

PUBLISHED QUARTERLY
BY THE COMMUNITY
AFFAIRS DEPARTMENT OF
THE FEDERAL RESERVE
BANK OF ST. LOUIS

BRIDGES

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Team Work Makes the Dream Work

After Factories Close, Leaders Unite to Turn Economy Around

By Faith Weekly
Community Affairs Analyst

What do you do when life delivers a bunch of lemons? If you're smart and resourceful, you make lemonade.

That's exactly what Campbellsville, Ky., decided to do a few years ago when a series of factory closings caused the unemployment rate to soar to 26 percent.

For a span of 50 years, while Fruit of the Loom operated an underwear factory in the area, the local unemployment rate never rose above 5 percent. At its peak, Fruit of the Loom employed 4,000 people. By the mid-1990s, that number dropped to 3,200. In June 1998, Fruit of the Loom shut down its Campbellsville factory to relocate to Latin America. Fruit of the Loom was the

primary employer of Taylor County, home to 22,000 residents. The majority of the factory's work force had never worked anywhere else.

Sheila Douglas, a 10-year employee, recalled the anxiety during the last few months at the plant and the mood when the closing was officially announced. "For most of us, it was a relief because for months we lived with the uncertainty of our future," she said. "It was scary and frightening."

Batesville Casket, another employer in the area, closed its factory shortly after, leaving an additional 200 people unemployed. The workers there and from the underwear factory joined a growing list of unemployed in this part of Kentucky as Fruit of the Loom closed two more plants, in Greensburg and in Russell Springs, and another



clothing manufacturer, OshKosh B'Gosh, shuttered plants in Columbia and Liberty. In a period of 18 months, the region lost 8,000 jobs.

The wave of layoffs caught local governments off guard. Economic development was never a priority of the city and county governments—Fruit of the Loom provided economic stability. In retrospect, Campbellsville Mayor Paul E. Osborne said, Fruit of the Loom sent signals that it might move its operations overseas as much as 10 years earlier. However, when a community has experienced such a long period of stable employment and low unemployment, complacency can develop.

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Industrial recruiter Kevin Sheilley, left, and Mayor Paul Osborne of Campbellsville, Ky., stand outside Frost-Arnett Co., a bill collection agency that came to town in 1999. (W.D. McCubbin photo)

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At a time when it would have been easy to throw blame around, local leaders decided instead to unite and quickly focus on turning around Campbellsville's unemployment woes. In October 1998, the city and county governments formed Team Taylor County Industrial Development Authority and established a strategy to economically revitalize Campbellsville.

They recognized the importance of having a diverse economy and committed themselves to attracting manufacturing, service and distribution businesses to Campbellsville and Taylor County. They leveraged the area's central location and accessibility to domestic and Canadian markets, the area's abundant work force, infrastructure, low cost of doing business, state financial incentives for businesses and education/training to attract industry.

A new industrial recruiter, Kevin T. Sheilley, was hired as executive director of Team Taylor County. He became the point person for representing the best interests of the community. A 1 percent employee payroll tax and a 1 percent tax on employers' profits were implemented to fund a portion of the industrial authority's budget.

Four months later, in January 1999, a new mayor, county executive/judge and university president took office.

Mayor Osborne identified four practices that were instrumental in helping to revitalize the city.

First, all community leaders—elected and non-elected officials—worked as a team. When Amazon.com decided to relocate to Campbellsville/Taylor County, Osborne said he received more positive feedback from entering the press conference to make the announcement side by side with Taylor County Judge/Executive Eddie Rogers

Fourth, aggressive leadership was key. "The mayor sets the pace," he said. "Leadership ability at the top is super important."

Team Taylor County, a partnership of local governments, businesses, school systems and Campbellsville University, practices a coordinated approach to community and economic development. The mission of

people. Forty-five percent of Amazon.com's sales activity flows through Campbellsville.

In 2½ years, Sheilley has recruited 11 companies to relocate to Campbellsville/Taylor County, and all of the jobs lost have been replaced, plus some. The 11 companies include manufacturers, distributors and service-oriented businesses.

“The more opportunities that economic development efforts can provide a community, the better off the individual members of the community are,” said Kevin Sheilley, executive director of Team Taylor County.”



Kevin Sheilley and employees of Frost-Arnett, Co., which employs 89 residents. (W.D. McCubbin photo)

than he did from the actual announcement.

Second, the community conducted an honest assessment of its strengths and weaknesses.

Third, a strategic plan was developed. "Planning is as important, if not more, as writing a budget," Osborne said.

Team Taylor County is quite simple: to make the community a better place to live.

Sheilley's approach to economic development has yielded outstanding results.

In May 1999, Amazon.com opened its largest distribution center, which employs 1,152

"The more opportunities that economic development efforts can provide for a community, the better off the individual members of the community are," Sheilley said.

The relocation of these companies, along with the corresponding reduction in unemployment, has had a ripple effect on other economic indicators. Property tax assessments are up 19 percent, and retail sales are up 35 percent.

