INDEX

Treasury's *my*RA To Debut in Late 2014

New Retirement Savings Program Will Provide Safe, No-Fee Starter Accounts

By Jeanne C. Marra

Conventional wisdom and data reveal that accumulating assets and building wealth over the life course—sometimes called the "cradle-to-grave" approach—yields the most desirable financial outcomes. Yet for many Americans, having enough income to set aside for key stages of life, such as homeownership, higher education and retirement, poses a significant challenge, especially when navigating economic downtowns as many are doing today. Many individuals, especially those from low- and moderate-income (LMI) households, must necessarily make reluctant but deliberate choices to meet short-term needs at the expense of long-term goals.

Many Americans Unprepared for Retirement

The unfortunate results of these choices are evident in the data. According to the Federal Reserve Board's recent publication, *Report on the Economic Well-Being of U.S. Households in 2013*, 31 percent of respondents in a national study reported having no retirement savings or pension, and more than half (54 percent) of those with incomes under $25,000 reported the same. Compounding this lack of preparedness is the reality that many employees (35 percent) in the U.S. who work for private companies also lack access to an employer-sponsored retirement plan, according to the U.S. Bureau of Labor Statistics. What's more, access isn't provided evenly across all wage-earners. While 85 percent of those in the highest wage-earning quartile had access to retirement plans, only 38 percent of those in the lowest quartile had access in 2014.

*my*RAs To Help Improve Access, Fill Market Gaps

In his 2014 State of the Union address, President Obama announced that the Treasury Department was developing a new way for workers to start saving for the future. Expected to begin rolling out later this year, the

>> *continued on Page 4*

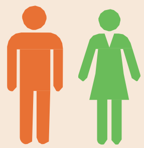
*my*RA: My Retirement Account

What will it be?

- ***my*RA** will have no cost to open, no fees, and will never go down in value. Individuals will be able to contribute to their accounts every payday.

- Expected to begin rolling out in **late 2014**.

Who will it be for?



- **American workers** who want to start saving for retirement.

- **Employers** who want to make a retirement savings program available to their employees with a simple, one-time setup. Employers will have no fiduciary responsibilities.

Graphics courtesy U.S. Treasury. See the full infographic at www.treasurydirect.gov/readysavegrow/myra/myra_infographic.pdf

bridges

Bridges is a quarterly publication of the Community Development Office 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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Calendar

SEPTEMBER

17-19 **2014 Assets Learning Conference: Platforms for Prosperity**
Washington, D.C.

Sponsor: Corporation for Enterprise Development (CFED)
www.assetsconference.org/ehome/index.php?eventid=69110&

22-23 **Shift Innovation: Community Development Conference**
Kansas City, Mo.

Sponsor: Federal Reserve Bank of Kansas City
http://www.kansascityfed.org/events/eventdetail.cfm?event=8735CE5FCB1E7299D05A8ECE259340E0#descriptiontab

24 **CRA Roundtable: Investments and Services—Facilitating Access to Capital for Microlending, Entrepreneurship and Small Business in Louisville**
Louisville, Ky.

Sponsors: Federal Reserve Bank of St. Louis, Office of the Comptroller of the Currency
http://www.cvent.com/d/q4qv8s

30-Oct. 1 **2014 Kentucky Summit on Philanthropy**
Lexington, Ky.

Sponsors: Kentucky Philanthropy Initiative, Federal Reserve Banks of Cleveland and St. Louis
www.kyphilanthropy.com/

OCTOBER

2 **Innovations that Enhance Financial Capability and Engagement**
Webinar

Sponsor: Federal Reserve Bank of St. Louis
www.cvent.com/d/v4q56h

15-17 **Transforming U.S. Workforce Development Policies for the 21st Century**
New Brunswick, N.J.

Sponsors: Federal Reserve Banks of Atlanta and Kansas City; John J. Heldrich Center for Workforce Development, Rutgers University
www.frbatlanta.org/news/conferences/2014workforce.cfm

19-22 **Steering Towards the Future: Convergence, Connectivity, and Creativity**
Fort Worth, Texas

Sponsor: International Economic Development Council (IEDC)
www.iedcevents.org/AnnualConference/index.html

21 **Your Money, Your Goals: Financial Empowerment Toolkit**
Webinar

Sponsor: Federal Reserve Bank of St. Louis
Contact: Teresa Cheeks Wilson at 901-531-5109

22-24 **The Rhythm of Leadership**
Nashville, Tenn.

Sponsor: Tennessee Association of Community Leadership
http://leadershiptennessee.com/index.php?option=com_content&view=article&id=35&Itemid=9

23 **FEED: Food Entrepreneurship for Economic Development**
Louisville, Ky.

Sponsors: Federal Reserve Bank of St. Louis, University of Kentucky Extension Services, Food Systems Innovation Center
Contact: Lisa Locke at 502-568-9292

NOVEMBER

13 **Commonwealth Entrepreneurship**
Webinar

Sponsor: Federal Reserve Bank of St. Louis
Contact: Faith Weekly at 502-568-9216

13-14 Governor's Conference on Economic and Community Development

Nashville, Tenn.

Sponsor: Tennessee Department of Economic and Community Development
www.govcon.tnecd.com/

DECEMBER

8-12 NeighborWorks Training Institute

Washington, D.C.

Sponsor: NeighborWorks America
www.nw.org/training

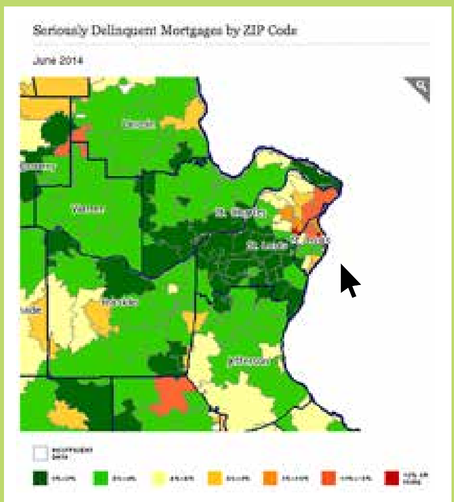
ONLINE ONLY

stlouisfed.org/publications/br

In addition to the print version, each issue of *Bridges* offers information that is exclusively online. Online content for the summer issue includes:

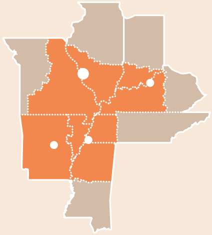
The Federal Reserve Bank of St. Louis' Housing Market Conditions Report

By David Benitez



SPANNING the Region

The region served by the Federal Reserve Bank of St. Louis encompasses all of Arkansas and parts of Illinois, Indiana, Kentucky, Mississippi, Missouri and Tennessee.



findCRA – Helping Connect Louisville Banks and Nonprofits

findCRA is a new website that helps banks and nonprofits to partner on community reinvestment projects and programs. Nonprofits can use this online service to promote their upcoming projects directly to banks, and banks can search for and select projects that meet obligations required by the Community Reinvestment Act (CRA). findCRA will eliminate much of the time, energy and resources typically expended to organize and communicate basic project information, allowing the focus to shift toward completing projects more efficiently and successfully.

