

14 Solutions that Expand Job and Economic Opportunity, and Reduce Minnesota's Disparities

By *Jermaine Toney*

OVERVIEW

In this first of a policy brief series, the Organizing Apprenticeship Project (OAP) offers solutions that expand opportunity, reduce Minnesota's racial, gender and economic disparities, and highlight equity implications of the most pressing policy issues.

As the 2011 legislative session gets under way, Minnesota's elected officials and new governor face many challenges. The state's economic emergency is becoming a constant way of life, this time with a budget deficit of \$6.2 billion. Although economists declared the Great Recession over in June 2009, many in Minnesota are still experiencing economic hardship. A record-breaking 440,000 Minnesotans are on food stamps.¹ Recent home foreclosure rates remain ahead of the nation's rate.² Job seekers in Minnesota outnumber full-time job openings by 8-to-1.³ The state's unemployment rate hovers around 7.1 percent.

Meanwhile, for Minnesotans of color, the current unemployment rate for Latinos is 15.5 percent and for Blacks is 22.5 percent—two to three times higher, respectively, than the state's overall rate. Even more troubling is that women of color face the highest rates of unemployment with Blacks at 23 percent, Latino women at 16.3 percent and Asian-Pacific Islander women at 7.4 percent.⁴ "In the Minneapolis-Bloomington metropolitan area," a recent report by the Economic Policy Institute finds that "Blacks are three times as likely as whites to be without jobs, *regardless of income and education.*"⁵

Racial equity and the state's long-term economic vitality are directly related. When Minnesota's elected officials discuss job creation, they have to keep in mind what *types* of jobs need to be created. **It is important to remember that communities of color, women and low-income people are hit the hardest among the jobless. This is an important highlight that illustrates the need to incorporate racial equity into any economic recovery effort.**

Over the next 25 years, one in four Minnesotans will be a person of color, American Indian or a new Minnesotan and younger on average.⁶ As the population of our communities of color and new Minnesotans continue to grow, failure to equitably educate our growing multicultural, multiracial, and poorer children will lead to underemployment and a dwindling tax base at a time when the state needs a well-educated workforce to drive economic growth and sustain

economic vitality. With a dwindling tax base due to underemployment, seniors most likely will be short changed in Medicare benefits and our children will suffer as public education will remain underfunded. Without making racial equity outcomes a priority for economic vitality, according to Brookings Institution studies, Minnesota will land at the rock bottom of the charts in education, health care, income, homeownership, innovation and competitiveness.⁷

