.org/sites/oweesta.org/files/C1%20presentation%20-%202008%20%5BCompatibility%20Mode%5D.pdf>

³⁴ U.S. Department of Treasury CDFI Fund. http://www.cdfifund.gov/what_we_do/programs_id.asp?programID=3

The NACA program has helped to increase the number of Native CDFIs from just 14 nationwide in 2001, to 50 in 2008, with another 60 emerging CDFIs pending certification. This year, \$8 million in financial assistance for 10 certified Native CDFIs, and \$3.3 million in technical assistance for capacity-building for 26 certified and emerging Native CDFIs, was awarded through the NACA program as part of the federal ARRA stimulus package. An additional \$3.7 million is to be awarded later this year in a supplementary round of funding. The CDFI Fund NACA program recently completed a new “Native Initiatives Strategic Plan for FY 2009-2014.” Its analysis concludes that the Native CDFI industry has grown rapidly and will continue to grow, and that the demand for funding and services for Native CDFIs has grown rapidly and will continue to grow.³⁵

First Nations Oweesta Corporation, which offers training for emerging Native CDFIs, has developed the following overview of the steps required to start a Native CDFI:

What is Involved in Starting a Native CDFI?³⁶

1. Determining mission and product
 - Who, what, where, why?
2. Determining type of CDFI: Regulated and insured, or not? For-profit or nonprofit?
 - Community Development Credit Union
 - Development Bank
 - Community Development Loan Fund
 - Venture Capital Fund
3. Legal Infrastructure
 - Community support
(Including financial support)
 - Tribal legislative and judicial arrangements
 - Dedicated board and staff to lead the organization
4. Creating systems
 - Loan policies, human resources policies, accounting and audit policies, technology
5. Raising money
 - Operating
 - Capital to lend
(Own capital and borrowed funds)
6. Gaining certification
 - Eligibility for federal program
 - Can apply for “emerging CDFI” funding pre-certification

³⁵ U.S. Department of Treasury CDFI Fund. “Financing Native Leaders for Tomorrow: Native Initiatives Strategic Plan, FY 2009-2014.”

³⁶ Opportunity Finance Network and First Nations OWEESTA Corporation. “Does Your Native Community Need a CDFI? Powerpoint presentation, 2008. <http://www.oweesta.org/sites/oweesta.org/files/C1%20presentation%20-%202008%20%5BCompatibility%20Mode%5D.pdf>

Oweesta also describes the greatest challenges facing new Native CDFIs:

What Is the Hardest?³⁷

- Getting support/buy-in from Tribe and community
- Creating and maintaining independence in making financing decisions
- Finding a place to work
- Finding people and time to do the work
- Developing a market – finding the lending deals

NACDI and the Idea of an Urban Native CDFI

Some common reasons that a native community might choose to develop a Native CDFI³⁸ are relevant to NACDI's work as a community development intermediary in general, and the cultural corridor initiative in particular:

- Historic economic marginalization of the community
- Lack of other financial institutions serving the community
- Community's desire to create its own asset-building programs
- Needed community projects will not be undertaken without access to mission-driven financing
- Desire to keep keeping dollars cycling within the local economy

NACDI has identified a need for a fully-integrated spectrum of financial services to be available to the urban Indian community: from financial counseling, to transactional services, to credit and savings products for individuals; and from working capital to real estate development financing for businesses and nonprofit organizations. Momentum toward this goal is already evident. A great recent success has been the recruitment of an Indian-owned bank, Woodlands National Bank, to open a retail branch in the community on Franklin Ave. NACDI has sponsored entrepreneurship training for several community members in partnership with the Mille Lacs Band of Ojibwe and the Neighborhood Development Center. NACDI is also in the early stages of exploring a partnership with other organizations to create a financial center, modeled in part on the East Side Financial Center in St. Paul, which would offer financial counseling and transactional and asset-building products to serve consumers. It would also likely serve small businesses with training and access to credit.

These existing partnerships with Woodlands National Bank and the Neighborhood Development Center, as well as possible new relationships with organizations such as Lutheran Social Services, will likely be effective means of addressing the community's financial services needs at the individual/consumer/community member end of the spectrum. The next challenge for the community

³⁷ Opportunity Finance Network and First Nations OWEESTA Corporation. "Does Your Native Community Need a CDFI? Powerpoint presentation, 2008. <http://www.oweesta.org/sites/oweesta.org/files/C1%20presentation%20-%202008%20%5BCompatibility%20Mode%5D.pdf>

³⁸ Ibid.

will be to identify and fill gaps in the financing needs at the other end of the spectrum, for businesses and nonprofit organizations.

The Community Financial Services Spectrum

<i>Individuals</i>	Financial Counseling and Education
	Transactional services: Check cashing, money transfer, bill pay
	Checking accounts and prepaid, reloadable cards
	Savings accounts, IDAs
	Retirement savings
	Short-term credit for rainy days and life events
	Credit for cars, homes, education
<i>Businesses and Nonprofits</i>	Credit for entrepreneurs
	Equity investment/venture capital for businesses
	Working capital loans for businesses and nonprofits
	Loans for commercial/housing real estate acquisition, predevelopment, and development

One gap relevant to the American Indian Cultural Corridor project may be financing for projects involving real estate development, especially financing at lower interest rates and terms flexible enough to support community-driven development. Another potential need may be venture capital to fund new Indian-owned businesses and support existing businesses' expansion. If the evidence continues to point to a lack of financial resources for these purposes, the community should specifically explore community loan fund models for real estate development and community venture capital fund models for business development.

