



Mayor Jacob Frey
Inclusive Economic Recovery
Work Group Report

March 28, 2022

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Part 1: Executive Summary

Mayor Frey announced the creation of the Inclusive Economic Recovery Work Group (Work Group) in November 2021. Our charge was to recommend and accelerate strategies for equitable, inclusive economic recovery from the impacts of the pandemic and civil unrest of 2020. He asked us to create strategies that:

- The City and Work Group members can work on together
- Emphasize ownership

Our 25-member¹ Work Group includes:

- Representatives of community-based organizations
- Employment and training providers
- Labor representatives
- Economic development practitioners
- Community members
- Small business owners
- Other stakeholders

Together, we reviewed and built on the work and recommendations of the Minneapolis Forward Community Now Coalition², which was:

- Formed shortly after the 2020 unrest
- To develop a set of legislative, program, process and investment recommendations that yield immediate and long-term economic transformation, recovery, and healing of Minneapolis.

We met five times from early December 2021 through mid-February 2022. Meetings were structured around three interdependent topic areas.

- Workforce
- Housing
- Entrepreneurship and small business

We identified an overarching goal: to recreate the Black middle class in Minneapolis. [See Part 4](#)

- The recommendations in this report are aimed at achieving this goal.
- Our time-limited meetings did not allow us to develop the details and strategies required to achieve and sustain this goal. We recommend that you develop and expedite the implementation of those strategies.

Our recommendations in each of the three topic areas strive to:

- Align, leverage and scale investments
- Expand access to capital for entrepreneurs, businesses and first-time homebuyers
- Expand partnerships, advocacy and innovation
- Increase outreach and awareness

At our final meeting, we also identified legislative priorities related to our recommendations. All topic area and legislative recommendations are outlined in this report. [See Part 5](#)

Finally, we recommend that City staff develop program evaluation metrics, using data disaggregated by race and ethnicity, to assess their effectiveness in reducing racial disparities in income, employment, education, housing, and/or ownership.

¹ The Work Group initially included 28 members with three members withdrawing due to work and scheduling issues

² More information about the coalition and its eight areas of action and recommendations can be found on the City's website by searching [Community Now Coalition](#).

Part 2: Background

In November 2021, Mayor Frey created three work groups to help guide him and his administration throughout his term. Our Work Group was one those.

Our mission statement

We were charged as follows: recommend and accelerate strategies, with an emphasis on ownership, for equitable and inclusive economic recovery, that we can work on together, leveraging our collective strengths.

Our guiding principles

We adhered to the following principles:

- Center equity to ensure that those historically left out of economic growth realize benefits of recovery, especially Black, Indigenous, and people of color (BIPOC) residents, businesses and communities.
- Focus on strategic and systemic changes needed to transform Minneapolis into a stronger, equitable, inclusive, resilient and innovative City.
- Leverage partnerships so that the whole is greater than the sum of its parts.
- Develop viable strategies that will yield short- and long-term measurable results.

In conducting our work, we were mindful that the mayor tasked members with providing recommendations that reflect unity, but not necessarily unanimity.

Members, staff and consulting team

Our Work Group originally had 28 members. Three members were unable to participate due to scheduling and work issues. The remaining 25 members, two co-chairs and 23 other members, represented community-based organizations, employment and training providers, labor representatives, economic development practitioners, community members, small business owners and other stakeholders.

Co-chairs

Following the creation of our Work Group, the mayor named PJ Hill and Adam Duinick as co-chairs.

Mr. Hill is an advisor at North Rock Partners and is also a developer working primarily to revitalize the area around 38th and Chicago. He's also active in community organizations, including the NAACP and Juxtaposition Arts. Mr. Duinick is the Director of Government Affairs for the North Central States Regional Council of Carpenters. He was also appointed by Governor Dayton in 2011 to serve as a member and later chair of the Metropolitan Council. He served until 2017.

Work Group members

Stu Ackerberg	The Ackerberg Group, Owner and CEO
Tonya Allen	McKnight Foundation, President
Saeed Bihi	Cedar Riverside Opportunity Center, Manager
Antonio Cardona	Project for Pride in Living, Vice President for Career Readiness
Dan Collison	Minneapolis Downtown Council, Director of Downtown Partnerships
Renay Dossman	Neighborhood Development Center, President
Roberta Downing	Federal Reserve Bank, Assistant Vice President for Policy, Community Development and Indian Country Development
Adam Duininck	North Central States Regional Council of Carpenters, Director of Government Affairs
Bill English	Community Leader
Chelsie Glaubitz Gabiou	Minneapolis Regional Labor Federation, President
PJ Hill	North Rock Partners, Advisor
Sadio Ismail	Nurse and Entrepreneur
Henry Jimenez	Latino Economic Development Center, Executive Director
Louis King	Summit Academy OIC, President and CEO
Alfredo Martel	MEDA, President and CEO
Peter McLaughlin	Twin Cities LISC, Executive Director
Kenya McKnight	Black Women's Wealth Alliance, Founder and President
Anisha Murphy	Community Reinvestment Fund, Director of Community Enhancement
Yoom Nguyen	Lotus Restaurant, Owner
Eva Rasmussen	Northeast Bank, Senior Vice President of Strategy and eBanking
Nina Robertson	African American Leadership Forum, Vice President of Programs
Allison Sharkey	Lake Street Council, Executive Director
Jonathan Weinhausen	Minneapolis Regional Chamber of Commerce, President and CEO
David Wellington	Wellington Management, Inc., President
Stella Whitney West	NorthPoint Health & Wellness Center, CEO

Work Group staff and consulting team

Andrea Brennan	Minneapolis Community Planning & Economic Development (CPED) Director
Erik Hansen	CPED Director of Economic Policy & Development
Elfric Porte	CPED Director of Housing Policy & Development
Rebecca Fabunmi	Mayor Frey’s Director of Economic Development & Policy Inclusion
Chuck Lutz	Consultant to CPED
DeVon Nolen	Facilitator, Bete Noire Consulting

Minneapolis Foundation

The Minneapolis Foundation supported our work by providing funding for a facilitator. The foundation also provided funding for a lobbyist to advocate for additional funding for the Main Street Program – a State-funded economic redevelopment program created by the legislature in 2021 – to support the economic rebuilding recommendations of the Work Group.