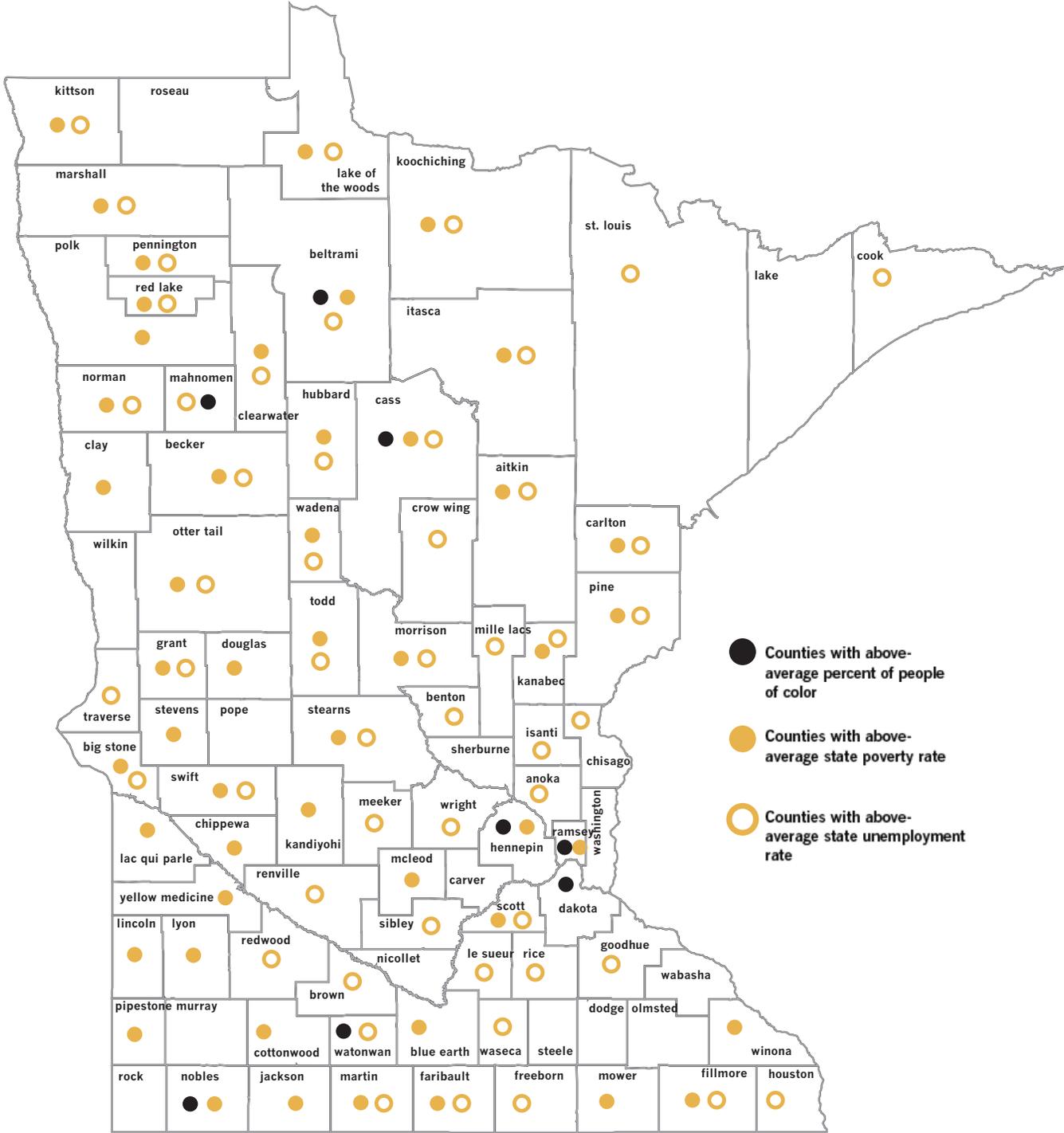
Conversely, research finds that when decision makers **invest in racial equity**, such investment **translates into explosive short- and long-term rewards to the economy** and to the social well-being of the community. According to a 2008 study by the U.S. Department of Commerce, when the number of businesses owned by people of color and American Indians is expanded to reflect the proportion of people of color in the overall population, there would be a sizable increase in economic growth. The study finds that there would be an **increase of 31,964 businesses, generating \$34 billion in gross receipts and employing 110,565 workers.**⁸ Simply put, a **strong commitment and investment in racial equity for jobs and economic opportunity has to be a foundation to Minnesota's economic vitality, both now and in the future.**

MOVING FORWARD

As public officials work to turn around the state's ailing economy, there are programs, policies and practical ways to make racial equity outcomes part of the solution for our economic vitality. **OAP researched and compiled 14 initiatives that represent the best thinking of leading groups in the jobs and economic opportunity arena—to guide the governor and lawmakers when taking steps—to promote economic growth in the urban, suburban and rural areas of the state.**

We used a set of criteria to select the priorities for this policy brief. They include: (a) local or state initiatives that reduce racial, economic, gender disparities and address long-term challenges of the state; (b) initiatives that keep wealth building local and expand the contributions of communities of color, American Indians and new Minnesotans, women and poor Minnesotans; (c) innovative public-private partnerships that position our state and regions to lead and; (d) public investment decisions that hold a moderate price tag but have positive ripple effects across issues that affect Minnesotans.

