The Enterprise Foundation: a Vision Becomes Reality

Following the vision of developer James W. Rouse, The Enterprise Foundation is working in 25 cities to provide housing for people with very low incomes.

The foundation, in its fourth year of operation, works with 65 non-profit neighborhood-based organizations which develop housing. Relying primarily on such organizations to produce affordable housing, Enterprise provides them with extensive assistance in packaging proposals and organizational development. Of Enterprise's 44-member staff, 25 are in the field full-time or part-time.

Enterprise also provides some financing for projects; this can take the form of grants, low-interest loans or lines of credit. It uses its grants and loans—including compensating balances and linked deposits—to attract invest-

starts Philadelphia Housing Network

The Enterprise Foundation has helped to establish a Philadelphia network including neighborhood-based groups and banks for the purpose of rehabilitating a high volume of vacant buildings for low-income families. In addition, Enterprise has helped the conversion of a vacant school into housing and has embarked on major housing campaigns in York, Pa. and Wilmington, Del.

The Neighborhood Housing Network (NHN), formed in Philadelphia in 1985, is in its early stages of development. Nine housing groups in the network are to rehab single-family homes with assistance from several organizations; The Philadelphia Rehab Plan (PRP) will determine the feasibility of rehab and negotiate with contractors; Philadelphia National Bank and other banks will provide permanent financing; The Enterprise Foundation will train community groups in the "sweat equity" part of the process whereby homeowners do some of the rehab work; The Institute for the Study of Civic Values will assist in organizational development; and The Horticultural Society's Philadelphia Green program will help neighborhood block clubs carry out greening projects.

Susan Trusty-Holman, network director, said that six houses have been sold and another 23 are being rehabilitated. The goal is to rehab 200 houses a year by 1989. The houses, which are being sold for about $22,000 to families who have incomes of $9,000 to $15,000, receive total systems rehab while homeowners do painting and finish floors.

Edward L. Quinn, Enterprise's president, said that the Philadelphia
Enterprise...

ments from banks and others. The foundation, located in Columbia, Md., has a private sector orientation in its management and planning.

When Rouse started the foundation he was a millionaire who had been a successful developer of shopping malls, downtown marketplaces such as Harborplace in Baltimore, and the planned community of Columbia. He was impressed with the determination of two volunteer women who rehabbed two buildings and was also motivated by his service, with his wife Patricia, on the board of Jubilee Housing. Jubilee is affiliated with the Church of the Saviour, Washington, D.C.

Rouse commented: “We started the Enterprise Foundation because for many years we have been aware of the miserable conditions in which the poor live in our cities. This is the wealthiest country in the world with the greatest problem-solving capacity in the history of man. Yet, the dreadful jungles at the heart of our cities persist and spread. No other country in western civilization has such conditions. It is the mission of the Enterprise Foundation to demonstrate that there are solutions; a new system can be developed by which affordable housing can be made available to all our people.”

Enterprise’s current priorities are: creating and preserving housing stock; reducing financing costs; and establishing new delivery systems.

To address its first priority, it is trying different ways to reduce the cost of rehab and new construction. From the beginning, it has favored a minimal amount of rehab so that housing is affordable to people with very low incomes; often, homeowners complete rehab work with their “sweat equity.” More recently, it contracted with a home building firm to build a downsized house which, with donated land, was affordable to families earning under $15,000.

To reduce financing costs, Enterprise uses tax deductions, credits and syndications. It also is creating benevolent loan funds using low-interest deposits from corporations, churches and the public. In addition, Enterprise works with state and local governments so that public funds are allocated for low-income housing.

In its work on delivery systems, Enterprise is experimenting with city-wide community organizations which provide extensive assistance to local groups and can exert pressure on cities for housing financing and occasionally do development directly.

Enterprise’s work is carried out through:

—Enterprise Development Company, a wholly-owned subsidiary which funds the foundation from its commercial real estate properties, including festival marketplaces;
—Enterprise’s field staff, which assists neighborhood groups to develop low-income housing;
—Enterprise Social Investment Corp., a for-profit subsidiary which raises funds for housing projects at below-market rates;
—Enterprise Rehabilitation Work Group, which investigates methods of reducing construction costs and provides this information to community groups; and the
—Enterprise Job Placement Network, which helps unemployed people find jobs.

Enterprise’s creative financing initiatives have been enhanced by the recent addition of F. Barton Harvey, Deputy Chairman and previously Managing Director of corporate finance at Dean Witter; and Walter G. Farr, Vice President for field services, who earlier was Senior Vice President of the mortgage bank subsidiary of Wells Fargo Bank.

Enterprise also hopes, by its work, to influence lending behavior by other institutions, including banks. In a recent interview, Farr suggested several ways in which banks could assist in financing low-income housing in large volume. Banks, he said, could consider relaxing underwriting criteria in certain instances, make loans available to underserved neighborhoods, make mortgage loans partly subsidized by public funds, and sometimes make small, labor-intensive loans.