[See Part 4 for all meeting dates and topics](#)

Part 3: Implementation plan and timeline

The Work Group recommends that the mayor:

- Direct staff to develop an implementation work plan and timeline for the recommendations he is moving forward
- Develop a communications strategy to report progress at regular intervals and invite opportunities for continued input from and partnership with Work Group members and other community stakeholders.

Part 4: Overview of Work Group meeting dates, topics, process

The first two meetings focused on introductions, staff presentations on recovery efforts to date, and identification of problems, challenges, and gaps.

The last three meetings were focused on identifying solutions.

Summaries of the last three meetings are included in the Appendix, as they provide additional context and detail on the recommendations in this report.

In these meetings, we discussed and made recommendations on three topics – workforce, housing, and entrepreneurship and small business, all of which are interdependent.

- Workforce training and employment can result in stable housing.
- Increased access to technical assistance and patient capital for small businesses can result in increased ownership and employment opportunities, which, links back to housing.

We recommended aligning and connecting these strategies to achieve greater scale and impact. For example, capital investment should be tied to technical assistance for small businesses and entrepreneurs.

The City should support the expansion of living wage jobs near new housing opportunities to support expanded pathways to middle class wages.

Investments in job creation in food production, advanced manufacturing, solar panel assembly and green retrofit for carbon reduction in existing homes can address this goal and the City's goals of reducing carbon emissions, climate change resiliency, and healthy communities.

An overarching goal emerged from our meetings: to recreate the Black middle class in Minneapolis.

- While we recognize this goal needs a considerable number of details and strategies for long term sustainability, which could not be addressed in the time-limited work group meetings, strategies should be identified and expedited to achieve this goal.
- This goal can be expanded to other racial and ethnic groups based on data, weighted appropriately based on the size of the disparity gap.
- The City should design its programs, with particular focus on workforce investments and ownership strategies, to achieve this goal.
- The recommendations in this report are aimed at achieving this goal.

In addition, we considered and approved legislative recommendations relating to DEED programs and innovative tools to help spur economic recovery.

Meeting schedule and topics

Date	Topic
Dec. 9, 2021	Introduction of Work Group members and each member's expectations for the Work Group
Dec. 16, 2021	Existing efforts toward inclusive economic recovery and gaps in services. Investments and outcomes; review of Community Now Coalition report and recommendations
Jan. 6, 2022	Housing and workforce: partnering to remove barriers holding people back
Jan. 27, 2022	Entrepreneurship, community ownership of small businesses, procurement, supplier diversity and BIPOC business pipeline
Feb. 18, 2022	Legislative primer; DEED program priorities; summary of recommendations from previous meetings and priorities

All meetings were 90 minutes in duration, with the exception of February 18th, which was 120 minutes long.

Part 5: Work Group recommendations

We made recommendations in each of the three topic areas: workforce, housing, and entrepreneurship and small business. These recommendations strive to:

- Align, leverage and scale investments
- Expand access to capital for entrepreneurs, businesses, and first-time homebuyers
- Expand partnerships, advocacy, and innovation
- increase outreach and awareness

To ensure success in achieving equity and inclusion in the City's recovery strategy, we must identify and remove or mitigate current policy barriers to executing our recommendations.

The inclusive economic recovery work should include both nonprofit and for-profit organizations to deliver the new programs and services. There are capable Minority and Women owned firms ready to compete for this work that are deeply imbedded in cultural and skill competency

Our topic area recommendations

Workforce

- Identify opportunities to align programs, projects, and investments to support both workforce and housing goals (e.g., workforce training connected to affordable housing projects; modular housing manufacturing, apprenticeship programs in construction, etc.).
- Leverage workforce investments to continue to partner with community-based organizations to scale and expand workforce and career pathways programs that can provide living wage jobs and career paths in growing sectors such as hospitality, construction, tech, renewable energy, healthcare, and manufacturing targeting people experiencing the largest economic disparities.
- Expand current high-quality programs that are credible and target youth and adults over 25 without a high school diploma or equivalency.
- Explore strategies to support existing and emerging manufacturing, high-tech firms and other industry uses that provide employment opportunities for living wage jobs in or near historically marginalized communities. Protect production lands to retain, attract and support these land uses.
- Expand short and long-term livable wage jobs and benefits in marginalized communities. Support ready projects to expand jobs and recruitment efforts and identify existing organizations that can expand its scope to expand service to marginalized communities.
- Build awareness of workforce programs and partnerships that are working well.

Housing

- Scale funding for strategies that expand sustainable and affordable homeownership to BIPOC residents, including more diverse ownership housing options consistent with the Minneapolis 2040 Plan.
- Expand programs and partnerships that are working well, such as Stable Homes Stable Schools and NOAH preservation strategies; identify opportunities for new partnerships that address both housing and workforce goals.
- Increase funding for developer technical assistance to support emerging developers; expand pathways for emerging developers, including BIPOC and women-owned businesses, to gain experience.
- Ensure City housing investments use the greenest building technology, including, but not limited to, geothermal and solar panel installation that support City sustainability and climate change resiliency goals and support local manufacturing jobs.
- Expand strategies to support upward mobility in housing, which will increase supply for first-time and lower-income homeowners.