The town is home to Campbellsville University, a private, liberal arts institution that offers an MBA program. Recently, the university's new technology training center opened as a business-driven source for training options. The nearby Green County Area Technology Center offers additional technical training opportunities.

In 2001, the city applied for and received certification as a retirement community through the Kentucky Tourism Development Cabinet. To qualify, Campbellsville had to meet certain requirements and is now one of eight Kentucky cities with such certification. The state advertises the certified retirement communities in magazines such as *Southern Living* and AARP's *Modern Maturity*.

Since 1999, Taylor County has sought and received \$6 million in grants—about half from the Community Development Block Grant (CDBG) program. Before 1999, Campbellsville/Taylor County had not received CDBG funds for 18 years because no one was actively seeking them. Two grants totaling \$1,725,000 were received from the CDBG economic development pool, and two grants of \$50,000 each were awarded for microenterprise development. An economic development application for \$500,000 in CDBG funds to extend sewer and water lines to a new tourism project is being finalized. A women's substance abuse center under construction is being funded by a \$1.5 million grant from the Center for Substance Abuse Treatment.

Community leaders also recognized that it was important for all residents of the city and county to benefit from the economic revitalization of Campbellsville/Taylor County. Recently, a grassroots initiative called Greater Campbellsville United was developed

to support, nurture and develop the minority community. LaWanda Hazard, coordinator, will help link the minority community with resources and contacts that can assist entrepreneurs, provide job training and raise education levels.

Community Ventures Corp. (CVC), a community development corporation with headquarters in Lexington, Ky., opened a satellite office in Campbellsville shortly after Fruit of the Loom shut down. Many displaced workers took the opportunity to become entrepreneurs, but needed help. Team Taylor County officials said CVC's presence has been an asset, providing quality entrepreneurial training and financing not available through commercial banks. Pamela Mann, business development specialist, has helped potential small-business owners obtain loans that range from as small as \$500 to as large as \$3 million through CVC's Continuum of Business Products.

Campbellsville's economic turnaround has been the result of strong leadership, creativity, risk-taking and a willingness to learn from the past. However, local leaders aren't resting on their success. They continue to plan for future economic expansion.

According to Sheilley, Team Taylor County recognizes that efforts must include not only diversification in the number and type of employers, but other economic developments if the community is to have a long-term recovery.

Taylor County's Top 15 Employers

Companies in bold opened after the Fruit of the Loom Factory closed in 1998.

EMPLOYER	PRODUCTS	EMPLOYEES
Amazon.com	Books and music distribution	1,152
Cox Interior	Hardwood moldings, trim, stair parts, interior doors, mantels	700
Taylor County Hospital		489
Taylor County School District		483
Wal-Mart Super Center	Discount retailer	398
Campbellsville University		295
Ingersoll-Rand	Vacuum pumps, air conditioning, gas compressors	250
Campbellsville Independent School District		240
Airguard	Air filtration products	235
Campbellsville Apparel	Garments	158
Fleetwood Travel Trailers of Kentucky	Travel trailers	147
Campbellsville Industries	Steeple, cupolas, crosses, cornices, awnings, columns, louvers, shutters, railings, balusters	121
National Data Questing	Data collection	120
Parker Kalon	Threaded fasteners	110
Rosenbluth International	Corporate travel management	105

Farmers Seek Bigger Piece of the Pie

Tired of Low Commodity Prices, Producers Branch Out into Processing, Marketing

By Jim Worstell

Jim Worstell, Ph.D., is coordinator of the Delta Enterprise Network, a consortium of universities, businesses, farmers and elected officials working for sustainable, value-added diversification. He has helped develop farmer-owned processing and marketing enterprises in 10 states and 14 countries.

The twin scourges of many rural areas today are low commodity prices and high unemployment.

The gap between what the farmer is paid for commodities and what the consumer pays for the end product is widening, making farming a difficult business. Unemployment is high in rural areas that have traditionally depended on agriculture.

Is there a silver lining in this dark cloud? Several organizations in Missouri, Kentucky, Illinois, Tennessee and Arkansas think so. These organizations have united in the Delta Enterprise Network (DEN) to add value to existing commodities and to diversify the rural economy of the Delta.

In real dollars, the trend lines for commodity prices have been negative for decades. In recent years, prices of commodities produced by farmers have experienced a free fall. According

to the World Bank, agricultural commodity prices fell nearly 32 percent worldwide between 1997 and 2001.

These trends are likely to continue because of large production increases each year in many crops, according to the World Bank. Money is being made in agriculture, but in processing and marketing, not in commodity production. A 1998 study by Richard L. Kohls and Joseph N. Uhl of Purdue University showed that by the late 1990s, the farmer received 22 percent of the consumer dollar, and the remaining 78 percent went to

Delta Enterprise Network
Arkansas Municipal League
Delta Caucus
Arkansas Delta Council
University of Missouri Outreach and Extension
Delta Land & Community
University of Kentucky/Kentucky State Cooperative Extension
University of Arkansas-Pine Bluff
University of Tennessee Extension
University of Illinois Extension
USDA/Rural Development (Missouri, Illinois, Tennessee)
USDA/Natural Resources Conservation Service (Missouri)
Missouri Department of Agriculture
Kentucky Department of Agriculture
Various local chambers of commerce

processing and marketing. The return on investment in agricultural processing and marketing is among the highest of any industry, in part because of low commodity prices.

