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2024

Inclusive Creative

Economy Fund

Impact Report 2024

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# LISC NY is pleased to present the Impact Report for the Inclusive Creative Economy Fund for 2024.



**AS NEW YORK CONTINUES** to grapple with strained resources, a lack of affordable housing, and families living paycheck to paycheck, we are reminded on a daily basis that LISC NY’s work across the state has never been more important. For over 40 years, LISC NY has been aggregating and deploying capital from government sources, large foundations, and financial institutions to build a more resilient and inclusive New York.

An essential part of this work has been expanding our network of capital providers to include accredited individuals, family offices, donor advised funds, endowments, and other impact investors that share our vision of protecting and preserving New York’s vibrant creative sector. To be clear, we see the creative economy as one that includes not only artists, artisans, and performers, but also the full array of manufacturers and makers that are helping to enrich the cultural landscape.

In strategic partnership with Upstart Co-Lab (“Upstart”), a national organization that connects capital with creative people to make a lasting impact, we launched the NYC Inclusive Creative Economy Fund (the “Fund”) as the first targeted impact investment opportunity. Since its inception, the Fund has been designed to benefit artists and other creatives in New York City. The Fund has also been a vital resource for the growing number of impact investors with an interest in the creative economy.

Central to its mission, the Fund has raised over \$6.2 million, and provides loans to nonprofit and mission-driven organizations that own, lease, and manage affordable spaces so that businesses and organizations in the creative economy can flourish.

These investor proceeds, combined with an injection of capital from LISC’s balance sheet, have funded over \$25 million in loans across four projects:

- The Greenpoint Manufacturing & Design Center (GMDC) Ozone Park Industrial Center: \$2.9 million
- The Brooklyn Navy Yard Development Corporation

(BNYDC) Building 127: \$7.2 million

- La MaMa Experimental Theater Club’s project at 74A East 4th Street: \$9.5 million
- Evergreen Inc. at 500 Stagg Street, Brooklyn: \$7.2

Information on each of these projects are detailed throughout this report. Among the many highlights, you will see that the four projects are collectively generating over \$111 million in total investment for their communities from public, private, philanthropic, and other sources. They bring a total of 205,500 square feet of new or renovated space to support over 400 construction and 500 operating jobs to date.

In 2023, the [Deloitte Private and ArtTactic Art & Finance Report](#) cited the Fund as part of a global mapping of Culture and Creative Impact Funds, demonstrating the important role LISC NY continues to play shaping our collective thinking about the importance of impact investing in vibrant communities that are anchored by creative places and businesses.

The people who work in New York’s creative economy have weathered many storms, particularly those who live in disinvested communities that continue to struggle disproportionately from the economic fallout of the COVID-19 pandemic, limited affordable housing, and job insecurity.

Still, we’re encouraged that there’s good news on the horizon. LISC NY looks forward to supporting the growth of the inclusive creative economy; and we would like to thank each of the investors in the NYC Inclusive Creative Economy Fund for making these projects and their important impact on neighborhoods possible.

Sincerely,

Valerie White  
Senior Executive Director  
LISC New York

### AS THE FIRST TARGETED IMPACT INVESTMENT

opportunity benefiting artists and other creatives in New York City, the NYC Inclusive Creative Economy Fund (the “Fund”) was an important milestone for the growing number of impact investors focused on the creative economy. The Fund enables accredited investors who are passionate about art, design, culture, and creativity to help inclusive creative businesses and cultural activities thrive in New York City. The fund enables investors seeking to align their portfolios with community impact by targeting capital to the inclusive creative economy. The Fund demonstrates how a creativity lens helps impact investors to see new, high-quality opportunities in the creative economy that meet their social impact goals while realizing financial returns.

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

The Fund is no longer accepting new investors. Notes purchased by existing investors pay 2.75% interest per annum and mature on May 31, 2026. Notes are general obligations of LISC, which has a nearly 40-year track record of investing in communities. LISC is rated AA- by Standard & Poor’s and, since 1980, has borrowed and repaid—on time and in full—more than \$2.2 billion.

The Fund was developed in strategic partnership with Upstart Co-Lab (“Upstart”), a national organization that connects capital with creative people who make a profit and make a difference.

Since launching in 2016, Upstart has framed the creative economy as an impact investing priority, garnered international attention for impact investing in the creative economy, and mobilized \$45 million of grants and impact capital in alignment with its mission. Upstart’s research and thought leadership demonstrate the role of creative places and businesses in comprehensive community development; the opportunity the creative economy offers BIPOC and women entrepreneurs; the current state of



impact investing in key creative industries; and how endowed cultural institutions can invest in alignment with their values and mission.

