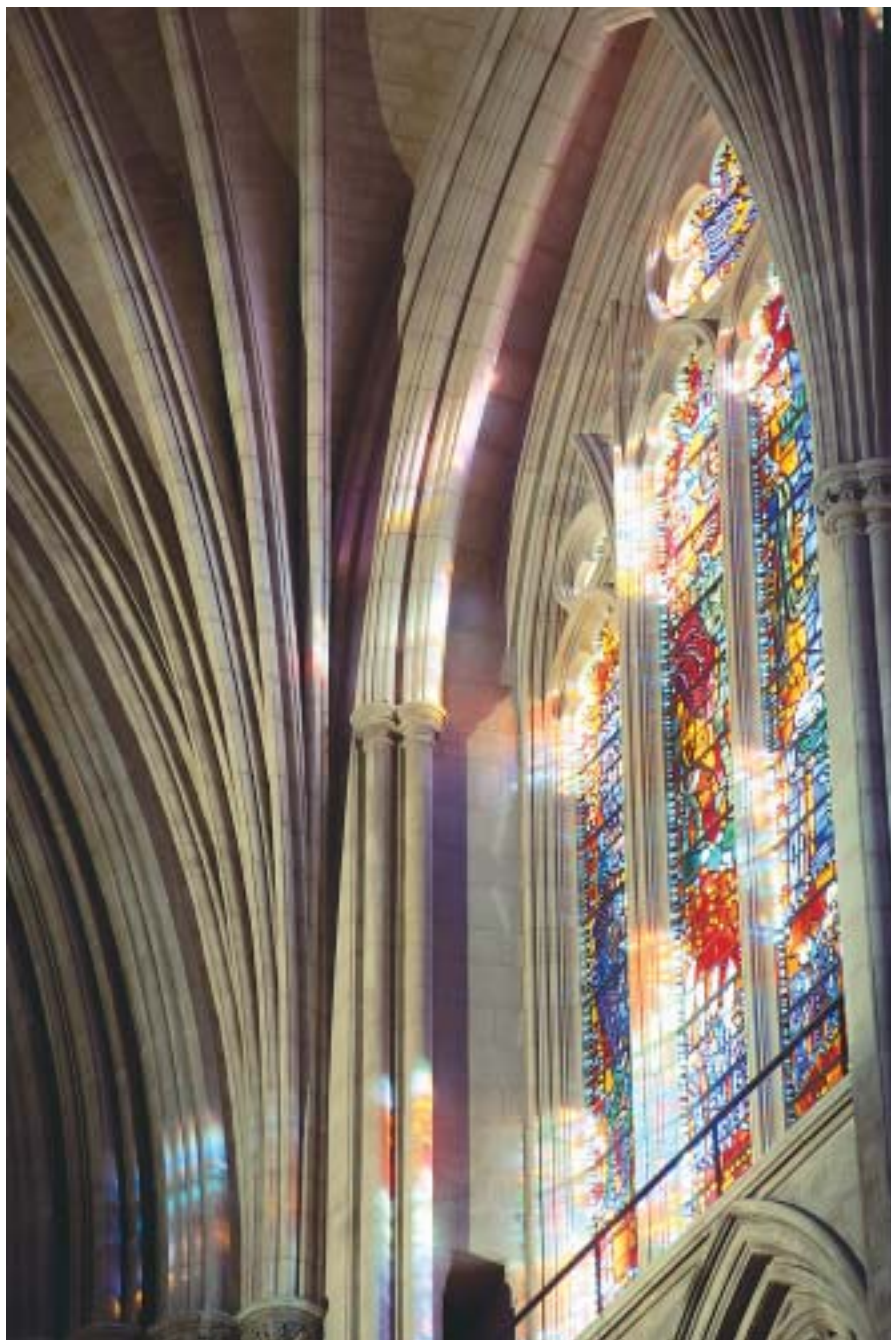


COMMUNITY INVESTMENTS

A Community • Economic Development Publication

VOLUME THIRTEEN NUMBER 3



SMALL CONGREGATIONS AND ASSET-BASED COMMUNITY DEVELOPMENT, PICO & FAITHS

Inspirational examples of how congregations are building capacity to affect change in their communities, the nonprofits that are assisting them and suggestions about how banks can be a part

FAITH-BASED INITIATIVE OVERVIEW

An overview of recent federal initiatives that have raised awareness about faith-based development

FISHING BY FAITH

Discover how a Los Angeles-based congregation has created community-based organizations to meet a variety of needs

DISTRICT UPDATE

Featuring the profiles of Leadership Council members from California, Nevada and Idaho

ISLAMIC FINANCE AND THE U.S. BANKING SYSTEM

Learn about efforts to provide appropriate financing for followers of Islam living in the United States

CATHOLIC COMMUNITY DEVELOPMENT

An excellent summary of Catholic philanthropy and the affiliates that extend this support

BLESSED HOUSING

Read about a few congregations that are making affordable housing a blessing and a possibility in their community

DECEMBER 01

Community Investments

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Editor's

NOTEBOOK by Lena Robinson

WHY FAITH-BASED?

The CRA encourages financial institutions to use intermediaries to expand their capacity for delivering community development services; and faith-based organizations have long been recognized as one of the most prominent and successful examples of intermediaries. And, while faith-based community development organizations represent only a subset of all community-based organizations, their presence may actually be more far reaching than secular providers. Because even in communities without a community development corporation, there is a faith organization.

Whether a church, synagogue, mosque or temple, congregations of all faiths are inextricably linked to the community in which they are located, to the community represented by their congregants or both. Whether formalized CDCs¹ or not, most congregations engage in some form of community development. According to the National Congress for Community Economic Development (NCCED), many of the first generation of community development corporations (CDCs) in the 1960s had religious roots or sponsors. And faith-based community development continues to expand at an impressive rate. NCCED's 1998 national census of CDCs shows that 14 percent (about 500) of all CDCs across the country identified themselves as "faith-based organizations."

This special issue of *Community Investments* explores two aspects of faith-based community development: how faith organizations are realizing and building capacity to undertake their goals, and what they are doing to improve their community, whether defined by geography or need.²

Faith-based organizations focus on a vast set of issues that range from alleviating social problems such as homelessness and hunger to advocating for at-risk and vulnerable members of society including under-privileged youth, the elderly, poor and immigrants. Historically, the services provided by churches and other religious groups have fallen most often into the realm of charity, usually with the objective of minimizing rather than fixing the problem and relying more on private individual and institutional contributions and volunteers than on government support. Today, we also see networks of congregations mobilizing to attack an issue or serve a need that is too large or complex for a single congregation, as illustrated by churches affiliated with the Pacific Institute for Community Organizing (PICO). The successful organizing and campaign efforts that bring about increased affordable housing and expanded community facilities and services for low-income and disadvantaged individuals also provide many other positive benefits for those communities.

Most of the congregations featured in this issue fall into a third tier of faith-based organizations: CDCs or formalized entities whose mission is to undertake a long-term and sustainable approach to revitalizing communities and empowering the less fortunate. With their primary objectives most often focused on developing affordable housing and

(continued on page 5)

1 For the purposes of this issue, a CDC refers to any community development organization with a 501(c)3 status, which has as its primary purpose revitalizing low- to moderate-income (lmi) communities or serving lmi individuals.

2 An effort was made to include something about all the major faiths. You are encouraged to use the reply card or our website to provide information about other faith-based efforts that have not been presented.

SMALL CONGREGATIONS AND ASSET-BASED COMMUNITY DEVELOPMENT



by Eliza M. Carney, Coordinator,
Asset-Based Community Development Religious Network

The Asset-Based Community Development Religious Network is a network of people of faith who are working to support and build community within their congregations and neighborhoods, following the basic principles of asset-based community development. These principles are:

- Communities can be built only by focusing on the strengths and capacities (i.e. the assets) of the citizens who call that community home
- Vital communities are those that accept every member as gifted and provide opportunities for those gifts to be shared

We are affiliated with the ABCD Institute at Northwestern University in Evanston, Illinois,¹ and were formed

¹ www.nwu.edu/IPR/abcd.html

in 1997 with the goal of reaching congregations and other faith-based groups with the concept and principles of asset-based community development, and finding and bringing together those who are already using this approach. I volunteer my time as coordinator of the Religious Network, receiving only reimbursement for my expenses from the ABCD Institute. The network has no other staff, and does not receive assistance from any government entities.

Many congregations and faith-based organizations are caught up in a “needs-based” approach to community and human development that regards struggling communities and the people who live in them as “half empty:” needy, deficient, problematic, incapable of regeneration and constructive contribution, and sorely in need of fixing by outside “experts” and professionals. They take the charitable or philanthropic approach to poverty

by supporting food banks, homeless shelters and soup kitchens. Or, if they are looking beyond the symptoms to the causes of poverty, they tend to support the social services approach of fixing individuals rather than first identifying and mobilizing the strengths of those individuals and their communities. Using the metaphor of a glass half-full and half empty, we see all communities and the people who live in them as “half-full.”

Our efforts to turn the thinking and actions of these congregations toward the “asset-based” approach utilize several methods. These include networking with and offering resources to various denominational agencies that support community development, maintaining an online discussion group, and sponsoring an annual retreat/seminar which focuses on such topics as welfare reform, community economic development and youth as community builders. As coordinator of the network,

I am also a member of the ABCD Training Group, which presents three day workshops and five day learning retreats offering intensive learning, discussion and practice in the application of ABCD principles and tools in interactive small group settings.

In my experience over the past few years working with faith-based community development, and before that working with anti-hunger efforts, I have been particularly impressed with the relatively small number of congregations that are going beyond relief measures to take on the long-term challenge of rebuilding lives and communities, beginning with the strengths and assets of those communities. It is this group that our network seeks to identify, support and use as models for other congregations. While some of these churches have large congregations and budgets, and may be well-known locally and even nationally among scholars and activists in community development, this article will focus on the smaller activist churches.

These smaller congregations, which are usually based in inner-city neighborhoods or in distressed rural areas, are doing extraordinary things: sponsoring youth activities and outings, community clean-up, local entrepreneurship and self-help groups. All of these projects are fueled by the greatest assets these congregations have: their pastors and members, and their ability, commitment and willingness to work one on one building up the faith individuals have in themselves and affirming their self worth. And, once the

individuals in these distressed communities believe that they are worthy, they begin to believe that change is possible. That is when sustainable community development can occur.

And yet these smaller, less affluent churches, some with no more than 30 or 40 members, and all with less than 200 members, are usually ignored, even dismissed as part of the problem, by foundations, scholars and activists involved in community development. In an excellent study of a group of 35 such churches in Chicago, *The Black Churches of West Humbolt Park*,² the authors describe them as, “. . . mostly small, storefront churches, with a single pastor. Ministers had full- or part-time jobs during the week and were usually available on Sundays or Wednesday nights and by phone to their parishioners. In many cases there was no money for staff and there was no answering service to receive calls during the day.” (p.3)

These churches see themselves as all members of the family of God, with their congregation serving as an extended family, and the pastor as the father or mother figure. The researchers discovered that ministers used the term “ministry” to describe what others might call “community development.” The difference is the familial model, and the love, acceptance and patience that it exudes, which produces a powerful and transforming force. This people-centered, familial model of community development is generally at work not only in African-American churches but also in small, community-based Anglo and Latino congregations, whether their communities are urban or rural. Someone once said that the perfect community development project has plenty of money, clear objectives, a good plan and no people. Indeed the challenge is rarely technical, but rather almost always relational. Asset-based community development is all about relation-

ships, and small churches have the gift of relationships. They should be supported and encouraged to give that gift.

