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BRIDGES | SUMMER 2019
https://www.stlouisfed.org/publications/bridges/summer-2019/more-than-capital

More than Capital: Exploring the Continuum of Community Development Projects

Joe Neri

Effective community development financial institutions (CDFIs) spend enormous amounts of time doing two things: (1) assembling capital—both scarce debt dollars and even scarcer equity dollars; and (2) deploying those dollars in communities we care about.

But as challenging and time-consuming as raising and deploying capital can be, it's not enough. Our goal is not only to raise and deploy capital—most banks do that. Our goal is to align capital with justice.

That means deploying the capital we raise in ways that mitigate and eventually solve our communities' economic, health, education, environmental and social problems—that's what successful community development projects look like. To do that, CDFIs must engage across a continuum of activities—beyond raising capital and deploying loans—that build the pipeline of community-driven "investable projects" in all of our communities.

The Continuum

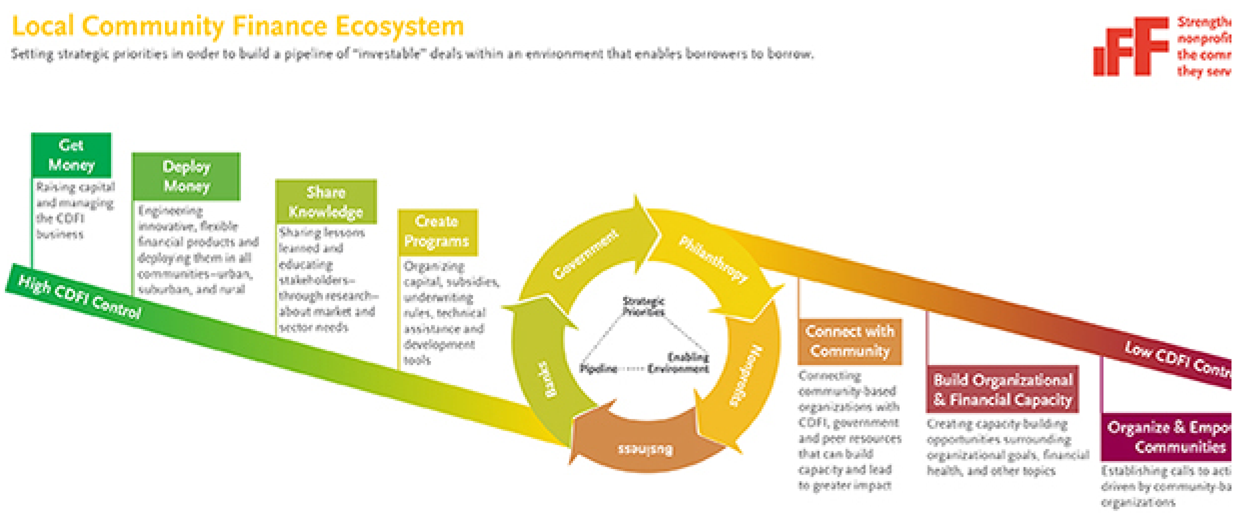
CDFI capacity is a vital part of a mature community finance ecosystem, which also requires cooperative and collaborative infrastructure from government, philanthropy, business, nonprofits and the civic community. Within that ecosystem, CDFIs can facilitate successful community projects in multiple ways—this is the basic premise of the continuum. Put another way: While many stakeholders are responsible for the success of the entire ecosystem, CDFIs can and must lead the way.

Assembling capital for communities—on which CDFIs typically focus—is only one element along the continuum that will lead to successful projects. In fact, since every bank assembles capital to lend, I would argue that the other components of the continuum are much more important to the CDFI industry's focus on aligning capital with justice.

Figure 1 delineates the basic continuum that I want to explore in this article.

From left to right, the continuum progresses from the strategies that CDFIs most control to the strategies that CDFIs control the least. In the middle are strategies that require strong partnerships to implement. So, for example, assembling capital is far left (lots of CDFI control), providing capacity-building training to our borrowers is in the middle (shared CDFI control), and community organizing is far right (very little CDFI control).

Figure 1



So, isn't this just "capacity-building"?

