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May/June 2013

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[CDCs and Neighborhood Revitalization]

[CRA Loan Trends]

[Workforce Opportunities for People with Disabilities]

Departments

[Staff]

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Updated June 24, 2013

In the Neighborhood: Where Economic and Community Development Meet

6/24/2013 - Disinvested areas of cities must often combine community and economic development efforts to achieve the goals of both. In this *Economic Development* podcast, Rick Sauer and Lynn Martin Haskin of the Philadelphia Association of Community Development Corporations discuss how local institutions can support economic development at the neighborhood level.

Trends in Small Business and Small Farm Loans

6/20/2013 - Community Reinvestment Act loans are intended to meet the needs of a community, including those in low- and moderate-income neighborhoods. Here's a look at trends in national and southeastern data, focusing on small business and small farm loans.

workers

Employer and Lower-Wage Employee Perspectives on Training and Advancement

5/28/2013 - How can the workforce development system better respond to people with disabilities? In a new *Economic Development* podcast, Kathy Krepcio, of Rutgers' Heldrich Center for Workforce Development, and Michael Morris, of National Disability Institute, discuss innovative programs and policies designed to ensure this sector is poised to meet employers' labor needs.

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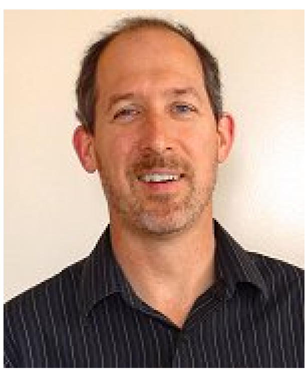
In the Neighborhood: Where Economic and Community Development Meet

June 2013

Jacqueline King: *Welcome to the Federal Reserve's* Economic Development *podcast series. I am Jacqueline King with the Minneapolis Federal Reserve Bank.*

While economic development efforts have largely been focused at the state, county, or city level, an emphasis at a smaller geographic level can also yield important economic development gains, including jobs and increased investment across a city or region. These neighborhood-based strategies, when merged with community development efforts, build upon unique assets and address chronic challenges, and are often led by community development corporations, or CDCs.

Philadelphia's community development corporations are among the most respected in the nation. According to a report commissioned by the Philadelphia Association of Community Development Corporations, over the last 20 years, CDCs have contributed more than $3.3 billion to Philadelphia's economy through housing and commercial development and a range of community services while also increasing household wealth, building the local tax base, revitalizing neighborhoods, and creating thousands of jobs.



Today we're speaking with Rick Sauer and Lynn Martin Haskin of the Philadelphia Association of Community Development Corporations [PACDC]. This organization provides policy and advocacy and member services, including technical assistance to 50 CDCs throughout Philadelphia. Welcome, Rick and Lynn.

Rick Sauer: Thanks for having us.

Lynn Martin Haskin: Thanks for the opportunity, Jacqueline.

King: *As we begin, let me first ask about the history of CDCs in general. Why were these organizations formed, what do they do, and how have they evolved?*

Sauer: The first CDCs were created back in the 1960s to address challenges faced by disinvested communities and lower-income households. The industry has since grown to thousands of community-based organizations working in urban, suburban, and rural areas across the U.S.

Overall, they initially may have focused on a particular issue area like creating opportunities for homeownership or doing job training to increase the self-sufficiency of neighborhood residents, but it's evolved over time to taking a more

comprehensive approach to community development in looking at the range of issues affecting low- and moderate-income communities.

King: *So according to your report, CDCs have contributed to the revitalization of Philadelphia in a number of areas, and the $3.3 billion of economic impact over the last 20 years is a strong metric. What have been some of the important successes of CDCs in Philadelphia? Also, can you talk briefly about a couple of key projects that contributed to this $3.3 billion impact?*

Martin Haskin: I can tell you that tremendous differences and progress have been made in various communities because of the work of CDCs, and collectively as an industry we knew that qualitatively, but we really didn't understand it quantitatively. So that is why we engaged in this survey of all of the CDCs in Philadelphia.

Sauer: There are a lot of great examples here in Philadelphia of creative or innovative community development projects that are having significant on-the-ground impact for both the neighborhoods they are based in as well as the residents and other stakeholders that are based there.