Rise of Producer-Owned Marketing and Processing

The challenge of low commodity prices combined with the opportunity for value-added profits has prompted various state and federal agencies to establish programs to help farmers not only produce commodities but also develop marketing and processing ventures. These ventures allow farmers to capture a larger portion of the price consumers pay for food. Farmers become entrepreneurs instead of relying on decreasing commodity prices and government subsidies.

In some parts of the United States, these programs were implemented more than 10 years ago. The result has been that the number of producer-owned value-added ventures has rapidly increased in the past decade (Figure 1).

Agencies Have United in Delta Enterprise Network

Though most of these new farmer-owned ventures are located in the upper Midwest, many people in the mid-South are eager to create similar

opportunities in their region. In the past two years, a number of agencies interested in value-added diversification have joined together to tackle the work. These groups have provided agents to help farmers create dozens of new businesses. DEN participants have visited and analyzed successful value-added diversification programs in North Dakota, Minnesota, New Zealand and Australia and have adapted these programs in Missouri, Illinois, Tennessee and Kentucky.

All of these programs have five common elements. Entrepreneurs who participate must complete each stage before moving to the next tier. DEN's network of agencies provides professional help at each stage.

The sequential steps are:

1. Initial organizing

Each of the aforementioned programs has a variety of web sites, conferences and activities to help educate farmers about opportunities. DEN has worked with institutions in Missouri, Kentucky and Tennessee to establish statewide conferences to promote such opportunities and resources.

After farmers learn about new processing and marketing opportunities, agents from cooperative extensions or other local development agencies help the

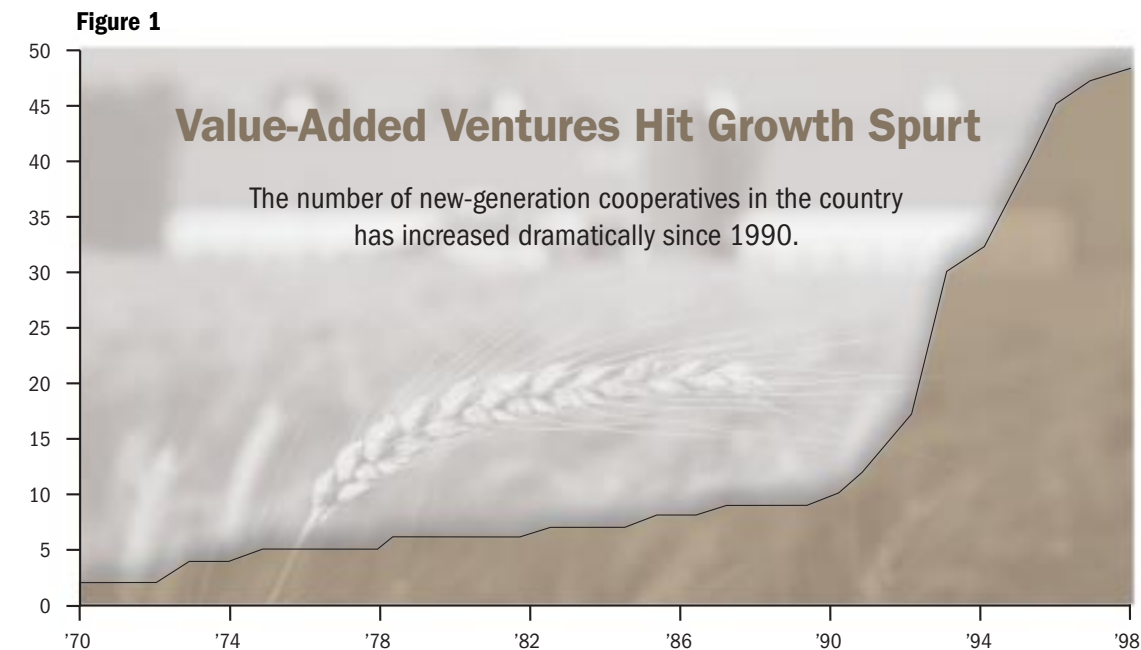
farmers define a specific product and market they would like to pursue. The foremost example of an organization that provides agents in the Delta states is Missouri's Agricultural Business Counselor program.

2. Competitive grant funds for feasibility analysis

In this stage, farmers seek funding for a feasibility study to ensure they are pursuing a profitable venture. This type of analysis has proved beneficial in programs around the country as long as the feasibility studies are performed by experts in each industry. Sometimes the answer "no" is the best result from a feasibility study.

