Penn and Philadelphia: Common Ground

The earliest universities were high-walled places built for contemplation and study — typically set far away from the distractions of urban life. But Benjamin Franklin, founder of the University of Pennsylvania, opted for a university which would draw strength and vigor from the world around it.

"And today, the University and the community stand on common ground. Our futures are very much intertwined," said Sheldon Hackney, President. "In particular, we work hard to forge links with the West Philadelphia community, where we live and work. Some would have us believe that today's college student is self-centered, and concerned mainly about material comforts. Not so. At Penn, there are more than 250 community programs and projects, cutting across nearly all of the University's academic disciplines," he added.

Penn's major community reinvestment work is carried out through a coalition, the West Philadelphia Partnership (WPP), involving the University; neighboring institutions including Drexel University, Children's Hospital, and Presbyterian Hospital; and grassroots community organizations. Hackney is Chairman of the Board of Directors of WPP, whose "Buy West Philadelphia" and "Hire West Philadelphia" campaigns are examples of the Penn-community partnership.

Another major community program was born in a course in the School of Arts and Sciences, taught by Dr. Ira Harkavy, Vice Dean in the School; Professor of History Lee Benson; and President Hackney. "The course asks students to propose ways to improve the quality of life," explained Harkavy, who is also Director of Penn's Office of Community Service Programs.

Unemployed Find Skills, Jobs at Temple Center

Some can't read or write. Some are drug and alcohol addicts. So how can these unemployed or unemployable people (the new buzz word is "transitional needy") enter job skills training?

They know how at Temple University's Center for Social Policy and Community Development. "College and Community" is the theme of this issue. Colleges and universities are developing innovative programs as partners with grassroots neighborhood groups in economic growth. Did you know that there are 67 colleges and universities in the metropolitan Philadelphia area — more than any other U.S. city? Therefore, we have highlighted only a few schools — the tip of the iceberg — for more articles on the vital link between "town and gown."

Eastern Students Work For Economic Growth

Out of the classroom and into the real world. That's the story from Eastern College in St. Davids, Pa. There, students in the MBA/MS programs in economic development work off-campus four days a week in "field placement."

"This semester of field work bridges the gap between theory and practice, providing hands-on exposure to problems and prospects of economic development," according to Linwood T. Geiger, Associate Dean for Business. "The student intern selects a placement from an array of small businesses, neighborhood-based community development groups and church-related organizations. Students meet weekly with faculty to analyze their respective field assignments."

"The goal of Eastern's MBA/MS programs is to educate leaders who possess both strong concern for (continued on page 2)
Eastern Students...

low income communities and professional skills," he said. Among past and current field placement assignments are: Hope Plaza Shopping Center; Haven House; Minority Supplier Program of Conrail; North Philadelphia Chapter of Habitat for Humanity; Handisoft, a software development company designed to employ the disabled; Diamond Street Community Center; National Temple Nonprofit Corporation; Women's Enterprise Resource Center; Institute for Human Development; Central Germantown Council; Esperanza Health Center; Philabundance; The North Philadelphia Plan; and the Small Loan Department of the Philadelphia National Bank.

Students are in the classrooms as well as the neighborhoods. In some cases, courses are taught by nonacademics from the business world. For example, Issues and Initiatives in Community Revitalization is taught by Fred Manning, Assistant Vice President and Community Affairs Officer of the Philadelphia Fed. In his course, students examine contemporary problems, approaches, and success stories associated with the economic rebuilding of American cities. The focus is on the perspectives of government, community groups, financial institutions, and philanthropic organizations, and on cross-sector collaboration in meeting the challenges. A. Gilbert Heebner, formerly chief economist at Philadelphia National Bank, is a fulltime professor. He teaches macro economics and analysis. This focuses on the performance and behavior of the economy as a whole and includes attention to inner city economic questions.

If you have an internship proposal or want information on field placement, phone Van Weigel, (215) 341-1724. For information on the MBA/MS program in economic development, phone Ram Subramanian, Director, (215) 341-5848.

Penn...

of Community-Oriented Policy Studies. From this course came the West Philadelphia Improvement Corps (WEPC) based on the concept that high school students who had encountered academic difficulties in the classroom might succeed academically if education were integrated with real-world employment skills in community improvement projects.

The first renovation was an abandoned house at 60th Street and Osage Avenue. Harkavy and his Penn students brought together, under the umbrella of WPP, resources from Penn, the School District of Philadelphia, the city's Private Industry Council, the U.S. Department of Labor, the Philadelphia Urban Coalition, the Philadelphia Area Labor Management Committee, the state Departments of Education and Labor and Industry, the Philadelphia Housing Development Corporation, and unions representing the city's teachers, sheetmetal workers and plumbers.

Some 20 students from West Philadelphia High School began rehabilitating the house under the direction of two teachers and two retired carpenters. "The students changed," said Walt McAuley, one of the carpenters. "Maybe they recognized that they were doing something to improve the community and learning job skills at the same time."

WEPIC now includes students from six local public schools. More than 150 teenagers are involved in landscaping, recycling, cleanup activities, mural painting. WEPIC students did landscape work at the Philadelphia Zoo, and rehabilitated the West Philadelphia High School's pipe organ, which had not sounded a note in years.