Market Scan

The community development finance industry is active in the Twin Cities, as well as in Native American communities nationwide. Several CDFIs of note are profiled below; a more comprehensive list is included in the appendix.

One of NACDI's partners, the **American Indian Community Development Corporation (AICDC)**, is also applying for federal funds to form a new CDFI to support housing development in the urban Indian community.

Local and Native CDFI Examples

East Side Neighborhood Development Company³⁹

Provides loans for business façade upgrades in targeted East Side St. Paul area through the Business Investment Fund.

Family Housing Fund^{40,41}

Provides grants and low-interest deferred loans for new and rehab rental housing and preservation of existing affordable rental housing in need of repairs or financial stabilization. Offers financial support for the development of affordable single-family homes. Serves the seven-county Twin Cities metropolitan area. Manages the new Twin Cities Community Land Bank initiative.

Greater Metropolitan Housing Corporation (GMHC) Predevelopment Loan Fund Program⁴²

Technical assistance and high risk predevelopment (seed) loans to Twin Cities organizations to assist in the development of quality affordable housing: multifamily rental, home ownership, co-op housing, elderly housing, transitional housing and housing for special needs.

Nonprofits Assistance Fund⁴³

Loans and lines of credit ranging from \$5,000 to \$500,000, are available to nonprofit 501(c)(3) organizations in Minnesota or adjacent communities. Serves nonprofits that serve the community, including health care, community development, housing, education, social services, and arts organizations. Eligible uses of funds include bridge loans, working capital, program expansion, earned income ventures, equipment, leasehold improvements, and building repair and renovation.

Milestone Growth Fund⁴⁴

Venture capital fund that makes equity, near-equity, and debt investments in ethnic minority businesses primarily located in the Twin Cities metropolitan area.

Native American Capital, LP [NAC]⁴⁵

Private equity fund serving Indian Country nationwide.

Brian Miller of Seward Redesign summarized the financial intermediary landscape for local community real estate development in a recent interview: "We've used LISC [Local Initiatives Support Corporation] as a source for small amounts of seed money. For example, they have feasibility grants of \$5,000 that enable us to do some quick evaluation of a project at a very early stage. Occasionally, they also have what they call "recoverable grants" that they can approve for up to \$50,000 locally. Those can be helpful. For larger projects, their interest rate is usually higher than what I could borrow from my bank. GMHC [Greater Metropolitan Housing Corporation, a Twin Cities-based housing intermediary] has

³⁹ <http://www.esndc.org/BIF.html>

⁴⁰ <http://www.fhfund.org/>

⁴¹ NACDI board member Frank Ziegler is also on FHF's board.

⁴² Examples of GMHC projects are available at:

http://www.gmhchousing.org/programs/predevelopment_loan_fund_photos.htm

⁴³ <http://www.nonprofitsassistancefund.org/>

⁴⁴ www.milestonegrowth.com

⁴⁵ <http://www.nativeamericacapital.com/about.shtml>

traditionally provided seed capital at more competitive rates, but that resource has dried up in the current environment, too.”⁴⁶

What It Would Take

If NACDI and its partners wish to further explore the idea of starting a CDFI, it should take the following next steps:

- Find additional educational resources at: <http://www.oweesta.org/ps/training/ncfi>
- Attend Native CDFI training offered by Oweesta Corporation
- Continue laying groundwork:
 - o Present CDFI idea to community
 - o Build relationships with new and established partners: Native American nonprofit organizations who are NACDI members, key local government and nonprofit players, community development intermediaries serving the Twin Cities, and community development intermediaries serving Native people and communities nationwide. See Appendix D for examples of potential investors and grant funders.
 - Program partners
 - PR and development

If, after further exploring the idea, the community wishes to pursue starting a CDFI, it should:

- Apply for CDFI Fund technical assistance funds
- Conduct an in-depth market study
 - o NACDI’s Environmental Scan includes information that could be the groundwork for a CDFI market study
 - o “Quick Facts supporting the development of an American Indian Cultural and Economic Corridor” also includes basic information for a market study
 - NACA CDFI Fund technical assistance funds should be sought for this project
- Think about how to structure, staff, lead, and manage a new institution
 - o NACA CDFI Fund technical assistance funds should also be sought for this project

Considerations: Forming a CDFI

Founding a CDFI would certainly be a challenging and long-term effort for the urban American Indian community. Though a new CDFI could potentially help to attract capital to the community, it is likely that several years of start-up activity would be required before any significant lending or technical assistance programs would go online. Real estate lending and venture capital investing, because of their inherent risks and highly technical nature, and the overall economic climate of 2009, are particularly challenging endeavors for a new entity. Moreover, the urban Indian community may not be large enough to provide a viable market for a financial institution dedicated to these products.

Thus, NACDI and its partners should seek out partnerships with existing providers that could be leveraged to better serve the Indian community’s needs, rather than pursuing the creation of its own CDFI at this time. While the urban American Indian community would prefer to have more direct control over capital, it should recognize the very real risks and significant inefficiencies of building a new institution from the ground up.

