PNHS Opens New Era With New Headquarters And Revived Spirit

“This dedication ceremony is concrete evidence of the rebirth of the Philadelphia Neighborhood Housing Services after a period of difficulty and dormancy. It is a revitalization which represents hope for our city through continuation of the mission which is at the core of the NHS operation.”

That was Fred Manning, Assistant Vice President and Community Affairs Officer of the Philadelphia Fed, at the recent dedication of the new headquarters on Broad Street. Hosted by Meridian Bancorp, Inc., and the PNHS Board of Directors, the event highlighted not only new space but a new era for the organization.

“May this new office be a symbol both of a fresh spirit for this affiliate and of the collaboration of those people in this room, and the organizations they represent, which made the renewal possible,” Manning added. “It is thrilling to be in on a new beginning, particularly when it contains the promise of improving our neighborhoods and extending the spirit of brotherhood to deserving members of our society.”

(continued on page 2)

PNB, Continental Have New Partners in North Philadelphia: Nine Community Organizations

In an unusual initiative, Philadelphia National Bank has brought together nine community organizations in a deteriorated neighborhood and is working with them as equal partners in addressing community needs. Continental Bank has joined the initiative as well.

Tom Patterson, Vice President at PNB, explained that the initiative was started about 18 months ago when the bank’s Public Responsibility Department began to explore ways to participate in the Mayor’s plan for North Philadelphia. To maximize results, PNB decided to concentrate on a limited area of about 2.5 square miles. The bank formed an internal advisory committee and met with community-based organizations oriented towards community development, community organizing and social services. (PNB and Patterson have a long history of urban lending, and the groups generally have long track records in community development.)

One of the first needs which emerged was for computers. PNB purchased McIntosh systems for each of the groups and arranged for training, while Continental paid the membership fees for each group to access an energy-related “bulletin board.” The groups then used their computers to compile an exhaustive inventory of the condition and tax status of all buildings in the initiative area.

At that early stage, there still was some rivalry among the nine groups, which competed for funding. PNB arranged for the groups to attend a day-long team-building seminar which it normally employs for its own employees. (continued on page 11)
Community Ventures Plans Project with PNB Loan

"We plan to develop one neighborhood at a time, acquiring and rehabbing vacant houses in cooperation with community groups, and then putting the houses in the hands of neighborhood residents," said Stephen J. Kaufman, President of Community Ventures.

This is no dream. It's a reality, because Philadelphia National Bank has just given the non-profit developer innovative equity financing. Initially, Community Ventures plans to do gut rehabs of 120 units in Francisville, a neighborhood near downtown Philadelphia. In the first 35-unit phase of this project, Community Ventures has commitments from PNB, which is investing $1.9 million in equity and $720,000 in construction financing; the Philadelphia Housing Development Corporation, for $945,000 in low-interest secondary financing; and CIGNA, which is providing a $455,000 first mortgage.

Next will come rehabilitation of 20 units for homeless women and children who are living at Project Rainbow, a transitional housing facility. The final stage involves rehabilitation and long-term leasing of dwellings owned by the Philadelphia Housing Authority.

PNB has committed to provide equity totaling up to $3.5 million in the Francisville project, an investment made in association with the Corporate Equity Investment Program of the Urban Affairs Partnership (UAP). The UAP packages equity projects, identifies and helps firm up other financing sources, and identifies corporate investors, according to H. Ahada Stanford, Deputy Director. The UAP has a 1989 goal of encouraging corporate investors to invest $15 million in equity and produce more than 300 units of lower-income rental housing.

"PNB's Urban Lending Department supported our operating budget from the organization's inception," Kaufman said. "Tom Patterson provided moral support as an active board member. This is a model for one-stop financing where the lender provides both debt and equity. These deals get too complicated with too many actors."

Kaufman, in a previous position with Self-Help Ventures, oversaw the conversion of the Darrah School into 27 low income rental housing units. He said that he would like to see more banks team up with developers in distressed neighborhoods. "A bank can make a reasonable rate of return commensurate with risk, using the tax credits," he said. "The credits are sufficient incentive to enable an investor to fund up to 60 percent of project costs when acquisition costs are low and rehabilitation costs are high, as is often the case in Philadelphia."

In addition to Patterson, Community Ventures board includes another banker, Louis P. Bell, Chairman of Hamilton Reliance Savings Association, Norristown, Pa. Community Ventures, formed in 1987, has received funding from The Pew Charitable Trusts, PNB, Provident National Bank, the Fels Fund and the Philadelphia Foundation. For information, contact: Stephen J. Kaufman, President, Community Ventures, Inc., 1501 Cherry Street, Philadelphia, PA 19102, (215) 564-6004.

PNHS Opens New Era with New Headquarters...