Penn's Curtis Organ Restoration Society sponsored this effort in which about 2,300 pipes were removed and cleaned.

For additional information on Penn's programs, contact the Office of Community Relations, (215) 898-3565.

Unemployed Find Skills...

Community Development, now in its 20th year. "First," said Professor Seymour Rosenthal, Director, "we send clients to de-tox and support programs at area hospitals. After they are drug-free, and have solved personal problems, we do individual assessments, including basic literacy and aptitude testing, placing many in G.E.D. and adult basic literacy programs. Then in tandem with literacy classes come job skills training and job placement. We also continue counseling and support so that they can remain in these jobs."

The Center, which has a Commonwealth of Pennsylvania Joint Jobs Initiative grant, provides a welcome skilled labor force for Philadelphia. One shortage is in computer-aided drafting and design, and the Center is developing an employers' consortium to identify other needs.

"We are also setting up a Neighborhood Academy program to link up with North Philadelphia high school seniors within eight weeks after graduation, to put them quickly into jobs instead of on the street corner," Rosenthal added. "The cost to society of unemployment and despair is much greater than the investment in human services necessary to put people into jobs." For details, phone the Center at (215) 787-7491.

Bank's "Report Card" Shows Achievement

What type of business grows 250 percent in one year, is profitable and brings benefits to its community?

Answer: Community reinvestment lending. Continental Bank, headquartered in Norristown, Pa., has found this to be the case. Its Community Reinvestment Report for 1988 shows 323 loans closed for $19.1 million. This compares with 180 loans for $5.5 million in the previous year, a growth of almost 250 percent, according to R. F. Desiderio, Senior Vice President.
Temple Responds to Its Urban Mission

"We're a research shop," said Dr. David Bartelt, Director of Temple's Institute for Public Policy Studies (IPPS). "We provide information and make recommendations in economic development areas, part of the University's 'urban mission' to respond to the needs of the working class and poor."

"Affordable housing is an important component of our work. We sent a statewide survey of the homeless to Harrisburg recently, where it is being discussed by legislators and Cabinet level leaders. We will soon complete a similar report on Philadelphia homeless, and will testify before city council and agencies, making recommendations for new policies and programs," he said.

IPPS helps community-based groups work with government and financial institutions by providing data about the Community Reinvestment Act and other legislation, and has published a source book which describes such issues as "smokestack chasing" (bidding wars to get new businesses), different approaches to employee-ownership, and other economic concerns.

For details on IPPS, phone Bartelt at (215) 787-5156.

La Salle University: Urban Partner

La Salle University's urban participation comes right from the top—from President Patrick Ellis, F.S.C.—whose own activities reflect a deep concern for community improvement.

To take only one example, Brother Ellis was one of the co-founders and continues as Chairman of the Board of the Campus Boulevard Corporation (CBC). This is a consortium of institutions which, in the words of Bill Miller, President, "makes this area a good place to live and do business." He is speaking of an area centered by Broad and Olney Streets, once declining but now "on the upswing." "The private market has returned," he said, "and vacancy problems are gone."

From his office (space donated by Continental Bank) at 5901 Old York Road, Miller ticked off some of the significant CBC initiatives. There was the investment of $135 million in new facilities by consortium members; planning for a modern $18 million transit terminal and subway station now under construction; working with the City of Philadelphia and SEPTA to improve public transportation; establishment of the Logan Community Development Corporation to promote multi-cultural economic development (Providence and Continental Banks helped this group with financial assistance); and developing a partnership to strengthen home ownership, the Fern Rock/Ogontz/Belfield Neighborhood Housing Services Program.

Other members of the consortium are: Albert Einstein Healthcare Foundation, Central High School, Germantown Hospital and Medical Center, Manna Bible Institute, Moss Rehabilitation Hospital, Philadelphia Geriatric Center, Philadelphia High School for Girls, Pennsylvania College of Optometry, and Widener Memorial School. For details on CBC, phone Miller at (215) 924-4040.

Community Groups Get Training at La Salle

You are a member of a non-profit community group, and you'd like to improve staff and board management. You wish you knew more about personnel and accounting. Oh, yes—and how to raise funds.

The La Salle University's Nonprofit Management Development Center (NMDC) is just the ticket. In fact, more than 400 persons from 340 nonprofit organizations have participated in the NMDC training programs, evidence of the University's commitment to Philadelphia's economic health. The current six-month program will conclude June 8 when participants will receive continuing education units and a program certificate, having studied such topics as finance, leadership, long-range planning, marketing, problem identification, boards of directors, volunteers and information systems.

And training continues, as alumni meet with facilitators to discuss nonprofit issues, resolve organizational problems and receive technical assistance. NMDC is funded by Provident National Bank, Dolfinger-McMahon Foundation, Sun Company, ARCO, the Pew Charitable Trusts, and the William Penn Foundation. For details, phone Everett Frank, Jr., (215) 951-1701.
Colleges Aid Small Businesses

Go to one of three college campuses if you want to start or expand a small business: La Salle University, Temple University, and the Wharton School of the University of Pennsylvania. At each location there is a Small Business Development Center (SBDC), part of a state-wide network of 14 Centers.

