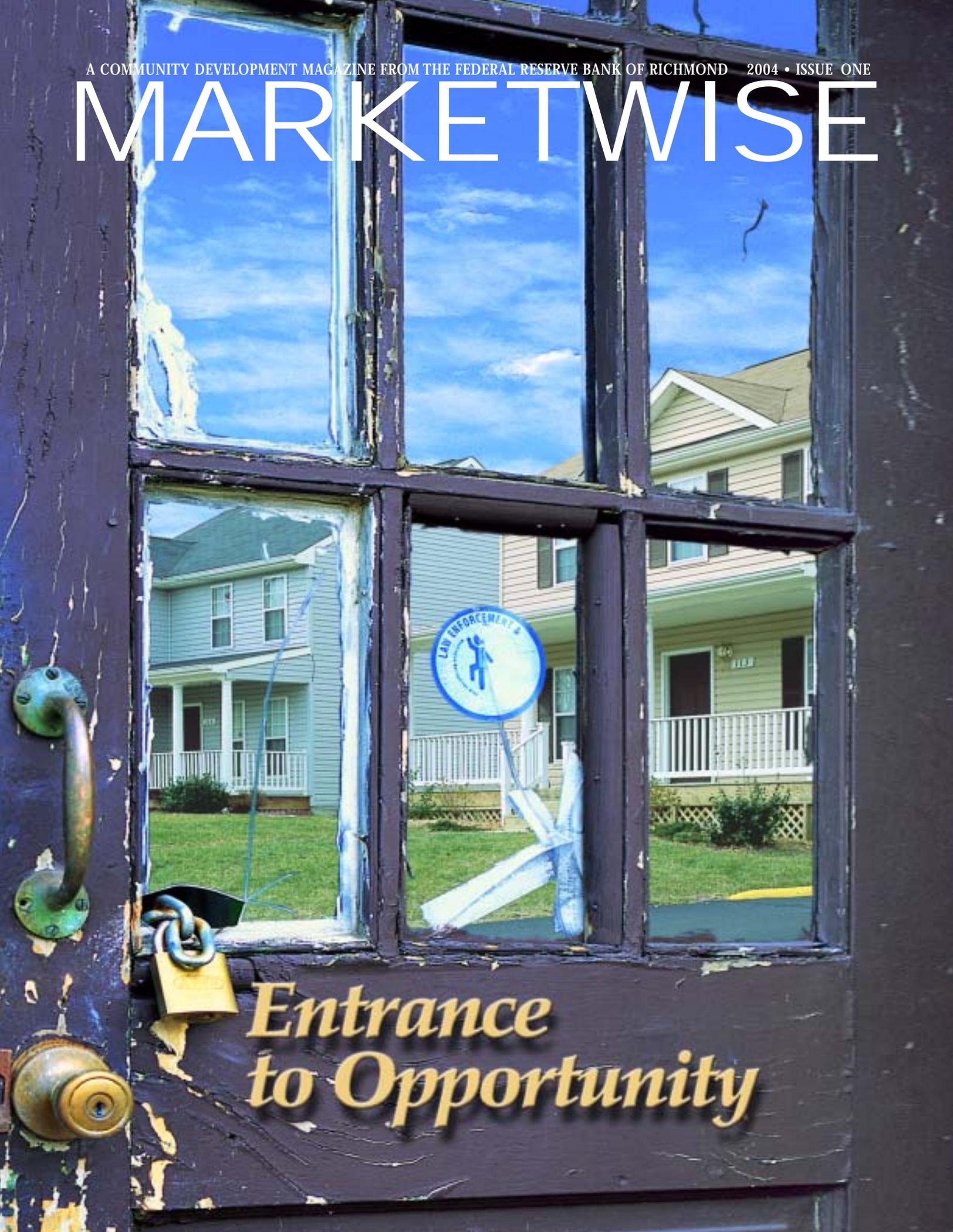


A COMMUNITY DEVELOPMENT MAGAZINE FROM THE FEDERAL RESERVE BANK OF RICHMOND 2004 • ISSUE ONE

# MARKETWISE



*Entrance  
to Opportunity*

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## Several years ago,

I met Lloyd Smith, who was at that time the executive director of Marshall Heights Community Development Organization (MHCDO). Immediately, I realized that the work that Lloyd was doing would create a dynamic community development organization. The article on MHCDO captures the CDC's significant history, evolving programs and long-term commitment to the residents of Ward 7. Another article captures a unique funding approach that implements CDBG dollars in the City of Richmond called "Neighborhoods in Bloom" (NiB). The program focuses CDBG funds into a few specific neighborhoods and guarantees the level of funding for several years to truly renovate the NiB impact areas. The final article about neighborhood indicators demonstrates the importance of measurable outcomes in community development. Today, more than ever, the public is asking that dollars spent on community development demonstrate real economic impact. The neighborhood indicators project is an attempt to quantitatively show the economic impact of community development investments beyond the traditional counting of "10 houses built or rehabbed." Interestingly, the Community Affairs Office (CAO) is undertaking a research project that blends two stories in this issue: "Neighborhoods in Bloom Program Cultivates Change in Richmond" and "Neighborhood Indicators: A Tool for Changing Communities and Improving Lives." Currently, the CAO is researching neighborhood indicators from the NiB area to measure the effectiveness of those investments. The ultimate goal of the project is to improve the way community development professionals measure their success.