In addition to Executive Director Ceane Rabada, who explained "the new PNHS," other speakers were (from the Board of Directors) Irene Wright, Co-Chair; Jeffrey Cruse, Executive Director, Philadelphia Council for Community Advancement, Vice Chair; Albert Mandia, Chief Financial Officer, CoreStates, Treasurer; and Steven P. Kurtz, Executive Vice President, Corporate Banking, Meridian Bank. The audience also heard from Carolyn Flint, neighborhood representative from Fern Rock/Ogontz/Belfield; Edward A. Schwartz, City of Philadelphia Housing Director; Harry E. Cerino, Vice President for Programs, The William Penn Foundation; and Lee Bowman, District Director, Neighborhood Reinvestment Corporation. For additional details, write PNHS, 511 N. Broad Street, Suite 601, Philadelphia, PA 19123 or phone (215) 829-9899.
Profiting from a CRA Challenge: One Banker's Experience and Advice

(CASCADE interviews Marshall L. Wolf, Executive Vice President of Midlantic National Bank. Don Kelly, Senior Community Affairs Specialist, asks questions.)

You had a CRA protest in 1986. How did you feel about Midlantic's community involvement prior to the protest?

I thought it was pretty good. We contributed to community organizations and our people belonged to various boards. So it came as a shock when we heard that the Community Development Coalition was making a protest. But we gradually recognized that they were putting their fingers on areas where we could improve, or where there was a perception that we could make more of an effort than we thought we were making.

What is your view about community advocates? Were the protest leaders different from the community leaders you had dealt with previously?

The protest leaders were younger than the community leaders we had dealt with previously, and were more involved with tenancy rights. My first impression was that they would be hard to deal with, and well coached to press us into giving things away. Not so. I found that they were trying to do things in their communities out of frustration and a sincere desire to see beneficial change.

What would you tell bankers who are beginning to face the challenge of community reinvestment?

They should do their own internal inventory. Do they truly have a basic banking program? Are they making mortgage loans to inner city residents? They should document their CRA activities. They should know and listen to community leaders. (Although I was surprised to find [from the community leaders] the perception that Midlantic was not interested in doing business in the area, I realized that we were part of a problem that goes back to a time when institutions were not as interested as they are today, as a result of CRA, in reaching out to inner city people.)

I would advise setting up a community advisory committee to obtain advice on credit and banking needs, and to establish useful relationships.

Finally, bankers should be pro-active rather than reactive with community contacts, government, and the press, since it is better to be perceived in a positive, rather than defensive, way.

How have you re-oriented bank management and staff to operate more effectively?

When senior people are enthusiastic about doing business in urban areas, and announce that it is important, people down the line pay attention. We also try to involve key people in successful experiences. They are enthused and pleased when they see how an inner city loan can improve life.

What ingredients for success have emerged from your own experience?

A commitment to marketing services in urban areas is essential, with the recognition that it is not necessary to alter credit standards. Many people qualify for loans if they are given encouragement. Setting lending goals is important, too. People respond to targets and challenges.

We learned how to use the resources of other organizations. Because some of the loans are complex, it may take a combination of efforts to bring a deal to economic viability. A number of coalitions can be very helpful here: the New Jersey Urban Housing Partners Program, the Delaware Valley Community Reinvestment Fund, the Community Loan Fund of New Jersey, and Minority Enterprises Small Business Investment Companies.

Finally, there has to be a genuine feeling that community people are a resource to work with. If you feel they are antagonists, that will come across and inhibit productive relationships. Let me add that others who may at first feel branded by being given the assignment of CRA will find, as I have, that it is fun, exciting—and can be a money maker for the bank.

Midlantic, Fannie Mae Make Awards to Heart of Camden

"We feel good about the Heart of Camden and the work they are doing," said Marshall L. Wolf, Executive Vice President of Midlantic National Bank, Edison, N.J. "That's why it seemed appropriate to Midlantic to make a contribution of $20,000 to this Camden organization which provides affordable housing for the poor."

Another recent contribution to the Heart of Camden organization was an award of $25,000 from the Federal National Mortgage Association (Fannie Mae). Heart of Camden was applauded for its use of volunteer labor sources to rehabilitate 16 row houses, which were acquired through purchase and donations, then rehabbed for a cost of under $10,000 each. (This CDC was profiled in the 1988 issue of CASCADE.)
Many economic development leaders are salespeople for the idea of establishing community development corporations through financial institutions to make a contribution to the revitalization of our towns and cities. Within the bank regulatory agencies both the Federal Reserve and the Office of the Comptroller of the Currency are encouraging their constituents to take a look at this concept and to evaluate its possibilities.

What we are talking about is setting up a subsidiary of either a bank holding company or a bank to address the unmet needs of low-income areas, small businesses or to further important municipal development objectives that might otherwise not be carried out. CDCs set up by financial institutions have distinctive capabilities to invest in and finance these efforts so long as they generate public benefits. These could be in the form of job creation, furthering the development of infrastructure or in the improvement of the housing stock, especially if it enables low- and moderate-income areas to prosper.