Since January, 1988, the three Centers have aided 1,172 clients, 34 percent minority, 34 percent female, according to Judith Fox, Associate Director of the Pennsylvania Small Business Center office, located at the University of Pennsylvania. Each Center has its own personality, she added. At Wharton, the state’s largest, clients can get access to legal assistance and export advice. Temple has an Advanced Technology business incubator for high-tech businesses. Also, in cooperation with the Journalism Department, clients get help with advertising layouts and brochures. La Salle is supervising a first-time urban survey, in cooperation with Bell of Pennsylvania, which says to neighborhood entrepreneurs, “Tell us your problems; we’ll help you solve them.” For example, marketing in a changing environment was one concern, and all three Centers ran workshops to address this topic.

All Centers deliver services both in the immediate neighborhood, and in the five counties of southeastern Pennsylvania. Just a few of the many services: how to develop marketing plans, record keeping systems, and loan packages for banks, government agencies, and venture capitalists.

For information on the statewide program, contact Judith Fox, (215) 898-1219. For information on the La Salle SBDC, contact Linda Karl, (215) 951-1416; Temple SBDC, Geraldine Perkins (215) 787-7281; and the Wharton SBDC, David Thornburgh, (215) 898-4861.

Fed Councils Mean Two-Way Flow of Information

The credit union advisory council is one of four councils which meet twice yearly at the Philadelphia Fed. In a two-way flow of information, the council members provide information about economic conditions in their areas and senior officers of the Reserve Bank explain policy and regulatory matters.

The 12-member credit union advisory council was established on July 16, 1981. Members, elected to three-year terms by the Bank’s directors, are: Chairman, Robert Smith, Tri-County Area Federal Credit Union, Pottstown, Pa.; Deputy Chairman, Donald A. Stiles, Deepwater Industries Federal Credit Union, Deepwater, N.J.; Betty L. Baker, Delaware State Employees Federal Credit Union, Dover, Del.; Edward J. Boyle, NUDOT Credit Union, Trenton; Gladys Durham, Louvers Federal Credit Union, Newark; Alice R. Gift, Rohm and Haas Del-Vel Credit Union, Philadelphia; Helen Hirsch, Fischer & Porter Employee Credit Union, Warminster, Pa.; John Ladd, 609 Area Federal Credit Union, Moorestown, N.J.; Michael R. Prettyman, Defense Activities Federal Credit Union, Mechanicsburg, Pa.; Teresa C. Trudeau, Southwest Germantown Federal Credit Union, Philadelphia; Frank Weigle, Pennsylvania State Employees Credit Union, Harrisburg and Virginia Williams, F.A.A. Technical Center Federal Credit Union, Atlantic City.

WSFS Reveals New College Loan Plan

The Wilmington Savings Fund Society (WSFS) has announced a new college scholarship/loan program for low income minority candidates. It works like this: A student must attend a college or university in the state of Delaware. One student per year will be chosen. That person will receive a low interest yearly loan from WSFS. This loan can be considered paid, or “forgiven” by the bank in this manner: WSFS will forgive one year of a student loan for each year of employment with WSFS upon graduation.

The goal is to increase minority lending officer positions during the next five years, and the program is part of an agreement between WSFS and the Delaware Community Reinvestment Action Council, according to Thomas K. Kerstetter, President and Chief Operating Officer. For details, phone Dick Cecil, Vice President of Corporate Affairs, (302) 571-1155.

College Students Volunteer to Help

Volunteers from Pennsylvania colleges will help construct five new rowhouses for Habitat for Humanity in the 1800 block of N. 19th Street, North Central Philadelphia, this summer. (Habitat for Humanity is an international organization based in Americus, Ga., that builds and renovates houses, selling them to poor families without profit or interest, in a 15 to 25 year mortgage plan.) Some students will build three bedroom, full basement houses of brick and vinyl siding, about 1,000 square feet in size, while others will do filing and record keeping in the nearby Habitat office, according to Woody Jenkins, Executive Director, Habitat for Humanity of North Central Philadelphia.

“We have had volunteers in the past from many Pennsylvania colleges,” he said, “and we expect them again. These colleges include Eastern, Villanova, Penn State, Gwynedd-Mercy, Temple, Drexel, and Messiah. Students usually apply through work programs or alumni associations at their respective colleges.” For information on the volunteer program, write to Jenkins at Habitat for Humanity, P.O. Box 6860, Philadelphia, PA 19132 or phone (215) 765-6070.

United Way Selects York As Housing Grant Winner

The prize? A $100,000 grant to make affordable housing a reality. From? United Way, via a Ford Foundation grant. A finalist? York, the smallest of the five cities chosen. (Others were Chicago, Houston, Pontiac, and Rochester.)

It’s a “first” for United Way, which now becomes “a partner in meeting a
pressing housing need,” according to William Aramony, United Way of America President.

Criteria used to choose finalists were: the local United Way’s ability to generate support among public and private sector partners; adequacy of the local housing delivery system; presence and capacity of existing Community Development Corporations (CDCs) involved in rehab and construction of low and moderate income housing; and commitment to operate the grant program, which will pay operating and management training costs.