Daniel D. Tatar  
*Assistant Vice President and Community Affairs Officer*

## There's great satisfaction in...

opening the doors of prospects that once seemed closed. Just ask the Marshall Heights Community Development Organization (MHCDO), who has transformed neighborhoods and lives in Ward 7 of Washington, DC for over 25 years. With a mission to promote and expand economic opportunities for citizens east of the Anacostia River, link residents with opportunities within the city and region and attract human and financial resources to the community, residents have gained entry to opportunities. MHCDO's multi-level approach to development makes success accessible through housing and financial counseling, supportive housing for individuals, families and persons with special needs, and career counseling services. In addition, its commercial development in the area coupled with its supportive services provides extra economic benefits to those who live in or commute through the area. MHCDO exemplifies that innovative and forward-thinking approaches stand as pillars of strength in low- to moderate-income communities.

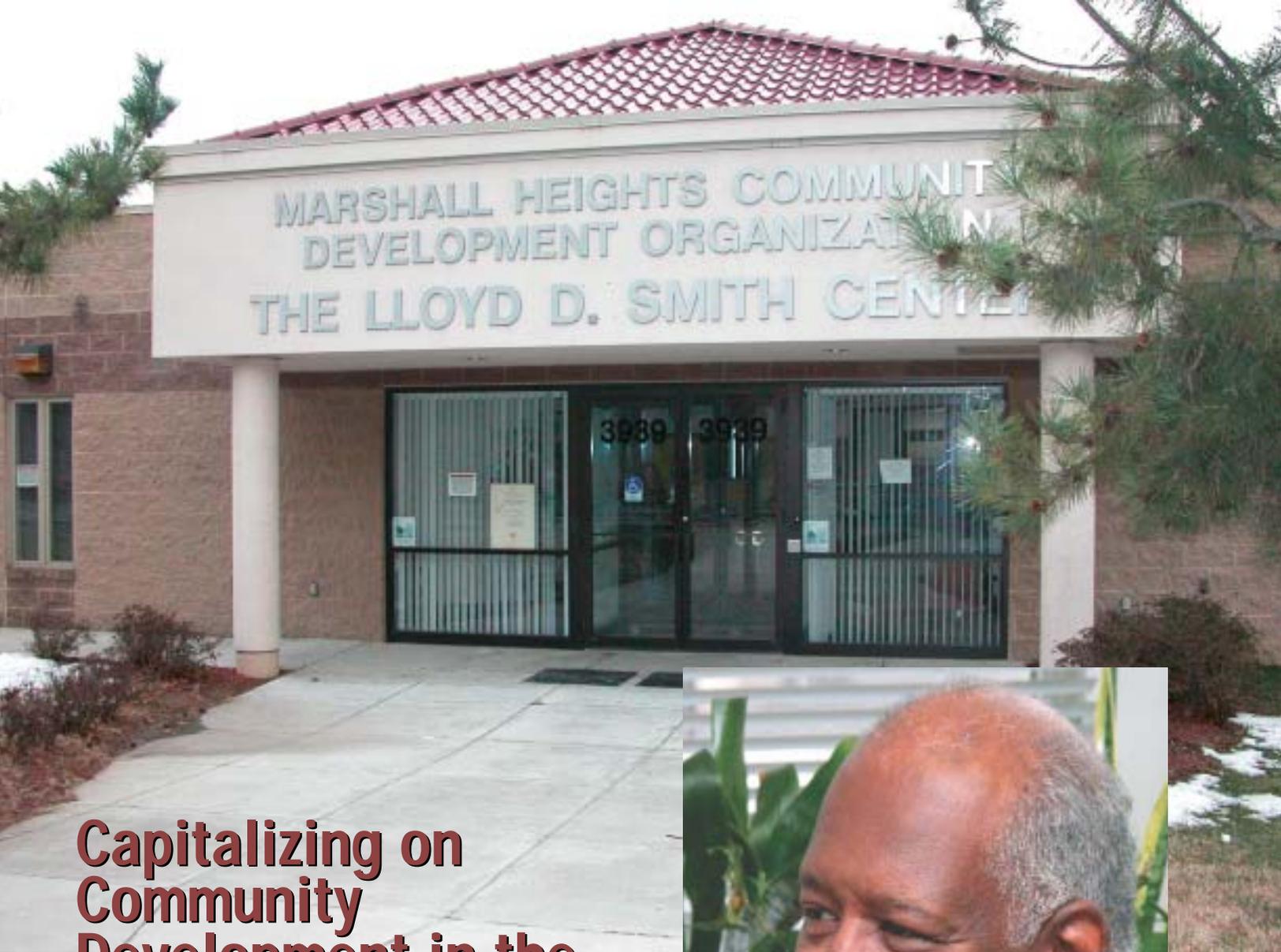
Jennie W. Blizzard  
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## MARKETWISE