IN MANY OF MINNESOTA'S COUNTIES, POVERTY IS ABOVE AVERAGE, UNEMPLOYMENT IS ABOVE AVERAGE AND RACIAL DIVERSITY IS THROUGHOUT



Sources: County poverty rate (9.5 percent) based on 2007 U.S. Census; unemployment rate (5.4 percent) 2008 U.S. Census; people of color (13.9 percent) 2007 U.S. Census.

PRESERVE LOCAL AND STATE PROGRAMS THAT SPUR ECONOMIC GROWTH IN URBAN, SUBURBAN AND RURAL AREAS

1. Strengthen investment in the Urban Initiative Program (UIP) that promotes entrepreneurship and business development among Minnesotans of color and women. Created in 1993, the UIP was established by the state legislature and Republican Party Governor Arne Carlson to boost job creation in selected low-income communities in Twin Cities urban and suburban areas, from Brooklyn Park to Bloomington and St. Louis Park to South St. Paul. Through this program, nonprofit organizations that are state certified receive grants, which they in turn loan to eligible businesses owned by people of color and women. According to the Minnesota Department of Employment and Economic Development, between January 1995 and June 2009, this department made loans available to 541 businesses; 93 percent of loans were awarded to businesses owned by people of color and women. **Those enterprises were invested with \$13.5 million, which has generated an additional \$54 million in business development. Other impacts include \$4.7 million was repaid and these companies created 442 jobs wherein the average wages paid was \$13.73 per hour.**⁹ Most of the job creation came from more hiring within existing businesses in neighborhoods facing some of the Twin Cities metro area's highest poverty and unemployment rates. **As public officials consider reforming state government, we have to make sure that the UIP is sustained.**

2. Establish an asset-building assistance program for low- and moderate-income beginning farmers modeled on the successful Individual Development Accounts (IDA) for entrepreneurs. Since 1998, the Land Stewardship Project (LSP) has been running the Farm Beginnings program, which teaches skills on how to build a business and financial plan and use low-costs, sustainable farming techniques. The program has been designed to be inclusive of women farmers, immigrant farmers, and low-income farmers. Since the start, 228 of the 380 participants are still farming. Lack of access to startup capital for the purchase of land or equipment is a substantial barrier for beginning farmers, especially moderate-income farmers; immigrant farmers; and farmers pursuing innovative sustainable farming practices. The asset-building program IDA is an effective and innovative way to address this issue. In this program, the savings of qualified participants are matched by a combination of state, federal and private funds.¹⁰ Currently, Minnesota has a very successful IDA program tailored to low-income homebuyers and entrepreneurs that could be adapted to meet the needs of moderate-income beginning farmers. In 2002, California set up the first IDA program focused exclusively on serving farmers of color, immigrant farmers and low-income farmers who did not hold significant amounts of assets. The program has steadily supported more than 15 people, including: immigrant farmers who have worked on farms for two generations to purchase land that will hold a marketing facility; a young couple who did not inherit land from family, but who worked other jobs to acquire property so they could tend to their sustainable live stock operation. **We have to establish this innovative idea in Minnesota.**

3. Increase the availability of effective venture capital investment networks for small businesses, including those owned by people of color and women. While white families have a median net worth of \$165,694, families of color and American Indians in Minnesota have five times less, around \$32,200.¹¹ Without access to capital, businesses cannot get off the ground to hire people and improve the community's economic activity. The extraordinary challenges that entrepreneurs of color and American Indian entrepreneurs face are very real. The erosion of property values and the tightening of national credit opportunities that have made it nearly impossible to find and extract capital needed to launch or expand a business have exacerbated this gulf. Research shows that open and fair access to financing and investment networks play a major role in expanding business activity among people of color and women.¹² However, according to the Itasca Project, Minnesota lags behind its peer states and the nation in venture capital investment for startup and early-stage businesses that both encourage and increase access to funding for businesses.¹³ Recently, Minnesota made a step in the right direction.¹⁴ During the 2010 legislative session, lawmakers enacted an "angel" tax credit—totaling \$22.5 million over five years—for individual investors that specifically support science and technology companies who have been operating for less than 18 months. **We must make sure that small businesses owned by people of color and women proportionately and fairly benefit from current and future increases in venture capital investment for startup and early-stages operations across the state.**

