



LISC NYC

Inclusive Creative Economy Fund Impact Report 2021

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#CREATIVITYLENS

LISC NYC is pleased to present this Impact Report for the Inclusive Creative Economy Fund for 2021.



THIS HAS BEEN A YEAR LIKE NO OTHER with the onset of the COVID-19 pandemic, as NYC's most disinvested neighborhoods bearing the brunt of the health, social, and economic costs across the city. While this has been a year of challenges, we are proud to detail the critical work of this fund and highlight the importance of investing in the inclusive creative economy. Investments, like the ones detailed in this report, demonstrate how deploying capital in this area is catalytic in supporting local economic development and creating accessible, high-quality jobs in NYC's most disinvested communities.

The NYC Inclusive Creative Economy Fund has raised just over \$6.2 million and is fully subscribed. While we are no longer accepting new investments, our experience with the Fund has validated the expectation that investors have an appetite for impact opportunities aligned with arts, design, culture, heritage, and creativity. The Fund has also achieved success in expanding LISC's sources of capital to include accredited individuals, family offices, and donor advised funds, among other impact investors. A complete list of the Fund's investors can be found on page [4] of this report.

These investor proceeds, combined with additional capital from LISC's balance sheet, have funded over \$18 million in loans across four projects—the Greenpoint Manufacturing & Design Center (GMDC) Ozone Park Industrial Center, the Brooklyn Navy Yard Development Corporation (BNYDC) Building 127, La MaMa Experimental Theater Club's project at 74 East 4th Street, and Evergreen Inc at 500 Stagg Street, Brooklyn. Information on each of these projects are found in this report.

We are pleased to report that the four projects will bring over \$111 million in total investment for their communities from public, private, philanthropic, and other sources. They bring a total of 205,500 square feet of new or renovated space to support quality jobs in the creative economy. The construction of these projects alone will result in approximately 350 jobs created and 107 additional jobs indirectly created throughout the supply chain.

The NYC Inclusive Creative Economy Fund, as with LISC NYC's other investments, is guided by our three pillars: (1) radical healing that counters racial bias and inequity, (2) inclusive economic transformation that prioritizes human talent, community health, diverse enterprises, innovation and public infrastructure; and (3) sustainable wealth generation in communities of color, including through ownership, asset building and career ladders.

Now more than ever, investments must prioritize the NYC neighborhoods that have long been left out of traditional economic development policy. LISC NYC looks forward to supporting the growth of the inclusive creative economy across New York City, and unlocking the potential in models such as the NYC Inclusive Creative Economy Fund. Thanks to each of the investors in the NYC Inclusive Creative Economy Fund for making these projects and their important impact on neighborhoods possible.

Sincerely,

Valerie White
Executive Director
LISC NYC

CREATIVE INDUSTRIES ARE AMONG the fastest growing in New York City, with more than 25,000 businesses providing nearly 300,000 jobs. But too often, these businesses face displacement pressures because of rising rents and real estate costs. More recently, this industry and those working within it have been devastated by the COVID-19 pandemic. The arts and culture sector, which represented \$7.4 billion in wages in 2019, has seen **66% decline** in employment due to COVID-19. Looking toward the future, investments must be made to ensure the sector can continue to grow and create good-quality jobs for NYC's disinvested communities.

The NYC Inclusive Creative Economy Fund provides loans to nonprofit and mission-driven organizations that own, lease and manage affordable space so that businesses and organizations in the creative economy can take root and grow. By establishing and preserving affordable spaces for business incubation, maker and artist studios, cultural activities, and light manufacturing, the Fund will foster quality middle-skill jobs for low- and moderate-income New Yorkers. By focusing on projects that provide ongoing access to affordable space, the Fund ensures that creative and cultural activities that would otherwise be at risk of displacement have an assured position in the New York City, and beyond the COVID-19 crisis.

The Fund enables accredited investors who are passionate about art, design, culture, and creativity to help inclusive creative businesses and cultural activities thrive in New York City. This is the first opportunity of its kind for investors seeking to align their portfolios with community impact by targeting capital to the inclusive creative economy. The NYC Inclusive Creative Economy Fund demonstrates how a creativity lens helps impact investors to see new, high-quality opportunities in the creative economy that meet their goals for social impact while realizing financial returns.

The Fund was developed in strategic partnership with Upstart Co-Lab, a national organization that connects impact investing to the creative economy. The fund is no longer accepting new investors. Notes purchased by existing investors pay 2.75 percent interest per annum and mature at May 31, 2026. Notes are general obligations of LISC, which has a nearly 40-year track record of investing in communities. LISC is rated AA- by Standard & Poor's and, since 1980, has borrowed and repaid—on time and in full—more than \$2.1 billion.