Yes and no.

Yes, we need to keep doing—and significantly raising the profile of—our capacity-building work, which is at the heart of the CDFI Fund's requirement that CDFIs provide "development services" that mitigate the challenges to accessing capital in our communities. The most common "development services" strategy that CDFIs offer is training that helps our borrowers better understand what lenders are looking for, so that they can prepare more accurate applications and qualify more successfully for capital.

No, it's not "just" capacity-building—we also need to engage in other activities across the continuum to be successful, and CDFIs must serve as leaders and conveners of the many diverse stakeholders that it takes to nurture a healthy ecosystem. Government programs like the CDFI Fund support our most basic capacity-building efforts. Philanthropy supports additional, targeted programs with subsidies, program-related investments (PRIs), and other innovative models. Nonprofits must be willing and able to leverage those programs so they remain financially strong in order to continue providing critical services to communities. CDFIs provide the connective tissue between these players, ensuring that our programs are informed by all constituents and therefore are more effective.

Here are some thoughts on how CDFIs can intervene across the continuum:

- **Raising and Deploying Debt (left side of continuum)**: Every CDFI knows that in addition to raising and deploying debt, how we engineer our financial products greatly increases or reduces eligibility for our capital. Of course price matters, but terms and covenants matter more to the communities we are trying to reach. This is an area in which CDFIs truly excel. But we can do more by asking ourselves tough questions, such as: How would we design/change our terms/conditions if we applied a racial equity lens to our lending programs? Would those changes help us better reach communities of color? If our community facility loans were based on actual project costs instead of appraised value, how many more "investable" projects would get done or get done faster? IFF has been lending this way for 30 years. I can't imagine how many fewer projects we would have financed if we required appraisals to define the "value" of invaluable projects like early learning centers and health clinics.
- **Organizing the Community (right side of continuum)**: On the other side of the continuum is the fundamental capacity of community-based organizations to organize their resources and collectively call for specific changes in their communities. But as we all know, systemic injustice has deprived many communities of the resources they need to develop this capacity. More recently, this problem has extended to suburban communities, which we tend to think of as resource-rich, but which have been caught off guard by significant demographic changes—the suburbanization of poverty. Any community that lacks this organizing capacity and infrastructure finds those to be the greatest barriers to aligning capital with justice, and they create a frustrating "chicken and egg" cycle for lenders who aren't willing to engage across the continuum. CDFI leaders can work to help develop capacity by serving on local boards and governmental task forces and can provide valuable data. Government and philanthropy must also step up to help develop this infrastructure.
- **Strengthening the Ecosystem (center of continuum)**: As we build capacity at both ends of the continuum, we will increase the number and diversity of "investable community projects," but we will also strengthen the community finance ecosystem—which, in turn, helps us better serve our communities. That ecosystem and its functions are best articulated in *Community Investment: Focusing on the System*. Robin Hacke, David Wood and Marian Urquilla did a great service to our industry by articulating a framework for a functioning ecosystem that promotes capital absorption. That framework includes: setting strategic priorities, generating pipelines and building an enabling environment that better ensures we are aligning our capital with justice. One example of the success of this framework is the JPMorgan Chase Partnerships for Raising Opportunity in Neighborhoods (PRO Neighborhoods) program, which encourages CDFI collaborations—leading, in part, to co-lending arrangements that support deals that might not otherwise get financed.

By better delineating the continuum, CDFIs can articulate how they can lean in at each stage of the continuum to create more "investable projects"—and, ultimately, to better align capital with justice.

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Food Hubs: 10 Lessons on Viability

James Barham , James Matson

Individual farmers often have too little product to satisfy large buyers such as local grocery chains and institutions, while large buyers struggle to find local producers who can provide sufficient, consistent supply for consumer demand. Food hubs offer a solution for both groups by providing aggregation, distribution and marketing services. This allows local growers to access large buyers while simultaneously coordinating efforts with distributors, processors, wholesale buyers and even consumers to allow those customers to meet the growing market demand for source-identified, locally or regionally grown products.