So how can banks help to support and fuel these small but powerful engines of community development? First, of course, you need to make contact with them. One way to do this is through associations active in the community, such as a local ministerial association or council of churches. These will probably not be listed in the phone directory, but the local police department or a local school may know about them. Or perhaps there is a seminary in the area which has contacts in the community. Find out if you have employees who are members of small, community-based churches. Do you have a branch of your bank in the community? If so, ask the bank manager to identify some of the more active churches. Or drop into a local barber shop or hairdressers and ask what churches are doing in the community and how you can get in touch with

Resources

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e-mail: abcdtraining@aol.com
www.abcdtraininggroup.org

2 *The Black Churches of West Humbolt Park; final report prepared Jan. 1999 by Bernice Taylor, Ed.D., Associate Director and Cynthia Milsap, Community Scholar; DePaul University-Egan Urban Center; 990 W. Fullerton, 3100; Chicago, IL 60614. btaylor@depaul.edu*
www.depaul.edu/~euc/

some of the more active pastors. Then, visit two or three of the pastors and ask if they can set up a meeting with other pastors and church leaders to discuss what they are doing or would like to do to improve the lives of people in the community and how you can support them. Listen carefully, be patient, don't be shy about asking questions, and discuss what assets the churches, the community, and your bank have that you can use together to help build a safer and more livable community. The key is not to come in with your own agenda but to listen to, work with and support the people who know the most and care the most about the community—the people who live there. Your patience and willingness to listen and respond in ways that put your assets to the best use may result

in a stronger, more economically viable community which welcomes your bank as a valuable stakeholder.

Finally, remember that churches, like banks, have their own culture, language, role perceptions, etc., so as you begin to build relationships with these small congregations, it's good to have a guide—someone who understands and appreciates both cultures (perhaps one of your bank employees or a local business-person who is a member of one of the congregations) and can help bridge the gaps as you work together. The ABCD Training Group (see resources) provides excellent training for what it terms “gappers,” people who work “in the gap” between neighborhoods and the institutional world of agencies, government and private business. **CI**

Editor's

Notebook continued from page 2

economic development opportunities such as job or entrepreneur training, this is the group that financial institutions may see as their primary partners. However, all of these efforts are laudable and worthy of being supported, regardless of tier.

Like other community-based organizations, faith-based organizations rely on various support to effectively undertake community revitalization. Not only grants or donations, but also support that extends to processes and methods. For instance, a streamlined and transparent process, unfettered by discrimination, for applying for government grants or for designation to deliver federal- or state-sponsored social services and programs, is often as valuable as a check. Fred Mendez's overview of President Bush's faith-based initiative discusses how this is being addressed.

Training and other technical assistance is also essential to help faith-based organizations recognize and ultimately, maximize their resources. To this end, the Asset-Based Community Development Religious Network trains congregations to identify their community's assets as a first step in determining where and how to expend those resources. The FAITHS Initiative exemplifies the significance of building coalition and serves as an excellent model for how foundations are working through churches. Government-sponsored entities and agencies such as Fannie Mae, Freddie Mac, the Federal Home Loan Bank system and HUD offer specialized expertise to assist faith-based CDCs in applying for grants to build affordable housing and community facilities.

Mostly, the challenges and needs facing faith-based organizations are no different than those of traditional community development groups. Notwithstanding the article that looks at the unique challenge of financing for followers of Islam, the stories, information and initiatives discussed herein are neither specific nor distinct to faith-based organizations. The primary purpose of this edition of *Community Investments* is to spotlight a sometimes-overlooked civic partner—faith-based institutions, to underscore their often-unsung efforts and to illuminate their role as a ubiquitous and viable community development partner. **CI**

ABOUT THE AUTHOR



ELIZA CARNEY is the coordinator of the Asset-Based Community Development Religious Network, which was founded in 1997 and is affiliated with the ABCD Institute at Northwestern University in Evanston, Illinois. Before working with the Network, Eliza was director of WHEAT, a faith-based anti-hunger organization in Phoenix, AZ. She has been active in local and national politics and in social and economic justice movements for many years, and is a fellow with the Advocacy Institute in Washington, DC, and a member of the National Community Building Network. Eliza has recently joined the ABCD Training Group, which presents workshops on the concepts and applications of asset-based community development. She is a member of the Ft. Collins Mennonite Fellowship in Ft. Collins, CO.

Transforming Communities One Person At a Time

by Roberta Furger, Member, San Lorenzo Congregations Organizing for Renewal

“And we realize that the power to change the world rests in our capacity to unite as family, as community and as children of God.”

In 1972, John Baumann and Jerry Helfrich, both Jesuit priests, set up shop in Oakland, California. Their goal: To improve the quality of life for local families through grassroots community organizing. They met with residents and heard their anger and frustration about abandoned houses, high crime, and prostitution. With those local residents, Baumann and Helfrich began building an organization that would bring hope and change to many of Oakland’s long-neglected neighborhoods.

Nearly 30 years later, those fledging efforts have grown into the Pacific Institute for Community Organization (PICO), a nationwide network of 41 congregation and community-based organizing committees representing over 500,000 families and affecting the lives of millions more in 12 states.¹ Although the composition of each local group varies, PICO affiliates all share a common model of organizing and a common commitment to empowering local residents to affect change in their communities.

Rev. John Baumann, S.J.,² PICO’s executive director, likens the PICO network to a family. “We are moved by justice to make the world right for our family,” says Baumann. “And we realize that the power to change the world rests in our capacity to unite as family, as community and as children of God.”

Under the assistance of PICO-trained professional community organizers, local leaders learn how to capitalize on the power of everyday citizens to

influence policy and actions at the city, county and state level. Over the years, thousands of men and women have attended PICO’s National Leadership Training, a week-long program during which they learn about faith-based community organizing, the development of local leaders, the economic pressures facing working families and more. Locally, community members also benefit from regular training sessions led by their organizing committee staff.

POWER THROUGH RELATIONSHIPS

At its heart, the PICO network is based on relationships: between members of local congregations, between neighbors, and between city and county residents and their elected and appointed officials. By building relationships and listening to the hopes and dreams, frustrations and pain of individuals within a community, PICO organizations have been the catalyst for positive change in communities throughout the country.

HIGHLIGHTS

- ▶ In New Orleans, Louisiana, PICO affiliate All Congregations Together (ACT) led a successful effort to rid the city of blighted property. Legislation that passed last spring in the Louisiana House and Senate will allow local residents to take over long-neglected property from slum owners
- ▶ In Orange County, Florida, the members of the Federation of Congregations United to Serve (FOCUS) successfully advocated for new and refurbished parks and

recreation facilities for area youth and families. Thanks to the efforts of FOCUS, Orange County has committed to spending \$1.4 million on an 80-acre park over the next two years

- ▶ In communities throughout California, PICO affiliates succeeded in obtaining health care for working families as counties up and down the state agreed to spend sizable portions of their tobacco settlement and other funds on insurance programs and health care services
- ▶ Elsewhere in the country, PICO affiliates have obtained after-school programs and drug rehabilitation programs for addicts. They’ve closed drug houses and opened community centers

Guided by faith and a commitment to justice, PICO groups are providing men and women of all races, cultures and religious traditions with a mechanism by which they become participants in—rather than just observers of—the democratic process.

Rosa Ramirez, a local leader from Camden Churches Organized for People (CCOP) in Camden, New Jersey, recently reflected on her local organizing effort: “CCOP and PICO have taught me how to join together with other people, and how to work together to change things. We feel power. We feel confident. We have learned how to listen to the stories of one another, and how to share the vision and the pain,” said Ramirez. “We are no longer acting alone.” **CI**

1 www.piconetwork.org

2 *Society of Jesus*



The FAITHS Initiative of The San Francisco Foundation

by Landon R. Williams, Coordinator, FAITHS Initiative

WHAT IS THE FAITHS INITIATIVE?

The Foundation Alliance with Interfaith To Heal Society (FAITHS) is an initiative of The San Francisco Foundation (TSFF), one of the largest community foundations in the United States. The Initiative aims to enhance the work of faith-based organizations that deliver secular services or advocate for their communities. FAITHS does this by connecting faith-based organizations with assistance from nonprofits and foundations. We also provide direct technical and financial assistance to faith-based organizations and hold educational briefings for faith community leadership.

FAITHS was founded in 1993 to respond to the concerns of clergy and lay leaders in the San Francisco Bay Area (Bay Area) that they were not able to gain the support of organized philanthropy for their efforts to implement secular programs. This was the era when welfare reform and federal devolution legislation was being proposed before the U.S. Congress. An interfaith group of 15 faith leaders met with program staff of TSFF to voice their grave concern that as government withdrew from delivering social service programs and support, the faith community would be forced to pick up the burden, lest many of the residents of their communities fall through the rapidly eroding safety net. These faith leaders believed that the faith community had a major role to play in providing safety net services but lacked the resources and capacity to do so, and were thus seeking the support of organized philanthropy. In the eight years since that meeting, FAITHS has built an interfaith network of more than 350 congrega-



MISSION STATEMENT

The Foundation Alliance with Interfaith To Heal Society (FAITHS) enhances the human service delivery and advocacy capacity of San Francisco Bay Area faith organizations, builds relationships within and beyond the faith community, identifies opportunities to support strategic community development efforts, and educates philanthropy about strengthening communities through faith-based institutions.



tions and grassroots organizations that meet regularly to problem-solve around community issues in the five Bay Area counties that TSFF serves (Marin, San Francisco, Alameda, Contra Costa and San Mateo).

GOVERNANCE

The CEO and Board of Trustees of the Foundation review and approve all FAITHS' grants and have the final word about the Initiative's direction and programs. Within that framework, FAITHS incorporates input from clergy- and lay-led governing and planning teams for decision-making and advising the CEO and Board of Trustees. A Leadership Group of 20 leaders representing the diversity of the Bay Area faith community determines the general direction of FAITHS's projects and convenings. This group meets quarterly to provide guidance and insight to the work of the Initiative. Assisting this group are

two 30-member planning teams that inform the day-to-day work of FAITHS: a Race and Community Relations Planning Team and an Economic Justice and Opportunity Planning Team (EJO). This structure provides more than 15 different opportunities annually for the Foundation to connect with the 80 faith-based organizations affiliated with FAITHS' leadership and planning teams.