Entrepreneurship and small business

- Create partnership programs among the City, community development financial institutions (CDFIs), cultural community development corporations (CDCs), and other non-public funders to “package” City investments with private debt and equity to fund business and development capital needs. Increase patient capital sources that provide longer terms and lower interest rates. Focus this strategy on rebuilding community corridors and key destination sites through community-based ownership by. Take the following actions to complement and advance this strategy.
 - Quadruple the Commercial Property Development Fund program’s funding; improve its efficiency.
 - Expand supports to and participation of developers of color in all capital investment programs, including technical assistance and mentoring.
 - Pursue state legislation that would allow greater flexibility in the use of Tax Increment Financing (TIF), value capture, and other financial tools, to support community rebuilding strategies that center community-based ownership of housing, small business, and commercial property.
 - Increase investments into and support for culturally competent community-based partner organizations that serve BIPOC entrepreneurs, focusing on lagging service to Native American-owned businesses and continuing service to Black-owned businesses to ensure access to all underserved communities.
 - Simplify the City’s procurement processes to expand participation of BIPOC-owned businesses; encourage other public, private, and non-profit partners to do the same.
 - Coordinate City departments to find opportunities to streamline permitting and licensing processes.
- Convene stakeholders to map out the ecosystem of support for entrepreneurs and small businesses, including technical assistance and access to capital. Identify gaps in services; opportunities for alignment and coordination among providers; regulatory and other barriers; and metrics tracked for services. Identify action steps and strategies to ensure a robust ecosystem of support.
- Establish a comprehensive training program to scale second stage and seasoned business owners and entrepreneurs.
- Establish and market navigation/concierge services to connect entrepreneurs and small businesses resources, including financing, technical assistance, and mentoring. Increase funding and tools that support increasing capacity of community-based technical assistance providers. Create a clearinghouse where businesses can find information on all available programs. Consider development of an App to quickly identify availability of and eligibility for federal funding (and potentially state and local public funding).

Our legislative recommendations

Minnesota Department of Employment and Economic Development (DEED) programs provide important tools to support Minneapolis job seekers and entrepreneurs. The Work Group suggests that the City engage the legislature in its 2022 session to increase program funding, make program improvements and create innovative methods to increase impact and pool locally generated funds to support recovery.

- **Increase program funding**

DEED’s current program funding levels do not meet economic recovery needs.

- The City should support increased funding for the Main Street program (\$120 million in a Minneapolis-specific allocation was requested during the 2021 legislative session).
- Other programs to consider increased funding include Youth at Work grants, support for cultural malls, and COVID relief grants.

- **Make program improvements**

DEED program guidelines create barriers that make it complicated for many small businesses and service providers to effectively use the funds.

- Removing or reducing local match requirements, streamlining application processes, and providing administrative fees for technical assistance providers will reduce barriers to access funding.
- Alignment with federal and local programs will help ensure state funds leverage more resources. Program guidelines for entrepreneur support programs should be expanded to include sole proprietors and other excluded businesses.
- Loan guarantee programs need modifications to permitted use to provide additional credit enhancement and leverage with other lending.
- DEED should create a process for applicants and providers to offer ideas for program improvements.

- **Create innovations**

Minneapolis will benefit from the use of local sources to support recovery, including financing tools that leverage local property tax as a resource. The City should support changes at the Legislature to the Tax Increment Financing (TIF) statutes and consider value capture laws to increase flexibility of collecting local tax base to:

- Support recovery investments that preserve and expand long-term cultural community ownership of commercial and residential property; and
- Prevent displacement of historically marginalized communities

Our recommendations on metrics

City staff should review existing program evaluation metrics to ensure they are disaggregated by race and ethnicity and that they assess effectiveness in reducing racial disparities in income, employment, education, housing, and/or ownership.

For further information, please contact Andrea Brennan, CPED Director, andrea.brennan@minneapolismn.gov, 612-597-1577

Part 6: Appendices

Appendix A – Mayor’s press release

[Read the Mayor’s press release announcing the Inclusive Economic Recovery Work Group \(Nov. 23, 2021\)](#)

Appendix B -- Work Group charge, principles and procedural ground rules

Inclusive Economic Recovery Work Group

Work Group Charge

The Minneapolis Inclusive Economic Recovery Work Group is charged as follows: recommend and accelerate strategies, with an emphasis on ownership strategies, for equitable, inclusive economic recovery, that we can work on together in partnership leveraging our collective strengths.

Work Group Principles

The Inclusive Economic Recovery Work Group will develop recommendations for inclusive economic recovery that adhere to the following principles:

1. Center equity to ensure that those historically left out of economic growth realize benefits of recovery, especially Black, Indigenous, and people of color (BIPOC) residents, businesses, and communities
2. Will lead to strategic and systemic changes needed to transform Minneapolis into a stronger, equitable, inclusive, resilient, and innovative City
3. Leverage partnerships so that the whole is greater than the sum of its parts
4. Are viable strategies that can be completed and will yield short- and long-term measurable results

In conducting its work, the Inclusive Economic Recovery Work Group shall be mindful that the Mayor tasked members with providing recommendations that reflect unity, but not necessarily unanimity.

Work Group Procedural Ground Rules

The Inclusive Economic Recovery Work Group shall conduct its meetings according to the following Ground Rules:

1. All members are free to express themselves fully and authentically in group meetings. Meetings will include members, staff, consultants retained by staff, and any invited guests to ensure robust conversation in alignment with this value. Members agree not to record or report out on the meetings or comment or share on any deliberations by the Work Group. To facilitate transparent community outreach, a synopsis provided by the co-chairs after each meeting will be shared as an “official message” of the Inclusive Economic Recovery Work Group.
2. Members are encouraged to bring ideas, concerns, or concepts from the community to the Work Group, but should make no commitments in receiving such commentary from the community.
3. The co-chairs will speak on behalf of the Work Group to the extent necessary.
4. The Work Group will not have a public comment period until its final report is submitted to the Mayor.
5. The opportunity for meaningful public engagement on any recommendations will be when the respective programs, investments, policies, agreements or other actions are brought forward to implement Work Group recommendations.
6. Use of the City-provided group email address should be limited to communications with and from staff and for the distribution of agenda materials. The data exchanged through the City-provided group email address may be classified as public data, and members should therefore not use the City-provided group email address for private discussions between themselves.

