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Community Dividend

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Development programs help ex-offenders join the workforce

By Jacob Wascalus

When the subject of ex-offenders in the workforce comes up, one of the questions that Lisa Lundmark likes to pose requires little imagination to answer.

"If the public doesn't want to give ex-offenders the support they need to get a job, what is the natural result of that?" asks the strategic advancement manager at AccessAbility, Inc., a Minneapolis-based nonprofit organization that helps people with multiple barriers to employment find high-quality jobs. "There are so many people who want to turn up their noses at ex-offenders or look past them, but the outcome of that is not good. They need a second chance."

For an ex-offender reentering mainstream society, finding legitimate, gainful employment is an essential step toward creating a productive new life. But whether due to a lack of education and skills on the part of the job applicant or to bias on the part of employers, getting hired can be a formidable challenge for someone with a criminal record.[1]

AccessAbility and other similarly missioned organizations across Minnesota recognize this quandary and have developed an assortment of programs to help ex-offenders obtain—and maintain—the best living-wage jobs they can find. The underlying principle

ILLUSTRATIONS BY BILL FERENC

Long-awaited rules require the BIA to "buy Indian"

By Paula Woessner

More than a century after its passage, an act of legislation with the potential to transform the federal government's purchasing practices in Indian Country finally has the force of law.

Effective July 8, 2013, the U.S. Department of the Interior adopted final rules that require the Bureau of Indian Affairs (BIA) to give preference to Indian-owned or -controlled businesses in matters of procurement. The rules are the long-awaited last step in implementing the Buy Indian Act, a law signed on June 25, 1910. Although the act has been on the books since then, it was unenforceable until now because there were no rules adopted for

implementing it. Rule writing didn't begin in earnest until 1982 and then proceeded in fits and starts over the ensuing 30 years. It is now, at long last, completed.

"It's a new day in Indian Country," says Kay Bills, a member of the Osage Nation who keeps a close watch on federal procurement in her role as executive director

of MAGIC (Mid America Government Industry Coalition), a trade association that serves the Midwest. "The Department of Interior spends billions of dollars a year. BIA has hundreds of millions as part of that budget. If we can move even a percentage of

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Techies and neighborhood groups hack their way to community solutions

By Jacob Wascalus

On a sunny Saturday morning last May, several dozen people filed into a large conference room at the central library in downtown Minneapolis to develop, over the course of the day, a battery of digital tools aimed at helping local neighborhood groups address a range of issues their communities face.

The gathering was an example of a "civic hackathon"—an event at which community leaders, acting as subject-matter experts, join forces with volunteer technologists (i.e., programmers, graphic designers, visualization experts, etc.) to collaboratively design and build computer applications and tools that address local needs. At the May event, billed as *Visualizing Neighborhoods,* participants prototyped 11 such applications while forming scores of community relationships.

"For neighborhood organizations, these events can provide a unique way of engaging a group of very talented, community-minded activists," says Kristen Murray, who helped organize Visualizing Neighborhoods while working as a research assistant for the Center for Urban and Regional Affairs, a Minneapolis-based, University of Minnesota-affiliated organization that provides community groups with technical assistance. "In the end, organizations or individuals get a better understanding of an innovative computer application that could help address some aspect of their work—and sometimes get a fully-functioning tool—while the connections among community members are strengthened."

Pitch, choose, hack

Hackathons don't follow a rigid, engraved-in-stone script, but they do progress along some general phases. First, event participants—both technical experts and community leaders—meet to discuss the problems the community is trying to address and brainstorm ideas about possible solutions. To begin the process, community leaders "pitch" their projects by describing their issues or concerns and the technical experts then offer suggestions for addressing them. For example, at the Visualizing Neighborhoods event, a community representative described an apparent lack of electoral participation in his neighborhood during non-presidential elections. In response, a technical expert suggested building an application to map voter turn-

The good side of hacking

The word "hacker" usually conjures images of cybercriminals breaking into government IT systems or infecting computers with malware. But "hack" also means to solve a problem or make something useful through creativity and resourcefulness. Whether due to frugality, anti-corporate sentiment, or the simple joy of problem solving, this "do-it-yourself" interpretation of the term has caught on in many non-tech spheres, such as food, fashion, and home improvement, as evidenced by the popularity of web sites like www.lifehacker.com and www.hackaday.com.

From pitches to projects

The Visualizing Neighborhoods hackathon in May 2013 yielded an assortment of projects, including:

- Using data to find out how many people are served by individual bus stops in a given neighborhood.
- Facilitating dialogue between parents and schools.
- Developing a way to promote the services offered by a recently opened, neighborhood-based, 24-hour childcare center.
- Mapping a projection of what 14,000 new jobs will look like along a developing transportation corridor.
- Visualizing crime data in the city to address public perceptions of safety.

> "We're really pleased with these types of efforts and plan to watch and participate in them in the future," says Otto Doll, the chief information officer for the City of Minneapolis. "In fact, we may adopt and maintain some of the apps produced at these events and make them available more broadly. They can augment the city's ability to respond to public needs."

Facing page, and above: Images from the May 2013 Visualizing Neighborhoods civic hackathon in Minneapolis, where community representatives and technical experts gathered to design and build digital tools to address local issues. (Photos by Jeff Corn)

out during different election cycles. This back-and-forth is then repeated for each of the participating community groups until a project is identified from each one.

Next, the technical experts divide themselves into groups based on which of the pitched projects they would like to work on. To ensure the best results, participants are encouraged to form project teams whose members bring diverse skills to the work.

The teams then begin building, or "hacking," their applications. This is typically the longest phase of any hackathon and its duration depends on the length of the full event. At the Visualizing Neighborhoods event, which was scheduled for the length of a single work day, the hacking phase lasted about six hours. In a longer hackathon—spanning a three-day weekend, for instance—it can last more than two full work days.