This is an abbreviated excerpt of an essay in *Harvesting Opportunity: The Power of Regional Food System Investments to Transform Communities*. For more information visit https://www.stlouisfed.org/community-development/publications/harvesting-opportunity.

Along with providing these core operational functions, food hubs often provide training and assistance to producers in areas such as sustainable production, season extension, post-harvest handling and packing, branding, certification, and food safety—all of which can increase access to wholesale customers, such as food service and other institutional buyers. At the same time, food hubs often engage directly with their community through donations, educational programs and health-awareness campaigns.

In this way, food hubs function as a link in the logistical chain to convey food products to midscale buyers who sell to the end consumer. The relationship between food hubs, buyers and farmers is illustrated in Figure 1.

Figure 1

Types of Services Offered by a Food Hub

PRODUCER SERVICES	OPERATIONAL SERVICES	COMMUNITY SERVICES
• Actively linking producers to markets	• Aggregation	• "Buy Local" campaigns
• On-farm pickup	• Distribution	• Distributing to "food deserts"
• Production and post-harvest handling training	• Brokering	• Food bank donations
• Business management services and guidance	• Branding and market development	• Health screenings and cooking demonstrations
• Value-added product development	• Packaging and repacking	• Food stamp redemptions
• Food safety training	• Light processing (trimming, cutting and freezing)	• Education programs
• Liability insurance	• Product storage	• Youth and community employ opportunities

Why Invest in Food Hubs?

The foremost benefit of a food hub is its ability to make sales and achieve a profit. Economically, food hubs are showing impressive sales performance and helping to retain and create new jobs in the food and agricultural sectors. Socially, most food hubs are providing significant production, marketing and enterprise development support to new and existing producers in an effort to increase the supply of local and regional food. Quite a few food hubs make a concerted effort to expand their market reach into underserved areas where there is a lack of fresh, healthy food. And finally, environmentally, most food hubs encourage their producers to use more sustainable production practices, as well as find innovative ways to reduce their energy use and waste in the distribution system.[1]

What Have We Learned?

In both the roles of a public servant and private consultant, we have worked either directly or indirectly with hundreds of food hubs in the U.S., providing business development and financial guidance. Through many years of engagement, we have learned a few tried-and-true good business practices for running a successful food hub operation.[2]

Lesson No. 1

This lesson is the cornerstone of food hub financial viability that all the other lessons are predicated on. We call it the "Oxygen Mask Rule of Financial Viability." As socially driven businesses look to secure both economic and social benefits, it is easy to lose focus of the economic bottom line in efforts to maximize the social mission. As such, it is essential for a hub to secure its own oxygen (i.e., profit margin) before assisting others with their oxygen (i.e., community benefits). As research has shown, "food hub profitability is the springboard to achieving the broader mission-related goals."[3]

Other Lessons

2. *Don't sell commodities*

It is essential to differentiate your products from others in the marketplace. On one level, this can be accomplished by developing a strong brand that tells the farm and farmer story as well as the values behind the story. The story must be simple, compelling and credible. Most importantly, the brand value and values reflected in the brand should speak directly to what is important to the customer audience (e.g., high quality, unusual varietals, local family farms, sustainable production practices and social equity).

3. *Sweat the small stuff*

The marketing and sales staff (often it's just one person) must know every intimate detail of the production and handling practices for every product sold under the hub's brand. This is necessary to tell an authentic story about the producers they work with and to assure their buyers that products are produced, handled and delivered in a way that minimizes food contamination. (Food safety is an ever growing concern.) Also, given the bootstrap, sweat equity nature of food hub businesses, it's a good idea to train the delivery staff (i.e., truck drivers) so they are knowledgeable about the producers and products, as well as have excellent customer relations skills. They are often the face of your business.

4. *Be there all year for your customers*

Strive to offer enough variety of products so that you can sustain a year-round operation, which is essential for covering fixed operating costs and helps to ensure constant communication with your buyers. This means working with suppliers on season-extension practices, offering shelf-stable and value-added products, and offering less seasonally dependent products, such as dairy and meat. Finally, be pragmatic in your approach. You may not be able to offer "local" products year-round, but you can offer fresh produce from other areas that still conform to the values espoused in the brand (e.g., sustainably grown products from small family farms).