PUBLIC-PRIVATE PARTNERSHIPS THAT WORK

4. Enforce purchasing and contracting programs that spur greater job growth and effective development of small businesses. One recent example is the Minnesota Ballpark Authority's contract compliance assistance offered to its general contractor to help identify and assist businesses owned by people of color and women in bidding on and securing work from the Target Field project. Two factors drove their excellence and equitable outcomes. First, state legislation was passed that set the rules of the game, **authorizing Target Field's \$350 million in funding and putting forth ambitious hiring equity goals in construction and community-based training program participation.** Second, there was the practice of having the public owner of the project contract with a third-party economic development organization to help promote equitable outcomes and inclusion, as well as meet goals for the participation of small businesses and businesses owned by people of color and women. The Ballpark exceeded all standards. The goal for small businesses owned by women and people of color was 30 percent; actual participation was 4 percent higher. **That translated into \$108 million committed to 130 different local small businesses owned by people of color and women. Further, the project's hiring equity goals included employing 25 percent workers of color and 5 percent women workers; actual figures were 1 percent and 2 percent higher, respectively.** In regards to community-based workforce programming, by December 2009, 62 people from six different training programs had been hired in trades of carpentry, ironwork, bricklaying, roofing, and sheet metal work.¹⁵ Racial equity and economic vitality are directly related. **We must integrate the guidance from this model into future decisions around bonding proceeds and broader public investment decisions in job creation.**

5. Strengthen public-private partnerships to improve the climate for equitable business and workforce development in Minnesota Department of Transportation (Mn/DOT) projects. Improving business development opportunity leads directly to improvements in the jobs climate. Construction work in public transit development is one of the last industries wherein workers without a college education can get a good job with family-supporting wages and get on a path to wealth. However, in both 2007 and 2008, Mn/DOT failed to meet overall annual Federal Highway Administration (FHWA) and Federal Transit Administration (FTA) goals for contracting with disadvantaged business enterprises (DBE) owned by people of color and women. In 2007, the FTA set an overall standard for DBE participation at 8.3 percent; actual participation was only 7 percent. In 2008, The FTA set the goal a little lower at 6.4 percent, yet DBE participation was only 3.75 percent. In that same year, the FHWA set an overall goal of 12.8 percent for contracts, but DBE engagement barely hit 4 percent. As a consequence, Mn/DOT has undermined broader job growth and a better business climate for underrepresented workers in Minnesota. **A public-private partnership model, HIRE Minnesota, a coalition of 70 diverse organizations and more than 2,000 Twin Cities residents, has been engaging the Mn/DOT in a process called the Collaborative, forming 10 work groups that are developing strategies to close the business development and employment gaps in Mn/DOT's contracting and hiring goals for people of color and women.** As stated earlier, research indicates that with a strong commitment to public investments in equity in DBE and workforce participation goals the state can get more people back to work, creating more tax revenue, diversify businesses development, and create long-term structural change that fosters real equal economic opportunity. **Make it happen.**