In the eighteen years since banking law was changed to accommodate the formation of these entities fewer than five dozen CDCs have been started by banks or bank holding companies. Approximately 30 have been launched under the auspices of the Fed and the rest have been with the blessing of the Comptroller of the Currency. Many of the ones which have been formed, moreover, are not terribly active. Overall, despite a recent show of interest in the subject, CDCs are pretty much a well-kept secret. Their numbers pale beside the thousands of banks and holding companies in the country.

We are most familiar with the CDCs which are active in Trenton, Philadelphia, Harrisburg and Williamsport. Each has a different history and orientation.

The Trenton operation is a subsidiary of First Fidelity Bancorporation, a major holding company headquartered in Newark. This CDC began operation in 1983 in Atlantic City. Its existence came about because of recommendations of the Comptroller of the Currency at the time of a bank merger. When a regulator makes a suggestion like that it's a wise management which follows through.

The original purpose of the CDC was to help revitalize parts of Atlantic City by offering below-market mortgages to local residents of modest income. In addition to doing this, the CDC engaged in a variety of ventures in its early years which were relatively unusual for a financial institution. It bought some vacant lots in the city and placed on them new prefabricated homes.

It also purchased and rehabbed existing dwellings in areas of town where preservation was still possible. Credit counseling services were provided to first-time homebuyers. In more recent years the activities, location and focus of the CDC have changed. It now does what is essentially a mortgage banking business, originating below-market long-term mortgages which are sold to a state housing finance agency. And it has just relocated its offices to Trenton. From there the CDC will be doing a business in that city and in such other low-income areas as Camden and Newark in addition to Atlantic City.

Another CDC is one that was established in Pittsburgh by Mellon Bank Corporation in 1986 with a focus which is state-wide. Here again regulatory people were active in encouraging its creation although I believe the idea originated with the bank's government relations staff and some of their associates in charitable foundations.

Mellon's officers will tell you that a CDC has both advantages and limitations to its operation. The deals that it puts together are time-consuming both as to their design and the subsequent hand-holding they require. While the participation of other players is usually sought to spread the risk this course has its own time delays and adds to the runup of staff costs.

Mellon CDC people believe that it's very vital to have that cooperation and access to the resources of the parent bank. They will admit that the CDC can be an expensive operation when it stands on its own as a separate corporation. While theirs is showing at present a modest operating profit that's really an accounting fiction since the bank picks up most of the staff costs of the CDC. What is not captured by any balance sheet, however, are the public relations benefits Mellon believes it has gained with its community and with the regulators from making this kind of commitment to revitalization.

A third CDC in our District is one which was set up in Williamsport, Pa. a few years ago by Commonwealth Bancshares Corporation to assist in redeveloping a burned-out block in the downtown commercial district. It also provided working capital for the expansion of two small businesses.
While this CDC is still feeling its way forward it's interesting to note an unusually strong spirit and alliance between government and the private sector in this town concerning economic development possibilities. In such a climate the CDC may yet grow to be a major player.

The final one from back home is rather recently-formed in Harrisburg by Keystone Financial, Inc. This CDC has as its goal the purchasing and upgrading of deteriorated residential properties in the inner-city area of our state capitol. To management's credit they voluntarily set up this CDC following their entry into town and their becoming acquainted through a Community Reinvestment Act challenge with some of the needs in the low-income minority neighborhoods.

CRA challenges help to concentrate the attention of lenders on the possibilities of launching a CDC. When that happens the subsidiary can provide a firm focus and a visible symbol for the organization's commitment to resolving local problems. Community group leaders usually welcome this approach so long as it doesn't substitute for the type of aid they expect banks to provide through their existing facilities. Usually, however, it is the aspect of an unhealthy local economy and the presence of unmet credit or social needs that inspires study of the CDC mechanism. Ordinarily, there is little interest by a bank in setting up a CDC if local business conditions and the relationship with the community are both good. Prosperity and necessity are at counterpoint in this matter.

Most of the CDCs that have been set up since 1971 were to facilitate the execution of single projects in the housing and small business fields. Generally speaking, CDCs are not large nor are they remarkable in their profitability. Indeed, profitability is not even sought in many of the cases. The position of the regulators about this is that CDCs should not be viewed through the conventional screen for profits as you would do with a bank or other subsidiaries. They should instead be seen as a catalyst for getting the process of revitalization started and as a long-term investment in the marketplace, out of which may in time come all sorts of ancillary benefits.