5. *Get buyer commitment*

With a good brand, quality products and a reliable delivery service, food hubs have little difficulty finding and maintaining accounts, but they do struggle to get some buyers' commitment to purchase in higher volume regularly. Many food hubs have mismanaged their growth by acquiring too many accounts with a low volume of orders. Be clear with new customers on volume expectations and continually work with existing customers to increase their purchase orders, which can be done through a combination of specials, incentives, rewards and public recognition awards for being a "committed" buyer.

6. *Think farmers first*

Ultimately, all marketing success is dependent on the producers you work with, so they should always be treated as valued and essential partners in your business instead of interchangeable parts of a supply chain. Food hubs work hard to ensure good prices for their producers and often provide technical assistance or find partners that can provide this in such areas as sustainable production practices, production planning, season extension, packaging, branding, certification and food safety. This assistance helps build their growers' capacity and ensures a steady and reliable flow of quality products through the food hub to the buyers.

7. *Make friends*

Seek operational advantages by identifying partnerships with players with distribution infrastructure, such as existing distributors, producer groups, trucking companies and food banks. This requires a hub to take a critical look at their business assets to identify their core competencies and then to establish relationships with others to ensure it can meet its business and social objectives. When it comes to financing, hubs need to carefully evaluate their financial partners to find those funders who understand that the food hub business model requires patient capital with likely low rates of financial return but significant potential for high rates of social impact return.

8. *Don't buy what you don't need*

Infrastructure investment (e.g., a warehouse, trucks and equipment) needs to match the hubs' stage of development and marketing capacity. Infrastructure will be based on the product handling and storage needs of the food hub, but food hubs should still incorporate a long-term view of infrastructure and equipment to provide easier transitions through growth periods in the future.

9. *Put food safety front and center*

Food safety needs to be an integral part of the business operation, with food safety plans for producers, good agricultural and handling practices, and traceability and recall mechanisms in place. Also, allow the needs of the food hub customers to dictate the hub's certification requirements. Whether required by customers or not, food hubs should take a long-term view by maintaining awareness of the food safety and regulatory environment in order to be prepared for future requirements.

10. *Never forget "supply, supply, supply"*

Without ensuring a consistent, reliable supply of quality products, you have no business running a food hub, and you will have no business. This is clearly related to the lesson "think farmers first." At the end of the day, no product, no hub. Also, seek to source and provide a mix of products that will allow you to satisfy demand or an identified need in the market. This may include distribution of products that are not strictly "local," but which still meets the mission of the food hub by encapsulating other qualities that are attractive to the customers, such as products from small family farms, sustainable production and health benefits.

James Barham is an agricultural economist and food systems specialist for USDA Rural Development and James Matson is owner and principal of Matson Consulting.

Endnotes

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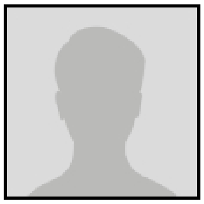
ABOUT THE AUTHORS



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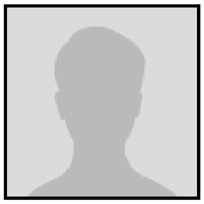

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CRA: An Examiner's Perspective
A Rundown of Community Development Investments

Andrew Nold

This article is part of a series on Community Reinvestment Act (CRA) best practices from an examiner's perspective. Although this column focuses on CRA best practices for financial institutions, the content may provide insights for community development organizations working with financial institutions to meet credit and community development needs. As a disclaimer, this series is meant only to represent best practices; financial institutions should consider the information presented in context of the requirements or guidance of their primary regulators and their own business needs.

Under the CRA, financial institutions are evaluated under various performance tests, which are dependent on the asset size of the institution. One way in which a financial institution's performance may be assessed is through its community development qualified investments.