6. Help the Metropolitan Council achieve its hiring equity goals for workers of color and women workers on the Central Corridor Light Rail Transit (CCLRT) development. The CCLRT is the state of Minnesota's largest public infrastructure investment, an 11-mile transportation line connecting downtown St. Paul with downtown Minneapolis. It is expected to be in operation by 2014. Given the budget of nearly one billion, the project estimates 800 jobs in construction and management each year through 2014. Projections have also included goals for hiring workers of color and women workers, 18 percent and 6 percent, respectively, according to the Minnesota Department of Human Rights. However, **a recent progress report found that the Central Corridor is running behind schedule on meeting these goals, as evidenced by the early-stage work.**¹⁶ One subcontractor, CKC Contracting, logged 5,000 hours worked with not one hour done by a worker of color or woman worker. Further, where utility relocation on Fourth Street in St. Paul is nearly done, Bolander and Sons reported only 9 percent of its hours for workers of color and 4 percent for women workers. **Without a commitment by the Metropolitan Council and Mn/DOT, public investments in construction projects will continue to result in inequitable outcomes and undermine Minnesota's economic recovery by reinforcing racial and gender disparities. There are contractors and underrepresented trade unions that diversify the skilled construction trades with workers of color and women workers. Require the kind of training, mentoring, and capitalization programs beginning to emerge from the Mn/DOT Collaborative.**

7. Encourage customized job-training programs and other workforce development initiatives through public-private partnerships between businesses and cultural communities. Throughout the state of Minnesota, there are a growing number of people in transition: from one job to another, from unemployment, welfare or prison to the workforce. However, thousands of people are not equipped to benefit from the “work first” model of basic job and skills training. Many residents may not speak English, and a significant percentage never had a job of any kind. Those with some work history and skills find it difficult to find a job for which they are qualified. Plant closures and widespread layoffs have wiped out jobs for which people had skills. Employment Solution Inc. (ESI) developed a targeted approach that reaches deeper into communities of color and low-income communities, and that builds up the individual’s capacity and skills to get access to family-supporting wages and economic stability to create wealth. ESI is a new **collaboration of the St. Paul Port Authority, the Midway and St. Paul Area Chambers of Commerce, cultural communities, and community-based organizations.** ESI developed the **Comprehensive Community-Based Workforce Development Model rooted in the concept of “first” step and “next” step for East Side residents of St. Paul.** Local community members worked with partners to co-construct the employment and training solutions that would be most appropriate, while allowing participants to benefit from these opportunities. **The results included the successful training and job-placement opportunities for 112 people that were enrolled in the intensive program from the East Side neighborhood; 86 percent were from communities of color and immigrant communities, and most were women. Most graduated from the program, and 52 people (44 percent) were working by the end of the initiative.**¹⁷ As you consider reforming workforce development, we have to bring this model to scale in state legislation that builds in a new pathway to jobs and training through community engagement and public-private partnerships that work.¹⁸

LEGISLATIVE RECOMMENDATIONS THAT EXPAND ECONOMIC OPPORTUNITY WHILE REDUCING RACIAL, GENDER AND ECONOMIC DISPARITIES

8. Re-launch the Minnesota Emergency Employment Development (MEED) program to efficiently get Minnesotans back to work. Minnesota must generate jobs for the entire population and must mind the gap between unemployment rates for white workers and workers of color. One proven solution is a statewide wage subsidy program for disadvantaged workers, administered through the Workforce Service Areas. **From 1983 to 1987, the MEED program put 7,400 people to work in its first six months and more than 42,000 in three years. A smaller program, the \$1.5 million Iron Range Resources Wage Subsidy Program, currently is operating through the Workforce Centers in Northeastern Minnesota. Between 2009 and 2010, this program has been a lifeline for 84 small businesses that in turn hired 230 new workers in the Iron Range area.** A state investment of \$200 million per year would provide for 12,000 jobs at a cost of \$16,000 per job. Some or all funding could be secured from the federal government through the Workforce Investment Act program, the Temporary Assistance for Needy Families (TANF) program, or a federal waiver to use