How does it work?

1. **List** – A nonprofit lists a project on findCRA.com in just a few simple steps.
2. **Search** – Banks search the list for projects that meet their CRA needs.
3. **Connect** – Banks request to connect with the organization engaged in a project they like; once the nonprofit confirms, the project moves forward from there.

For more information, call 1-844-2-findCRA (346-3272) or visit www.findcra.com/louisville.

Memphis Receives Matching Fund Award

The Funders' Network for Smart Growth and Livable Communities and its partner, the Urban Sustainability Directors Network, awarded a total of $531,250 to nine communities in Round Four of the Local Sustainability Matching Fund (LSMF). One of the recipients was the city of Memphis, which received $75,000 to support the development of an interactive dashboard for Memphis and Shelby County citizens that can be used to map neighborhood assets and analyze sustainability indicators and metrics. Other recipients in this round included the cities of Boston ($65,000), Buffalo ($85,000), Cleveland ($60,000), Holland, Mich. ($65,000), Indianapolis ($45,000), Providence, R.I. ($55,000), Salt Lake City ($25,000) and San Diego ($56,250).

The LSMF is designed to connect innovative city sustainability projects with local philanthropies. Seven investor funders make up the Fund: Bloomberg Philanthropies, The JPB Foundation, John D. and Catherine T. MacArthur Foundation, the Kendeda Fund, The New York Community Trust, Summit Foundation and Surdna Foundation. To date, the LSMF has awarded $1,472,750 and funded 29 projects across North America. For more information, please visit www.fundersnetwork.org/participate/green-building/local-sustainability-matching-fund.

St. Louis Community Credit Union and the City of St. Louis Launch *Sure Rides™ Auto Loan* Program

St. Louis Community Credit Union (SLCCU) and the city of St. Louis have launched a unique lending partnership. The *Sure Rides™ Auto Loan* program is designed to help qualified clients of select workforce development agencies get to work by giving them access to affordable car loans.

As a Community Development Financial Institution (CDFI), SLCCU has the ability to receive grants and create outreach programs that actively serve the community. The *Sure Rides™ Auto Loan* program was made possible by a grant from the Treasury Department. The program allows SLCCU to participate in making auto loans to qualified low-income borrowers. St. Louis-area residents have the opportunity to access affordable financing options to help make their career goals a reality.

For more information on loan eligibility or program details, call 314-256-3999 or visit www.stlouiscommunity.com.

Treasury's *my*RA

>> continued from Page 1

*my*RA ("My Retirement Account") program promises to be a simple, safe and affordable way to start saving for retirement for those who don't currently have access to an employer-based program. Early descriptions of account features indicate that the program will be particularly attractive to LMI employees and to those for whom long-term saving is especially challenging.

Expected key features of the *my*RA program include:

- No minimum contribution to open an account; ongoing elections of any amount each payday
- No fees to employers or employees for account setup or maintenance
- Low risk: Account will never lose value, and accounts are backed by the Treasury
- Earns the same variable interest rate as a low-risk investment option available to federal government employees
- Accounts are portable; they're not tied to a single employer
- Employees build savings for 30 years or $15,000, then roll over the funds to a private-sector retirement account, or roll over to private-sector provider at any time
- Employee contributions can be withdrawn tax-free anytime; earnings can be withdrawn tax-free after five years and the saver is 59½

Flexible Features Promote Long-Term Savings, Offer Short-Term Flexibility

The *my*RA program will follow Roth IRA rules and offer the same tax advantages as those accounts. Like Roth IRAs, the employee contribution portion of the invested funds can be withdrawn tax-free at any time, with no penalties.

> "These starter accounts provide a low-cost, safe way for individuals to start saving for retirement while retaining the ability to use their funds for emergency savings or other needs."

"The flexibility of *my*RAs should be very attractive to low-income families," said Ray Boshara, senior adviser and director of the Center for Household Financial Stability at the Federal Reserve Bank of St. Louis. "These starter accounts provide a low-cost, safe way for individuals to start saving for retirement while retaining the ability to use their funds for emergency savings or other needs while they do so."

According to some industry analysts, the flexible features of the *my*RA program could have a notable impact on the retirement readiness of a portion of American employees by filling a gap in financial products available to build long-term retirement savings. Many believe that the easy on-ramp to long-term savings that is provided through the program, coupled with the flexibility offered for liquid assets, are two important features toward spurring adoption and financial stability among a specific segment of eligible employees.

Eligibility and Sign-Up Process

Designed for savers who do not have access to an employer-sponsored retirement savings plan, the *my*RA program will not only be available to full-time employees, but also to part-time and contract workers. Eligible employees will have an individual annual income of less than $129,000, or a combined annual income of less than $191,000 for a couple.

Initially, participating employers will make *my*RA information available to their employees. Once the accounts are available, employees will be able to enroll in the program via direct deposit, with no minimum contribution to start. An employee can then elect to have a portion of each paycheck—the amount determined by the employee— automatically deposited into a *my*RA account. Employees who change jobs can continue to add savings to an existing *my*RA account by setting up deposits through any employer that offers payroll direct deposit. Those with multiple jobs will be able to use direct deposit from each paycheck to contribute to a single *my*RA.

Employer rollout is expected to begin in 2014, with expanded rollouts in 2015. For additional information, visit www.treasurydirect.gov/readysavegrow or www.myra.treasury.gov, or call 800-553-2663.

Jeanne C. Marra is a senior community development specialist at the Federal Reserve Bank of St. Louis.

