Fed to Participate in Seminars on New CRA

To help familiarize them with the revised CRA, the Federal Reserve Bank of St. Louis will invite bankers to free seminars in late January and throughout February in cities across the Eighth District. Officials from each of the federal supervisory agencies will cover all aspects of, and answer questions on, the new regulation, with special emphasis on examiners' expectations for compliance. Two different seminars will be offered: a half-day seminar for small institutions — those with less than $250 million in assets or whose holding company has less than $1 billion in assets — and a full-day seminar for large institutions. CRA officers will receive formal invitations and a seminar agenda in January. If you have any questions about the CRA seminars, please call Glenda Wilson of the St. Louis Fed at (314) 444-8317 or toll-free at 1-800-333-0810, ext. 8317.

Development Fund Deadline Extended

The Treasury has announced that the application deadlines for the Community Development Financial Institutions (CDFI) and Bank Enterprise Award (BEA) programs have been extended to Jan. 22 and Jan. 16, respectively. The original deadlines, set for mid-December, were extended in response to a significant number of requests from potential applicants. Informational packages for those interested in either the CDFI or BEA programs are available by calling Nancy Veret of the CDFI office at (202) 622-8239.

Upcoming CRA Examinations Now Announced

Beginning with the Dec. 8 issue of Applications Bulletin (Mini H.2), the Federal Reserve Bank of St. Louis began publishing a quarterly notice of Eighth District state member banks scheduled for CRA examinations. Any comments received as a result of the announcement will be considered during the examination. The listing will be published at least 30 days before the beginning of each calendar quarter in the Mini H.2, a weekly publication which also includes CRA ratings of state member banks as they become available to the public. If you would like to be added to the mailing list of the Mini H.2, please contact Diana Judge at the St. Louis Fed, (314) 444-8751.
Students Reap Rewards from Building Houses

What goes up, must come down. That was how it was for many years at Ranken Technical College in St. Louis. As part of the curriculum, carpentry students would build the frame of a house on campus and then tear it down in time for the next class of students to begin the process all over again.

Then, eight years ago, the school decided that what went up could stay up, and even serve a useful purpose. Ranken tied in with groups like Habitat for Humanity to construct low- and moderate-income housing for families in neighborhoods around the school. As part of their coursework, students would build with tools and on land donated by the partnering group. The only problem was that new classes of students often would have to wait around while the groups secured permits and building materials. Valuable time was lost. Thus, Ranken Dean of Instruction Byron Gregery resolved to make one more change to the curriculum.

“We decided to gain control of our own destiny and pay the city ourselves for the property,” Gregery said.

The school’s next step was to form a partnership with the St. Louis Association of Community Organizations (SLACO) called the Ranken Community Development Corporation (RCDC). As Ranken students gained hands-on experience building the homes, SLACO would be responsible for selling them. Work that could not be done by Ranken students was subcontracted to minority contractors when possible.

With impediments reduced, work has progressed at a faster rate. And in addition to honing their future professional skills, Ranken students have realized other benefits by putting up homes in predominantly minority areas.

"Between 80 and 85 percent of our students are white males, and most of them have not had much contact with minorities," Gregery said. "In addition, this program gives our students a real sense of accomplishment. Years from now, they can drive by these houses with their families and show them what they did. These students will never forget their first house."

Gregery describes the partnership as a “win-win-win situation.” The school wins (students apply what they learned in the classroom during the first year of school); the neighborhood wins (new homes help increase the value and appearance of the neighborhood); and the city wins (it sells some of the vacant lots and buildings).”

Four homes were built during the two-year first phase of the project, and all four were sold by last June. In the current phase, three houses are under construction. Someday, Ranken would like to build 10 to 12 houses per year using four students per house.

RCDC homes are sold for $65,000 to people whose income is 80 percent or below the median income level according to HUD guidelines. Cost differences are made up through Community Development Block Grant money and donated student labor.

The partnership between Ranken and SLACO has been beneficial for all involved. Besides the school’s involvement, the community has three residents sitting on the board of the RCDC. And SLACO is helping low- and moderate-income people become homeowners. This shows the positive effects of a community group and a technical school working together and utilizing the strengths of both.

In addition to the money provided by the city, Ranken received a construction loan from Boatmen’s Bank. Other banks that wish to help with the construction financing are encouraged to contact Ranken at (314) 371-0236. SLACO may be contacted at (314) 533-9104 for more information on home mortgages or this program.
Why has the Ecumenical Housing Production Corporation (EHPC) received numerous awards and recognition for its affordable housing program? Perhaps the reason is twofold—EHPC's unique approach to providing suburban single-family rental properties for low-income families and the comprehensive support services that tenant families receive as well.

Today EHPC has 170 single-family homes located in scattered neighborhoods across the St. Louis area, and it is expanding by 10 new houses a year. These homes shelter more than 700 individuals, including about 500 children under the age of 19. The majority of these households are headed by a single parent with an average annual income of $5,500 for a family of four or five. About one-third of the families renting EHPC houses come from homeless shelters.

One of the ways EHPC is unique is the way it helps break the cycle of poverty through its "pastoral management." This program provides job training, self-sufficiency programs, counseling, scholarships and other support services to its tenants. Money for daycare and transportation is also available to families who need it.

Word of EHPC has spread in the St. Louis community. Each month, EHPC receives about 125 calls from low-income families wanting to fill the two or three vacancies in the rental properties. Because most of EHPC's tenants need several years to stabilize their families, get job training and find jobs, there are few vacancies. But the long-term accommodations have paid off. In the last four years, 60 percent of the residents have moved from picking up a welfare check to picking up a paycheck.