Finally, the teams present their work and, should their applications not be complete, discuss next steps. Organizers might also include a judging period and awards ceremony for the best application.

Cities sign on

At Visualizing Neighborhoods, which was attended by about 50 people (approximately 40 technical experts and 10 subject-matter experts), the scope of projects ranged from the voter participation application mentioned above to an online tool for rec-

ommending neighborhood-based outdoor recreation routes. (See the "From pitches to projects" sidebar above for more examples.) But the latitude of the applications—what they do and how they do it—depends on the technical skills of the individual team members, their collective imagination, and the data that are available to them.

Data, often public data collected by a government entity, are the critical ingredients of many applications. The datasets held and maintained by various federal, state, and city departments reflect the on-the-ground conditions within a community, and a government's willingness to share this information and foster an open data atmosphere can go a long way toward creating a productive environment for hackathons and other community development efforts.

The City of Minneapolis, recognizing its role in the process, signed on to co-sponsor Visualizing Neighborhoods. It secured the meeting space at the library and publicized the event at another community-focused conference being held in Minneapolis that weekend.[1] The city's support was an explicit endorsement of the tech-focused, community-building intent of the hackathon.

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broadly. They can augment the city's ability to respond to public needs."

The City of Minneapolis was also involved in a hackathon held the next week—an event called *Hack for MN*—as was the City of St. Paul. In fact, Hack for MN was part of a broader initiative to host 95 different hackathons in cities across the country during the same weekend. The nationwide initiative, called the *National Day of Civic Hacking,* had the support of multiple entities at the federal level, including the White House, as well as state and city governments.[2]

Building apps and community

The Hack for MN event spanned two days and the Visualizing Neighborhoods hackathon lasted just eight hours. The durations of both events set ambitious time frames in which to conceptualize, design, and roll out a finished product. Consequently, most of the applications that participants worked on at both hackathons were still in the development phase as

the events drew to a close. And that's why Alan Palazzolo, a local open-source software developer and data-access advocate who served as co-organizer of both events, prefers to stress the community-building aspect of civic hackathons over the actual applications they produce.

"Hackathons are about coming together to find new and innovative ways to tackle problems or otherwise lending one's specific skills to a problem," he explains. "While the activities in a hackathon are outwardly directed toward building an app or a tool, the events are actually about building stronger communities and developing relationships with one another so that this work can continue into the future." cd

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[1] The other event was the 38th Annual Neighborhoods USA Conference. For more information, visit www.nusa.org.

[2] For more about the National Day of Civic Hacking, visit http://hackforchange.org/.

Development programs help ex-offenders

of the programs is that helping ex-offenders find employment doesn't just improve the financial circumstances of the former inmates themselves; it also has positive secondary effects that accrue to society in the form of reduced incarceration costs, increased income and payroll tax receipts, lessened reliance on social services (e.g., Medicaid, food stamps, etc.), and decreased crime, among others. In the view of Lundmark and her counterparts at other organizations that work on this issue, workforce development programs for ex-offenders make sense both economically and socially.

Greater Twin Cities United Way, which provides support to a range of anti-poverty programs throughout the Minneapolis-St. Paul metropolitan region, is committed to supporting employment efforts for people with criminal records. Says Andrea Ferstan, Greater Twin Cities United Way's director of system strategies: "With a shrinking workforce, high incarceration costs, and a changing labor market that demands an array of foundational workplace behaviors and technical skills, we can no longer afford to have a significant portion of our population unprepared and unable to succeed in our workforce and in our communities."

The numbers show the need

To get a sense of the potential demand for ex-offender workforce development programs, look no further than the staggering number of people who have exited or currently inhabit the American prison system. According to one analysis, there were up to 6.1 million ex-prisoners in the U.S. in 2008.[2] In 2012, more than 1.5 million men and women were incarcerated in state and federal prisons. In Minnesota, which has the highest inmate population of the states that lie entirely in the Ninth Federal Reserve District, approximately 9,900 people were held at the gopher state's eight adult prisons.[3]
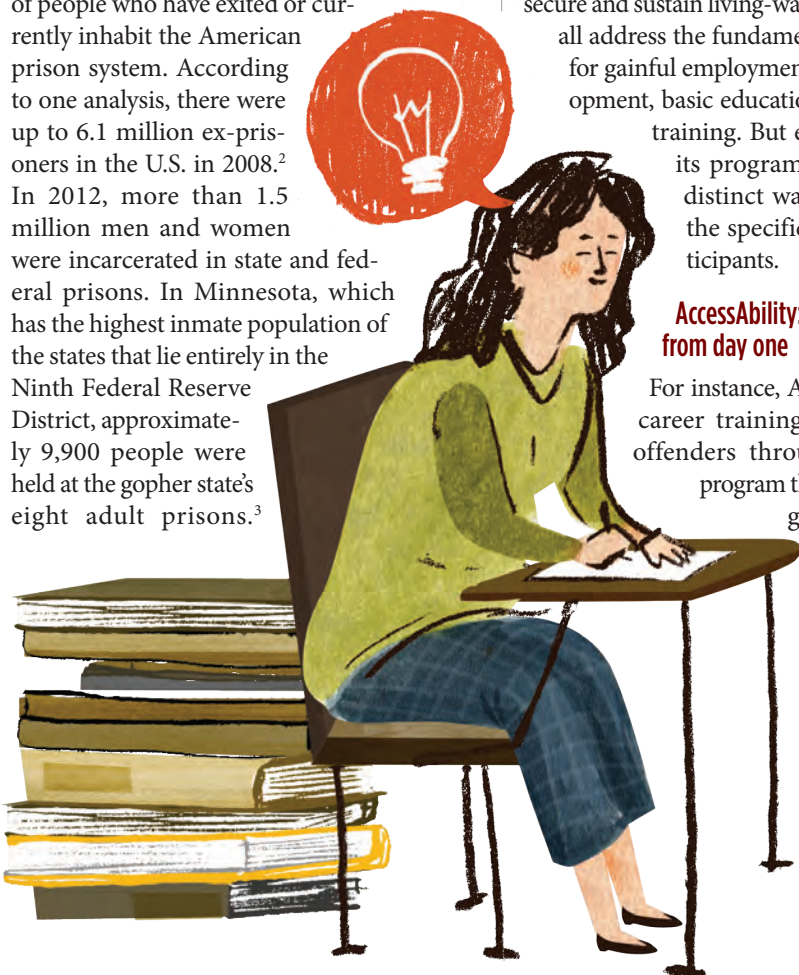
That number ranks as the 32nd largest prison population of the 50 states. However, more than 122,000 men and women in Minnesota were supervised by community corrections and county probation programs in 2012—a large group of individuals who have criminal records that may give prospective employers pause.[4]