Enterprise also operates job placement centers in 10 cities, including Philadelphia. Many of the residents are hard-to-employ and receive counseling. Some 3,200 people have found jobs through the centers.

The foundation is being financed by grants of over $20 million, provided by 116 corporations, foundations and individuals. In the long run, its financing is to come from its for-profit development affiliate, which currently is a joint partner in the Liberty Place project in Philadelphia. For further information, contact: The Enterprise Foundation; 505 American City Building; Columbia, MD 21044; (301)-964-1230.

ESIC: Financial Arm Of Enterprise System

The financial arm of the Enterprise system is the Enterprise Social Investment Corporation (ESIC), a wholly-owned subsidiary which syndicates investments in low-income housing projects, assists non-profits in structuring financial packages, creates public and private income sources, and functions as a developer. In Philadelphia, ESIC and the Hawthorne Community Council developed the historic Hawthorne School into 55 units for low-income elderly tenants, and arranged a syndication worth $745,000. In Baltimore, ESIC established two interesting finance programs, under the label of the Enterprise Loan Fund.
Housing Network...

Network, first one to be established, will be a model of a network with a citywide organization working with local groups.

Philadelphia National Bank has provided permanent mortgages on all six of the houses rehabbed thus far. In many neighborhoods, the selling price of rehabilitated houses is higher than the prevailing price of adjacent homes. In response, PNB agreed to loan up to 125 percent of the market value of newly-rehabilitated houses, while Enterprise placed a deposit of $75,000 in PNB to guarantee the extra exposure.

John Leith-Tetrault, Enterprise’s director of field services, commented, “The role of PNB has been critical. They have been extremely creative in designing, with Enterprise, financing vehicles tailored to low-income homebuyers.” Herbert Bowers, assistant vice president, PNB, was also cited for working out a cooperative relationship with Enterprise.

The nine community groups are: Dorado CDC; Philadelphians Concerned about Housing; the Southwest Germantown CDC; Central North Philadelphia CDC; Frankford United Neighbors CDC; Hispanic Association of Contractors and Enterprises; Independent Fuel Assistance Agents; Neighborhood Development Alliance; and West Shore Civic Association.

Also in Philadelphia, Enterprise put up the initial funds for the conversion of the Hawthorne School into 57 units of housing for senior citizens and handicapped persons. Enterprise made an initial grant of $20,000, and later invested about $220,000 in this project which will cost more than $2 million. Alice Lipscomb, a community leader, was instrumental in the conversion. She promoted the idea that the vacant school could be converted and moved the plan along persistently. Occupancy of the former elementary school, a massive stone structure built in 1907, is expected to begin this month.

Ms. Lipscomb has been a leader in revitalizing the Hawthorne neighbor-

The sequence of steps in an NHN-rehabbed home is essentially the following: the neighborhood group identifies a vacant property; it gains the right of entry and a PRP specialist determines the feasibility of rehab; if feasible, the neighborhood group asks the city or negotiates with the seller to acquire the building; PRP writes up the rehab order; the group solicits bids on the rehab work and simultaneously screens homebuyers; and the houses are then sold to the homeowners.

Other investors in the Hawthorne conversion were CIGNA Corp., Sun Oil Co., U.S. HUD (including an Urban Development Action Grant), and the City of Philadelphia. A building on the school campus is being converted into a dining hall for future residents’ use with a grant from The Pew Memorial Trust. The investment package was assembled by Urban Partners, a consulting firm, and attorney Joanne R. Denworth.

Ms. Lipscomb said that although banks generally decline to finance projects carried out by community groups like the Hawthorne Community Council, such projects are often sound. “Poor people pay their bills,” she added, noting that Lipscomb Square has had to evict only one family in 10 years.

Meanwhile, in York, Pa., Enterprise is involved in a major effort to rehab deteriorated housing occupied mostly by minority residents. The brick row homes were built a century ago for factory workers. Centrally involved is the Crispus Attucks Association, a community service organization formed in 1931 to provide blacks with recreational facilities then available only to whites. The neighborhood-based organization has worked primarily in the areas of recreation, day care and community development; it began working on housing and job programs in 1982. Crispus Attucks is rehabilitating six homes, renting 15 others and acquiring another eight.

The current housing rehab program got underway in earnest last spring.

(continued on page 4)
The Orrstown Bank building is spruced up now, with stained glass windows, lighted at night, flanking the front door. The stained glass theme is repeated in the lobby ceiling.

Bank Takes Lead in Shippensburg Renewal

When Orrstown Bank acquired an eyesore of a building on Shippensburg's main street and turned it into a showplace, the event was more than symbolic. It represented the bank's leadership role, under the presidency of Dale E. Auchey, in a multi-faceted effort—the effort of the borough of Shippensburg to revitalize its economy.