⁴⁶ “Revisiting the place-based CDC model: A conversation with Brian Miller of Seward Redesign.”

Remaining Questions

- What potential financial and technical assistance products are needed, and which are being offered by others?
- Which, if any, new products and services are needed to support the Cultural Corridor project?
 - o Real estate acquisition and development financing?
 - o Venture capital for businesses?
- Can a partnership be developed with AICDC to support a wider spectrum of community development efforts with finance and technical assistance?
- Are there other potential partners who could develop programs to meet the community needs NACDI identifies? Could an existing CDFI serving local communities create an urban Native CDFI as a subsidiary?

Resources for Further Inquiry:

- Opportunity Finance Network
- First Nations Oweesta Corporation/First Nations Development Institute
- National Living Cities (Local contact: Repa Mekha at Payne-Lake Community Partners)
- Community Reinvestment Fund
- American Indian Community Development Corporation (AICDC)
- LISC-Twin Cities

Overall Considerations

Acquiring and developing real estate is an extremely long and tedious process. As such, it is important to recall a recommendation from the Cultural Corridor study, which cited Michael Burayidi's comment about downtown revitalization that, "Implementation of the Cultural Corridor's vision 'must be both incremental as well as comprehensive.'"⁴⁷ That is, the community needs to achieve short-term goals in order to build momentum for long-term goals.

Cultivating Relationships

Interviews with key informants make it clear that the most important thing NACDI can do to support the community's Cultural Corridor real estate development goals is to continue building a strong reputation and developing stronger relationships with key stakeholders—as defined in the "American Indian Cultural Corridor: Vision, Strategies and Actions" project. Whether NACDI and its partners pursue community land trust or LLC land banking models, and whether they decide to found a CDFI or not to do so, these stakeholders will be important to their success.⁴⁸

NACDI already has the interest of these high-power "**players.**" These relationships should be further cultivated.

- Individuals such as Minneapolis City Councilman Robert Lilligren, Mayor R. T. Rybak, Hennepin County Commissioner Peter McLaughlin, and Minnesota Representative Karen Clark
- Agenda-setting groups like Minneapolis's Community Planning and Economic Development department
- Potential sources of implementation funding and/or management that are already involved with Franklin Avenue's Native American community: McKnight Foundation, Project for Pride in Living, Mille Lacs Band, American Indian Community Development Corporation (AICDC), and American Indian Opportunities Industrialization Center (AIOIC)

No matter what the chosen solutions and implementation strategies are, success will depend on increasing the interest of these powerful "**context setters**" whose priorities may not currently include the socioeconomic issues facing Franklin Avenue's Native American community:

- Local: Minneapolis Public Works, Minneapolis City Council, and Councilwoman Lisa Goodman, chair of the City Council's community development committee
- Regional: Metro Transit and the Metropolitan Council.
- State: Minnesota Department of Transportation (Mn/DOT) and Department of Employment and Economic Development (DEED), as well as Minnesota State Senator Linda Berglin who represents the Phillips neighborhood.
- Nonprofit: Great Neighborhoods! Development Corporation (GNDC) and other community developers working citywide

Managing Collaborations

A key challenge for NACDI, as an intermediary organization and (especially) as a potential CLT sponsor, will be to manage collaborative relationships—such as those with CLT members—effectively. Because partnering with other organizations can have both "benefits and limitations," careful planning,

⁴⁷ "American Indian Cultural Corridor: Vision, Strategies and Actions"

⁴⁸ Ibid.

accounting for costs, and attention to mission fit are essential for success.⁴⁹ There is no question that NACDI should partner with other organizations, across different sectors, and lead them in collaborative efforts—this is central to its community engagement mission and approach. The American Indian Cultural Corridor project exists in a shared-power context, with many different organizations and individuals who are stakeholders in a community initiative. Engaging its partner organizations effectively, however, will be an ongoing challenge for NACDI. As Bryson, Crosby, and Stone put it, “The normal expectation ought to be that success will be very difficult to achieve in cross-sector collaborations.”⁵⁰

Managers of collaborations, like NACDI, should carefully analyze their collaborative efforts along the following five dimensions:⁵¹

1. Governance. Participants must have a structure and a common understanding of how to make the rules that will govern their behavior and to make decisions about goals and activities.
2. Administration. Participants must have clear roles and responsibilities, and must have clear channels for communication.
3. Autonomy. Because partners in collaborations retain their own individual identities and interests, it is important to emphasize commonalities as well as differences.
4. Mutuality. Collaborating partners must mutually benefit from the collaboration, either in their shared interests or in their different interests.
5. Trust and reciprocity. Building norms of trust and reciprocity are long-term endeavors. These kinds of “social capital” are developed gradually between participants over time.

Just as building legitimacy, acceptance, and trust are important, effectively managing conflicts among collaborating partners is another requirement for success. Differences among organizations with different “institutional logics” can make accomplishing these tasks difficult.⁵² Keeping all of these considerations in mind will help NACDI to create effective strategies and structures for collaboration.

