

Cascade

A newsletter from the Philadelphia Federal Reserve Bank about consumer credit and community reinvestment

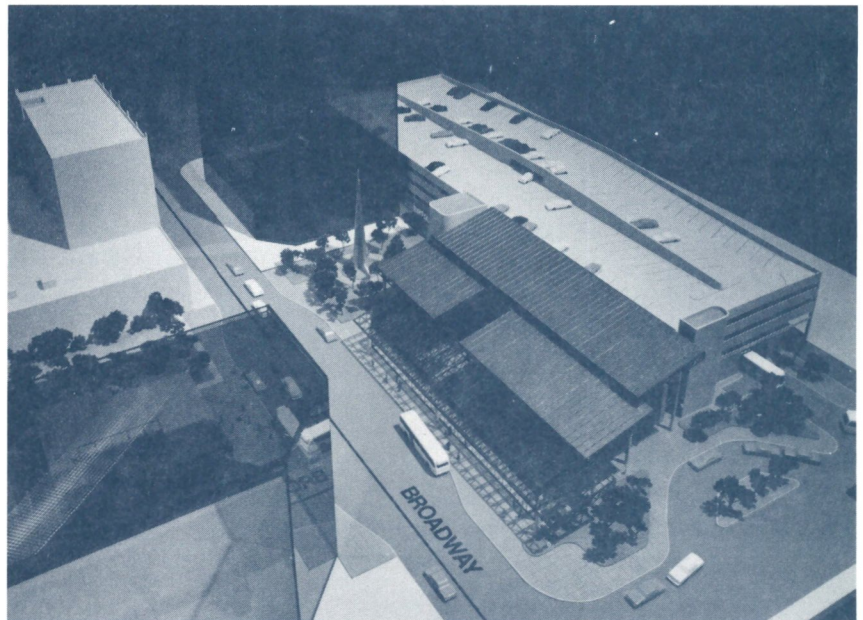
Volume 2, Number 2
December 1985

Spotlight on: Camden, New Jersey

One of the country's poorest cities, Camden, NJ, is turning the corner toward greater economic prosperity. Community revitalization is proceeding on a number of fronts.

Three Philadelphia Fed Community Affairs reporters, Patrick Bond, Renee Bridges, and Constance Noll, toured Camden development projects and interviewed government and community leaders. They found major long-range development projects underway — none of which were in existence a few years ago.

Among the most exciting news is that one of the city's most prominent employers, Campbell Soup, has announced plans to build a new international headquarters on the Camden waterfront. And right next door will be a \$15-\$20 million state-financed aquarium. This three-acre aquarium will be operated by the Philadelphia Zoo, under an affiliation agreement. It seems that Camden is taking a page from the Baltimore and Boston book in developing the 75-acre waterfront. Camden leaders were also stimulated by Philadelphia, which is devoting major resources to Penn's Landing just across the river. So, in 1981, they decided that \$8 million would be a wise investment to put into the Wiggin Waterfront Park. The park is now being fitted with a new marina, and plans for



Also planned for Camden is a \$16 million Transportation Terminal. This project includes a new bus terminal, renovation of an existing rapid transit rail station with connecting concourses, and parking facilities for over 400 cars. Scheduled for completion in the fall of 1986, the transportation center is expected to serve as a vital factor in enhancing revitalization efforts in Camden's central business district.

a restaurant/festivities area are underway.

"We felt that we needed to spend public dollars to attract private dollars. Ultimately, we want to go after the entertainment market," Mayor Melvin Primas stated.

Both the waterfront and downtown

areas are in for big changes. A new \$16 million transportation center and a justice center will round out the two-area project. (In the long term, the city also hopes to build a hotel and small conference center near the waterfront.)

This downtown and waterfront development plan is expected to create



about 2,500 permanent jobs. The areas are beneficiaries of the state's second Urban Enterprise Zone and a package of tax incentives to cut the burden of sales and unemployment insurance taxes. An elaborate plan to inject approximately \$150 million in new investment has been worked out by the Cooper's Ferry Development Association. This private non-profit organization was formed in 1984 to coordinate the development of the 75 acre parcel of underutilized land on the Delaware River directly across from Penn's Landing in Philadelphia. The city's most prominent employers (Campbell Soup and RCA) are represented on this body.

Camden is a city of neighborhoods. The city's economic turning point is also reflected in the rehabilitation of housing and the promotion of small business start-ups. Several community-based organizations are involved.

One is Concerned Citizens of North Camden (CCNC). Their philosophy, as expressed by staffers Tom Knoche and Carlos Collazo, is to stabilize North Camden. "We view housing for low-income people as a resource unique in the Delaware Valley," said Knoche. "You can buy a house here for a few thousand or rent one for \$250. We want to keep it that way."

What has CCNC accomplished? It devised, with the city's help, a successful sweat equity housing program. (A sweat equity is created by the labor of the purchaser that increases the value of the property.)

Since 1981, CCNC has rehabbed 102 vacant houses at an average materials and acquisition cost of \$3500 per house. Thirty were acquired from HUD with city funding. CCNC's housing division is now looking at several major rehabilitation jobs. Also, if mortgage and construction funding are available, some new residential construction — the first in North Camden in recent memory — is planned in 1986.

Also in North Camden, the Black Peoples Unity Movement (BPUM) Community Economic Development Corporation has, with the help of public funds, put together the "Poets Row Industrial Park" to provide jobs and economic activity in the area. While the prospect of job creation has not yet

materialized, BPUM has been successful in renting out warehouse space to major regional companies. BPUM's various other projects — day care centers, fast food outlets, and investments in suburban firms — are now realizing benefits for a group of Camden residents who were once excluded from political and economic power. A former BPUM activist, Melvin Primas, is now Mayor of Camden.

In South Camden, the major community development group is the Junior Chamber of Commerce (Jaycees). South Camden now benefits from the Jaycees Housing Counseling staff and the South Broadway Revitalization Project. Successful programs devoted to rehabbing housing as well as encouraging commercial revitalization on depressed Broadway, the city's main street, are continuing. A new hardware store and a medical center are opening soon, thanks to the Jaycees' assistance. A major rehabilitation effort has resulted in a day care center on Broadway. Nearby, developers are looking at the former Langston facility, a light manufacturing plant which closed, leaving 500 unemployed. The City of Camden and the Camden Economic Development Corporation are interested in converting the facility into usable factory or warehouse space.

In a number of Camden neighborhoods, the "Camden Churches Organizing Project" (CCOP) is being formed. Assisted by Philadelphia's Eastern Communities Training Institute, CCOP is striving to become a multi-issue, multi-racial community-based coalition that will take an active role in local policy-making.

The old Camden neighborhoods went through profound changes in the last few decades as middle class residents deserted many areas for the suburbs. Presently, one of the city of Camden's strategies for economic growth is to attract a new middle class. By exploiting some of the area's advantages in location, low-cost housing, and historic edifices, the city hopes to reverse an exodus which has decimated its economy and led to major social problems.

An Historic Legacy

Camden was founded in 1828 as a nine square mile town, although its

roots as an early settlement came earlier. Originally named "Cooper's Ferry," Camden served as a country setting for Philadelphians who took the ferry across the Delaware River.

There are three neighborhoods in Camden which are the focus of historic rehabilitation work. One — the Cooper Plaza district near Camden's major hospital — already has the status of a federal and state Historic District. In total, 200 structures in a fourteen block area qualify as historically significant. Camden City Department of Housing and Community Development Director Ann Howard commented that the effort to promote Camden's historic legacy had two purposes: a desire to preserve what is unique to Camden, and the benefits of tax credits for historic rehabilitation. Since renovation began in Cooper Plaza in 1982, \$8 million worth of work has been done. According to Howard, "Without the tax credit incentive, we would not see that level of private investment."

Another center for historic rehabilitation is Cooper Street. Bounded by the major facilities of RCA and Campbell Soup on the west and by Rutgers University on the north, Cooper Street is now awaiting final certification as an Historic District. A local group, the Camdentown Civic Association, has been promoting authentic rehabilitation, although the work is proceeding at an uneven pace. Nonetheless, with the old Belleville Mansion as a centerpiece and with Rutgers professors embarking on archeological digs in the area, Cooper Street's renovation appears to have some of the elements for ultimate success.