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‘The creative economy is not only one of the most rapidly growing sectors of the world economy, it is also highly transformative in terms of income generation, job creation and export earnings.’ But opportunities are often unevenly distributed and, unless efforts are made, the environmental toll of this growth can be severe. There is the chance now – before the sector grows even larger – to shape the creative economy to be more inclusive and sustainable.”

LAURA CALLANAN

‘Impact Investing in the global creative economy’
Creativity, Culture & Capital

Investors as of March 30, 2021

THE FUND HAS RAISED OVER \$6.2 MILLION from a range of investors that includes long-time community development investors and funders; foundations and endowed arts institutions; and motivated individuals and donor-advised funds.



The Altman Foundation	\$260,000
Benjamin Arnow	\$100,000
BNB Bank	\$1,000,000
Building for the Arts NY	\$100,000
Creative Capital	\$100,000
Lisa and Dick Cashin	\$250,000
Deutsche Bank	\$1,000,000
Elaine Chen Fernandez	\$250,000
Katherine Fulton and Katharine Kunst	\$100,000
Gary Hattem	\$100,000
ImpactAssets on behalf of the Enablement Fund	\$150,000
ImpactAssets on behalf of the Luna & Skye Giving Fund established by Lorrie Meyercord	\$100,000
Laurie M. Tisch Illumination Fund	\$250,000
MetLife Foundation	\$1,000,000
Thomas Middleton	\$100,000
Colleen A. Murphy	\$100,000
The New York Community Trust	\$500,000
Phillips Foundation	\$100,000
Kat Taylor	\$100,000
Woodcock Foundation	\$250,000
Anonymous	\$100,000
Anonymous	\$100,000
Anonymous	\$100,000

Loans Closed as of March 30, 2021

THE PROCEEDS RAISED FROM THE INVESTORS fund portions of the following loans, totaling almost \$18.7 million. All of the loans are current, with no delinquencies. One of the loans has been repaid.



BORROWER	Greenpoint Manufacturing and Design Center	Brooklyn Navy Yard Development Corporation	La Mama Experimental Theater Club Inc.	Evergreen Inc.: Your North Brooklyn Business Exchange
PROJECT	Ozone Park Industrial Center	Building 127	74 East 4th Street	500 Stagg Street
COMMITMENT AMOUNT	2,900,000	6,998,079	3,000,000	5,838,000
OUTSTANDING AS OF 3/30/2021	2,551,857	0	1,945,694	5,353,360
CLOSING DATE	11/15/2017	10/29/2018	3/22/2019	10/16/2019
TYPE	Construction/NMTC Leverage Loan	Construction/HTC Bridge	Construction/Bridge	Acquisition/Construction/Bridge
TERM	7 years	7 years	3 years	2 years
INTEREST RATE	5.85%	5.00%	6.00%	6.00%
PROJECT/LOAN STATUS	Completed, in repayment	Completed, repaid	Under construction, interest-only period	Construction to begin in April 2021, interest-only period.

LISC supplements proceeds from the NYC Inclusive Economy Fund notes with other capital sources on its balance sheet. 500 Stagg Street was able to be added to the fund after Building 127 was repaid.

Our project selection is rooted in LISC's three pillars of radical healing, inclusive economic transformation, and sustainable community wealth.



IN THAT SPIRIT, WE ARE SEEKING PROJECTS THAT:



Create high quality jobs with diverse education requirements that employ BIPOC



Are located in low- or moderate-income (LMI) communities and BIPOC communities



Proactively serve, employ, or create opportunities for the surrounding community



With borrowers who are mission-driven, BIPOC-led, and committed to long-term affordability

LISC will collect and report on impact measures such as:

- ▶ Industrial floor space created
- ▶ Tenants served
- ▶ Business owner demographics, including minority- and woman-owned business enterprises (MWBEs)

Evergreen Inc.: Your North Brooklyn Business Exchange is a membership organization that provides a variety of services to the industrial and manufacturing businesses of North Brooklyn, including assistance with finding real estate.

EVERGREEN HAS OWNED AND MANAGED industrial properties since 2008. They currently own and operate 4 properties totaling 22,400 in the immediately surrounding area ranging from 10,000 square feet to 3,200 square feet.

As neighborhoods like Williamsburg and Greenpoint attract new residents and businesses, the area's industrial real estate is under significant pressure from market forces seeking to convert industrial properties for office, entertainment, retail, and even residential uses. A Brownfield Opportunity Area study of the North Brooklyn Industrial Business Zone showed that from 2002 to 2015 the square footage of residential and commercial space increased by 95% and 300%, respectively while manufacturing square footage fell by 3% over the same time period.