3. Hiring expertise in the industry

No matter how sophisticated those involved in forming the new enterprise are, they will invariably need the services of someone who works in the industry. For example, funding from North Dakota's successful Agricultural Products Utilization Commission (APUC) enabled Dakota Growers Pasta Co. to attract an experienced general manager for its first pasta plant. In Iowa, the Department of Agriculture's Rural Economic Value-Added Mentoring Program sends mentors experienced in a particular industry to help cooperatives move to the next stage. University of Kentucky Cooperative Extension facilitators operate at this stage to bring in the foremost experts available in marketing and production in the industry.



Source: C.D. Merrett, M. Holmes, and J. Waner. *Directory of New Generation Cooperatives (Macomb: Illinois Institute for Rural Affairs, 1999)*
 Published in *A Cooperative Approach to Local Economic Development*, ed. C.D. Merrett and N. Walzer, 2001.

Minnesota's Agricultural Utilization Research Institute (AURI) brings another level of mentor to developing enterprises. The institute employs scientists who have considerable experience in selected key industries that are important to Minnesota. These scientists then work with local facilitators and principals in each enterprise to solve problems in new product design or production. Many other regional rural development programs also recruit outside mentors to assist in highly technical aspects of industries new to particular communities. Likewise, when a community is attempting to penetrate a new market, North Dakota's APUC, Minnesota's AURI and Missouri's Department of Agriculture will find someone who is working in the thick of

that market to advise the farmers.

There is one lesson all of these new regional development efforts have learned: The entrepreneur, rather than the university, needs to keep control of product development or marketing studies money. The universities can often perform valuable research in these areas, but only if directly controlled by the principal in the business. Other states and regions have heeded the siren call of academe and suffered through marketing studies that were not performed in conjunction with any real business and product development research.

4. Funding for prospectus and equity drive

Some regional development entities, such as Kentucky Highlands Investment Corp., provide initial equity for a com-

pany and fund development of a prospectus to attract the additional needed capital.

In other cases, the prospectus is funded by early investors recruited to the project in the first three stages of the process. Other regional development entities, such as 21st Century Alliance in Kansas, require potential participants to provide seed money to cover these early costs. After each project is fully capitalized, the seed money is repaid.

The core funding for the new value-added industries is obtained from local farmers, though loan programs to purchase stock are available from some financial institutions.

Usually, such equity drives try to raise 30 percent to 40 percent of the needed investment.

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Many of these new businesses are farmer-owned, limited equity cooperatives that own the processing and marketing concerns. This legal structure requires a sizable up-front investment by farmers. Farmers purchase delivery rights and responsibilities when they purchase their shares. For example, a farmer purchasing \$20,000 in shares of a pasta cooperative would be agreeing to deliver 20,000 bushels of wheat of a defined quality to the

cooperative at harvest. The cooperative agrees to buy his wheat at market price and return a share of the profits to him and to the other owners when the pasta made from the wheat is sold.

These delivery rights are totally saleable and typically appreciate in value several percent a year. During the last decade, these limited equity, or new generation, cooperatives have spread throughout the United States from their original toehold in the sugar beet country of the

Red River Valley between North Dakota and Minnesota.

5. Assisting with access to low-interest capital

The remainder of investment costs are achieved with the fifth component—helping businesses obtain capital with interest rates as low as possible. In Iowa, enterprises that reach this stage are eligible for the Value-added Agricultural Products and Processes Financial Assistance Program. This program provides a combination of loans

and forgivable loans to cooperative efforts that accomplish all previous steps of the process. Missouri provides saleable tax credits. Texas has a low-interest bond program. The list of creative financing options is as long as the list of agencies engaged in this sort of work. And that list grows longer every day.

Assessment of Successful Programs

To assess the impact that one such value-added diversification

Missouri Hog Farmers Patch Together a Solution

By Linda Fischer
Assistant Editor

Three hog farmers from northern Missouri embarked on a mission in 1992 to increase their incomes. What they did resulted in an unusual enterprise that has endured for 10 years and has affected other Missouri farmers, as well as consumers.

“It was a strong group of farmers,” says Lindsay Howerton of the nonprofit Missouri Rural Crisis Center (MRCC). “Changes in the livestock industry made them realize they needed help.”

The most devastating change was the growth of corporate hog farms, which were putting small hog operations out of business at a fast pace. MRCC had been formed in 1985 to address a



Pigs kick up the dust on a Patchwork farm.

tripling rate of farm bankruptcies in the state. The farmers were members of the organization and turned to it for assistance. Together, they launched Patchwork Family Farms, an economic development project designed to

eliminate middlemen, give hog farmers a guaranteed price that exceeds the market price and provide high-quality pork to consumers.

“We’ve had to build a name for ourselves through quality

and service,” Howerton says. “We’re in a tough marketplace. It takes a lot of people and volunteer hours and sweat equity to make this work.”

The process starts with Patchwork farmers promising to raise hogs in a healthy environment. The hogs are allowed outside in the fresh air and sunshine. Growth hormones and antibiotics in feed are prohibited.

Once the hogs are ready for market, Patchwork steps in and buys them up-front so that profit flows smoothly to the farmers. Patchwork pays 43 cents per pound or, if the market price is higher, 15 percent above the market price. Hogs were selling for 30 to 35 cents per pound on the market earlier this spring. In 1998, the guaranteed price played a critical role for Patchwork members when the market price sank to 7.5 cents per pound.