Auchey is member of an energetic leadership group composed of government, Shippensburg University, local businesses, and the Chamber of Commerce.

In 1983, the leaders initiated an incubator industrial park by obtaining a state Enterprise Program designation, and establishing an economic development vehicle, the Shippensburg Area Development Corporation (SADCO). By 1986, 100 acres had been assembled and an infrastructure installed, with the bank extending a line of credit to SADCO.

The community launched a Main Street program, assisted by the Pennsylvania Department of Community Affairs, quickly changing local attitudes toward the commercial area via facade and capital improvements, and the formation of a Merchants' Association.

The Shippensburg Redevelopment Corporation was organized to coordinate the overall effort and to employ the Main Street coordinator, Lynne Little. Now headed by Auchey, the Redevelopment Corporation has seen 19 business startups and expansions totaling $729,160 in the last three years, and has watched the vacancy rate tumble to a low 2%.

The town's new image was brightened recently when the bank took over a vacant dry goods/tea room building, 1916 vintage, restoring the yellow brick facade and converting the interior into a lobby, teller area, and loan and professional offices. The lobby skylight? A once-dirty stained glass piece that was originally used in the tearoom.

Housing Network...

after $250,000 was raised by local executives connected with the York Area Chamber of Commerce. Business made grants totaling about $130,000 in a fund-raising effort chaired by John C. Schmidt, president and chief executive officer of The York Bank and Trust Company. Contributing financial institutions were Commonwealth National Bank, Dauphin Deposit Bank & Trust Co., Drovers & Mechanics Bank, Hamilton Bank, The York Bank & Trust Co., and York Federal Savings and Loan.

Major funding also came from the Pennsylvania Department of Community Affairs. The $250,000 will seed a loan fund for housing rehab, leverage other funds, and pay Enterprise for training and assistance in housing and job development.

Fredric C. Cooper, Enterprise's field officer, said that public-private partnerships are often talked about, but the one in York is an "ideal" one, involving "far-sighted business leaders led by John Schmidt who were willing to try a new approach, a city committed to neighborhood-based as well as citywide development, and a well-accepted, firmly-rooted community association."

York, a city of 45,000, is the smallest city which has been able to raise the funds necessary for Enterprise's involvement, Mr. Cooper said.

Robert Simpson, executive director of Crispus Attucks, said that Enterprise has been "crucial" in structuring the Crispus Attucks Employment Center, which found jobs for 22 residents in a recent three-month period. Volunteers are providing follow-up services, he said, and the business community is examining unwarranted barriers to employment.

Finally, in Wilmington, Enterprise is involved in a new effort started at the initiative of local churches. Seven denominations at the regional level and a ministerial alliance of 70 black clergy are involved. Rev. William B. Lane, associate rector of Christ Episcopal Church Christiana Hundred, and president of the Interfaith Housing Task Force, said that the churches "pulled together during a year and a half to develop a common focus."

The task force has developed a plan which aims to produce 1,000 units of affordable housing for the working poor within five years. Enterprise helped develop the plan and has pledged a $100,000 grant for housing development, Mr. Lane said. In recent months, the churches have raised $14,000 to hire a consultant and are hiring a director. The task force is negotiating with the City of Wilmington about low-interest loans for co-op conversions and has begun talking with banks, Mr. Lane said.
Handicapped Residents Enjoy New Apartments

The three-story building at 1700 W. Susquehanna is handsome. Its tree-shaded courtyard makes a nice sitting area for residents, who also appreciate the ramps, grip bars in the bathrooms, and round-the-clock security.

The residents are special people, and Diamond Park II is a special place: the first apartment building for handicapped persons in North Philadelphia. Each apartment, from a studio to two-bedroom, is occupied, with a waiting list of hundreds. This makes Advocate Community Development Corporation (ACDC) happy. They made it happen.

ACDC formed a coalition with the Episcopal Diocese, Episcopal Community Services, and the Church of the Advocate, naming it the Partnership for Urban Housing Development, Inc. Funding of $2.8 million to build two apartment buildings (Diamond Park I is at 1500 Page) came from the Pennsylvania Department of Community Affairs, HUD, the William Penn Foundation, and the Coalition for Human Needs. The City of Philadelphia provided water and sewer hookups, sidewalks, and trees.

Prime movers in this project were ACDC president, Christine Washington, and administrative consultant, Spencer Sewell. Mrs. Washington pointed out that Cecil Baker & Associates, architects, designed the buildings to complement the area's housing stock, which includes Victorian brownstones with marble steps and intricate rooflines.

Renters at Diamond Park I and II must be low-income, handicapped persons, or have a handicapped family member. There are 48 energy-efficient units, with safety features such as fireproof trash closets which empty into a basement compactor.