RISE to the Challenge:
Immigrant Entrepreneurship in Louisville

By Suhas Kulkarni

Entrepreneurship and innovation have been the lifeblood of America since its founding. Immigrants from all over the world have come to these shores to forge a brighter future for themselves, their families and their communities. This land of opportunity lived up to its reputation and instilled hope in the hearts and minds of these new Americans that their dreams could be realized.

America's economic growth over the past two centuries spurred increasing employment opportunities, which created the need for more and more talent. Immigration was cautiously used to fill the gap. Leading up to the 21st century, America's appetite for talent brought many foreign, tech-savvy workers to its shores, thus providing greater opportunity for technology-oriented innovations that solidified America's status as a hub of innovation.

The astoundingly fast pace of technological innovations has changed the economic landscape, with opportunities for technology-based products and services taking center stage. Although the frenetic pace of this cycle of innovation (funding, growth and acquisition) did not always have good endings—the dot com boom/bust being a case in point—the good news is that this heralded the advent of the venture capital industry. Packaging innovation to attract funds and successful exits spawned an adjunct business education system designed for entrepreneurs who could cash in on their innovations earlier. Effective best practices are being developed continually to spur this kind of entrepreneurship, two essential requirements of which are **scalability** and **equity investment**.

Many small startup businesses do not fit the existing venture capital model. While these businesses are essential to our economy and make up the majority of business ownership today, they do not get the attention and assistance that scalable models receive. This is the gap that has to be filled.

Anecdotally, it is recognized that America was built by immigrant entrepreneurship and innovation. This is borne out by reports that close to 30 percent of all new small businesses are started by foreign-born individuals and their families. (See Figure 1.) In addition, close to 40 percent of America's Fortune 500 companies had foreign-born founders and are actively run by their descendants. (See Figure 2 on page 7.) Many of these examples were not scalable enterprises, nor did they attract investment dollars at the outset. They blossomed because of the innate "entrepreneurial" trait that most immigrant-owned businesses possess.

Statistical evidence underscores the importance of recognizing the sheer grit, innovativeness and energy that immigrants bring to the business world in our country. (See sidebar.)

With that entrepreneurial trait in mind, Louisville, Ky., launched a program designed to spur immigrant entrepreneurship. **RISE: Refugees and Immigrants Succeeding in Entrepreneurship** is a collaborative effort between nonprofits and the city's Metro Government. Louisville Mayor Greg Fischer, a former businessman himself, has made entrepreneurship a priority for his administration. The goal of RISE is to make it easier for immigrants to leverage their entrepreneurial tendencies and establish sustainable businesses in the community. Success in helping the foreign-born population start and grow businesses will be a big boost not only to the local economy but, coupled with existing capacities in entrepreneurship across the nation, may establish Louisville as the entrepreneurial hub of the Midwest.

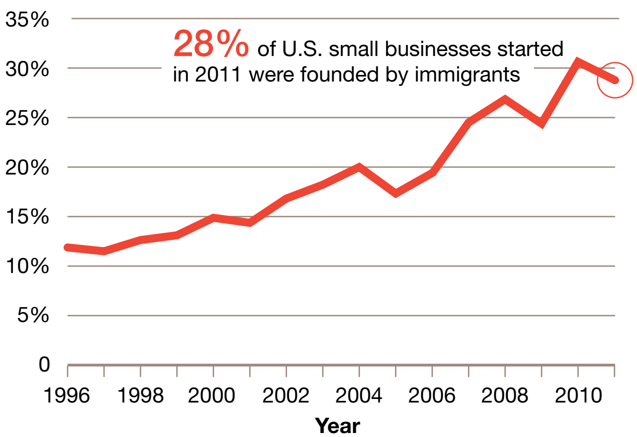
RISE is a high-touch, focused program resulting in the certification of aspiring immigrant entrepreneurs as business-ready. It channels their talent, energy and gumption toward successful and sustainable businesses.

Shortage of funding always plagues business startups. Lack of credit history and collateral is compounded

>> continued on Page 6

FIGURE 1

Percentage of U.S. Businesses Started by Immigrants



Source: Partnership for a New American Economy

By the Numbers:

The Impact of Immigrant Entrepreneurship

Immigrants start businesses

- 30 percent more likely to start a business than non-immigrants
- 28 percent of all small-business owners are immigrants.

Immigrant-owned businesses create jobs for American workers

- Small businesses owned by immigrants employed an estimated 4.7 million people in 2007 and generated more than $776 billion.

Immigrants are also more likely to create their own jobs

- 7.5 percent of foreign-born residents are self-employed, compared with 6.6 percent of the native-born population.

Immigrants develop cutting-edge technologies and companies

- Immigrants started 25 percent of the public U.S. companies backed by venture capital investors.

Immigrants are engineers, scientists and innovators

- Immigrants comprise 16 percent of the resident population holding a bachelor's degree or higher, representing 33 percent of engineers; 27 percent of mathematicians, statisticians and computer scientists; and 24 percent of physical scientists.

Immigration boosts earnings for American workers

- According to a study by the University of California, Davis, immigration is responsible for an increase of 1.8 percent in earnings over the long term.

Immigrants boost demand for local consumer goods

- The purchasing power of Latinos and Asians alone, many of whom are immigrants, will reach $1.5 trillion and $775 billion, respectively, by 2015.

RISE to the Challenge

>> continued from Page 5

in the case of immigrants, often exacerbated by their lack of knowledge regarding how to prepare and present their ideas to potential investors or financial institutions. The situation is often worsened by the lack of a business network, role models, advisers and even something as mundane as having a foreign accent. RISE aims to mitigate many of these factors for an otherwise promising enterprise.

RISE partners include:

- funding sources (Louisville Metro, Jewish Family and Career Services, Community Ventures Corp. and Kiva Zip);
- advisory bodies [Federal Reserve Bank of St. Louis, Small Business Administration/Service Corps of Retired Executives (SBA/SCORE) and Small Business Development Centers (SBDC)]
- refugee resettlement agencies (Catholic Charities and Kentucky Refugee Ministries);
- financial institutions (BB&T); and
- educational institutions (Jefferson Community and Technical College and University of Louisville).

From the time aspirants show interest in becoming business owners to the time they are well on the way to running a sustained business, RISE follows a standardized methodology that is replicable and measurable at each step. (See Figure 3 on page 7.)