Bankers who have worked for their organization's CDC will admit that they have unusual risk characteristics if the vehicle is going to be true to its purpose and take on difficult situations. Because of their entrepreneurial characteristics CDCs can make a number of traditional lenders uncomfortable. One cannot gainsay that the CDC often is dealing with problems that are not easily solvable. This is especially so if other partners aren't brought into the CDC's projects or if the parent bank has a lot of short-term debt which drives its way of approaching funds management. At the same time the CDC's officers necessarily have to possess a good bit of creativity as well as personal courage, traits not unlike those which our forefathers had in the building of our nation. Reclaiming our abandoned heritage takes a large measure of the same characteristics along with a hard-headed knowledge that it makes good sense, economically and socially, to try to improve one's hometown and trade area.

Just this sort of thing happened in Minneapolis when a CDC developed a grocery store in a small shopping center in the inner-city. This initiative proved to be the key element in the subsequent revitalizing of the commercial district. The CDC has gone on to provide the debt capital for a low-income housing project and to finance the creation of a transitional housing facility for women.

In Indianapolis a CDC purchased, rehabbed and sold a handful of homes to residents of a moderate-income area. When other residents saw what was happening near them they liked the example and went ahead to fix up their own properties. The result was that vast improvements took place in the rest of the neighborhood.

A dramatic illustration of the capability that CDCs offer is present in the story of one established by North Carolina National Bank. The CDC and its parent took the lead in assisting the municipal redevelopment of a largely abandoned residential area near the central city. In the relatively short period of five years they invested $30 million into the area. This leveraged almost twice that much from other parties. The combined resources of the private and public sectors then were extended beyond the housing category to the development of commercial and retail projects in nearby locations. An effect of this concentrated effort was a 40-fold increase in the area's ratables.

In St. Louis Mercantile Bank and its CDC were the major force behind the economic renaissance of that city's downtown and the improvement of low-income housing stock nearby and in other parts of the city. They also led a business sector-driven campaign to improve those quality of life issues which need to be managed if we are to have healthy, attractive and safe communities. They did all this, incidentally, in a city which lost fully half of its population in the last generation.

So the point is that the CDCs can produce important results even if they are not for everybody and will not be solutions for each problem in our society. They do deserve much greater attention and encouragement by all of us. I am cautiously optimistic that, despite their slow pace to date, they will receive growing consideration by the financial community.
Keystone Takes Community Development One Step Further

The $2.3 billion Keystone Financial, Inc., headquartered in Harrisburg, has entered the community development field in a way reminiscent of the field's original, capacity-building form.

The two CDC subsidiaries created by Keystone are geared toward revitalization and homeownership for low and moderate income people through bricks and mortar development. However, Keystone CDC, Inc. (not-for-profit) and its sister, Keystone Financial Community Development Corporation (for-profit), go a step beyond the usual approach. A third concept is a partnership.

Don Williams, Keystone's Community Affairs Officer and Executive Director of the CDCs, explains: "What is critical is that community-based organizations take charge of development, rather than rely on the initiatives and resources of government and business. Most people agree that this capacity is lacking in Harrisburg. We are trying to give the organizations the skills and resources to control their communities by teaching them how to be developers."

Thus far in its 16-month history the Keystone CDC has undertaken both the usual and the more sophisticated approaches. In the first instance each of the CDCs acquired a vacant, deteriorated single-family house in Harrisburg's Allison Hill neighborhood. Acquisitions were in April, 1988, and renovation was completed in September. The first building was sold in May, 1989, to Melvin and Janis Harris for $31,000, a price just sufficient to cover costs. An attractive $500 down financing package was part of the deal that allowed a cash-poor, moderate-income couple to become homeowners. The second property is still available for sale at $32,000.

The Keystone CDC, Inc.'s second effort was also in Allison Hill, a neighborhood that was carefully chosen because of the feasibility of strategic moderate rehab in its market, the reinforcement provided by a variety of targeted government programs, the potential benefits to

First Fidelity CDC Helps Home Buyers

"To help revitalize New Jersey's low and moderate income neighborhoods by providing mortgages and construction loans to individuals and developers." That's the goal of the First Fidelity Community Development Corporation (FFCDC) which was established in 1982, and recently relocated from Atlantic City to Trenton. (The CDC is a subsidiary of First Fidelity Bancorporation headquartered in Newark.)

Total investments of the CDC are approaching $10 million, according to William R. Reeves, Executive Director. This includes over $7 million in mortgages for first-time homebuyers, $2 million in interim loans for residential developments, and $500,000 worth of moderately priced new ownership housing. FFCDC has prepared a 45-minute audiovisual presentation which explains each step on the path to homeownership, from home search to the closing. Groups or individuals interested in this, or who wish information about FFCDC, should phone Reeves at (609) 599-1857 or (toll-free) 1-800-624-5140.

Melvin and Janis Harris recently became first time homeowners via the Keystone CDC.

low and moderate income people, and most importantly, the support of the local civic association, the Central Allison Hill Community Organization (CAHCO).

