

Agency: Commerce, Community and Economic Development

Grants to Named Recipients (AS 37.05.316)

Grant Recipient: Anchorage Community Land Trust

Federal Tax ID: 200461014

Project Title:

Project Type: New Construction and Land Acquisition

Anchorage Community Land Trust - Commercial Kitchen Incubator: Growing Small Business & Food Security in Southcentral Alaska

State Funding Requested: \$500,000

House District: Anchorage Areawide (9-24)

One-Time Need

Brief Project Description:

ACLT is seeking funds to support capital costs for a shared commercial kitchen incubator facility in Anchorage that would add shared commercial kitchen, storage, processing, and retail infrastructure for small businesses in the region, and bolster food production and food security in our State.

Funding Plan:

Total Project Cost:	\$5,900,000
Funding Already Secured:	(\$1,600,000)
FY2025 State Funding Request:	(\$500,000)
Project Deficit:	\$3,800,000
<i>Funding Details:</i>	
<i>Municipality of Anchorage, \$610,000- Received 2022</i>	
<i>Rasmuson Foundation, \$1,000,000- Received 2023</i>	
<i>Sen. Murkowski Congressionally Directed Spending, \$1,000,000- Appropriated, expected 2024</i>	
<i>New Market Tax Credits, \$1,300,000- Allocated, expected 2024</i>	
<i>USDA Grant, \$1,000,000- Pending, expected 2024</i>	
<i>MJ Murdock Charitable Trust, \$500,000- Pending, expected 2024</i>	

Detailed Project Description and Justification:

Anchorage Community Land Trust (ACLT) is seeking funds to support capital costs for a 6,000 sq. ft. commercial kitchen incubator facility in Anchorage to add small business infrastructure, economic opportunity, and food security in the Southcentral region. The facility would house rentable shared commissary kitchen space available 24/7 with pay-by-the-hour rates. In addition to 4 unique kitchen spaces, the facility would offer space for food processing, cold & dry storage, and on-site retail opportunity, and would serve small businesses across the region with sliding scale fees to ensure accessibility for early-stage and large scale businesses alike.

The facility is the latest growth of ACLT's Set Up Shop entrepreneur empowerment program which provides training, technical assistance, microlending and real estate support to small businesses and entrepreneurs. Set Up Shop has trained over 400 entrepreneurs and served over 350 unique businesses. Over 80% of Set Up Shop clients are Black, Indigenous, and People of Color, over 70% are low to extremely-low income, and over 70% are women. 60% of all Set Up Shop clients

For use by Co-chair Staff Only:

\$500,000
Approved

operate food-based businesses.

The need for commercial kitchen space and cold and dry storage has long been identified in economic development plans across the State, and is currently a recommendation of both the Food Security Action Plan drafted by the Alaska Food Policy Council in partnership with the State of Alaska (Action Plan Goal 2, Objective 1: Increase the Number of Community Commercial Kitchens and their Use), as well as the State of Alaska's Food Security and Independence Task Force's Final Report (Producer Barriers to Launch, Scale, and Access Markets). Both reports recognize the statewide lack of kitchen, processing, and storage space for food businesses, and view the development of shared commercial kitchen and processing space as vital to Alaska's food security, and to food businesses across the State.

ACLT has experienced this demand firsthand. Kitchen incubators are a well-established model in the Lower 48, and ACLT has invested years of time and resources ensuring this concept can work locally. We have worked with numerous national operators of incubators to understand operations and have traveled to existing shared commercial kitchen incubators in other states to see successful models in action. In 2019, we completed a feasibility study for the kitchen space with MIT's Urban Planning Department and in 2020, conducted community surveys of early-stage food businesses and potential kitchen users who are impacted. In 2023, in partnership with Agnew::Beck consultants, we finalized an 80-page pro-forma business plan for the facility to demonstrate the full costs and business model. Through this years of work, we have concluded that there is a viable opportunity for our kitchen incubator concept to serve entrepreneurs and small business owners across the Southcentral Region.