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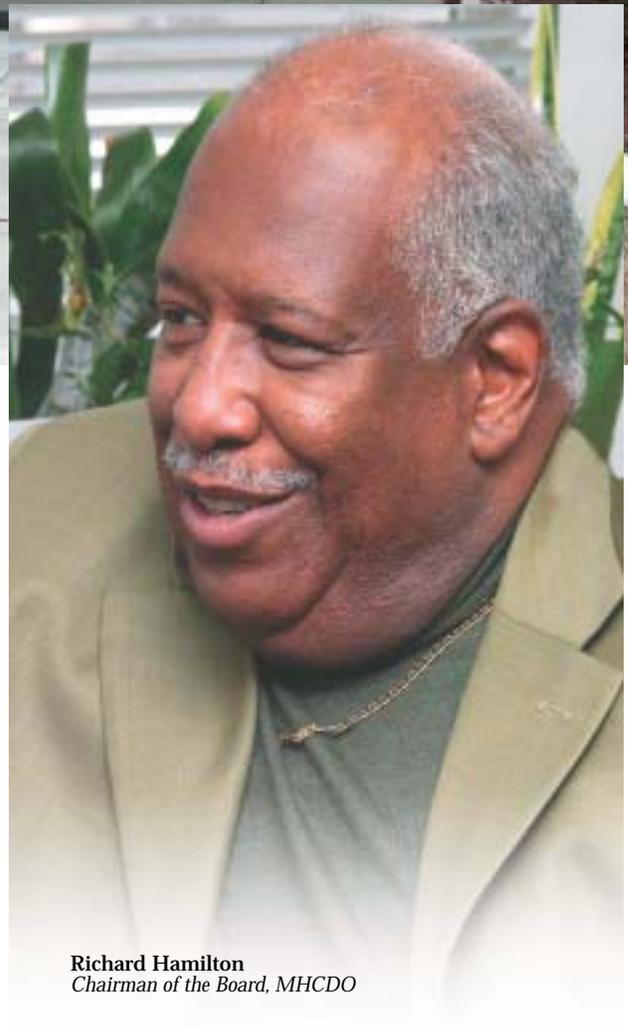
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# Capitalizing on Community Development in the Nation's Capital

by Cindy Elmore

Erase the East River Park Shopping Center with its Safeway, CVS and Citibank from Washington, DC's Ward 7. Close the doors to Denny's and shut down the popular Chesapeake Bagel Bakery. Eradicate 27 single-family homes in Banneker Ridge, 22 townhomes in Chaplin Woods and 469 renovated apartment units in the Meadow Green Apartment complex. Replace more than one hundred infill houses with vacant lots and substitute dozens of beautifully renovated homes with abandoned, blighted houses. These extreme measures would give only a glimpse of the conditions in DC's Ward 7 without the 25 years of work undertaken by the Marshall Heights Community Development Organization (MHCDO).



**Richard Hamilton**  
Chairman of the Board, MHCDO



**Loretta Tate**  
*Founder, President and Chief Executive Officer of MHCDO*

### **Transforming Lives and Neighborhoods**

The glimmering eyes of senior citizens playing cards and making crafts at the Michaux Senior Center reveal the hope that MHCDO has brought to Ward 7. Raiford McBride's glowing smile after purchasing his first house speaks to MHCDO's ability to collaborate with the city to fight against vacant and abandoned properties while

working with individuals to become first-time homebuyers. The inspiring conversation between a MHCDO counselor and an ex-offender seeking a job proves that the organization reaches out to everyone in the community. Along with building houses, redeveloping shopping centers and promoting new business growth, MHCDO opens doors of opportunity to individuals in the community and works daily to transform lives and neighborhoods in Ward 7.

### **A Reputation Based on Financial Soundness**

With humble beginnings in 1979, MHCDO originally received a \$75,000 grant to make infrastructure improvements like sewage line connections, curbs, sidewalks and gutters. "We thought we were rich, but found out that we were poor," said Loretta Tate, founder, president and chief executive officer of MHCDO. Passionate about the needs in Ward 7, Tate began bringing key people and funders to the organization. "Loretta got me involved in the organization," said Richard Hamilton, chairman of the board. According to Hamilton, his business partner accepted an invitation for Hamilton to attend a MHCDO meeting. "At the meeting, I was nominated for treasurer and voted for someone else. Then, there was a tie, so I voted for myself. I won by one vote. I decided I would give them one year," said Hamilton. Twenty-five years later, Hamilton is still giving to the organization one year at a time.