Folks in York worked hard to win, organizing a task force a year ago. Members included representatives of four CDCs: Janet Cohen and Armand Magnelli, Crispus Attucks; Tom Forest, York Area Development Corporation; Cyndee Jones, Housing Council of York; and Jean Shipman, Habitat for Humanity. Others were: Dave Craun, York County Planning Commission; Bob Donnelly, York City Housing Rehabilitation Department; Jack Gervais, City of York Housing Authority; and Carl Robertson, representing the Hispanic community. From the United Way were Charles Andersen, Executive Director; Helen Groft, Director of Planning and Allocation; and Al Hydeman, President. Hydeman is also York’s Economic and Community Development Director.

Another group, the Housing Initiatives Committee, has the goal of raising $1.2 million and overseeing the overall implementation of the programs. Robert W. Pullo, President and CEO of the York Federal Savings & Loan, heads the committee. Other banker members are John C. Schmidt, President and CEO, York Bank & Trust Company; Lawrence J. LaMaina, Jr., Chairman and CEO, Farmers Bank & Trust; and Michael Groft, Senior Vice President/Commercial Real Estate and Lending, Drovers Bank.

“We need money,” said Pullo. “We are pulling together an additional $5 million pool. We have a commitment from the York County Builders’ Association for a minimum of $25,000, and the York County Board of Realtors is making a volunteer contribution from transactions commissions. The Junior League of York has pledged a minimum of $15,000.”

“City and county governments are each providing $50,000 a year for three years,” Hydeman added. “They are jointly funding an outside consultant who will assess the housing development capacities of the CDCs and related matters. The United Way of York County has agreed to give $100,000 plus $50,000 in in-kind contributions over a five-year period.” Hydeman pointed out that the grant is for all of York County in addition to the City of York.

Pullo is organizing a “road show” for civic and business groups, and the Chamber of Commerce has adopted his slogan suggestion: “Good affordable housing is good business.” (Watch future issues of CASCADE for a progress report on York County housing accomplishments.) For details on the grant project, contact Helen Groft, United Way of York County, P.O. Box 1663, York, PA 17005, or phone (717) 843-0957.

**Group Turns Firehouse Into Farmers Market**

An abandoned firehouse in West Philadelphia has risen from ruin to become a farmers market. It’s a story of neighborhood rejuvenation, sparked by a 25-year-old community organization, the Cedar Park Neighbors (CPN).

The story began in 1984, when the Fire Department vacated the firehouse. Area residents feared that the 85-year-old structure would be sold to real estate speculators. The nonprofit CPN had a better idea by far — develop the building into a fresh food market which would bring minority-owned retail business into the community and generate jobs for residents. During three years of planning, CPN solicited advice and support from every possible source, including community organizations, churches and neighborhood institutions, public agencies, and elected officials. John Kromer, a CPN board member during 1984, coordinated this planning, and the consulting firm with whom he is employed, Urban Partners, assembled a team which successfully financed, constructed and leased the firehouse on CPN’s behalf. The City of Philadelphia sold the building to a partnership of William Coleman and a community board called the West Philadelphia Firehouse Project. (Coleman is part-owner, one of the retailers, and manager of the market.)

“Opened last fall, the market has been a giant shot in the arm for the area,” said Angela Coghlan, CPN president. “There are nine new businesses in this badly underserved neighborhood, including retailers dealing in fresh produce, meat, fish, baked goods, flowers, nuts and candy, and a deli.” Kromer added, “CPN has accomplished its objectives. Minority residents have found 17 jobs for themselves, including one management position. One of the three anchor tenants is a minority-owned busines.

“The success of the project was due to the many partners involved. Legal counsel and consultants agreed to write off $90,000 in fees. Project financing, either through contributions, or subsidized fees or interest rates, came from the City of Philadelphia, CIGNA, LISC, the Pennsylvania Department of Agriculture, and the Philadelphia Industrial Development Corporation/Philadelphia Authority for Industrial Development. The Provident National Bank offered construction financing at below market rate interest and integrated the bank’s financing conditions with less flexible requirements of other financing sources,” Kromer said.

The West Philadelphia Farmers Market was once an abandoned firehouse.
Overflow Crowd Attends Annual Community Affairs Conference

"We have a 'wall-to-wall' attendance of bankers, community representatives, government officials, and economic development authorities," said Edward G. Boehne, President, Philadelphia Fed, as he opened the fall, 1988, Community Affairs Conference. (The fifth annual event, held at the Bank, attracted 230 acceptances from 148 different organizations, and was sponsored by the Community Affairs Department.)

Lance C. Buhl

Lance C. Buhl, Manager of Corporate Contributions for BP-America, Cleveland, discussed affordable housing from the vantage point of his service as chairman of the Task Force on Community-Based Development. "One in seven Americans lives below the poverty line of $11,000," he said, "and one-third of all households make less than $15,000. The Task Force has assessed attempts to rebuild low income communities, and is continuing to leverage private sector resources to renew America."