A great local example here in Philadelphia is APM, or the Asociacíon Puertorriqueños en Marcha, a transit-oriented development at the Temple University regional rail station. APM is just completing a $48 million development in partnership with a for-profit developer that's right at a transit station on the regional rail line that is both mixed use, so it has 120 rental units, about half of which are market rate and the other half are affordable, and it also has 30,000 square feet of commercial space that's going to house a pharmacy, social service space for youth, as well as a health center and other offices. So there's an excellent example of a CDC partnering with a national developer, leveraging significant resources to have positive impacts for the community, and providing direct connection to local transportation options for the residents that will be living and working there in the facility.

Another innovative example is in West Philadelphia. There's an organization called the Enterprise Center that has been working around different aspects of food access, and they recently completed the Center for Culinary Enterprises, which is a sort of state-of-the-art incubator kitchen facility for culinary entrepreneurs. So they provide start-up business support to entrepreneurs that used to work out of their house so they can create a sustainable business that also increases local access to quality food and goods. And tied into that center they also have a whole health and nutrition resource aspect of that to educate neighborhood residents around quality food and access to food and link to a community garden.

King: *Given increased community and economic development challenges, how might CDCs adapt their models to be successful in the future?*

Sauer: I think CDCs are continuously adapting their model, not just because of changes in their communities, but also funder requirements change as well. And so, while I was saying before you may have seen initially a CDC might have focused on just housing or one aspect of their work, what they realized over time in order to address the range of challenges that are in their community they need to take a more comprehensive approach. And that doesn't mean they need to do everything themselves directly, there might be some things that they're good at, but then they need to go out and partner with other entities that can bring in and, say, address the education piece or the health piece.

So locally here in Philadelphia, given the decreasing federal resources, in particular, we've worked to put new local resources in place to enable CDCs to innovate and continue to do their productive work. So two quick examples around that: we have a local tax credit program that encourages a business to partner with a CDC, provide 10 years of funding, and in turn they get a credit against their city business taxes. That gives a CDC [the] ability to plan long term, to hire staff, and to have flexible funding to address a range of economic development issues based in their communities.

On the housing side, we realized that federal funding for housing was declining so we worked to create a Philadelphia Housing Trust Fund back in 2005 that has since raised over $83 million to support the development of new homes, repair existing homes, and to prevent foreclosure and homelessness.

King: *"Vibrancy and diversity" are key components of your mission. Why are vibrancy and diversity important to Philadelphia's economic development efforts?*

Sauer: We have many communities here that were disinvested over the years, and what we want to do is attract new investment, attract new residents, and attract new businesses into those communities to improve the quality of life, but we want to do it in a way that's also going to benefit the long-term residents. You need to be strategic in how you engage local stakeholders to make sure they have a say in what the future vision of that community is going to be. And I think what we are trying to move toward is to actually have a diverse mixed-income community that can be sustained over time. People from different backgrounds and ethnicities working together can learn from each other, can create a richer community environment that will benefit not just those immediate neighborhoods, but the broader city and region.

Martin Haskin: At a membership meeting this morning, in fact, one of our members—APM, a very large and successful CDC, the one near the regional rail station, which is adjacent to Temple University—the executive director said that local people were unaware that that regional rail station just a block or two from homes was for them. They thought it was only for the university students. And clearly, by the creation of the transit-oriented development project that Rick talked about, it would make the neighborhood tremendously more vibrant and diverse by bringing together all those partners. And in terms of partnerships, APM is partnering with Temple University to teach classes on cooking nutritional food and other things that will benefit their residents.

King: *Many of the Philadelphia CDCs have economic development as part of their mission. How do CDCs work in tandem with the city and other local economic development organizations?*

Sauer: There are an increasing number of CDCs that are engaged in economic development in Philadelphia, and part of that was because of the resources we were able to put in place like that CDC tax credit program and other funding sources from the city. And what we've really tried to do is to bring those different stakeholders together so that we can work toward addressing some of the key challenges, whether it's what's facing the local neighborhood shopping districts, or what we call commercial corridors, or other folks that are engaged in job training/workforce development type of activities.