The third area slated for historic rehabilitation is the Fairview neighborhood, in the extreme southern end of Camden. Already on the National Register as the third oldest planned community in the U.S. (1914), Fairview boasts a strong commercial square which is a prospect for assistance from the National Trust's Main Street Program.

Facade improvement elsewhere in Camden is underway, supported by annual expenditures of \$150,000 in Community Development Block Grant funds.

Existing Economic Resources

Some of the new development pro-

jects in Camden have just been described. But what of the existing economic base and Camden's other strong points? With job losses since the 1950s in the tens of thousands, Camden's population dropped from 124,000 in 1970 to 84,000 in 1980. Mayor Primas believes the decline of manufacturing in Camden has bottomed out. And another major source of job losses — the CETA training program which was the victim of federal funding cuts — reduced Camden's municipal workforce from 2259 to 960 in the last eight years.

What's left is a service-oriented economy, bolstered by the Camden County government, a high health industry which is growing rapidly, and three institutions of higher education: Rutgers University-Camden, Camden County College, and a Glassboro State College campus.

Ironically, a major new prison facility has opened up construction and other jobs for many Camden residents. Mayor Primas commented, "I viewed the prison as an economic development tool." Camden's prison is slated for expansion from 400 to 800 beds in the near future.

Camden's port is another economic resource. It is a thriving part of the Delaware River Port Authority, one of the world's ten largest ports.

As to Camden's other benefits, Mayor

Primas noted that the size of Camden is very manageable. The scale is such that it can have a strong and favorable impact on problems if all the pieces fall together, he pointed out.

Some Sticky Problems

With all the work in progress and the plans being readied, Camden still must overcome some long-standing drawbacks. The most major of these appears to be a mortgage market that is functioning ineffectively. HUD underwriting practices and disposals of properties have been blamed for much of the blighted housing stock. Between 900 and 1000 FHA mortgages were delinquent or in default in late 1984. And commercial banks and thrifts have been slow to lend in areas they perceive as high-risk.

According to Dr. Michael Lang of Rutgers University, during one recent twelve month period, banks and thrifts made 0% of Camden's 308 first mortgage loans but made 35% of the 1,805 first mortgages in the surrounding suburbs. The local fair housing group, Camden County Community Housing Resource Board, is attempting to develop a Camden Mortgage Plan, equivalent in nature to the Philadelphia Mortgage Plan, to help address the problem. The City of Camden has used \$300,000 in low-interest loan funds and rental rehabilitation money to shore up the market.

Mayor Primas recognizes other problems which hamper development: a high crime rate bred by conditions of extreme poverty, a bad image "which just won't go away," and the location across the Ben Franklin Bridge from center city Philadelphia. The advantage of being so close to Philadelphia, Primas says, can be offset by the problem that if a company or a resident is attracted to Camden's waterfront location and historic traditions, they might as well just move to Philadelphia, where there are more industrial locations and historic properties available.

Camden's Future

With deindustrialization nearly bottomed out, and with new jobs and better morale being created by such projects as the waterfront and downtown developments, the BPUM industrial park, the Enterprise Zone and a growing service sector, Camden's future looks brighter. The city has the appearance of "coming on," as its slogan says.

Considering the longevity and persistence of the city's problems, the developments, although fractional and tentative in some places, are encouraging, and add to the belief that Camden may be in the long process of turning the corner toward more prosperous days.

Equibank To Open Philadelphia Branch At Community's Urging

Residents of a community wanted a bank.

So they hung a big banner reading, "East Falls Wants Bank" high over Midvale Avenue. And though the banner attracted attention in the Philadelphia neighborhood, it did not attract a bank. At least, not right away.

But good news finally came to the historic East Falls area. There will soon be a bank there — for the first time in 50 years. Pittsburgh-based Equibank recently purchased a vacant lot at Ridge and Midvale Avenues, and plans to build a branch office as soon as regulatory approval is received.

And now the banner, still waving high above Midvale Avenue, reads, "East Falls Welcomes You."

It's a good story, and a true one. The acquisition of a bank was the culmination of a two-year effort headed by Harry Higgins, president of both the East Falls Business Association and Community Council. He and five other businessmen bought the vacant land option agreement for \$1,200 to insure that the property would be preserved for good commercial use. Higgins added, "Equibank initially did not want to move into lower East Falls."

But Equibank had a change of mind after an arrangement was made with the Medical College of Pennsylvania to place automatic teller machines within campus buildings, improving the economic justification for estab-

lishing a new branch office.

"That's what sealed it," Higgins said. And Equibank agreed. According to Al Roberts, Equibank Senior Vice President of Community Banking, "The pronounced presence of the College and the Eastern Pennsylvania Psychiatric Institute, with their numerous employees and no place to bank, tipped the scales in Equibank's decision to move into East Falls." He credited "teamwork" by the bank and community for creating a way to provide banking services to this area, and pointed out, "We are a consumer oriented bank — serving communities other banks locally had neglected."

In fact, Equibank is a major new player in the Philadelphia banking market. East Falls is not the only project of interest. Eleven branch offices were

purchased from other area banks and opened during August, assuring continuation of retail banking services, including those in some low to moderate income areas. Six of the branches were purchased from Atlantic Financial (locations: 5225 Chestnut Street, 4000 Chestnut Street, 1605 S. Broad Street, 7601 Lindbergh Boulevard, 12340 Academy Road, and 13th and Sansom Streets). Five branches, purchased from First Pennsylvania Bank, are located at 4826 Baltimore Avenue, 4623 Frankford Avenue, 1709-15 Passyunk Avenue, City Avenue and Presidential Boulevard, and 100 W. Lancaster Avenue, in Wayne.

In acquiring the 11 offices with 74 employees, Equibank has assumed \$160 million in deposits. At the time of the branch openings, then-Chairman James D. Lowry explained that Equibank would pursue low and moderate income customers "in geographic areas of the city other banks have concluded they don't care for." Also targeted for solicitation from these offices are commercial customers with small to medium-sized businesses.

To serve this market, the bank indicates it will offer several deposit accounts at low fees and will "unbundle" its service charges, allowing customers to pay only for the services they use.

Philadelphia Fed Hosts Consumer Banking Seminar

On June 26, a half-day seminar for retail bankers on consumer perceptions of the financial services industry was hosted by the Federal Reserve Bank of Philadelphia. The seminar was geared toward senior level consumer lending personnel from banks located within the Philadelphia metropolitan area. Larry Murdoch, Vice President and Secretary of the Reserve Bank, opened the program with welcoming remarks for the audience and speakers. Fred Manning, Community Affairs Officer for the Reserve Bank, served as moderator and provided some thoughts on the recent changes in the financial services industry and the challenges facing consumers and bankers as a result of these changes.

David Reichman, President of Reichman Research, Inc. discussed the findings of a poll his firm conducted for the American Banker to determine consumer attitudes toward lifeline banking, expanded powers for banks, service charges, and other issues.

Robert Stevens, President and CEO of Bryn Mawr Trust and Chairman of the ABA's Consumer Issues Task Force, led a discussion of the survey results and their implications for bankers. Mr. Stevens urged bankers to listen to the messages being sent by representatives of consumer groups and to be willing to sit down and talk with them. He pointed out that if bankers are more forthcoming with informational disclosures on their services, many consumer concerns and complaints may disappear.

Ellen Maland, an attorney in the Division of Consumer and Community Affairs with the Federal Reserve Board, remarked on the shift in consumer group attitudes nationally toward more cooperation and less confrontation with banks. Ms. Maland indicated that lifeline banking is more likely to be an issue in 1986 than in 1985. She also suggested that a voluntary approach to lifeline services is regarded as preferable to possibilities mandated by legislative action. The Federal Reserve Board, and Ms. Maland specifically, are currently studying the lifeline banking issue.

IT'S A FIRST: Neighborhood Housing Services Day at Philadelphia Fed

On May 29, 40 members of five Neighborhood Housing Services offices in Pennsylvania and New Jersey attended the Philadelphia Fed's first "Neighborhood Housing Services Day." The NHS staff and board members heard presentations about the state of the respective NHS programs from the following officials: David Klimas, Executive Director of Scranton NHS; Edith Key, President of Reading NYHS; Jeffrey Wilkins, Assistant Director of Allentown NHS; Barry Black, Executive Director of Trenton NHS; and Ron Reed, Chairman of Philadelphia NHS.