Appendix C – Summary of Meeting #3 (Jan. 6, 2022)

Inclusive Economic Recovery Work Group

January 6, 2022

Meeting Summary

Housing and Workforce: partnering to remove barriers holding people back

Contents

- 1) Executive Summary of Meeting #3 Discussion
- 2) Workforce Discussion Summary
- 3) Housing Discussion Summary
- 4) Suggested Actions and DRAFT Recommendations
- 5) Appendix

1) Executive Summary

The Inclusive Economic Recovery Work Group met for the third time on January 6. The meeting topics were workforce and housing. The Work Group identified the connection between the two, a connection that should be strengthened. People without stable housing are not likely to have stable employment or vice versa. Strengthening the connection through system realignment will allow the City to address consistent and long-standing disparities in educational attainment, workforce participation, wealth, and homeownership between white and non-white residents. Home ownership contributes to increasing likelihoods of graduating from high school, maintaining employment, and increasing community safety. The current systems in place, specifically at the City, should be better aligned and scaled properly to address the root causes of wealth creation instability in Minneapolis.

A theme that re-emerged is the need to identify the lack of a substantial “black middle class” as a problem and the creation of a black middle class as a goal. This acknowledgement can be expanded to other racial and ethnic groups based on data, weighted appropriately based on the size of the disparity gap. The City should design its programs, with particular focus on workforce investments and ownership strategies, to achieve this goal.

System change required to achieve reductions in economic disparities will be achieved in three phases.

- Phase 1 – increasing commitments to what is working. The Work Group recommends increasing funding for successful programs such as Step-Up internships, pathway programs in growing sectors, affordable housing production, NOAH preservation, Minneapolis Homes homeownership readiness and assistance programs, and family supports like Stable Homes and Stable Schools.
- Phase 2 – Development of new, and expanded existing, near-term opportunities. A coalition of partners, including Summit Academy OIC, MEDA, CareerForce Centers, and community-based technical assistance organizations should work together to align existing resources and scale investments to meet the workforce participation and income gaps. Equally important is increasing community awareness of opportunities. This could include creation of ambassador and marketing programs, and building out training to expand employment opportunities, NOAH preservation programs could be expanded to support new, community based and emerging BIPOC developers and owners. New pilot programs like Guaranteed Basic Income (GBI) and other direct wage supports, should be evaluated.
- Phase 3 – Comprehensive review of existing workforce and housing systems to identify steps to better align income with housing stability. The review would be undertaken by subject matter experts, community-based partners, and program participants. The review should result in programmatic changes focused on career track employment and housing stability, with a focus on stable home ownership.

For each phase, create metrics that track outcomes, such as household income changes, percentage of BIPOC households served, workforce participation and homeownership rates that would show middle-class upward mobility. Adjust metrics over time based on outputs and new learning; report to and be transparent with partners and the greater community.

The Work Group recognizes that the City is not positioned to achieve results without leveraging partnerships and external resources. Work Group members commit to working together with the City in existing and new partnerships to identify strategies and leverage resources to a scale where the solution is equal to the problem.

2) Workforce Discussion Summary

Highlights

- Continue programs that are working to support people with limited credentials to gain living wage employment in careers in growth sectors.
- Scale programs to address scale of economic disparities in racially disaggregated groups.
- Expand partnerships and grow awareness of programs to increase participation from targeted groups.

Working Well and Emerging Opportunities

- Existing programs working well include:
 - Step Up Internship program
 - Career pathway programs, particularly in tech and construction
 - Place-based workforce centers
- Existing partnerships working well include, but not limited to:
 - Summit Academy OIC, MEDA, Women Venture, NEON, Hennepin County, MN DEED, Achieve Minneapolis, Minneapolis Workforce Board, community-based workforce program providers (Minneapolis Urban League, HIRED, EMERGE, CLUES, etc.), and research-related partnerships (e.g., Northside Jobs Creation Team - NJCT in partnership with University of Minnesota)
- Emerging opportunities include:
 - Ambassador and marketing programs to build program awareness and participation
 - New training programs and employment opportunities as part of expanded public safety strategies
 - Diversity spending programs
 - Minnesota training partnership and training for the trades
 - Support programs for people entering trades (i.e., equipment purchase assistance)
 - Improvements to the Minnesota Family Investment Program (MFIP)
 - Wage subsidy and other cash support programs
 - Review current labor law oversight and occupational licensure equity
- Emerging sectors identified by the Work Group include:
 - Construction, IT, Tech and STEM, Public Safety, Health Care, Hospitality, Transportation, Education, Child Care, Renewable Energy, Live Entertainment, Commercial Real Estate
 - Land use guidance and zoning should support emerging sectors and opportunities
 - Opportunities for projects that align workforce and housing goals

3) Housing Discussion Summary

Highlights

- Continue homeownership support activities through outreach, education, and financial support to buyers, including:
 - Culturally specific outreach and services, working with trusted networks and organizations, to ensure high rate of service to BIPOC residents
 - Down payment assistance programs
 - Homeownership readiness services, including counseling, credit repair and credit enhancement programs
- Continue to support programs that are working [e.g., Homeownership Opportunity Minneapolis (HOM), NOAH Preservation Fund, 4d Affordable Housing Incentive Program, Stable Homes Stable Schools]

- Use data to inform the design of new programs or amendments to existing programs (e.g., Minneapolis Homes Finance)
- Focus on policies that promote a healthy city housing supply and housing stability for current and future city residents
- Focus on living wage jobs, as this will assist with housing affordability
- Support organizations, non-profit and for-profit, that are delivering results