Access to a kitchen incubator facility will vastly upgrade the entrepreneurial ecosystem in our city. Early-stage, smaller scale businesses need space to develop their value-add goods and expand their product lines and offerings, while large scale businesses need more processing and storage. These businesses commonly struggle with access to ample, affordable, quality, permitted kitchen space to make their goods and grow their business.

Starting out, we expect that approximately 15-20 businesses will utilize the commercial kitchen incubator space each year. As it grows and over the life of the facility, hundreds of small business owners and entrepreneurs will benefit from the space. Our tenant mix at the facility will blend market- rate customers and Set Up Shop clients. Hours and spaces will be reserved for those with the highest needs and will be available at a discounted and pro-bono rate to ensure that low-income entrepreneurs and those at the earliest stages of business growth are able to benefit from this facility. In turn, these business owners and entrepreneurs will employ hundreds of workers, bring new products to the Anchorage market and own new ventures like food trucks, restaurants and production spaces. This facility will steward the next generation of food businesses in our region.

For 20 years, Anchorage Community Land Trust (ACLT) has been disrupting concentrated poverty by bringing concentrated opportunity and investment to low-income neighborhoods in Anchorage. Through a toolkit of real estate, advocacy, improvements to community infrastructure and targeted programming, our place-based approach creates community wealth, local jobs, resident leadership, and economic opportunity for families. ACLT concentrates its services on targeted low-income geographies including a concerted dedication to Mountain View, Fairview, Spenard, Muldoon and Downtown. Working with the community, we revitalize neighborhoods block-by-block, one business and one entrepreneur at a time.

ACLT also acts as a real estate developer in targeted neighborhoods of Anchorage, investing to date more than \$16 million in 10 different properties on commercial corridors, many of which we still own and operate today. Most business models for this type of incubator require a non-profit operator to manage it successfully. Our joint work in real estate and small business support as well as 20 years of experience working in these target communities makes ACLT the ideal operator of a kitchen

incubator. ACLT has a team prepared to run the facility and support the entrepreneurs using it, and has spent the time vetting the project in response to local needs. A kitchen incubator will enable business owners in our region to become prosperous and see their businesses grow and thrive.

We have selected a vacant site in the Mountain View neighborhood of Anchorage, in the heart of the neighborhood's commercial corridor on Mountain View Drive. With a site preliminarily selected, we have spent the past two years working with local and national experts to draft an initial operating pro forma and construction budget while continuing to analyze the site's viability. We are still in the process of finalizing the building design with a focus on mission and maximizing sustainability through earned revenue. At the same time, we have been collaborating with philanthropic partners and other potential investors to generate support.

From here, we expect to complete the final design in Summer 2024, and embark on construction in early 2025. The total project cost is \$5.9 million. The current numbers are based on estimated design and construction costs for the 6,000 square foot facility, land acquisition, buildout, equipment, operating funds, and more. With successful funding, we will begin construction and build-out in early 2025 with operations beginning as soon as Fall 2025. Already, we have received \$1.6 million in funding from the Municipality of Anchorage and the Rasmuson Foundation, with pending funds including \$1 million appropriated by Senator Murkowski in Congressionally Directed Spending which we expect to receive this spring, \$1.3 million in New Market Tax Credits pending, \$1 million in USDA Resilient Food Systems Infrastructure Grant funds pending, and \$500,000 from the MJ Murdock Charitable Trust pending. The requested \$500,000 investment from the State of Alaska would complete our project funding in full so that we could proceed to the next phase of constructing our facility.

This is a project that is supported by our Board of Directors, the Mountain View Community Council, Alaska's Small Business Development Center, the Alaska Food Policy Council, the Alaska Food Coalition, and many others, and we have secured letters of support to reflect the value of this facility statewide. We are confident that with the State's investment, this project will increase economic opportunity for small businesses and increase food security statewide.