In 1980, MHCDO lured Lloyd Smith to the organization. With a background in planning with the District of Columbia, Smith worked 18 years for MHCDO. Willing to take risks, he was determined to secure the financial

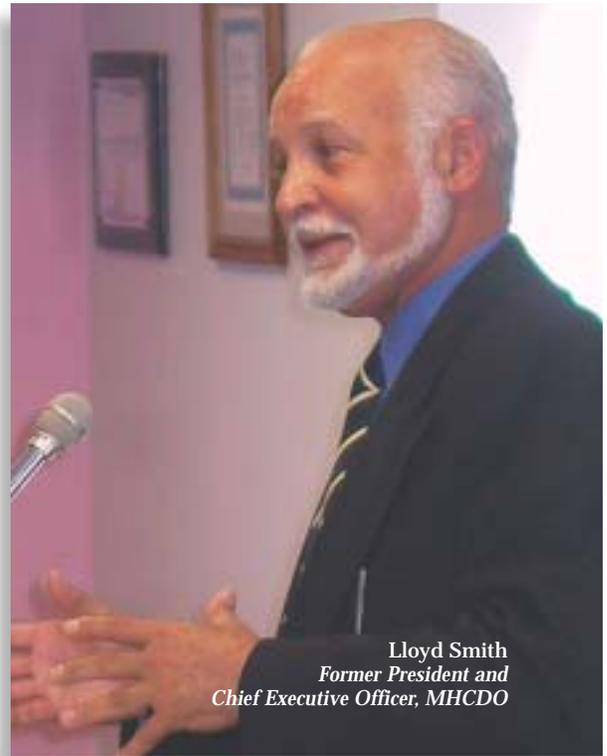


*Securing the organization's financial future, Lloyd Smith led MHCDO to purchase and redevelop the East River Park Shopping Center, which is now valued at over \$11 million.*

future of the organization. "When we hired Mr. Smith, he told us that a portion of the organization should work to become self-sufficient," said Hamilton.

Quickly, Smith worked to make it happen. "In 1983, we bought a shopping center. We only had \$25,000 in venture capital and leveraged it to buy a \$3 million shopping center. I took a chance. I had to basically commit my personal assets as a one percent partner to make the deal work," said Smith. During the last 22 years, MHCDO has held 40 percent ownership of the East River Park Shopping Center, while the majority partnership has changed three times. According to Hamilton, "We didn't need 50 percent. A small percentage and an investor with deep pockets were better than having empty pockets." After two years, MHCDO bought out the original investors and partnered with the Jenco Corporation. In 2000, Urban America purchased the Jenco Corporation's share in the shopping plaza.

Today, MHCDO's headquarters is located next to the shopping center. According to Smith, "Our biggest accomplishment was the shopping center because it became a catalyst for everything we did." The income from the shopping center rental gave the organization financial flexibility. "We did not have to beg for every project. We could provide some financing



Lloyd Smith  
Former President and  
Chief Executive Officer, MHCDO

*Barbara Mitchell (right), Director of Workforce Development at MHCDO, works with Ward 7 residents to provide training and job placement services. Ali Dieye (left), Manager of CVS, represents one business that has benefited from MHCDO's workforce development program. ▶*





*In 1991, MHCDO hosted a visit by Queen Elizabeth II and Barbara Bush.*

◀ *In partnership with the DC Department of Housing and Community Development, MHCDO's facade improvement project along Minnesota Avenue promotes economic growth in downtown Ward 7.*

because we had some unrestricted income from our economic enterprises," said Smith. Hamilton agreed that the purchase of the shopping center was key to the organization's financial success. "It secured our financial future. People realized that we were serious. We were bullish about it. We were going to support ourselves. Folks began to take a look," Hamilton said.

According to Oramenta Newsome, senior program director for Washington, DC's Local Initiative Support Corporation (LISC), "The East River Park Shopping Center showed the quality and breadth of what community development corporations (CDCs) could do. It made goods available to the neighborhood and became a financial asset to the organization." David Leopold, senior vice president for community banking at Bank of America credits Smith for financially establishing MHCDO. "He provided the vision that brought the organization forward. The successful real estate ventures under Lloyd Smith's leadership opened up access to capital. He, as well as others, made it happen in Ward 7."



MHCDO's board has a 90-member capacity and represents 27 neighborhoods in Ward 7.

***“The East River Park Shopping Center showed the quality and breadth of what community development corporations (CDCs) could do. It made goods available to the neighborhood and became a financial asset to the organization.”***

Oramenta Newsome  
Washington, D.C., LISC

The shopping center’s success helped MHCDO gain its reputation throughout the District of Columbia. “The beauty of this agency is that we can bring people to the table. Presidents of banks and foundation heads — they give us an honest response because they know us; they respect us; and they listen. The greatest resource that we have is our reputation and our integrity,” said Tate.

MHCDO’s 25 years of accomplishments directly relate to its drive to create new economic growth opportunities within Ward 7. From facade improvement along Minnesota Avenue to hosting small business workshops, MHCDO understands that new businesses mean additional jobs. As an advocate and agent for business development, MHCDO works with business owners,

private investors and public agencies to expand economic opportunities for people who live, work and do business in the area.