Mrs. Washington added that ACDC, an affiliate of the Church of the Advocate, has rehabbed, constructed or repaired over 200 housing units since its founding in 1968. Current projects total $5.4 million, and will result in over 100 housing units for low and moderate income families. For information, write: ACDC, 1808 W. Diamond Street, Philadelphia, PA 19121, or phone (215) 765-3650.

A visit to Diamond Park I was a tour stop for Community Affairs Officers from the Federal Reserve System's 12 Districts, together with staff members from the Board of Governors, during their recent annual conference. The tour of inner-city housing and commercial developments was arranged by Elaine Black, former Vice President of the Philadelphia Commercial Development Corporation. (Ms. Black is now Philadelphia's Deputy Director of Commerce for Neighborhood Economic Development.)

ARE YOU a financial institution or a community group with an interesting community development program? CASCADE may publish an article about you. Contact: Editor, CASCADE, Federal Reserve Bank of Philadelphia, 10 Independence Mall, Philadelphia, PA 19106.
Interview:

Boris S. Lang

(CASCADE interviews Boris S. Lang, Vice President, Government Lending, Atlantic Financial. He is currently Chairman of the Board, Philadelphia Neighborhood Housing Services [PNHS]. Don Kelly, Senior Community Affairs Specialist, Philadelphia Federal Reserve Bank, interviewed Lang.)

Has community reinvestment always been your specialty?

Yes. Before I got into banking I was a builder, doing rehab and new construction in areas of economic obsolescence. Fortunately, I met Monsignor Gino Baroni at the National Center for Urban Affairs, and served on his Board of Trustees. Whenever he had a housing problem, he would ask me for recommendations. So I came to know integrated and affordable housing and government programs pretty well.

How did you move from building to banking?

In 1971, I helped to start a savings and loan in Maryland, and was an officer and principal stockholder until 1981, when I came to Philadelphia as a consultant to the Office of Housing and Community Development. Through helping them to initiate projects, I grew to know one of the lenders, Provident Savings, quite well. Later, Provident asked me to come on board as Chairman, and I later became President. With the merger of Provident and Atlantic Financial, I was made Vice President of Government Lending.

Tell us about your experience with community development groups. What are the common characteristics of successful ones?

First, a successful neighborhood organization has a primary thrust, i.e., to bring better housing to the area. Another success factor is having a knowledgeable housing consultant. The National Temple project, for example, has Marie Nahikian, and prior to her, Roy Diamond, now president of Rouse Urban Housing.

Could you name some accomplishments of successful community groups?

I think the Hawthorne Community Council, without question, is one of the finest ones I've ever seen, both in dedication and ability to produce. It took an area and literally turned it around. When the Philadelphia Board of Education had no more use for the Hawthorne School, the Hawthorne Community Council transformed it into housing for the elderly. Another example is the Philadelphia Chinatown Development Corporation, which has put together four or five unbelievable projects, and they are still moving forward.

What attracted you to NHS?

The enormous amount of devotion and work of the neighborhood residents attracted me. These are not political groups, but residents who want to help themselves improve the quality of life in their own areas. NHS is truly a self-help, locally-motivated organization. Its by-laws give residents control by giving them the majority of votes on the central and area boards.

What services does NHS provide to the neighborhoods?

NHS loan counselors assist residents in finding money to fix up their homes. Our revolving loan fund assists those homeowners who are unbankable. Our rehab specialists help residents get the best quality work available. In the area of cosmetics, we generally try to help people do the work themselves. New kitchen cabinets or carpeting may sound like luxury items, but they’re not. NHS shows residents how to install flooring; how to replace window sash. We hold workshops in home repair; lend equipment from our tool banks. Before long, the neighborhood’s new face makes people proud to look out of their windows.

We understand that NHS has a secondary market. Could you explain this?

We replenish our revolving loan funds through Neighborhood Housing Services of America, which was established by Neighborhood Reinvestment Corporation. NHS primarily utilizes funds contributed by the insurance industry. We can sell loans—six month loans that are never delinquent, with good credit history. The same thing applies to something we just started within the past two years: the Mortgage Loan Fund. We created this because it is difficult to obtain institutional financing for $5,000 to $10,000 first mortgages because they are too small to be bothered with.

As members of NHS, what do financial institution representatives actually do?

They often serve as chairpersons or members of loan committees, reviewing applications for rehab and mortgage loans. They look at the applicants without the jaundiced eyes of institutional-type lenders. They understand these people do not have credit histories; for example, they don’t have credit cards. They do, however, own their own homes, make their mortgage payments, and can obtain credit reports from electric or gas companies. They still deserve NHS loans.

CASCADE readers are people from lending institutions, community organizations, and government agencies—all involved in community development and reinvestment in one way or another. Do you have a message for them?

NHS is the best-kept secret in Philadelphia. Few know of its services and accomplishments. We’re going to get the word out.