Project Timeline:

2024- Designs finalized, site purchased, capital campaign completed
 Early 2025- Construction and build out begin
 Early 2026- Building completed and operations begin

Entity Responsible for the Ongoing Operation and Maintenance of this Project:

Anchorage Community Land Trust

Grant Recipient Contact Information:

Name: Emily Cohn
 Title: Dir. Communications & Development
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 Anchorage, Alaska 99508
 Phone Number: (907)952-6980
 Email: ecohn@anchorageandtrust.org

Has this project been through a public review process at the local level and is it a community priority? Yes No

For use by Co-chair Staff Only:

12:21 PM 6/14/2024

Jon Bittner
Alaska Small Business Development Center
1901 Bragaw St.
Anchorage, AK 99508

February 12th, 2024

Dear Members of the Senate Finance Committee,

I am writing to you today as a constituent and as the Executive Director of the Alaska Small Business Development Center at the University of Alaska Anchorage. On behalf of Anchorage's business community, I want to thank you for the important legislative work you already do on behalf of our small business community in Alaska. I am writing to voice my support for a State of Alaska CAPSIS funding request that would help address Alaska's food insecurity challenges and allow aspiring business owners to bring their products to market.

The Anchorage Community Land Trust (ACLT) is seeking \$500,000 in CAPSIS funding to create a shared commercial kitchen incubator facility on currently vacant land in Anchorage, which will provide critically-needed business infrastructure for food businesses across Southcentral Alaska. Through serving thousands of business owners each year through Alaska's SBDC, I know that lack of affordable and accessible kitchen space has been a major barrier and pain point for our small business community for decades in our region. Currently, food businesses are prevented from launching and growing every day because they can't access the space and equipment to make their products and meet their demand. As we invest in our locally grown food systems across our state, we must also invest in the facilities needed to process our foods into products for consumers, including cottage and packaged goods, hot food, baked goods, and so much more.

This is a nationally proven model, with Alaska being only 1 of 8 states without this type of commercial kitchen incubator. Given that the vast majority of food products are imported into Alaska and the acute need we have for economic opportunity and diversification, I believe that this project would be a great fit for CAPSIS funding. This facility has the potential to help hundreds of employers across Southcentral region and could help bring more locally-sourced Alaskan products to store shelves.

Thank you for your consideration of this vital project, and please reach out if you have any questions or concerns.

Sincerely,



[Jon Bittner \(Feb 15, 2024 14:55 EST\)](#)

Jon Bittner
Executive Director, Alaska Small Business Development Center
Board Member, ACLT



Anchorage
Community
Land Trust

To the Members of the Senate Finance Committee,

I am writing to you in my capacity as the President of the Board of Directors of Anchorage Community Land Trust (ACLT) regarding a request the ACLT is making for State of Alaska CAPSIS funding. The Board of Directors' have knowledge of, and fully support, this \$500,000 request to fund ACLT's Commercial Kitchen Incubator project.

These funds will allow ACLT to construct and operate an essential piece of infrastructure and support services for food businesses in Southcentral Alaska, with a focus on access to the underserved communities that need it most. This project is a continuation of the critical small business programming ACLT already provides through its Set Up Shop program, which has already improved quality of life in neighborhoods across Anchorage, built neighborhoods from within, and reversed cycles of generational poverty and disinvestment.

A capital project of this size is no small feat for ACLT's Board and staff to take on, but we are confident that with the support of our legislative body, we will be able to build and operate a facility that has been sorely needed in our city, and state, for decades, with the staff, expertise, and client base to operate it sustainably and successfully. In my role on the Board of Directors, I have seen firsthand the gap in small business services that Set Up Shop and ACLT addresses every day. This project is the continuation of those services to ensure early-stage, low-income, and Black, Indigenous, & People of Color-owned food businesses can launch, grow, and succeed in our region.

I and the Board of Directors thank you for the important legislative work you do on behalf of our communities and their ability to thrive and find economic success. We hope you will find this project to be as worthy of this investment as we do. Please feel free to reach out with any questions.

Respectfully,

A handwritten signature in black ink, appearing to read 'Gary Scott', written in a cursive style.

Gary Scott, President, ACLT Board of Directors

Director of Communications, Rasmuson Foundation