On October 16, 2019, Evergreen successfully closed on the purchase of 500 Stagg Street in Brooklyn, its fifth building. The property is a 10,000 square foot warehouse that will be renovated into a multi-tenant manufacturing facility for three small businesses in the design and fabrication sector. 17 jobs are expected to be located at the site. The \$7.1 million project is being financed primarily by city funds which will be bridged by LISC NYC's loan of \$5.8 million.

Construction is expected to begin in April 2021.



Impacts to date

(PROJECTED FOR CONSTRUCTION AND OPERATIONS PHASES)

SPONSOR			
GREENPOINT MANUFACTURING AND DESIGN CENTER	BROOKLYN NAVY YARD DEVELOPMENT CORPORATION	LA MAMA EXPERIMENTAL THEATER CLUB INC.	EVERGREEN INC.: YOUR NORTH BROOKLYN BUSINESS EXCHANGE
PROJECT			
Ozone Park Industrial Center	Building 127	74 East 4th Street	500 Stagg Street
CONSTRUCTION JOBS (DIRECT)			
81	178	92	61
CONSTRUCTION JOBS (INDIRECT)			
22	48	21	9
OPERATING JOBS (DIRECT)			
78	263	16	17
OPERATING JOBS (INDIRECT)			
34	83	11	3



GMDC, Ozone Park Industrial Center

Bio: Greenpoint Manufacturing & Design Center (GMDC) creates and sustains viable manufacturing sectors in urban neighborhoods through planning, developing, and managing real estate, as well as offering related services. It has played a vital role in helping meet New York City's need for affordable, flexible production space for small- and mid-sized manufacturers, visionary designers, and artists and artisans looking to grow and thrive in New York City.

Impact: GMDC views supporting manufacturing and artisanal business as critical to contributing to the local economy and creating quality jobs for local residents. From a recent survey, 49% of tenants are either minorities or women, and 92% of employees live in New York City. Additionally, GMDC has commitment to hire minority and women owned business enterprise (MWBE) subcontractors for construction projects. The NYC Inclusive Creative Economy Fund supported GMDC's Ozone Park Industrial Center, the 85,000-square-foot space house the following tenants:

Woodworking:

- ▶ Bartenschlager Woodwork LLC
- ▶ Montford Workshop
- ▶ RP2 Woodworking Inc.
- ▶ Sons & Co Woodworking
- ▶ Spatial Relations LLC
- ▶ WP Millwork Inc.

Metalworking:

- ▶ Icon Fabrication, Inc.
- ▶ JPE Consulting

Antique Restoration:

- ▶ Vidal's Antiques Corp.

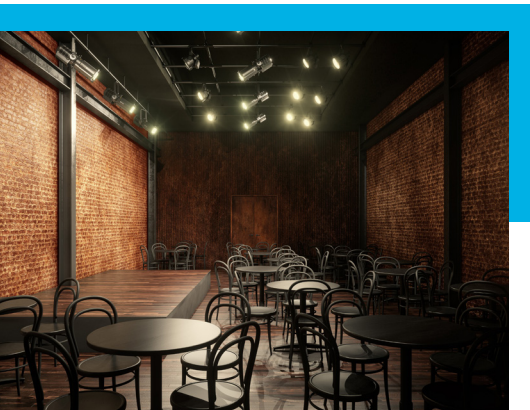


BROOKLYN NAVY YARD DEVELOPMENT CORPORATION, Building 127

Bio: The Brooklyn Navy Yard Development Corporation (BNYDC), a nonprofit that oversees the Yard on behalf of the City, develops, rehabilitates, and manages space in the Yard for job-intensive modern manufacturers. BNYDC's vision is to create a flourishing industrial sector that provides pathways for businesses to thrive and for New York City residents to access quality jobs.

Impact: To achieve BNYDC's vision, the organization creates and preserves quality jobs, anchors NYC's modern industrial sector and its businesses, and connects the local community with the resources and economic opportunity at the Yard. BNYDC aims to provide economic opportunities to the neighboring community, which includes several public housing developments. It operates an in-house employment center that helps businesses in the Yard to hire and retain their workforce, providing local residents access to high-quality job opportunities. The employment center serves nearly 2,000 jobseekers each year, filling more than 300 positions annually across over 150 businesses. The NYC Inclusive Creative Economy Fund supported BNYDC's Building 127. The 100,000-square-foot building supports the following tenants:

- ▶ Smart Design
- ▶ Daedalus Design & Production



LA MAMA EXPERIMENTAL THEATRE CLUB, 74 East 4th Street

Bio: La MaMa Experimental Theatre Club (La Mama), New York's premier Off-Off-Broadway venue, presents experimental work that pushes the boundaries of language and culture and showcases artists from around the globe. Since La Mama's founding in 1961, it has grown into a thriving community where artists of all backgrounds and identities can utilize performance spaces, rehearsal studios, an art gallery, and an artist dormitory.