Unemployment Insurance and extension funds. At least 75 percent of funds must be spent on direct wage subsidies to employers, at least 5 percent on training, and the remainder on program operation and worker supportive services. Jobs would pay at least \$9 an hour plus benefits or, in the nonprofit sector, a no-wait waiver for the health program MinnesotaCare. Jobs must not displace current workers, and a union sign-off would be required if a collective bargaining unit is involved. In the private sector, 80 percent of an employee's wages would be subsidized up to a maximum of \$10 per hour for six months. Priority would be given to unemployed workers who are eligible for General Assistance or the Minnesota Family Investment Program, armed services veterans, or who have exhausted their state-funded Unemployment Insurance benefits. A considerable proportion of women and people of color could be expected to meet these criteria. **We must re-launch the statewide program through state legislation or state agency administrative action.**

9. Increase the state minimum-wage to improve the lives of working families and boost the state's economy. A study by researchers at the University of Minnesota has estimated that at least 19 percent of the Minnesota workforce, or 539,000 workers, would benefit from a minimum-wage increase.¹⁹ Although the majority of workers benefiting will be white,²⁰ the proportion of benefiting workers among Blacks, Latinos and women will be higher than the respective proportions among whites. Many states have set state minimum wages above the federal rate, because the federal minimum wage has not kept pace with inflation, meaning that the real value—the purchasing power—has dropped. JOBS NOW Coalition's cost-of-living research shows that at the current federal minimum-wage of \$7.25 per hour, a couple with two children in Minnesota would have to work 155 hours a week to meet basic needs. Although Minnesota did set a higher standard in 2005, today our state minimum-wage, at \$6.15, lags behind the federal. That's the same as having no state law at all, because the higher of the two—federal or state—is supposed to prevail. The overall economic effects of a minimum-wage increase would be positive. Studies show that for every dollar increase in the minimum-wage, families with minimum-wage workers will increase spending by more than \$800 per quarter. After 30 years of state and federal minimum-wage increases, no study has found notable job loss. The retail price effects of minimum-wage increases also are minimal, with economists estimating price hikes of less than 1 percent at restaurants, gas stations and retail stores paying minimum wages. **We must increase the minimum wage in Minnesota.**

10. Require "U6" underemployment reporting. Minnesota must be required to report underemployment as well as unemployment. We cannot solve dynamics we cannot see. The unemployment rate leaves invisible many willing and able workers who lack jobs or lack enough work to support their families. Minnesota should be required by state law to report the underemployment data labeled "U6" by the U.S. Department of Labor. "U6" underemployment reporting would give visibility to persons currently made invisible by the unemployment rate. People not counted by the current unemployment rate include discouraged workers who have stopped searching for work because they have looked for so long without results, people working part-time or temporary jobs until they can get full-time work, and people who have exhausted their lifetime limit on welfare benefits but are not yet working. The unusually high

unemployment rate of Black workers in the Twin Cities metro area, coupled with the unusually low wages paid to Black, Latino, and female workers, suggest that a high percentage of each of these groups likely would appear in “U6” data, revealing even greater gaps in employment and wages than are currently visible between white workers and workers of color, and between male and female workers. **State law must require “U6” reporting.**

INVESTMENT IN PROGRAMS THAT CONCENTRATE ON REDUCING DISPARITIES FOR COMMUNITIES OF COLOR, WOMEN, NEW FARMERS AND AMERICAN INDIANS

11. Expand support for affordable homeownership for present and future generations.

Minnesota leads the nation in homeownership rates, but it trails the nation in homeownership among people of color, American Indians, and new Minnesotans. In 2003, Minnesota had a homeownership gap of 32 percent between whites and Minnesotans of color; the eighth largest gap in the U.S.²¹ That gap has been widened by unfair lending practices that fueled higher foreclosure rates in areas where communities of color, immigrants and the new poor of suburbs reside.²² As a response, The City of Lakes Community Land Trust (CLT), a nonprofit in Minneapolis, has been using innovative strategies to strengthen access to and preserve homeownership, taking its approach deeper into local communities through supporting homeowners beyond the closing date and allowing space for resident leadership. **Community land trusts are community organizations that purchase and hold onto land in order to sell affordable housing to lower- and middle-income families.** More than this, community land trust preserves affordable housing ownership opportunities for next generations. When a low-income family sells their house, it becomes available to another family with a low income. **Between 2004 and 2009, the City of Lakes CLT has used this approach to propel over 100 low-income households and families into homeownership, nearly half coming from communities of color.**²³ To compare, communities of color accounted for over one-third (35 percent) of Minneapolis’ population, yet only 15 percent of the city’s homeowners, according to the U.S. Census. **This innovative community development model has to be maintained and expanded as an approach that addresses racial and economic inequities and boosts neighborhood recovery.**

