

<b>CD Program FY 2025 Application Review October 1, 2024</b>	<b>CDBG Economic Development</b>	<b>Staff Contact: Kathy Wilson</b>
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**Summary of Economic Development Applications**

Seven 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 20% for CDBG Economic Development funding in FY 2025, which would be \$470,499 using the FY 2024 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**

<b>Code</b>	<b>Proposal Name</b>	<b>Organization</b>	<b>Eligible Activity</b>	<b>CDBG Amount</b>
2025-34	High-demand, Living-wage Job Training (HLJT)	True North Goodwill	Yes	\$194,226
2025-35	CM Solutions Accelerator	Family Rise Together	Yes	\$120,000
2025-36	Futures Program	Life House, Inc	Yes	\$95,000
2025-37	Growing Neighborhood Businesses	Entrepreneur Fund	Yes	\$56,000
2025-38	Skilled Trades, Art, Robotics & Technology (START)	Family Freedom Center	Yes	\$93,200
2025-39	Jump into Child Care	Northland Foundation	Public Service	\$30,000
2025-40	Green Construction Training	Green New Deal Housing	Yes	\$25,000

**Total: \$613,426**

**APPLICATION #2025-34: HLJT Program – True North Goodwill (SOAR)**

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

- Goodwill 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. Participants will also enroll in job skills training and obtain industry recognized credentials/certifications.
- 2025-2029 Consolidated Plan Goal
  - Increase Incomes

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- Anti-Poverty Strategy
  - Policy 1: Training and Career Development
  - 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: \$194,226 which will be used for program staff salaries, programming, and participant support.
- The approximate cost per person served with CDBG funds is \$2,158; the approximate cost per person served for the total program budget is \$15,904.
- Total funding budget \$1,431,389; secured \$873,625. There are at least \$2 of secured funding for every \$1 requested.
- In 2024, SOAR merged with Goodwill and all the SOAR staff are now employed by Goodwill, the program has continued operating with no interruptions. SOAR has received CDBG funds in the past for this program and has been able to appropriately spend the funds in a timely manner.

Alignment With Local/Regional Workforce Plan:

- Aligns with priority industry sectors and target populations
- Active partner in sector strategy initiatives
- Member of workforce board
- Strong alignment with plan goals 1, 3, 4
- Note that TNG/SOAR also receives funding through Workforce Development for this same project. In general, CDBG funds support work with participants before enrollment in Workforce Development programs, and with participants not eligible under Workforce Development grants. This should be more clearly articulated to avoid duplication of services.
  - Met/came close to meeting some goals, similar challenge with meeting goals for training enrollment/completion under that grant in the previous year.

**APPLICATION #2025-35: CM Solutions Accelerator – Family Rise Together**

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

- The program will offer business development education and mentorship to twelve individuals interested in starting and running a business. The program will focus on people of color, recently incarcerated individuals, and low-income individuals, providing the opportunity for financial independence and job creation in underserved communities.

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

- National Objective: Limited Clientele activities-an activity which benefits a limited clientele, at least 51 percent of whom are low- or moderate-income persons 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

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limit – the project aims to serve 80% LMI individuals, targeting the BIPOC community, women, veterans, and people recently incarcerated.

- 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) –. Community economic development project includes activities that increase economic opportunity, principally for persons of low- and moderate-income, or that stimulate or retain businesses or permanent jobs.
- 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:

- Application goal: Assist 12 LMI individuals interested in starting a business.
- Outcome measures: Complete strategic business plans for six of the businesses, expand brand recognition and improve customer satisfaction, and increase revenue for all twelve clients.
- 2025-2029 Consolidated Plan Goal
  - Increase Incomes
  - Create Living Wage Jobs
- Anti-Poverty Strategy
  - Policy 1: Training and Career Development
- Imagine Duluth 2035
  - Governing Principle #4 Support economic growth sectors
  - 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.
  - 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: \$120,000, which will be used for program staff salaries and program expenses.
- The approximate cost per person/business served with CDBG funds is \$10,000; the approximate cost per person/business served for the total program budget is \$17,500.
- Total funding budget: \$210,000; secured: \$0. There is less than \$1 of secured/other funding for every \$1 requested. The project does not have any matching funds confirmed.

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- FRT may need to be certified as a CBDO in order for this program to be eligible for funding.
- Family Rise Together has been awarded CDBG funding in recent years for its culturally-specific microenterprise programs, although it has been able to appropriately spend the funds in a timely manner, they are working with the City on finalizing documentation. Income Verification reporting has also been in need of improvement in recent years for FRT.

Alignment With Local/Regional Workforce Plan:

- Somewhat aligns with Goal 4
- Strong alignment with equity and economic development goals
- Member of the workforce board. Some current engagement with Workforce Development for their other programs, but not for this one.
- The budget doesn't include funding for micro-grants. Where will businesses find resources needed to launch and achieve the project's outcome goals?