EHPC tenants pay 30 percent of their income toward rent and utilities, and they are expected to take care of the houses as if they own them. About 1,000 volunteers from church groups of every denomination help with repairs, maintenance and yard work. Property managers visit each family regularly, doing everything from collecting the rent to helping out with personal problems.

EHPC has received recognition for its innovative delivery of affordable housing and support services, winning awards from the United Nations, the National Association of Housing and Redevelopment Officials, HUD, and, most recently, the Missouri Bar Association.

EHPC is funded by rents, government subsidies and donations from individuals, the faith community and corporations. The agency receives support from more than 400 foundations and corporations and numerous banks. In spite of enthusiastic local support, the organization is caught in a bind. The more successful it is, the more it costs to operate.

Each house costs between $60,000 and $70,000 to build. Maintenance costs are kept to a minimum by relying on a volunteer staff. "When you factor in all the support services we offer, each house costs us about $2,000 a year above and beyond the rent. If all we did was provide shelter, we could build 60 or 70 houses a year instead of 10. But it's not housing that makes us such a success—it's the services."

And it's the services that make the biggest difference in the tenants' lives. "Where you're really going to see EHPC's impact is in the next generation and the ones after that. These kids are growing up in a safe, positive environment and going to decent schools. Even more important, they see their moms gaining confidence, self-respect and peace of mind. These kids are the ones who are going to blossom."

EHPC Programs

Partners in Self-Sufficiency
Heads of household receive skills training such as help obtaining GEDs, attending college classes, managing money and preparing for jobs.

Staff-Intern Program
Heads of household work about 20 hours a week at the EHPC office to learn office duties and use computer programs.

Summer Camp
Every EHPC child between age six and 16 has the opportunity to attend summer camp. Last summer 110 kids attended.

Children's Art Workshops
Children and parents share an afternoon of art, storytelling and cultural activities within the community. A traveling collection of artistic pieces done by the children has helped to boost self-esteem among children, increase community awareness of EHPC and enhance fund-raising efforts.

Holiday Friends
Provides gifts and trimmings for tenant families during the holidays.
**LISC Promotes Community Development Corporations**

Following is an excerpt from testimony of Benson F. Roberts, Vice President for Policy, Local Initiatives Support Corporation (LISC), before the Subcommittee on Financial Institutions and Consumer Credit, Committee on Banking and Financial Services, U.S. House of Representatives, earlier this year.

A principal mechanism through which neighborhood residents are showing that community renewal is achievable is community development corporations (CDCs). As of 1990, over 2000 CDCs nationwide had developed about 320,000 units of housing serving about one million people, as well as numerous economic development projects and community facilities. Equally important, CDCs have brought residents together with the private sector and government to create a new sense of hope for neighborhoods. CDCs succeed in diverse places because they embrace the following values:

- **Self-help:** CDCs are vehicles that community residents create to take responsibility for improving their neighborhoods and enforcing pro-social behavior.
- **Community building:** CDCs bring people together, reinforce the social fabric, and bolster community institutions from churches to little leagues. Their mission to rebuild communities physically, economically and socially transcends housing or any other single issue.
- **Local control:** CDCs bring decision making down to the neighborhood level where it is closest to the people. CDCs work well with city and state officials.
- **Partnership:** CDCs are pragmatic and collaborative, not confrontational. They recognize that no single organization can revitalize a neighborhood alone. CDCs, government and the private sector — lenders, investors, property owners, developers, businesses, foundations and others — all contribute to and benefit from community development activities.
- **Investment:** The only long-term, sustainable way to revitalize low-income communities is through investment, private as well as public. A principal function of public investment is to stimulate private investment, create healthy, functioning markets, and to connect isolated, distressed communities to the economic mainstream.
- **Tangible results:** This is perhaps the most important and distinguishing characteristic of CDCs. The visible results of community development, such as housing and retail development, are verifiable proof that community development works. Less tangible outcomes — greater community cohesion, new relationships with public and private institutions, stronger community leadership and a new sense of hope and progress — are undeniably important, but it is CDCs’ tangible results that set them apart from many other efforts.

**Resources Available**

**Breaking Ground: A Beginner’s Guide for Nonprofit Developers,** a publication produced by the Federal Reserve Bank of Dallas to help nonprofits, lenders and other individuals who are interested in learning about nonprofits as affordable housing developers.

**Community Development Investments — A Guide for State Member Banks and Bank Holding Companies,** published by the Federal Reserve Board, provides guidance to state member banks and bank holding companies about the formation of community development corporations and other uses of equity investments for community development.

**Community Investment Opportunities,** community profiles that outline major credit needs in selected Eighth District communities and identify programs that help meet these needs. Profiles are now available of Little Rock/North Little Rock, Arkansas; Jackson Metro Area, Tennessee; Owensboro, Kentucky; and Columbia, Missouri.

**Partners: A Public-Private Partnership Model for Home Mortgage Lending,** PC-based software created by the Federal Reserve Bank of Atlanta for lenders, community groups, government agencies and other community loan counselors. The software illustrates how personal financial factors and loan underwriting techniques affect home purchase loan applications and offers solutions to overcome barriers for applicants who may not qualify for conventional home purchase loans.

To obtain copies of these materials, contact Diana Judge of the St. Louis Fed’s Community Affairs Office, (314) 444-8751.

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