We must become a self-supporting institution, not having to rely on federal grants usually doled out to us through city council. And although (continued on page 2)
**What Is PNHS?**

Philadelphia Neighborhood Housing Services (PNHS) was chartered in 1975 to help hold back the tide of declining city neighborhoods. Its early goal was to assist single-family homeowners with property improvements.

This was accomplished through the PNHS Revolving Loan Fund, which has jumped from an initial single, small grant to more than $1,600,000, with financial support from such diversified contributors as Sears, Roebuck; State Farm Insurance; PSFS; Atlantic Financial; Rohm & Haas; the CIGNA Foundation; Sun Oil; and the William Penn Foundation.


**Offer New Consulting Report Service at Fed**

The Community Affairs Department of the Philadelphia Fed is introducing a service called Community Affairs Consulting Reports. These reports, on community relations and development finance, may be provided in response to requests from financial institutions seeking assistance with their community affairs programs.

Two reports currently available are: "Mechanisms To Finance Facilities for the Homeless," and "Starting a Serious Community Reinvestment Program." A typical report includes 20-40 pages of original analysis, research or commentary, plus appended references. Preparation time depends on the complexity of the project and professional staff time available.

While the Community Affairs Department provides some level of response to all requests for information on community reinvestment, the high level of response embodied in the consulting report is necessarily limited to selective requests, and is based on such considerations as the significance of the subject, usefulness of the report to users, and the potential for community benefit.

For information, contact Don Kelly, Senior Community Affairs Specialist, Community Affairs Department, Federal Reserve Bank of Philadelphia, 10 Independence Mall, Philadelphia, PA 19106, or phone (215) 574-6570.

**HUD To Fund Three Philadelphia Groups**

Three Philadelphia neighborhood groups will share $1.9 million to carry out economic development, housing and improvement projects, HUD announced recently. The three are among 44 groups selected by HUD from throughout the nation. They are Point Breeze Federation, Inc.; House of Umoja; and the Southwest Germantown CDC. The HUD funds, up to $50,000 per project, will match contributions from individuals, businesses, non-profit and other organizations in the neighborhood.

**New Kensington CDC Begins Rehab Projects**

The New Kensington CDC has its first two development projects in the works. The Philadelphia community group has received a grant from the Dolfininger-McMahon Foundation for a program of volunteers and students who are doing demolition, new roofing, and installing electric service on a Frankford Avenue building. The building will house offices of the CDC, the Neighborhood Advisory Committee, and the New Kensington Federal Credit Union.

Two vacant Cedar Street properties are also being rehabbed. The houses have been vacant for years, but are the only abandoned properties on the block. Fidelity Bank is making a $10,000 grant to subsidize the work, and is providing below market rate mortgages to neighborhood residents who buy the houses, which are expected to cost about $25,000. For further details, contact the New Kensington CDC, 2514 Frankford Avenue, Philadelphia, PA 19125, or phone (215) 427-0350.
Banks Help Bridgeton Do Economic Turnaround

The New Jersey town of Bridgeton is celebrating its tricentennial year, and it has quite a lot to celebrate. Once plagued with high unemployment, closing of food processing plants, and a downtown area dotted with vacant stores, the town of 18,000 has done an economic and aesthetic turnaround. Banks have played a major role.

Phil Rowan, who heads the Bridgeton Economic Development Department, was the catalyst for coordinating a major commitment from three banks: Farmers & Merchants, United Jersey, and New Jersey National. Each committed to loan $1 million dollars, at a floating base rate, for businesses within the Urban Enterprise Zone to buy equipment or make capital improvements.

“Our participation in our town’s revival actually began 15 years ago,” said Russell Chappius, Sr., Senior Vice President of Farmers & Merchants National Bank, “when we took a desolate city block and built a $2 million dollar bank in an area that most people would have run away from.” Half of the bank’s property is an attractive garden, with a plaque that reads: “This garden of 52 rose bushes honors the 52 American men and women held hostage by Iran, November 4, 1979 to January 20, 1981.”

Even the Cohansey River has had a face lift. Recently, investors have restored an office building to its original Victorian elegance, converted a derelict hotel to office use, and spruced up the historic General Giles House, now a bed-and-breakfast inn. Farmers & Merchants, in addition to providing financing for these, has also loaned funds and provided financial services for a processing plant, a freezer operation, a large automotive supply store, and an animal hospital.

Downtown stores and restaurants received financing from United Jersey Bank, while New Jersey National Bank made loans to wholesale apparel and seafood firms, and is providing course materials for seminars on how to enter the international export market, and how to establish a business in the Urban Enterprise Zone.

CASCADE now reaches more than 1200 community groups and financial institutions. To put your organization’s name on our mailing list, or to order extra copies of this issue, write to: Editor, CASCADE, Community Affairs Department, The Federal Reserve Bank of Philadelphia, 10 Independence Mall, Philadelphia, PA 19106.