**APPLICATION #2025-36: 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.
- 2025-2029 Consolidated Plan Goal
  - Increase Incomes
- Anti-Poverty Strategy
  - Policy 1: Training and Career Development
- Imagine Duluth 2035
  - Governing Principle #13: Develop a healthy community
  - 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: \$95,000, which will be used for program staff salaries.
- The approximate cost per person served with CDBG funds is \$950; the approximate cost per person served for the total program budget is \$2,492.

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- Total funding budget: \$249,260; secured: \$47,535 There is at less than \$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.

Alignment With Local/Regional Workforce Plan:

- Strong alignment with goals 3 and 4
- Active and engaged partner with Workforce Development
- Would like to see more measurable outcomes, such as GED/diploma completion, employment placement/retention, obtaining stable housing, etc.
- Staff turnover has been a challenge – staff wage levels may be worth reviewing to help retain staff and ensure program stability

**APPLICATION #2025-37: Growing Neighborhood Businesses – Entrepreneur Fund**

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

- The Entrepreneur Fund’s Growing Neighborhood Businesses (GNB) program will provide training, consulting, and peer support for LMI and minority individuals in Duluth’s CDBG Qualified Census Tracts to help them grow their businesses and become financially self-sufficient.

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:

- Goals: provide training, consulting, and peer support for 7 neighborhood businesses in Duluth’s CDBG qualified census tracts to help them start or grow their businesses.
- Outcome measures: Annual revenue, total Full Time Employees, business owner income, and loan capital received.

2025-2029 Consolidated Plan Goal

- Increase Incomes
- Create Living Wage

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Anti-Poverty Strategy

- Policy 1: Training and Career Development
- Policy 2: Remove barriers to Obtaining Employment

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 \$14,000.
- Total funding budget: \$98,000; secured: \$42,000. There is less than \$1 of secured 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.

Alignment With Local/Regional Workforce Plan:

- Some alignment with Goal 1, strong alignment with Goal 4
- Plan referenced in proposal
- Opportunity to connect with and leverage Talent Development Program
- Relatively small number of participants served, though potential for amplified impact if jobs are created

**APPLICATION #2025-38: 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.

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.

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Application goals/outcomes related to Community Goals:

- Family Freedom Center’s START Program serves low to moderate income BIPOC youth ages and adults. 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 people with access to skilled trades, art, robotics, and technology resources and education.
- 2025-2029 Consolidated Plan Goal
  - Increase Incomes
  - Create Living Wage Jobs
  - Childcare Access and Children’s Programming
- Anti-Poverty Strategy
  - Policy 1: Training and Career Development
  - Policy 2: Remove Barriers to Obtaining Employment
- Imagine Duluth 2035
  - Governing Principle #13: Develop a healthy community
  - 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: \$93,200, which will be used for program staff salaries and program supplies.
- The approximate cost per person served with CDBG funds is \$475; the approximate cost per person served for the total program budget is \$1,398.
- Total funding budget: \$279,600; secured: \$186,400. There are at least \$2 of secured funding for every \$1 requested.
- 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.

Alignment With Local/Regional Workforce Plan:

- Slight alignment with Goal 1 and Goal 2, could be stronger (see comments below)
- FFC partners with YES Duluth to host paid work experience for a few youth assisting with their after school program which includes some career counseling and access to further training for those participants
- The work they are doing through START would not be considered job training or career development, as it is not connected to specific skills needed for high-demand occupations, is not informed through employer engagement or partnership, and does not lead to industry-recognized credentials. It also does not include job placement assistance or assistance overcoming barriers to employment. Instead, this would be considered hands-on career exploration.
- START program model could be significantly strengthened, including a competency-based training model leading to industry-recognized credentials, and a stronger partnership with Workforce Development to connect participants to further credentialed training, career counseling, support in overcoming barriers to employment, paid work experience, and connection to employment.

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- How does START create pathways to business ownership? Entrepreneurship component needs additional detail to clarify project design and implementation plan – including how it connects to other programs (including those funded by CDBG) to support business creation/expansion.
- Macro goal is participation in two workshops, which is not sufficient for skill development and does not lead to industry-recognized credential. As such, this would be classified as work readiness and/or career exploration
- Meso goal is participation in a 10-workshop series, outcome goal appears to be business registration (which is not the same as business launch). How will participants gain hands-on business experience? How will this contribute to financial independence?
- Micro goal is participation in the business incubator, but how will participants reach the point that they are ready for this? Proposal missing detail on exactly how businesses will be launched and sustained, and what resources will be available to assist with this.
- Proposal references goal for youth to commence education toward career-based certification, and participation in paid internships/part time jobs – but proposal does not set these as goals for 2025 nor does it address how the program helps work toward these outcomes
- Budget does not include leveraged funds from YES Duluth to support work experience/internship wages, which is referenced in the proposal
- Trade Exchange element is great, and could be more clearly integrated into the program
- FFC is a critically important organization for our community, and they have some important components already in place but would benefit from significant technical assistance to improve the quality of their program, as well as oversight to ensure they are working toward and achieving outcomes
- Note that Workforce Development had provided a grant to FFC for this program, and ended up cancelling the contract due to lack of performance and follow-through on commitments

#### **APPLICATION #2025-39: Jump Into Child Care-Northland Foundation**

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

- Northland will provide free training programs to low-income individuals who are interested in working in the childcare field. Although this application was submitted for Economic Development, it appears that it is only permitted as a Public Service eligible activity.

