The Untapped Urban Market: Attracting Business to the Inner City

P. Jefferson Armistead
May 1, 2001
National Intermediary

- LISC channels grants, investments, and loans to Community Development Corporations (CDCs)
- LISC is in 38 program areas, plus 70 rural communities
- Affiliates
  - National Equity Fund
  - The Retail Initiative
  - Community Development Trust
Who We Are, What We Do

LISC channels grants, investments, and loans to community development corporations (CDCs) across the United States—the nonprofit local organizations that develop housing and businesses, provide microbusiness assistance, strengthen local economies, perform essential neighborhood services, and assemble whole communities out of the individual energies of residents, entrepreneurs, volunteers, and government agencies.

Through hundreds of CDCs in 26 program areas, plus 6 rural communities, LISC helps communities create safe, attractive environments where markets can function effectively, and families find the goods and services they need close to home that they can afford.

LISC is an intermediary—a pipeline through which corporations, foundations, individual lenders, and government deliver capital and technical expertise to CDCs and their communities. Its programs and affiliates collectively ensure that resources go effectively to the organizations and projects where they are needed and where they will produce community assets of lasting value—homes, and shops, small streets, and public credit and employment programs, and durable institutions that preserve and enhance the local environment.

Several affiliated organizations supplement LISC’s work by attracting additional private capital for CDCs. Focused in particular investment goals.
Over the past 20 years, LISC has:

• helped build over 100,000 affordable homes
• 12 million square feet of commercial and industrial space
• supported 2,000 CDCs
• invested over $3.5 billion and leveraged it to raise over $7 billion in investment in low-income communities
Over the past 20 years, LISC has

- enlisted 2,200 corporations, foundations and individuals
- raised 90 percent of its funds from private sector sources and foundations
- grown to 38 local program areas
- 70 rural sites
In 2000,

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity</td>
<td>$177 million</td>
</tr>
<tr>
<td>Loans</td>
<td>$90 million</td>
</tr>
<tr>
<td>Grants</td>
<td>$25 million</td>
</tr>
<tr>
<td>Recoverable Grants</td>
<td>$6 million</td>
</tr>
<tr>
<td>LOC</td>
<td>$13 million</td>
</tr>
<tr>
<td>Affiliate Activity</td>
<td>$42 million</td>
</tr>
</tbody>
</table>
In 2000,

- Units: 6,575
- Sq. Ft.: 1,707,755
- Dev. Cost: $888 million
LISC Program Activity

- LISC and our CDC partners have always focused on both housing and economic development.
- With increased interest on the part of our CDCs and new targeted resources for economic development we are rebalancing our mix of housing and economic development activity.
LISC Approach to Economic Development

• Integrated approach to economic development in our communities
  – Promote neighborhood retail, commercial and business development
  – Provide workforce development
  – Integrate public safety and crime control with economic development
  – Mobilize resources to fund and build educational facilities and childcare centers
Business Development: Our Objectives

- Develop commercial and retail real estate
- Bolster the development and sustainability of inner city businesses
- Provide direct capital and mobilize funds from additional sources
- Mobilize stakeholders: local communities, businesses, residents, governments
- Develop organizational capacity and provide technical assistance
“Big Box Retail” can be the cornerstone for neighborhood commercial revitalization:

- LISC/TRI have provided over $30 million in financing or commitments to 22 projects representing over 1.5 million s.f. of retail.

- TRI’s $20.6 million in equity investments and commitments have stimulated the development of 9 projects representing 670,000 s.f. of retail and over $140 million in development costs.
TRI’s First Commitment