Intake

Although immigrants come to the U.S. in hopes of realizing the American dream, starting a business may not be their initial goal. One key factor in stimulating immigrant entrepreneurship is popularizing the possibility of entrepreneurship in America through trusted groups and organizations.

Refugee resettlement agencies that have provided initial assistance are a natural starting point, as are community organizations, community colleges and small-business development agencies such as the SBA/SCORE and SBDC.

The intake person should be encouraging and empathetic, with some degree of training to properly guide and capture demographic and other relevant information. The intake process may also reveal that the candidate is not ready to start a business—a better discovery during intake than after a substantial investment of time and money.

Coaching

An empathetic former entrepreneur, or someone experienced in dealing with small-business owners, is a natural fit for this part of the process. Coaching involves guiding and preparing candidates for business ownership. Additionally, RISE coaches keep abreast of new techniques, software and online resources. They have enough community standing and contacts to make introductions or call on appropriate resources when necessary.

A critical first step is *visioning*, which allows the aspirant to gauge their own resolve and abilities before investing time and resources. RISE coaches engage in extensive needs analysis and mitigation. They offer appropriate training, online and other education, and helpful introductions to mentors and subject matter experts.

Coaches also work with existing immigrant business owners who want to expand and experienced immigrant business people who want to start a new enterprise.

Personal Coaching and Mentoring

Any small-business owner will attest to the need for personal development and financial management, as well as maintaining a work-life balance and health. RISE has made personal coaching a key result area, beginning with an individual SWOT (strengths, weaknesses, opportunities and threats) analysis, which is revisited throughout the process to highlight the importance of personal well-being to the entrepreneur.

RISE Certification

A business-ready and RISE-trained entrepreneur will be certified as business capable by an external panel based on criteria drawn up by funding sources such as banks, coaches, mentors and others.

FIGURE 3

RISE standardized methodology for becoming a business owner

To view the full graphic, visit stlouisfed.org/publications/br/. Source: RISE

RISE seeks to harness and support the courage, talent and energy of immigrant entrepreneurs, and channel that drive so their businesses can create a tsunami of economic growth and prosperity.

Suhas Kulkarni is the director of the Office for Globalization, Office of Mayor Greg Fischer, Louisville Metro Government.

FIGURE 2

Some of America's Fortune 500 Companies with Foreign-Born Founders

- **AT&T**
  Immigrant founder: Alexander Graham Bell
  Country of origin: Scotland
- **Google**
  Immigrant founder: Sergey Brie
  Country of origin: Russia
- **Yahoo**
  Immigrant founder: Jerry Yang
  Country of origin: Taiwan
- **Nordstrom**
  Immigrant founder: John W. Nordstrom
  Country of origin: Sweden
- **Colgate**
  Immigrant founder: William Colgate
  Country of origin: England
- **Sara Lee**
  Immigrant founder: Nathan Cummings
  Country of origin: Canada

Creating Opportunity Pathways for Asset Development:

The Role of Participatory Problem Solving in the Mississippi Delta

By John J. Green, Molly Phillips and Katie Kerstetter

Education, health, housing, food security, a safe environment—these are the means by which we seek to build and maintain sustainable livelihoods. However, unequal access to these resources means that many individuals, households and communities struggle to attain a basic level of health and well-being. As implied in both the sustainable livelihoods[1] and community capitals[2] frameworks, it is essential to create and sustain social infrastructures for asset development and to ensure that these infrastructures are more equitably distributed across socioeconomic and geographic lines.

Key to building strong and functional social infrastructures are opportunity pathways: networks and resources connecting individuals in meaningful and accessible ways with the social institutions that promote asset development. For instance, it is not enough to convince someone that

>> continued on Page 8

Group discussion at PSBH workshop (Photo by E. Willoughby)

FIGURE 1

The *New Pathways to Health* Collaborative

Education partners:

- Middle and high schools
- Coahoma Community College
- Mississippi Delta Community College
- Delta State University

Health care partners:

- Hospitals
- Other clinical facilities
- Health councils

Resource partners:

- W.K. Kellogg Foundation
- Community Foundation of Northwest Mississippi
- Rogosin Institute

General partners and programs:

- We 2gether Creating Change
- Right! from the Start
- University of Mississippi McLean Institute for Public Service and Community Engagement
- Mississippi State University Social Science Research Center
- University of Michigan Schools of Public Health and Social Work

Creating Opportunity Pathways for Asset Development

>> *continued from Page 7*

it is possible to achieve a higher level of education when there are significant challenges and barriers to accessing postsecondary education that go beyond personal levels of control. In these situations, one means of intervention is the creation of pathways for development that are supportive and nurturing rather than limiting and challenging, especially in those places where people are vulnerable due to long-term socioeconomic stressors.

One example of a place facing such stressors is the Delta region of Mississippi. The 11 counties in this northwest region of the state are commonly known for rural isolation, limited educational attainment, low median household incomes and high rates of poverty.[3] The Delta has particularly high rates of obesity, heart disease, hypertension and diabetes,[4] and racial disparities in health and educational outcomes persist.[5] Additionally, much of the region is designated as a Health Professional Shortage Area by the Health Resources and Services Administration.

Despite these challenges, there are numerous development efforts in progress throughout the region, including the *New Pathways to Health Initiative*, a collaborative venture between a diverse set of organizations that provides program participants with a specialized set of opportunity pathways in the Delta, with special focus on Bolivar, Coahoma, Quitman, Sunflower and Tallahatchie counties. (For more information about the collaborative, please see Figure 1 or visit http://institutecbr.wordpress.com/resources/newpathways.)

New Pathways to Health is intended to open opportunities for young people interested in advancing their education and pursuing health care careers. Working in a poor region with under-resourced schools, the program offers a series of weekend and summer educational enrichment activities for middle and high school students, mentorship, school health councils, certified nursing assistant and phlebotomy training programs, dedicated education units (DEUs) for college students studying nursing and a community health worker training program. Through these initiatives, *New Pathways to Health* creates avenues by which students can pursue careers in the health professions.

One particularly unique component of *New Pathways to Health* is the inclusion of a participatory problem-solving process that involves youth, young adults and professional practitioners in collaborative work. Modeled on the Dreyfus Health Foundation's Problem Solving for Better Health® (PSBH®) methodology grounded in community work across more than 30 countries,[6] participants are taken though a series of group activities in a workshop environment. They focus on identifying a problem, proposing a solution in the form of a "good question," and articulating an action plan. Through intensive dialogue with their peers and outside support facilitators, the participants refine their ideas and build synergy by connecting with other "problem solvers." Then they take these plans to their schools, organizations and broader community for implementation. Participants gain hands-on experience in working toward intentional social change and, through this process, build their own human capital and contribute to the development of their communities and the Delta region.