So on the commercial corridor front, we have a commercial corridor working group here at PACDC that we convene that brings 20 or so organizational staff that are working on the day-to-day basis to improve those neighborhood shopping districts together, to share best practices, and we bring in city representatives from city agencies to talk about some of the challenges that groups face, how we can change city programs to better address those needs and challenges.

King: *Thank you, Rick and Lynn, for speaking with us today. This concludes our podcast. We've been speaking to Rick Sauer and Lynn Martin Haskin of the Philadelphia Association of Community Development Corporations.*

The International Economic Development Council will host its annual conference in Philadelphia on October 6–9 of this year, 2013. The theme of this year's conference is "Transformation, Innovation, Reinvention: Creating Tomorrow's Community Today." We hope you will join us there.

For more podcasts on this topic and others, please visit the Atlanta Fed's website at frbatlanta.org. If you have comments or questions, please e-mail us at podcast@frbatlanta.org. Thank you for listening.

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Trends in Small Business and Small Farm Loans - Summary

During the Great Recession and recovery period, stories from bankers and business owners suggested that the flow of small business credit was dramatically shaped by changes in demand and tightening lending standards. A closer look at data gathered under the Community Reinvestment Act (CRA) of 1977 shows that, in terms of the number and dollar amount of small business and small farm loans originated by CRA reporting institutions, there were somewhat similar trends and patterns for the entire United States and the six states (Alabama, Florida, Georgia, and parts of Louisiana, Mississippi, and Tennessee) that make up the Federal Reserve Sixth District.

First, there was a steady increase in the number and the dollar amount of loans originated from 2000 to 2007, followed by a sharp decrease during the Great Recession and recovery period. The decline during the recession and recovery period as a percent of 2007 numbers was sharper for the district than the country for both the number and the amount of loans. As for the distribution of the funds among various types of loan categories, similar trends were shown for the United States and the district for all three types of small business loans—under $100,000, $100,000 to $250,000, and over $250,000—with the hardest-hit category during the recession and recovery period being loans under $100,000. The other categories remained somewhat stable.

The trends in loan amounts per capita in counties did not differ much between the country and the district and followed a similar trend over the time period considered; the United States slightly lagged behind the district through 2007. The urban and rural comparisons showed that per capita dollar amounts of small business loans for rural counties are much lower compared to urban counties for both the United States and the district. Analysis also showed that only a tiny fraction of total small business loans, whether measured in number of loans or in dollar amount, originated in low- and moderate-income (LMI) counties. While a more accurate analysis of the distribution of loans will require small business information in LMI counties, the present analysis hints at the possibility that, despite the CRA, availability of and access to small business credit in LMI communities is still a policy issue. In contrast, the share of the number and amount of small farm loans originated in LMI counties ranged from 25 percent to 35 percent for both the country and the district, probably because LMI counties are disproportionately rural.

Read the full report for more details about CRA loans.

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Podcasts

People-Centered Practices: Improving the Workforce Potential for Those with Disabilities

May 2013

Prabal Chakrabarti: *Welcome to the Federal Reserve's* Economic Development *podcast series. I'm Prabal Chakrabarti with the Federal Reserve Bank of Boston.*

While the overall employment outlook is improving, the magnitude of unemployment rates and low labor force participation suggests that recovery for certain populations will be more challenging. Indeed, while persons with disabilities faced significant employment challenges prior to the recession, innovative approaches will be required to ensure that this vital population sector is better positioned to meet the labor needs of local employers. Additionally, demographic trends suggest that significant shortages will require communities to develop approaches to increase [the] labor supply, and individuals with disabilities will need to be incorporated in such strategies.

Photo of Kathy Krepcio

Two experts in this field are with us today to share their perspectives regarding improving the workforce potential for persons with disabilities. Today I'm speaking with Kathy Krepcio, executive director of the Heldrich Center for Workforce Development at Rutgers University, and Michael Morris, executive director of National Disability Institute.

Kathy and Michael, thank you for speaking with us today.

Kathy Krepcio: Thanks, Prabal. I'm happy to be here.

Michael Morris: Thank you so much for the opportunity.

