

CD Program FY 2024 Application Review October 24, 2023	CDBG Economic Development	Staff Contact: Kathy Wilson
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Summary of Economic Development Applications

Five applications were received for the CDBG Economic Development category. The applications include programs designed to help start and grown small businesses and programs that provides services including case management, work readiness training, and job placement and retention support to low- to moderate-income Duluth residents. The CD Committee set a funding target of 15% for CDBG Economic Development funding in FY 2024, which would be \$352,500 using the FY 2023 allocation.

Approach to Application Review

Applications were reviewed for funding eligibility, consistency with the Consolidated Plan Goals, Imagine Duluth 2035 Comprehensive Plan, and goals and outcomes set by the Duluth Workforce Development Board. These proposals were reviewed based on the need for the proposed projects, benefits to the community, budget, and project readiness.

Applications Received

Code	Proposal Name	Organization	Eligible Activity	CDBG Amount
2024-01-ED	Futures Program	Life House, Inc	Yes	\$125,000
2024-02-ED	High-demand, Living-wage Job Training (HLJT)	SOAR Career Solutions	Yes	\$192,000
2024-03-ED	Growing Neighborhood Businesses	Entrepreneur Fund	Yes	\$56,000
2024-04-ED	CM Solutions	Family Rise Together	Yes	\$153,600
2024-05-ED	Skilled Trades, Art, Robotics & Technology (START)	Family Freedom Center	Yes	\$90,000

Total: \$606,600

APPLICATION #2024-01-ED: Futures Program – Life House

Brief Description of Application (including activities and target clientele):

Life House is seeking funding for the Futures Education and Employment program, which provides alternative career pathways to homeless youth who are disconnected from school or work.

Eligible Activity (Identify eligible activity, national objective, and explain):

- National objective: LMI-Presumed Benefit – the project’s participants (youth experiencing homelessness and/or who have experienced abuse) are presumed to be principally low- to moderate-income per HUD’s definitions
- Eligible activity: Special activities by Community Based Development Organizations (CBDOs) – the project will provide services specifically designed to increase economic opportunities through job training and placement and other employment support services.

Application goals/outcomes related to Community Goals:

- The program will serve 100 youth, all of whom will access supportive services in the Futures Education and Employment Program opportunities.

2020-2024 Consolidated Plan Goal

- Increase Incomes

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Anti-Poverty Strategy

- Policy 1: Training and Career Development

Imagine Duluth 2035

- Governing Principles
 - #13: Develop a Health Community.
 - #14: Integrate fairness into the fabric of the community.
- Policies & Strategies
 - Economic Development Policy #1: Invest in people to increase employees’ skills, ensure workforce availability to employers, and promote income self-sufficiency.

Budget and Project Readiness:

- CDBG request: \$125,000, which will be used for program staff salaries.
- The approximate cost per person served with CDBG funds is \$1,250; the approximate cost per person served for the total program budget is \$3,093.
- Total funding budget: \$309,296; secured: \$144,762. There is at least \$1 of secured funding for every \$1 requested, but funding needs are not completely secured and confirmed.
- Life House has received CDBG funds in the past, including for the Futures Program, and has been able to appropriately spend the funds in a timely manner.

APPLICATION #2024-02-ED: HJT Program – SOAR Career Solutions

Brief Description of Application (including activities and target clientele):

SOAR will work with people who have low- to moderate-incomes to provide one on one career support including exploring career options, addressing barriers to employment, developing career plans, and increasing work readiness skills.

Eligible Activity (Identify eligible activity, national objective, and explain):

- National objective: LMI-Limited Clientele Benefit - 100% of the project’s participants will meet HUD’s definition of low- to moderate-income.
- Eligible activity: Special activities by Community Based Development Organizations (CBDOs) – the project will provide services specifically designed to increase economic opportunities through job training and placement and other employment support services.

Application goals/outcomes related to Community Goals:

- The program will serve 90 LMI individuals with career support services, including working with a career specialist and assessing and addressing barriers to employment. Half of participants will also enroll in job skills training and obtain industry recognized credentials/certifications.