The cost of corrections systems is staggering as well. In 2010, federal, state, and local governments spent, in aggregate, more than $80 billion on corrections. State, county, and municipal corrections systems in Minnesota spent a total of $860 million in that same year.[5] According to John Schadl, a spokesperson for the Minnesota Department of Corrections, the average annual cost of incarcerating an inmate in 2012 totaled nearly $31,000. With so much money spent on a population that has a recidivism rate, in Minnesota, of 61 percent,[6] programs that help guide ex-offenders into sustained, gainful employment could help produce savings and benefits for both the ex-offenders themselves and society at large.

Same endpoint, different paths

Workforce development organizations that are geared toward people with barriers to employment are actively working with the ex-offender population in metropolitan areas throughout Minnesota. (See the sidebar on the opposite page for a link to more information). These organizations all operate their programs with a common goal in mind—to help ex-offenders secure and sustain living-wage work—and they all address the fundamental requirements for gainful employment: soft skills development, basic education, and hard skills training. But each has designed its program curriculum in a distinct way, often to reflect the specific needs of its participants.

AccessAbility: Earning a wage from day one

For instance, AccessAbility offers career training services for ex-offenders through a three-step program that builds on a progression of responsibility and independence. According to Lundmark, the organization's Project Connect ex-offender program, which it launched in 2011, helps individuals with criminal records obtain jobs that offer the highest

potential wage per hour, with maximum earning potential and upward mobility.

"We want people to sense that there's actually a career path that they can follow, and that they can earn more money the longer they work," she says, explaining that program participants initially earn approximately $7.50 per hour and, on average, earn $10.93 per hour upon placement. "What differentiates us from other organizations is that 100 percent of participants come to us unemployed, and the day they're enrolled in our program, they start earning wages. From day one, they earn a paycheck."

AccessAbility advances participants through the three phases of its program as they acquire the skills—soft and hard—necessary for more demanding jobs with independent employers. The first phase involves working at one of AccessAbility's business service operations located at one of the organization's own sites; participants typically engage in jobs like materials recycling or packaging and assembly services. The second phase again involves working for an AccessAbility-owned business, but one that is situated at the site of an external employer; participants provide services necessary for the business's operation, such as light industrial work. And the third phase involves securing a permanent job with the phase two employer or another external business that is independent of AccessAbility.

The Project Connect program takes between three months and one year to complete, depending on the participant. Job developers and case managers assist program enrollees throughout the process to address barriers to employment. They continue to monitor participants for up to two years after the conclusion of the program. So far,

more than 250 ex-offenders have graduated through the Project Connect program and have obtained jobs. After one year, 91 percent of those placed had retained their jobs.

Twin Cities RISE!: Emphasizing empowerment

Twin Cities RISE! (TC RISE!) is another organization that offers workforce development programs for people with criminal histories. But what differentiates this organization from other similarly missioned nonprofits is its focus on personal empowerment.

"We believe that helping individuals find internal strength is absolutely critical to support the needs of the people we serve," says Arthur Berman, executive director of TC RISE!. "Our training doesn't help them just get a job, it helps them keep a job. To us, that is the single most important measure of success."

With offices in Minneapolis and St. Paul, TC RISE! has been providing, for more than two decades, a "long-term, high-touch model" that not only teaches the soft and hard skills required of many employers but also helps program participants explore and alter some of the personal, ingrained attributes that may have prevented them from successfully pursuing satisfying, legitimate work—attributes like emotional regulation, empathy, and self-esteem. Personal coaches work with participants regularly.

"We don't believe in quick fixes," says Berman, noting that TC RISE! serves between 500 and 600 individuals per year. "Sometimes people drop out because they're not ready for the rigors of our program. But the ones that complete the work succeed at high rates."

According to Berman, people who have finished the program, which takes about a year, can expect to secure a job that pays, at

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The hard and soft of workplace skills

Taken as a set, "hard" and "soft" usually refer to physical properties, such as the scratch-resistance of a substance or the mineral content of a community's tap water. But in the workforce development world, the words refer to the two main types of skills needed to succeed in the workplace. People who possess *hard skills*, or technical abilities, have the know-how and dexterity to perform specific, required tasks like welding, automotive repair, or masonry. People who possess *soft skills*, or emotional and social awareness, demonstrate an ability to successfully manage stress, resolve conflicts, and navigate interpersonal dynamics in the workplace—behaviors that contribute to improved productivity and job retention.

minimum, $20,000 annually. In 2012, in fact, TC RISE! graduates earned an average of $25,000 a year—a significant increase from the average of $6,100 a year they earned in the period between being released from prison and going through the organization's curriculum. Moreover, Berman says that 81 percent of the program graduates remained in their jobs for at least a year and 70 percent stayed for a second year. Only 16 percent of the people who finish the program reoffend. Among those who enter the program and drop out, the rate of reoffending is higher—33 percent—but still substantially lower than the 61 percent statewide average.

### SOAR Career Solutions: Schooling individuals to move up

In Duluth, Minn., SOAR Career Solutions (SOAR) has been helping ex-offenders transition from incarceration to the community since 2006, when it launched its Community Offender Re-entry Program (CORP). SOAR assists CORP participants on a range of needs, including workforce development.