A Survey of Policies

In a report called *Value-Added Agriculture Policies Across the 50 States*, the U.S. Department of Agriculture reviews various ways in which states support value-added agriculture. The report contains charts and maps that show the differences between states and the impact on agribusiness in rural areas. The report is available online at <http://www.ers.usda.gov/publications/ruralamerica/ra161/ra161c.pdf> or by calling 1-800-999-6779 and asking for Rural America, Vol. 16, No.1.

program had on a state's economy, North Dakota State University's Department of Agricultural Economics analyzed 11 projects in 1996 that had been funded

with \$867,381 from the North Dakota APCU. These 11 projects helped create businesses that directly added \$84.5 million to North Dakota's annual

economy. Secondary economic benefits amounted to an additional \$160 million each year. Thus, the utilization commission asserted that its direct annual return on investment for these 11 projects was \$97 for each dollar spent, and its total return (including secondary benefits) was \$297 for each dollar spent.

The 1996 study performed by the university concluded by saying, "the projects sponsored by the North Dakota Agricultural Products Utilization Commission

are adding value to the state's agricultural commodities and thereby creating new jobs, gross business volume and tax revenues for the state economy. The economic contributions of these projects is substantial on a statewide basis and even more impressive at the local level."

Information on DEN is available at www.deltanetwork.org.

The next step is to send the hogs for processing to one of three federally inspected, family-owned plants that Patchwork uses in Missouri.

Although the farmers are paid before the meat is sold, their work goes beyond raising hogs. Along with staff from Patchwork, the farmers put on their sales hats and market the meat to restaurants, grocery stores and members of a food cooperative. A husband-wife team makes all the deliveries.

"We've been creative in our marketing strategy," Howerton says. "Patchwork feels it is important to sell quality products to all income levels. We don't just go after a niche market."

Its market includes about 50 restaurants in mid-Missouri, many in Columbia. They also sell to a specialty grocery store, four mainstream supermarkets and the 5,500-member food co-op. The

pork products bear the Patchwork Family Farms label and are displayed in their own cases in stores.

Patchwork has received some financial support in the form of grants from nonprofit organizations and a grant from the U.S. Department of Agriculture. One of the nonprofits, the Federation of Southern Cooperatives, provided the fledgling organization with training on how to conduct a feasibility study; the Catholic Campaign for Human Development funded the study.

Patchwork Family Farms' sales have steadily increased since 1992. In 1997, Patchwork recorded \$60,000 in gross sales. By 1999, that figure jumped to \$196,000. Last year, total sales were \$302,000.

The number of hog farmers who are participating in the project has also increased, to 20.

Despite the good news, Patchwork Family Farms is not yet at

the breakeven point, Howerton says. "But we're getting closer."

In the 10 years since Patchwork Family Farms was started



A Missouri farmer coaxes his hogs to come out in the sunshine.

to help farmers keep their hog-producing businesses, the trend in corporate farming has continued in Missouri. The number of hogs produced in the state has risen dramatically with the influx of large corporate operations, but the number of Missouri families that are hog

farmers has dropped to less than a third of previous levels, wrote John Ikerd, a retired University of Missouri professor, in the

March/April 2001 issue of *Small Farm Today*.

Meanwhile, Patchwork Family Farms keeps working. The project has been recognized on a national level for its efforts to keep the indepen-

dent family farmer in business. It has been featured on the Discovery Channel and at a Farm Aid concert.

"We have produced a project that is changing the system," Howerton says. "We're here to say these projects can be successful."

Searching for Affordable Homes in the Country

By Linda Fischer
Assistant Editor

Life in rural America has its ups and downs just like any place else. And, just like any place else, finding a good place to live at an affordable price is a challenge.

Experts on rural housing gathered recently at the 2002 Governor's Conference on Housing in Missouri to discuss the special challenges facing potential homebuyers and developers in the country.

"Lack of affordable housing is a major problem in rural cities," said Mark Stalsworth of the Missouri Housing Development Commission. "Development costs can be quite high in rural areas, sometimes higher than in urban areas."

One reason for the higher cost is a scarcity of contractors, Stalsworth said. Contractors go where they can find the combination of work and high wages, and that's in cities.

Joseph Bayer, president of First Integrity Mortgage Services in St. Louis, agreed.

"Labor is an issue," he said. "Where will you get labor if you're going to build from the ground up? In urban areas, you have contractors who have a labor force in place. In rural areas, you have contractors who build two or three homes a year and who do not have a labor pool to call on."

Another problem in country communities is a lack of planning and zoning, said Becky Eftink, rural housing specialist with USDA/Rural Development in Missouri. In very rural areas, there may not even be an infrastructure such as sewer and water lines.

Credit problems and "payment shock" also can keep low- to moderate-income people in the country from becoming successful homeowners, she said. "For instance, a young couple may go from a \$300 a month rent to \$1,000 a month house payment, and they don't have the experience to handle it."