IMPACT AND PROBLEM SOLVING

The initiative's philanthropic partners recognize that the primary benefit of FAITHS is convening and problem-solving with the community. The major community input event sponsored by FAITHS, *The Vision is Justice*, became the catalyst for prioritizing issues and follow-up action by congregations. The forum was convened on November 18, 1999, at Preservation Park in Oakland, where 154 faith- and community-based organizations reviewed the strategic role that faith communities throughout the Bay Area play in addressing critical issues. Identified issues include affordable housing, inter-group relations, job training, senior service provision and youth development. Some examples of what the FAITHS' network is doing to follow-up on the identified priorities are:

Affordable Housing: This is one of the top priorities identified for action by the FAITHS EJO Planning Team. FAITHS is training key congregation leaders to take action on the affordable housing issue. The work began with an eight-part Affordable Housing Training Institute that provided concentrated technical and financial assistance

to congregations engaged in specific housing activities (advocacy and/or development). This is being followed up with a series of local workshops and meetings from summer 2000 through spring 2002. Long-term partnerships with nonprofit organizations and other public and private resources (e.g. financial institutions) that address affordable housing remain principal objectives of this effort.

Youth Development and High-Risk Youth Intervention: FAITHS' youth leadership development includes a summer-long youth leadership development training project. The training provides an opportunity for 15 youth leaders to spend a summer as interns with the Foundation and covers a realm of activities, including hands-on grantmaking. The youth develop priorities and criteria for grants, research the groups, solicit proposals, make the awards and contribute seven weeks of volunteer service with youth-servicing agencies.

Senior Services: The FAITHS Legacy Project, supported by the California Wellness Foundation, builds the capacity of congregations to respond to the needs and concerns of seniors. While health screenings are a key component of the service delivery, we are also focusing on transportation, resource development and community awareness. The sessions have resulted in several pilot projects to maximize health outcomes for seniors involving congregations throughout the Bay Area.

GRANTMAKING AND PARTNERSHIPS

FAITHS' grant work supports community building. Our 2001-02 budget will exceed \$500,000. The grants are prioritized to faith-based organizations working on issues of affordable housing policy and development, youth organizing and development, intergroup relations, civic engagement and capacity building. Since 1993, FAITHS has raised \$3.8 million to support this

work. The overwhelming majority of these funds were re-granted out to support secular work by faith-based organizations. FAITHS small grant work to catalyze community building with grassroots organizations was recognized by the National Council of Foundations at its 2000 annual conference as a national model. This fiscal year, foundation partners expect FAITHS to re-grant \$250,000 to a number of faith-based organizations. An additional \$70,000 will be used to support a youth development program, local convening and workshops on issue areas.

FAITHS' partnerships with foundations represent an exciting model for philanthropic involvement with congregations engaged in community development. Some examples include:

- The partnership with the James Irvine Foundation (Irvine) provides small grants that improve the capacity of congregations to become involved in civic engagement. Using a combination of support from Irvine and TSFF, FAITHS has awarded a round of Community Partners grants to 15 congregations and faith-based organizations each year for the last four years. In the 2000 and 2001 awards, special emphasis was given to congregations working on issues of cultural diversity that involved youth. This was especially important in the Bay Area in the wake of a burgeoning local youth advocacy movement initiated by youth opposition to Proposition 21. That proposition lowered the age at which youth can be tried as adults, expanded the definition of gang-related activities, and mandates that juvenile offenses be counted as strikes for the purpose of enforcing California's "Three Strikes" law. The specific work of the thirty-member Race and Community Relations Planning Team involves a

combination of community briefings, small grants and capacity building informed by the work of the community partners

- Foundation support helped to underwrite the *Demystifying Economics* training series, which focused on teaching faith-based organizations understand how national policies and international events impact the work they are doing at the local level. We were also able to address strategic planning and assist some of the congregations to form 501(c)3 organizations to carry out their community development work. Over 125 faith-based organizations participated in the training, which was held throughout our service area. There were a number of tangible projects as a result of the training. One of the most notable being the purchase and rehabilitation of a strip mall to stabilize the rents of the only pediatrician in the area that accepted MediCal patients, and to provide space for the congregation's housing development and senior services programs

FAITHS current philanthropic partners include The Ford Foundation, The James Irvine Foundation, The Koshland Program, The Peninsula Community Foundation, The Walter and Elise Haas Fund and The Marin Community Foundation. FAITHS has also worked collaboratively with Bank of America, Washington Mutual and other members of the financial community. Going forward, we are looking for opportunities to explore how the affordable housing development work of our network might be supported by financial institutions implementing the Community Reinvestment Act.

DISSEMINATION OF BEST PRACTICES

Part of the mandate of FAITHS is the systematic sharing of best practices attained from our work with the faith

community. These lessons are shared not only with foundations that are considering partnering with various faith communities, but also with public agencies, the independent sector, corporations and other entities involved in community building. In addition to numerous San Francisco Bay Area presentations, FAITHS staff has been engaged in information exchange and consultation in Boston, Chicago, Cleveland, Michigan, Philadelphia, New York, Seattle and Los Angeles. FAITHS also produces a number of descriptive documents that chronicle our growth and development, and summarize our work and achievements. **CI**

Interested readers can contact FAITHS at: (415) 733-8572 or visit our website: www.sff.org.

ABOUT THE AUTHOR



LANDON R. WILLIAMS is coordinator of the FAITHS Initiative of The San Francisco Foundation (TSFF). TSFF is one of the largest community foundations in the country (with assets of \$700 million) and provides grants to nonprofit organizations in the San Francisco Bay Area. Grantmaking subject areas include health, education, environment, economic and social justice, arts, neighborhoods and community

development—all with an emphasis on assisting under-served populations. The Foundation is home for a number of special initiatives that have a particular focus and a limited life.

Prior to joining TSFF, Mr. Williams was a consultant providing organizational and economic development assistance to the non-profit sector. Prior to that, he served as an assistant to the city manager for the City of Berkeley, and as marketing director for Independent Power Corporation in Oakland. His background includes starting and directing nonprofits, public policy analysis, grantmaking and small business and housing development.

Mr. Williams holds a bachelor's degree in economics from the University of California at Berkeley, where he also earned his master's degree in public policy from the Goldman School for Public Policy.

2002 CRA Roundtable Dates

STATE	1ST QUARTER	2ND QUARTER	3RD QUARTER	4TH QUARTER
Arizona	March 21	June 20	September 19	December 12
Northern California (San Francisco)	February 12	May 14	August 13	November 12
Southern California (Inland Empire)	—	May 16	—	November 14
Southern California (Los Angeles)	February 13	May 15	August 14	November 13
Southern California (San Diego)	February 14	—	August 15	—
Idaho	March 14	June 13	September 12	December 12
Nevada	March 12	June 11	September 10	December 10
Oregon	January 8	April 9	July 9	October 8
Utah	—	April 18	July 18	October 17
Washington	February 7	May 9	August 8	November 7

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FAITH-BASED INITIATIVE OVERVIEW

by Fred Mendez, Senior Community Affairs Specialist,
Federal Reserve Bank of San Francisco

Justice Hugo Black, who served on the U.S. Supreme Court from 1937 until his retirement in 1971, observed that “a union of government and religion tends to destroy government and degrade religion.” The debate surrounding the appropriate role of government in supporting religious organizations is nothing new. So, it should come as no surprise that President Clinton’s inclusion of Charitable Choice in the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, and President Bush’s introduction of the Faith-Based and Community Initiatives have caused and continue to cause quite a debate.

Government has long supported religious organizations that provide social services. In order to receive government funds, these organizations have had to operate under certain restrictions that limit the possibility for “religious coercion” and guarantee the provision of social services to all individuals, irrespective of their religious affiliation. But there has been confusion, even within federal and state government entities, concerning these restrictions.

Former U.S. Senator John Ashcroft (R-MO, currently the U.S. Attorney General) provided this background and description for Charitable Choice in a December 1996 letter:

“In the past, many successful faith-based organizations have not participated in government programs for fear of having to compromise their religious integrity or being hobbled by excessive government regulation and intrusion. The confusing array of legal precedents has often led government officials to conclude mistakenly that constitutional law requires the faith-based organizations be excluded from the mix of private service providers, or that entities accepting government funds must forego their religious character. One of my goals in proposing the charitable choice provision was to encourage faith-based organizations to expand their involvement in the welfare reform effort by providing assurances that their religious integrity would be protected. The provision protects the rights of faith-based providers as well as the religious liberty of the individuals they may serve. Many states have already experienced positive results from partnering with charitable and faith-based organizations in working with the poor and less fortunate. These institutions have proven to be efficient and effective while serving the poor with dignity and compassion. Congress passed the charitable choice provision with the hope that such cooperative efforts between states and faith-based and private charities would flourish.”

Unfortunately, Charitable Choice has been almost entirely ignored by federal administrators, who have done little to help or require state and local governments to comply with the new rules for involving faith-based providers.

On January 29, 2001, President George W. Bush issued two Executive Orders (13198 and 13199) with the goal “to eliminate regulatory, contracting and other programmatic obstacles to the participation of faith-based and other community organizations in the provision of social services.” The Bush administration’s faith-based and community initiative goals are organized around three lines of action:

- Identifying and eliminating barriers to federal funds
- Expanding tax deductions
- Creating new federal initiatives

IDENTIFYING AND ELIMINATING BARRIERS TO FEDERAL FUNDS

Executive Order 13198 created Centers for Faith-Based and Community Initiatives in the Departments of Health and Human Services (HHS), Housing and Urban Development (HUD), Education (ED), Labor (DOL), and Justice (DOJ). The purpose of these various centers is to ensure that the process of obtaining federal grants from each of these agencies does not discriminate against community-based organizations (including faith-based organizations)

whose primary mission is to achieve goals that are in the public interest.

In August 2001, the five centers released the findings¹ of their audit which identifies all existing barriers to the participation of faith- and community-based organizations in social service programs administered by the federal government. Among the findings of the five centers' report are the following:

- A funding gap exists between the government and community-based organizations. Smaller groups, both faith-based and secular, receive very little federal support relative to the size and scope of the social services they provide.
- There exists a widespread bias against faith- and community-based organizations in federal social service programs. Examples of bias include:
 - Restricting some kinds of religious organizations from applying for funding
 - Restricting religious activities that are not prohibited by the Constitution
 - Not honoring rights that religious organizations have in federal law
 - Burdening small organizations with cumbersome regulations and requirements
 - Imposing anti-competitive mandates on some programs, such as requiring applicants to demonstrate support from government agencies or others that might also be competing for the same funds

EXPANDING TAX DEDUCTIONS AND OTHER FINANCIAL INCENTIVES

The administration aims to stimulate an "outpouring of private giving to

1 "Unlevel Playing Field: Barriers to Participation by Faith-Based and Community Organizations in Federal Social Service Program" August 2001, www.whitehouse.gov/news/releases/2001/08/unlevelfield.html

nonprofits, faith-based programs and community groups" through a variety of proposed financial incentives. These include:

- Expanding the number of individuals who can deduct charitable contributions from the federal tax returns to include those filers who do not itemize deductions
- Encouraging states to allow limited deductions from state tax returns for donations to charities dealing with poverty issues
- Raising the corporate charitable deduction limit from 10 percent of a company's taxable income to 15 percent
- Creating a public/private Compassion Capital Fund that would match private donations with federal funds. The fund would provide seed capital and technical assistance funds for faith-based/community organization capacity growth

NEW FEDERAL INITIATIVES

"To illustrate and expand the federal government's faith-neutral social policy stance," the Bush administration has introduced a number of new programs. One that offers the greatest possibility for CRA partnerships calls for increased after-school programs including community technology centers to help bridge the digital divide in low-income neighborhoods. The federal 21st Century Community Learning Centers² program requires school districts to work with community-based organizations—including faith-based—to establish the centers in rural and inner-city schools.