The University of Mississippi Center for Population Studies assists the initiative with evaluation and collaborative organizational capacity development. Researchers are investigating the outcomes from various program components and their impacts on student self-efficacy, academic performance and health behaviors. A recent synthesis of this research found that by providing support for individuals' aspirations while also exposing and addressing the procedural and structural barriers that prevent the realization of these goals, the program has contributed to individual, household and community well-being.[7] Two illustrative examples follow.

In October 2012, 21 middle school students participated in a PSBH® workshop to discuss health challenges impacting youth in Clarksdale, Miss. Many of the conversations focused on addressing childhood obesity; by the end of the workshop, students had proposed creating a nutrition and fitness summer camp. Following the workshop, students connected with leadership at the Aaron E. Henry Community Health Services Center (AEH) and the Tri-County Workforce Alliance (TCWA), who together had developed Healthy, Set, Go, a youth summer program that met in June 2013. Under the leadership of AEH and TCWA, students helped guide the curriculum and participated in marketing, outreach and recruitment. Camp attendance grew each week; by the end of the month, 160 young people from 5 to 18 years of age had participated. The camp, which was free and open to all youth in the community, was so successful that it has been institutionalized as an annual program through AEH. During summer 2014, the camp was held in four Delta counties.

The second example involves Mississippi's state-level policy requiring that all schools have health councils to address challenges impacting students. Despite the law, many schools do not have active councils, and those that do have limited youth representation. To address this inconsistency, *New Pathways to Health* helped create a youth-run school health council at J.W. Stampley 9th Grade Academy in Clarksdale. In November 2013, 31 students interested in joining the council participated in a PSBH® workshop to develop project ideas. Students were particularly concerned about stress and proposed hosting a series of schoolwide assemblies related to different stressors, including teen pregnancy, dropping out, gang violence, and alcohol and drug abuse. After the workshop, council members met with the school principal and counselor, as well as leadership at AEH and TCWA, and held monthly assemblies featuring guest speakers who shared personal experiences related to these stressors. Through participation in the school health council, youth gained skills related to research and program planning as well as leadership experience. One student was even asked to represent the group on a statewide advisory council run by the governor.

"Key to building strong and functional social infrastructures are opportunity pathways."

An important element of promoting sustainable livelihood development in vulnerable places is the creation of opportunity pathways for individuals to access a wide range of social, economic and environmental assets. As shown through the *New Pathways to Health Initiative* and its use of the PSBH® process, people—including youth and young adults—can access the resources they need to promote health and well-being in their communities when provided with structured and accessible ways to engage with each other and resource organizations to solve problems.

John J. Green is an associate professor of sociology and director of the Center for Population Studies at The University of Mississippi. Molly Phillips is manager of Health Promotion Programs and Policy at the Dreyfus Health Foundation of the Rogosin Institute. Katie Kerstetter is a doctoral student at George Mason University.

ENDNOTES

1 Leo De Haan and Annelies Zoomers, "Exploring the Frontier of Livelihoods Research," *Development and Change* 36(1) (2005): 27.

2 Isabel Gutierrez-Montes, Mary Emery and Edith Fernandez-Baca, "The Sustainable Livelihoods Approach and the Community Capitals Framework: The Importance of System-Level Approaches to Community Change Efforts," *Community Development* 40(2) (2009): 106.

3 2012 Five-Year Estimates from the American Community Survey, U.S. Census Bureau, http://factfinder2.census.gov/faces/nav/jsf/pages/index.xhtml.

4 Data & statistics, 2014, Centers for Disease Control and Prevention, www.cdc.gov/features/datastatistics.html.

5 2012 Five-Year Data from the Mississippi Statistical Automated Health Resource System, Mississippi State Department of Health, http://mstahrs.msdh.ms.gov.

6 Barry H. Smith, Joyce J. Fitzpatrick and Pamela Hoyt-Hudson, *Problem Solving for Better Health: A Global Perspective*, (New York: Springer, 2011).

7 Katie Kerstetter, John J. Green and Molly Phillips, "Collective Action to Improve Rural Community Wellbeing: Opportunities and Constraints in the Mississippi Delta," *Rural Society* (forthcoming).

HAVE YOU Heard?

Agencies Release List of Distressed or Underserved Nonmetropolitan Middle-Income Geographies

The Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corp. and the Office of the Comptroller of the Currency have released the 2014 list of distressed or underserved nonmetropolitan middle-income geographies, where revitalization or stabilization activities will receive Community Reinvestment Act (CRA) consideration as "community development."

"Distressed nonmetropolitan middle-income geographies" and "underserved nonmetropolitan middle-income geographies" are designated by the agencies in accordance with their CRA regulations. The criteria for designating these areas are available on the Federal Financial Institutions Examination Council (FFIEC) website (www.ffiec.gov/cra). The designations continue to reflect local economic conditions, including triggers such as unemployment, poverty and population changes.

The current and previous lists can be found on the FFIEC website, along with information about the data sources used to generate the lists.

Accion Loans for Fresh Food Initiatives

Accion is offering business loans designed to support fresh food entrepreneurship in retail, packaging and innovation. Fresh! loans range from $500 to $250,000, with interest rates from 7.5 percent to 15 percent. The financing is for startup and established businesses, which can be legal for-profit or nonprofit organizations. The operations of the business must be in a food desert or in a county considered persistently poor. The Fresh! loan can be used to:

- market a new healthy product;
- purchase refrigeration for mobile food retailers, wholesalers and distributors;
- support expansion of fresh produce in convenience stores and grocers with refrigeration, freezers and equipment; and
- acquire startup and acquisition capital to create healthy food stores or products in a food desert.

For more information, visit www.acciontexas.org/accion_product/fresh/.

CDAC SPOTLIGHT

Redefining Historic Preservation

By Cary Tyson

"Community Development" has a lot of different definitions. It is considered a function of banking, an aspect of economic development, a process, community organizing and more. In fact, there are at least 11 different definitions of the phrase in the *Community Development Handbook*. However, I have always believed that the phrase means exactly what it says—it is what we do to develop communities, making them healthier and viable in the 21st century.