James Lowell, the Federal Reserve Board's Community Affairs Coordinator and the former Executive Director of the Washington, DC NHS, gave the luncheon address. Fred Manning, Community Affairs Officer at the Philadelphia Reserve Bank, moderated the program. He indicated that the interest of the Federal Reserve in NHS's activities, as well as its active support, is longstanding and deep. Several of the Reserve Banks, including Philadelphia, have staffers serving part-time on NHS boards of directors. Federal Reserve Board Governor J. Charles Partee is Chairman of the Board of Neighborhood Reinvest-

More about NHS

What is NHS? Who are its three partners? And what services does it provide?

The first NHS was established in Pittsburgh, in 1968, when a group of residents, concerned about neighborhood deterioration, met with city officials and local lenders to come up with practical solutions. The result: the development of a partnership of corporations, locally controlled and non-profit, working to stem decline in selected neighborhoods throughout the country.

The three partners in NHS are residents, lenders, and the local government. A key element of success is a revolving loan fund, to make loans to residents who cannot meet normal lending requirements. Funds are contributed by foundations, local corporate sources, and by local governments from their federal Community Development Block Grant funds.

Generally, each NHS program provides rehabilitation counseling, construction monitoring, financial services, and community outreach.

ment Corporation (NRC) in Washington, the supporting organization for NHS affiliates nationally. The Federal Reserve Board has also been an important contributor to the operating budget of NRC in recent years helping to make possible locally-based revitalization efforts.

Neighborhood Housing Services (NHS) is a unique concept in the restoration and preservation of older neighborhoods in cities across the country.

The NHS concept is based upon a strong partnership of community residents, local government and private industry. This partnership jointly works to maintain and improve the housing stock and quality of life within its target neighborhood.

Private industry is a key member of the NHS partnership. Banks and savings and loan associations make a commitment to funding loan requests from qualified borrowers in the NHS neighborhood. Their participation on the board of directors brings a firm leadership and business sense necessary to maintain a strong program. Together with other corporations and foundations, the lending community provides funds for the operational budget of the NHS, the development of special projects, and the maintenance of the High-Risk Revolving Loan Fund.

Community residents make a commitment to rehabilitating their own homes and encouraging their neighbors to do the same. Residents provide the majority of leadership and input into the board of directors. This local flavor makes each NHS a unique program that best serves its community.

Local government provides input to the NHS partnership through contributions to a High-Risk Loan Fund, technical assistance from various departments and free home safety inspections for rehab planning.

A professional staff is hired to carry out the day to day operations of the NHS. This staff reaches out into the community; provides technical assistance for rehab planning, project bidding, and project monitoring; provides for financial counseling and loan referrals, and processes and services high-

risk loans for home improvements.

This simple partnership concept is successful in solving the complex issues of rehabilitation and preservation of older neighborhoods.

Since 1975 every dollar spent operating the NHYS program has generated \$48.53 in reinvestment activity in the community.

Trenton NHS Celebrates Six Years of Success

(Editor's note: With this issue, CASCADE begins reporting activities of the several Neighborhood Housing Services (NHS) affiliates within the Third Federal Reserve District.)

NHS of Trenton incorporated in 1979 to help residents improve their homes and environment. The track record of the organization is already impressive.

To date, NHS of Trenton has served 608 homeowners, representing an investment of 1.6 million dollars. Located in the Wilbur area, in the eastern part of the city, the NHS section has 8,000 residents and encompasses 64 blocks.

"In addition, NHS has purchased, rehabilitated, and sold 16 previously vacant properties to first time homeowners, who are now proud NHS residents," commented Barry Lee Black, executive director.

Services have increased, he added, and now include "acquisition, rehab and sale projects, increased community involvement, and, most recently, modular housing. The City of Trenton has provided more than \$400,000 in capital improvement for the neighborhood, while the New Jersey Department of Community Affairs has contributed more than \$400,000 for the revolving loan fund since 1980."

Another accomplishment is the "Walnut Avenue Phase One" project, involving the rehabilitation of seven abandoned properties at the cost of a quarter of a million dollars. All of these properties have been sold to first time moderate income residents.

Black reported the above developments at a July 12 fundraising break-

fast hosted by Owen "Chip" Freeman, President of the Broad Street National Bank. The breakfast was attended by 37 Presidents and CEOs from the business and financial community who heard Freeman announce that the Broad Street National Bank would be doubling their NHS contribution and urge his colleagues to join him in support of "one of the most impressive NHSs in the country."

In fact, the Trenton NHS has been selected to host a visit from a Congressional delegation in 1986, which will also include a tour of the Wilbur neighborhood. The NHS was selected by the Neighborhood Reinvestment Corporation (NRC), the NHS parent corporation, in recognition of its ongoing commitment to revitalization.

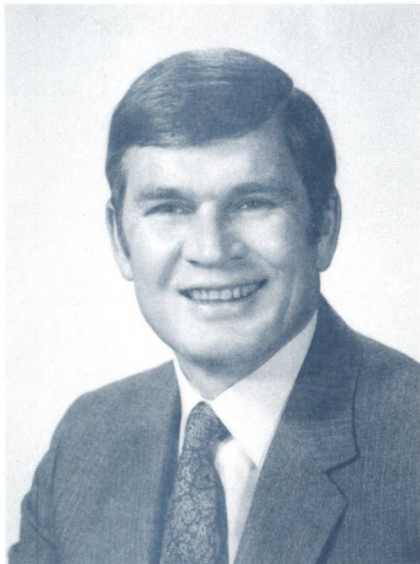
Black explained the NRC like this: "The NRC helps each NHS get started. From the drawing board to the office, so to speak. They help with support, training, and start-up money. For example, NRC gives up to \$75,000 as an initial grant to get the revolving loan activity in operation. The NHS utilizes the New Jersey Housing and Mortgage Finance Agency for first mortgages on our purchased, rehabbed, and sales properties."

Many members of the Trenton banking community are active in NHS, Black added. In addition to Freeman, they include Joseph Merz, III, Vice President of the Trenton Savings Fund Society, and NHS President, who is now entering his 7th year of NHS participation; and Board members: J. Donald Homer, Vice President, Broad Street National Bank; Steven Massey, Vice President, National State Bank; and Gloria Campbell, Branch Manager, First Fidelity Bank. A member of the NHS loan committee for the past six years is Joseph Patrick, Vice President, New Jersey National Bank.

Philadelphia Fed Hosts Community Affairs Conference

"The function of community relations has changed over the years from 'apple polishing' to bona fide programs. The future looks brighter for communities because corporations have realized that community relations pays bottom line dividends."

That was the optimistic message from Ray Hoewing, Vice President of the Public Affairs Council, speaking to 240 attendees at the third annual



Raymond L. Hoewing
Vice President
Public Affairs Council
1255 23rd Street, N.W. Suite 750
Washington, DC 20037
(202) 872-1790

Community Affairs Conference, sponsored by the Federal Reserve Bank of Philadelphia.

Bank President Edward G. Boehne welcomed guests at the morning session of the October 4th event, held at the Holiday Inn, Philadelphia. Guests included chief executives and community affairs officers from Third District financial institutions, and representatives of community organizations, charitable foundations, and economic development agencies. In all, 130 different organizations were represented at the Conference, which was organized and moderated by Fred Manning, Community Affairs Officer.

In his welcome, President Boehne predicted that the audience would

hear about "the various ways in which financial organizations can upgrade their community affairs efforts, and can help lead society in making our towns and cities good places in which to live and work."

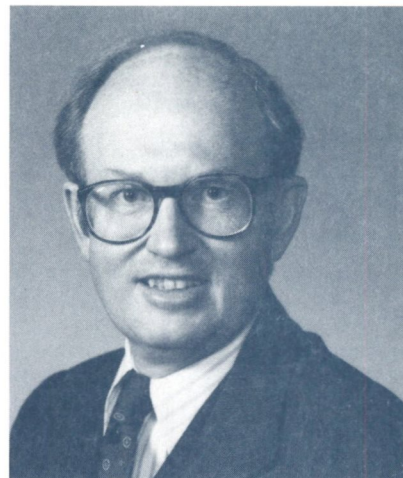
Hoewing, the first speaker, urged banks and corporations to participate in community improvement, because of new forces created by banking deregulation, the nation's deteriorating infrastructure, troubled school systems, the loss of blue collar jobs, and the large number of homeless Americans.