CRA AND FAITH-BASED ORGANIZATIONS

For financial institutions involved in the economic development of low- and moderate-income communities, community-based, nonprofit and faith-based organizations should all be considered

2 www.ed.gov/21stccl

ABOUT THE AUTHOR



FRED MENDEZ is a senior community investment specialist for the Federal Reserve Bank of San Francisco. Since joining the Federal Reserve in April of 1993, Fred has acted as a liaison between financial institutions and their communities to promote public/private partnerships for economic development. In this capacity, he has advised community development lending organizations on regulatory matters surrounding consortia and community development lending; researched legal and commercial issues to facilitate the flow of capital to Native American lands; and educated both the lending and nonprofit community about community reinvestment requirements, community development lending, the secondary market, fair lending legislation and bank reform issues.

Mr. Mendez holds two degrees in economics with an emphasis in economic development and monetary policy.

in the same family of entities that serve communities. However, for purposes of the Community Reinvestment Act, there are two issues to consider. The first is to make sure that any general support to a faith-based organization be backed by sufficient documentation to show examiners that the primary mission of the organization is in line with community development as defined in the regulation. The second deals with those scenarios where a financial institution is supporting an individual initiative, program or project through a faith-based organization as opposed to supporting the overall organization. In those cases, adequate documentation should be maintained that shows the low- and moderate-income impact of that initiative, program or project. **CI**

F i s h i n g

by Reverend Mark Whitlock, Executive Director, FAME Renaissance

President Bush excited some leaders of the faith community by introducing a federal faith-based initiative designed to fund economic development projects creating jobs and wealth. Even though the President's faith-based initiative failed in the Senate, the faith community must continue the dialogue on the important role of community and faith-based economic development corporations, and the push for federal support of our work.

There is a tremendous need for capital investment in low-income, minority communities—an investment that requires partnerships between community-based organizations, the private sector and the federal government. The challenge America faces in this century is not dismantling racial color lines, but creating money lines (i.e. finding lines of financial capital to leverage human capital). Glenn Yago, Ph.D., of the Milken Institute says, "there is a fundamental mismatch between the sources of job creation and capital formation. How to carve channels of capital from investors to entrepreneurs requires the mobilization of new financial technologies and market-based public policy innovations."

The minority community and minority-owned businesses are growing at explosive rates. Minority-owned businesses are growing at double the rate of all firms in the U.S., both in numbers of firms and total sales. According to the Milken Institute, by the year 2050, the U. S. population will have increased by 120 million people, with 90 percent of the growth occurring in minority communities. Demand for capital in the minority business community is estimated to be in excess of \$194 billion per year, of which only a small fraction is currently being satisfied. The

continued growth of the minority business sector and the minority community will result in skyrocketing demand for capital over the next 20 years.

One practical application for meeting the demand is the Charitable Choice legislation signed by President Clinton on August 22, 1996, which encourages states to cooperate with community and faith-based charities. Charitable Choice guidelines clarify and codify Constitutional requirements for governmental interaction with faith-based social service providers (for more information on Charitable Choice, see *Faith-Based Initiative Overview*).

Constitutional law has often been misinterpreted to require that faith-based organizations be excluded from participation in governmental welfare programs or that their participation be conditioned on the removal of religious practice and symbols. Section 104 (the Charitable Choice provision of the federal welfare reform law enacted in the summer of 1996)¹ offers governmental neutrality between faith-based and secular providers of services, protection of the religious integrity of faith-based providers, and protection of the religious liberty of beneficiaries. This gives churches the opportunity to receive federal assistance to do God's business.

One of God's productive properties is First African Methodist Episcopal Church (FAME) in Los Angeles; Rev. Cecil L. Murray is the Senior Minister. In 1977, Reverend Murray introduced the "beyond the walls" ministry to 300 active members. It has now grown to

18,000 members, many of whom actively volunteer to improve neighborhoods throughout Los Angeles County. First AME Church established its economic development program, FAME Renaissance, in 1992 by creating a separate nonprofit 501(c)3 corporation that would be eligible to seek public and private grants to fund job and wealth creation programs. I serve as the executive director of FAME Renaissance, which administers 18 private and publicly funded programs. Those programs have yielded some of the following results:

- The FAME Renaissance Business Programs administer four loan funds, which have lent over \$5 million to 175 minority-owned businesses. The Community Reinvestment Act (CRA) has been instrumental in fostering productive relationships with banks and financial institutions, which have funded our operations and program costs, and offered technical assistance leading to successful business ventures
- The FAME Employment Program has placed over 2,000 qualified employees in living-wage jobs at banks, government agencies, entertainment and service companies. This past year we expanded our services from just testing and placement to offering job readiness preparation for clients requiring a higher level of assistance. The current employment program serves ex-felons, foster care youth and welfare-to-work individuals desperately seeking living-wage jobs. Among this group are many custodial and non-custodial parents who need to support a family. Our pro-

¹ www.cpjustice.org/charitablechoice/guide/appendix

By Faith

gram is victorious because we offer clients case management, career counseling, mentoring, job training, GED preparation, computer literacy and job placement. We have succeeded in our goal of making former welfare recipients contributing taxpayers capable of independent living by preparing them for jobs in the public and private sector

- FAME Renaissance's \$5 million equity fund invests in companies just moving beyond the start-up phase and looking to expand. The owner must present a business plan, financial statements, tax returns and a business license. FAME takes a minority ownership position and may stay in the deal for three to ten years. Our primary goal is to provide technical assistance, motivation and patient capital so small business owners can succeed. We will invest from \$250,000 to \$1,000,000 and will be making our first \$1 million investment into a minority-owned company in December 2001
- FAME Home Loan program has transformed eight apartment renters into homeowners over an eight month period. Fannie Mae provided the initial funding for the home loan program, which we now manage through our own mortgage banking company
- FAME Renaissance opened the 50,000 sq. ft. Fame Renaissance Center in October, 2001. The business center/incubator offers business tenants state-of-the-art multimedia equipment, secretarial assistance, and copy, fax and video

conferencing services. Wells Fargo Bank and State Farm have leased space within the debt-free center, which was funded by grants from the Department of Commerce, HUD, the State of California Trade and Commerce Agency, the City of Los Angeles, State Farm, Wells Fargo Bank, Bank of America, Disney Company and many others

In conclusion, faith-based economic development organizations must be resolved to meet the challenges that face their constituents. At FAME, it is not enough for us to just give fish to our needy constituents. We subscribe to the wisdom that promotes teaching a person to fish so he may eat for a lifetime. And while the federal government and Fortune 500 companies have generously provided grants and other in-kind gifts to us, we are also interested in establishing sustainable partnerships with lenders and the public sector that will allow us more control to improve impoverished communities. We have demonstrated that the faith community is prepared to advance to this next step and can be a successful fisherman by partnering with a strategic vision. Ultimately, we are all responsible for the ponds from which we fish. Let's go fishing by faith together! **CI**

For additional information about the programs, services and opportunities of FAME Renaissance, call Mark Whitlock at (323) 731-6367 or (323) 737-5717, or email: MarkW@FAMEChurch.org.

ABOUT THE AUTHOR



REV. MARK E. WHITLOCK II has committed his life to serving God and the Church as a minister and the economic development officer for the First African Methodist Episcopal (FAME) Church in Los Angeles. He is the executive director of FAME Assistance Corporation, a non-profit 501(c)3 funding vehicle that offers business loans, venture capital, training and technical assistance, and legal services. Mark also co-founded the Richard Allen Men's Society (RAMS), an organization with over 3,500 men who exemplify positive African-American images. RAMS is best known for its contribution to reclaiming the community from gangs and drug dealers and to date has closed thirteen rock cocaine houses while leading people away from drugs and prostitution and into a Christian way of life.

Before his full-time call to the ministry, Mark was a former vice president at Wells Fargo Bank and vice president of the Commercial/Industrial National Division of Chicago Title Insurance Company. Mark is a member of several boards including Harvard Divinity School's Summer Leadership Institute, Walt Disney Goals, Operation Hope, LAX 21, Urban Bankers and Interdenominational Theological Center Faith Factor. He also serves as the chairman of Churches United for Economic Development. Mark is presently enrolled in Fuller Theological Seminary pursuing an M.A. in Theology.

Mark is currently pastor of Christ Our Redeemer AME Church in Irvine, California and campus chaplain for the University of California, Irvine. He is married to attorney Hermia Shegog Whitlock. They have two remarkable sons, Mark and Devin.

District Update

CRA Leadership Councils were established to recognize and encourage community reinvestment efforts throughout the 12th District. The Councils, which are affiliated with the local CRA roundtables, actively participate with the San Francisco Fed's Community Affairs staff to identify critical community and economic development needs, and to develop new products and services. In this ongoing feature, we ask Council members to talk about their backgrounds and how they became involved in CRA, their responsibilities, successes and any advice or words of wisdom they would like to share. This time we are pleased to feature Joselyn Cousins of Bank of America, Gloria Tang of First Republic Bank, and Cindy Williams of U.S. Bank.



JOSELYN COUSINS
VICE PRESIDENT & COMMUNITY DEVELOPMENT CLIENT MANAGER
BANK OF AMERICA, NEVADA

I wish I could say that I was born to be a CRA officer. Actually, I fell into the position when my manager at the time came to me with what she called “a great opportunity.” Sometimes a great opportunity to one person is not so great to another. In this case, it was the best opportunity I could have been given. I had no previous experience in community development but many years of experience in retail banking and real estate lending. My banking background provided me with some basic tools to start on my adventure into the world of community development. One thing I quickly learned was that community-based organizations provide a wealth of information. Who better to learn from about your community than the groups that provide the services directly?

I have spent five of my eight years with Bank of America in the role of CRA officer for Nevada. The experience has been very rewarding. I have had the pleasure of serving on a variety of nonprofit boards including the Local Initiatives Support Corporation (LISC), Variety Day Home and the North Las Vegas Neighborhood Housing Service Inc., to name a few. I find that the more I participate in community organizations and events, the more I want to participate. The key is to find an organization or a cause that you truly believe in. The rest will come.

My experience as a CRA officer has shown me a passion that I didn't know existed.

Bank of America was created by the merger between NationsBank and BankAmerica Corporation, becoming the first nationwide, coast-to-coast bank in the U.S. We serve the financial needs of individuals, businesses, government agencies and financial institutions in communities throughout the U.S. and around the world. The Bank of America Community Development Banking team has been in the community development business for many years, and has a long history and heritage of partnering with communities and organizations. Our corporate-wide \$350 billion, 10-year commitment to community development is the type of commitment that makes my job easier.

Partnerships are key to our success in community development. Often, financial institutions will set aside competition to develop programs to meet the needs of our communities. I am pleased to say that the banks in Nevada have successfully partnered on programs ranging from down-payment assistance to technical assistance and training for home-based day care centers. Some of these creative ideas came out of brainstorming sessions held at the Leadership Council meetings. I have been a member of the

Nevada Leadership Council for several years and find the experience invaluable. The Leadership Council provides a platform for me to share ideas, discuss regulatory issues and get questions answered. I truly believe the old saying, “No question is a dumb question.” A big “thank you” goes to the Federal Reserve Bank for creating the Council and most of all for keeping us focused.