Chakrabarti: *To provide us with some context, could you each please share with us what your research has shown regarding the current state of employment of persons with disabilities across America? Also, what are some of the barriers persons with disabilities face with employment, and how has the economic recession exacerbated these challenges?*

Krepcio: First, let's look at the statistics. According to the U.S. Department of Labor, only about 20 percent of people with disabilities either are employed or are seeking employment, compared to about 69 to 70 percent of the general population without disabilities. For people with disabilities, they have double the unemployment rate as people without disabilities, and this has pretty much remained relatively unchanged for over a decade.

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Photo of Michael Morris

The barriers for people with disability are many and so well documented, and they include historic discrimination and segregation, federal policies that discourage work, low expectations about work both from themselves and from their family members, and a lack of access to skill attainment.

Morris: The National Disability Institute [NDI] has focused as well on the larger set of issues around the advancement of financial stability and economic self-sufficiency for all people with disabilities. What we know is that people with disabilities are three times more likely to be living at or below the poverty level.

We also know that in addition to the barriers that Kathy mentioned, there are policy barriers that keep many people with disabilities who want to work out of the competitive workforce. There are over 11 million individuals on SSI (Supplemental Security Income) and/or SSDI (Social Security Disability Insurance). With SSI, people face a very low asset limit of $2,000 to continue to qualify for benefits. What this does is create a very large disincentive for millions of people with disabilities from seeking to work or seeking to work at their full potential.

Chakrabarti: *Michael, you've touched on some of this, much of National Disability Institute's work has centered on improving the economic well-being of persons with disabilities. The Urban Institute recently released a study on minority wealth accumulation showing that the wealth gap has widened among groups since the Great Recession. Is the same true for people with disabilities, and what's the correlation between employment, financial stability, economic advancement, and wealth accumulation?*

Morris: The recent Urban Institute study really highlights an issue which deserves more attention, and that is this income as well as wealth gap between Caucasian families and other minority families. That gap appears to have widened and gotten worse as a result of the recent economic recession of around 2008. We do have enough anecdotal evidence to know that people with disabilities suffer, and perhaps even more than other minority groups.

What is the connection between these different issues is a very important question. More and more employers, before they're hiring individuals with or without disabilities, are looking at individuals' credit score. Employers are becoming concerned about individuals' financial stability because it affects absenteeism and it affects both physical and mental health, which is again going to lead to potential challenges of staying in the workforce.

Over the next two years, the National Disability Institute will be selecting a number of cities to bring together these issues of financial coaching and financial counseling in the workforce development system to help people understand better their use of money, use of credit and budgeting, and improve outcomes not only related to their financial stability, but we ultimately believe will improve outcomes related to employment and overall sense of wellness.

Chakrabarti: *Kathy, the Heldrich Center's research transcends the workforce continuum. From your perspective, how might the workforce development system be more responsive to serving individuals with disabilities? And, for both of you, could you briefly describe some promising practices and emerging solutions that are improving the employment status of people with disabilities?*

Krepcio: Heldrich Center research has shown that today's public workforce system, while there are pockets of good practices and innovations, is really based on a labor market and federal policies that are really framed in 1930 and 1960s labor market, and is fundamentally out of sync with today's economy and labor market realities. But today's public workforce system is facing unprecedented resource pressures.

And I think in order for the system to be more responsible to all job seekers, including people with disabilities, the system fundamentally needs to be much more responsive to the hiring needs of employers. It needs to be much more flexible to be able to serve a wide variety of job seekers. It needs to view education and training and career development as a vital part of the reemployment assistance package, and it needs to both provide government benefits such as through unemployment and disability insurance, but it needs to wrap that assistance around with a much more robust package of services and supports, especially around education and training.

Morris: I believe there are a number of projects we've been involved with, with the Employment and Training Administration at the Department of Labor and also the Office of Disability Employment Policy, that are worth noting.

Currently, with our LEAD Center funded by the Office of Disability Employment Policy at the Department of Labor, we're working in a number of states on bringing a different approach to assessment and identification of individuals with disabilities, which we feel may in the future show great merit in helping individuals better market themselves and also better find a match to the jobs that are being identified through employers.