Like the programs from AccessAbility and TC RISE!, SOAR's CORP uses a development coach/case manager for each participant. However, instead of working with ex-offenders after they are back in the community, SOAR begins working with individuals approximately two to three months prior to their prison release date to ensure a smoother transition back into society. Once they're released from prison, CORP participants move on to SOAR's pre-employment workshops and training opportunities, which are also open to all in-need community residents. Participants go through hard- and soft-skills trainings similar to those taught by AccessAbility and TC RISE!. They can also take short-term, fast-paced training courses that are funded through grants from the Minnesota Department of Employment and Economic Development and local foundations. The courses last from 8 to 12 weeks and are offered by Lake Superior College, an accredited institution of higher learning. Course participants can earn industry-recognized certification in fields such as welding, industrial sewing, machine operation, and truck driving.

"The schooling we provide from the college is a building block to move up," says Emily Edison, SOAR's executive director. According to Edison, SOAR's CORP has assisted nearly 400 individuals since its founding. Of the 54 clients CORP has served since July of this year, one-third are now employed. Except for some individuals who either cannot work due to disability or are pursuing life-stabilization goals prior to launching a job search (goals such as securing safe housing or receiving chemical dependency treatment), most of the remaining clients are now either searching for employment or furthering their education and skill-building.

Working with other organizations

SOAR's activities extend to much more than just workforce development, however. It also connects ex-offenders to services that they
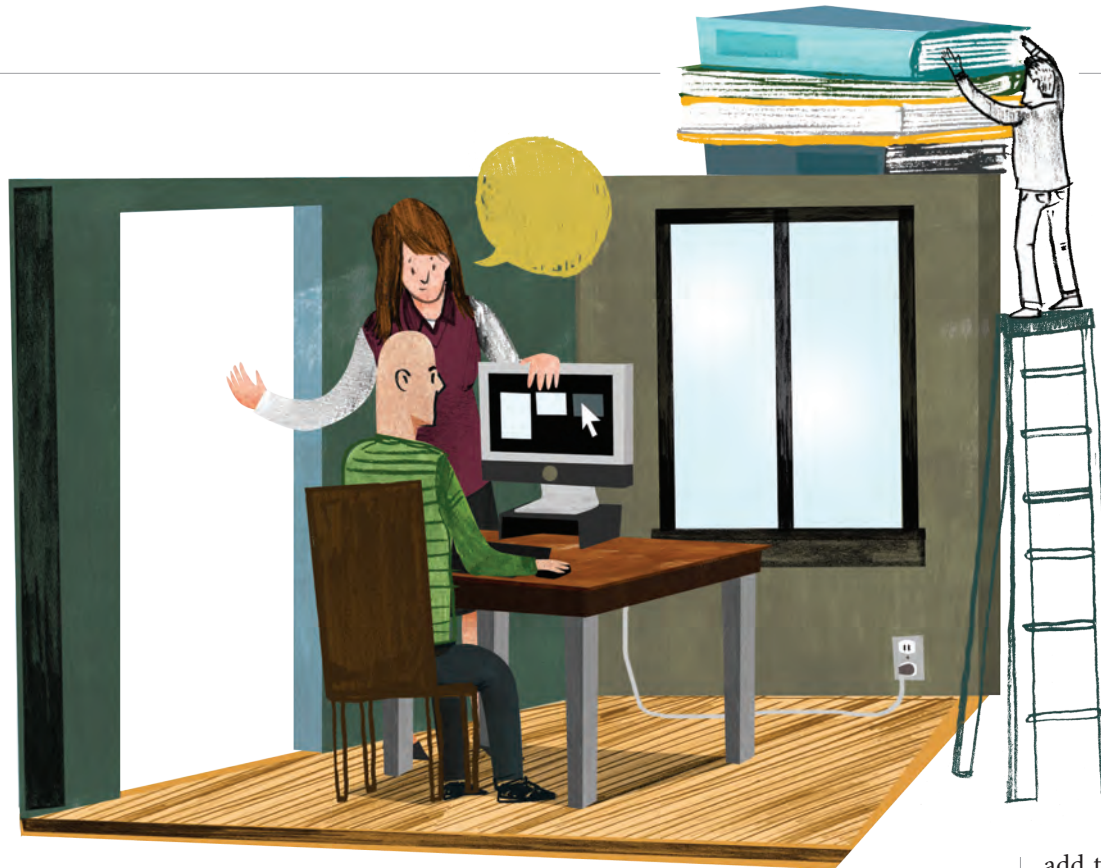
often need to successfully reintegrate into society, such as housing, mental health support, and transportation. The same is true of TC RISE! and AccessAbility; all three regularly work with the constellation of organizations and government departments that make up the human service safety net.

"For those short-term things that may come up with a client, like housing or transportation issues, we'll work with other nonprofit partners in the community to help our participants overcome them," says AccessAbility's Lundmark. "Because these organizations all do different things, our goal is to collaborate with others that serve ex-offenders so that we all do what we do best and there's no overlap or duplication of services."

That could mean a case manager from AccessAbility reaches out to a housing provider, such as Volunteers of America, to ensure that a program participant has access to accommodations. Or it could mean a case manager from SOAR works with the St. Louis County Human Services Department to

ensure a CORP participant gets enrolled in the Supplemental Nutrition Assistance Program, commonly referred to as food stamps.

As Ferstan of the Greater Twin Cities United Way explains, "Many of these organizations work together because we need to ensure that there is a continuum of services."

Creating value on a limited budget

Helping ex-offenders find gainful employment and build productive lives seems like it would be a worthy cause for the state and other funders to support, particularly if the estimated return on investment, or ROI, is large. According to Berman, the ROI in the TC RISE! model is large indeed: Over the past 15 years, for every $1 the state has invested in the program, the return to Minnesota taxpayers from reduced state subsidies, increased state tax receipts, and lowered recidivism has been $7.72. That represents a 672 percent ROI over the time period.