The success of the Fund led to Upstart launching a national Inclusive Creative Economy Strategy—the first impact investment strategy making equity investments in the U.S. creative industries. Upstart’s Strategy will demonstrate how the creative economy can deliver market rate returns and deep, people-focused impact across five dimensions: access to capital for BIPOC and women entrepreneurs, quality jobs, vibrant communities, sustainable creative lives, and an inclusive creative economy. To date, nearly \$15 million has been allocated to Upstart’s Strategy from foundations, donors advised funds, and endowed cultural institutions. Anchor investors in the Strategy include Lorrie Meyercord, Jess Jacobs, Kat Taylor, and the Woodcock Foundation—all of whom are investors in the LISC Fund.

In 2023, the [Deloitte Private and ArtTactic Art & Finance Report](#) cited the Fund as part of a global mapping of Culture and Creative Impact Funds, demonstrating the import role LISC NY continues to play shaping global thinking about the role of impact investing in support of to vibrant communities anchored by creative places and creative businesses.

# Investors as of March 30, 2024

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



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



# Loans Closed as of March 30, 2024

**THE PROCEEDS RAISED FROM THE INVESTORS** fund portions of the following loans, totaling almost \$26.6 million. All of the loans are current, with no delinquencies. One of the loans has been repaid.



<b>BORROWER</b>	La MaMa Experimental Theater Club Inc.	Brooklyn Navy Yard Development Corporation	Evergreen Inc.: Your North Brooklyn Business Exchange	Greenpoint Manufacturing and Design Center
<b>PROJECT</b>	74 East 4th Street	Building 127	500 Stagg Street	Ozone Park Industrial Center
<b>COMMITMENT AMOUNT</b>	\$9,509,999	\$6,998,079	\$7,150,000	\$2,900,000
<b>OUTSTANDING AS OF 3/30/2024</b>	\$4,350,000	\$0	\$1,478,616	\$2,368,492
<b>CLOSING DATE</b>	3/22/2019 (3/21, 7/22 increases)	10/29/2018	10/16/2019	11/15/2017
<b>TYPE</b>	Construction/Bridge	Construction/HTC Bridge	Acquisition/Construction/Bridge	Construction/NMTC Leverage Loan
<b>TERM</b>	3 years	7 years	10 years	7 years
<b>INTEREST RATE</b>	6.00%	5.00%	6.75%	5.85%
<b>PROJECT/ LOAN STATUS</b>	Completed, in repayment	Completed, repaid	Completed, in repayment	Completed, in repayment

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

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



IN THAT SPIRIT, WE ARE SEEKING PROJECTS THAT:



Create high quality jobs with diverse education requirements that employ BIPOC



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



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



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

LISC will collect and report on impact measures such as:

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

# GMDC Helps Scale and Sustain Manufacturing and Agriculture in Queens, New York

## GREENPOINT MANUFACTURING & DESIGN CENTER

(GMDC) provides industrial space that's affordable, available and accessible to create and sustain viable manufacturing sectors in urban neighborhoods. Through planning, developing, and managing real estate, as well as offering related services, it has played a vital role in helping meet New York City's need for affordable, flexible production spaces for small- and mid-sized manufacturers, visionary designers, and artists and artisans. Since its inception in 1992, GMDC has rehabilitated eight manufacturing buildings in New York City. GMDC currently owns and manages six of these properties, the newest among them being the 85,000 square foot GMDC Ozone Park Industrial Center at 101-01 95th Avenue in Ozone Park, NY.

## Mushroom Queens

Brothers Adam and Jeffrey Novzen launched Mushroom Queens in August 2019 after realizing that they both found a passion for mushroom foraging. The brothers launched a company to provide mushrooms to restaurants across the five boroughs. Their first big harvest happened in early 2020 just before the COVID-19 pandemic shutdown. "We had to halt production to wait and see how businesses reopened. As farmers markets opened back up, we were able to restart production and begin to grow at scale," said Adam Novzen.

The company was able to further expand when they moved into Greenpoint Manufacturing & Design Center (GMDC). "We saw the space at the end of 2021 and moved in by the beginning of 2022 to give us a bigger space for the production that we were growing into." Mushroom Queens requested some specific infrastructure from GMDC to make it work for their production, including cutting holes in the roof to exhaust out CO2 created by growing mushrooms. "GMDC was very quick to respond to requests for adjustments to the site. They showed us multiple spaces, but after understanding our specific needs, they



showed us another space that still needed to be built out". GMDC worked quickly to prepare the space for Mushroom Queens to move in. Mushroom Queens additionally needed access to water and air conditioning for their production since mushrooms breathe in oxygen and emit CO2.