Working Well

- Partnerships and investment. The City recognizes its resources alone are not sufficient to address the housing needs/gaps. The City has made huge investments in housing and has leveraged those resources with other non-City sources (e.g. Minnesota Housing, Hennepin County, Metropolitan Council and private investment). Additional federal and state resources are needed to scale solutions to the need.
 - Other partners identified
 - Housing developers (public – Minneapolis Public Housing Authority (MPHA) and private – both for-profit and non-profit)
 - Organizations that support renters and investment in housing
 - Inclusive Economic Recovery Work Group members
 - Private investors (i.e. Community Banks, Housing Investment Trust, etc.)
- Stable Homes Stable Schools is a great results-driven collaboration (the City, MPHA, Hennepin County, Minneapolis Public Schools, and YMCA) that supports housing stability for families and foster success in school for their school-aged children. The City should consider expanding this program to all Minneapolis families with school age children, regardless of where they go to school.
- NOAH Preservation Fund and 4d Affordable Housing Initiative Program have worked well. Development of new creative strategies and policies to accelerate this effort is critical.

4) Suggested Actions and DRAFT Recommendations

Policy, Data, Program Design and Integrative Projects

- Focus on the interdependency of income/workforce and housing. Income and employment drive people’s ability to rent and own housing.

Conduct review of existing City workforce and housing programs to identify program alignment opportunities and focus this connection on new program design. Include the evaluation of the following elements in this review:

- **Review and support research to advance project ideas (e.g. NJCT); Identification of projects that align workforce goals (e.g. modular housing manufacturing, apprenticeship programs in construction) with housing goals (e.g. reduce the cost of housing production) and suggested pathways to support them; and Explore strategies to change land use guidance and zoning to support private investment in emerging manufacturing and other industry uses that provide employment opportunities for family sustaining wage jobs in close proximity to historically marginalized communities.**
- Provide resources to organizations that are delivering results for residents facing the greatest disparities
 - **Incorporate in the evaluation of proposals submitted as part of a request for proposals process a system that rewards organizations that are meeting or exceeding specified outcomes**
- Identify the lack of a substantial “black middle class” as a problem and the creation of a black middle class as a goal. Identify strategies to achieve this goal.
 - **Identify data sources and metrics**
 - **Review data disaggregated by race and ethnicity and extend the “middle class” goal to racial and ethnic groups with income and wealth disparities relative to white, non-Hispanic residents, recognizing the relative weight of the problem based on disaggregated data**
 - **Identify action steps in workforce development and commercial and housing ownership strategies that support this goal**

- Identify and be transparent about workforce program metrics, disaggregated by race, that show movement in economic disparities and wealth accumulation.
 - **Review the metrics the City tracks to ensure that they are aligned with reducing disparities. Based on this review add metrics to address any gaps and produce a public facing reporting system.**

Workforce Programs

- Leverage and scale investment, target people experiencing the largest economic disparities, and identify funding partners to leverage City funds, including one-time funds like ARPA, more effectively into community-based organizations best equipped to bridge these disparities
 - **Create a work team of community partners, City staff, and the Minneapolis Workforce Board to identify additional opportunities to align efforts and leverage funding**
- Build awareness of existing and emerging workforce programs through the creation of ambassador and marketing programs.
 - **Create and fund ambassador program and increase marketing budget for workforce programs**
- Expand current programs that address workforce participation disparities especially youth and adults over 25 without high school or equivalent credentials.
 - **Increase funding and staffing for Step Up and the Adult Workforce programs**
- Expand pathway programs that create career sustaining employment in growing sectors like construction, tech, renewable energy, etc.
 - **Increase funding and assign Employment and Training staff to work with Minneapolis Workforce Board to identify opportunities increase pathway programs**
- Look for new opportunities to grow workforce development network, like increased partnership with MPS and college readiness programs, OneTen program, and the trade training programs.
 - **Continue workforce partners networking events to build relationships between current and new organizations for both youth and adult programming, and increase marketing of this series**
- Be nimble as the COVID-19 pandemic continues with supports to workers impacted by the virus, especially front-line workers.
 - **Advocate for available State funding to support essential workers in the city.**
 - **Increase private funding tools (such as angel investor tools and venture capital) to encourage employment growth in small businesses**

Housing Support (Renter, Homebuyer and Homeowner)

- Focus on policies that promote a healthy city housing supply and housing stability for current and future city residents.
 - **Support policies like “City opportunity to purchase” to preserve naturally occurring affordable housing (NOAH) rental property and promote emerging developers and community-based and tenant ownership strategies**
 - **Do not support rent stabilization policies that constrain new construction and private investment in housing**
- Scale funding available for new and more diverse ownership housing options (including creating co-op housing opportunities, supporting missing middle development and funding development of accessory dwelling units, duplexes and triplexes in areas with predominantly single-family homes, and missing middle housing, consistent with the Minneapolis 2040 Plan)
 - **Expand the scoring process for the Minneapolis Homes program to incentivize developers to build more diverse housing options (i.e., accessory dwelling units, co-op housing, duplexes, triplexes, missing middle housing, etc.**
 - **Increase funding for Minneapolis Homes to expand homeownership opportunities, specifically to BIPOC homebuyers**
 - **Increase funding for Developer Technical Assistance Program (D-TAP) to support emerging developers and scale capacity for production.**