Bankers Cooperate on Housing for Homeless

Executives from two Pennsylvania banks are working in tandem on housing for the homeless, as members of the Lehigh Valley Confederation on the Homeless/Task Force on Affordable Housing. Representing the Lehigh Valley Bank, Bethlehem, is Nicholas Kordopatis, Group Executive, Economic Development and Community Affairs. The other banker is Kurt Zwikl, Director of Community and Public Affairs, Merchants Bank, Allentown.

Their participation resulted from a Confederation conference they attended last year on the dilemma of homelessness. Their most recent activity was their banks’ joint sponsorship of an October conference at the Hotel Bethlehem, attended by about 100 persons, including CEOs and chief lending officers from Lehigh Valley financial institutions, and government officials such as mayors, county executives, and city council presidents.

The purpose of the conference was to explore ways that financial institutions can make available their expertise on affordable housing. Carl Feichtel, President and CEO, Merchants Bank, opened the meeting. Speakers were: Kevin Magruder, Local Initiatives Support Corporation (LISC); Norma Cozart, National Trust for Historic Preservation; and Don Kelly, Senior Community Affairs Specialist, Philadelphia Federal Reserve Bank. Dick Lewis, President, Lehigh Valley Bank, gave concluding remarks.

Prior to the conference, Kordopatis and Zwikl asked the Fed’s Community Affairs Department to help them with research. What evolved was a Consulting Report, “Mechanisms To Finance Facilities for the Homeless,” developed by Don Kelly.

“We used the Community Affairs Consulting Report in several ways,” Zwikl commented. “First, it was a guidebook for us, a total overview of the topic. Then, we built a section of it into our conference; the part dealing with the privilege of a bank holding company to develop a CDC.”

For details on the Lehigh Valley Confederation on the Homeless, phone Zwikl at (215) 821-7620.
Nichols Tells Story of Point Breeze Federation

Some of the key people in the success of Point Breeze Federation gather in the garden behind their headquarters. They are: (left to right) Mamie Nichols, president; Haroldline Trower, chairperson, beautification committee; Louise Boggs, first vice president; and Julia Proctor, treasurer.

“To develop winners from non-winners. To enhance this neighborhood as a good place for people to live. And to leave our footprints here, so folks will know we’ve been here after we’re gone.”

That’s Mamie Nichols, describing goals of the Point Breeze Federation, Inc. (PBF). She is president of this non-profit organization comprised of residents of an 188 square block area in South Philadelphia.

PBF rose “from the riots and ashes of the 60’s.” Its original goal, 22 years ago, was a single one. A small group, meeting at St. Simon’s church, organized to prevent a tavern from opening across from a library, according to one of PFB’s founders and president emeritus, Carl Moore. Soon the group tackled other problems. The area was dotted with 928 abandoned buildings, businesses had fled, and unemployment was high. Gradually PBF grew into a multi-purpose organization, and now boasts more than 500 members, and its own headquarters, a bright, rehabbed rowhouse with a charming rear garden.

Projects are varied, Mrs. Nichols pointed out. With the cooperation of the Philadelphia Commercial Development Corporation, $30,000 went to local merchants to repair storefronts and improve the retail area. That money leveraged an additional $60,000 in private investment funds. As a result, vacancies dropped about 30%.

A Resource and Development Center, opened with “seed money” from the William Penn Foundation and the Philadelphia Foundation, is the central point for providing services such as counseling on housing, employment, and community revitalization.

“I used to be nasty about banks and redlining,” Mrs. Nichols commented, “and I am still somewhat concerned. There are 32,000 people in this area. How many can get loans to buy the 12 rehabbed houses now available in back of our Center? We know there are no ‘free rides’ in life, but many of our people have stable, fixed incomes, and money in the bank. We help them cut down frustration with counseling on credit and loan application.”

Education for youth and adults is important. PBF sends flyers to high school students describing after school job training programs. PBF members pay $1 a year, which is set aside for an annual scholarship award for a high school senior. Evening sessions in parenting, home safety, consumer information, and literacy are popular with residents.

“We have a wish list,” Mrs. Nichols commented. Two projects on the list will become reality soon. The first is to turn an abandoned house into an Achievement Center, with 50 typewriters and a typing teacher, and with literacy programs for adults. The second is to convert the vacant Landreth School, acquired by PBF, into housing for the elderly. The Atlantic Richfield Foundation contributed a $25,000 planning grant so that PBF could contract with architects to complete preliminary plans.

“We see the second floor of the school as residences, and the first floor as possible locations for retail shops, a grocery store, rooms for the Philadelphia Police Athletic League, a library, branch post office, and a bank,” Mrs. Nichols stated.