CAHCO became joint venture partners for the acquisition, rehab and sale of five vacant properties. CAHCO agreed to establish a ten person building committee, to assume the role of developer, and to assign members to work directly with Keystone's experienced staff. Keystone CDC committed to administrative and technical assistance required at no cost. It also made available a $50,000 construction loan at zero interest. The City of Harrisburg provided a $25,500 grant to CAHCO for holding costs and agreed to improve the sidewalks. The Commonwealth of Pennsylvania's Department of Community Affairs granted $150,000 to write down development costs.

"It is the hope of the Keystone bankers (holding company President Carl L. Campbell, Senior Vice President Ben G. Rooke, and Williams), that this hands on experience, monitored by Keystone CDC, will give CAHCO the confidence and skills to become a community developer in its own right," Williams said.

For more information contact: Donald Williams, Executive Director, Keystone CDC, Inc., The 225 Market Building, P.O. Box 1653, Harrisburg, PA 17105-1653, or phone (717) 233-1555.

William R. Reeves stands ready for business at the entrance to the First Fidelity CDC, Trenton.

Paying a Loan Off Early - Things You Should Know is the title of a new pamphlet published by the Federal Reserve Bank of Philadelphia. Written by Phil Farley, Manager, Regulations Assistance, Community and Consumer Affairs Department, the booklet will help borrowers understand how the early payoff amount on a loan will be determined. It supersedes an earlier Public Information pamphlet on the Rule of 78. Individuals or financial institutions may order this pamphlet by phoning Public Information, (215) 574-6115. There is no charge for ordering up to 50 copies.
"Many CDCs are working in neighborhoods where conventional financing doesn't fit," said Michael Tierney, new Program Officer of LISC (Local Initiatives Support Corporation). He joined three other housing advocates who addressed a recent meeting of the Philadelphia Community Affairs Officers Council, sponsored by the Community Affairs Department of the Philadelphia Fed. Tierney was introduced by Jerry Fensterman, who has left Philadelphia to become a full-time LISC Program Officer in Hartford.

"We have raised one and one-half million dollars from local banks, corporations, and foundations for CDC ventures here," Tierney said. "We hope to broaden our focus from business development to residential and commercial real estate, and to make more short term, below market rate loans."

Susan Trusty-Holman, Director of the Philadelphia office of The Enterprise Foundation, said: "In 1987 the Foundation established a local presence, Philadelphia Neighborhood Enterprise (PNE), to increase its impact. We sought input from some 40 housing providers, foundations, city officials, lending institutions, and social service support agencies. PNE gave six promising CDCs technical assistance. Currently, we have in various stages of development more than 65 scattered site units. And we've only just begun."

Executive Director Ceane Rabada of the Philadelphia Neighborhood Housing Services (PNHS) described how "we started all over again with the active involvement of our parent organization, Neighborhood Reinvestment Corporation and our Board of Directors. We have received grants and contracts from The William Penn Foundation, Pew Charitable Trusts and the City's Office of Housing and Community Development. Banks are back with us. The Philadelphia National Bank, Fidelity Bank, Meridian Bank, Continental Bank, Citicorp, PSFS and Horizon Financial have contributed time and money. Representatives from PNB, Fidelity, Meridian, Continental and Horizon are active members of our Board and have helped to shape the new NHS. We are resuming work in Fern Rock-Ogontz-Belfield and other areas. We will provide new curbs and side-walks, home improvement loans, exterior paint projects, retaining walls, block clean-ups, weatherization materials, tool banks, home repair workshops, and vacant house rehabs."

"Community Development is good business," said Marie Nahikian, Associate Executive Director for Development, Philadelphia Redevelopment Authority. "For example, banks who have become limited partners in low income housing are realizing a 17 to 21 percent rate of return on their investments." She outlined a model in which a developing CDC could identify a person to be project manager for a three-year period, with the financing partnership raising half of a neighborhood-based person's salary, and providing experts to work with the neighborhood developer. "The only way for lenders and organizers to be successful community developers is to do deals, do deals and do deals," she concluded.

"Without this grant, we could never have started our first big development project---the first time we have developed anything!"

That's Michelle Coleman, Executive Director of the Logan Community Development Corporation, discussing a recent HUD grant of $50,000, which enabled her group to purchase a block of 14 abandoned properties on Philadelphia's North Broad Street. "We're going to turn this area into low income rentals, and rehab the under utilized commercial strip," she said. "We're proud that we are the first community-based organization that Urban Partners has agreed to partner with; we are each 50 percent development partners. This will give us credibility and save us money. One
They came to the fair---600 bankers and neighborhood people---and they stayed into the evening. It was Bank Fair '89, sponsored by ACORN and Fidelity and Continental Banks, a recent day-long event at the Arch Street Methodist Church, Philadelphia. The goal was to "help foster better relations between the banking and low and moderate income communities," according to LaVerne Butts, ACORN's banking committee chairperson. The Bank Fair included workshops in various bank services. Other banks participating were: First Pennsylvania, Germantown Savings, Liberty, Mellon (East), Meridian, Philadelphia National, Provident and PSFS.

