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<https://www.stlouisfed.org/publications/bridges/fall-1998/lowincome-housing-tax-credits-build-so-illinois-apartments>

Low-Income Housing Tax Credits Build So. Illinois Apartments

Judy Armstrong

Cache Valley Apartments in Ullin, Ill., was the first in a series of facilities being developed for a national program providing an assisted living option to seniors who otherwise would not be able to afford it. Through the efforts of River to River Residential Corporation, a nonprofit organization formed to create high quality, affordable housing for senior citizens in southern Illinois, the Cache Valley Apartments became a reality. River to River has a volunteer board with representatives from health care, social service and educational service providers in the region.

Apartments are available to anyone at least 60 years old who meets the income and need guidelines. These are strictly apartments—tenants can come and go as they please, or they can entertain guests in their apartments or in one of the four living rooms. Each apartment has air conditioning and heating units and a kitchen furnished with a stove and a refrigerator. Tenants are responsible for their own telephones and other options such as cable TV.

The building has 40 units (22 studios which rent for \$321 a month; 17 one-bedroom units for \$405; and one two-bedroom for \$478). There are three wings in the building, each having a living room and a laundry room. In addition, a large living room and dining room are located in the front of the facility. Meals are served in a communal dining room, but residents can also fix food for themselves in their kitchenettes.

Toby Saken, chairwoman of the River to River Residential Corporation, said, "The idea is for residents to have assistance when needed but to live on their own as much as possible."

A second facility, Big Muddy River Apartments, has been completed in Murphysboro, Ill., and River to River plans to build others in Herrin and Metropolis. River to River would like to add one per year and, so far, the organization is right on target.

Tax credits for the Ullin project were bought by Mercantile Bank of St. Louis and First National Bank of Carbondale. Mercantile also purchased all the tax credits for the Murphysboro project. To begin work on the other projects, River to River is looking for smaller local banks to partner with large banks to buy additional tax credits. For more information, contact Toby Saken at (618) 985-8221.



Residents of the Cache Valley Apartments in Ullin, Ill., are able to enjoy an independent lifestyle in quality, affordable housing.

River to River Project, 1997 (in thousands)

Costs

Construction & 5% contingency	\$2,585
Developer fee	270
Furniture, fixtures & equipment	209
Predevelopment, acquisition & land preparation	236
Financing fees, interest & carrying charges	208
Architectural, attorney, consultant fees	248
TOTAL	\$3,756

Financing

Banks' Limited Partner Equity	\$2,200
Southern Illinois Healthcare & Illinois Trust Fund loans	1,180
Predevelopment: R. W. Johnson Foundation & National Coop. Bank Development Corp.	193
Deferred fee & general partner equity	103
R. W. Johnson Foundation	80
TOTAL	\$3,756



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Housing Assistance Council Builds Rural Communities

Tamme Tannehill

The Housing Assistance Council (HAC) is a national, nonprofit corporation headquartered in Washington, D.C., that helps local organizations build affordable homes in rural areas throughout the country. HAC's board of directors is comprised of members from private industry, government and nonprofit housing agencies at the national, state and local levels. It emphasizes local solutions and self-help strategies in the development of both single- and multi-family housing and promotes homeownership for working, low-income rural families through sweat-equity construction methods (helping to build houses for themselves and others). Over the past 26 years, HAC has helped build almost 15,000 units in self-help housing.

HAC commits between \$2 million and \$4 million annually in loans for project start-up costs to community-based housing sponsors.

HAC has gained a national reputation by providing loans for seed money, technical assistance, program and policy analysis, research and demonstration projects, training, and information services to public and nonprofit organizations nationwide that are concerned about affordable housing for low-income rural Americans. Its goal is to go into the most underserved states, those having the most need. With more than \$12 million in assets, HAC commits between \$2 million and \$4 million annually in loans for project start-up costs to community-based housing sponsors. Since 1972, HAC has made more than \$65 million in loans to help create more than 26,000 housing units in 49 states, the Virgin Islands and Puerto Rico.