Alignment with Strategic Goals

NACDI and its community partners must maintain an alignment of their initiatives and strategies with the strategic goals that have been identified as part of the Cultural Corridor community visioning process. The following chart illustrates how CDFI, land bank, and community land trust strategies can be aligned with overarching strategic goals.

Aligning Strategic Goals with Proposed Programs/Strategies

		<i>Alignment with Proposed Programs/Strategies</i>		
<i>Strategic goals from American Indian Cultural Corridor: Vision, Strategies and Actions</i>		CDFI	Land acquisition	
			LLC/Land Bank	Land Trust (CLT)
Coordinate Planning Activities:				
1	Host community meetings at Little Earth	-	-	-

⁴⁹ Ostrower, Francie. “The Reality Underneath the Buzz of Partnerships: The Potentials and Pitfalls of Partnering.” *Stanford Social Innovation Review*, Spring 2005.

⁵⁰ Bryson, John M., Barbara C. Crosby and Melissa Middleton Stone. “The Design and Implementation of Cross-Sector Collaborations: Propositions from the Literature.” *Public Administration Review*, December 2006.

⁵¹ Thomson, Ann Marie and James L. Perry. “Collaboration Processes: Inside the Black Box.” *Public Administration Review*, December 2006.

⁵² Bryson, Crosby, and Stone.

2	Build support within the urban American Indian community for NACDI and its endeavors	Tangible, measurable program: way to use and develop support	Tangible, measurable program: way to use and develop support	Tangible, measurable program: way to use and develop support
3	Engage Minnesota and Wisconsin tribes	Tangible use of tribal funds	Tangible use of tribal funds	Tangible use of tribal funds; Possibly, engage tribes as members of CLT
4	Build external political, neighborhood, and financial support	Attract funds from external sources for operations and lending	Attract funds from external sources for acquisitions	Attract funds from external sources for acquisitions
5	Engage Franklin Avenue businesses	New lending resources available to businesses	Acquire land for businesses	Acquire land for businesses; Engage business owners as members of CLT
Marketing the Cultural Corridor				
1	Create a Corridor branding and marketing plan	-	-	Co-branding opportunities, emphasizing community ownership
2	Create "gateways," hang street banners, and post way-finding signage	-		
3	Promote the Cultural Corridor	Provide an opportunity to invest in the corridor project	Provide an opportunity to invest in the corridor project	Provide an opportunity to invest in the corridor project
4	Create a special services district			
Sharing Native American Cultures				
1	Commission public art	-	-	-
2	Host community events and activities	-	-	-
3	Support Native American art exhibits and performances	-	-	-
4	Create new spaces for artists	Provide financing for new space	Acquire land for commercial artist space	Acquire land for commercial artist space; Engage artists as members of CLT
Improve Public Gathering Space on Franklin Avenue				
1	Renovate the American Indian Center	Possible financing source	-	Possibly, put land into CLT

2	Improve gathering space around the American Indian Center	Possible financing source	-	-
3	Instigate community tree plantings	-		
Create Private Gathering Spaces in the American Indian Cultural Corridor:				
1	Cultivate business and entrepreneurial skills, and provide job training	Financing could be used for business/commercial space; builds financial acumen	Acquire land for commercial space/business incubator	Acquire land for commercial space/business incubator
2	Develop business enterprises at all scales	Possible financing source for businesses or commercial space	Acquire land for commercial space/business incubator	Acquire land for commercial space/business incubator
3	Consolidate Tribal offices to form a Tribal Embassy	Possible development financing source	Acquire land for Tribal Embassy	Acquire land for Tribal Embassy; Tribes as potential CLT members
4	Capture redevelopment opportunities on existing parcels	Acquisition and development financing source	Acquisition and property management entity	Acquisition and property management entity
Improve Infrastructure:				
1	Participate in Franklin Avenue streetscape project	-	-	-
2	Improve the Franklin Avenue Light Rail Station	Acquisition and development financing source for nearby parcels	Acquisition and property management entity for nearby parcels	Acquisition and property management entity for nearby parcels
3	Connect the American Indian Cultural Corridor to the Light Rail Station	Acquisition and development financing source	Acquisition and property management entity for nearby parcels	Acquisition and property management entity for nearby parcels
4	Develop a Parking Plan for Franklin Avenue	-	-	-

Recommendations

Accomplishing the Cultural Corridor project will require a strong commitment to the original community vision and creative use of available financing and funding resources, tempered with a long-term perspective and a pragmatic assessment of the challenges that will arise at every stage along the way. Funding and financing challenges for land acquisition and real estate development in the Cultural Corridor are very real. Yet there will also be real opportunities for community partners to acquire key properties, and financing for real estate and businesses will be needed to support cultural and entrepreneurial development in the corridor. NACDI's role as an intermediary is to help engage the community, with all of its existing assets, to meet these development needs and opportunities.