But funding isn't always forthcoming.

Edison notes that, despite demonstrating the success of its CORP program in the past, SOAR has had to cut the number of case workers it employs, and thus reduce the number of offenders it can help, because of a lack of funding. Currently, SOAR's single remaining CORP case worker has 45 ex-offender clients, and SOAR plans to drop that number to 35 in order to maintain the integrity of the services it can provide. Furthermore, as of August 2013, 13 individuals are on the CORP waiting list—a number that still doesn't reflect the program's high demand, given that corrections officials, who recommend SOAR's program to inmates, have not been widely advertising CORP because of its known capacity limitations.

"There's more beef that we could add to our programs and more people we could reach, but because of our lack of funding we've had to scale everything back," explains Edison.

Ferstan of Greater Twin Cities United Way remains adamant that workforce development programs for ex-offenders are a societal necessity.

"We have to recognize that there are a lot of collateral consequences that get in the way once someone has any kind of record," she says. "We must ensure that there is an adequate level of support in the community to help them succeed. Employment is one key to that success." **cd**

"We don't believe in quick fixes," says Berman, noting that TC RISE! serves between 500 and 600 individuals per year. "Sometimes people drop out because they're not ready for the rigors of our program. But the ones that complete the work succeed at high rates."

For more on similar programs in Minnesota

The workforce development initiatives profiled here are not the only such programs in Minnesota. To learn about other organizations across the state that offer workforce development programs for ex-offenders, visit the "Ex-Offender Resources" section of www.minnesotaunemployed.com.

[1] According to a survey of employers on their willingness to hire people with various stigmas, such as having an unstable work history or having a criminal history, only 40 percent of respondents said they were willing to employ ex-offenders. A description of these findings can be found in *Ex-Offenders and the Labor Market,* a November 2010 report authored by John Schmitt and Kris Warner and published by the Center for Economic Policy and Research. For more, visit www.cepr.net/documents/publications/ex-offenders-2010-11.pdf.

[2] When individuals who were sentenced to parole or probation only are included, the estimate is as high as 13.9 million. See the Schmitt and Warner report referenced in footnote 1.

[3] Prison population figures are drawn from *Prisoners in 2012 —Advanced Counts,* published by the Bureau of Justice Statistics in July 2013. It includes prisoners with sentences longer than one year. The inmate count reported by the Minnesota Department of Corrections (MDOC) is lower than the federal number by several hundred people. For more information on federal statistics, see www.bjs.gov/content/pub/pdf/p12ac.pdf.

[4] The number of supervised individuals is from a July 2012 MDOC fact sheet titled *Notable Statistics: Minnesota Department of Corrections,* available at www.doc.state.mn.us/aboutdoc/stats/Default.htm.

[5] For more information, see "Justice Expenditure and Employment Extract Series" published by the Bureau of Justice Statistics at www.bjs.gov/index.cfm?ty=pbdetail&iid=4679.

[6] This figure reflects the recidivism rate between 2004 and 2007. For more information, see *State of Recidivism: The Revolving Door of America's Prisons,* Pew Center on the States, April 2011.

CommunityDividend

Collaborating to create affordable housing:
A conversation with Alan Arthur of Aeon

By Jacob Wascalus

Before-and-after views of Ripley Gardens, a former maternity hospital in Minneapolis that Aeon rehabbed and converted to affordable housing.

PHOTOS COURTESY OF AEON

Alan Aurthur

Thanks to an organization called Aeon, more than 4,000 very low-income people in the Minneapolis-St. Paul metropolitan area have affordable apartments to call home. Founded in 1986, Aeon is a Minneapolis-based nonprofit housing developer, owner, and manager that has built or rehabbed dozens of multifamily properties in and around the Twin Cities to meet the needs of a diverse clientele, including homeless youth and chemically dependent adults.

Aeon's president and CEO, Alan Arthur, has steered the organization through some turbulent economic waters since he took the helm in 1988. The latest rough spot, the Great Recession, worsened the nation's affordable housing crisis while diminishing the funding landscape for nonprofit organizations.

Despite the challenging times, Aeon has continued to expand its portfolio of affordable housing units. Recently, *Community Dividend* caught up with Arthur to ask him about his organization and how it is navigating the post-recession affordable housing environment in the Twin Cities.

Community Dividend: Your organization, Aeon, has been creating housing options for low-income people for nearly 30 years, through thick and thin. How would you characterize the current affordable housing landscape in the Minneapolis-St. Paul area?

Alan Arthur: From a housing perspective, if we broaden it to a statewide view, Minnesota is now the most unaffordable of all the states in the Upper Midwest.[1] This is putting a lot of pressure on low-income people to find stable housing that they can afford. One major problem is that the gap between the incomes of poor people and the increasing costs of rental housing is getting

wider and wider. Demand for affordable housing is growing, and it's a problem that we need to solve.

CD: What are some of the challenges to developing affordable housing properties right now?

AA: One major one is buying existing apartment buildings to convert to affordable housing. The multifamily rental real estate market is really hot, and there's a lot of investment money chasing these existing buildings. The truth is that these purchases are mostly speculative. The buildings aren't really worth it on their current cash-flow basis; the purchases are all about expectations for future appreciation. For poor people, that means increasing rents. The investors believe that rents will increase for quite some time, or else they wouldn't be putting money into purchasing these properties.

For example, we recently looked at a rental property that was worth about $46,000 per unit. It needed a lot of work and was basically at the end of its useful life. We spoke with a broker who disagreed with us and said that we'd have to pay in the $50,000-per-unit range if we had a chance of buying it. That was too expensive for us. In the end, it sold for more than $60,000 per unit. So those buyers aren't going to get their return on investment now. They're looking for an investment return down the road, when they expect rent prices will have gone up even higher.