In 1997, a \$13.5 million loan fund, the Self-Help Home Ownership Program (SHOP), was established to help produce self-help, sweat-equity housing. The funds go to nonprofit development organizations to help with the purchase of land and infrastructure costs. The organizations that receive funding commit to building a certain number of housing units within a two-year period. For example, the Appalachian Service Project committed to building 10 houses in Tennessee, and the Scott-Morgan Community Development Corporation will build eight units. In Arkansas, the CHICOT Housing Assistance Corporation committed to developing 13 units; Universal Housing Development Corporation has promised 17 houses. If an organization reaches its goal, HAC forgives up to 75 percent of the loan amount. These funds then can be used for soft seconds or for starting a revolving loan fund.

"The concept of SHOP," said Moises Loza, executive director of HAC, "is for a nonprofit housing organization to work with first-time, low-income homeowners who agree to provide sweat equity, which lowers the building costs and makes the houses more affordable. Self-Help Housing families have a strong commitment to building their homes, and it gives them a sense of neighborhood after the process is completed."

In addition to delivering thousands of hours of technical assistance each year to organizations and developers improving low-income rural housing, HAC sponsors four to six intensive training workshops each year with an emphasis on housing development, financing, construction and nonprofit management. HAC

also convenes the annual National Rural Housing Conference. For more information on HAC's programs or to learn about self-help organizations in your area, call (202) 842-8600, or check its web site at www.ruralhome.org.



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<https://www.stlouisfed.org/publications/bridges/fall-1998/indiana-gifted-with-community-foundations>

Indiana: GIFT-ed with Community Foundations

This is the third in a series of articles about foundations that are serving areas located in Eighth District states.

Indiana is a hotbed of foundation activity—with at least one organized in nearly every county of the state. During the past 10 years, community foundations in the Hoosier State have grown more than 700 percent. Currently, there are 93 community foundations or county affiliates serving 90 of the state's 92 counties. The activity challenges conventional thinking that might say only large cities have the demographics needed to support philanthropic foundations and high levels of giving.

So, what's fueling the fire? Primarily, it's a \$200-million commitment by the Indiana-based Lilly Endowment, the largest private foundation in the United States with \$12.7 billion in assets, which created the Giving Indiana Funds for Tomorrow (GIFT) program. GIFT's purpose is to nurture the start-up or expansion of community foundations in rural areas and small- to medium-sized towns. GIFT operates by offering challenge grants for building permanent endowments, operating funds, matching grants for highly visible special projects, and training for new foundation staff.

In Indiana, community foundation assets have grown from \$100 million in 1990 to more than \$625 million in 1998. Most of the \$525 million increase came from local community sources, and those serving medium-sized and small communities hold more than 60 percent of these assets. For example, Indiana has counties of 30,000 residents served by foundations with \$8 million to \$10 million in permanent assets.

Community foundations provide a boon to community development because they rally community members around local concerns. They are independent organizations that receive money from a variety of sources including individuals, corporations, government agencies and private foundations. Community foundations are designated "public charities" rather than "private foundations" by the Internal Revenue Service because they raise a significant portion of their resources—more than one-third of annual income—from a broad cross-section of the community each year.

Funds are invested to create an endowment with the earnings used each year in the form of grants that meet charitable objectives in the community. Community foundations frequently enable participating community organizations to leverage larger funding from other sources, as well as provide organizations with the tools they need to increase capacity or raise other kinds of funds.

The long-term success of communities depends on their capacity to develop good systems for continued growth. The GIFT program is helping communities pave the way for a sustainable form of funding for community development in Indiana into the future. For more information on the GIFT program, contact Jenny Kloer, GIFT Program Director at the Indiana Donors Alliance, at (317) 630-5200.

Other Community Foundation Information Sources

- **1997-1998 Directory of Indiana Foundations, Indiana Donors Alliance.**
Call (317) 630-5200, or visit www.indonors.com.
- **Community Foundations in the United States: 1996 Status Report, Council on Foundations.**
Call (202) 467-0438, or visit www.cof.org.
- **1996 Survey of Community Foundations, Columbus Foundation.**
Call (614) 251-4000, or visit <http://columbusfoundation.com>.
- **Foundation Giving: Yearbook of Facts and Figures on Private, Corporate and Community Foundations: 1998 Edition, The Foundation Center.**
Call (800) 424-9836, or visit <http://foundationcenter.org>.