NACDI and its community partners should, therefore:

- *Seriously explore the community land trust (CLT) model for land acquisition to support the Cultural Corridor vision.* A CLT is a good “mission fit” for NACDI, as it would provide an explicit structure for community control and create assets for the community in perpetuity.
- *Be pragmatic about the challenges of start-up organizations in general, and of land trusts in particular.* A clear-headed assessment of the risks and resources required to start a new institution will be important to keep the community focused on a comprehensive approach to community development. Addressing the “remaining questions” (outlined above) about the CLT model will help the community to gain more perspective about the challenges and opportunities of adopting this strategy.
- *Seek out partnerships for community development finance that will support the American Indian Cultural Corridor vision.* Because starting an organization *de novo* is challenging, and because the urban American Indian community exists within a dynamic local community development landscape and a dynamic nationwide Native community development finance sector, NACDI and its partners should continue their strategy of forging partnerships and collaborations to leverage existing assets.
- *Continue community engagement efforts.* The community should focus on pursuing actions that support the visions and strategies laid out in the Cultural Corridor vision and in the broader Community Blueprint that is being developed through NACDI's ongoing community engagement process. NACDI's strong track record of accountability to the community will serve as a foundation for its ultimate success in developing the American Indian Cultural Corridor.
- *Proactively and creatively seek out new partners, new resources, and new opportunities.* The relationships NACDI and its partners are forming among themselves, and with external partners—especially with the “context setters” identified in the Cultural Corridor vision study—will be the most important resources for accomplishing the Cultural Corridor vision, regardless of which specific models and tools are ultimately employed by the community. NACDI must pay careful attention to the special challenges of managing collaborations as it works with its partners.

By adopting this multi-pronged approach, grounded in comprehensive strategies and community engagement, NACDI and the community as a whole will come closer to realizing the vision of the American Indian Cultural Corridor.

Thank you to the following individuals who contributed their time and expertise to this project:

Ryan Allen, Hubert H. Humphrey Institute of Public Affairs, University of Minnesota

Syd Beane, NACDI

Mary Keefe, Hope Community

Andrew Hestness, NACDI

Justin Kii Huenemann, NACDI

Kris Nelson, Center for Urban and Regional Affairs, University of Minnesota

Mihailo Temali, Neighborhood Development Center

Appendix A

Vision for the American Indian Cultural Corridor

The American Indian Cultural Corridor is a vibrant destination that celebrates Native American identity and stimulates economic opportunity along Franklin Avenue. On the Corridor, Native American people, community residents, and regional tourists come together to experience and engage with Native American cultures in public gathering spaces, arts, Indian-owned businesses and restaurants, and interactive learning environments. The Cultural Corridor is the backbone for a new era of Native American community advancement that brings energy and vitality to Franklin Avenue.

The Cultural Corridor is part of a diverse community where everyday people live, work, and play. On the Corridor, parents can be seen walking their children to school down tree-lined sidewalks, making their way to the Franklin Avenue Station, or on their way to work at one of the local hospitals. Older students coast by on their bikes, passing through one of the Corridor's landmark entrances on their way to class at the university. During the day, elders gather to reflect and trade stories at the local Native American café. Window shoppers browse the Corridor's stores on their way to meet friends for lunch and to take in the latest Native exhibit or performance at one of the street's galleries. In the evening, families and friends of all backgrounds gather at the park to enjoy the season, discuss current events, and make plans to attend the upcoming community festival. There is a palpable energy along the American Indian Cultural Corridor stemming from its daily social and recreational activity, local arts and commerce, diversity of residents, and influx of visitors.

Narrative Explanation

The Cultural Corridor is located on East Franklin Avenue between 11th Avenue South and the Franklin Avenue Light Rail Transit station. This area has historically served as the urban heart of Minneapolis' Native American population. Franklin Avenue is currently home to several Native American organizations including NACDI, the American Indian Opportunities Industrialization Center, the Minneapolis American Indian Center, American Indian Community Development Corporation, Many Rivers housing complexes, and local tribal offices. Over 2,000 Native Americans live within the Phillips neighborhood, including the Little Earth Community two blocks south of Franklin Avenue. Building on existing assets in this location, the Cultural Corridor is an opportunity to continue economic renewal efforts on Franklin Avenue and reawaken American Indian cultures in Minneapolis.

The American Indian Cultural Corridor is a celebrated destination that honors and strengthens Native cultures. The Cultural Corridor provides a backdrop for Native Americans, neighborhood residents of all backgrounds, and visitors to experience and share in the sights, sounds and tastes of Minnesota's Native cultures. Public art and recognizable landmarks tell the stories of Native people in Minnesota. Green space surrounded by native trees and plants encourages gatherings that celebrate American Indian cultures through games, powwows and performances. Market space, restaurants, retailers, art galleries, and performance venues provide places where community members can hear Native languages spoken, enjoy traditional Indian meals, and experience first-hand the unique aspects of Minnesota's living heritage. A renewed vitality along Franklin Avenue offers American Indians a reason to stay and reinvest in the Phillips neighborhood, while visitors find a new and unique destination in Minneapolis.

Native American entrepreneurial activity along the Cultural Corridor helps to build an urban American Indian economy in Minneapolis and promote self-sufficiency through wealth generation and living wage

jobs. Corridor enterprises strengthen and prepare Native Americans for success in the 21st century. As Native Americans begin to own businesses and expand employment opportunities, the community can recycle more of its dollars and use its leverage to generate new growth. When neighborhood land values increase, more of the wealth created in the community will be retained as community assets. Business ownerships and Corridor jobs provide a renewed sense of hope and self-determination in Indian people as they realize their capacity to control their economic destiny.