Harlem Pathmark

• $16.4 mm in total development costs
• $2.5 mm TRI Equity
• $2.0 mm LISC loan
• LISC provided technical assistance funding for CDC developer
<table>
<thead>
<tr>
<th>Location</th>
<th>Group</th>
<th>Project Description</th>
<th>Square Feet</th>
<th>TRI Investments</th>
<th>Total Development Costs</th>
<th>Commitment</th>
<th>Status</th>
<th>Year of TRI Commitment</th>
</tr>
</thead>
<tbody>
<tr>
<td>New York</td>
<td>The Abyssianian Development Corp.</td>
<td>Harlem Pathmark Supercenter</td>
<td>53,000</td>
<td>$2,500,000</td>
<td>$16,400,000</td>
<td>Invested</td>
<td>1994</td>
<td></td>
</tr>
<tr>
<td>Philadelphia</td>
<td>Triumph Community Dev. Corp./Baptist Church</td>
<td>Brown’s Thriftway</td>
<td>37,000</td>
<td>$1,000,000</td>
<td>$4,800,000</td>
<td>Invested</td>
<td>1995</td>
<td></td>
</tr>
<tr>
<td>New York</td>
<td>Mid-Bronx Desperadoes Dwight CDC</td>
<td>Pathmark SuperCenter</td>
<td>137,000</td>
<td>$3,500,000</td>
<td>$30,000,000</td>
<td>Committed</td>
<td>1996</td>
<td></td>
</tr>
<tr>
<td>New Haven</td>
<td>Dwight CDC</td>
<td>Shaw’s Supermarkets</td>
<td>71,000</td>
<td>$3,020,000</td>
<td>$16,200,000</td>
<td>Invested</td>
<td>1997</td>
<td></td>
</tr>
<tr>
<td>Chicago</td>
<td>Lawndale People’s Planning and Action Committee</td>
<td>Lawndale Plaza Shopping Center</td>
<td>98,421</td>
<td>$1,400,000</td>
<td>$10,700,000</td>
<td>Invested</td>
<td>1998</td>
<td></td>
</tr>
<tr>
<td>San Diego</td>
<td>City Link/City Heights CDC</td>
<td>Lucky Stores anchored center</td>
<td>111,000</td>
<td>$3,500,000</td>
<td>$33,100,000</td>
<td>Invested</td>
<td>1999</td>
<td></td>
</tr>
<tr>
<td>Dallas</td>
<td>Black State Employees Association of Texas</td>
<td>West Cliff Shopping Plaza</td>
<td>81,224</td>
<td>$1,200,000</td>
<td>$4,400,000</td>
<td>Committed</td>
<td>1999</td>
<td></td>
</tr>
<tr>
<td>Chicago</td>
<td>Fund for Community Redevelopment &amp; Lake Park Pointe Shopping Center</td>
<td>Lake Park Pointe Shopping Center</td>
<td>75,000</td>
<td>$1,000,000</td>
<td>$9,884,001</td>
<td>Invested</td>
<td>2000</td>
<td></td>
</tr>
<tr>
<td>Los Angeles</td>
<td>Concerned Citizens of South Central L.A.</td>
<td>Slauson Central Plaza</td>
<td>83,000</td>
<td>$3,500,000</td>
<td>$13,583,020</td>
<td>Approved</td>
<td>2000</td>
<td></td>
</tr>
<tr>
<td>Totals</td>
<td></td>
<td></td>
<td>663,645</td>
<td>$20,620,000</td>
<td>$139,067,021</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Neighborhood Main Street Initiative

• Initial four-year demonstration program delivered impressive results:
  – Five demonstration sites reported 197 net new businesses, 764 net new jobs, and $29.6 million in public and private investment

• Success has encouraged expansion:
  – 16 expansion sites in 10 cities with 141 net new jobs and $10.6 million of public and private investment

• 21 additional developing or potential Neighborhood Business Districts under active consideration
Neighborhood Main Street Initiative
Community Security Initiative

• Integrate community economic development with public safety and crime control
• Build enduring strategic alliances between CDCs, police departments and other diverse stakeholders
• Spur investment of human and financial capital to revitalize communities
Community Security Initiative

- Seattle Results:
  - International District boasts reduced crime rate, new multi-million dollar retail and residential complex, and vibrant businesses

- Kansas City Results:
  - Reduced neighborhood crime rate entices H&R Block to establish calling center, bringing 600 new jobs to the neighborhood

- Harvard’s Kennedy School of Government case study attests to the importance of these police-CDC partnerships
Economic development is the next wave of community development
LISC is seeking to deploy resources strategically and to leverage new federal initiatives
LISC is developing products to capitalize on New Markets Tax Credits and New Market Venture Capital legislation