##### 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: Not eligible for economic development. Is eligible for public services: Provision of public services (including labor, supplies, and materials) including but not limited to those concerned with employment, crime prevention, child care, health, drug abuse, education, fair housing counseling, energy conservation, welfare

##### Application goals/outcomes related to Community Goals:

- The program will serve 150 LMI individuals with training and certifications in the childcare field.
- 2025-2029 Consolidated Plan Goal
  - Increase Incomes



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- Childcare Access and Children’s Programming
- Anti-Poverty Strategy
  - Policy 1: Training and Career Development
  - Policy 2: Remove Barriers to Obtaining Employment
  - Policy 7: Create Sustainable Independence
- Imagine Duluth 2035
  - Governing Principle #3 Support existing economic base.
  - Governing Principle #4 Support economic growth sectors
  - 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: \$55,000 which will be used for program staff salaries, programming, and participant support.
- The approximate cost per person served with CDBG funds is \$200; the approximate cost per person served for the total program budget is \$366.66
- Total funding budget \$55,000; secured \$25,000. There are at least 83 cents of secured funding for every \$1 requested.

Alignment With Local/Regional Workforce Plan:

- Strong alignment with Goal 1, some alignment with Goal 4
- Workforce Development was part of launching this program, and wrote in support for training participants through a Pathways to Prosperity grant
- More detail could be added to project readiness section, including outlining the training class (which has already been designed).
- Proposal is missing specific outline of plans for implementation in 2025 – including number of classes to be offered, partners involved in hosting classes and recruiting participants, and improvements based on lessons learned from previous iterations
- More detail could have been added about the Northland Foundation’s ability to manage grants – particularly previous grants funding this project, but also the DEED Child Care Economic Development grant
- This class supports child care workforce development, which is a critical community need

**APPLICATION #2025-40: Green Construction Training – Green New Deal**

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

- Green New Deal is seeking funding for a construction training program will be provided to low- and moderate-income people, and the skills learned to increase economic self-sufficiency

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

- 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.

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- 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

Application goals/outcomes related to Community Goals:

- Funds will be used to provide Multi-Craft Core Curriculum, including orientation to the industry, tool use, construction math, safety, diversity awareness, and other skills essential to entry into construction apprenticeships.
- 2025-2029 Consolidated Plan Goal
  - Affordable Housing
  - Increase Incomes
- Anti-Poverty Strategy
  - Policy 1: Training and Career Development
  - Policy 2: Remove Barriers to Obtaining Employment
  - Policy 7: Create Sustainable Independence
- Imagine Duluth 2035
  - Governing Principle #10: Take actions that enhance the environment, economic, and social well-being of the community
  - Governing Principle #14: Integrate fairness into the fabric of the community

Budget and Project Readiness:

- CDBG request: \$25,000, which will be used for program staff salaries, and supplies
- Total funding budget: \$130,000; secured: \$0. There is at less than \$1 of secured funding for every \$1 requested. Does not have all the funding and components lined up to start implementation.
- GND will need to be certified as a CBDO for this program to be eligible for CDBG funding.
- Organization has been previously challenged with achieving outcomes and grant management, but proposal details a number of changes which should result in improvement. GND received CDBG funds in 2022, however, they did not meet all record keeping requirements or meet their goal. The goal was to assist 22 individuals, but by the end of the program year there was a total of 6 individuals assisted with job training. During the monitoring process, there was an insignificant amount of documentation for the tracking of individuals participating in the program.
- As described in the proposal, this project is a stepping stone towards a significant federal and state funding application that will be submitted in mid-2025 and early 2026

Alignment With Local/Regional Workforce Plan:

- Strong alignment with Goal 1 and Goal 4
- References plan in proposal
- Have been working with Workforce Development to develop this project
- Training leads to industry-recognized credential, and has support of the Building Trades
- Project could help meet HUD Section 3 and Community Benefits goals
- Needs additional detail on how other program components will be provided, including case management/barrier reduction, career counseling and placement in employment/further training, and hands-on training component. Also clarification on where training will take place.

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- Missing employment/further education placement measure, and wage/income and retention measures could be added as well
- Employer partnerships are key to a high-quality training program, and should be outlined as part of the proposal