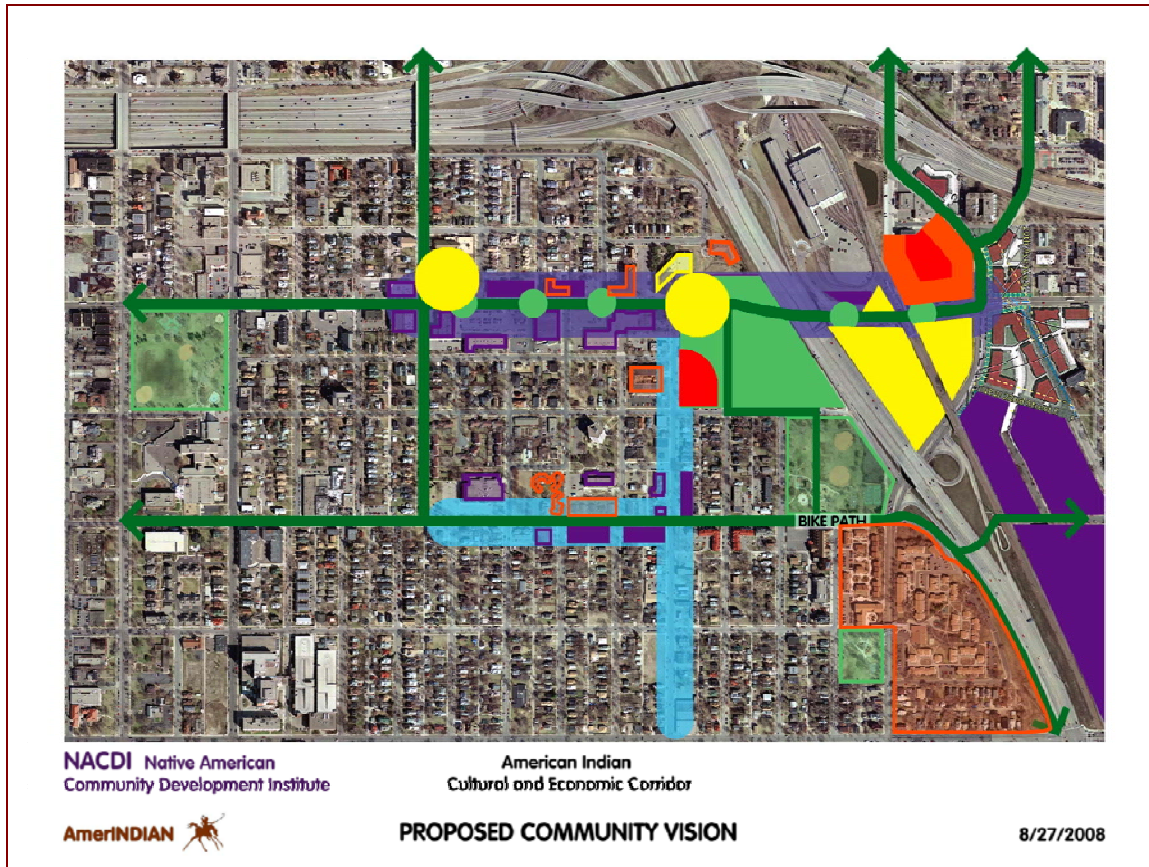
The Cultural Corridor is managed by an inclusive group that bridges the resources and efforts of both Native American and non-Native American stakeholders. Leaders of the Cultural Corridor work with existing organizations such as Franklin Avenue Business Association, Ventura Village Neighborhood Association, East Phillips Improvement Coalition, and Seward Neighborhood Group. Collaboration with public sector entities such as the City of Minneapolis, Hennepin County, and Metro Transit serves to strengthen and support Corridor planning efforts and infrastructure investments. Together with these local groups, the Cultural Corridor supports Native arts and cultures, local business improvements, social and recreational opportunities, public safety, and connectivity for pedestrians, bicyclists, and transit users.

While the Cultural Corridor strengthens the presence of American Indians in Minneapolis, it provides benefits to the community as a whole. The Cultural Corridor is a vibrant destination, giving both locals and visitors a new reason to enjoy Minneapolis. It honors Native cultures and spurs new economic growth. As the latest regional asset and example of sustainable community development, the Cultural Corridor is an exciting destination and presentation of Minnesota's heritage.⁵³

⁵³ "American Indian Cultural Corridor: Vision, Strategies and Actions"

Appendix B

American Indian Cultural Corridor Physical Development Framework



Legend:

- Yellow – Cultural Anchors*
- Red – Education and Training*
- Purple – Retail, Service, and Biz Tech*
- Light Purple – Retail Corridor with regional scale businesses*
- Light Blue – Social Services and small business*
- Orange – Housing*
- Light Green – Greenspace*
- Dark Green – Bike Path*