Financing our developments is another challenge. Right now, financing affordable housing is like taking a square peg and driving it into a round hole. Unfortunately, the hole seems to be getting smaller and the peg seems to be getting bigger.

Usually, our largest source of funding is the Low Income Housing Tax Credit [LIHTC].[2] That's actually been fairly stable. The LIHTC typically makes up about 50 percent of the total capital needed for our affordable housing projects and then a first mortgage provides another 20 to 30 percent. It's that last remaining 20 to 30 percent that is the challenge. That's the gap funding. Developers need to raise gap funding from non-debt-service sources—like state money, local money, foundations, etc. Across the country, that funding source is shrinking. And that's certainly true in the state of Minnesota.

CD: One persistent challenge affordable housing developers often cite is zoning. The zoning laws in many municipalities limit multifamily housing, for example. How have local zoning laws affected your work?

AA: I teach affordable housing development across the country, and I've never come across any unsolvable zoning problems around affordable housing. The real problem is not the zoning itself. The real problem is the underlying antipathy about affordable housing in our communities. One of the biggest problems we have in our country is the negative perception of affordable housing. Who would want it next door to them? Based on watching TV, movies, and the 10 o'clock news, you're not going to have a positive image of it.

In the Twin Cities, we've never had significant zoning problems. One of our goals is to get people to understand what Aeon does—how each of our properties is of the highest quality and is going to be the best on the block. If we can get people to understand that, the zoning gets figured out.

CD: Would you describe your property portfolio and tell us a little about your tenants?

AA: We have 38 properties, made up of about 2,000 apartments and townhomes—enough to provide housing for more than 4,000 people each year. Our residents include temporarily and chronically homeless individuals. People with chemical dependencies, mental health issues, and physical disabilities. They include youth, veterans, and the elderly.

We have great pride in our properties. We've done more historic preservation in the state of Minnesota than any other organization: 12 properties, 8 of which are on the National Register of Historic Places. [One of those 8, Ripley Gardens, is pictured at left.] Our properties range from acquisition-rehabs of existing properties to new construction. About half of our properties serve people below 30 percent of the area median income [AMI]—extremely low income. For individuals, that means they earn $17,000 or less a year. For a family of four, they earn less than about $27,000 a year. The rest of our properties mostly serve people who earn between 30 and 60 percent of AMI. That's still very low-income.[3]

We think of ourselves as a hundred-year organization—hence our name, Aeon, which means "forever"—so we approach our work with long-term, sustainable goals. A few years ago we built a multifamily development that was awarded LEED Platinum certification by the U.S. Green Building Council.[4] It was the first of its kind in the Upper Midwest. We're currently working on a development that will be the greenest, most-sustainable project in the U.S., when we pull it off.[5]

CD: You mentioned the financing environment earlier. Financing arrangements for affordable housing can be complex. What does a typical arrangement for one of Aeon's properties look like?

Defining and measuring *home*

The vision of Aeon is that "every person has a home and is interconnected within a community." To create criteria for measuring its progress toward the vision, Aeon conducted an initial survey and analysis to define what *home* means to its residents. According to the results, home is:

- A place that offers safety and security, and is a refuge and sanctuary;
- A place where people feel engaged with the community and experience connections with others; and
- A place where people feel a sense of ownership, accountability, and responsibility.

Aeon now surveys all of its residents annually on these three criteria and then gives each of its properties a "home score" that is used to drive performance across the organization's 38-property portfolio.

AA: Housing for people with extremely low incomes can make financing such developments very difficult. For instance, housing that will serve a person who is chronically homeless and has chemical dependency issues requires not just the capital for purchasing and rehabbing the building, but also some type of source to keep the rents low enough so that our residents can afford to pay their rent with whatever income they may have, which might be SSDI [Social Security Disability Insurance] or a veteran's pension. We also need a third financial source to pay for services—the social support that we offer at our properties that serve formerly homeless individuals.

So how do we do it? With great difficulty and tremendous collaboration among a multitude of organizations. For homeless youth, we partner with an organization called YouthLink that provides the services. For people who have been chronically homeless with mental health issues, we partner with Oak Grove, a local mental health services organization, which provides 24-hour front desk, nursing, and other support. And our Alliance Apartments development in Minneapolis serves homeless folks who have struggled with addiction. We partner with RS Eden, another local service provider, for that. All of these partnerships help lessen the cost burden on the developments and are essential to making our properties work.

In addition to partnerships, I like to say that we look under every rock for financing. For some projects, we've pieced together 12 to 15 sources of money. We've used money from the U.S. Department of Veterans Affairs to build 27 units so that homeless veterans can have a place to live. We've used money from the U.S. Department of Transportation to help spruce up areas around our projects so we don't have to use affordable housing money on the green areas between the housing developments and the transportation corridors. You can't do this type of work if you're not creative in your approach to getting financing.

CD: What do you think the future of the affordable housing industry will look like?

AA: I expect the next five to ten years in the affordable housing business to be tough, because of the challenges I mentioned earlier—the increase in demand for affordable housing, the speculative pressure on existing multifamily apartment buildings, and the challenges in securing gap funding. It's going to be harder to produce new affordable housing units of any kind. All levels of government are struggling with their budgets.

There are a lot of great organizations in the Twin Cities working in the affordable housing realm. But more work is needed. To make a fair, just, and functional country, we have to find a way to make "home" possible for all of our citizens.

For more about Aeon's work, visit www. aeonmn.org. **cd**

[1] Arthur is referring to a conclusion reached by Minnesota Housing Partnership (MHP) based on data reported in *Out of Reach 2013,* a report by the National Low Income Housing Coalition. MHP concludes that Minnesota ranks last out of the 12 Upper Midwest states in terms of housing affordability for minimum wage workers. For more information, see www.thedatabank.com/dpg/325/pm.asp?ID=42472&Publication.