12. Boost funding for single-family and multifamily housing construction and renovation that creates more good jobs for Minnesotans.

According to the Mortgage Bankers Association, Minnesota holds the 12th highest foreclosure rate in the U.S.²⁴ The rise in foreclosures has weakened neighborhoods, as they have brought abandonment and blight in rural areas, in suburbs and especially older cities of our state. North Minneapolis, predominately populated by people of color, is one of Minnesota’s neighborhoods that have been the hardest hit by foreclosures; even the property values of the homes not in foreclosure have dropped by a staggering 44 percent between 2007 and 2008. Homes that are foreclosed and abandoned present an opportunity to be acquired, rehabilitated, and resold. Ending long-term homelessness is also an opportunity.²⁵ Additional investments in housing will help put many Minnesotans into housing. Simultaneously, it will put Minnesotans back to work.

Estimates show that if the Minnesota Housing Finance Agency and its partners were to annually invest an additional \$200 million on single- and multifamily housing construction, it could create 3,200 more jobs.²⁶ That would break down to \$36 million from Minnesota Housing and \$164 million from its partners, which are typical amounts for (re)constructing single- family and multifamily homes. For jobs, that would mean 1,660 jobs created in the residential construction industry and another 1,550 in related industries like building materials, as well as the resultant general support for the economy. Although workers of color and women workers are grossly underrepresented in the overall construction industry,²⁷ there have been good efforts in the city of Minneapolis in conjunction with foreclosure work through Neighborhood Stabilization Program. In the third quarter of 2010, over 740 foreclosures were prevented. Nine percent of all hours were worked by women, and over 15,000 hours were clocked by workers of color.²⁸ **Future efforts by state legislature and local governments have to make sure that hiring equity in these jobs is central to housing renovation, construction and an equitable neighborhood recovery.**

13. Assist beginning farmers with access to land through creating tax incentives for established farmers or landowners to rent or sell land to them. One of the biggest barriers to entry into farming is access to land. One policy proposal that addresses the issue is to create tax credits for landowners who rent or sell land to beginning farmers. This tax credit would be available to such landowners in an amount equal to 10 percent of the cash rental price for up to three years or 5 percent of the sale price. The beginning farmers would be eligible for a \$500 tax credit per year to cover the cost of farm management classes to help ensure their success. According to U.S. Department of Agriculture (USDA) statistics, only 15 percent of low-equity young farmers obtain land by purchase and that the overwhelming majority of land acquisition is through renting. A USDA study has suggested that farm programs should be reoriented toward assisting low-equity beginning producers to successfully compete in rental markets. A policy change would accomplish that through helping landowners overcome the risk aversion to renting to a beginning farmer. The average age of a farmer has increased to 55 from 52 in 2002. Meanwhile, tenant ownership of farm land is decreasing from 9.5 percent (7,502 in 1997) to 6.4 percent (5,173 in 2007).²⁹ The looming retirement of farmers and other land that comes up for sale present a big opportunity for next-in-line farmers. However, too often, beginning farmers cannot compete with the largest farmers and real estate developers who have ready cash. A policy change in this area would give some reward and reason for people selling to keep the land in agricultural use by a beginning farmer. The return to the community of having more people on the land is tremendous and well worth the investment. This concept has been successfully implemented in Nebraska and Iowa. Since 2000, Nebraska's program has benefited 250 beginning farmers who are still farming on the same lands they rent or own.³⁰ Without the program's tax incentives, these farmers would not have gotten the chance to farm. **We have to level the playing field for new farmers—including immigrant farmers, women farmers and low-income farmers—to compete for land rental and ownership in rural Minnesota.**