"Development costs can be quite high in rural areas, sometimes higher than in urban areas," said Mark Stalsworth of the Missouri Housing Development Commission.

What can communities do to lessen the problems?

Eftink suggested working with technical schools to build a work force for the housing industry. In addition, those in the industry could create job "shadowing" programs to spark interest among young people about careers in homebuilding. However, Stalsworth said some small communities have built their pool of homebuilders only to see them leave for more money in bigger towns.

Where there is little or no planning and zoning, commu-

nity leaders need to study towns that have good planning and zoning and adopt similar ordinances, Eftink said. As for poor credit or "payment shock," she said many problems could be avoided if high schools taught financial literacy.

Bayer became interested in lending and in building houses in rural areas about five years ago after hearing an impassioned speech by a Federal Housing Administration official on the need for home loans in the country. He formed a partnership with a builder for the

express purpose of constructing houses in rural Missouri.

"It's a slow process, to be quite honest," he said.

Part of the problem is that small rural banks generally do not offer the loans that lower-income people need, Bayer said. Because most of these banks just offer balloon notes, his St. Louis-based company started lending through a network of rural banks, which gave them the ability to offer new products in their areas.

Bayer's work in housing development has also given him a builder's perspective. If a rural community decides to expand its housing stock, there are issues to address and steps to take before proceeding, Bayer said. They are:

1. Is the community in agreement that new housing stock is needed? If not, the project will never succeed.
2. What will the target price of the house be? What price range can the community handle without having "payment shock"? This determines what kind of housing will be built.
3. Is there available labor?
4. The community has to accept that quality affordable housing costs money. If the market is low-income people, then the builder can construct quality houses, but they will have to be small.
5. The community should take advantage of government assistance that is available for new construction in rural areas.

6. There has to be a firm commitment on the part of the developer to follow the project through to the end. Some projects have been started and then abandoned when problems arose.

7. Rural communities should consider manufactured housing. There are quality manufactured houses that can be built on a concrete foundation that "are a heck of a lot better than existing houses at the same price," Bayer said. Many communities have adopted BOCA (Building Officials and Code Administrators) codes so that they can limit manufactured housing. "That is a mistake," Bayer said.

8. City officials need to be flexible. When the community has done all the planning, it needs to empower one leader to break down barriers and take charge of the project.

Another expert on the panel was Dottie Sheppick of Countrywide Home Loans Inc., which originates and buys loans that are guaranteed by USDA's Rural Housing Service. Lenders in the rural market are needed, she said.

"It can be difficult for first-time home buyers with very few resources to get a home loan in any area," she said. "In rural areas, it can be even tougher because there are fewer lenders and less competition."

A positive trend is that some rural banks are offering more mortgages that can be sold in the secondary market, opening up the doors to more potential homeowners, she said.

When lenders do have products to offer people with low or moderate incomes, they need to be creative in getting the word out, she said. She suggested conducting homebuyer fairs; using radio and newspaper public service announcements; working with rural service groups, such as Rural Housing Service; and having meetings or distributing fliers at county fairs, rodeos and restaurants.

"Go wherever people gather," she said.

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For information on USDA/Rural Development housing programs in your state, visit www.rurdev.usda.gov, click on "state offices" and click on your state.

For information on local housing programs, contact an agency in your state:

- **Arkansas Development Finance Authority**, www.state.ar.us/adfa
- **Illinois Housing Development Authority**, www.ihda.org/frameihda.htm?home4c.htm~main
- **Indiana Housing Finance Authority**, www.IN.gov/ihfa/
- **Kentucky Housing Corp.**, www.kyhousing.org
- **Mississippi Home Corp.**, www.mshomecorp.com
- **Missouri Housing Development Commission**, www.mhdc.com and
- **Tennessee Housing Development Agency**, www.state.tn.us/thda

Have you HEARD

Reg C Changes Postponed

After a request by financial institutions and trade associations, the Federal Reserve Board has agreed to postpone the effective date of the recent amendments to Regulation C from Jan. 1, 2003, to Jan. 1, 2004. Regulation C implements the Home Mortgage Disclosure Act (HMDA).

The Board is, however, adopting an interim amendment to Regulation C, effective Jan. 1, 2003, mandating the use of 2000 census data in HMDA reporting.

On Feb. 15, the Board published amendments to Regulation C in the Federal Register effective for data collected beginning Jan. 1, 2003. Representatives of the financial institutions requested the postponement on the grounds that a 2003 deadline would not give institutions adequate time to ensure full compliance with the new rules. Consumer and community organizations generally opposed postponement of the effective date.

Rural Towns Eligible for Facility Loans

Direct and guaranteed loans are available for small rural communities wishing to build essential public facilities, such as fire stations, health-care clinics and day-care centers. These funds, from the Rural Housing Service of USDA Rural Development, are limited to communities of fewer than 20,000 people. Public bodies, nonprofit entities or Indian tribes may apply for the loans.

Grants are also available for up to 75 percent of project costs. A scale is used to determine grant funding limitations on the basis of population and income. Assistance also may be limited to the minimum amount needed for the economic feasibility of the project and may be limited by the availability of funds.