As someone who has worked in historic preservation and community revitalization for more than 14 years, I believe that the practice of historic preservation and downtown revitalization are the best tools for communities facing the "shrinking cities" problem and brain drain—the loss of their younger demographic.

To build a successful and sustainable economy in the 21st century, it is critical for communities to differentiate themselves. They must create an environment that is compelling. While there is nothing wrong with chain or big-box stores, they are ubiquitous and can be only a part of the equation. What makes a community unique are its authentic assets—historic downtowns and neighborhoods.

Taking an asset-based approach to community and economic development also addresses the issues of aging and expanded infrastructure (roads, utilities, etc.), the sprawling expansion of which creates maintenance costs that often balloon beyond what the tax base can support. Concentrating a community's efforts inward, supporting what's long been in place, allows for a smaller footprint, keeping down fuel costs for police and fire as well as funding for overgrown utility expansion. Funding road maintenance, in particular, is becoming more and more challenging as cars become more fuel-efficient and gasoline tax revenue shrinks.

Preservation as a community development practice is burdened by its name and, perhaps ironically, its tradition. Historic preservation in the 20th century (and earlier) was portrayed and practiced as something close to monument protection, preserving homes of historically important figures, etc. Of course, this was not true in every case, but the perception stuck. It was, and still is, seen as a "culture of no": no, you can't paint your house that color; no, you can't replace your windows; no, you can't add a porch; no, you can't tear it down. Again, while this is not necessarily the case, such events are reported in the press, and the perception is born.

Most new subdivisions built in the latter part of the 20th century included covenants or similar deed restrictions as historic districts where design review is regulated by law.[1] Generally, buyers appreciate these controls, not for the limitations placed on *their* property but for the limitations on what *their neighbor* can do; it is considered a protection on investment. For example, Capitol Zoning in Little Rock, the preservation regulatory body that reviews the neighborhood near the Arkansas governor's mansion, has a 98 percent Certificate of Appropriateness (COA) approval rating, but its perception is one of little more than another level of bureaucracy.

Perhaps part of the problem is the term itself—"preservation," conjuring images of properties stuck in time, protected by proverbial glass encasements. And while there is too much truth in that approach for the comfort level of most "old school" preservationists, John Kenneth Galbraith's comment remains true: *"Preservationists are the only people in the world who are invariably confirmed in their wisdom after the fact."*

We shouldn't be surprised that we're facing an obesity and diabetes crisis when we have literally been building communities that encourage driving over walking for nearly 50 years. It is no coincidence that the drop-off traffic jam escalation at elementary and middle schools coincides with the suburbanization of America. If you are over 40 years old and reading this, the chances that you walked to school are far greater than they are for someone under 40. This is where the community-focused preservationist can make a difference. In fighting for the built environment—that part of the community that has long existed and has character of craftsmanship—they are fighting for walkable, liveable places. They are fighting for places that matter, that are unique and that can play a role in making a community a place where natives want to return and residents want to stay.

To be taken seriously in larger-scale economic and community development circles, it is time for preservationists to shift the conversation from "stop/don't" to a discussion on how the existing built environment aids a community's competitiveness in the 21st-century economy. Our historic neighborhoods are *some* place, not *any* place. Preservationists must do a better job of advocating the fact that oftentimes the most affordable housing is in traditional historic neighborhoods that have, perhaps, been a bit neglected but still maintain a strong character. We need a little less focus on being precious with the details and a broader focus on building communities, not just on "don't do this or that."

To paraphrase noted economist Donovan Rypkema, when a building of quality (usually a "historic" building) is standing, there are only four options:

1. Do nothing
2. Stabilize the building and wait
3. Rehabilitate the building
4. Tear the building down

If the fourth option is chosen, all the others are eliminated along with any flexibility; the neighborhood is most likely sentenced to be another weed lot, the downtown another surface parking lot. Both of these draw little to no property tax revenue, show a lack of community creativity and are uninspiring to visitors and residents alike.

CDAC MEMBER SPOTLIGHT: Cary Tyson

Cary Tyson is the deputy director of the Arkansas Historic Preservation Program in Little Rock. Previously, he served as the Certified Local Government coordinator for the Arkansas Historic Preservation Program, director and assistant director of Main Street Arkansas, and project manager for the Rural Heritage Development Initiative. He is a frequent author and speaker at statewide and national conferences on the topics of downtown revitalization, historic preservation and smart growth, and is on the boards of many local organizations. He was appointed by Arkansas Gov. Mike Beebe to the Arkansas Volunteerism Advisory Council and by Mayor Patrick Henry Hays to North Little Rock's Green Agenda Committee.

Tyson holds bachelor's and master's degrees from the University of Arkansas at Little Rock. He is a graduate of the National Trust for Historic Preservation's Basic and Advanced Preservation Leadership Institute and the University of Central Arkansas's Community Development Institute. Tyson is a member of the Community Development Advisory Council (CDAC) for the Federal Reserve Bank of St. Louis.

CDAC members are experts in community and economic development and financial education. They complement the information developed through outreach by the District's Community Development staff and suggest ways that the Bank might support local efforts. A list of current members is available at www.stlouisfed.org/community_development.

We cannot let our communities, particularly our smaller and more rural communities, die the death of a thousand cuts. We also cannot afford to continue to falsely prop them up, hoping the population loss will magically stop or they will be saved via the illustrious spec building or industrial park. We must make sure our communities are of quality. Focusing on the existing built environment, the historic core, is a first and strong step toward that end.

REFERENCES

1 Suburban Land Development Practices, National Register Bulletin: Historic Residential Suburbs, U.S. Department of the Interior, National Park Service, www.nps.gov/nr/publications/bulletins/suburbs/part2.htm

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Resources

New Informational Podcasts

8 From the Eighth Audio Podcasts

8 From the Eighth is a podcast series from the Community Development department at the St. Louis Fed. Through interviews with experts (consisting of eight questions), listeners learn about current community development challenges—and successes—in the Eighth District, helping them to understand both the problems and the solutions. Podcasts cover a variety of topics, including innovative strategies and emerging trends related to community development.

- **Kiva Zip**
  Jonny Price, Senior Director
  www.stlouisfed.org/community_development/multimedia/audio/8-From-the-Eighth/kiva-zip.cfm

  Price discusses how Kiva Zip, a pilot program launched by Kiva that connects borrowers to lenders through crowdfunding across the U.S., helps underserved entrepreneurs launch their small businesses by accessing the financial capital they need with zero-interest loans. He also speaks to the power of cultivating community and forging relationships between borrowers and lenders.