For information on PBF contact Mrs. Mamie Nichols, 1248 S. 21st Street, Philadelphia, PA 19146-4350, or phone (215) 334-2666.
Montgomery County Mortgage Plan

Seven banks: Continental, Fidelity, First Pennsylvania, PSFS, Provident, Philadelphia National, and Meridian are participating in the recently announced Montgomery County Mortgage Plan. According to the Regional Council of Neighborhood Organizations (RCNO), a catalyst in the Plan's formation, homes will now become affordable for credit-worthy buyers with incomes between $13,000 and $21,000. Banks are offering 95 percent financing at interest rates one percentage point below market rates. The maximum purchase price is $40,000, and must be for owner-occupied residences.

At a September press conference at the Norristown office of Continental Bank to announce the Plan's formation, representatives of the banks, community groups, and local government heard brief remarks from Fred Manning, Community Affairs Officer of the Philadelphia Fed. He applauded those responsible, and wished the program well.

The suburban plan is modeled on a successful city plan, and "some of the same representatives from banks who made the Philadelphia Mortgage Plan a success worked with RCNO to create the Montgomery Plan," said H. Ahada Stanford, deputy director of The Urban Affairs Partnership, which conceived and still manages the Philadelphia Mortgage Plan.

"The Plan is only the first step," explained Robin DuRant, Lead Organizer, RCNO, "because we have a long-term goal of designing complementary programs."

In addition to RCNO, the Plan was developed through the cooperation of ACLAMO (Acción Comunal Latino Americana de Montgomery County), Community de Montgomery Housing Services, Laurel House, Montgomery County Housing and Community Development, Norristown Grassroots Network, and Regional Housing Legal Services.

Additional banks are welcome to participate in the Plan, DuRant added. For details, contact RCNO, 2147 Manton Street, Philadelphia, PA 19146, or phone (215) 389-5510.

Need a Speaker?

Staff members of the Philadelphia Federal Reserve Bank may be available on request 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 topics are: Fred Manning, Community Affairs; Jim Dygert, Consumer Banking; Phil Farley, and Barry Cutler, Regulatory Compliance. Inquiries should be sent to the particular speaker desired, at the following address:

Philadelphia Federal Reserve Bank
10 Independence Mall
Philadelphia, PA 19106

Create First Small Business Incubator

Delaware County's first small business incubator is now receiving tenants—young companies from throughout the Delaware Valley—in a 5.7 acre complex in Upland Borough, near I-95.

Fidelity Bank is one of seven participants in the $1,280,000 financial package for the new "Crozer Mills Enterprise Center." The Riverfront Development Corporation, an affiliate of the Benjamin Franklin Partnership Advanced Technology Center, secured financing and real estate for the incubator, which will eventually house about 40 start-up firms.

Booklet Helps Loan Applicants

Access to capital is an ongoing concern for the owners of small businesses. The credit application process, and the preparation of an effective loan proposal, is explained in a new publication, "A Guide to Business Credit and the Equal Credit Opportunity Act." The brochure also discusses the protections afforded credit applicants under the Act. To order this free booklet, published by the Federal Reserve Board, write: Public Services, Federal Reserve Bank of Philadelphia, 10 Independence Mall, Philadelphia, PA 19106, or phone (215) 574-6115.
Around the District

IN TRENTON, N.J., the Community Land Corporation (CLC) borrowed from the revolving loan fund of the Institute for Community Economics, Inc., to acquire and rehab housing in the quickly gentrifying “Old Trenton” area of the city. CLC hopes to expand ownership and control of housing by the community by adding its units to the community land trust. The Institute manages a national loan fund which channels money from churches and individuals to grass roots development projects.

A WALL MURAL capturing late 19th century Media, Pa., in photos, is a feature of the Elmwood Savings Bank lobby. The creation of this permanent exhibit was a community effort of the bank and the Media Borough Historic Archives Commission.

IMPROVED NEIGHBORHOOD quality, plus about 50 new jobs for neighborhood residents, occurred recently in Philadelphia’s Kensington area. This was because the Empire Home Center firm, with a mortgage from Continental Bank, bought and rehabbed an aging, boarded-up grocery store, turning it into a home supply “supermarket.” Bank officials also credit the community organization, Kensington Action Now (KAN), for its cooperation in changing the eyesore into a valuable neighborhood asset.

Plan Resource Board To Help Credit Unions

“We hope to encourage more long-term assistance from banks to credit unions serving low and moderate income neighborhoods in Philadelphia,” commented Jane Shull recently. She is director of the Institute for the Study of Civic Values, and her non-profit organization recently called a meeting of representatives from banks and community-based credit unions to discuss current status and future plans. Specifically, the Institute is working toward the establishment of a resource board that would help solve the problems of a particular credit union. A few financial institutions have already “adopted” certain credit unions, she added. Ms. Shull is a member of the Consumer Advisory Council of the Federal Reserve Board.