"Banks have inherent advantages in forming successful community development programs because of their financial involvement in the community and their generally favorable image with the public," he said. "Bank profitability is linked closely to the vitality of community progress."

He cited eight institutions for outstanding community involvement: Mellon Bank, Pittsburgh, for a resource guide for nonprofit organizations looking beyond "checkbook philanthropy"; Bank of New England, Boston, for donating \$300,000 for educational fellowships for teachers; South Shore Bank, Chicago for demonstrating "that the line between community relations and the bottom line is often nonexistent."

Also congratulated were: Security Pacific National Bank, Los Angeles, for its volunteer program; Bank of America Foundation, Los Angeles, for financing a foundation to fund experimental education; First Chicago Corp., for setting aside "a pool of millions of dollars" for low-cost housing and community development, National Bank of Detroit for seminars, newsletters, management assistance and troubleshooting "to invigorate neighborhood groups, reaping both indirect and business benefits"; and the Chemical Bank, New York, for sponsoring a trade show for small businesses.

"Why can't a bank holding company be a Community Development Corporation?" That rhetorical question was answered in the affirmative by speaker Ronald Grzywinski, President of the Illinois Neighborhood Development Corporation. He



Ronald Grzywinski
President
Illinois Neighborhood
Development Corporation
7054 S. Jeffrey Blvd.
Chicago, IL 60649
(312) 288-1000

described how he and a small group of investors purchased the Chicago South Shore Bank, and created three CDC subsidiaries to rebuild a blighted urban neighborhood. The Illinois Neighborhood Development Corporation was formed under the Bank Holding Company Act as a CDC and a holding company that owns both the bank and the community development subsidiaries. They have financed minority businesses and rehabilitated more than 500 housing and commercial units, he said.

"We are very keen on community development corporations in the Federal Reserve right now," said Fred Manning. He reminded the audience that under 1970 amendments to the Bank Holding Company Act, banks can form community development corporations to buy, sell, develop and manage real estate, either nonprofit or for profit.

Mitchell Sviridoff, President of the Local Initiatives Support Corporation (LISC), endorsed the concept that "seeing is believing" as he presented slides to enhance his remarks on the plight and promise of urban blight. He showed examples of LISC-assisted housing and commercial projects in Brooklyn, Chicago, Washington, and Philadelphia, while explaining that LISC functions as an intermediary in development. It provides corporations with the right conditions to invest monies in community revitalization pro-



Mitchell Sviridoff
President
Local Initiatives
Support Corporation
666 Third Avenue
New York, NY 10017
(212) 949-8560

grams at acceptable risk, and for high social return. LISC, a nationwide and prominent lending and grant making institution which attracts private sector financial and technical resources into redevelopment of deteriorating communities, "has proven that corporations, community groups, and local residents can work hand-in-hand in urban reclamation."



Gayle Jasso
Vice President,
Community Affairs
Security Pacific National Bank
333 S. Hope Street
Los Angeles, CA 90071
(213) 613-5109

Corporate volunteerism is another important aspect of community relations, explained Gayle Jasso, Vice

President for Community Affairs, Security Pacific National Bank, Los Angeles. Her bank maintains a successful volunteer program, which not only has filled a community need, but has raised employee morale.

Following a luncheon in the Philadelphia Fed's Eastburn Court, guests heard remarks by the keynote speaker, Brother F. Patrick Ellis, F.S.C., Ph.D. He is President of LaSalle University, located in Germantown, an urban Philadelphia neighborhood. Long active in community affairs, Brother Ellis is a board member of the Greater Philadelphia First Corporation, the Philadelphia Urban Affairs Partnership, the Friends of Independence Hall, and the Mayor's Commission on the 21st Century.



Brother Patrick Ellis, F.S.C., Ph. D.
President
LaSalle University
20th Street & Olney Avenue
Philadelphia, PA 19141
(215) 951-1010

In his talk, "Developing a Spirit of Community," he urged bankers to become more involved in community affairs, reminding the audience that "direct community involvement is as important as grantsmanship." In order to mix and survive in a community, he added, the corporation must be perceived above all "as being animated by respect and something like love for all concerned."

White House Advisor on Consumer Affairs Visits Philadelphia Fed

A distinguished visitor and authority on consumer protection issues came to the Philadelphia Federal Reserve Bank in May.

She was Virginia Knauer, Special Advisor to the President for Consum-

er Affairs. Knauer, a native of Philadelphia, explained her role in consumer protection at the national level and expressed interest in the operation of the consumer complaint function at the local Fed. (The Philadelphia Bank processed 18% of the consumer complaint resolution activity in the entire Federal Reserve System in 1984.)

Accompanying her was Dr. Geraldine Bower, Associate Director of the Division of Consumer Education in Knauer's Washington office. Also present was Ruth Rodman, of the Philadelphia Public School District.

The government visitors discussed mutual concerns and interests in the consumer field with Bank officials: Larry Murdoch, Vice President and Secretary; Fred Manning, Assistant Vice President and Community Affairs Officer; and Jim Dygert, Manager of Consumer Affairs. Other Bank representatives present included Henrietta Kiel, Consumer Affairs, Renee Bridges and Constance Noll, Community Affairs.

FED Offers New Compliance Guide

A new guide to understanding the Federal Banking Regulations is available, and will be of special interest to newly established banks, or banks newly involved in compliance responsibilities.

Titled *Winning The Compliance Game*, it is written by David M. Vandre, Federal Reserve Bank of San Francisco, and is the latest of several manuals on consumer and/or community banking topics distributed free upon request by the Department of Community Affairs and Regulations Assistance, Federal Reserve Bank of Philadelphia, Ten Independence Mall, Philadelphia, PA 19106 (215) 574-6570.

"While there are a number of sources that describe specific aspects of compliance, little has been written in general terms on the overall program design," stated Fred Manning, Community Affairs Officer. "While not a 'how-to' manual, this publication does describe the basic components of an effective compliance program, particularly for use by small and medium sized banks," he added.

INTERVIEW

Father Joseph Kakalec, S.J., President, Regional Council of Neighborhood Organizations

Father Joseph Kakalec heads any list of Philadelphia neighborhood leaders. He founded the Philadelphia Council of Neighborhood Organizations (PCNO) in 1975 after organizing a major North Philadelphia group (The North Central Community Organization) and working for the past two years to network other groups in the region. PCNO won early campaigns on crime, city services, and mortgage lending issues. Following a year's sabbatical at the University of California (Berkeley) in 1982-3, Father Kakalec returned to Philadelphia and formed a new organization, the Regional Council of Neighborhood Organizations (RCNO).

Born in McAdoo, Pa., Father Kakalec served two years in the U.S. Army and later began studying and training for the priesthood. He was ordained a Roman Catholic priest in 1967. Father Kakalec holds a bachelor's degree from Georgetown University's School of Foreign Service and master's degrees from St. Louis University (Political Science) and Woodstock College (Sacred Theology). He also holds a Licentiate in Philosophy from St. Louis University and studied political science at the University of Pennsylvania. He teaches political science part-time at Temple University.

Patrick Bond and Renee Bridges of the Philadelphia Fed conducted an interview with Father Kakalec in late July.

CASCADE: *Where did your interests in community organizing begin?*

FATHER KAKALEC: I began working in Baltimore's inner city in the late 1960's. Father Philip Berrigan had set up an outreach residence in his parish in West Baltimore in which I was a staff member. At the same time, the notion of the "City as Parish" also influenced my thinking. I thought the Church was bound to become more involved in the life-blood of the city.

At the same time, you may recall, there were extremists who wished to "change the system." For our part,



Father Joseph Kakalec, S.J., President of the Regional Council of Neighborhood Organizations, talks with Renee Bridges, Community Affairs Representative, Federal Reserve Bank of Philadelphia.

and more practically, there were frequent discussions about how to sensitize decision-makers about the needs of the cities and their people.

In feeling there was a need for change, we tried to organize our work in a very democratic way to empower people to face and resolve the frustrations and problems they met in their daily and very often changing lives.

They were interesting years . . . it was a baptism of fire!

CASCADE: *Did your ideas about work in the city evolve directly from your religious training?*

FATHER KAKALEC: Yes, and in my religious profession many clergy felt the need to be involved in urban problems. Often we heard people writing off the city by stating that the cities were finished! I think remarks like that are unfortunate. The cities are the nerve centers of our country. The question is, how do you make them function to the fullest extent possible?