Projected Impact: The NYC Inclusive Creative Economy Fund is supporting a 10,500-square-foot renovation and restoration of La MaMa's current space. The renovations will create separated performance spaces for increased usage, expand La Mama's educational and artistic programming for its socio-economically and culturally diverse community, and restore the building's facade to invite street-level interaction.



AS A COMMUNITY DEVELOPMENT financial institution, LISC has over four decades of experience aggregating and deploying mission-motivated capital from government sources, large foundations and financial institutions regulated under the Community Reinvestment Act. The premise of the Fund is to broaden LISC’s capital providers to include impact investors—accredited individuals, family offices, donor advised funds, and endowed institutions—all of whom are committed to supporting and advancing the creative sector. We also set out to test the notion that a new constituency of investors would be compelled by a broad definition of the “inclusive creative economy” that includes not just affordable spaces for artists, artisans, and performers, but also for manufacturers and makers. In the expanding creative sector, these distinctions among workers are becoming increasingly fluid.

The Fund was developed in partnership with Upstart Co-Lab, a field-building initiative that spearheaded the creation of a “Creativity Lens” for the impact investing industry. Upstart founder Laura Callanan’s strategic guidance was instrumental in all aspects of launching the Fund—from developing marketing materials, to educating potential investors and their advisors about the opportunity and its significance as part of her broader field-building effort.

LISC NYC’s work in this area began in 2016 with the support of Citi Foundation’s Community Progress Makers Fund, which provided a two-year capacity building grant to assist us in diversifying our local nonprofit borrower partners beyond our traditional housing focus. As this theme around New York City’s inclusive creative economy began to emerge, we were thrilled to receive a second Communi-

ty Progress Makers award in 2018. We are deeply grateful for Citi’s support of our work in this space. Citi, along with ArtPlace America, Deutsche Bank, The New York Community Trust, and Rockefeller Brothers Fund provided critical support that positioned us to evolve this work and launch the Fund.

The Local Initiatives Support Corporation (LISC) is a national nonprofit organization that equips underinvested communities with the capital, strategy, and know-how to become places where low- and moderate-income (LMI) Americans can thrive. LISC NYC, LISC’s flagship New York City office, was established in 1980. LISC NYC supports local partners whose services and programs aim to create a more equitable, inclusive, and sustainable New York City. Since 1980, LISC NYC has invested over \$3.1 billion and leveraged an additional \$7.6 billion in support of low-income communities. This has resulted in over 42,000 affordable homes built and nearly 2 million square feet of retail and community space preserved.

Since April 2020, LISC NYC’s investment strategy has been guided by three pillars:

- ▶ Radical healing that counters racial bias and inequity, including through community safety, creative placemaking, and arts initiatives;
- ▶ Inclusive economic transformation that prioritizes human talent, community health, diverse enterprises, innovation, and public infrastructure; and
- ▶ Sustainable wealth generation in communities of color, including through ownership, asset building, and career ladders.

THE NYC INCLUSIVE CREATIVE ECONOMY FUND REPORT was produced by My T. Chang, Senior Community Development Officer and Leah Martins-Krasner, Community Development Officer at LISC NYC.

Page 1: Cover Page

Rendering of 74 East 4th Street courtesy of La MaMa ETC

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Photo by Tim Soter, courtesy of GMDC

Page 3: Investment Premise

Photo by Tim Soter, courtesy BIGHEAVY STUDIOS

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Photo by Tim Soter, courtesy of GMDC

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Photo by Tim Soter, courtesy of GMDC

Page 6: Project Selection

Photo by Tim Soter, courtesy of Erik Bruce / GMDC

Page 7: New Project Profile

Photo courtesy of Evergreen Inc.: Your North Brooklyn Business Exchange. From left to right: Gary Goldenstein, Co-owner Allison Eden Studios, James Patchett, Former NYCEDC President & CEO, Allison Goldenstein, Co-owner Allison Eden Studios, Greg Schiefelbein, Director of Citi Community Development, Leah Archibald, Executive Director of Evergreen, and Benjamin Dulchin, Former Executive Director of ANHD

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Photos from left to right: Photo by Tim Soter, courtesy of GMDC; photo by Ricky Flores, courtesy of Brooklyn Navy Yard Development Corporation; and photo of The Foundry Theatre's Good Person of Szechuan by Pavel Antonov, courtesy of La MaMa

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Photos from top to bottom: Photo by Tim Soter, courtesy of GMDC; rendering by S9 Architecture, courtesy of Brooklyn Navy Yard Development Corporation; and photo courtesy of La MaMa

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Photo of La MaMa ETC archive by Sam Marks



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