Bank representatives informed visitors about the gains of the past three years from CRA agreements and addressed the financial questions of first time home buyers. Program participants included Pastor L. M. McClain; George Butts, President of ACORN Housing Corporation; Larry Pirolo, Fidelity Bank; Ray Desiderio, Continental Bank; Donald Smith, President of Philadelphia ACORN; Reba Brown and Ida Wilson, Neighborhood Chapter, Southwest Philadelphia.

**Why Did They Come to the Fair?**

"From the viewpoint of a first-time participant, we were delighted that we were able to answer questions about home mortgages and other bank products. I'm sure the people attending were glad to see bankers in their shirtsleeves. The fair will, I hope, help the community understand bankers, and the bankers, the community." Harold C. Sundby, Jr., Vice President, Community Affairs, Germantown Savings Bank

"This was our second year of participation. We are always looking for the opportunity to go out and meet customers and potential customers, and to explain what we have available. The fair is one vehicle that helps us understand community needs." Phillip R. Goldsmith, Executive Vice President, Provident National Bank

Heidi Singer (left) meets ACORN Bank Fair booth workers from Philadelphia National Bank. They are (left to right) Aubrey Kenney, banking officer and branch manager of the Germantown/Lahigh office; Mary Butler, mortgage processor, Urban Lending division; Ron Allen, banking officer and branch manager, Fairhill office; Leonora McCauch, banking officer and branch manager, 1910 N. Front Street office; and Marlene Rossi, coordinator of redevelopment and action loans, Urban Lending division.

Talking to booth visitors are representatives from Continental Bank. They are (left to right) Denise Cummings, Vice President; Ray F. Desiderio, Senior Vice President; Joan Daughen, commercial loan assistant; and Steve Santini, management trainee, Small Business Administration unit.

Diane Lackey (left) discusses personal banking with Alina Majka, assistant bank officer, Mellon Bank (East) and Albert Lubawy, Assistant Vice President, Mortgage Lending, Mellon Bank.
Camden CAO Council Hears Commissioner Villane, Fair Share Housing Executives

Peter J. O'Connor (left photo) and Robert W. Shaffer, of the Fair Share Housing Development, Inc. discuss housing problems and solutions at the Camden Community Affairs Officers Council meeting.

“We have two societies; one rich, one poor. One white and the other black and Hispanic. Their housing needs are not being met.” These points were echoed again and again in the remarks of two Fair Share Housing Development, Inc. representatives, Peter J. O'Connor, Executive Director, and Robert W. Shaffer, Director of the Development Fund. They addressed 27 members of the Camden Council of Community Affairs Officers at a recent meeting at the University of Medicine and Dentistry of the State of New Jersey, Camden.

“With the elimination of federal programs, the state cannot meet the needs of lower income families. And cities have no money. Bankers should look at entry level hiring and skill training. Private industry must retrain people to read. Many public programs have failed because people are facing neighborhood stress (theft, fire burned out houses) and shelter stress (substandard housing).”

Shaffer showed slides of Northgate, “308 units for the elderly and handicapped, adjacent to Camden’s worst area. Residents keep an eye out for drug dealing, and turn in criminals. Northgate took 12 years to complete, primarily due to fear and concern about outsiders coming in. But there were NO outsiders coming in. The people came right from the community.”

“We ask banks to step in with small annual grants to us to help with administrative costs while we solicit from churches, corporations, foundations and business,” O’Connor concluded.

Anthony M. “Doc” Villane, Commissioner of the New Jersey Department of Community Affairs, emphasized that housing is the biggest problem in the state. The price of houses, even rentals, is demoralizing. There is also an economic effect: companies are moving out of the state. It’s not taxes, or lack of talented workers. It's because employees can’t find housing.

“What is the government doing? We are looking for initiatives. My biggest problem is actually rental housing, which has just about disappeared. The State of New Jersey has committed $10 million to get developers. We have a ‘2 for 1’ program, which means building two-family houses and selling them to moderate income people with the stipulation that the other half be rented to a low income (Section 8) family. We did 24 units as a pilot project in Camden under this system. Also we want to utilize non-profits. They range from superior to well-meaning, but some have no expertise. We want to provide staffing and help them become more efficient.”

Ending on an upbeat note, Villane said, “We are willing to help banks with CRA, and will be surveying local areas where banks can work with good non-profits and with us. Bankers and responsible banks are sticking it out. Newark is coming back; Camden is on its way back. Businesses will return to the city.”

Homeless Women Find Hope, Housing at Center

The program is called Project Rainbow because a rainbow is a sign of hope. Many women with children find hope at Project Rainbow, located in the Druding Center, 413 West Master Street, Philadelphia.