- Expand strategies that support upward mobility in housing—these strategies will free up more affordable units to meet the growing demands.
 - **Expand and increase funding for programs and policies that will assist existing Minneapolis renters become mortgage ready (i.e., counseling, budgeting, repairing credit, etc.)**
- Enhance current strategies that expand sustainable and affordable homeownership to BIPOC renters
 - **Increase funding for homeownership support activities—outreach, education, and down payment assistance.**
- Disaggregate the renter household income to determine mortgage readiness and design homebuyer programs that can go to scale by leveraging State, federal, and private/financial institution resources.
 - **Increase the City’s budget and leverage existing resources to increase the number of households served in the Homeownership Opportunity Minneapolis (HOM) program and continue the high rate of service (average of 70%) to BIPOC households purchasing homes**

5) Appendix

January 6, 2022 meeting: links from chat

<https://www.buildingdignityandrespect.org/>

<https://www.minneapolisfed.org/policy/racism-and-the-economy>

<https://www.minneapolisfed.org/article/2021/non-compete-contracts-sideline-low-wage-workers>

<https://www.minneapolisfed.org/policy/public-education-profiles>

<https://www.minneapolisfed.org/article/2021/systemic-racism-haunts-homeownership-rates-in-minnesota>

<https://www.minneapolisfed.org/topic/housing>

<https://www.minneapolisfed.org/research/institute-working-papers/the-assessment-gap-racial-inequalities-in-property-taxation>

Appendix D – Summary of Meeting #4 (Jan. 27, 2022)

Inclusive Economic Recovery Work Group
January 27, 2022
Meeting Summary

Commercial real estate development and entrepreneurship, technical assistance, and improvements in supplier diversity, procurement and BIPOC business pipeline

Contents

- 6) Center and align activities to support ownership
- 7) Strategies and metrics
- 8) DRAFT Recommendations
- 9) Asset mapping

6) Center and align activities to support increased ownership

Increasing community ownership of businesses and real estate to energize economic development was the theme from the January 27th Inclusive Economic Recovery Work Group (Work Group) meeting. The small groups focused on how government, philanthropic, for-profit, and non-profit partners can work together to energize inclusive economic recovery across Minneapolis by considering the following questions:

- What are the tools (funding and technical assistance programs) and processes that are working and where are the gaps?
- How do programs that support entrepreneurship intersect with and complement programs that support small businesses to own and develop real estate?
- How do we increase support for small businesses and entrepreneurs and how can we improve supplier diversity, procurement and the BIPOC business pipeline, during the recovery period and beyond?
- What actions are needed from the state legislature to improve inclusive economic outcomes?

A set of strategies, recommendations and metrics emerged from this discussion. Transcending the recommendations is the need to coordinate, align, leverage, and scale the set of tools, resources, and partnering organizations that support small businesses and entrepreneurs better and more deliberately.

7) Strategies and Metrics

The Work Group identified strategies and the importance of metrics of success to support the goal of increasing community-based businesses and real estate ownership. The Work Group recommended aligning and connecting these strategies to achieve greater scale and impact. For example, capital investment should be tied to technical assistance for small businesses and entrepreneurs. Whenever possible, metrics and data used to inform them should be disaggregated by race and ethnicity.

Strategy 1 – Technical assistance alignment

Technical assistance alignment is an opportunity to increase equitable economic activity in Minneapolis. Alignment will increase likelihood for emerging and established entrepreneurs to successfully navigate complex system of business support programs. Community-based technical assistance providers need adequate and stable funding sources to ensure alignment. These providers can collaborate and integrate to provide tailored assistance to meet individual business needs. These services range from conventional technical assistance (business planning, loan packaging, etc.) to professional services (legal, marketing, accounting, etc.). Technical assistance could also mean development of mentorship and coaching programs among experienced and emerging entrepreneurs that could lead to increased business start-ups and expansions. Finally, creating a clearinghouse or program/resource hub with navigation/concierge services will provide a “front door” to the business support system.

Key Metrics:

- Number of community-based technical assistance providers
- Funding levels for the Business Technical Assistance Program and related technical assistance programs (Developer TAP, Co-operative TAP, etc.)
- Participation counts by service type, location, and participant demographics

Strategy 2 - Increased access to capital

While there are multiple capital sources and programs available in Minneapolis, these funds either have barriers or are not aligned efficiently. Capital sources include private lenders, philanthropy, and public programs. Improved access requires larger funding source pools, new programs aligned with needs, elimination of lending disparities, and changes to lending program terms. Current programs to consider scaling to the need include the Commercial Property Development Fund, 2% Loan Fund, the Main Street program, and non-profit lending programs such as those at MEDA and LISC. These programs can be improved and better aligned with one another. New programs can include using tax increment financing and pooled property tax value capture to stimulate real estate activity at scale or rent subsidy and grant funds to fund tenant improvements.

Key Metrics:

- Amount of funds available
- Number of loans/grants to community-connected borrowers
- Changes in number of community-connected owners

Strategy 3 – Awareness and marketing

Increased awareness is needed to ensure that community-based small businesses and entrepreneurs can access resources available to them. Marketing campaigns must clearly describe the resources that are available, how to access them, and who can help them navigate the system of resources and services. More investment may be needed to fill gaps in navigation services. Marketing should maximize existing marketing channels (websites, print, etc.) and consider new opportunities (such as a resource app) with multi-lingual messaging.

Key Metrics:

- Campaigns developed
- Amount of funding available for marketing/awareness
- Changes in initial contacts with entrepreneurs
- Changes in general knowledge of program availability

Strategy 4 – Partnership, advocacy, and innovation

The overall impact on small businesses and entrepreneurs will depend on alignment and partnership of multiple public, private, philanthropic, and community-based providers. Each provider is an entry point for technical assistance and funding programs. Alignment and partnership expand access and spark innovation. It also increases effectiveness in advocating for needed resources at the state legislature. Innovative ideas include the Chameleon Shop or other creative tenancing models, establishing an economic challenge programs in growth sectors, and talent and worker recruitment and support strategies. Other innovations can occur in procurement practices and local spending goals as a strategy to support community based, BIPOC businesses in a formal supplier diversity program.