2020-2024 Consolidated Plan Goal

- Increase Incomes

Anti-Poverty Strategy

- Policy 1: Training and Career Development

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- Policy 2: Remove Barriers to Obtaining Employment

Imagine Duluth 2035

- Governing Principle #3 Support existing economic base.
- Governing Principle #14 Integrate fairness into the fabric of the community.
- Economic Development Policy #1 Invest in people to increase employees' skills, ensure workforce availability to employers, and promote income self-sufficiency.

Budget and Project Readiness:

- CDBG request: \$192,000 which will be used for program staff salaries, programming, and participant support.
- The approximate cost per person served with CDBG funds is \$2,133; the approximate cost per person served for the total program budget is \$16,340.
- Total funding budget \$1,470,561; secured \$787,858. There are at least \$2 of secured funding for every \$1 requested, but funding needs are not completely secured and confirmed.
- SOAR Career Solutions has received CDBG funds in the past for the Duluth at Work program, and has been able to appropriately spend the funds in a timely manner.

APPLICATION #2024-03-ED: Growing Neighborhood Businesses – Entrepreneur Fund

Brief Description of Application (including activities and target clientele):

The Entrepreneur Fund's Growing Neighborhood Businesses (GNB) programs will provide training, consulting, and peer support for LMI and minority individuals and microenterprises in Duluth's CDBG Qualified Census Tracts to help them grow their businesses.

Eligible Activity (Identify eligible activity, national objective, and explain):

- National objective: Job Creation & Retention Benefit – project activities are designed to create or retain permanent jobs where at least 51 percent of the jobs, computed on a full time equivalent basis, involve the employment of low- and moderate-income persons. The project targets businesses and individuals located in LMI neighborhoods that are committed to growth in business revenue or have owners and/or staff that are LMI.
- Eligible activity: Microenterprise Assistance - The provision of assistance to facilitate economic development by providing credit, including, but not limited to, grants, loans, loan guarantees, and other forms of financial support, for the establishment, stabilization, and expansion of microenterprises, providing technical assistance, advice, and business support services to owners of microenterprises and persons developing microenterprises, and providing general support, including, but not limited to, peer support programs, counseling, child care, transportation, and other similar services, to owners of microenterprises and persons developing microenterprises.

Application goals/outcomes related to Community Goals:

- The program will provide training, consulting, and peer support for 7 individuals in Duluth's CDBG qualified census tracts to help them start or grow their businesses.

2020-2024 Consolidated Plan Goal

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- Increase Incomes
- Create Living Wage

Anti-Poverty Strategy

- Policy 1: Training and Career Development

Imagine Duluth 2035

- Governing Principles
 - #1: Support economic growth Sectors
 - #2: Promote reinvestment in neighborhoods
- Policies & Strategies
 - Economic Development Policy #1: Invest in people to increase employees' skills, ensure workforce availability to employers, and promote income self-sufficiency.

Budget and Project Readiness:

- CDBG request: \$56,000, which will be used for program staff salaries.
- The approximate cost per person served with CDBG funds is \$8,000; the approximate cost per person served for the total program budget is \$13,714.
- Total funding budget: \$96,000; secured: \$40,000. There is less than \$1 of secured/other funding for every \$1 requested. The project is mostly reliant on requested grant funds to finance the project. The other funding sources are secured and confirmed.
- Entrepreneur Fund has received CDBG funds for this program in the past, has been able to appropriately spend the funds in a timely manner.

APPLICATION #2024-04-ED: CM Solutions – Family Rise Together

Brief Description of Application (including activities and target clientele):

The program will offer business development workshops and services to 28 LMI individuals interested in starting and running a business. The program will focus on people of color, women, and low-income individuals, providing the opportunity for financial dignity and entrepreneurial growth.