Says Sr. Sharon Walsh, Director of Family Services: “Some earn high school equivalency degrees, study computer technology, learn secretary skills or nursing, and many attend counseling sessions. We provide day care for children of residents and graduates. And as the women get jobs and save money, we make housing connections for them. We have helped more than 200 women in the past two years, and have (continued on page 12)

Paula Joseph is a “graduate” of Project Hope. She now holds a full-time job and is living independently. Pictured with her is her son, Marvin.
Elizabeth Dole Meets Youth Services Corps at Habitat for Humanity

The Hon. Elizabeth Dole, Secretary of Labor, got a close up view of the youth labor market during a recent visit to North Philadelphia. She met a crew of young adults from the Philadelphia Youth Services Corps (PYSC) who were rehabbing houses for Habitat for Humanity.

PYSC is for men and women 17 to 22 years old who are out of school but unemployed and who want to "take charge of their lives," according to Anthony R. Fairbanks, Executive Director. Habitat is one of many "work sponsors" for the young crew. The latter learn work skills on site, under the leadership of Darryl Hinton, PYSC crew leader, and Marshall McBride, of Habitat.

PYSC is federally funded through the Job Training Partnership Act, and Philadelphia allocations are made by the Private Industry Council. An average of 45 to 50 young adults are PYSC members at any given time, according to Sonya Enoch, recruiter. For details, write PYSC, 33 S. Third Street, Philadelphia PA 19106, or phone (215) 238-5200.

GSB Designs Four-Year Index of CASCADE Issues

"To tap CASCADE as a resource, I asked Pam Witherspoon, Community Affairs Assistant, to design an index as a reference guide to find articles in a hurry," said Harold C. Sundby, Jr., Vice President, Community Affairs, Germantown Savings Bank.

The index, which begins with the first issue in 1984, is divided into four categories: subject of article, headline, date of issue, and page number. GSB will provide one copy per bank upon request. Contact P. Witherspoon, Community Affairs, GSB, City Line & Belmont Avenues, Bala-Cynwyd, PA 19004.

Habitat Has A Party

An "Awareness Party" given by Habitat for Humanity recently introduced guests to its work and its organization. The work is the completed and in-process rehab and new construction at 19th and Wilt Streets, North Philadelphia. The organization means people. The non-profit organization, which makes affordable homes available for sale to low income people at no interest or downpayment. Catherine Bailey, President of the Board of Directors of North Central Habitat for Humanity, introduced the speakers following a tour of houses conducted by uniformed members of the Philadelphia Youth Services Corps.

"In Habitat's hands, the partnership with the city will grow," said Edward A. Schwartz, City of Philadelphia Housing Director. "The mark of a city is not measured by its convention center or Penn's Landing. The measure of success means how many are living in affordable housing, with jobs and a decent life for their children."

Habitat leaders introduced to the audience included Board members Clarence Good, Vice President; John McClintick, Secretary; Brenda Liechty, Treasurer; and Willie Mae Bullock, Renee Garland, Dr. Joseph Stewart, Rosemary Thomas, and Rose Howe. (Ms. Howe, who coordinated the event, is Consumer Affairs Representative in the Community and Consumer Affairs Department of the Philadelphia Fed.)

The audience also met staff members: Woody Jenkins, Executive Director; Leigh Irvin, Operations Manager; Ted McBride, Construction Superintendent; and Marshall McBride, Assistant Construction Superintendent. Others introduced were: Barbara Wysochanski, Volunteer Coordinator; Marsha Tyree, Family Selection Committee; and Linda Behmke, Mid-Atlantic Regional Administrative Assistant. Cited for special recognition were: the Reverend Paul M. Washington, Board member of the Advocate Community Development Corporation and Rector Emeritus of the Church of the Advocate; and Bilal A. Qayyum, Chief Executive Officer, North Philadelphia Plan. For details, write Habitat for Humanity, P.O. Box 6860, Philadelphia, PA 19121, or phone (215) 765 6070.
“Homelessness and its upstream partner, affordable housing, are problems. The Delaware Community Investment Corporation (DCIC) is one response,” said Francis J. Ackerman, Vice President of Wilmington Trust Company. He addressed a recent meeting of the Community Affairs Officers Council of Wilmington, held at the University of Delaware's Conference Center. The 33-person audience represented 19 banks and government agencies.

“Representatives of several financial institutions determined that a loan pool would be an efficient idea,” Ackerman continued. “The result was a $5.3 million pool that provides a nine and one-half percent fixed rate loan for a term of 15 years, with a 25-year amortization. DCIC was formed to administer that loan pool originally, and its Board of Directors was and is a mix of civic, social service, housing, and financial representatives.”

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PNB, Continental...

executives. The groups started to get to know each other, and an open style of discussions with much give and take has carried over into meetings. A part-time consultant began helping the groups assess the financial feasibility of projects and the initiative has begun the procedure for incorporation and is discussing the hiring of an executive director. While PNB’s Luis Mora facilitates meetings, the groups see PNB as an active, equal partner.