Since moving into GMDC, Mushroom Queens has grown from producing in a 500 square foot space to a 3,300 square foot facility with a commercial kitchen that allows the company to expand and create some new products—including mushroom extracts, chai teas, and powders. Because of this expansion, it has been able to get more time at farmers markets around the city, including a weekly spot at the Union Square Greenmarket. GMDC has also been helpful in providing ancillary benefits including connecting the team to small business development programs offering training and access to resources providing energy savings for small businesses.

## Salehi / Kushi Studio

Business partners Fara'h Salehi and Teruko Kushi launched their architectural metal fabrication business in 2023 after meeting while working at separate companies focused on manufacturing. The building that housed the companies was in the process of being sold and Salehi / Kushi Studio began looking for a new space. The team



produces custom metal work—and most projects are custom built for specific designers. Products include custom furniture, architectural detail including custom doors, window fittings, staircases and handrails, fireplace screens, etc.

Kushi said, “We had contracts for business and were looking for a new space. We looked at a lot of spaces—maybe 50. Our expectations had to keep changing, and we needed a very specific amount and type of space, including an industrial loading dock, the appropriate electrical infrastructure, and either a heavy duty elevator or a ground floor space.” The team almost signed an agreement for another space that didn’t really fit their needs before they received a call from GMDC to see an available space in Ozone Park. It was farther away than they wanted but the space met all their needs and was much less expensive than the space they were settling for. As a small manufacturer, Salehi / Kushi Studio preferred to work with an organization like GMDC, which is set up specifically

for this type of use whereas building owners who are not committed to housing manufacturing companies could sell at any time. “We knew that coming to GMDC would give us stability as a business. It was basically the golden ticket for being able to survive,” said Kushi.

The business has grown steadily since moving into GMDC and the community in the building allows them to share opportunities and receive recommendations from other tenants in the same building.

The team has been able to book projects in advance and even had to turn away some work, which they consider a privilege. “We have time and room to focus on how we want to grow as a business instead of focusing on taking on enough projects to cover the costs of operation,” said Kushi. GMDC’s solar infrastructure further benefits the business as the team runs a full machine shop and their monthly bill is minimal. “We have been able to have a really good head start.”







# Impacts to Date

(PROJECTED FOR CONSTRUCTION AND OPERATIONS PHASES)

SPONSOR			
LA MAMA EXPERIMENTAL THEATER CLUB INC.	BROOKLYN NAVY YARD DEVELOPMENT CORPORATION	EVERGREEN INC.: YOUR NORTH BROOKLYN BUSINESS EXCHANGE	GREENPOINT MANUFACTURING AND DESIGN CENTER
PROJECT			
74 East 4th Street	Building 127	500 Stagg Street	Ozone Park Industrial Center
CONSTRUCTION JOBS (DIRECT)			
126	110	61	88
CONSTRUCTION JOBS (INDIRECT)			
21	48	9	22
OPERATING JOBS (DIRECT)			
16	263	17	97
OPERATING JOBS (INDIRECT)			
11	83	3	34

# - ACTUAL # - PROJECTED



**BROOKLYN NAVY YARD DEVELOPMENT CORPORATION, Building 127**

**Bio:** The Brooklyn Navy Yard Development Corporation (BNYDC), a nonprofit that oversees the Yard on behalf of the City, develops, rehabilitates, and manages space in the Yard for job-intensive modern manufacturers. BNYDC’s vision is to create a flourishing industrial sector that provides pathways for businesses to thrive and for New York City residents to access quality jobs. The NYC Inclusive Creative Economy Fund supported BNYDC’s Building 127. The 100,000 square foot building houses the following tenants:

- ▶ Smart Design (known for OXO kitchen tools) is a strategic design company that helps people live better and work smarter
- ▶ Daedalus Design & Production specializes in scenery fabrication and production services
- ▶ AYO Labs offers a business incubator and accelerator, a contract manufacturing facility, an R&D laboratory, co-working space, Venture Café, and back-office support staff

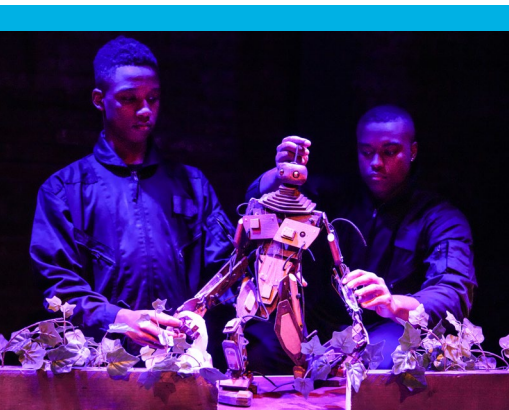
**Project Update:** The two secured tenants, Smart Design and Daedalus Design & Production, have finalized outfitting of the space in 2023 and are now fully operational. BNYDC signed a lease with AYO Labs in March 2024 to rent the remaining 50,000 square feet to provide a state-of-the-art contract manufacturing facility that will shepherd scale and catalyze a business community clamoring for change. AYO Labs was chosen as part of a Request for Proposal launched by BNYDC in 2023 for a qualified firm to provide a conceptual design to drive future development at Building 127 as part of the Yard’s multibillion dollar master plan to grow the total number of jobs at the Yard to 30,000.