14. Invest in public-private partnerships that acquire land assets for neighborhood development. The Native American Community Development Institute desires to use land banking as a strategy that aligns with the American Indian community vision to awaken a cultural corridor along Franklin Avenue in Minneapolis. Land banking is a strategy that generally flies under the radar, yet it is a powerful approach to local economic development.³¹ This strategy allows local community institutions to control and maintain physical assets in their community. Without the control of land, community development is essentially impossible because the community's vision will not be realized, even leading to destruction of neighborhoods through the pressures of gentrification.³² Minnesota has two frontrunners on land banking, Hope Community Inc. and the Neighborhood Development Center (NDC). Both offer the following three lessons learned as guidance for public officials and investors:

- ✦ **A. Using community engagement to shape vision leads to broader ownership of development.** Regularly conduct listening projects and community-engagement sessions with neighborhood stakeholders and incorporate the aspirations and findings into its projects vision.
- ✦ **B. Collaboration among numerous nonprofit and for-profit partners and forming a legal entity (i.e., limited liability corporations) to acquire land builds on strengths.** Relationships across sectors stretch the strengths and capacities of partners in ways that are beneficial to negotiations around land acquisition. For example, the University-Dale project in St. Paul is a collaboration of five nonprofits and one for-profit organization. In Minneapolis, Hope Community's success with smaller projects was used as leverage to bring on a larger partner to move on bigger development projects.
- ✦ **C. Affirmative funding commitments support the preceding lessons and stronger development.** Hope Community established and used a partnership framework to attract key seed funding for land acquisition. The Jay and Rose Phillips Foundation funded Hope's Opportunity Fund. Also, individual donors funded smaller pieces of strategic acquisitions. Once Hope had cobbled together enough land and predevelopment funding for the projects, they attracted the fuller amounts needed from city, county, state, and private financial sector. Working with partner Aeon on the Franklin-Portland Gateway, three of the four buildings are finished. So far, the Gateway offers 126 units of rental housing (97 affordable, including four units for the long-term homeless, and 29 market rate; 25,000 square feet of commercial space, which includes Hope Community's offices and a community center where hundreds of community people participate each year and two small businesses owned by people of color, a neighborhood market and a day care center. Also completed are four ownership townhouses that are part of the City of Lakes Community Land Trust. The final phase will include 120 units of rental housing.
 - The NDC and its partners for University-Dale land banked a property over 5 years as the project was being put together. Much of the property for the project has been acquired with a deferred loan from the city of St. Paul. 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 loan from the Local Initiatives Support Corporation. This project will feature seven retail spaces, 86 percent of which will be owned by entrepreneurs of color from the neighborhood that have graduated from NDC's program. This project will spur local ownership, hiring and management. The project offers transit-oriented development wherein the building is brought to the street level, close to light rail transit; green features that are less wasteful on environment; mixed-use development where housing is upstairs and retail is downstairs. **As city, county, state governments and public and private investors think about future investment in neighborhood recovery, invest in land banking.**

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ENDNOTES

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- 8 United States Department of Commerce Minority Business Development Agency. 2008. "The State of Minority Business: Minnesota." Washington: U.S. Department of Commerce. Businesses owned by people of color and American Indian businesses are most concentrated in health care, social assistance, professional, scientific and technical services.
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- 10 The savings can be used only to purchase an asset for the business and the participant is required to take financial management classes and create a business plan. The relatively modest public investment is returned through increased economic activity created over the lifetime of the business created. This program also helps target asset building funds to the low income people who need them most.
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