Donnell Reid

"Fifteen years ago St. Louis had lost one-half of its population, and much of its tax base. Mercantile Bank acted as a catalyst for change. We identified a 100-acre project and devised such strategies as a $10 million revolving loan fund in a five-year development plan. The final result was $100 million invested in market rate housing and commercial development—and we received every penny back," Reid said.

Reynold Boezi

Reynold A. Boezi and Donnell Reid shared the topic, "Do Bank-Owned CDCs Make a Difference? Ours Did!" Boezi is Senior Vice President and Project Director of SeaGate Community Development Corporation, a subsidiary of Trustcorp Bank, Toledo. Reid is Vice President for Community Development at Mercantile Bank, St. Louis, and a Director and President of the bank's CDC. Boezi stated that "The City of Toledo had cleared 15 acres of property along the river, but couldn't get it redeveloped. SeaGate stepped in to create a marketplace economy, and has developed a shopping center, hotels, residential areas, a home for the elderly, and an industrial park."

Julie Gould

Julie Gould, Assistant Director of Fannie Mae's Office of Low and Moderate Income Housing, discussed Fannie Mae's single-family commu-

Dr. Bernard C. Watson

In a stirring talk, Dr. Bernard C. Watson, President and CEO of the William Penn Foundation, sounded a call to the private sector. He told bankers that they "bring balance and self-interest to projects, and can improve the base between those who run profit and non-profit groups."

"In today's society frightening things happen day and night. People are out of school, and out of hope. There are paid assassins in Philadelphia, paid to kill children who oppose the drug network. Crime is increasing among the young. People lack technical and social skills even if they have housing and jobs, and are so alienated that they feel that no amount of police will protect them. There is a serious gap between social change and manpower resources despite technical advances." He challenged bankers to "have the humanity and courage to make change happen."

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Bankers Learn about Link between Low Income Housing, Historic Preservation

Can low income housing and historic preservation be bedfellows? The myth is that they can’t. But that myth was exploded by three speakers who addressed the Harrisburg Community Affairs Officers Council at a recent meeting, sponsored by the Philadelphia Fed and held at the Harrisburg Area Community College.

Overflow Crowd...

“Harrisburg is a hot spot for historic preservation,” said Eric Hinderliter, Director of the City’s Department of Community and Economic Development. “Our goal is to see vacant buildings become residences or mixed-use buildings for low income people. We have $57 million in historic tax credit applications pending, with many rehab programs planned, and we have already had 120 buildings certified by the State Historic Preservation Office.”

Grace Gary, Executive Director of The Preservation Fund of Pennsylvania, asked, “What do you think of when you hear the words ‘Historic Preservation’? Some people think of colonial Williamsburg or grand houses handsomely decorated. But historic preservation is a planning tool, not an aesthetic movement. For example, what it means to have a block of 19th century rowhouses ‘certified’ is this: They have been approved for listing on the National Register of Historic Places—where more than 250,000 individual buildings or districts are already listed. It also means that a property becomes eligible for tax credits, as much as 20 percent on rehabilitation costs of a property benefiting low-income people. Tax credits are available for buildings 30 years old or older.”

To get tax credits a building must conform to federal standards, and a Pennsylvania developer must submit plans to the State Historic Preservation Office in Harrisburg. After a preliminary go-ahead, plans must be approved by the National Park Service in Philadelphia, she explained.

For details on tax credits phone the Bureau of Historic Preservation, Pennsylvania Historical and Museum Commission, (717) 787-4363.

A successful developer’s point of view on low income housing came from Edmund R. Ruoff, President, Housing Development Corporation of Lancaster County (HDC) who commented, “In 18 years of operation, we have never missed a mortgage payment—and we do low income housing almost exclusively. In addition to new construction, HDC has done renovation of historically certified apartments, and adaptive rehab of warehouses and schools. We will convert a movie theater into 43 apartments for the elderly and handicapped this year. We have over 25 projects in 40 locations, and our financing tools include bank loans, tax-exempt bonds, and equity from private investors, as well as loans and grants from city and county governments, redevelopment authorities, and state and federal agencies.” HDC’s Director of Development, Jim Eby, showed slides of completed projects, while Ruoff passed out spreadsheets and took the bankers through the planning steps that “make low income housing work.”

Need a Speaker?

Recent developments related to the Community Reinvestment Act (CRA) arising within the Federal Reserve, the banking industry, legislative circles, and activist organizations, have occasioned questions on many points. These issues can be presented in talks to various audiences, ranging from boards of directors of banks to neighborhood and civic organizations, by Fred Manning, the Philadelphia Fed’s Community Affairs Officer. Another speaker from the Community and Consumer Affairs Department who may be available for guidance on policy and interpretative issues is Phil Farley, Manager of the Regulations Assistance function. For details, phone (215) 574-6458.

Who’s Calling?

Lots of people call the Philadelphia Fed for help with compliance questions about Federal regulations. In fact, there were 3,092 such calls in 1988, of which 2,035—by far the largest category—came from banks. S&Ls made up the second largest group, followed by these groups in descending order: consumers, regulators, attorneys, and credit unions. Who answers the callers’ questions? Phil Farley, Manager, Regulations Assistance, and Grace Theveny, Senior Regulations Analyst. For answers to your compliance questions, phone either person at the Consumer and Community Affairs Department, (215) 574-6458.