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Bank's Efforts Provide Watershed for Fayetteville, Ark., Families

Kim Bowlin

In the fall of 1997, Mclroy Bank & Trust Co., in Fayetteville, Ark., was developing its marketing strategy for the coming year. The bank was looking to become involved in a community project that was broad in scope and had wide community appeal. Bank President Jim Glenn wanted Mclroy to participate in something that was unique and innovative, and would have a discernible impact on the residents of Washington County.

At the same time, Community Resource Group Inc. (CRG) was in the process of identifying partners that might assist rural residents in improving their access to water. In Washington County more than 4,000 people--about 1,900 families--do not have access to safe drinking water. In fact, many families get their water from lakes, streams or ponds, or they have it brought to their homes from a faucet someplace.

Cindy Webb, director of development and marketing for CRG, approached the bank to gain its participation in establishing a trust to finance loans that would connect families to safe water sources. Webb's pitch was based on the principal of "cause-related marketing." She used animal crackers (yes, the ones with the little string attached to the box) to illustrate her point. When Nabisco first introduced the crackers, both the shapes of the crackers and the box featured animals found at most local zoos. Now, they feature only animals that are classified as an endangered species to raise the public's awareness on the issue.

CRG had been challenged by the Ford Foundation to raise \$50,000 locally, and the foundation would then match it dollar for dollar. The deadline for getting the matching grant was May 31, 1998. Once the money was raised, CRG would use the proceeds to establish the "Safe Drinking Water Trust," which would serve as a revolving loan fund. The idea of a revolving loan fund caught Glenn's attention because he felt it served a worthwhile business purpose, benefited the whole community and recycled the funds. The program is known as In Our Backyard.

Glenn decided to promote the idea to a few local business people, and he was instrumental in bringing six additional partners to the table. The business owners were as shocked as Glenn had been to learn that such a problem could exist in one of the states most prosperous counties. According to Glenn, "If you don't know about a problem, you can't deal with it; but once you know, you can't ignore it."

One partner is Carl Collier, owner of Collier Drug Stores, who immediately picked up on the health concerns associated with not having clean water. He said people regularly get sick from drinking contaminated water or from eating food washed in it. Other business partners that enthusiastically embraced the program included



The leadership of Mclroy Bank & Trust Co. President Jim Glenn (at podium) was instrumental in creating the Safe Drinking Water Trust for rural residents of Washington County, Ark. Behind him are other partners in the In Our Backyard program. Sponsoring businesses are listed on the banner.

Superior Auto Group, Jose's Restaurant, Marvin's IGA, Upchurch Electrical Supply and Blackwood Martin/CJRW.

To heighten the community's awareness about the severity of the problem and to publicize the efforts under way to alleviate it, each partner tied its commitment to consumer product usage, such as donating a portion of each prescription filled, car sold or vehicle oil changed. Mcllroy contributed a portion of each credit card purchase by card holders during a nine-week period and included stuffers in monthly account statements to advertise the program.

The bank's customers called to say they were glad to be part of the process, buying "Water 2000" bottled water for \$1 a bottle to promote In Our Backyard. The combined efforts raised \$60,000 before the May deadline.

In cooperation with the Rural Water Authority, CRG already has started making loans to low- and moderate-income borrowers. CRG does the loan intake, underwriting and servicing. To keep repayment simple, the Water Authority includes the loan payment amount in the monthly water bill. It is expected that the typical loan size will be between \$400 and \$1,000, and terms can be for up to five years with below-market interest rates. According to CRG, the first two loans already have been made to rural residents.

As for Mcllroy Bank & Trust, it is proud to be part of the process, Glenn said. "There has been a great expenditure of time and money over six to eight months, but this was a project that was much more involved and intense than just making a contribution to a worthwhile cause."

Consideration under the CRA

"The Community Resource Group (CRG) is a multistate, nonprofit, rural development organization that seeks long-term solutions to problems faced by rural people and communities. The Southern Rural Community Assistance Program, a division of CRG, helps rural communities develop and successfully manage affordable water and sanitary wastewater disposal systems. Through a Community Loan Fund, small loans are made for community water and waste water systems for capital projects. The In Our Backyard program assists rural people directly by providing small loans.