Key Metrics:

- Number of formal partnerships
- Legislative funding and program awards
- Changes in City spending
- Number of new supplies in City procurement system, and amount of investments made through challenge programs

8) DRAFT Recommendations

The Work Group identified several recommendations, many of which address more than one of the strategies identified above.

Recommendations	Strategy Alignment
Complete an asset mapping exercise to identify services, funding sources, and service providers at various stages of the business life-cycle (see section 4 of this report).	Supports Strategies 1 through 4
Build out collective impact models along a cross-sector continuum, e.g., increased funding and training frequency City Developer Technical Assistance Program (D-TAP, for both housing and commercial development) and LISC's Developers of Color program, leverage integrative approaches, such as the Catalyst coalition model of MEDA, LEDC, NEON and others to link technical assistance with capital.	Supports Strategies 1 through 4
Create commercial rent subsidy program component to support multi-story CPDF sponsored project to decrease cost of new first floor commercial space for community-based entrepreneurs/businesses.	Supports Strategies 1 and 4
Quadruple Commercial Property Development Fund and improve efficiency so that businesses and lenders can depend on timeliness and scale of funds. Prioritize the redevelopment of properties demolished in the 2020 unrest and encourage higher density redevelopment.	Supports Strategy 2
Create partnership programs among City and private Community Development Finance Institutions (CDFI) equity investors, philanthropy, and other public funders to "package" City investment with other debt and equity needed to fund business capital needs.	Supports Strategies 1 through 4
Increase supports to and participation of developers of color in all capital investment programs (experience from LISC's Developers of Color program) including increasing funds to culturally specific programs.	Supports Strategies 1 and 2
Create a formal mentor/coaching program to connect experienced entrepreneurs to emerging ones.	Supports Strategies 4
Increase patient capital sources with longer terms and lower interest rates to entrepreneurs, using CDFIs as an intermediary and/or fund administrator.	Supports Strategy 2
Evaluate creative funding tools that encourage local resident/investor to pool funds to support local business expansion and development	Supports Strategy 2
Increase technical assistance program funding and increase supports to businesses and entrepreneur development including increased professional services such as accounting, finance, human resources, and marketing).	Supports Strategy 1
Find a way to offer Line of Credit financing to emerging entrepreneurs.	Supports Strategy 2
Establish an economic challenge or competition program through partnerships focused on inclusive economic recovery of cultural and community corridors to encourage new ideas and partnerships (e.g. Detroit competition).	Supports Strategy 4
Support navigation/concierge services to efficiently connect entrepreneurs and small businesses to services and resources they need. Consider development of an App to quickly identify availability of and eligibility for federal funding (and potentially state and local public funding) to ensure that CDFI and business support providers never miss an opportunity to connect businesses efficiently with existing resources.	Supports Strategy 3
Create a clearinghouse as a repository for information (a website or within an organization) where a business could find information on all programs a loan programs, regardless of who sponsors the resource on available business resources. Create an associated marketing program to increase awareness of the business assistance tools and resources available.	Supports Strategy 3
Simplify the City's procurement process to expand participation of BIPOC owned businesses and expand intentional supplier diversity programs, identify opportunities to integrate local hiring goals into program.	Supports Strategy 4

Increase technical assistance programs to focus on the industries/sectors with growth trajectories and high wages.	Supports Strategy 1
<p>Use existing tax increment financing (TIF) legislation and pursue special legislation to financially support cultural and community corridor recovery strategy</p> <ul style="list-style-type: none"> - Review recent state legislation allowing for TIF pooling to identify options to use existing TIF fund balances - Develop new proposed legislative that would allow for the capture of increased tax base in corridors to financially support small business, employment and training, housing, and community ownership investments in the corridor - A targeted financial strategy will help ensure a sustainable multi-year strategy - Explore revenue-bond approach to funding TIF-support projects 	Support Strategies 2 and 4

9) Asset mapping

An initial step to advance the recommendations above could include an asset mapping exercise, the result of which will identify specific resources available to businesses at different phases in the business life cycle, as well as identify providers of these resources and services. More likely, the final product would be more dynamic than linear to reflect the complexity and inter-connectivity of business cycles, resources, and partners.

Asset mapping will help identify gaps in services, opportunities for alignment and coordination among providers, and metrics tracked for services. This will provide more clarity to entrepreneurs, businesses, and service providers on when and where to connect, who to partner with, and how success is measured.

Appendix E – Summary of Meeting #5 (Feb. 18, 2022)

Inclusive Economic Recovery Work Group
February 18, 2022
Meeting Summary

Legislative strategy and recommendation prioritization

Contents

- 10) Overview of Work Team Discussion
- 11) State Program Funding
- 12) Work Group Recommendations

10) Overview of Work Team Discussion

The Inclusive Economic Recovery Work Group (Work Group) met three times in December 2021 and January 2022 to discuss topics and develop recommendations on ownership strategies for equitable, inclusive economic recovery that can be worked on in partnership leveraging the members collective strengths.

- On December 16, 2021 it discussed existing efforts toward inclusive economic recovery and gaps in services, investments, and outcomes.
- On January 6, 2022, it discussed and made recommendations on housing and workforce – partnering to remove barriers.
- On January 27, it discussed and made recommendations on entrepreneurship, community ownership of small businesses, procurement, supplier diversity and the BIPOC business pipeline.

A set of recommendations emerged from these discussions on the following three topics:

- Workforce
- Housing
- Entrepreneurship and Small Business

The topics are interdependent. Workforce training and employment can result in stable housing. Increased access to technical assistance and patient capital for small businesses can result in increased ownership and employment opportunities, which, of course, links back to housing.

The topics do not specifically include a goal that emerged: recreating the Black middle class in Minneapolis. However, the themes and recommendations are aimed at achieving this goal.