Willard G. Rouse, III

Another challenge to bankers came from Philadelphia developer Willard G. Rouse, III. He warned that “We are creating a have and have-not society, and are heading for a social revolution in the next 20 years.” He urged home ownership as one way to circumvent problems, adding “I’m a strong believer in home ownership for the poor, even with risks. Let’s not deny the dream.”

George Saunders, Project Specialist with the New Jersey Department of Community Affairs, discusses the area housing scene with Sr. Peg Hynes of the Heart of Camden.
Dallas Bankers Hear Manning Discuss CRA

(Within the Federal Reserve System exchange of information can also occur when one Community Affairs Officer speaks at another Fed District’s event. Below are excerpts from remarks by Fred Manning, Community Affairs Officer, Philadelphia Fed, who spoke recently on the CRA at the invitation of the Federal Reserve Bank of Dallas. In the audience were 50 Community Affairs Officers and CEOs from Dallas and Ft. Worth banks.)

Philadelphia was one of the Federal Reserve Districts that suffered a wave of CRA protests in the early 80’s, and for a while we led the country in the number of protests received. While this distinction has since been gladly relinquished that string of challenges was the reason why our Bank instituted a comprehensive community affairs program in 1983.

This initiative, made manifest in expanded efforts in outreach, issues management, information sharing and advisory work, has helped District institutions become more familiar with community group and regulatory concerns. It has put us in touch with civic, neighborhood and government organizations not previously known to the Fed. And it has helped promulgate the idea to our counterparts in financial institutions that what we have here is an emerging profession, one we can call community development, development finance or corporate responsibility, as you wish.

This responsibility implies a clear vision of what the objectives of the mission are and an earnest and effective resource allocation and review mechanism to make performance possible. You may call this COMMITMENT, the first part of my acronym for CRA. Let the “R” stand for RECORD and the “A” for ATTITUDE. Those three words are prerequisites for understanding what is minimally needed to comply with the Community Reinvestment Act.

Let me acknowledge that CRA has not been an easy matter for any of us to comprehend for most of its first decade of existence. The reality is that the law is nebulous. It has high and proper ideals in its intent but its application can be difficult, if not frustrating, for bankers, community forces, and regulators alike. However, on balance, I think Congress was right in not crafting a heavy handed law and particularly so in not mandating a form of credit allocation on banks. For there are more roads to Rome than one. You might usefully think of this the next time you hear criticisms of the lack of specificity in the law.

I don’t think, however, it brings great credit either to your industry, or to the regulatory agencies, that it took 125 CRA challenges in the last decade to create the improvement in climate between banks and community groups that we’re now able to document.

The challenges posed by community groups have caused changes in behavior on the part of the challenged. We all tend to react a bit differently when we know we’re being watched and to move faster when we’re being pursued. There is no question but that CRA protests have altered bank direction in favor of the neglected side of the credit market. One gauge of this is an impressive amount of capital (some estimate it at over $5 billion) which is now being made available for the revitalization of housing stock, small business and infrastructure needs in our inner cities.

Dramatic changes are going on behind the scenes with those banks which have been in a CRA protest and with the wiser ones who wish to avoid that possibility. These lenders are reassessing their underwriting criteria and marketing efforts to remove any impediments to their ability to deliver services to low income areas. Many have voluntarily offered basic banking programs. They receive help on this, often, from community leaders who work in an advisory relationship to make known the needs of their constituents and to help test related products.

As was one hope of CRA’s framers, banks are using particular loan and bond programs of government which bring the strength of the public sector in, along with those of banks, to community development. Also, credit facilities are now being made available to nonprofits in tandem with the efforts of foundations, churches and socially enlightened business interests.

Bankers from Dallas and Ft. Worth heard Fred Manning, Community Affairs Officer, Philadelphia Fed, discuss CRA at a luncheon meeting hosted by the Dallas Federal Reserve Bank.

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Dallas Bankers...
That this commitment is a winning strategy may be seen in the fact that no banks in our part of the country have received second protests from the same groups that were once unhappy with them. Actually, in most of the major cities where CRA protests have occurred there are now impressive partnerships between banks and these organizations. And in a handful of major metropolitan areas there's further good news in the form of important multi-bank loan pools being created so as to benefit the deserving. One banker gave me the reason why his institution, which once stood apart from these involvements, seems to be enthusiastic about the possibilities: "There's gold in them there hills!"

The track record on the quality of bank credit flowing out of marketing efforts in once-overlooked neighborhoods appears to be quite favorable, if carefully approached and blended with other resources. And many banks who have been protested are now doing much more for their community than they have been asked or expected to do. The reason for that is the bottom line is that CRA has not only survived in an era of deregulation but that it is working despite the unhappy voices of those who would have us believe it's causing either too much or too little change in the world as they would like it to be.

Dallas Bankers...