My role with the bank has recently changed. Fortunately, I am still involved in community development, but on the affordable housing side of the business. I work with for-profit and nonprofit developers to create affordable housing opportunities for low- and moderate-income neighborhoods and families. I still serve as the liaison between community groups and the bank and continue to serve on boards and committees involved in community development service. I would say that I have the best of both worlds: I have been able to broaden my career and still remain involved in the community. I am thankful for the opportunities that have come my way, and I recommend a career in community development to anyone.



GLORIA TANG
MANAGING DIRECTOR OF OPERATIONS REVIEW
FIRST REPUBLIC BANK

Ever since my husband picked up golf, I have found myself becoming more involved in golf the same way that I have gotten more involved in community development. While my husband hits balls at the range, I practice my putting—and practice, and practice and practice. It is very gratifying to putt that little ball into the hole! To me, presenting community development lending and investment opportunities to the Credit and Investment Committees, providing technical assistance to community-based organizations, and designing and implementing flexible and innovative community development programs require practice, just like putting.

I was born in Guangzhou, China and grew up in Hong Kong. I moved to Los Angeles in 1971 to work for Bank of America's International Banking Division. From 1971 until 1987, I progressed through the ranks of Bank of America. Ultimately, I advanced to the position of assistant vice president. In 1987, I joined Republic Bank California N.A. as a vice president to set up and oversee the International Private Banking Operations. In 1994, I became senior vice president and chief compliance officer of Republic Bank California N.A., which is known today as HSBC Bank USA. I was responsible for all the bank's compliance, including the CRA. This is when I became fascinated by community development and its

impact on our communities. In 1995, the bank's CRA officer left and I immediately volunteered to take on the job.

Being a CRA officer expanded my banking horizons. I got to know and work with many community organizations such as those dedicated to help low-income families become homeowners like Neighborhood Housing Services; small business technical assistance and loan fund providers such as Community Financial Resources Center and Asian Pacific Revolving Loan Fund; national lending intermediaries such as Local Initiatives Support Corporation and Enterprise Foundation; affordable multi-family projects such as Clearinghouse CDFI and Low Income Housing Fund; community development banks and credit unions such as Neighborhood National Bank, Community Bank of the Bay and Northeast Community Federal Credit Union; and faith-based organizations such as West Angeles Community Development Corporation and FAME Renaissance, to name a few.

I left HSBC Bank in April, 2000 to become managing director of operations review for First Republic Bank, a position in which I continue to serve. My responsibilities with First Republic Bank call for reviewing and assessing the bank's operations, monitoring internal controls, establishing operating risk management programs, and participating in the design and imple-

mentation of community development programs. I also continue to apply my experiences and knowledge in tax credits and federal incentive programs such as the Bank Enterprise Award, which encourages financial institutions to lend and invest in economically-distressed communities. In my current position at First Republic Bank, I have obtained over \$1.14 million in such tax credits and awards.

In addition to my responsibilities at First Republic Bank, I currently preside as chairperson of the Board of Los Angeles NHS, and serve on its executive committee. I am also an active member in nine other community-based organizations involved with economic development throughout Los Angeles. One of my proudest accomplishments is co-founding a community development consortium: *Bankers in Support of*. This effort allows small- and mid-sized banks in Los Angeles to pool their funds in order to provide qualified grants to community development groups and participate in large projects that have previously been funded only by larger institutions.

Based on my experience, I would encourage bankers involved in community development to explore all applicable local, state and federal incentives and to make use of these programs to increase their financial services, lending and investments in low- and moderate-income communities. Like putting, it is a practice that is truly gratifying.

District Update



CINDY WILLIAMS
VICE PRESIDENT & COMMUNITY DEVELOPMENT MANAGER
U.S. BANK, IDAHO

My career in banking began at U.S. Bank more than twenty years ago as a relief teller at what was then Idaho First National Bank in Boise, Idaho. I like to consider myself “branch raised,” as I held several different branch positions during my first few years. Over time, I gradually moved into other roles within the bank: marketing, advertising, volunteer recruiting and event and sponsorship management.

In 1998, I was given the great honor of becoming community affairs officer and events and sponsorship manager. As community affairs officer, I had my first real introduction to CRA through our grant program. Eventually, the community investment department was reorganized, and my love for community work and the opportunity to strengthen my relationships with nonprofits throughout the state led me to my current position as the community development manager of Idaho.

In my current role, I am responsible for actively representing the bank in community and economic development initiatives. I develop and maintain strategic alliances with governmental agencies, community groups and organizations representing diverse community interests. I make recommendations to management and assist business units with CRA-related business development through the identification of key groups, neighborhoods and opportunities. I also administer the bank’s charitable giving program in Idaho and provide consulting to employees on community boards. I also need to be knowledgeable about local

and national legislative developments as well as other issues that directly or indirectly impact our grant-making and community-building strategies.

At U.S. Bank, we’re proud of the partnerships we have developed to serve the financial needs of our communities. One component of our outreach strategy is to partner with effective faith-based organizations. In Idaho, we have developed strong partnerships with several faith-based organizations. Listed below are some examples of how these partnerships have benefited the community:

- ▶ *Mercy Housing Idaho:* Our relationship with Mercy Housing Idaho includes charitable gifts for pre-development activities at several sites in the state. We have also provided permanent financing and helped develop a community resource center for their multi-family housing complex in Mountain Home, Idaho. Two U.S. Bank employees serve on Mercy’s board, which gives us the opportunity to work closely with the organization’s staff and take a proactive role with community projects
- ▶ *Habitat for Humanity:* U.S. Bank proudly supports the eight chapters of Habitat for Humanity in the state of Idaho. Our charitable giving to these organizations has helped the completion of eleven new homes for low-income families over the past three years
- ▶ *Boise Rescue Mission:* When the Boise Rescue Mission identified the need to provide transitional hous-

ing for women and their children in Idaho’s Treasure Valley, U.S. Bank provided a grant for the capital campaign to renovate a church. This renovation allowed the organization to provide rooms for women and children, as well as life skills training and GED support. The organization also acts as a referral resource for additional services

When developing partnerships, it is important to determine whether the mission and purpose of the faith-based organization fits with the mandate of CRA (i.e. providing services that support the low- to moderate-income individuals and families in your community). This might include job skills training, computer labs, welfare-to-work programs or basic family education. Relationships with faith-based organizations can provide opportunities in several of the CRA test areas, such as financing for multi-family or transitional housing sites, investments such as tax credits, charitable giving and in-kind donations of furniture or office space. Banks can also provide services to faith-based organizations, such as technical support for life skills training in the basics of banking, board service or sharing financial expertise.

Cultivating relationships with faith-based nonprofits benefits all the parties involved—the organization, our bank and the community in general. I am proud to have the opportunity to work for an organization that encourages me to help make that possible every day.



ISLAMIC FINANCE

and the U.S. BANKING SYSTEM

by Margaret Tyndall, Community Affairs Manager,
Federal Reserve Bank of Minneapolis

What would you do if you wanted to buy a home or take out a loan for your business but your religion prohibited you from paying interest? Millions of Muslims currently living in the United States and some Jewish and Christian believers face this situation.

The Federal Reserve Bank of Minneapolis is the facilitator of an initiative established to find ways for Muslims and others to finance homes or businesses—ways that will not violate an important religious principle that prohibits the paying or receiving of interest. Partners in the initiative include local, state and federal government agencies, banks, community development corporations (CDC) and nonprofit housing organizations, a secondary market investor and Islamic and Somali community organizations. We in the initiative do not have the answers yet. We are gaining an appreciation of Islamic finance, and this article is presented to aid in an understanding of the issues.

INTEREST VERSUS PROFIT AND LOSS

So what is the Islamic view of financial transactions? Wafiq Fannoun, president of Reba-Free, LLC, an Islamic financial, investment and consulting service, and consultant to Neighborhood Development Center (NDC)¹ in St. Paul, Minnesota, wrote on this subject for NDC. According to Mr. Fannoun, “Islam’s aim from any financial transaction is to maintain economic justice between those who have and those who have not. It is essential in Islam that all parties involved in a financial transaction share the actual profit or loss of a venture, and that no one gets predetermined com-

pensation such as interest. In effect, the Islamic system functions much like western equity financing, while protecting borrowers from leveraging themselves into the poorhouse.”

Mr. Fannoun goes on to state, “In the Quran and the teachings of the Prophet Muhammad (PBUH)², it has always been understood that investors have the right to a decent rate of return as long as they share the risk and maintain the economic justice for all. Islam does provide alternative forms and techniques of financing which works within these parameters of maintaining the economic justice and sharing the risk.”

Thus, under the Islamic principles guiding our initiative, financing involving interest or *Reba*, as interest is called in Arabic, is prohibited while a profit or loss on financial participation in an activity is not. Therefore, while Muslims cannot pay (or earn) interest, they

¹ *The Neighborhood Development Center is a nonprofit community development agency offering business training, loans and technical assistance to help inner-city residents revitalize their neighborhoods. In partnership with 18 community groups, NDC has helped nearly 400 entrepreneurs open businesses since 1993. www.windndc.org/*

² *peace be upon him.*

can pay (and earn) a profit. This is an important point: Reba-free financing will likely cost the same as a standard loan. Under Islamic principles, the person providing the financing, who has an ownership interest in whatever is being financed, is entitled to a profit, just not in the form of pre-determined interest. And of course, the expected profit could turn out to be a loss. But how would this work in the traditional American system of debt financing and banking?

ISSUES IN THE TWIN CITIES

The Twin Cities of Minneapolis and St. Paul have experienced an influx of Somali refugees over the past several years. Combined with Muslims already living in the area, it is estimated that the population of Muslims in the Twin Cities metro area is around 100,000. Two acute needs are driving the initiative facilitated by the Minneapolis Reserve Bank:

- The Twin Cities has few rental properties with enough room for families. In this market, families are expected to buy houses
- Many Somali refugees have followed the path of other refugee groups and become entrepreneurs. They have started small businesses, financed through gifts and equity investments from family and community members. Now many of these businesses face a critical need for working capital in amounts larger than the community can provide

ISSUES IN BUSINESS FINANCE

Business finance, especially finance of durable goods, is perhaps the easiest type of Reba-free financing to do. Lease-to-own arrangements are common for business equipment and can work quite well for Muslim business owners. More difficult is the provision of working capital, since this likely requires the provider of the capital to take at least a limited equity position

in the business. Current United States banking laws, with limited exceptions, prohibit banking organizations from participating in such arrangements, leaving this type of financing to government agencies and nonprofit organizations. For example, NDC, a nonprofit community development agency in St. Paul, offers an Islamic financing program, and to date has closed four Reba-free business financing arrangements. Also, the City of Minneapolis Community Development Agency is investigating ways to do Reba-free financing of working capital.

“Under Islamic principles, the person providing the financing . . . is entitled to a profit, just not in the form of pre-determined interest.”