At its final meeting on February 18, the Work Group prioritized the recommendations under each topic, which will frame the Work Group's report to Mayor Frey.

The Work Group also recommended that the City review existing evaluation metrics, ensure that they are disaggregated by race and ethnicity, and that they assess effectiveness of programs and investments in reducing racial disparities in income, employment, education, housing and ownership. This recommendation will also be included in the Work Group's report to Mayor Frey

11) State Program Funding

Minnesota Department of Employment and Economic Development (DEED) programs provide important tools to support Minneapolis job seekers and entrepreneurs in recovery. However, there are program changes that could improve access and outcomes, and better support the non-profit partners that implement these programs. The Work Group suggests that the City engage the legislature in its 2022 session to increase program funding, make program improvements, and create innovative methods to increase impact and pool locally generated funds to use for recovery.

- Increase program funding

DEED’s current program funding levels do not meet economic recovery needs. As an example, the \$80 million statewide appropriation for the Main Street Economic Revitalization Program fails to meet the need of the businesses and property owners in Minneapolis (estimated at more than \$350 million). The City should support increased funding for the Main Street program (\$120 million in a Minneapolis-specific allocation was requested during the 2021 legislative session). Other programs to consider increased funding include: Youth-at-work grants, support for cultural malls, and COVID relief grants.

- Make program improvements

DEED program guidelines create barriers that make it complicated for many small businesses and other applicants and service providers to effectively use the funds. Removing or reducing local match requirements and increasing the grant cap from \$750,000 to \$2,000,000 are two changes that will improve the Main Street Program. Streamlining application processes for all DEED programs, perhaps with a universal application, providing administrative fees for technical assistance providers, and expediting the disbursement process will reduce barriers to access funding. Allowing more flexibility in the administration of programs to align with federal and local programs will ensure that State funds are leveraging more resources. Loan guarantee programs need modifications to permitted use to provide additional credit enhancement and leverage with other lending. In addition, DEED program guidelines for its entrepreneur support programs should be expanded to include sole proprietors and other types of businesses previously excluded. Finally, DEED should be encouraged to create a process for applicants and providers to provide ideas and suggestions for program improvements.

- Create innovations

Minneapolis will benefit from the use of local sources to support the recovery, including financing tools that leverage local property tax as a resource. The City should support changes at the Legislature to the Tax Increment Financing (TIF) statutes and consider value capture laws to increase flexibility of collecting local tax base to support recovery investments. Changes should increase authority to use tax revenues to repay long-term up-front funding for equitable businesses, housing, and commercial real estate ownership.

12) Work Group Recommendations

At the Work Group’s 5th and final meeting, it ranked recommendations that emerged in its previous meetings. These recommendations will inform the Work Group’s report to Mayor Frey.

Workforce Recommendations

Priority	Recommendations
High	Identify opportunities for programs, projects, and investments that align both workforce and housing goals (e.g. workforce training connected to affordable housing projects; modular housing manufacturing, apprenticeship programs in construction, etc.).
High	Leverage workforce investments to continue to partner with community-based organizations to scale and expand workforce and career pathways programs that can provide living wage jobs and career paths in growing sectors such as hospitality, construction, tech, renewable energy, healthcare, and manufacturing targeting people experiencing the largest economic disparities.
High	Expand current high-quality programs that are credible and target youth and adults over 25 without a high school diploma or equivalency.
High	Explore strategies to support existing and emerging manufacturing and sustainable high-tech firms and other industry uses that provide employment opportunities for living wage jobs in or near historically marginalized communities.
Med	Build awareness of workforce programs and partnerships that are working well

Housing Recommendations

Priority	Recommendations
High	Scale funding for strategies that expand sustainable and affordable homeownership to BIPOC residents, including more diverse ownership housing options consistent with the Minneapolis 2040 Plan.
High	Expand programs and partnerships that are working well, such as Stable Homes Stable Schools and NOAH preservation; identify opportunities for new partnerships that address both housing and workforce goals.
High	Increase funding for developer technical assistance to support emerging developers; expand pathways for emerging developers, including BIPOC and women-owned businesses, to gain experience.
Med	Expand strategies to support upward mobility in housing, which will increase supply for first-time and lower-income homeowners.

Entrepreneurship and Small Business Recommendations

Priority	Recommendations
High	<p>Create partnership programs among the City, community development financial institutions (CDFIs), cultural community development corporations (CDCs) and other non-public funders to “package” City investments with debt and equity to fund business and development capital needs. Increase patient capital sources that provide longer terms and lower interest rates. Focus this strategy on rebuilding community corridors and key destination sites through community-based ownership.</p> <ul style="list-style-type: none"> • Quadruple the Commercial Property Development Fund program’s funding and improve its efficiency • Expand supports to and participation of developers of color in all capital investment programs, including technical assistance and mentoring. • Pursue state legislation that would allow greater flexibility in the use of tax increment financing (TIF), value capture, and other financial tools, to support community rebuilding strategies that center community-based ownership of housing, small business, and commercial property.
High/ Medium	Establish and market navigation/concierge services to connect entrepreneurs and small businesses resources, including financing, technical assistance, and mentoring. Increase funding and tools that support increasing capacity of community-based technical assistance providers. Create a clearinghouse where businesses can find information on all available programs. Consider development of an App to quickly identify availability of and eligibility for federal funding (and potentially state and local public funding) Establish a comprehensive training program to scale second stage and seasoned business owners and entrepreneurs.
Medium	Create commercial rent subsidy or tenant build-out support program component to support multi-story CPDF-sponsored project to decrease the cost of new 1 st floor commercial space for emerging entrepreneurs.
Medium	Simplify the City’s procurement processes to expand participation by BIPOC-owned businesses, encourage other public, private, and non-profit partners to do the same.
Low	Coordinate City departments to find opportunities to streamline permitting and licensing processes.