Myths about Community Reinvestment
(Increased participation by local financial institutions in the financing of community development programs is a relatively new idea. And like most new ideas, it faces the uphill task of overcoming preconceptions. To address these preconceptions, two experts wrote a book, Principles and Practices of Community Development Lending. Authors are Carolyn P. Line, Community Affairs Coordinator, Federal Reserve Bank of Minneapolis and Charles E. Riesenberg, Managing Vice President, First Bank System Community Development Corporation. Here are some excerpts.)

The concern:
If we start making community reinvestment loans, we'll have to increase

Dallas Bankers...

a measure of competition among lenders. I have a hunch, too, that CRA may be amended to give additional emphasis to neighborhood small business needs and to job-creating industrial development programs.

In the short run the predictable changes will include more public disclosure about your lending record, a revision of the distribution curve on examination ratings (which are not now considered credible by activist groups) and a continuation of protests by community forces. However, I think that the trendline of ever-increasing numbers of protests will eventually be interrupted and reversed as the understandings in the industry increase about what is required and prudently possible. I expect the Fed to continue its important educational efforts in that regard.

Overall, I am a card-carrying optimist about the road ahead. Let us in this second decade of CRA pledge ourselves to build on the bases of a renewed sensitivity to local needs and to a belief in the value of multilateral partnerships...both are matters to which CRA has awakened us. If we do so, then the future must be considered bright for reversing the deterioration, neglect and waste that mar this land we love. CRA provides both the obligation and the opportunity for us to assist in that noble effort.

The concern:
Community groups want reduced interest rates, but a bank is a for-profit institution. Would you ask a department store to give away free shoes?

The reality:
Community investment lending is perfectly profitable, provided it is approached and managed intelligently. Many banks think this type of credit implies lower yields, higher costs and either slender or no profits. Where the motives for such pricing concessions may be promotional or public relations-oriented in a given case they do not obligate bankers into making all community development loans at bargain rates. Granted that community loans can cost more to book, since they may be in small amounts and may involve additional time and expense if other parties have to be dealt with, there can be significant offsets in the bank's favor. Usually these first-time or structural costs will also shrink over time as volume and experience build.

The concern:
Working with government programs is one frustration after another. With all the tons of paper to fill out, these programs raise costs and blood pressure.

The reality:
Paperwork is a bane of today's lenders but there is no reason to think it's associated only with government programs. Always try to minimize "red tape" through experience. Take

(continued on page 11)
Businessman's Generosity Provides New Central Allison Hill Community Center in Harrisburg

"I believe in giving back something to the community in which I have built a successful business." The "community" in his case was Harrisburg.

That's why John O. Vartan, successful developer, built the Central Allison Hill Community Center, which city officials value at $800,000. Vartan dedicated the center, now open for multi-purpose use, to his mother, Marie Keosheyan, who was present for the formal opening. He cited his mother for her courage in keeping the family together despite having to flee Armenia during separate attacks from the Turks, Arabs, and Russians.

No one was happier to have a community center than members of the 15-year-old Central Allison Hill Community Organization, a non-profit group that "had tried in vain more than 11 years to build a center," according to Shirley Pierce, President.

The center has athletic league games and other sports events in its 80' by 40' gym. There are senior citizens programs and daycare ("we want children and elderly persons to mingle," said Pierce); literacy and bilingual education, and a computer program. A lobby, kitchen, meeting rooms, and lockers are other features of the building.

The City of Harrisburg contributed more than $250,000 for furnishings, a parking lot, and new sidewalks. "Government alone simply could not muster the resources to build such a facility," said Harrisburg Mayor Stephen R. Reed, "which is why the personal contribution of Vartan is so important and unique."

Pew Trusts: Community Development Funder

The Pew Charitable Trusts is the largest private funder of community development efforts in the Delaware Valley. Pew approved grants in this field totaling $3.8 million in 1987 and $5.2 million in 1988. The Philadelphia-based foundation ranked second among the nation's foundations in total giving in 1987, although community development constituted only about three percent of its grants.

The largest recipients of Pew grants for community development from 1985 to 1989 have been the Black People's Unity Movement ($1.2 million) in Camden, National Temple Non-Profit Corporation ($535,000) and the Allegheny West Foundation ($510,000). National Temple is one of several community development corporations (CDCs) which are receiving major Pew funding for institutional capacity-building.

While Pew often has supported some of the oldest and most experienced CDCs, it has backed some new efforts as well. The Delaware Valley Community Reinvestment Fund received $390,000 during the four-year period while Community Ventures, which develops affordable, multi-family rental housing, received $350,000.

Meanwhile, Pew has provided significant funding in Camden and Chester. A 1985 grant facilitated the revitalization of Camden's waterfront which is now underway. Also, Pew proactively initiated a development process in the two cities, convening business and community leaders who identified needs and solicited and approved proposals. Camden programs for at-risk youths, and Chester programs in housing cooperatives and other areas, resulted. And the Chester Educational Foundation has been formed to promote educational excellence.

Pew also has given major support to: Impact Services Corporation for a business incubator; Point Breeze Federation for conversion of an abandoned school into low-income housing; Hawthorne CDC for construction of a community facility and dining room; and the Hispanic Association of Contractors and Enterprises for commercial and residential revitalization. It also provided funding for the Enterprise Foundation to start the Neighborhood Housing Network.