#### **A Community-Based Board**

Along with its financial soundness, many point to MHCDO’s board as key to its success. Starting with a 13-member board, MHCDO’s board has grown to a 90-member capacity, which includes residents, civic association leaders, and representatives from the business, faith community and civic organizations. To keep in touch with the entire community, board members come from the 27 neighborhoods within Ward 7. Representing 72,000 residents, the board is one of the



*Shirley Green, owner and manager of the Chesapeake Bagel Bakery, serves a delicious lunch to Ward 7 residents.*

***“They provide not only the sticks and bricks, but also human services. They realize that it’s not just providing a home, but meeting other needs.”***

*Craig Pascal  
Vice President and Community Development Specialist, BB&T*

largest in the nation. According to Tate, “When the mayor faces the board, it is a representation of Ward 7. Other CDC’s don’t have this kind of board. There is power in numbers.”

#### **A Holistic Approach to Community Development**

With MHCDO’s power comes a long list of accomplishments. Their programs reach both the young and old with a range of educational backgrounds and financial situations. BB&T’s vice president and community development specialist, Craig Pascal says, “They provide not only the sticks and bricks, but also human services. They realize that it’s not just providing a home, but meeting other needs.”

According to Hamilton, “The outlook of the organization is significant since most community organizations want to specialize. We try to meet all the needs of the community.” He recalls a time when a nursing home was under construction in the community and residents

were applying for only the lower wage jobs. “People in the community had educational backgrounds, but no real skills,” said Hamilton. “We realized if these folks don’t have jobs, they couldn’t purchase homes. They needed GEDs. They needed to get off drugs.”

In response to the community’s needs, MHCDO created a “one-stop shop.” They began providing programs tailored to the residents of Ward 7. For example, MHCDO created a specialized workforce development program for ex-offenders in 2003 that served more than 200 individuals during its first year. Other programs targeted at adult education, financial literacy, counseling, small business development and family support services have also been developed. “When people come for help, they are at the end of their rope. We have a holistic approach to community development. We guide people to become productive citizens,” said Hamilton.



*MHCDO's training room is packed with potential homebuyers from all over the District.*

*“When people come for help, they are at the end of their rope. We have a holistic approach to community development. We guide people to become productive citizens.”*

Richard Hamilton

*MHCDO's employment counselor, Ivah Chesterfield Jr., assists James Gallatin with his job search.*





*MHCDO builds a variety of affordable housing. They partner with other developers to create homes such as Banneker Ridge (above) and townhomes like Chaplin Woods (right). On these and other small infill projects (below) the organization works to employ local contractors.*

### **A Place to Call Home**

For 25 years, MHCDO has worked to provide quality, affordable housing for Ward 7 residents by constructing and rehabilitating hundreds of apartment units and single-family homes. Many of the homes constructed by MHCDO have been infill houses in established neighborhoods, but the organization's riskiest project was Banneker Ridge. (See *financing details of the project on page 13.*) Consisting of 27 single-family homes, Banneker Ridge was the first new development of its kind to be constructed in Ward 7 in 40 years. With prices ranging from \$135,000 to \$195,000, many people believed the three- and four-bedroom homes were overpriced for the area. Surprisingly, all the houses sold with little effort. "We didn't have to market these homes. People living in apartments bought them," said Tate.

Assisting with the project, LISC partnered with MHCDO to provide loan funds and recoverable grants to develop Banneker Ridge. Newsome touted MHCDO's accomplishment. "It was an extraordinary success with people seeing evidence of new homes." In addition, she praised MHCDO for locating the subdivision near a commercial center where the residents were in walking distance of shops.

According to Leopold, Bank of America, which provided a \$1.6 million line of credit for construction of Banneker Ridge, considers both a community develop-





*An amazing transformation both inside and outside, this home at 5300 East Capital Street NE, is the first home rehabilitated by MHCDO under the District of Columbia's "Home Again Initiative."*

***"We look at the organization's track record and we ask if the deal makes sense. Can they build it within budget? Banneker Ridge made sense on paper. They are a fantastic organization and they run a good development company."***

David Leopold

ment group's experience and capacity when providing financing. "We look at the organization's track record and we ask if the deal makes sense. Can they build it within budget? Banneker Ridge made sense on paper." As far as MHCDO's reputation he said, "They are a fantastic organization and they run a good development company."

Following the Banneker Ridge model, MHCDO recently purchased land known as Hilltop Terrace from the DC Department of Housing and Community Development. In the development stage, Hilltop Terrace will contain 20 homes, using two of the model homes from the Banneker Ridge development. The financing for the project will come from Bank of America, Citibank, Fannie Mae Foundation and LISC.

In addition to the new homes, MHCDO has purchased and developed the first bundle of 10 homes offered through the District of Columbia's "Home Again Initiative." Directed by the Office of the Deputy Mayor for Planning and Economic Development, the program's goal is to turn vacant and abandoned properties into quality, affordable homes. The program also requires developers to sell 30 percent of the properties to low-income residents.