- **ioby** (**i**n **o**ur **b**ack**y**ards)
  Erin Barnes, Co-Founder and Executive Director
  www.stlouisfed.org/community_development/multimedia/audio/8-From-the-Eighth/ioby.cfm

  Barnes discusses how this crowd-resourcing platform for citizen-led neighbor-funded projects strengthens neighborhoods by supporting the leaders in them who want to make positive change. She provides examples of successful projects and tells you how to use ioby to get your ideas for change funded and up and running in your community.

More *8 From the Eighth* podcasts are available at www.stlouisfed.org/community_development/multimedia/audio/8-From-the-Eighth/.

Economic Development Podcasts

Experts from industry and academia provide their thoughts on workforce development, entrepreneurship and employee training in these podcasts.

- **Strategies to Mitigate Rural Poverty: Using Human and Social Capital**
  One outcome of the recent recession is that rural poverty rates are the highest since the mid-1980s. Mil Duncan, founding director of the University of New Hampshire's Carsey Institute, discusses the issues facing the rural poor.

- **Should Microbusinesses Matter to Your Local Community?**
  Microbusinesses are a proven job-creation vehicle and promote economic growth. An Association for Enterprise Opportunity (AEO) report suggests the size and impact of microbusinesses has implications for local economic development. Kim Alleyne, at AEO, provides highlights from the report.

- **Competition to Incentivize Community Change: Working Cities Challenge**
  The Working Cities Challenge is an innovative economic development competition designed to drive lasting cross-sector partnerships and improve residents' well-being in the winning cities. This podcast describes the early outcomes of the Massachusetts-based initiative.

To view transcripts or play the audio files, visit www.frbatlanta.org/podcasts/economicdevelopment/.

BRIDGES | SUMMER 2014
https://www.stlouisfed.org/publications/bridges/summer-2014/the-federal-reserve-bank-of-st-louis-housing-market-conditions-report

The Federal Reserve Bank of St. Louis' Housing Market Conditions Report

David Benitez

One of the many products that the St. Louis Fed's Community Development department makes available to the public is the Housing Market Conditions (HMC) Report. The report, now in its third year, is published quarterly and overviews housing conditions for each of the seven states that comprise the Eighth District. Although the District is comprised of the entire state of Arkansas and only parts of Illinois, Indiana, Kentucky, Mississippi, Missouri and Tennessee, the report includes data for the entirety of each state. In the fourth quarter of 2013, the Metropolitan Statistical Areas (MSA) of Little Rock, Louisville, Memphis and St. Louis were added to the report.

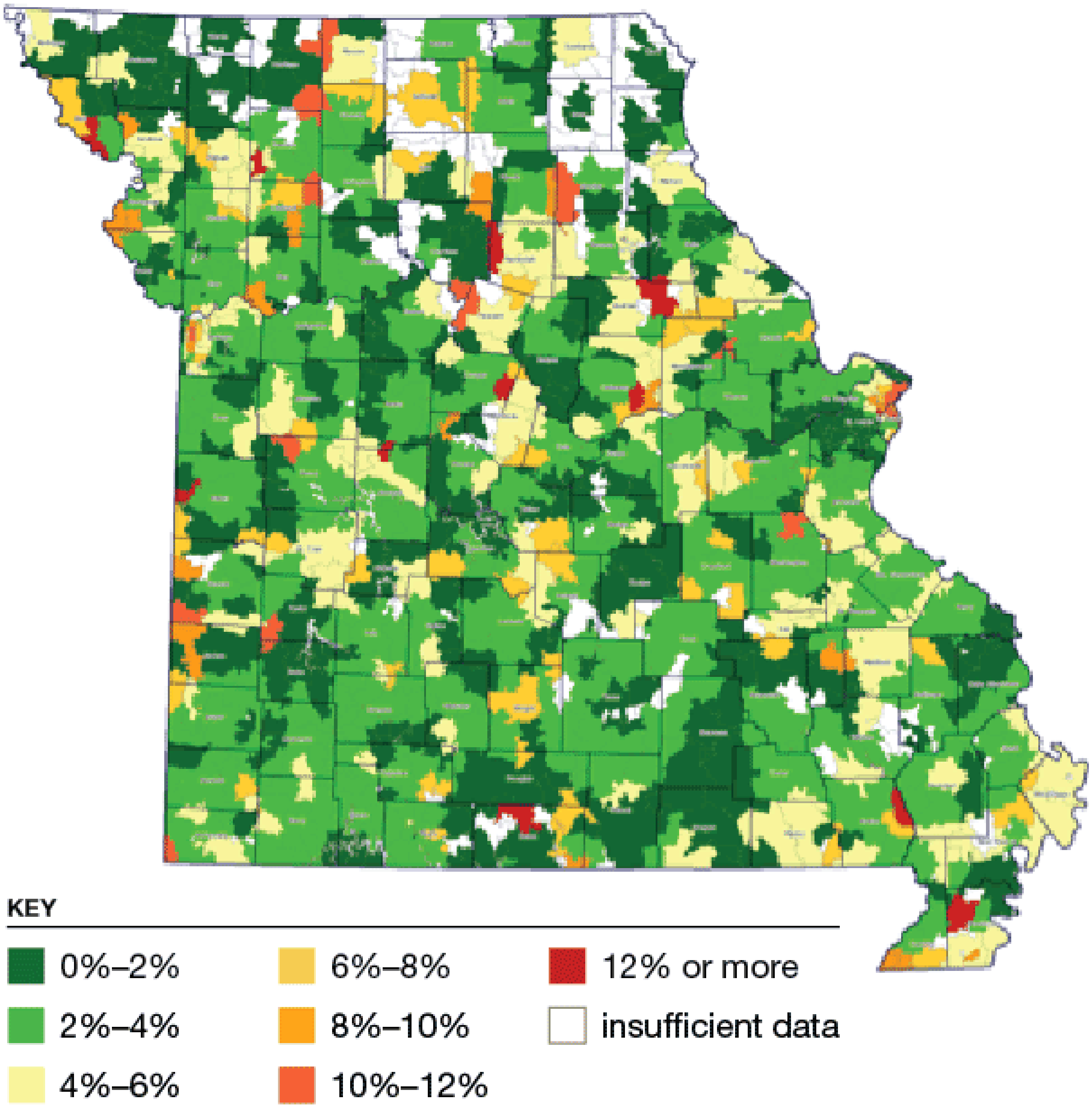
While many products from the St. Louis Fed give detailed analysis and anecdotal information of economic conditions in the Eighth District (such as the *Burgundy Book*), the HMC Report is meant to provide simple and easy-to-interpret data points on housing conditions in a user-friendly interface. This structure is intentional, so that community development organizations, nonprofits and policymakers throughout the District can use the report as a versatile tool for whatever their needs might be. Each quarter, the HMC report provides the most up-to-date numbers for various datasets that portray a snapshot of conditions. For each state and MSA, the HMC report provides:

