

How to create and use a Local Development Corporation

Local charities frequently want to help their communities with economic development, beautification, and redevelopment projects. Typically, these projects rely on local businesses leading the way, but with financial support from local non-for-profits.

Charitable 501c3 organizations are generally prohibited from giving grants to for-profit businesses, so there has been a missing link between a community's development program and private charities. One creative solution to this problem has been for the municipality (county, town, village, fire district, etc.) to create a Local Development Corporation (LDC), a private, not-for-profit organization whose mission is to leverage private grants for projects that are in the public interest but managed by local entrepreneurs. Typical projects of this nature are storefront renovations, historic building renovations, and rehabilitation of commercial space. The entrepreneur is expected to lead the project and supply a significant part, typically half or more of the capital required, and to agree to a development plan that is approved by the LDC. In return, the LDC supplies the balance of the funding to accomplish the public purposes of the project and interfaces with the granting agencies to verify completion of grant requirements.

The LDC raises funds for these projects through grants awarded by county and state agencies and by charities dedicated to main-street revitalization, historic preservation, bike and recreational trail development, and the like. Finding grants that would help the community and the local regional development councils accomplish their strategic goals is an important role the LDC plays in the grantmaking process. Most LDC grants require matching funds, which is where the local 501c3's, private foundation and even private citizens can provide assistance.

As an example of the foregoing, the Village of Saranac Lake has created the Saranac Lake Local Development Corporation (SLLDC) to help revitalize its business center. It sought and received a grant through [Mainstreet Redevelopment](#), funds that require a 100% match of the funds granted by NYMS (New York Main Street). SLLDC created a list of vetted priority projects, including a key storefront rehab, redevelopment of a riverfront restaurant, rebuilding of a river seawall that served a local outfitter and the general public, and expansion of a local organic food store. In each case the local entrepreneur agreed to pay 50% of the project cost. SLLDC needed funds to match the Mainstreet grant, so it turned to Cloudsplitter Foundation, which agreed to supply a 1:1 match for funds issued by the SLLDC. Thus, SLLDC funded needed local improvements without seeking new taxes, both Cloudsplitter and Mainstreet achieved strategic objectives with 3:1 leverage, a win for all.

This model is replicable and could be used by local municipalities and charities to achieve revitalization plans. Cloudsplitter Foundation is willing to work with other Adirondack communities and charities to further this model.