Representatives of the Urban Affairs Partnership, the Philadelphia Federal Reserve Bank, and seven area banks attended two meetings, one held at the Philadelphia National Bank, the other, at the Philadelphia Federal Reserve Bank. In addition to PNB, banks represented were: Provident, Mellon, First Pennsylvania, Fidelity, PSFS, and Continental. For further information, contact the Institute for the Study of Civic Values, 1217 Sansom Street, Philadelphia, PA 19107, (215) 922-8960.

Foundation Initiates Low Interest Loan Fund

The Enterprise Foundation has started a loan fund designed to raise deposits at low interest rates to finance housing for very low-income people.

It started the Enterprise Loan Fund with the belief that “caring individuals, religious organizations, and other institutions will invest to help poor families to decent housing if a loan program with strong management, responsible stewardship, and a guaranteed rate of return of principal is provided.”

Money deposited with the fund is used to finance and support low-income housing in Baltimore and vicinity. Enterprise’s market is individuals, corporations, foundations and church groups. The fund, located at Enterprise, is a supporting corporation of the foundation. Deposits have a minimum amount of $10,000 and a minimum term of three years. The interest rate, set by the lender, ranges from 0 to 6 percent. Funds are guaranteed up to $1.5 million by Enterprise’s assets. Funds collected are loaned at matching interest rates and terms for such purposes as acquisition loans and construction financing. Some $1.2 million has been raised and has been used to make four loans, including one to acquire 100 occupied houses in Baltimore.

The loan fund is administered by the Enterprise Social Investment Corporation (ESIC). In addition, ESIC syndicates investments in low-income housing projects, advises foundations and others on low-income housing, and is a developer of such housing in Maryland.

Community Affairs

“Library” Available

Want to read about community affairs initiatives and activities around the country?

The Community Affairs Department of the Philadelphia Federal Reserve Bank has accumulated a small library of materials on those topics. Interested persons may wish to contact Keith Rolland at (215) 574-6569 regarding possible use of this material.

Bank Holding Company

Encourages Autonomy

Reconciliation of the one and the many—an age-old philosophical issue—is faced daily by bankers, as they attempt to balance the advantage of scale with an individual community’s sensitivity.

Susquehanna Bancshares, a south central Pennsylvania bank holding company, has opted for a highly decentralized approach. Acquired banks maintain autonomy; even merged banks retain regional boards with a strong role in loan approach and management.

The close identification of bank to community, beyond immediate business relationships, also manifests itself in the appreciation of a community’s history; for example, the restoration of the General Sutter home by Farmers First Bank in Lititz. Annual reports, too, devote generous space to describing the history and character of the communities served by the affiliated banks. According to Peter Hecker, Vice President, Farmers First Bank, Lititz, Susquehanna Bancshares sees its decentralized structure as a bridge between the demands of competitive banking and bank activities in the local community.
Housing Trust Funds: A New Financing Idea

State or local “housing trust funds” are beginning to fill the huge void in the financing of low-income housing created by the reduction of the federal government’s role in this field.

The basic housing trust fund (HTF) concept is to aggregate the multitude of real estate-related deposits into interest-bearing public trust accounts. Commonly, mortgage and property insurance escrows, sale escrows, tenant security deposits, and public utility deposits are placed in non-interest-bearing accounts because of their short-term or small-sized natures. Aggregates of the millions of such accounts in any given state could attain scale and term capable of earning attractive interest rates.

David Paul Rosen and Associates, architects of this concept, argue that the interest generated by this massive sum of money could be directed to low-income housing. By one estimate, the interest from tenant security deposits, and sale and mortgage escrows nationwide could total $1.7 billion annually—enough to build 39,000 low-income housing units or rehabilitate 170,000 units.

In the Third Federal Reserve District, a variation of the HTF idea, using title transfer tax funds, was passed by the New Jersey legislature, but vetoed by the governor. In Delaware, a commission was authorized to examine the feasibility of a housing trust fund. An existing Housing Development Fund was consequently restructured to approximate features of a housing trust fund, including a renewable source of money via a $3 surcharge on deed recording fees. Directed by an advisory board, the fund is allocated to low- and moderate-income housing programs. In Pennsylvania, interest in the concept has been sparked in several quarters, but has lacked supporters necessary to overcome opposition.

Council Hears Loney on Compliance Issues

Glenn E. Loney was the keynote speaker at a meeting of the Compliance Officers Council in the Philadelphia Fed on November 9. The Council, created in 1986, is composed of selected members of Philadelphia area financial institutions. Loney, who discussed the status of a variety of compliance issues, is Assistant Director of the Division of Community and Consumer Affairs, Federal Reserve Board. He is also the Board’s Community Affairs Officer.

For additional details, phone Phil Farley, Regulations Assistance, (215) 574-6461.