According to the Community Reinvestment Act (CRA) regulation, Mcllroy Bank & Trust may elect to have its \$10,000 contribution considered entirely under the qualified investments test or have a portion considered under the lending test and the remaining part considered under the investment test. If Mcllroy opts to have a portion of its investment evaluated under the lending test by claiming a pro-rata share of CRG's community development loans, the amount of investment considered under the investment test will be offset by that portion. Thus, the institution would receive consideration under the investment test for the amount of its investment multiplied by the percentage of CRG's assets that meet the definition of qualified investment.



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Dress for Success—Helping Low- to Moderate-Income Women Find Jobs

Diana Zahner

Kathy Lambert didn't know when she read a magazine article in September 1997 that she was about to make a dramatic change in her life. Lambert and her partner, Kathryn Pfeiffer, owned a successful corporate training/consulting business, and she wasn't looking for any additional projects; that is, until she read about an organization in New York called Dress for Success.



Helping low- to moderate-income women make a strong impression on job interviews is the goal of Kathy Lambert and her nonprofit organization, Dress for Success Midwest.

Founded in 1996 by Nancy Lublin, Dress for Success is a nonprofit organization that provides work-appropriate clothing for low- to moderate-income women who are looking for jobs but cannot afford the right wardrobe. Clients are referred by nonprofit member organizations, including domestic-violence shelters, incarcerated women's programs, literacy programs and job training programs. In addition to receiving one-on-one counseling, a client receives one suit for job interviews and another when she obtains employment.

Kathy Lambert started organizing Dress for Success Midwest after reading the article about the organization in *SELF* magazine. Christ Church in St. Peters, Mo., provided space for Dress for Success Midwest, and Inter-tel Technologies Inc. donated a telephone system. In addition to receiving corporate sponsorships from Capezio, Avon and Hues Studio, the organization has benefitted from clothing drives held by several St. Louis corporations including GTE, Spectrum Healthcare Services, Monsanto and Boeing. The Face and Body Day Spa is an ongoing drop-off site for clothing, and Mary Kay cosmetic consultants have conducted makeup workshops for clients.

In January 1998, the New York organization held a "Clean Out Your Closet" week that received national attention. Locally, Dress for Success Midwest was featured on the St. Louis CBS affiliate as news anchors "cleaned out their closets" during various news segments that week. Recently, the organization was featured on the St. Louis NBC affiliate and will be highlighted on ABC's Primetime Live as part of a feature on the New York organization.

Since April, Dress for Success Midwest has suited more than 200 women and, according to Lambert, "approximately 60 percent of them returned for a second suit, meaning that they had gotten a job." In addition to providing clothing, the organization, and Lambert in particular, works with the women to help them develop business etiquette skills and build the confidence needed to obtain a job. Lambert indicated that "one of the most rewarding aspects of being a part of this organization is to see the dramatic difference in how the women present and carry themselves when they walk in the door and when they leave."

The next step in the process is developing a support network for the clients of Dress for Success Midwest. Lambert envisions monthly luncheon meetings highlighting the clients' successes and dealing with issues that arise in regard to working and retaining jobs.

Dress for Success Midwest is a volunteer effort and is seeking additional financial help. Currently, 35 agencies and nonprofit organizations refer clients to Dress for Success Midwest; and, as part of the referral agreement, the organizations are responsible for staffing a four-hour block of time each month.

An Advisory Board was organized recently to help tackle issues like funding, finding adequate warehousing space and expansion. The group is seeking financial help or seed money to be used for developing brochures and printed materials, hiring a full-time staff person and buying a van for picking up donations and providing transportation for clients who experience difficulties getting to the boutique.

If you would like more information on how you or your organization can participate with Dress for Success Midwest or donate work-appropriate clothing, please contact Kathy Lambert at (314) 397-0962, or write to her at Dress for Success, 6930 Mexico Road, St. Peters, MO 63376.