Applications are filed with USDA Rural Development field offices, which are listed in local telephone directories under the heading "U.S. Government, Department of Agriculture."

New Markets Tax Credit Applications Due Aug. 29

The deadline to apply for the first round of New Markets Tax Credit (NMTCs) allocations is Aug. 29.

Under the program, taxpayers can receive federal income tax credits for making qualified equity investments in community development entities, which in turn must use the funds for qualified investments in low-income communities. The credit to the taxpayer, claimed over a seven-year period, totals 39 percent of the investment.

The Treasury Department's Community Development Financial Institutions Fund will allocate the NMTCs annually under a competitive application process.

Additional information is available on the CDFI Fund's web site, www.cdfifund.gov.

SPANNING THE REGION

THE REGION SERVED BY THE FEDERAL RESERVE BANK OF ST. LOUIS ENCOMPASSES ALL OF ARKANSAS AND PARTS OF MISSOURI, ILLINOIS, INDIANA, KENTUCKY, TENNESSEE AND MISSISSIPPI.

St. Louis Resource Fair to Link Businesses, Immigrants

Financial institutions and agencies that want to tap into the immigrant market are being sought to participate in the International Institute of St. Louis annual financial resource fair Aug. 24.

Bridges to the American Dream Financial Resource Fair for New Americans will provide businesses and agencies with a way to showcase their financial services to immigrants and refugees. Those interested in participating can pay a fee to reserve a table at the fair, which will be at the Institute, 3654 S. Grand Blvd., St. Louis.

For information, call Linda Callanan at the Institute, (314) 773-9090, ext. 131.

Illinois Offers Grants of \$5,000 to Residential Developers

The Illinois Housing Development Authority will give developers \$5,000 for each wheelchair-accessible, single-family home they build, with a limit of \$30,000 for each developer.

The homes must have at least one exterior door with a width of 36 or more inches and no steps. Interior doors must be 32 inches wide, electrical switches must be low on the walls, electrical outlets must be at least 15 inches from the floor and bathroom walls must be reinforced for grab bars.

Grants from the \$1 million Accessible Housing Demonstration Grant Program will be distributed on a first-come, first-served basis until December 2003. Townhouses and condominiums are eligible, but not rental units.

Builders interested in receiving application packets for the accessibility demonstration program should call (312) 836-5230.

In Memphis Area, Seedco Combats Predatory Lending

About 60 low- to moderate-income residents of Shelby County, Tenn., are expected to benefit from a new anti-predatory lending initiative started recently by Seedco, a national nonprofit organization.

Seedco has committed a loan of \$250,000 to United Housing Inc., a Memphis-based nonprofit organization that offers low-interest mortgages to low- and moderate-income homebuyers, creates affordable housing and provides homebuyer and financial literacy training. The financing will help capitalize a start-up loan fund for a three-year pilot program that will focus on providing home repair loans and on refinancing mortgages.

United Housing will administer the program and provide homeownership counseling.

In addition, the organization will underwrite, close, monitor and service the home improvement loans. Participating Fannie Mae lenders will directly service the refinanced loans.

Missouri Seeks Donors For Financial Literacy Study

Missouri Gov. Bob Holden signed an order in April to commission a study to improve the financial and economic literacy of Missouri's schoolchildren. The study will recommend ways to teach the principles of economics and personal finance to everyone from kindergarten through the 12th grade. The lessons would be incorporated into math, reading, writing, social studies, business, and family and consumer science courses.

The Missouri Council on Economic Education, the Missouri Bankers Association and the state treasurer will conduct the study, which must be submitted to the governor and members of the General Assembly by Jan. 1. No state money will be used for the study.

A total of \$100,000 is needed for the study; so far, \$33,000 has been committed. The Missouri Coalition for Economic and Financial Literacy is seeking

additional donors to help pay for the study. For more information, call Stan Mengel at (816) 235-2654 or e-mail him at mengel@umkc.edu.

Evansville Police, Firefighters Get Home-Buying Break

Police officers and firefighters interested in buying a home in downtown Evansville, Ind., are eligible for a \$5,000 boost from the city.

A new mortgage program developed by the city in partnership with Fannie Mae and First Federal Savings Bank helps police and firefighters who buy an existing residence in the downtown area. The goal is to revitalize downtown and keep public servants in the city. The \$5,000 "soft mortgage" can be used toward a down payment or for repairs. The forgivable loan will credit the homebuyer for 20 percent of the value of the mortgage for each year he lives in the home.

For information, contact the Department of Metropolitan Development, (812) 436-7823, and ask for Debbie Spaulding or Susan Kirk.