Located at 5300 East Capital Street NE, the first home rehabilitated by MHCDO was sold to Raiford McBride on December 3, 2003. Assisting him in every step of

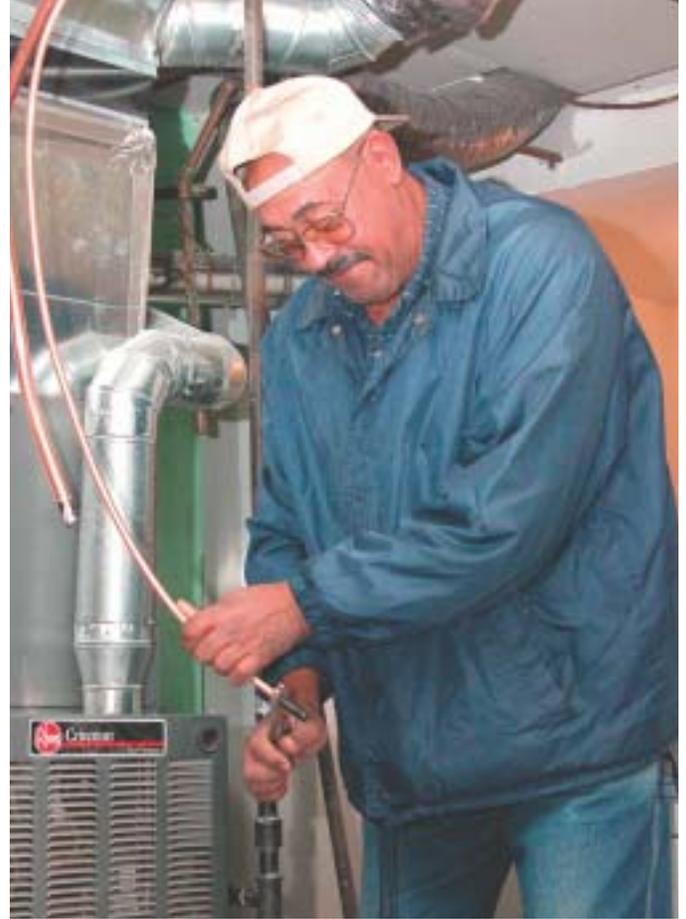


*MHCDO representative, Amy Cody, welcomes Raiford McBride to his new home. Through the organization's Homebuyer's Club, McBride bought the first house renovated through the "Home Again Initiative."*

the way, MHCDO worked with McBride to improve his credit, secure down payment assistance and locate a lender. In addition, he learned budgeting and energy conservation tips through the organization's Homebuyers Club. "They put me in the right direction," he said. As the result of MHCDO's efforts, the four-bedroom, split-level home, which used to be an eyesore to the community, sold for \$165,000.



*Diane Graham, a resident of Willis Paul Greene Manor, shows off the kitchen facilities that are available through the work of MHCDO.*



*Glenn Porter, owner of Porter and Sons, installs a furnace in one of the houses being rehabilitated through the "Home Again Initiative."*

### **Support for the Disadvantaged in the Community**

MHCDO operates three supportive housing facilities that provide affordable, service-enriched housing for individuals and families. Located on Nannie Helen Burroughs Avenue, the Willis Paul Greene Manor Single-Room Occupancy Facility (SRO) offers safe, low-cost housing to 60 individuals. Robert Noland, manager of the supportive housing program, said, "The residents have extremely low incomes. Many are living on the margin."



SRO residents have their own bedroom, but share bathrooms and kitchens. Two-thirds of the rooms in the facility are subsidized and the remainder are below market-rate. Case management is mandatory for all residents. Although there is no time limit on how long

**Robert Noland**  
*Manager,  
Supportive Housing Program*

each resident can stay, there are success stories. In 2003, six residents left Willis Paul Greene Manor because they found employment that enabled them to afford market-rate housing.

Under its supportive housing program, MHCDO provides transitional housing for families at risk of homelessness. While in transitional housing, families receive intensive case management, including financial and employment counseling and educational goals for their children.

In addition, MHCDO has operated the Michaux Senior Center since the late 1970's to provide day programming for senior citizens with chronic mental illnesses. Frances Stokes, program manager, works with 45 seniors who attend the center during the week. Located in the Mayfair neighborhood, the center's activities range from crafts and games to excursions throughout the city and freshly prepared meals. Due to the demand for services provided by Michaux Senior Center, MHCDO is planning to double the capacity of the center and expand its counseling services.