[2] Enacted by Congress in 1986, the LIHTC Program provides a dollar-for-dollar tax credit to private market investors in qualified rental housing projects. To learn more, visit www.hud.gov.

[3] AMI is established by the U.S. Department of Housing and Urban Development. The 2013 AMI in the Minneapolis-St. Paul-Bloomington, Minn., metropolitan statistical area for an individual is approximately $56,000 a year. For a family of four, the AMI is approximately $82,000. For more information, see www.huduser.org/portal/datasets/il/il13/index.html.

[4] LEED, or Leadership in Energy and Environmental Design, is a program that provides third-party verification of the energy efficiency and environmental friendliness of buildings. For more information, visit www.usgbc.org/leed.

[5] Aeon is partnering with HOPE Community, an affordable housing developer focused on the Phillips neighborhood in south central Minneapolis, to build South Quarter Phase IV, a 120-unit complex that will incorporate a comprehensive suite of sustainable features. For more information, visit www.aeonmn.org.

Buy Indian Act

that money to our Indian communities and business people, it'll be a good thing."

The Buy Indian Act rules authorize the Secretary of the Interior to set aside procurement contracts for Indian economic enterprises (IEEs), which are defined as for-profit businesses that are at least 51 percent Indian-owned. The tribes or individual Indians that own the IEEs must manage the contract, receive the majority of earnings from it, and control the business's daily operations. The Indian owners of IEEs must self-certify that they are members of a federally recognized Indian tribe or Alaska Native village, and there are stiff penalties for misrepresentation.

Under the rules, the BIA must give Indian businesses first preference in procurement matters by seeking contract offers from at least two IEEs and then selecting one of them, so long as it is of a "reasonable and fair market price." The BIA may deviate from the rules only in specific circumstances, such as when no offers are received from any IEEs or when only one offer is received and it is not reasonable. Subcontracting is permitted, but at least 50 percent of the subcontracted work must go to IEEs.

The rules apply to the procurement of supplies and services, with one big exception: construction. However, the construction of roads, bridges, and sidewalks that are located on Indian land or are necessary to provide Indian communities with access to vital resources and services is covered.

As a matter of internal policy, the BIA has encouraged its offices and programs to "buy Indian" since 1965, but the practice wasn't mandatory and thus often wasn't followed. The absence of a mandate created a "frustrating" contracting environment, according to Lance Morgan, a member of the Winnebago Tribe of Nebraska who serves as president and chief executive officer of Ho-Chunk, Inc., the tribe's economic development corporation.

"There was no consistency," he says. "Some people at the BIA were great about following Buy Indian, but some weren't. At one time, the BIA maybe could have blamed that on the fact that there weren't many Indian-owned businesses around to award contracts to. But that's not the case anymore. The Indian business sector has been growing tremendously over the last couple of decades."

The text of the final rules includes a relatively modest initial estimate of the dollar amounts involved: a total of approximately $45 million in procurement contracts awarded each year to about 200 IEEs. But the potential economic impact could be much greater, because the rules authorize the Secretary of the Interior to delegate the buy-Indian mandate to other agencies in the department, such as the National Park Service and Bureau of Land Management. And now that there are finally clear rules on the books, Indian business advocates like Bills and Morgan are hopeful that Indian-related offices and agencies that are part of other cabinet-level departments will opt to follow them.

Of course, in practice, the rules will have little effect unless IEEs become aware of federal contracting opportunities and then make their presence known by bidding for them. Bills sees responsibility on both sides.

"It's a two-way street," she says. "Indian businesses have to do their part in pursuing the contracts, but it's also going to take outreach from the federal government entities. They're going to have to empower their acquisition community to really work this law."

Business associations and chambers of commerce within Indian Country could have an important role to play in educating their members about the Buy Indian Act rules and promoting the work of IEEs. The Ninth Federal Reserve District might have a leg up in that regard, since there are active Indian Business Alliances (IBAs) in Minnesota, Montana, North Dakota, and South Dakota that are positioned to encourage and support Indian entrepreneurs. (For more on the IBAs, visit www.minneapolisfed.org/indiancountry/#alliances.)

As for the long, long delay in finalizing the rules, Bills and Morgan have chosen to focus on the future.

"We can't be looking backwards. We have an opportunity now to really look forward into what Indian communities can be and are becoming," says Bills.

Adds Morgan, "It took more than a century, but in a way, the timing is just right. The recent expansion of the Native-owned contracting sector, plus the release of these rules—it's the perfect marriage to help Indian Country businesses grow faster and stronger."

Interested in learning more about the Buy Indian Act rules? MAGIC, the BIA, and the Indian Health Service division of the U.S. Department of Health and Human Services are co-sponsoring a Buy Indian Industry Day workshop in Midwest City, Okla., on October 30, 2013. For more information, contact Kay Bills at Kay@magic-usa.org. **cd**

What about procurement at the Federal Reserve Bank of Minneapolis? Although not a federal government entity and therefore not subject to federal procurement laws, the Minneapolis Fed is committed to supplier diversity. The bank's Office of Minority and Women Inclusion (OMWI) and Procurement Department work to ensure that minority- and women-owned businesses have an opportunity to be included in procurement activities. For more on the OMWI, visit www.minneapolisfed.org/about/role/OMWI. For more information on doing business with the Minneapolis Fed, visit www.minneapolisfed.org/procurement.

News and Notes

Ninth District tribal colleges receive leadership awards

The American Indian College Fund has selected five tribal colleges to receive its Tribal College Leaders in Community Innovation Award, which recognizes innovative approaches for fighting poverty and building thriving Native communities and economies. The awards provide a total of $725,000 in funding to help the recipients share and replicate their work. Four of the five awards, representing $600,000 of the total, are to tribal colleges located in the Ninth Federal Reserve District. The winning approaches range from a leadership development initiative for tribal community members to a wellness program centered on the therapeutic value of traditional plants and foods. The awardees are Leech Lake Tribal College in Cass Lake, Minn.; Stone Child College in Box Elder, Mont.; Sitting Bull College in Fort Yates, N.D.; Oglala Lakota College in Kyle, S.D., and Northwest Indian College in Bellingham, Wash. For details about their innovative initiatives, visit www.collegefund.org/press/detail/257.