**EVERGREEN: YOUR NORTH BROOKLYN BUSINESS EXCHANGE**

**Bio:** As neighborhoods like Williamsburg and Greenpoint attract new residents and businesses, the area’s industrial real estate is under significant pressure from market forces seeking to convert industrial properties for office, entertainment, retail, and even residential uses. In October 2019, with funding from the NYC Inclusive Creative Economy Fund, Evergreen successfully closed on the purchase of 500 Stagg Street in Brooklyn, its fifth building. The property is a 10,000 square foot warehouse that is being renovated into a multi-tenant manufacturing facility for three small businesses in the design and fabrication sector. The project is being financed primarily by city funds and being bridged by LISC NY’s loan of \$7.15 million.

**Project Update:** The rehab of the site was completed in late 2021 and final sign offs were obtained in 2022 to begin occupying the space. As of February 2024, Evergreen has leased two of the three spaces within the 10,000 square foot building to Leerform Fabrication. Leerform serves museums, galleries, and individual artists by providing logistical and fabrication services for exhibits, travel, and storage. Leerform delivers comprehensive design services from its woodworking and metal fabrication facility. In 2023, Evergreen was selected as part of a group to receive a \$750,000 grant from Congresswoman Nydia Velazquez (Democratic representative for New York’s 7th congressional district) to expand capacity to help launch educational programs for MWBEs, provide technical assistance, and help businesses hire from within six low- to moderate-income neighborhoods in Brooklyn.



**LA MAMA EXPERIMENTAL THEATER CLUB INC. (LA MAMA):**

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

**Project Update:** The NYC Inclusive Creative Economy Fund has supported the substantial renovation and restoration of La Mama’s 10,500 square foot space located at 74A East 4th Street in Manhattan’s East Village neighborhood. The project completed in late 2022, delayed from the anticipated completion earlier in the year due to continued supply chain issues and labor shortages. The completed building is ADA accessible to all floors, has an enlarged lobby area, a dedicated community space, an outdoor terrace, and a building-wide data network. In 2023, La Mama hosted seven events at the completed space, including The Hip Hopera, The Big Trip and Spacebridge, as well as an annual gala.





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

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

LISC NY’s work in this area began in 2016 with the support of Citi Foundation’s Community Progress Makers Fund, which provided a two-year capacity building grant to assist us in diversifying our local nonprofit borrower partners beyond our traditional housing focus. As this theme around New York City’s inclusive creative economy began to emerge, we were thrilled to receive a second Community Progress Makers award in 2018. We are

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

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The Local Initiatives Support Corporation (LISC) is a national nonprofit organization that equips underinvested communities with the capital, strategy, and know-how to become places where low- and moderate-income Americans can thrive. LISC NY, LISC’s flagship New York City office, was established in 1980. LISC NY supports local partners whose services and programs aim to create a more equitable, inclusive, and sustainable New York City. Since 1979, LISC has invested over \$31.8 billion and leveraged an additional \$86 billion in support of low-income communities. This has resulted in over 506,210 affordable homes built and nearly 82.5 million square feet of retail and community space preserved.

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

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

**THE NYC INCLUSIVE CREATIVE ECONOMY FUND REPORT** was produced by Christine Retzlaff O’Connell, Director Community Development Investments and Pres Adams, Senior Community Investment Officer at LISC NY.

### **Page 1: Cover Page**

Photo by Kreg Holt Photography, courtesy of Brooklyn Navy Yard

### **Page 2: Preface**

Photo by Steven Pisano, courtesy of La Mama

### **Page 3: Investment Premise**

Photo courtesy of Evergreen Exchange

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Photo by Bronwen Sharp, courtesy of La Mama

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Photo courtesy of Salehi / Kushi Studio

### **Page 6: Project Selection**

Photo by Kreg Holt Photography, courtesy of Brooklyn Navy Yard

### **Page 7: Project Profile**

Photo courtesy of GMDC

### **Page 8: Project Profile**

Photo courtesy of GMDC

### **Page 9: Impacts**

From left to right: photo by Leerform courtesy of Evergreen Exchange, photo by Bronwen Shar courtesy of La Mama, photo by Kreg Holt Photography, courtesy of Brooklyn Navy Yard

### **Page 10: Impacts**

From top to bottom: photo courtesy of the Brooklyn Navy Yard Development Corporation, photo courtesy of Evergreen Exchange, photo by Steven Pisano courtesy of La Mama

### **Page 11: Background**

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