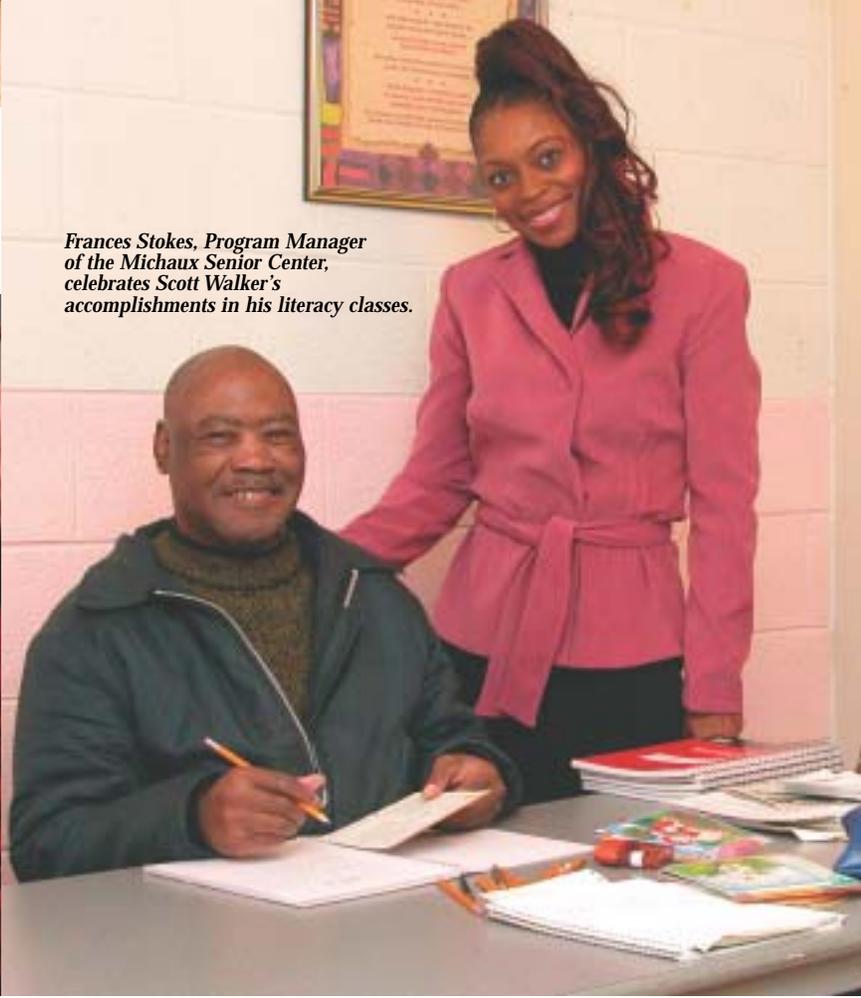
### **Solutions to Difficult Problems**

Although MHCDO has been a ray of hope to its community, many dark clouds still exist. "It's time to look at the most difficult problems and find solutions," said Tate. "After a study, we found that the need for quality,



▲ Senior citizens at the Michaux Senior Center gather for a game of cards.

Arts and crafts are also a popular pastime for senior citizens at The Center.



Frances Stokes, Program Manager of the Michaux Senior Center, celebrates Scott Walker's accomplishments in his literacy classes.

***“Large families are relocating to smaller apartments and the quality of life is diminished because people are living in the only places that they can afford.”***

Loretta Tate

affordable housing is not being met. As housing prices escalate, existing residents are being displaced.” Through the study, MHCDO confirmed what residents were telling them. DC’s hot housing market was causing people to look east of the Anacostia River for housing. As a result, housing prices in Ward 7 were rising. Land speculation had severely affected the market and owners of vacant properties were not willing to sell because they were holding out for higher prices.

In addition to the problems in relation to DC’s housing market, Tate also pointed to the challenges created by the displacement of public housing residents. “Because of HOPE VI, residents are moving to Maryland or Virginia or living with someone else. Large families are relocating to smaller apartments and the quality of life is diminished because people are living in the only places that they can afford,” said Tate. The HOPE VI program was designed to transform public housing by creating mixed-income communities.

The study also indicated that senior citizens are a growing concern. “Senior citizens are an issue because their properties have had no major renovations in 10 to 20



*A study of Ward 7 indicated to MHCDO that many of its residents are still faced with housing challenges.*



years,” said Tate. She explained that many senior citizens are unable to maintain their homes and some need assisted living since their children do not live in the area.

To address these needs, MHCDO will redirect its future efforts to develop apartments for larger families and to purchase homes from senior citizens, while providing them with assisted-living facilities. To tackle skyrocketing land prices, Tate says, “We hope to acquire a significant number of vacant and abandoned properties in the coming months.” According to Lessie Powell Evans of the Fannie Mae Foundation, “Loretta Tate continues to take a fresh look at the neighborhoods and continues to do a terrific job in focusing and refocusing the organization to meet the needs of the people. As a result of the demographic study, she has identified the needs of the seniors in the community, understands that there is a need for rental and homeownership development and is developing a comprehensive plan to address these needs.”

### A Future Filled with Challenges

Working with MHCDO on multiple projects, Leopold said, “For 25 years, they have been a stabilizer in one of the most difficult neighborhoods in DC.” He also added, “Working with community development groups, you realize that Marshall Heights is one of the elite.” Although leaders of MHCDO often receive such accolades, they continually strive to fight crime, improve the educational system, increase residents’ incomes, create employment opportunities, provide affordable housing and address the needs of senior citizens. Always hopeful about the future, Hamilton

said, “I believe in five years, you will not recognize the community. One thousand new houses will be built. It will change the community completely.”