To be a community development qualified investment, the activity must meet the definition in the CRA regulation. The CRA defines a qualified investment as a lawful investment, deposit, membership share or grant that has as its primary purpose one or more of the following community development purposes:

- affordable housing (including multifamily rental housing) for low- or moderate-income (LMI) individuals;
- community services targeted to LMI individuals;
- activities that promote economic development by financing businesses or farms that meet the size eligibility standards as outlined under the CRA; and
- activities that revitalize or stabilize LMI geographies, designated disaster areas, and distressed or underserved nonmetropolitan middle-income geographies.

There are several ways financial institutions can receive credit for qualified investments. Examiners' reviews encompass not only qualified investments made within the institution's assessment area(s), but investments made in a broader statewide or regional area and in nationwide funds, which include the institution's assessment area(s). Examiners may also consider qualified investments made within a broader statewide or regional area that do not benefit the institution's assessment area(s) provided the institution has been responsive to community development needs and opportunities in its assessment area(s). All qualified investments must have been made since the previous evaluation or must be made prior to the current evaluation but still be outstanding. Furthermore, examiners will review qualifying grants, donations and in-kind contributions of property since the previous evaluation that are for community development purposes.

Common types of community development investments include mortgage-backed securities that finance affordable housing for LMI residents, as well as municipal bonds. Examples of common municipal bonds include investments that fund projects to renovate schools in which the majority of students are eligible for free or reduced-price lunches, and investments that fund infrastructure improvements to redevelop LMI neighborhoods. Less-common but perhaps more-innovative investments include those made in financial intermediaries, such as community development financial institutions and community development corporations, small-business investment companies, and low-income housing tax credit funds. Common qualified donations consist of monetary contributions in community development organizations, including those that provide education, housing and other essential needs targeted to LMI individuals.

Considering the institution’s capacity, constraints and other information obtained through the performance context review, examiners form conclusions about community development qualified investments. Specifically, examiners consider the dollar amount of investments, the innovativeness or complexity of investments, and the degree to which the investments are not routinely provided by private investors.

Examiners also consider the responsiveness of qualified investments to credit and community development needs. In addition to reviewing outside performance context, examiners will consider the results of any assessment of community development needs and opportunities provided by the financial institution. Therefore, the responsiveness of investments can vary significantly among different geographic areas. While unique to each area, responsive qualified investments could include investments in infrastructure—such as new or rehabilitated sewer lines or improved access to highways—and communication services—such as providing access to the internet. These investments are evaluated as responsive because they are likely to help attract and/or retain a significant number of businesses and residents.

Overall, financial institution investment in community development initiatives is a critical component of the CRA and of thriving communities. To achieve success, a best practice for financial institutions is to continually assess the needs of their communities and strategically engage in community development qualified investments to meet those needs.

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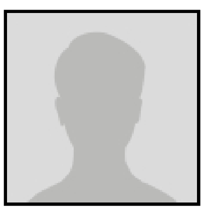

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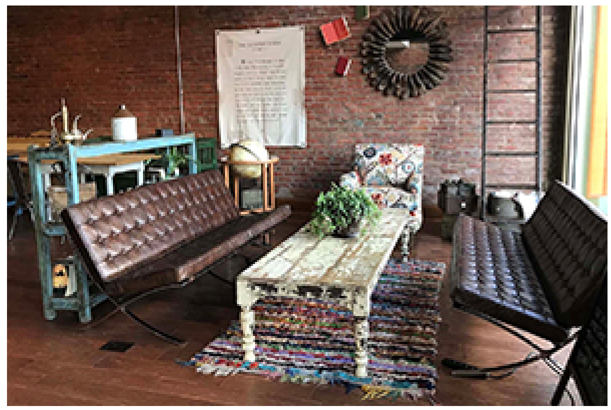
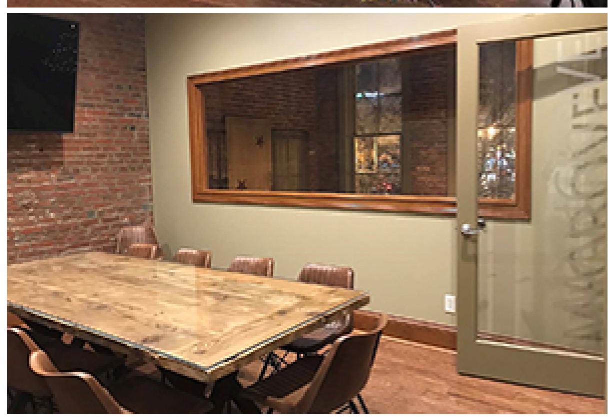
A Contemporary Coworking Space and a CRA Opportunity: The Root's Story in New Albany, Indiana