Appendix C

Community Development Financial Institutions Market Scan

Opportunity Finance Network members serving Minnesota

(indicates an organization serving the Twin
Cities)*

*** First Children's Finance**

212 N 3rd Avenue

Suite 310

Minneapolis, MN 55419

Phone: 612-338-3023

Fax: 612-338-4595

E-Mail: jerry@firstchildrensfinance.org

URL: <http://www.firstchildrensfinance.org>

Contact Person: Jerry Cutts, Executive Director

Area Served: IA, KS, MN, MO, ND, SD, TX, MI

Organization Type: Loan Fund

Lending Type: Community Facilities

Greater Minnesota Housing Fund

322 Minnesota Street

Suite 1310-East

Saint Paul, MN 55101

Phone: 651-221-1997

Fax: 655-221-1904

E-Mail: whanson@gmhf.com

URL: <http://gmhf.com>

Contact Person: Warren Hanson, President &
CEO

Area Served: MN

Organization Type: Loan Fund

Lending Type: Housing

*** Habitat for Humanity of Minnesota**

2401 Lowry Ave. NE

Suite 210

Minneapolis, MN 55418

Phone: 612-331-4439

Fax: 612-331-1540

E-Mail: jan@hfhmn.org

URL: <http://www.hfhmn.org>

Contact Person: Jan Plimpton, Executive
Director

Area Served: MN

Organization Type: Loan Fund

Lending Type: Housing

Initiative Foundation

405 First Street SE

Little Falls, MN 56345-0059

Phone: 320-632-9255

Fax: 320-632-9258

E-Mail: kgaalswyk@ifound.org

URL: <http://www.ifound.org>

Contact Person: Kathy Gaalswyk, President

Area Served: MN

Organization Type: Loan Fund

Lending Type: Housing, Business,
Microenterprise

*** Local Enterprise Assistance Fund**

One Harvard Street

Suite 200

Brookline, MA 02445

Phone: 617-232-8765

Fax: 617-232-9545

E-Mail: leaf@leaffund.org

URL: <http://www.leaffund.org>

Contact Person: Gerardo Espinoza, Director

Area Served: CA, DC, MA, ME, MN, NJ, NY, UT,
VT WI

Organization Type: Loan Fund

* Midwest Minnesota Community Development Corporation
P.O. Box 623
Detroit Lakes, MN 56502
Phone: 218-847-3191
Fax: 218-847-3192
E-Mail: info@mmcdc.com
URL: <http://www.mmcdc.com>
Contact Person: Arlen Kangas, President
Area Served: MN, ND, SD, WI
Organization Type: Loan Fund
Lending Type: Housing, Business, Consumer, Community Facilities

* Nonprofits Assistance Fund
2801 21st Avenue South
Suite 210
Minneapolis, MN 55407
Phone: 612-278-7180
Fax: 612-278-7181
E-Mail: kbarr@nonprofitsassistancefund.org
URL: <http://www.nonprofitsassistancefund.org>
Contact Person: Kate Barr, Executive Director
Area Served: MN, ND, WI
Organization Type: Loan Fund
Lending Type: Housing, Business, Community Facilities

* Northcountry Cooperative Dev. Fund
219 Main Street SE
Suite 500
Minneapolis, MN 55414
Phone: 612-767-2114
Fax: 612-331-9145
E-Mail: christina@ncdf.coop@ncdf.org
URL: <http://www.ncdf.org>
Contact Person: Christina Jennings, Executive Director
Area Served: MN, WI, IA, ND, SD, IL, IN, MI, KS, NE, MT, OH
Organization Type: Loan Fund, Credit Union

Lending Type: Housing

Northeast Entrepreneur Fund
8355 Unity Drive
Suite 100
Virginia, MN 55792
Phone: 218-749-4191
Fax: 218-749-5213
E-Mail: marym@entrepreneurfund.org
URL: <http://www.entrepreneurfund.org>
Contact Person: Mary Mathews, President
Area Served: MN, WI
Organization Type: Loan Fund

Northland Foundation
202 West Superior Street
Suite 610
Duluth, MN 55802
Phone: 218-723-4040
Fax: 218-723-4048
E-Mail: john@northlandfdn.org
URL: <http://www.northlandfdn.org/>
Contact Person: John Elden, Loan Program Manager
Area Served: MN
Organization Type: Loan Fund
Lending Type: Housing, Business, Community Facilities

* RAIN Source Capital
1600 University Avenue West
Suite 401
St. Paul, MN 55104
Phone: 651-632-2144
Fax: 651-632-2145
E-Mail: jwurzer@mincorp.org
URL: <http://www.rainsourcecapital.com>
Contact Person: Joan Wurzer, Investment Manager
Area Served: MN
Organization Type: Venture Capital

Lending Type: Business
Rural Electric Economic Development, Inc.
121 SE First Street, P.O. Box 227
Madison, SD 57042
Phone: 605-256-8015
Fax: 605-256-8057
E-Mail: lsalmonson@eastriver.coop
URL:
<http://www.eastriver.coop/programs/reed/>
Contact Person: Linda Salmonson,
Administrator
Area Served: MN, SD
Organization Type: Loan Fund
Lending Type: Business, Community Facilities

All Minnesota-Based Certified Native CDFIs

Cass Lake

Minnesota Chippewa Tribe Finance
15542 State Highway 371 NW, 15542 State
Cass Lake, MN 56633-0000
(218) 335-8582

Ogema

Community Development Bank, FSB
516 Main Street West, 516 Main Street West
Ogema, MN 56569-0038
(218) 983-3241

White Earth Investment Initiative
516 Main Street, 516 Main Street
Ogema, MN 56569-0038
(218) 847-3191