CASCADE: *When did you come to Philadelphia?*

FATHER KAKALEC: In 1969, when I began working on my doctorate in political science at Penn. In the early seventies I became involved in Philadelphia's neighborhoods.

CASCADE: *Where did you do your initial organizing in Philadelphia?*

FATHER KAKALEC: In North Philadelphia around 18th and Girard. Our group, the North Central Community Organization, was initially involved in some very basic issues. We did housing rehabilitation and went to lenders for mortgages. The lenders we approached refused our requests despite the fact that in one of the institutions our organization had a \$10,000 deposit — a lot of money for a community group — and we could not borrow our own money! Eventually we succeeded in getting the mortgages but only after much hard bargaining.

City services were equally poor in this area. For example, there was a terrible problem with abandoned cars and with youth gangs. But we found that these problems were common in many sections of the city.

CASCADE: *Then the idea for a city-wide coalition began to develop?*

FATHER KAKALEC: Yes, there were other organizations in Germantown, Kensington, South Philadelphia and elsewhere in North Philadelphia. After two or three years with North Central Community Organization we concluded that North Philadelphia was not alone in having been abandoned by

political decision-makers. To get them to listen to our concerns, we needed to have a larger group to dramatize the needs of the neighborhoods. It was after this realization that other community leaders and I began to put together what later became known as PCNO.

The initial group was composed of twelve organizations from as disparate settings as possible. When this group began to cooperate, I visited other groups for about one year - almost one hundred community groups. Not all of these groups were as politicized at the same level with the city administration or with private business. All the groups realized, however, that they had to cooperate and organize to make changes.

CASCADE: *From twelve groups, PCNO grew very quickly. How did that change your relationships with the government and the public sector?*

FATHER KAKALEC: Over 1,000 people came to PCNO's first convention in 1975. At the time, hand-picked "blue ribbon" commissions ostensibly represented the neighborhoods. Then PCNO began to analyze the City's first year community development budget. This came after the Community Development and Housing Act of 1974. We found that 30% of the budget was going to administrative expenses! Now, you do not run a business with a 30% overhead!

So one problem with the City Administration was a lack of genuine community representation. The other was unbalanced, uneven development. Center City was receiving the lion's share of attention which led to PCNO's clash with the city over the Center City Tunnel. "What," we asked, "did the tunnel do for Philadelphia's neighborhoods?"

The neighborhoods lost this challenge but the needs of the neighborhoods were dramatized to the fullest.

After enactment of the Home Mortgage Disclosure Act and the Community Reinvestment Act, PCNO, with the Institute for the Study of Civic Values, issued reports demonstrating the problems that neighborhoods were having with redlining. The re-

sults of these studies and complaints were the Philadelphia Mortgage Plan and the Philadelphia Rehabilitation Plan.

After the tunnel fight, it was clear that neighborhoods needed attention and a trickle of money started coming to them. In addition, PCNO began to develop Town Watches. We helped other groups organize their neighborhoods. We began to see neighborhood persons on many city committees such as the Citizen Advisory Committee. And we began to develop better relations with the neighborhood police. Finally there was clear and unmistakable progress across the city between various ethnic, racial and neighborhood groups. The coalition was developing a common focus for grass-roots people.

The most important thing that PCNO did during the years was to focus the attention of decision makers upon the city's neighborhoods. The second most important thing was to get community people throughout the city to know each other and above all to work with each other.

CASCADE: *You resigned from PCNO's presidency in 1982?*

FATHER KAKALEC: Yes. I thought that after such a long time in this work a break was in order. There were changes in theology - in Scripture and Patristics - that I wanted to catch up on. I was also interested in studying the concepts of power, leadership and authority. I went to Berkeley for a year to study the early church fathers, particularly in the Fourth Century, who were also marvelous organizers. Saint Basil, for example, opened a soup kitchen, hostel and infirmary right on the cathedral grounds! He served the poor in the center of his Church. These early church leaders were also very practical. They knew how to work with and use political power. They were highly educated and knew the emperor and top military men, and were able to move with remarkable ease in and between all sectors of society. I always stand in awe at the unique ability of these leaders.

CASCADE: *But you returned from your sabbatical in 1983?*

FATHER KAKALEC: I came back

and began to ask: What is happening in our society, our region? Changes in society and the economy were occurring daily - changes that were affecting each one of us in this region. One began to see more clearly that this region is right smack in the center of many of these changes and there is emerging a clear understanding that the region must begin to perceive itself as one unit, as interdependent, as one market and a region that has enormous potential for becoming second to none.

CASCADE: *So you then decided to form a group with a regional focus?*

FATHER KAKALEC: That is correct. Most of our institutions are regional: the electronic and print media, the church, transportation, banks and other businesses. Almost 25% of the work force of Delaware County, for example, works in Philadelphia.

With the Regional Council of Neighborhood Organizations we hope to work in neighborhoods that are facing profound and unsettling changes as in Chester, Darby, Bristol, Norristown and elsewhere. There are also other areas of concern in the grass-roots areas of the region. RCNO presently has 24 member groups.

CASCADE: *What is RCNO's immediate agenda?*

FATHER KAKALEC: We are still growing but already we are beginning to see tremendous interchanges and support. We have had a series of meetings with lenders to develop loan programs. We have published a set of data toolbooks for the counties. We are hoping to delineate more clearly a regional neighborhood agenda at our Board/Conference meeting on October 17th as well as other issues involved in networking.

Regionalism and RCNO are crucial if this region is going to thrive. The value of working on regionalism at the grass-roots level is that we can come together with a clear slate and without a history of vested interests. We have a unique opportunity to develop grass-roots regional partnerships.

CASCADE: *Do you have any views on the banking industry you would like to pass on to our readers?*

FATHER KAKALEC: Lenders are often genuinely surprised to hear of the needs of the community. Lenders have mentioned that they do not have enough contact with neighborhood groups particularly in the counties surrounding Philadelphia. I would hope that greater effort could be made to develop a partnership between lenders and neighborhood groups in the region. This partnership is becoming more and more important in face of the profound changes occurring in the banking industry and in our own region.

Data Toolbooks Developed For Suburban Counties

The Regional Council of Neighborhood Organizations (RCNO) has produced a set of data toolbooks for community development in Bucks, Chester, Delaware and Montgomery counties. Each toolbook contains detailed information on population, income, household characteristics, housing and employment. Statistics were obtained from U.S. Census Bureau, Delaware Valley Regional Planning Commission, and county planning commissions along with other sources.

The toolbooks are organized to facilitate practical use, convenient reference and easy comparison. These books should be useful for public officials, civic leaders, business people, and others interested in assessing community needs and planning local development in the Philadelphia metropolitan area.

The toolbooks were researched and written for RCNO by Margie DuBrow and Dr. Lawrence Quartana of DuBrow Associates, Philadelphia. Assistance was provided by the Community Affairs Department of the Federal Reserve Bank of Philadelphia and the Sun Company, as well as the Greater Philadelphia First Corporation, in the development and distribution of the toolbooks.

They are available to the public for \$10 each, or \$30 for the complete set of four. Copies can be obtained through Saunta Hamilton, R.C.N.O., 2147 Manton Street, Philadelphia, PA 19146. (215) 389-5510.

New Community Reinvestment Legislation Proposed

A proposed amendment to the U.S. House of Representatives' interstate banking bill (H.R. #2707) would dramatically affect the implementation of the Community Reinvestment Act (CRA). CRA requires banks to show an affirmative and continuing commitment to meeting the credit needs of their entire communities, including low- to moderate-income segments. The proposed amendments to the interstate bill would tie a bank's CRA record to its ability to expand beyond existing state boundaries.

The amendments are offered by Reps. Charles Schumer (New York) and Mary Rose Oaker (Ohio). They provide for public disclosure of CRA bank examination ratings, data on bank lending, written commitments by institutions describing "how the proposed interstate acquisition would significantly improve the availability and affordability of credit and deposit services offered," and guidelines for revising the CRA rating system allowing only institutions rated "good" to expand beyond current boundaries.

The bank regulatory agencies would be required to prepare a weekly applications listing and provide a 45-day public comment period for community and consumer groups. Additionally, if there is a protest against approval of the application, the proposed bill requires the regulatory agencies to hold a public meeting to air the complaints.