Caleb Bobo





As communities seek to make themselves more economically diverse and resilient, many are adopting new techniques. For decades, chambers of commerce and local government officials have sought to attract major corporations with the promise of tax incentives and public subsidies. While those undoubtedly remain an important piece of cities' growth strategy, many major metropolitan areas are beginning to shift gears by mobilizing resources to support the next generation of entrepreneurs and small businesses. It turns out that this strategy has been fairly successful. In 2015 alone, 414,000 startups created 2.5 million jobs across the United States, suggesting new small businesses pay real economic dividends.[1]

One approach many entrepreneur-friendly communities pursue is building collaborative work environments. Often using older, underutilized buildings, coworking spaces offer new and potential business owners the necessities—including things like mailboxes, private offices, and meeting rooms—to cultivate products or services. Additionally, some have 3D printers, computer labs, and fiber-optic networks, giving users access to cutting-edge technology they would otherwise not be able to afford. Most importantly, they put a host of like-minded individuals together, creating fertile ground for collaboration and partnerships. Because of these and several other benefits, it should then be no surprise that a study published in the "Harvard Business Review" found that employees in coworking spaces "thrive" at a rate higher than employees in a traditional office setting.

But, access to these collaborative work environments is not always evenly distributed. Typically, these spaces are strategically placed in the core of major urban cities seeking to capitalize on what is usually a younger, creative-minded population. Following that trend, in the Federal Reserve's Eighth District, places like T-REX in the city of St. Louis and Epicenter in Memphis, Tenn., offer coworking spaces, but the District lacks a similarly robust footprint in suburbs, exurbs, and rural areas. However, one father-daughter team is looking to change that.

In December of last year, Mark and Brigid Morrissey opened The Root, a coworking space in New Albany, Ind. (population 36,604).[2] While several similar enterprises exist on the Kentucky side of the region, this is one of the first of its kind on the Indiana side. When asked why New Albany, the Morrisseys' answer was simple: because that is where home is. But more than that, Mark and Brigid wanted to help their community reach its fullest potential. They saw the buzz surrounding the redevelopment efforts in the area, in addition to the success coworking spaces were having in Louisville, and thought: This could be the perfect project.

The Root offers everything a budding enterprise needs. The main level of the building boasts an open floor plan, allowing users to set up their computers on a couch or at a window-lined countertop. If a quieter environment is needed, the space has conference rooms with smart monitors, and private suites mirroring a traditional office setting. Users are also given access to high-speed internet, business mailboxes, and printing services, among other things. And on top of all that, The Root is located just off the highway in the heart of New Albany's downtown, making it accessible.

Although optimistic about the endeavor, the Morrisseys had no idea what to expect. They knew there was demand for centrally located office space, and specifically space that could be utilized by small businesses, but they did not know how the community would react. After opening their doors, the results have confirmed and exceeded their expectations. The Root's 14 private office suites were all leased on the first day it opened. After projecting six coworkers would sign up to utilize the main floor's open area by the end of the first month, they had 14 on board within just two weeks. Today, 48 individuals, ranging from lawyers to accountants to graphic designers to IT professionals, work out of The Root, and the future remains bright.

Over the next few months and years, Mark and Brigid have big plans for their space. They are hoping, in the short term, to begin offering business-centered programming for their members and local small businesses. Longer term, the two hope to continue building out their current space to benefit more people. Both of these plans could end up being ripe for Community Reinvestment Act (CRA) lending, investment, and service opportunities for area financial institutions. In fact, offering time or resources to coworking spaces—depending on where they are built, whether they are part of a neighborhood improvement plan, and/or whether they support businesses with revenue less than $1 million—could qualify within several aspects of the CRA.