Spanning the Region

CDFI Fund Opens 1999 BEA Program

The 1999 Bank Enterprise Award (BEA) Program is now open, making at least \$25 million available. The BEA Program provides incentives for banks and thrifts to increase their investments in community development financial institutions (CDFIs) and to increase their lending and provision of financial services in distressed communities. The CDFI Fund is conducting a series of free workshops that will provide an overview of the BEA Program regulations. The next three are:

- Louisville—October 8
- Dallas—October 13
- Atlanta—October 16

For more information, visit the CDFI Fund's web site at www.treasury.gov/about/organizational-structure/offices/Pages/CDFI-Fund.aspx or call the Fund at (202) 622-8662. To obtain a 1999 BEA program application, send your request by fax to (202) 622-7754.

Memphis Community Development Partnership

The Memphis Community Development Partnership (MCDP) is a new funding source in Memphis specifically targeted to neighborhood-based community development corporations (CDCs). MCDP is the offspring of the former city housing trust fund, the Foundation for Home Ownership. This trust fund was established in 1994 and administered by the Community Foundation of Greater Memphis to increase homeownership opportunities.

This effort is being funded by \$250,000 from the Ford Foundation, \$250,000 from the City of Memphis and \$250,000 from other community partners for the next four years. In addition to the City of Memphis and the Community Foundation of Greater Memphis, partners include First Tennessee Bank, Union Planters National Bank, NationsBank, National Bank of Commerce, United Way of the Mid-South and the Assisi Foundation of Memphis. Memphis Light, Gas and Water, LeMoyné-Owen College and University of Memphis also will serve on the board as partners making in-kind pledges.

MCDP will make grants for core operating support and technical assistance to CDCs beginning this fall. Training will focus on financial management to help CDCs be more accountable for financial matters, and additional technical assistance programs will address board and staff development.

For more information, call Glenn Cox, executive director, at (901) 722-0037.

New Illinois Rural Housing Initiative

The Illinois Housing Development Authority (IHDA) has partnered with the Illinois Association of Realtors and PMI Mortgage Insurance Co. to offer below-market mortgages with 1-percent down payments under a new Rural Housing Initiative. The pilot program will cover 29 southern counties, offering 30-year fixed-rate loans to

first-time buyers. To participate, purchasers must be in rural communities and complete an eight-hour homeownership course.

While loans will be issued at 6.25 percent for those earning between 65 percent and 80 percent of the median income, special 5-percent mortgage loans will be offered to homebuyers earning below 65 percent of the median county income. Closing cost assistance of up to \$1,000 will be available. For more information, contact Colleen McGovern Graves of IHDA, at (312) 836-5365.

Lower Mississippi Delta Profile Updated

The St. Louis Fed's Community Affairs Department has revised portions of its profile for the Lower Mississippi Delta Region. In addition to providing descriptions of national and regional programs, the Fed updated descriptions of many organizations and programs in the states of Arkansas, Illinois, Kentucky, Mississippi and Tennessee. For a copy of the resource directory or the original Lower Mississippi Delta Region profile, call Judy Armstrong at (314) 444-8646.

St. Louis Fed Rolls Out New Web Site

If you haven't taken a look at the St. Louis Fed's Internet site in a while, now is a great time to pay a visit to www.stls.frb.org. The Fed launched a revamped version of the site recently. It includes new informational categories, new technological features and a bright, new appearance.



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<https://www.stlouisfed.org/publications/bridges/fall-1998/resources>

Resources

1997 HMDA Data

Reports of 1997 mortgage lending activity now are available for metropolitan areas throughout the nation. The reports include disclosure statements covering home purchase and home improvement loans, as well as loan originations, purchases and applications for the nearly 8,000 institutions covered by the Home Mortgage Disclosure Act (HMDA). The Federal Financial Institutions Examination Council (FFIEC) has made the data available in various formats, including magnetic tape, PC diskette, CD-ROM or on its web site at www.ffiec.gov. An order form, complete with descriptions of reports, prices and formats, can be obtained by calling (202) 452-2016 or at the FFIEC's web site.

1998 Investments Directory now on the Internet

The Federal Reserve System's 1998 Directory of Community Development Investments can be downloaded from the Fed's web site, www.federalreserve.gov/dcca/directory. The directory profiles 150 community development programs in which bank holding companies and state-chartered banks supervised by the Fed have invested. The profiles cover community development corporations, limited liability companies and limited partnership programs. Capital invested, descriptions of the projects or activities--both planned and under development--and names of contacts for additional information are included. Printed copies are available by calling Judy Armstrong at (314) 444-8646.