Discussing future directions in Pew's grantmaking, Gil Gilmore, Program Officer for Community Development, said he thought that Pew would target some neighborhoods for special attention, try to forge new partner-

Community Affairs Activities: Box Score

"Outreach" means many kinds of activities for the Community Affairs Department of the Philadelphia Fed. Here's the 1988 rundown:

<table>
<thead>
<tr>
<th>Activity</th>
<th>Quantity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business meetings at the Fed</td>
<td>36</td>
</tr>
<tr>
<td>with community leaders and bankers</td>
<td></td>
</tr>
<tr>
<td>Visits to community leaders</td>
<td>160</td>
</tr>
<tr>
<td>economic development agencies and bankers</td>
<td></td>
</tr>
<tr>
<td>Councils, Conferences hosted</td>
<td>12</td>
</tr>
<tr>
<td>Attendees at above programs</td>
<td>620</td>
</tr>
<tr>
<td>Publications, reports distributed</td>
<td>15,000</td>
</tr>
<tr>
<td>Formal presentations in</td>
<td>26</td>
</tr>
<tr>
<td>Third Federal Reserve District and nationally</td>
<td></td>
</tr>
</tbody>
</table>
Pew Trusts...

church-supported community development efforts, and the preservation and adaptive reuse of historic church properties, in Philadelphia. Churches have a strong institutional presence in low-income neighborhoods and many of Philadelphia's most successful CDCs were created out of churches. The study was conducted by the Delaware Valley Community Reinvestment Fund and the Philadelphia Historic Preservation Corporation.

In evaluating grant requests, Gilmore said, Pew looks for a track record, community representation, technical capacity to carry out a project, a well-conceived plan, and measurable goals and outcome. Community organizations can begin the process by sending Gilmore a concept paper of one to three pages.

For further information, contact: Gil Gilmore, Program Officer, Pew Charitable Trusts, 3 Parkway, Suite 501, Philadelphia, PA 19102, (215) 587-4039.

Federal Reserve Handles Consumer Complaints

In 1988, the 12 Federal Reserve Banks throughout the country handled 1,062 consumer complaints. Of these, the Philadelphia Fed handled 382 or 24 percent. "The large proportion of complaints doesn't mean that our District has more complainers," said Rose Howe, Consumer Affairs Representative. "It's because we publish many pamphlets on consumer rights, and a large number of people phone us as a result of this publicity outreach." Consumers with personal credit questions may phone Ms. Howe at (215) 574-6116.

Leadership, Inc. Honors Community Activists

They are some of the Philadelphia area people who have recently won special recognition for community leadership. For example, James F. Bodine, Father Joseph M. Kakalec, Alice Lipscomb, Cecilia Moy Yep and Rev. Paul Washington were cited as "individuals who have made a significant, lasting contribution to the community" by Leadership, Inc., a Delaware Valley organization which was created in 1959 (as Community Leadership Seminar) to "prepare the next generation of community leaders." Alice Lipscomb was also honored as the recipient of the Philadelphia Bowl from Mayor Goode for her "34 years as a housing activist ...and the building or rehabilitating of 350 housing units." Lipscomb is President of the Hawthorne Community Council.

Six organizations, many of which also have been described in CAS-CADE, were winners of $20,000 prizes, "Awards for Excellence in Community Development," presented as a joint effort of the ARCO Chemical Company, The Pew Charitable Trusts, and The Philadelphia Foundation. Organizations were: Advocate Community Development Corporation, Greater Germantown Housing Development Corporation, LaCasa del Pueblo, Philadelphia Chinatown Development Corporation, and the Women's Community Revitalization Project. The awards reception was hosted by Mellon Bank, and organized by the Philadelphia Urban Coalition.

Meeting the Challenge

Some quotes from Philadelphia civic leaders tell us about motivation:

This is where we were born. This is where we raised our families and we're going to stay here. And if no one else is going to help us, we'll help ourselves.

- Alice Lipscomb

Cowardice asks, is it safe? Expediency asks, is it politic? Vanity asks, is it popular? Conscience asks, is it right? There comes a time when we must act not because it is safe, or politic, or popular, but because conscience says it's right.

- Father Paul M. Washington

Things just don't happen—you have to make them happen.

- Cecilia Moy Yep

Myths About...

the time to learn how a given program works, what its eligibility guidelines are, and how its review and approval process works. Having dedicated staff interface with programs works wonders. Bankers should know the ins and outs of government loan programs and they should provide counsel and knowledge about these opportunities before loan packages are put on the table.

(For information about price and how to order the book, phone the Community Affairs Department, Federal Reserve Bank of Minneapolis, (612) 340-2048 or write the Department at 250 Marquette Avenue, Minneapolis, MN 55480.)
The Many Faces of Community Affairs

Community and Consumer Issues
- Basic banking
- Equal Credit Opportunity
- Branch closings
- CRA

Public Responsibility
- Neighborhood Housing
  Services

Board of Directors
- CRA
- Lenders' Profile

Issues Management
- Regional Councils
- Annual Conference

Partnership Assistance

CASCADE
Federal Reserve Bank of Philadelphia
Ten Independence Mall
Philadelphia, PA 19106-1574

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