ISSUES IN HOUSING FINANCE

Housing finance may be the most difficult to arrange Reba-free. If all parties to a financial transaction must be in a position to share the actual profit or loss of a venture, then the financier must share the equity risk and rewards of purchasing a home. That means that the financier maintains an ownership interest in the home. Certainly, homes have been bought and sold on this basis. In times of high interest rates, sellers take a contract-for-deed and the homebuyer does not actually own the home until the final payment is made. This method of financing has also been used in the past in minority communities unable to get financing from local lending institutions. But when rates are low and the markets are functioning well, sellers usually prefer to get their equity at the time of sale and sever all ownership in the property.

So if the seller does not share in the

profit and loss with the buyer, who does? The bank does not want to own the house, nor generally could it maintain an equity interest in the house under current banking laws. So could the financier be a government agency, perhaps the state housing finance agency, or a community development corporation that would own the home and sell it on a lease-to-own or contract-for-deed basis? But, would a state agency be willing to devote or a CDC be able to raise enough funds to finance a large number of homes for 15 to 30 years? In the Twin Cities alone, there are an estimated 15,000 to 20,000 Muslim families.

And there are other issues. Who makes sure the home is maintained? How would tax benefits such as homestead property taxes and tax deductibility of home mortgage interest work? Finally, Islam has no formal clerical hierarchy. Local scholars often make rulings as to the acceptability of a financing arrangement. So how do national financiers make certain that products they establish will be acceptable to Muslims throughout the country?

SEARCHING FOR SOLUTIONS

We are considering all of these questions and more. We are looking at pilot Muslim financing projects. We are talking to our counterparts in other communities, such as Detroit, that have large Muslim populations. We are looking at various financing models to see if we can craft models for commercial, consumer and mortgage financing that will work on a large scale. These models include Habitat for Humanity, lease-to-purchase, cooperative ownership, financing arrangements that use an intermediary such as NDC and the taking of a mini-equity position in a business. We are also considering having various financing models submitted to the worldwide Fatwa, a group of eminent Islamic scholars who offer religious opinions that are widely accepted throughout Islam.

This project is a learning experience. Those working on this initiative who are not Muslim are increasing their knowledge of Islam and alternative financing methods. Those who are not bankers are increasing their knowledge of American lending practices. We are joined together to find a way for American followers of Islam and other interest-averse religions to participate fully in the community and economic life of this country. **CI**

For more information, please contact Margaret Tyndall at (612) 204-5063 at the Federal Reserve Bank of Minneapolis.

ABOUT THE AUTHOR



MARGARET TYNDALL is the manager of Community Affairs at the Federal Reserve Bank of Minneapolis, a position she assumed in 1995. For five years prior to that, she was in the Consumer Affairs section of the bank-

ing supervision department of the Fed, where she specialized in CRA and HMDA issues. Her banking experience also includes seven years at First Bank System (now US Bank), where she was employed in various divisions including trust and retail banking as a strategic and financial planner.

Ms. Tyndall has an MBA from the University of Minnesota and a BA in sociology from the University of Illinois.

THE JEWISH COMMUNITY FEDERATION

by Jeff Goldman, Media Relations Manager

The Jewish Community Federation (JCF) of San Francisco, the Peninsula, Marin and Sonoma Counties was founded just after the turn of the 20th century to ensure that San Francisco's growing Jewish community could provide its members with funds for food, shelter and burial. Today it ensures the survival and growth of the Jewish community through fund-raising, planning and community building. The JCF is a unique model for community involvement and action; volunteer members work together to assess needs, develop plans, raise money and develop financial resources to serve the needs of the Jewish community locally, nationally and around the world.

JCF's fundamental philosophy derives from the religion, culture and accumulated wisdom found in Jewish literature and experiences throughout history. Among these is *tikun olam*, translated as "repairing the world." JCF embodies the Jewish belief that human beings must act as guardians of the world and act with compassion toward the most vulnerable people in it.

While 100 Federation employees manage day-to-day operations, the JCF

ultimately is governed by a volunteer board of directors and dozens of committees. Lay leaders chair and staff various committees that make decisions on behalf of the community.

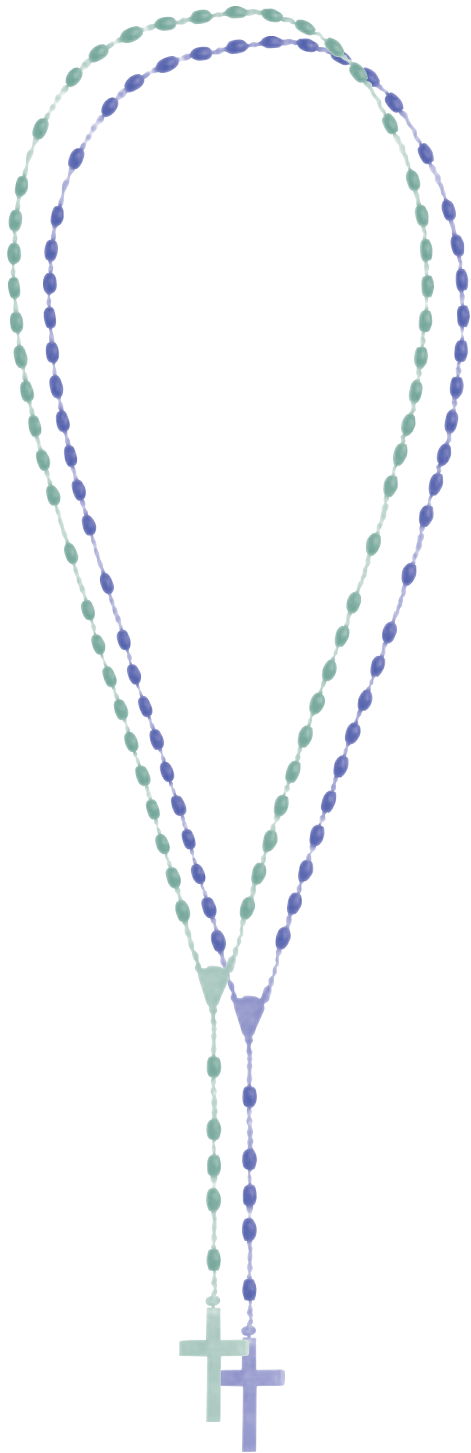
Thanks to the outstanding efforts of its volunteers, staff and lay leaders, the JCF last year was able to raise more than \$22 million through more than 15,000 individual gifts made by Jews living in this service area. More than half the funds support local agencies and institutions that provide a wide array of services in areas such as Jewish education; campus programming and support for more than 10,000 Jewish students at seven universities in Northern California, culture and the arts, émigré resettlement, day care for the very young, nursing home care for the elderly, and family and youth services. Several of JCF's programs also support the community at large; in particular, the Community Centers, the social service agencies and early childhood programs are used by a wide variety of people in the community.

One of the JCF's local constituent organizations, the Hebrew Free Loan Association, provides interest-free loans to

community members who want to buy a home, finance a small business, or who need assistance in covering basic living costs. The loans provided by the 100-year old association make dreams of homeowner-ship, enterprise, and education a reality.

A portion of funds are also allocated to the United Jewish Communities (UJC), the single largest Jewish philanthropy in existence, which fulfills JCF's mission on a national level. Approximately one-third of JCF's 2001-02 annual campaign was allocated for Israel and overseas services. The majority of these funds were sent to international organizations that provide for Jews in need in Israel and throughout the world, including the Jewish Agency for Israel, which resettles immigrants from the former Soviet Union, Kosovo, Ethiopia and other countries.

To learn more about the services of the Jewish Community Federation, contact Jeff Goldman, media relations manager at 415/495-4897 or via email: jeffg@sfjcf.org. The website address is: www.sfjcf.org.



CATHOLIC COMMUNITY DEVELOPMENT

by Amy Widstrom, Resource Development Coordinator,
Mercy Housing California

Almost 1,000 Catholic organizations work nationwide to address community needs. Community programs addressing a variety of issues, including the needs of the homeless, elderly, working poor, immigrants and people with other special circumstances, are carried out by these organizations, serving millions of people annually.

When first started in the 15th century, charitable acts performed by Catholic groups were often focused on healthcare: caring for the sick and elderly or housing ill children. Over time, the Church realized that it could not address healthcare alone; that in order to ensure good health, one must have a safe, secure home and adequate nutrition. It was a monastery in the 17th century that first combined housing with services, creating the first Catholic orphanage. This tradition has continued with many changes over time, but the mission remains the same: to help those in need by providing comprehensive services to address the many issues facing individuals and families today.

This is not to say that all organizations approach this mission in the same way. In fact, the Bay Area is home to two nationwide not-for-profits, Catholic Charities and Mercy Housing California (MHC), which serve as perfect

examples of the structural variety found when examining Catholic agencies. This article will look at the differences in programs offered and the various ways in which these organizations are funded today.

ORGANIZATIONAL STRUCTURE AND PROGRAM IMPLEMENTATION

At first glance, Catholic Charities and Mercy Housing may appear similar in structure: they are both nationwide, not-for-profit Catholic organizations. Despite this, the foundations of these organizations are vastly different, leading to fundamental operational differences. Catholic Charities exists in most major cities and is founded by a local parish, archdiocese or diocese. While they operate out of different offices and are 501 (c)3s, the organizations are inextricably bound to the local Catholic Church. This offers the charity a wealth of advantages, including the strength of the local Catholic community.

Mercy Housing, Inc. (MHI), also a not-for-profit 501 (c)3, was founded by the Sisters of Mercy of Omaha in 1981 and has since grown into a nationwide organization. They have several offices in California, one in Washington, one in Idaho and others representing the Midwest, Southwest and Southeast. MHI is sponsored by 11 Orders of

Full-time minimum wage equals \$16,726 annually, or \$1,393 a month. 52% of the poor population in America are working poor.

Approximately 13.6 million children under the age of 12, 29% of all children, cope with hunger or the risk of hunger over the course of a given year.

Catholic Women Religious and is not part of the Catholic Church structure. This difference has to be explained when introducing Mercy Housing in a community.

Mercy Housing, Inc. is an affordable housing developer committed to creating and strengthening healthy communities through the provision of quality, affordable, service-enriched housing for individuals and families who are economically poor. In addition, Mercy Service Corporation, an affiliate of Mercy Housing, manages all MHC properties and coordinates the provision of on-site services for residents, including after-school programs, English as a Second Language (ESL) classes, food and clothing banks and computer classes. While Mercy Housing provides both housing and services, the main focus of their work is housing, with Mercy Services providing the resources and support for on-site programs.

Initially, Catholic Charities San Francisco developed housing as well, but found that their resources could simply not support the volume of work required to establish the necessary partnerships and maintain the infrastructure to support this mission. Instead of creating a separate entity as MHI did, Catholic Charities chose to eliminate housing from its programs offerings and to work with other not-for-profit

housing providers, such as Mercy Housing, to ensure that affordable housing continues to be developed and that crucial services are provided in housing developments.

Focusing only on services has allowed Catholic Charities to develop strong programs that help those in need, and address many of the concerns facing communities today: homelessness, hunger, HIV/AIDS, support for the elderly and services for immigrants. These programs are offered in cooperation with other organizations and not-for-profits, who may provide the location for service delivery or other services that complement Catholic Charities' mission.

While the goal of the two organizations differ—one focusing primarily on housing and the other on programs, the problems being addressed are fundamentally the same. Mercy Housing California and Catholic Charities often work together to provide comprehensive care for those in need, combining housing and services in a centralized location.