If current trends hold, entrepreneurs will remain a vital part of communities across the United States. To channel their strength, the public and private sectors are investing in important support services, and there is no better evidence of this practice than the growth and popularity of coworking spaces. Unfortunately, that same growth and popularity are not always replicated in suburban, exurban, and rural America. But if investors, social enterprises, or engaged citizens try to bring a coworking space to a nonurban community, residents and institutions—including area banks—may benefit by rallying in support.

Caleb Bobo is an assistant consumer affairs examiner at the Federal Reserve Bank of St. Louis.

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The Challenges and Promises of Rural America

Ray Boshara

The day after last November's midterm elections, I traveled from urban St. Louis to rural southwest Minnesota to give a talk about the growing economic divide in America. Scanning the headlines that morning, it appeared that I had traversed a political divide as well:

- Urban voters had overwhelmingly chosen Democrats.
- Rural voters had overwhelmingly chosen Republicans.

Yet, the divide most worrisome to the 450 people attending the "Grow Our Own Summit" in Marshall, Minn., was who stays and who leaves. The area—like so many other rural areas across the country—is facing the challenges of attracting and retaining a skilled workforce. For example, one of every six kids in the area lives in poverty.

This area's experience would resonate among the 60 million Americans who live in rural areas nationwide: declining populations, lower incomes, "brain drain" and the loss of anchor employers.

Yet, rural Americans also possess a strong sense of community, a deep commitment to place and a rugged entrepreneurial spirit. I also I heard significant can-do optimism from local leaders and businesses. They all recognize that their fates are highly interwoven.

Data underscore the challenges these areas face. Since 1990, median family incomes in rural areas have been 20 to 25 percent lower than in the nation overall, according to the Federal Reserve. Recent Bureau of Economic Analysis data indicate that per capita incomes are higher in metro areas—even when adjusting for the cost of living—in all but eight states.

Fed data also show lower employment rates in rural areas, especially among less-educated workers. And a St. Louis Fed survey of struggling communities found that job shortages and poor school quality negatively impact rural areas more than metro ones.

Moreover, the St. Louis Fed's Center for Household Financial Stability reported that the white working class—by far both the largest population group in rural America and the single-largest demographic group in the U.S.—has seen its wallets shrink even faster than its numbers. Over the last 25 years:

- The group's population share dropped 13 percentage points.
- Its national income share fell 18 percentage points.
- Its share of our nation's wealth plunged 23 percentage points.

The white working class experienced declines in marriage or cohabitation, homeownership and self-reported health status as well.

To be sure, there’s much to be optimistic about as well. Recent research from Harvard University’s Opportunity Insights illustrates that while local conditions really matter in predicting whether children do well economically as adults, it doesn’t matter if they’re from an urban or rural area. In fact, children from rural communities achieved some of the country’s highest upward mobility rates.

In other words, economic success can be significantly influenced by what happens locally, especially by early human capital investments. This is one of the main reasons behind the “cradle to career” emphasis in southwest Minnesota and elsewhere.

Other rural communities are innovating, too. Here in Missouri, the Community Foundation of the Ozarks is promoting “The 5% Solution.” This initiative urges Ozark families—poised to bequeath or donate some $47 billion in wealth—to contribute 5 percent of their wealth to preserving their communities, keeping their family farms and retaining their young workers.

The National 4-H Council and The Bridgespan Group released research showing how young rural Americans can achieve economic success. And shifting food preferences (such as for locally grown and organic foods) are spawning new regional food systems that can create even more agriculture-related jobs in rural America.

Driving back from southwest Minnesota around sunset, I was struck by the confluence of stark and stunning landscapes, shuttered and lively small towns, rusting and bristling enterprises. It’s why people leave and why they stay. Yet, our lives are intertwined; their challenges and hopes are ours as well.