We're also working with another strategy that's called "customized employment," which looks at the ways that one can negotiate with an employer to really find a match between employer needs and employee strengths.

Also, through the project that's called Disability Employment Initiative with the Employment and Training Administration [we] have been working with what are called "disability resource coordinators" in America's Job Centers in some 23 states. What the disability resource coordinators are doing is helping people with disabilities better navigate through core intensive and training services in America's Job Centers, and better finding ways that they truly can be matched with jobs that are available that make full use of their talents.

Chakrabarti: *Michael, NDI's had some success in engaging industry in increasing employment opportunities and matching skill sets to employer needs. Why and how might employers consider increasing their share of persons with disabilities in their labor force?*

Morris: The [National Disability Institute] project, with funding from the Kessler Foundation, called Best Interns is working with one market sector, in this case, credit unions—the financial service sector. We started in New Jersey, and it starts with talking with credit unions about what were their challenging workplace needs; what kind of labor do they need; what skill sets; what kinds of training could we do in advance of bringing them a qualified candidate with a disability. This led to the development of both classroom-based instruction and internships at credit unions across New Jersey. The project was successful and won an award from the national level of Federation of Credit Unions in terms of an innovative approach to meeting employers' needs with talented individuals with or without disabilities.

What we do see in this model is the possibilities for what becomes a trade association market sector approach to working with employers that builds on what they need: starts with them, builds the training and education program that responds to their needs, recruits individuals with disabilities, works very much collaboratively with both the vocational rehabilitation system and public funding, and works also with the state's department of labor and workforce development system.

Chakrabarti: *Lastly, how might the federal, state, and local governments develop policies that facilitate workforce opportunities for persons with disabilities? Do you have examples of a policy that's been particularly effective?*

Morris: I talked earlier about the challenges and disincentives to work for individuals with disabilities who are receiving Social Security benefits. It's clear that if we would lift the asset limits, which is currently at $2,000 for individuals and $4,000 for a household or couple, and brought that upward, we would remove for people a significant disincentive to work.

I also believe that a proposed change in policy from the Office of Federal Contract Compliance Programs, which would for all federal contractors at a certain level create a much more detailed set of requirements regarding adding people with disabilities to the workforce of federal contractors, particularly showing and requiring proof and documentation of marketing and outreach to hire people with disabilities, accommodations, efforts at retention, efforts at career advancement, is a good way to go.

I also come back to the issue of tying together financial stability and financial capability and employment, where all America's Job Centers offered financial education classes, offered information resources and links to financial coaches and financial counselors that are free or at a low cost.

Krepcio: I think there are a number of things government can also do to facilitate workforce opportunities for people with disabilities.

First, state and local governments can do a much better job of including people with disabilities in their broader economic development and workforce development programs and strategies. Too often we see that people with disabilities are treated like special projects or segregated into "disability-centric projects" versus projects where they're included in the broader economic development and workforce strategies that are taking place in the state.

Second, state and local governments need to do a better job of listening to and engaging both large and small employers. And while the workforce system has been getting better at this, especially in looking at community college and employer partnerships, and sector strategies, it still remains a large problem among what I call "disability serving organizations."

Third, focus really needs to be paid in preparing the next-generation workforce, including youth with disabilities, in having the same expectations and opportunities and access to education and training and the labor market that we offer to youth without disabilities. This includes paying attention to ensuring high school graduation, exposure to work through internships, and looking at postsecondary education, which is becoming increasingly critical to success in today's labor market.

And it's really not possible to truly assess the impact and effectiveness without support for more rigorous evaluation and research. So, in the future, I really would like to see more support for research and evaluation and more experimental designs, so that public resources can be more focused in the future on evidence-based practices.

Chakrabarti: *Thank you.*

Krepcio: Thanks, Prabal.

Morris: Thank you so much.

Chakrabarti: *This concludes our podcast. We've been speaking with Kathy Krepcio, executive director with the Heldrich Center at Rutgers, and Michael Morris, executive director with National Disability Institute. For more podcasts on this topic and others, please visit the Atlanta Fed's website at frbatlanta.org. If you have comments or questions, please e-mail podcast@frbatlanta.org. Thanks for listening.*

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