JULY

11-14**NAHRO Summer Conference—New York**

Sponsor: National Association of Housing and Redevelopment Officials
www.nahro.org

16**Smart Business Alternatives for Lenders—St. Louis**

Sponsors: Small Business Administration and Eastern Missouri Association of Government Guaranteed Lenders
(314) 615-2357

21-24**Building Peace: Community and Diversity—Cleveland, Miss.**

Sponsor: Community Development Society
(614) 221-1900, ext. 217

AUGUST

5-9**Neighborhood Reinvestment Training Institute—San Francisco**

Sponsor: Neighborhood Reinvestment Corp.
www.nw.org/training
1-800-438-5547

15**St. Louis Community/Lender Luncheon Resource Fair—St. Louis**

Sponsor: Federal Reserve Bank of St. Louis
(314) 444-8891

22**Community Investment Roundtable—Memphis**

Sponsor: Federal Reserve Bank of St. Louis, FDIC, OCC, OTS, HUD and Metropolitan Community Development Partnership
(901) 579-2421

22-28**National Rural Development Partnership Annual Leadership Conference—French Lick, Ind.**

Sponsor: Indiana Rural Development Council
(317) 232-8776

27-28**12th Annual Indiana Affordable Housing Conference—Indianapolis**

Sponsor: Indiana Housing Finance Authority
1-800-872-0371 (Indiana only)
or (317) 232-7777

SEPTEMBER

16-18**Kentucky Housing Association Annual Convention—Bowling Green**

Sponsor: Kentucky Housing Association
(270) 843-6071

22-27**Community Development Academy, Course 3—Excelsior Springs, Mo.**

Topic: Creating Capacity for Dynamic Communities
Sponsor: University of Missouri-Columbia, Community Development Extension Program
(573) 882-8320
(This program will be repeated Sept. 28-Oct. 3 in St. Louis.)

29-October 1**NADO 35th Annual Training Conference—Reno, Nev.**

Sponsor: National Association of Development Organizations
(202) 624-7806

BRIDGES

Bridges is a publication of the Community Affairs department of the Federal Reserve Bank of St. Louis. It is intended to inform bankers, community development organizations, representatives of state and local government agencies and others in the Eighth District about current issues and initiatives in community and economic development. The Eighth District includes the state of Arkansas and parts of Illinois, Indiana, Kentucky, Mississippi, Missouri and Tennessee.

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Free subscriptions and additional copies are available on request by contacting Linda Aubuchon at (314) 444-8646 or by e-mail to linda.aubuchon@stls.frb.org.

When Is Your Check Not a Check? Electronic Check Conversion—A guide to inform consumers about their rights and responsibilities regarding electronic check conversions is available online from the Federal Reserve Board. The guide describes what an electronic check conversion is and what to do if there are problems with it. The information, which can be accessed at www.federalreserve.gov/pubs/checkconv/, includes a checklist of what to do before and after an electronic check conversion transaction.

Innovative Designs for Nontraditional Households in Rural Areas—Housing developers in rural areas are devising creative, affordable housing solutions for nontraditional households, according to the Housing Assistance Council. A recent report by the council focuses on elderly people, people with disabilities, unaccompanied farmworkers and single working mothers. The report is available free of charge online at

www.ruralhome.org/pubs/index.htm or can be ordered for \$4, including shipping and handling, by calling (202) 842-8600.

SBA Loan Prequalification Program—The new brochure outlines eligibility requirements for business loan programs. The brochure is the Small Business Administration's most recent effort to reach rural business owners who are minorities, women or veterans. The free brochure is available at SBA district offices. For information, contact the SBA at 1-800-827-5722 or visit its web site, www.sba.gov.

Reaching the Immigrant Market: Creating Homeownership Opportunities for New Americans—Based on research from 20 financial institutions, the new handbook provides case studies of strategies that have been effective in tapping immigrant markets. Published by the Fannie Mae Foundation and Georgetown University's Institute for the Study of Interna-

tional Migration, it is available for downloading at www.fanniemaefoundation.org/programs/papers.shtml.

Before You Make The Loan—The Bar Association of Metropolitan St. Louis has compiled a list of questions to ask lenders before taking out a real estate loan. The list, which is designed to help people understand the terms of proposed loans, is available online at www.bamsl.org/public/checklist.htm.

East St. Louis To Be Site of Community Development Conference

The Community Affairs department at the Federal Reserve Bank of St. Louis is planning a community development conference Oct. 22-23 at the Jackie Joyner-Kersee Center in East St. Louis, Ill. The University of Illinois' East

St. Louis Action Research Project is the cosponsor.

Rays of Hope: A New Day for America's Distressed Urban Areas is intended for a national audience of bankers, investors and community development organiza-

tions working in highly distressed areas.

Speakers include Federal Reserve Board Gov. Mark Olson, St. Louis Federal Reserve Bank President William Poole, National Neighborhood Enterprise founder Robert Woodson,

Olympian Jackie Joyner-Kersee and Cornell University Professor Ken Reardon.

For information, call Matt Ashby at (314) 444-8891 or e-mail him at Matthew.W.Ashby@stls.frb.org.

Livable Communities: Linking Community Development and Smart Growth



Save the Date

Location

Cincinnati, Ohio

Reception

Wednesday, November 6 6-7:30 p.m.

Conference

Thursday, November 7 8 a.m.-5 p.m.

**REGISTRATION MATERIALS
AVAILABLE IN SEPTEMBER**

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