Third District Repositories for HMDA Reports Announced

The Home Mortgage Disclosure Act of 1975 (HMDA) is a law requiring "depository institutions" — banks, savings and loans, savings banks and credit unions — to report the general location of their housing-related loans. In 1980 the Act was amended and HMDA was extended for a five-year period ending October 1, 1985. An additional extension was made through November 15 of this year while Congress considers several bills that would further extend, and in some cases

amend, the Act.

One often-heard criticism of HMDA is the lack of availability of the data once it has been compiled by the depository institutions. The Act does require that bank regulators aggregate the data and provide it to the public through regional data repositories. The following is a list of the contact people at repositories in the Third Federal Reserve District.

Delaware

Wilmington, DE

Harry D. Sewell
Director, Department of Real Estate
& Housing
City of Wilmington
City/County Building
800 French Street
Wilmington, DE 19801
(302) 571-4058

New Jersey

Atlantic City, NJ

Dean Spittler
Senior Librarian
Atlantic City Free Public Library
Illinois and Pacific Avenues
Atlantic City, NJ 08401
(609) 345-2269 X25

Trenton, NJ

Richard Rebecca
Head of Business and Technology
Department
Trenton Public Library
120 Academy Street
Trenton, NJ 08608
(609) 392-7188

Vineland-Millville-Bridgeton, NJ

Joanne Greenspun
Director
Vineland Public Library
1058 East Landis Avenue
Vineland, NJ 08360
(609) 696-1100

Pennsylvania

Allentown-Bethlehem, PA

Office of the City Clerk
City of Allentown
City Hall, Room 510
435 Hamilton Street

Allentown, PA 18101
(215) 437-7538

Altoona, PA

Patrick M. Miller
Assistant Director/Program Planning
Southern Alleghenies Planning and
Development Commission
1506 Eleventh Avenue, Suite 100
Altoona, PA 16601
(717) 946-1641

Harrisburg-Lebanon-Carlisle, PA

James R. Zeiters
Executive Director
Tri-County Regional Planning
Commission
112 Market Street, 7th Floor
Harrisburg, PA 17101-2015
(717) 234-2639

Johnstown, PA

Kathleen Brown
Federal Documents Librarian
Cambria County Library
248 Main Street
Johnstown, PA 15901-1677
(814) 536-5131

Lancaster, PA

Robert N. Case
Director
Lancaster County Library
125 North Duke Street
Lancaster, PA 17602
(717) 394-2651

Philadelphia, PA

Michael Ontko
Delaware Valley Regional Planning
Commission
The Bourse Building
21 South 5th Street
Philadelphia, PA 19106
(215) 592-1800

Reading, PA

Reading Public Library
Attention: Reference Department
Fifth & Franklin Streets
Reading, PA 19602
(215) 374-4548

Scranton-Wilkes Barre, PA

Eugene P. Barrett
Executive Director
Office of Economic and Community

Development
Municipal Building
Scranton, PA 18503
(717) 348-4216

State College, PA

Elizabeth Rodgers
Director
Schlow Memorial Library
100 West Beaver Avenue
State College, PA 16801
(814) 237-6236

Williamsport, PA

Janice Trapp
Acting Director
The James V. Brown Library
19 East Fourth Street
Williamsport, PA 17701
(717) 326-0536

York, PA

Miriam L. Neff
York City Clerk
Offices of City Council
Market Way North, Third Floor
1 West Market Street
P.O. Box 509
York, PA 17405
(717) 843-8841 X246

Philadelphia Community Groups Discuss State of the Neighborhoods

On June 22, several local community-based organizations cosponsored a conference at St. Joseph's Preparatory School in Philadelphia entitled "The State of the Neighborhoods." The groups were the Philadelphia Council of Neighborhood Organizations, the Community Development Coalition, Inc., the Greater Philadelphia Federation of Settlements, and the Metropolitan Christian Council of Philadelphia. Reports presented by participants to guest speakers Mayor W. Wilson Goode and Ralph Widner (President, the Greater Philadelphia First Corporation, a corporate civic organization) developed from five morning workshops. The workshops discussed employment and training issues, building neighborhood organizations, services to youth, and the elderly, and housing and community development.

The housing and community development workshop offered three specific recommendations. One recommendation was to have the Philadelphia City Administration offer Community Development Block Grant "Float Funds" as low-interest rate loans for non-profit community development construction financing. According to a statement released at the conference, such loans are now being offered, at 2% rate of interest, "to for-profit developers who are not working in our neighborhoods. We need these funds for our not-for-profit neighborhood development corporations, which, unlike commercial developers, do not have access to start-up monies." Mayor Goode expressed interest in implementing the recommendation.

A second proposal called for putting Urban Development Action Grant loan paybacks into neighborhood development projects. Presently the UDAG payback funds "are rarely used to improve our low and moderate income neighborhoods," according to the conference statement.

The third community development proposal is potentially the most controversial, although at the conference it was endorsed by Mayor Goode. This proposal calls for the creation of a Community Development Trust Fund, modeled after a San Francisco initiative, to set aside a small percentage of private sector downtown development spending for use in neighborhood economic development and housing. In Philadelphia, such a set-aside provision already exists for construction on Philadelphia Redevelopment Authority land. One percent of such construction must be used for the provision of art in some public place.

The conference experts suggested that a Community Trust Fund would create more than eight million dollars in 1985 if three sources are used: 1) a 1% of development costs contribution from every developer doing a project with a budget of greater than \$100,000 in downtown Philadelphia, 2) paybacks on UDAG loans, and 3) the interest earned on CDBG float loans following an increase in interest charged to private developers of 8% and interest earned from the current 2% charged to non-profit developers.

Mellon Bank Saves A Historic Site

One of the state's largest community revitalizations will soon be happening in Philadelphia, and it's happening because of commitment from a local financial institution, city officials, and developers.

Mellon Bank (East) recently announced the planned restoration, at an estimated cost of \$70 million, of the historic Lit Brothers Building on Market Street East.

"This is an important development," stated Fred Manning, Community Affairs Officer, Federal Reserve Bank of Philadelphia. "It is important in terms of the continuing development of Market Street — a Center City area badly in need of attention — and also, because it clearly illustrates how a major bank can make a decisive contribution to community development."

Why did Mellon Bank save the Lit Brothers Building, a 19th Century department store, from the wrecker's ball?

"We have been crowded in our present location, and the availability of the building offered us a number of advantages: the opportunity to remain in the city, increased space, a highly accessible and desirable location," Edward A. Montgomery, Jr., chairman and chief executive officer of Mellon Bank (East) stated. The Bank will use the new space for their operations center.

Mellon will lease 475,000 feet in the building from Independence Center Realty, who will oversee the total renovation, expected to be completed in 1987. Completion is scheduled to coincide with the completion of the Market Street East reconstruction project by the City of Philadelphia. This project includes a \$15 million

facelift, with improved traffic patterns, new bus lanes, and widened, tree-lined pedestrian walkways. Bank officials credited David W. Brenner, Director of Commerce, City of Philadelphia, for being "very supportive" in the entire development project.

The Lit Brothers site, to be renamed the Mellon Independence Center, is surrounded by history. Thomas Jefferson wrote the Declaration of Independence in a house across the street. George Washington, when he was president, lived only a few blocks away. And nearby is Independence Hall, and the site of the former U.S. Capitol.

The site will not only be convenient for strolling tourists, but is centered in a transportation hub, including the PATCO bus line to New Jersey, the Market-Frankford subway/elevated, the Center City commuter tunnel, numerous bus lines, and, soon, convenient access to Interstate 95.



Today the Lit Brothers Building looks like this. Mellon Bank (East) has announced a major revitalization of this 19th century department store.

Soil, Seeds Transform Point Breeze Area

When William Penn first looked at the land, he envisioned Philadelphia as a "Green Countrie Towne."

It's not all green today, by any means, but neighborhood groups such as the Point Breeze Federation are moving into "greening" with help from the Pennsylvania Horticulture Society.

Through its Philadelphia Green Program, the Society selects a particular area to receive both materials and



technical assistance. Point Breeze, in South Philadelphia, was designated recently, along with two other areas, to participate in the Philadelphia Green Program. Soil, seeds, fencing, shrubs, gravel, benches (for a "sitting garden"), and even trees are given to neighborhood residents in this Program.

This assistance, which is turning vacant, trash-strewn lots into bright gardens, was coordinated through the Beautification Committee of the Point Breeze Federation. The 12-woman Committee directs people to resources and offers encouragement, based on their own organizational and gardening experience.