WHERE DOES THE MONEY COME FROM?

The obvious question about these programs and organization is, who pays for them? While fundraising for not-for-profits varies depending on the organization and the cause, most are funded through a combination of individual gifts and grants requests.

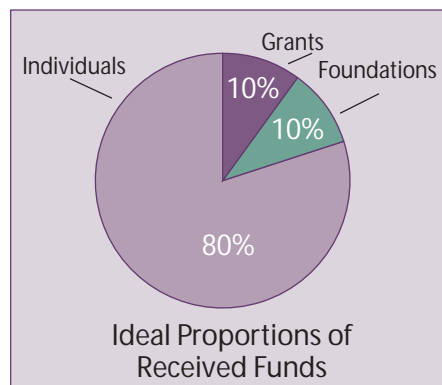
To establish a strong fundraising program, professional fundraisers suggest that the ideal breakdown of fund-

ing is 80 percent from individuals, 10 percent from foundations, and 10 percent from grants. In fact, the majority of nonprofit organizations raise funds in these three ways; however, the breakdown does not necessarily match the ideal for a number of reasons.

There is one overriding challenge for Catholic organizations: the assumption that the Church—with a reputation for being well funded—provides funding for all Catholic organizations. Whether or not this is explicitly stated, changing this perception is a major focus of most Catholic fundraising programs. One of the biggest differences between Catholic Charities and MHC is Catholic Charities' direct link to the local parish, diocese or archdiocese. This provides opportunities not available to other Catholic not-for-profits—namely, direct access to a portion of the population that presumably supports Catholic causes—which are vital to their fundraising efforts.

While Mercy Housing California is a Catholic organization, it is not directly affiliated with parishes, diocese or the archdiocese, which makes reaching this “natural” constituency a bit more challenging. Support from the Church then is limited for organizations like Mercy Housing, which must pursue donations from a broad base of individuals, corporations and businesses to sustain their work.

MHC depends heavily on grants from foundations and corporations with support from the co-sponsoring congregations of Women Religious. Individual donors, the smallest source of fundraising dollars, tend to be those who were educated by nuns or worked with them in schools or the healthcare arena, and those who are committed to the cause of affordable housing. The key to building our individual donor base is focused on broadening the awareness and understanding of the work of Mercy Housing.



ABOUT THE AUTHOR



AMY WIDESTROM is a resource development coordinator for Mercy Housing California. She specializes in public relations and special events, such as groundbreaking and grand opening celebrations. Before joining Mercy Housing, she worked with a large fundraising event production company, and served as fundraising staff for the Bill Bradley for President Campaign.

Amy received her bachelor's degree in English and theater in 1999 from Oberlin College.

HOW YOU CAN HELP

Lending institutions, corporations and foundations provide a large source of funding for Catholic charity funding through grants, low-interest loans and event sponsorship and underwriting. Recognizing that these three funding sources often have relationships with one another helps build support and awareness for charities by simply educating one another about the programs and agencies they each support.

Here are some ways businesses can and are helping local charities in their fundraising efforts:

- 1 *Identify funding priorities:* Knowing what programs, age group or geographic area is of interest to a funder helps charities focus their efforts. Having stated priorities may also allow funders to make larger donations to a select group of charities who address those stated priorities.
- 2 *Support operations of charities:* Nonprofits are grateful for all funding, but often there is a dearth of funding for basic operational costs, which are responsible for maintaining day-to-day tasks. Both operational and programmatic support is necessary for the sustainability of an organization.
- 3 *Foster ongoing communications:* Site visits by lending officers and program officers, as well as phone conversations with grant writers and program staff can greatly enhance the funder's knowledge of the work of an organization. Ongoing communications help to ensure that the charity's programs and the funder's priorities match.

4 *Facilitate new partnerships/funding opportunities:* Banks, corporations and foundations can introduce charities to their business partners as a way to help create new funding partnerships. Other funding opportunities might include low-interest loans, free checking accounts for program participants of a charity and first-time homebuyer assistance.

5 *Highlight charities in company publications:* One way to increase awareness for a charity is to write an article in your company's publication. In this way, the funders' employees and business partners can learn about an organization that they otherwise may not have known. The charities can assist in writing these articles or providing background information.

6 *Serve on boards/committees:* The professional expertise that executives of bank, corporations and foundations can bring to a nonprofit are invaluable and help to ensure accountability of program outcomes.

These are just some of the ways in which businesses can and do support local causes. Such partnerships are vital to agencies like Mercy Housing California as we work to address needs faced by individuals and families. **CI**

To discuss partnership opportunities, please contact Amy Widestrom at (415) 553-6384 or via email: awidestrom@mercyhousing.org.

BLESSED HOUSING

St. Andrew's Housing Group

by Linda Hall, Executive Director

BACKGROUND

St. Andrew's Housing Group (SAHG) is a private, nonprofit corporation, founded in 1989 by members of St. Andrew's Lutheran Church. Congregation members responded to the call by county government for an organization to provide affordable housing east of Seattle, where housing costs were quickly soaring out of the reach of families working in service-sector occupations.

The mission of the SAHG is "to provide quality housing communities for those in financial need on the Eastside." Its primary activity is the development and management of permanent affordable rental housing, through new construction as well as acquisition and rehabilitation. Today, SAHG owns and operates six affordable housing projects, which provide 190 units for families throughout the community, regardless of religious affiliation.

Our priority remains seniors and families, which we believe represent the two groups most in need of affordable housing. To be eligible to rent one of these units, an individual or family's earnings cannot exceed 60 percent of the median income. In 2001, median income for a family of four in King County was \$72,200.

In addition to housing development, SAHG is bound by its mission to encourage and support residents' efforts to develop greater choice and independence. SAHG residents who need support or access to family and social services are referred to Eastside service agencies, such as Hopelink, Catholic Community Services and other faith-based organizations that

"It was clear we needed to do more with our faith (than) run up and down the aisle proclaiming what we believe. Faith should speak through action."

Jim McEchran, pastor
of St. Andrew's
Lutheran Church

provide emergency financial assistance and food. A volunteer group of community members, the Resident Relations Committee, sponsor social events at different properties and provide welcome baskets to new residents.

ADMINISTRATION AND FUNDING

When approached by a fellow congregation member, church members agreed to provide an initial \$2,000 in start-up funds. They have since provided many thousands of volunteer hours, office space and annual benevolence gifts. The group of volunteers that "staffed" SAHG in the early years set up the organization as a 501(c)3. We are a non-religious organization governed by a twelve-member, all volunteer board of directors from throughout the community, and staffed by a director, housing developer, finance manager, fund developer, bookkeeper and administrative assistant. Program operations and ad-

ministration are funded through a combination of project development and management fees, contributions from individuals, businesses, charitable foundations and an annual fundraising auction.

Housing projects are funded using combinations of government funding, bank financing, local contributions and tax credit equity. For instance, the \$1.4 million cost of St. Andrews Arms, a 14-unit complex built in 1992, was met using \$500,000 in tax credits for National Equity Fund's investors along with county and state funds. These funds were critical to paying off bank loans, which enabled us to garner a very low interest rate on the permanent loan. Use of government funding to develop projects requires compliance with fair housing and nondiscrimination policies; therefore, SAHG cannot require residents to be of a specific doctrine. This has not presented any conflicts with the founders' intent.

CALL TO ACTION

The unique strength of St. Andrew's Housing Group is the involvement and commitment of the many volunteers who contribute time, talent and funds so generously to support its activities. Volunteers who serve on the board and on committees represent many sectors, including banking.

To learn more about our housing projects, please contact Linda Hall at (425) 746-1699 or via email: lindah@sahg.org

Lutheran Alliance to Create Housing

by Russell Beck, Executive Director



The Lutheran Alliance to Create Housing (LATCH)¹ is a faith-based nonprofit corporation, which functions as a coalition of Lutheran congregations located between Everett and Tacoma, Washington, dedicated to providing affordable housing. The LATCH mission is to advocate for and create high quality, affordable housing in the Puget Sound region² for families and individuals unable to pay market rents. Today, LATCH has 36 member congregations, and owns and manages 130 apartments and houses, providing stable, affordable homes to more than 350 people. In 1999, the average household income of LATCH residents was \$20,500 while the average rent on a 2-bedroom apartment in King County was \$800 per month or \$9,600 per year.

About 75 percent of units are operated as cooperative rental housing where each resident shares in the property's management and maintenance. Residents keep the grounds clean, collect rents, interview prospective tenants and participate in community meetings. Residents generally spend up to ten hours per month in cooperative activities. The goal of LATCH cooperative housing is to instill three key values: a protective environment, pride of place and personal development.

LATCH began in 1988 as a project of Lutheran Social Services (LSS). A handful of lay people from four Seattle-area Lutheran congregations came together to address what congregations could do about homelessness and the need for affordable housing. Early on,

the group decided that its purpose was twofold: increase the supply of affordable housing and serve as a resource to the local churches in their individual efforts to combat homelessness.

LATCH was designed as a federation of member congregations, each committing to pay annual dues of at least \$300 and to provide up to two members to represent their congregation. Some early congregations provided far more. Congregations often made donations far in excess of annual dues—all offerings of faith and hope for the future, given that no one at LSS or on the LATCH board had much expertise in housing. In addition to a passionate desire to address the need and faith in the future, the first LATCH board also had a sense of humor. In July 1991, with eight member congregations and \$12,000 in the bank, the board hired a half-time administrative coordinator at \$15,000 per year.

A year later, LATCH purchased the Easternwood Apartments, a 27-year old, eight-unit apartment building, and the adjoining vacant lot. In July 1993, construction of ten new townhouses began on the vacant lot along with a renovation of the eight older apartments. The \$1.9 million project was financed by a fifty-year, one percent loan from the state of Washington's Housing Trust Fund, a private bank

construction loan, tax equity from a limited partner in a low-income housing tax credit partnership, a deferred loan from King County, local Community Development Block Grant funds and \$119,000 in private donations including \$20,000 from individuals and churches.

The State of Washington, King County, the city of Seattle, and the Washington State Housing Finance Commission invested in three additional LATCH projects between 1994 and 1996. In 1996, LATCH purchased the nine-year old, 39-unit Bergan Place Apartments with a \$1 million deferred loan from the city of Seattle, a \$765,000 loan from the state, and a private bank loan of \$500,000. In June 2001, LATCH completed construction of Longfellow and Westwood Court Cooperatives, a 45-unit townhouse project, developed in part with a HOPE VI grant from the U.S. Department of Housing and Urban Development.

In 1999, LATCH played a critical role in creating new resources for housing when, along with hundreds of advocates, staff, board, residents, church members and volunteers, the organization worked diligently to carry an urgent message to legislators. House Bill 1345 became law on May 7, 1999, bringing operating stability to over 8,000 units of nonprofit-owned low-income housing throughout the state and increasing the financing available for low-income housing. By redirecting what had been reserved for taxes, nonprofit CDCs now have more available funds for debt service and can borrow more money from banks and less from government programs. As much as \$11 million per biennium in new bank loans for low-income housing may result from this legislation.