St. Paul

American Indian Economic Development
831 Como Ave W.
St. Paul, MN 55103-1463
(651) 917-0819

All Minnesota-Based Certified CDFIs

Bemidji

Northwest Minnesota Foundation
4225 Technology Dr. NW
Bemidji, MN 56601
(218) 759-2057

Cass Lake

Minnesota Chippewa Tribe Finance
15542 State Highway 371 NW, PO Box 217
Cass Lake, MN 56633-0000
(218) 335-8582

Coon Rapids

Anoka Sherburne County Capital Fund
299 Coon Rapids Blvd., Suite 12
Coon Rapids, MN 55433
(763) 786-0869

Detroit Lakes

Midwest Minnesota Community
119 Graystone Plaza, Suite 100, P.O. Box 623
Detroit Lakes, MN 56502-0623
(218) 847-3191

Duluth

Neighborhood Housing Services of Duluth,
224 East 4th St.
Duluth, MN 55805-1873

Northland Foundation

202 West Superior Street, Suite 610
Duluth, MN 55802-1944
(218) 723-4040

Little Falls

Initiative Foundation

405 1st Street SE

Little Falls, MN 56345-3007

(320) 632-9255

Minneapolis

African Development Center

1808 Riverside Ave., Suite 200

Minneapolis, MN 55454-1267

(612) 333-4772

Community Reinvestment Fund, Inc

801 Nicollet Mall, Suite 1700W

Minneapolis, MN 55402-2532

(612) 338-3050

First Children's Finance

212 Third Avenue North, Suite 310

Minneapolis, MN 55401-1437

(612) 338-3023

Franklin National Bank

525 Washington Avenue North

Minneapolis, MN 55404-1219

(651) 259-2221

Habitat for Humanity of Minnesota, Inc.

2401 Lowry Ave. NE #210

Minneapolis, MN 55418-2200

(612) 331-4439

Metropolitan Consortium of Community

Developers

3137 Chicago Ave

Minneapolis, MN 55407-1532

(612) 789-7337

Metropolitan Economic Development

250 Second Ave. South, Suite 106

Minneapolis, MN 55401-2168

(612) 259-6566

Milestone Growth Fund, Inc.

527 Marquette Ave, Suite 1915

Minneapolis, MN 55402-1302

(612) 338-0090

Extended

Nonprofits Assistance Fund

2801 21st Avenue South, Suite 210

Minneapolis, MN 55407-1229

(612) 278-7182

Northcountry Cooperative Development

219 Main Street, SE, # 500

Minneapolis, MN 55414

(612) 331-9103

Northcountry Cooperative Federal Credit Union

219 Main Street SE, Suite 500

Minneapolis, MN 55414-2152

(612) 331-9103

Northside Neighborhood Housing Services

1501 Dupont Avenue North

Minneapolis, MN 55411

Mt Iron

Arrowhead Community Economic

8880 Main Street, Bank Bldg. Box 406

Mt Iron, MN 55768

(218) 735-8201

New Prague

MIDWEST ASSISTANCE PROGRAM

P.O. Box 81, 212 Ladyslipper Av NE

New Prague, MN 56071-0081

Ogema

Community Development Bank, FSB
516 Main Street West, P.O. Box 38
Ogema, MN 56569-0038
(218) 983-3241

White Earth Investment Initiative
516 Main Street, P.O. Box 38
Ogema, MN 56569-0038
(218) 847-3191

Saint Paul

Sparc
843 Rice Street
Saint Paul, MN 55117-5421
(651) 488-1039

University Financial Corporation d/b/a
200 University Avenue West
Saint Paul, MN 55103-4501
(651) 259-2220

University National Bank
200 University Avenue West
St Paul, MN 55103
(651) 259-2220

American Indian Economic Development
831 Como Ave W.

St. Paul, MN 55103-1463
(651) 917-0819

Community Neighborhood Housing
35 West Water Street
St. Paul, MN 55107-2046
(651) 292-8710 x201

Greater Minnesota Housing Fund
332 Minnesota Street, Suite 1201 East
St. Paul, MN 55101-1314
(651) 221-1997

Neighborhood Development Center, Inc.
663 University Avenue, Suite 200
St. Paul, MN 55104-4966
(651) 291-2480

Park Midway Bank
2300 Como Avenue
St. Paul, MN 55108-1722
(651) 523-7800

RAIN Souce Capital, Inc.
1600 University Avenue West, Suite 401
St. Paul, MN 55104
(651) 632-2140

WomenVenture
2324 University Avenue, Suite 120
St. Paul, MN 55114-1854
(651) 251-0680

Appendix D

Examples of Potential Sources of CDFI Investment Capital/Debt

Adrian Dominican Sisters

<http://www.adriandominicans.org/>

CDFI Fund: Native American CDFI Assistance (NACA) program

http://cdfifund.gov/what_we_do/programs_id.asp?programID=3

Indian Land Tenure Foundation

www.indianlandtenure.org

McKnight Foundation

<http://www.mcknight.org/index.aspx>

Native American Community Development Corporation / Native American Bancorp

<http://www.nacdc.org/index.html>

Otto Bremer Foundation: Program Related Investments

<http://www.ottobremer.org/pri.php>

Oweesta Corporation

<http://www.oweesta.org/node/303>