Lindens and hedges, junipers in planters, window boxes and wine barrels filled with geraniums — these are softening the Point Breeze landscape now. Industrious gardeners have transformed 48 vacant lots into bountiful gardens, ranging in size from a single lot planted with trees, shrubs, and flowers to a half-square block planted with tomatoes, okra, and collard greens.

Couples can exchange wedding vows in the gazebo of a wedding garden — after walking down a slate path bright with climbing roses and petunia-filled urns.

"It's the best thing that ever happened to Point Breeze, and we invite everyone to come see why we're so proud of our 'Green Countrie Towne,'" commented Haroldine Trower, Beautification Committee chairperson. The Federation is planning 12 new gardens for next spring, and will put fencing around its existing gardens, as part of the ongoing beautification work.

(Note: CASCADE is interested in learning about other community groups who are making a difference in the quality of life in their areas.)

Point Breeze Federation Addresses Wide Spectrum of Needs

The Point Breeze Federation, now numbering more than 500 members, was once a small coalition of residents, organizations, and businesses. Its purpose when it began, in the 1960s, was to curb gang violence and handle other problems in an 88-block area of South Philadelphia.

Through the years, the Federation has grown both in size and scope and is focusing on aspects of community development such as housing, social services, employment, education, beautification, and economic growth.

Mamie Nichols, President, and the Federation were the first recipients of the "Good Neighbor Award" presented by the Mellon Bank in 1984. The \$10,000 award, Nichols explained, "is given to an organization which is contributing to the quality of life in the community."

There are many examples of innovative Federation projects. One, underway now, is the "Winter Youth Program" for 30 youngsters, who will paint murals to brighten the neighborhood. In conjunction with the city and other interested agencies, the Federation will improve and "adopt" the Chew Manor playground and Wharton Square park. Previous activities in-

cluded raising funds through foundations and corporations for the renovation of the Federation's new home office, 1248 S. 21st Street, and the rehabilitation of a grocery store that was destroyed by fire. They were assisted in the latter project by a \$20,000 grant from the Philadelphia Citywide Development Corporation.

Germantown Community Development Corporation Marks 11 Years of Growth

Unemployment, coupled with commercial and housing deterioration, were major problems faced by southwest Germantown residents 11 years ago.

So they organized the Southwest Germantown Community Development Corporation (SGCDC) to support neighborhood self-help projects. The first priority was to acquire abandoned houses and convey them to low income families who would rehabilitate and occupy them.

Today, SGCDC continues to carry out housing rehab, together with scores of additional community activities. "We're a non-profit corporation," Steven J. Weinberg, executive director, explained. "Development is our product. Our score for 1985 is \$3.50 of additional neighborhood income and private reinvestment for every SGCDC dollar."

The neighborhood network involves cooperation of all kinds. With banks, for example. Two loans were recently made by Provident National Bank and the Philadelphia Citywide Development Corporation to open a new minority-owned Superette, or mini-market. The Philadelphia National Bank hired 12 bank-supervised low income teenagers as part of their summer jobs program and put them to work full-time in southwest Germantown. They painted over graffiti and distributed flyers on how to prevent it. The Self-Help Loan Fund from the Germantown Federal Credit Union, located in the SGCDC office building, helps residents meet their credit needs, providing low interest loans for home repairs and personal requirements. The Credit Union has 1400 shares accounts and has lent about

\$650,000 in approximately 400 loans, primarily invested in neighborhood housing stock. In its early years, the Credit Union was heavily supported by SGCDC as the primary tool for fighting redlining and developing indigenous capital.

Youth unemployment has long been a SGCDC concern. "Youth are our future," Weinberg pointed out. "That's why we have helped prepare more than 2,000 young adults for the world of work. We teach neighborhood youngsters, many of whom are out of work or have never held jobs before, how to find jobs and keep them." This is done via career counseling, pre-employment training, resume preparation and follow-up counseling to insure job retention. Although the program is targeted for participants 16 to 24 years of age, employment services such as self-assessment and job referrals are also available to older residents.

Wayne Avenue was once a ghost street, populated with empty storefronts. It is now a thriving area of small businesses. Much credit goes to the SGCDC's Business Incubator program, which provides a wide range of support to new businesses. For example, it has assumed responsibility for bringing the Wayne Avenue shopping area back to life during the past five years. Once there was a 50% vacancy rate along the street. Now the rate is down to nearly zero. The new business start-ups are almost all minority-owned. All told, SGCDC has assisted eight businesses to get established on Wayne Avenue, and these, in turn, have generated 22 new jobs.

In addition to helping retail stores, SGCDC bought a 95,000 square foot industrial park, with the help of a neighborhood entrepreneur. They subdivided this eight-building complex into four parcels. Five new businesses, representing 150 new jobs, now occupy three of these parcels. The fourth is being developed by the Philadelphia Technology Enterprise Center (PhilTEC) as a small business incubator, with occupancy in spring, 1986. Profit generated by the industrial park is being reinvested in PhilTEC.

Energy conservation education is another interest of SGCDC, evidenced by its assistance to a program called the Germantown Residents Acting to

Conserve Energy (GRACE). Formerly a component of SGCDC, GRACE has become a model organization, helping residents with home energy assistance, weatherization, conservation, and emergency services.

A food cupboard, exercise classes, after-school tutoring, and senior citizens programs take place at the Neighborhood Activities House Association (NAHA). This organization operates community programming in space provided at no charge by SGCDC.

How does SGCDC account for its success in so many varied activities?

"Credit is due to our Board of Directors," Weinberg commented, "and to neighborhood residents and business owners who provide stability, guidance, and expertise."

Praise, too comes from Constance Kelsey, SGCDC President, who returned the compliment to Weinberg by lauding the efforts of "the hard-working and professional staff."

What of the next ten years?

At a recent reception, hosted by the Mellon Bank for SGCDC supporters, Mayor Wilson Goode of Philadelphia, and other city leaders, Weinberg expressed optimism about the future:

"We look forward to additional growth in housing, youth employment, and economic development, bolstered by our location within the boundaries of one of Philadelphia's three state-designated Enterprise Zones, The Hunting Park West Zone," he said.

(Note: for further information on SGCDC, contact: Steven J. Weinberg, SGCDC, 5002 Wayne Avenue, Philadelphia, PA 19144, or phone (215) 843-2000.)

The Old Wissahickon: A SGCDC Success Symbol

Once upon a time there was a white-columned luxury apartment house on Schuyler street in Germantown. In its prime, 75 years ago, it was THE place to live. It had leaded windows, a servants' elevator, and there were wall safes for renters' jewels. Near the

exclusive Germantown Cricket Club, it was a landmark in one of Philadelphia's most historic neighborhoods.

Time passed. Nearby manufacturing jobs disappeared. The growth of suburban shopping malls hurt local merchants. And as the economic picture worsened, housing deteriorated.

The apartment house just stood there, a relic of happier days, with its windows boarded up and its paint peeling. A testimony, in fact, to the neighborhood's general decline.

But today the Wissahickon offers another sort of testimony. It is a sign, among many, of the neighborhood's resurgence, because it is currently being revived and rehabilitated into a modern apartment building. Located conveniently opposite the Queen Lane commuter station, the building will contain 52 apartments. Most will be rented at market price, but 13 will be subsidized for low income families.

How did this \$3.7 million project happen?

It happened because the Southwest Germantown Community Development Corporation (SGCDC) was able to leverage a working partnership of public and private resources. By leveraging the expertise of the Philadelphia Rehabilitation Plan (PRP) and the Rouse & Associates Urban Housing Group, SGCDC targeted the Wissahickon rehab as a project that would qualify for a federal Housing Development Action Grant (HODAG).

(A factor in the success of the project was the excellent track record of the SGCDC's ten years in neighborhood development. In fact, two "alumni" from SGCDC are now prominent leaders in neighborhood development. They are James Wilcox, a co-founder of SGCDC, who is now executive director of PRP, and Roy Diamond, former SGCDC board member, now president of Rouse & Associates Urban Housing Group.)