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Calendar

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10 **Investing in America's Workforce: Strengthening Communities, Expanding Opportunity**
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Contact: Sam Evans at samantha.evans@stls.frb.org

18-19 **Rural RISE Summit**
Pine Bluff, Ark.
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Visit: https://www.ruralrise.org

19 **The White Working Class: Challenges and Promising Responses**
St. Louis, Mo.
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Contact: Ray Boshara at ray.j.boshara@stls.frb.org

24 **Investment Connection**
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Contact: Neelu Panth at neelu.panth@stls.frb.org

26-27 **Banking and the Economy: A Forum for Minorities in Banking**
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October 2019

13-16 **International Economic Development Council 2019**
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17 **Investment Connection**
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17 **2019 Arkansas Community Development Society Conference**
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20-23 **Opportunity Finance Network 2019 Conference**
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24-25 **Housing Matters! Conference 2019**
Bloomington, Ill.
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Resources

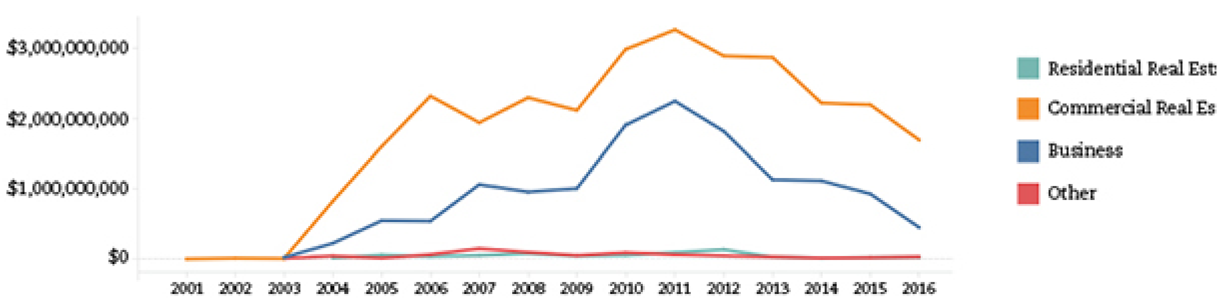
Updated Tool Explores Trends in Community Investments for States, Metros and Counties

The St. Louis Fed recently updated the Community Investment Explorer, an interactive tool that aggregates data about investments in low- and moderate-income (LMI) communities.

The CIE draws on publicly available data from over 500,000 investment transactions through the Community Development Financial Institution, New Markets Tax Credit (NMTC) and Low-Income Housing Tax Credit programs. The investments support a range of activities: from affordable housing, to commercial real estate development, to consumer and business lending and more. Collectively, these programs are responsible for several billion dollars of investment into LMI communities each year.

The Community Investment Explorer shows, for example, that the NMTC program continues to be a critical source of financing for commercial real estate and business investments.

NMTC Investment Over Time



For more information, visit stlouisfed.org/community-development/data-tools/community-investment-explorer.

How Can Fair Housing Improve Economic Mobility?

Where a person lives matters—a ZIP code can often predict a person's likely economic, health, education and life outcomes.

The Fair Housing Act of 1968, officially known as Title VIII of the Civil Rights Act of 1968, made it illegal to discriminate in the sale or rental of housing (including against individuals seeking a mortgage or housing assistance) or in other housing-related activities based on a person's race, color, national origin, religion, sex, familial status and/or disability.

Yet 50 years after the passage of this landmark legislation, housing remains segregated by race and income in many neighborhoods across the United States. Racial minorities and people with lower incomes disproportionately live in neighborhoods that lack basic amenities and pathways to economic mobility.

In a new Federal Reserve video, Atlanta Fed President Raphael Bostic discusses why fair housing matters to helping people achieve their full economic potential. He reflects on the legacy of housing discrimination, describes the progress made to prevent housing discrimination, and discusses what remains to be done.

Learn more about the history of U.S. housing discrimination and the importance of achieving fair housing for every American at youtu.be/Z3XM5f1LLtc.

The Role of Job Separations in Labor Market Disparities

Economic trends indicate stark racial disparities in the labor market. Using findings from recent studies and data from the Federal Reserve Board's 2017 Survey of Household Economics and Decisionmaking, this special topic brief, just released as part of the Investing in America's Workforce initiative, elaborates on the persistent black-white unemployment gap and highlights barriers to obtaining and maintaining employment.

Read "Examining the Role of Job Separations in Black-White Labor Market Disparities" and other topic briefs at www.investinwork.org/reports.