Four participating groups commented favorably on the banks’ involvement, agreeing that the computer system was valuable. They pointed out, though, that the initiative was still coalescing, and that it remained to be seen how projects would be selected and financed.

Guillermo Salas, President of the Hispanic Association of Contractors and Enterprises (HACE), said, “It’s exciting! This is one of the first times the private sector has come to the community to look at problems and needs. Tom Patterson is attuned to the needs of the community. The initiative contains groups with organizing and development capability.”

John M. Toland, Executive Director of St. Edward’s/Hartranft Neighborhood Advisory Committee, Inc., said that he saw PNB’s interest as “a sincere effort to lend a hand to what we’re trying to do.” He added that the groups’ total effort was strengthened now that they were “aligned and supporting each other” and that the initiative was leading towards “a more professional way of working.”

James F. Young, Executive Director of the Neighborhood Action Bureau, Inc. (NAB), said, “PNB is providing the type of leadership that’s needed.” He saw growing confidence and knowledge among the groups which, he said, are “building each other up.”

Pedro Rodriguez, Organizer with the Kensington Joint Action Council (KJAC), observed that the groups are starting to think of drawing on each other’s strengths. Leticia Saucedo, KJAC staff person who is overseeing a KJAC-initiated land trust, noted that KJAC had led a Community Reinvestment Act (CRA) challenge against Fidelity Bank and said, “We want to see if other models work.” In fact, many initiative groups have worked with Fidelity for about two years on a CRA agreement, which covers a larger area of North Philadelphia than the initiative. Whereas the relationship with Fidelity was forged in an adversarial situation, the relationship with PNB and Continental has been developed in a cooperative atmosphere.

“I believe that it’s possible for banks and community groups to work together with mutual trust, to work on joint plans and to have a healthy respect for each other. There doesn’t need to be a confrontation,” Patterson commented. Denise Cummings, Vice President at Continental Bank and the bank’s representative to the initiative, agreed and added: “Neighborhood groups can work with banks yet not lose their own identity.”

Three projects at an early stage of consideration by the initiative are a commercial project on the Germantown Lehigh commercial corridor, a housing project on Leithgow Street, and a service center. Initiative members are: Continental Bank; Dorado Neighborhood Improvement Co.; East of Broad CDC, Inc.; HACE; KJAC; NAB; Open, Inc.; PNB; St. Edward’s/Hartranft; United Hands Community Land Trust; and the Women’s Community Revitalization Project.
“We think that this initial loan pool will be used up quickly, and we want to begin Loan Pool Number Two. We want to see an additional $10 million by this time next year, so we are looking for wider bank participation,” he said.

Ackerman was joined in his remarks by Thomas K. Kerstetter, President and CEO of the Wilmington Savings Fund Society, who is the current DCIC chairman. Banks who are DCIC participants include the Wilmington Trust, Bank of Delaware, Mellon Bank/Delaware, Wilmington Savings Fund Society, Artisans Savings Bank, and Beneficial Bank.

Emilie M. Barnett, Executive Director of the Interfaith Housing Task Force, who was credited as the catalyst for DCIC, commented: “We had stayed away from the for-profit developers for years, the thinking being that they don’t always have the interests of the low income people at heart. But now, through DCIC, we’ve been able to identify some developers who have a good track record in low and moderate income housing.”

The next speaker, Ray Desiderio, Senior Vice President of Continental Bank described Continental’s community responsibility department. “We have 11 people, seven of whom are commercial lenders. We have extensive outreach: about 45 percent of our time is spent ‘on the street’ working with community organizations, public and private agencies, foundations and the like. We work closely with community job banks, and we formed an advisory committee of people from the bank and from community-based organizations.

Within our department we have a housing loan unit, and another unit that deals with developers; we loan both to for-profit and non-profit developers. Other units are the commercial loan function and urban development. We have a management trainee program that sensitizes management trainees to community reinvestment. We have a speakers’ bureau, and we publish brochures to market our services. Our quarterly newsletter describes our activities and goes to every employee of our bank. We advertise in community newspapers and on community radio stations, including Spanish language ads.”

In answer to a question: “Tell us about how your people came to work with you?” he said, “We didn’t have to look for people to come to the department; everyone who works for me has volunteered for the job. These people are very upbeat—and give more than lip service to community reinvestment.”

Homeless Women...

moved 52 families into permanent affordable housing in cooperation with such agencies as the Philadelphia Housing Authority, Philadelphians Concerned About Housing, Community Ventures, Resources for Human Development, Lutheran Women’s Program, OSHA, and Committee for Dignity and Fairness.” Project Rainbow also receives contributions from Mellon (East), PNB and Provident banks. For further information, contact Sr. Sharon Walsh, at (215) 769-1830.