1 www.latch.org

2 *The Puget Sound region comprises five counties covering about 2000 square miles along Puget Sound bay.*

LATCH *continued*

Today, LATCH opens a new chapter of continuing growth and change as it responds to the challenges of providing affordable housing. With an operational budget of \$600,000 and a staff of 13, people and their ideas continue to be major organizational resources. Expertise in all areas of housing, fund raising and advocacy are critical to our continued success. LATCH actively seeks volunteers from the community to serve on our committees which include fund raising, advocacy and property development.

For more information please contact Russ Beck at (206) 789-1536 or via email: rbeck@latch.org.

ABOUT THE AUTHOR



RUSSELL BECK began his current position as executive director in May 2001. Prior to that Russ served as executive director of the United Way in Salem, Oregon. In this capacity he was involved in the development and construction of a new 6,300 sq. ft. community center and headquarters. He also saw United

Way double its contributions during this period. Previously, Russ was the executive director of two other United Way organizations.

Russ earned a full scholarship to the State University of New York at Buffalo as a defensive tackle where he played three years before an injury cut his football career short. He transferred to Portland State University where he graduated with a degree in English in 1973.

As a Holt International Children's Services board member, Russ has made five trips to India—what he terms "Stork Duty"—delivering eight children to new adoptive parents in the U.S. Russ and his wife Gretchen will celebrate their 30th wedding anniversary in February 2002 with their two children Jeff, 18 and Christine, 16.

Providence Housing

by Helen LaMar, Board Member

Providence Foundation Redevelopment Housing Project was conceived under the leadership of Calvin Jones, Jr., pastor of Providence Baptist Church in San Francisco, California (PBC). For some time, he and the congregation of PBC envisioned creating senior housing for a large number of seniors, who are members of the church and the community at-large. Further fact-finding and many discussions confirmed the vision that a great need indeed existed for senior housing in San Francisco's Bayview-Hunter's Point neighborhood. With this confirmation, the church moved to formalize plans to develop a quality senior housing project.

The primary and most formidable obstacle would be identifying land. Church leaders realized that the most readily available would be the land where the church's parking lot stands. However with the redevelopment and transit changes—including a proposed

light rail system—occurring along the corridor in front of the church, the church could not afford to give up its parking spaces. Spaces needed for not only two services on Sunday, but for patrons of the numerous church activities held during the week. The final solution was to build a mixed-use development with ground-level commercial space, sub-level parking and residential units above the commercial and parking areas.

Providence Foundation of San Francisco (PFSF) was organized and met with local city officials to discuss the merits of the project. Once city officials were onboard, PFSF set out to seek a nonprofit, housing development partner for the project. After many months of searching, PFSF has developed a memorandum of understanding with two partners: Christian Church Homes and the San Francisco Housing Development Corporation. Each partner brings strength to the

project that will result in a successful HUD 202 application and, ultimately, a successful development.

In February 2001, a final decision was made to move forward with the development. The projected \$13 million project will yield 58 units of very low-and low-income senior housing. As with any project of this magnitude, financing is expected from a combination of sources, which have been identified so far to include HUD's supportive housing for the elderly program (Section 202),¹ the Mayor's office and the San Francisco Redevelopment Agency.

The foundation president, James Blanding, can be reached by phone at (415) 642-0234 or via email: jblandingsprint@earthlink.net.

¹ www.hud.gov:80/progdesc/zeldrl14.cfm

District

2002 CRA CONFERENCE SCHEDULE

WEDNESDAY, JANUARY 30

8:00 a.m.– 9:00 a.m. Registration and Networking Breakfast
 9:00 a.m. – 11:45 a.m. OPENING SESSION AND DISCUSSION
Trends in Community Development
 Moderator: *Sandy Braunstein*, Federal Reserve Board
 Panelists: *Alan Fishbein*, Center for Community Change
Joe Pigg, American Bankers Association
Roy Priest, National Congress for Community Economic Development
Robert Rowe, Independent Community Bankers Association
Charles Tansey, Neighborhood Reinvestment Corporation

12:00 noon – 1:15 p.m. Luncheon Address: Dr. Julianne Malveaux
 1:30 p.m. – 4:30 p.m. CONCURRENT TRAINING
 CRA Compliance: CRA Examination Process Overview
 Investments: Community Development Equity Investments (part 1)
 Lending: Small Business
 Service: Financial Literacy
 Community Building: Oakland Multi-ethnic Neighborhood Tour

5:00 p.m. – 7:00 p.m. FANNIE MAE RECEPTION

THURSDAY, JANUARY 31

7:30 a.m. – 8:30 a.m. Networking Breakfast
 8:30 a.m. – 11:30 a.m. CONCURRENT TRAINING
 CRA Compliance: CRA Examination Preparation
 Investments: Fixed-income Investments
 Lending: Multifamily Housing
 Service: Creative Delivery Channels
 Community Building: San Francisco Chinatown Tour

11:45 a.m. – 1:15 p.m. LUNCH: 2002 CRA AWARDS CEREMONY
 Presenter: *Dean Schultz*, Federal Home Loan Bank of San Francisco

1:30 p.m. – 4:30 p.m. CONCURRENT TRAINING
 CRA Compliance: Lending Performance and the CRA Examination
 Investments: Community Development Equity Investments (part 2)
 Lending: Single Family Housing
 Service: Community Involvement
 Community Building: San Francisco Mission District Tour

5:00 p.m. – 7:00 p.m. FREDDIE MAC RECEPTION

Early-bird registration deadline is December 21, 2001. Online registration is available at www.frbsf.org/community/index.html or call Bruce Ito at 415/974-2422 to receive a brochure.

FRIDAY, FEBRUARY 1

7:30 a.m. – 8:30 a.m. Networking Breakfast
 8:30 a.m. – 11:30 a.m. CONCURRENT TRAINING
 CRA Compliance: Performance Under the Investment & Service Tests
 Investments: Developing A Corporate Giving Strategy
 Lending: Community Facilities
 Service: CRA-related Products & Services
 Community Building: Serving Non-urban Communities

12:00 noon LUNCH: FFIEC CONSUMER COMPLIANCE TASK FORCE PANEL DISCUSSION
 Moderator: *Terry Schwakopf*, Federal Reserve Bank of San Francisco
 Panelists: *Steve Cross*, Federal Deposit Insurance Corporation
David Hammaker, Office of the Comptroller of the Currency
Glenn Loney, Federal Reserve Board
Richard Riese, Office of Thrift Supervision

1:30 p.m. ADJOURN

Bulletin

—REFERENCES, RESOURCES AND OTHERS—

FAITH-BASED WEBSITE

As part of Fannie Mae's national faith-based initiative, they have collaborated with the National Congress for Community Economic Development and the Federal Reserve Bank of Boston to develop and launch "Faith & Community @ Work," an information website designed to provide faith-based organizations with news and information on faith-based community economic development, access to written publications and resources, and links to a range of education, training, technical assistance service providers and funding sources. The website address is:

www.faithandcommunityatwork.com.

2002 LEADERSHIP AWARD

The Ford Foundation is currently accepting nominations for a leadership award program to support efforts that create positive change in communities. The deadline is January 4, 2002. Your nomination may result in an award that provides significant funding to support work in your community.

For nomination guidelines or to request a nomination packet, visit their web site: <http://leadershipforchange.org/nomination/> or contact the Advocacy Institute at 202/777-7560.

Email: nominations@leadershipforchange.org.

SECTION 184 TRAINING

If you have been involved in *Sovereign Lending* workshops and/or task force meetings, you may recall the challenges tribal members face when trying to obtain a loan to purchase a home on a reservation or rancheria, particularly on trust land. HUD's 184 Loan Guaranty Program addresses many of these challenges if lenders and tribes are willing to participate in the program. However, without *both* banks and tribes participating, the program doesn't work. For lenders with reservations in their area, participation in this program may help boost performance under the Community Reinvestment Act.

For a list of 2002 training dates, visit HUD's Code Talk website at: www.codetalk.fed.us/loan184.html or call the Office of Native American Programs at 800/561-5913.

CALL FOR PAPERS

The Community Affairs Officers of the Federal Reserve System are sponsoring their third biennial research conference, *Sustainable Community Development: What Works, What Doesn't and Why*, March 27–28, 2003. The conference will bring together a diverse audience from academia, financial institutions, community organizations, foundations and government to learn about research in the community development arena.

Individuals interested in presenting research should submit a completed paper, detailed abstract, or proposal by April 22, 2002 to: WILLIAM C. HUNTER, Senior Vice President and Director of Research, Federal Reserve Bank of Chicago, 230 South LaSalle Street, Chicago, IL 60604. Email:

Academic-Systems-Conference@chi.frb.org

or phone: 312/322-5810.

ANNOUNCEMENT RESOURCE

Community Investments' District Bulletin is an excellent venue to announce your organization's CRA-related services, research, events and investment opportunities. In 2002, *Community Investments* will be published quarterly (March, June, September, December). The deadline to submit an announcement is approximately six weeks prior to publication. Announcements should be no more than 50 words and can be submitted via email to: lena.robinson@sf.frb.org.

— CONFERENCES AND SEMINARS —

March 11–13

Housing and Community Development University sponsored by Fannie Mae; Oakland, California.

HCD University is designed to help affordable housing professionals do business more effectively with Fannie Mae's housing and community division. The curriculum provides information, resources, and training on Fannie Mae's wide array of products, services and investment tools. Please call Frances Robinson at 202/752-4186 or e-mail to: frances_d_robinson@fanniemae.com with questions.

April 29–30

National Low Income Housing Coalition's Annual Policy Conference; Washington D.C.

Visit their website at: www.nlihc.org/ or call 202/662-1530 for additional information.

May 4–5

12th Annual Oweesta Conference: Strengthening Native Assets sponsored by First Nations Development Institute; Honolulu, Hawaii. To register, phone 540/371-5616.

This conference has been rescheduled from the September 2001 date and will serve as a biennial event. Conference sessions and activities have also been expanded.

May 19–22

AEO Annual Conference and Membership Meeting sponsored by Association for Enterprise Opportunity; Ft. Lauderdale, Florida.

The AEO conference provides comprehensive training as well as extensive networking opportunities to promote enterprise opportunity for people and communities with limited access to economic resources. Visit their website at: www.microenterpriseworks.org or phone 703/841-7760 to obtain registration information.

ADDITIONAL READING

Would you like to read more about the topics covered in this edition? Selected readings from various sources are provided below.

Apathy, Civic Engagement and Community Building. Michael Kromrey. PICO Reflections; www.piconetwork.org/

Faith-Based Community Development. Francis Stanley. Marketwise; Issue 3, 1999. Federal Reserve Bank of Richmond: 29–33.

The Lord's Work: the Church and the "Civil Society Sector." John J. Dilulio, Jr., The Brookings Review; Vol. 15, No.4, Fall 1997. The Brookings Institute: 27–35.

What's New about Faith-Based Community Economic Development? Roy O. Priest. Community Developments; Summer 2001. Comptroller of the Currency: 18–20.

Free subscriptions and additional copies are available upon request from the Community Affairs Unit, Federal Reserve Bank of San Francisco, 101 Market Street, San Francisco, California 94105, or call (415) 974-2978.

Change-of-address and subscription cancellations should be sent directly to the Community Affairs Unit. Please include the current mailing label as well as any new information.

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The Community Affairs Staff Wishes You a Wonderful Holiday Season!



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