- Color-coded maps that reflect the number of mortgages considered seriously delinquent (i.e., those that are delinquent 90 days or more, or are in foreclosure) and the respective quarterly percentage change in these numbers
  - By county for the U.S.
  - By ZIP code for each state and MSA
- A listing of the top 10 ZIP codes with mortgages under stress
- Historical house price index (HPI) charts from both the Federal Housing Finance Agency (FHFA) and CoreLogic (also includes the U.S. as a whole)

For each state, MSA and national snapshot, a PDF is created for the user to download and print. The "Housing Market Conditions Archive" is available at www.stlouisfed.org/community_development/HMC/PDFarchives/index.cfm; it makes available all previous reports dating back to the first quarter of 2012.

Figure 1

Seriously Delinquent Mortgages by ZIP Code, June 2014



In June 2014, 3.09 percent of loans in Missouri were seriously delinquent (delinquent 90 days or more or in foreclosure). The national rate stood at 4.23 percent.

Source: Lender Processing Services

In the most recent HMC report for the second quarter of 2014, all of the Eighth District states saw an increase in house prices compared to the first quarter of the year. This is the first time all states saw a quarterly increase since the third quarter of 2013. Kentucky saw the biggest increase at 2.7 percent. For year-over-year change, all states saw a rise in prices, with Tennessee seeing the largest increase (5.6 percent) and Illinois coming in second (4.2 percent). For the MSAs, all regions saw a quarterly increase in house prices, with the Louisville MSA showing the largest increase (3.2 percent). All MSAs saw an increase in year-over-year change as well, with the Memphis MSA seeing the largest increase (3.7 percent). Little Rock MSA house prices have surpassed their pre-recession high, while the Louisville MSA is on pace to surpass theirs by next quarter.

The CoreLogic HPI shows that all of the Eighth District states saw an increase in house prices for the first quarter of 2014, with Illinois seeing the largest gain at 6.6 percent. For year-over-year change, all states except Arkansas (at -0.5 percent) saw a rise in prices, with Tennessee seeing the largest increase (7.0 percent) and Illinois coming in second (5.3 percent). The CoreLogic HPI also shows that the state of Tennessee has surpassed its pre-recession house price high. For the MSAs, all regions saw a quarterly increase in house prices, with the Memphis MSA showing the largest increase (6.3 percent). For year-over-year change, all MSAs except Little Rock (at -1.4 percent) saw an increase, with the Memphis MSA and the St. Louis MSA tying for the largest increase (5.2 percent).

Since the first quarter of 2014, seriously delinquent mortgages fell in all Eighth District states and in the major MSAs. Seriously delinquent levels are below the national average in Kentucky, Missouri and Tennessee, while levels remain above the national average in Arkansas, Illinois, Indiana and Mississippi. Mississippi has the District’s highest level of seriously delinquent mortgage shares among states at 6.48 percent, while Missouri retains the lowest rate at 3.09 percent.

For the MSAs, St. Louis and Louisville are below the national average for seriously delinquent mortgages, while Memphis and Little Rock remain above. The Memphis MSA has the highest level of seriously delinquent mortgage shares at 7.0 percent, while the St. Louis MSA has the lowest at 3.46 percent.

The current iteration of the HMC Report, for the second quarter of 2014, is available at www.stlouisfed.org/community-development/housing-and-foreclosure-resources/housing-market-conditions. For more information, contact Senior Communications Specialist Suzanne Jenkins at suzanne.m.jenkins@stls.frb.org.

Table 1

2Q 2014 Change in House Prices—FHFA

	Peak-to-Current	**Bottom-to-Current**	**Year-Over-Year Change**	**Quarter-Over-Quarter Change**
United States	-14.0%	17.2%	6.2%	1.3%
Arkansas	-5.0%	10.7%	1.6%	0.2%
Illinois	-25.6%	9.0%	4.2%	1.0%
Indiana	-2.2%	10.6%	3.7%	0.6%
Kentucky	-3.4%	5.7%	3.6%	2.7%
Mississippi	-10.4%	7.0%	3.3%	1.1%
Missouri	-12.5%	8.9%	3.8%	0.3%
Tennessee	-7.2%	11.4%	5.6%	1.3%
Little Rock MSA	0.0%	4.2%	1.5%	0.8%
Louisville MSA	-0.2%	6.0%	3.2%	3.2%
Memphis MSA	-9.7%	5.5%	3.7%	1.7%
St. Louis MSA	-9.7%	2.5%	2.0%	1.6%

Source: Federal Housing Finance Agency Seasonally Adjusted Expanded HPI

Table 2

2Q 2014 Change in House Prices—CoreLogic

	Peak-to-Current	**Bottom-to-Current**	**Year-Over-Year Change**	**Quarter-Over-Quarter Change**
United States	-14.9%	29.0%	7.3%	3.7%
Arkansas	-1.2%	5.5%	-0.5%	2.5%
Illinois	-20.1%	17.6%	5.3%	6.6%
Indiana	-4.8%	13.7%	3.1%	4.6%
Kentucky	-1.6%	9.0%	2.7%	4.9%
Mississippi	-7.4%	8.8%	3.8%	4.1%
Missouri	-9.7%	15.3%	4.9%	5.1%
Tennessee	0.0%	17.5%	7.0%	5.2%
Little Rock MSA	-1.4%	4.7%	-1.4%	1.5%
Louisville MSA	-1.2%	9.4%	3.7%	5.4%
Memphis MSA	-8.2%	15.4%	5.2%	6.2%

St. Louis MSA	-10.1%	15.2%	5.2%	6.0%

Source: CoreLogic HPI

<< back to top