Eligible Activity (Identify eligible activity, national objective, and explain):

- National objective: Job Creation & Retention Benefit – project activities are designed to create or retain permanent jobs where at least 51 percent of the jobs, computed on a full time equivalent basis, involve the employment of low- and moderate-income persons. The project targets businesses and individuals located in LMI neighborhoods that are committed to growth in business revenue or have owners and/or staff that are LMI.
- Eligible activity: Special activities by Community Based Development Organizations (CBDOs) – the project will provide services specifically designed to increase economic opportunities through job training and placement and other employment support services.
- Eligible activity: Microenterprise Assistance - The provision of assistance to facilitate economic development by providing credit, including, but not limited to, grants, loans, loan guarantees, and other forms of financial support, for the establishment, stabilization, and expansion of microenterprises, providing technical assistance, advice, and business support services to owners of microenterprises and persons developing microenterprises, and providing general

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support, including, but not limited to, peer support programs, counseling, child care, transportation, and other similar services, to owners of microenterprises and persons developing microenterprises.

Application goals/outcomes related to Community Goals:

The program will serve 28 LMI individuals and microenterprises with technical assistance and support in developing or expanding their microenterprise business.

2020-2024 Consolidated Plan Goal

- Increase Incomes
- Create Living Wage Jobs

Anti-Poverty Strategy

- Policy 1: Training and Career Development

Imagine Duluth 2035

- Governing Principles
 - #4 Support economic growth sectors
 - #14: Integrate fairness into the fabric of the community.
- Policies & Strategies
 - Economic Development Policy #1: Invest in people to increase employees' skills, ensure workforce availability to employers, and promote income self-sufficiency.
 - Economic Development Policy #2, Strategy #3: Evaluate standards for micro-enterprise around new and emerging technology, including businesses that start in homes and garages; collaborate to expand financial tools to assist such businesses seeking growth opportunities.

Budget and Project Readiness:

- CDBG request: \$153,600, which will be used for program staff salaries and program expenses.
- The approximate cost per person/business served with CDBG funds is \$5,486; the approximate cost per person/business served for the total program budget is \$7,950.
- Total funding budget: \$222,600; secured: \$69,000. There is less than \$1 of secured/other funding for every \$1 requested. The project is mostly reliant on requested grant funds to finance the project. The other funding sources are secured and confirmed.
- Family Rise Together has been awarded CDBG funding in recent years for its culturally-specific microenterprise programs, and has been able to appropriately spend the funds in a timely manner. Family Freedom Center may need to work with city staff to be certified as a CBDO before operating this program.

APPLICATION #2024-05-ED: START Program – Family Freedom Center

Brief Description of Application (including activities and target clientele):

The START program, located in the Central Hillside neighborhood, empowers low-income youth and young adults with culturally responsive education and training.

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Eligible Activity (Identify eligible activity, national objective, and explain):

- National objective: LMI-Limited Clientele – Program participants provide information on family size and income so that it is evident that at least 51 percent of the clientele are persons whose family income does not exceed the low- and moderate-income limit
- Eligible activity: Special activities by Community Based Development Organizations (CBDOs) – the project will provide services specifically designed to increase economic opportunities through job training and placement and other employment support services.

Application goals/outcomes related to Community Goals:

- Family Freedom Center’s START Program serves low to moderate income youth ages 16-24. The program will provide opportunities for BIPOC youth to become economically stable by offering services to reduce barriers to education and employment. The START program will provide 200 youth ages 16-24 with access to skilled trades, art, robotics, and technology resources and education.
- 2020-2024 Consolidated Plan Goal
 - Increase Incomes
- Anti-Poverty Strategy
 - Policy 1: Training and Career Development
 - Policy 2: Remove Barriers to Obtaining Employment
- Imagine Duluth 2035
 - Governing Principles
 - #13: Develop a healthy community
 - #14: Integrate fairness into the fabric of the community
 - Policies & Strategies
 - Economic Development Policy #1: Invest in people to increase employees’ skills, ensure workforce availability to employers, and promote income self-sufficiency.

Budget and Project Readiness:

- CDBG request: \$90,000, which will be used for program staff salaries.
- The approximate cost per person served with CDBG funds is \$450; the approximate cost per person served for the total program budget is \$1,305.
- Total funding budget: \$261,000; secured: \$171,000. There is at least \$1 of secured funding for every \$1 requested. Other funding sources are secured and confirmed.
- Family Freedom Center has received CDBG funds in the past for the START program, and has been able to appropriately spend the funds in a timely manner. Family Freedom Center will need to work with city staff to be certified as a CBDO before operating this program.