The awards are funded by the Northwest Area Foundation, which is dedicated to reducing poverty in the eight-state region of Idaho, Iowa, Minnesota, Montana, Oregon, North Dakota, South Dakota, and Washington.

Census data show U.S. poverty rate holding steady, but still higher than pre-recession level

The nation's overall poverty rate and median household income changed little from 2011 to 2012, according to newly released data from the U.S. Census Bureau's 2012 American Community Survey (ACS). The poverty rate held at 15.9 percent from 2011 to 2012, while real median household income saw a statistically insignificant increase, from $51,324 to $51,371. Although conditions have not worsened, neither measure has made up for ground lost in the recent economic recession. The 2012 poverty rate is still 2.9 percentage points higher than it was in 2007, the last year before the recession began. And when adjusted for inflation, the 2012 median income is lower, in terms of purchasing power, than the 2007 median household income of $50,740.

The census data release includes graphs and statistical briefs for each of the 25 largest metropolitan areas in the U.S.—one of which, the Minneapolis-St. Paul-Bloomington area of Minnesota and Wisconsin, is located in the Ninth Federal Reserve District. The area was 1 of only 2 of the top 25 metros to see a statistically significant increase in median household income, from $64,712 in 2011 to $66,282 in 2012. However, the poverty rate in the Minneapolis-St. Paul-Bloomington area remained the same from 2011 to 2012, at 15.5 percent.

The ACS is conducted annually and has a sample size of approximately 3 million people. The data it produces provide detailed estimates of demographic, social, economic, and housing characteristics of various geographic localities and population groups. For more on the ACS and its findings, visit www.census.gov/acs.

Interactive web tool maps urban poverty by race

With the help of a new online tool from the Urban Institute, web users can visualize how urban poverty rates by race have changed over the last three decades. The tool, called *Poverty and Race in America, Then and Now,* is built on an interactive map that uses color-coded dots to represent urban poverty rates among four major racial categories (White; Black/African American; Asian, Native Hawaiian, other Pacific Islander; and Hispanic or Latino) in the years 1980, 1990, 2000, and 2010. The map focuses on the nation's 381 metropolitan statistical areas, or MSAs, which are urbanized areas with populations of 50,000 or more. Users can zoom in to the city level and then click and drag the map's built-in slider to "wipe" the screen and compare the 1980–2000 dot densities and distribution patterns to those of 2010. The map is based on an Urban Institute analysis of 1980, 1990, and 2000 decennial census data and 2007–2011 data from the American Community Survey (generalized as "2010" data for the purposes of the map). To access the tool, visit http://blog.metrotrends.org/2013/06/poverty-race-place-map-metro.

Rural Data Portal gets an update

The Housing Assistance Council (HAC), a national nonprofit organization that supports rural affordable housing efforts, has updated and enhanced its Rural Data Portal, located at www.ruraldataportal.org. The portal is a simple but powerful online resource that provides information on the social, economic, and housing characteristics of communities in the U.S. Although its emphasis is on rural communities, information on urban and suburban areas is included as well. Key features of the portal include an interactive, roll-over map that provides at-a-glance data profiles of the 50 states and District of Columbia, down to the county level, and a tool that can generate reports on 36 different data indicators and automatically export them to a printer, Excel spreadsheet, or PDF file. The information the portal provides is largely based on HAC tabulations of public-use data sets, including U.S. Census Bureau releases and data reported under the Home Mortgage Disclosure Act.

Calendar

Many CDFIs, One Purpose: Aligning Capital with Justice
October 15–18, Philadelphia
Opportunity Finance Network's 29th annual conference features a practitioner-driven curriculum designed to help CDFI (community development financial institution) staff members, funders, policymakers, and investors learn, network, and collaborate. **opportunityfinance.net/conference-2013/index.html**

29th Annual Conference on Policy Analysis "Access and Opportunities: All Things Not Being Equal"
October 16, 2013, St. Paul, Minn.
An opportunity for analysts and policymakers to explore timely topics that reflect the importance of analysis in creating partnerships and formulating public policy decisions in government. Sponsored by the University of Minnesota College of Continuing Education, in partnership with the University of Minnesota Center for Urban and Regional Affairs, Hamline University School of Business, University of Minnesota Humphrey School of Public Affairs, and The Center for Policy Studies. Founded by the Economic Resource Group. **www.cce.umn.edu/policyanalysis**

Minnesota Healthy Communities Conference 2013: Building on What Works
November 1, St. Paul, Minn.
Join fellow community development and health practitioners in celebrating successful collaborative projects to improve health in Minnesota. Featuring a project showcase to highlight what's working on the ground and what actions can help further cross-sector collaboration to create healthy communities. Presented by Wilder Research, Blue Cross and Blue Shield of Minnesota Foundation, the Initiative Foundation, and the Federal Reserve Bank of Minneapolis. **minneapolisfed.org/community_education/mnhealthycommunities/#news**

North Star Nonprofits: Charting Our True Direction
October 24–25, Duluth, Minn.
This two-day gathering presented by the Minnesota Council of Nonprofits will bring together nonprofit leaders and their allies to focus on ways they can embrace inclusion as a powerful strategy for building a stronger Minnesota together. **northstarnonprofits.org**

Save THE DATE!
May 12–14, 2014
Reinventing OLDER Communities
Philadelphia

The Federal Reserve Bank of Philadelphia invites community developers, lenders, government practitioners, funders, researchers, and policymakers to its sixth biennial conference on leveraging the assets of cities to create new economic activity and innovation. Details will be posted at www.philadelphiafed.org/community-development.