The Wissahickon project qualified for a \$1.6 million HODAG loan, through the city of Philadelphia, which was the key to its financial feasibility. Once the HODAG is fully repaid, the \$1.6 million will be returned to the city to be used for additional community economic development. Additional

financing, at below market interest rates, came from CIGNA, PSFS, and the Rouse Urban Housing Foundation. Additional permanent financing was provided by the ARCO Foundation while the Crusader Savings & Loan came up with critical interim financing.

And right now, if you drive by the Wissahickon, you will see many local residents working at the construction site — SGCDC arranged for preferential hiring for neighborhood people. You will see a bright red tile roof, new paint on the cornices, and handsome landscaping. The old lady of Schuyler street is shaping up!



Notes from around the District:

Federal Reserve District Three includes most of Pennsylvania, New Jersey, and all of Delaware. We're pleased to describe briefly any interesting and innovative community development and community service efforts within the district, particularly where financial institutions play a role. Interested organizations and individuals should phone Fred Manning, (215) 574-6482, with news from your area.

A Southwest Philadelphia Partnership Formed to Rehab Houses

In late July, several respected Philadelphia organizations joined forces to produce the Neighborhood Housing Network (NHN). NHN will work in the West Shore neighborhood of Southwest Philadelphia, rehabilitating abandoned houses and selling them for under \$20,000 to low-income families. One bank — Philadelphia National Bank — has joined the effort, offering mortgages at 1% off the market rate. Other partners in NHN include the Philadelphia Rehabilitation Plan, the Institute for the Study of Civic Values, and the Horticultural Society, each offering assistance in their fields of expertise. The Sun Corporation is contributing paint and funds for rebuilding porches.

PSFS Funds Tenant Purchase of Philadelphia Housing Complex

The Jefferson Manor Housing Development Corporation is a non-profit tenant organization which recently purchased 226 apartment and town-house units in North Central Philadelphia. Fifteen years of organizing went into the acquisition. With assistance from the non-profit Philadelphia Housing Development Corporation and a \$2.5 million mortgage from Philadelphia Savings Fund Society, the tenants' dream of owning their apartments is becoming a reality.

Growth in Student Loan Activity

First Eastern Bank of Wilkes-Barre, Pa. ranks 18th in the state among 260 participating lenders in the Pennsylvania Higher Education Assistance Act (PHEAA). In 1984, educational lending grew by 26.6 percent, resulting in a total of \$54,044,000 in outstanding educational loans as of 12/31/84. In addition, among 74 national lending institutions with the Health Education and Assistance (HEAL) Program, First Eastern is ranked fifth. The bank is one of six national lenders to participate in the Guaranteed Parental Loan Program of the United Student Aid (USA) Fund of Indianapolis. First Eastern was the first bank to enter into an agreement with the USA Fund to serve as a national lender for student loans and today remains first in the nation with the organization in terms of student loan activity.

Loans Lead to Employment in Johnstown

During 1984 and 1985 Somerset County gained an additional 25 to 30 jobs through the expansion of Riggs Enterprises. Johnstown Bank and Trust Company financed this project with a loan of \$900,000. In addition, Bedford County is expected to gain 100 new jobs with the relocation of Exact Level & Tool Company. This move was made possible by a \$1,000,000 loan, also from Johnstown Bank and Trust.

Speakers Bureau Available in Harrisburg

A Speakers Bureau was formed by Commonwealth National Bank of Harrisburg, Pa. to create an active dialogue between this bank and civic groups, service clubs, business and professional organizations, local government organizations, schools and colleges. The Bureau has been in existence at the bank for over five years. Approximately 150 bank employees have volunteered to participate in the program, which has grown to an average of 100 presentations each year. A brochure which describes the program and provides examples of possible topics is distributed each year as a reminder that this service is available to the community. Additional details are available from Robert Gentry, Vice President, Marketing (717) 564-9500.

Pamphlet Describes Community Credit Programs

Provident National Bank of Philadelphia has developed a pamphlet entitled "Provident's Community Credit Programs." Included in the pamphlet is a description of financial assistance programs, how to qualify, what the loan can be used for and how the bank can help to expedite the process. The four programs described in the pamphlet are the Action Loan Program, Small Business Assistance, Philadelphia Rehabilitation Plan, and Philadelphia Mortgage Plan. These pamphlets are available in the lobbies of all Provident offices.

New Jersey Bank Wins Humanitarian Award

Garden State Bank of Jackson, N.J. was named winner of the 1984 Humanitarian Award of the Monmouth-Ocean Counties Development Council Silver Gull Awards Program. The bank was selected for its efforts in the areas of volunteerism, fund-raising and community involvement.

In particular, Garden State Bank was cited for its ongoing efforts to aid financially troubled enterprises, to quickly respond during emergency

situations, and to offer low-interest loans to low- and middle-income families. Garden State also provides first-time home buyers with mortgages through the New Jersey Mortgage Finance Agency, preferred-rate long-term mortgages through the Neighborhood Loan Program, and home improvement funds to low- and middle-income families.

Advisory Boards Created By Bank of Mid-Jersey

The Bank of Mid-Jersey in Bordentown has replaced its Consumer and Business and Industry Advisory Boards with two new boards. The Northern Regional Advisory Board and Southern Regional Advisory Board perform the same functions as the previous boards, but operate more effectively by focusing on issues pertaining to these two geographic areas. Specifically, the boards meet quarterly with members of management to discuss bank services (current and proposed), make recommendations to the board of directors on how to better serve the bank's customers and community, and to provide input from the viewpoint of the consumer. For more information on the operation of these boards, call Rosemarie Hobson, Secretary and Compliance Officer, (609) 298-5500.

Participant in Loan Subsidy Program

The Broad Street National Bank of Trenton, N.J. has been a participant in the City Loan Plan Subsidy Program since its inception fourteen years ago. Applications are originated by the City of Trenton, Department of Housing & Urban Development, wherein loans are initiated for renovations or improvements. The city subsidizes 30% of the loan and the bank will consider the difference based on its criteria for home improvement loans. The prerequisites to qualify under this program, which is directed toward low-income areas, are determined by the city.

Customer Councils Formed

The Drivers and Mechanics Bank of York, Pa., is in the process of creating customer councils for each of its ten branch offices. Councils for two branch offices were formed in 1985, with two more to be selected during the first quarter of 1986. These councils serve as liaison between branch customers and branch management and are composed of two employees from each branch, plus residents from the local community. The objective is to provide management with feedback on customer knowledge and attitudes concerning bank products and services. For more information on these councils contact George Guyer, Senior Vice President, Marketing (717) 843-1586.

Do You Need A Speaker?

Staff members of the Philadelphia Federal Reserve Bank may be available on request, subject to scheduling arrangements, to talk to various audiences. They will discuss the Federal Reserve's interest and involvement in community and consumer banking, and in regulatory compliance issues.

Speakers and their respective topics are: Fred Manning, Community Affairs; Jim Dygert, Consumer Banking; and Phil Farley, Regulatory Compliance. Inquiries regarding speaking engagements should be sent to the particular speaker desired, at the following address:

Federal Reserve Bank of Philadelphia
10 Independence Mall
Philadelphia, PA 19106

Community Affairs Staffer Departs

Patrick Bond, a Philadelphia Fed Community Affairs Representative from August 1983 to August 1985, left the

Fed before this issue of CASCADE was published to pursue graduate studies at the John Hopkins University in Baltimore. Bond edited this and the previous three issues of CASCADE, developed a survey of small business credit needs, was a liaison with numerous community groups in the metropolitan Philadelphia area, and implemented for the Fed a mortgage tracking system which is now being proposed to Congress for adoption as an improvement over the Home Mortgage Disclosure Act Reporting system.

Community Affairs Officer Fred Manning indicated that Bond's exceptional contributions to the function will be missed by the Reserve Bank. His colleagues lament the loss of his affable and cooperative service. In his letter of resignation Patrick stated, "The two years I spent here were tremendously stimulating, and I wish to thank everyone here, as well as my friends in the community and banking industry, for cooperation and kindness."

Philadelphia Fed Offers Community Affairs; Regulations Assistance Publications

The Philadelphia Fed's Department of Community Affairs and Regulations Assistance offers three publications to banks, community groups, government agencies, and the public. Single copies of the publications, described below, may be requested by writing to:

Mr. Frederick Manning
Community Affairs Officer
The Federal Reserve Bank of Philadelphia
Ten Independence Mall
Philadelphia, PA 19106

or call: (215) 574-6458

The *Options for Investing in our Communities* directory may be of interest also to economic development organizations.