In the future, MHCDO plans to use its experience to train other community development groups. Working with The Annie E. Casey Foundation and other established community development organizations (*Warren/Conner Development Coalition in Detroit, Dudley Street Neighborhood Initiative in Boston, Germantown Settlement in Philadelphia and NEWSED Community Development Corporation in Denver*), MHCDO formed the Center for Community Builders to increase the capacity of community development practitioners — residents, youth, activists, organizers and community-based organizations — to successfully evaluate their work. “Foundations tell us that we need to spread the knowledge around,” said Tate. “We want to share with other communities what we have already learned.” Throughout her 25 years with MHCDO, Tate has kept the people in her community at the heart of everything that the organization attempts to accomplish. “The greatest resources are the people who live in the community. People believe in us. Our waiting room is packed and we don’t turn people away.” <sup>MW</sup>

*“I believe in five years, you will not recognize the community. One thousand new houses will be built. It will change the community completely.”*

Richard Hamilton

### FINANCING FOR BANNEKER RIDGE

#### Pre-development

Land for Banneker Ridge was acquired after MHCDO partnered with Edmondson and Gallagher to renovate Greenway Apartments, which were owned by the Cafritz Foundation. MHCDO and Edmondson and Gallagher converted the 800 one-bedroom apartments into over 400 one-, two and three-bedroom units and received a recoverable grant from the Cafritz Foundation to demolish the apartment buildings that stood on the future site of Banneker Ridge. As part of the deal with Greenway Apartments, the title for the land, which became Banneker Ridge, was transferred at no cost to Greentree Corporation, a non-profit subsidiary of MHCDO. Prior to development, the land was transferred from Greentree Corporation to MHCDO.

• <b>Demolition of apartment buildings from Cafritz Foundation</b>	<b>\$ 895,000.00</b>
• <b>Downtown Linkage Dollars to deal with unsuitable soil issues</b>	<b>\$ 172,500.00</b>
• <b>Additional Downtown Linkage Dollars*</b>	<b>\$ 355,000.00</b>
• <b>Project-based loan from Bank of America for land development</b>	<b>\$ 350,000.00</b>
• <b>Project-based loan from LISC</b>	<b>\$ 325,000.00</b>

#### Development

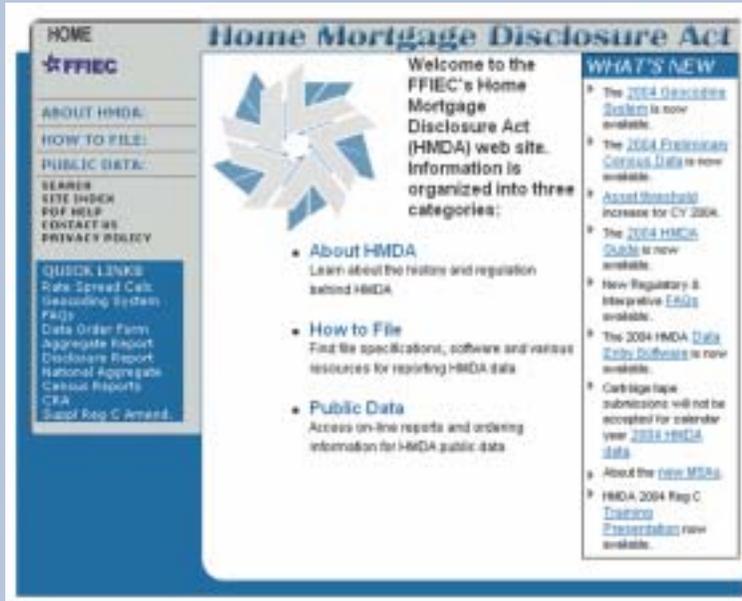
<b>Line of credit from Bank of America for construction</b>	<b>\$1,600,000.00</b>
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\*Downtown Linkage Dollars are fees paid by downtown, commercial developers to support the development of affordable housing in residential neighborhoods.

# Compliance

## HMDA Regulation C

by Travis Thomas



*To help with compliance of the regulation, there are two appendices, a commentary, a “hotline” telephone number, a booklet entitled “A Guide to HMDA Reporting,” and a FFIEC website, as well as data collection software and associated instructions. The Federal Reserve Bank of St. Louis also has created a website that deals strictly with the recent revisions to Regulation C.*

Referred to by some as Hate, Misery, Despair, and Agony, Regulation C of the Board of Governors of the Federal Reserve System is the regulation issued pursuant to the Home Mortgage Disclosure Act, better known as HMDA. Those who constantly work with the regulation realize the complexity of this law.

To help with compliance of the regulation, there are two appendices, a commentary, a “hotline” telephone number, a booklet entitled “A Guide to HMDA Reporting,” and a FFIEC website, as well as data collection software and associated instructions. The Federal Reserve Bank of St. Louis also has created a website that deals strictly with the recent revisions to Regulation C.

In addition, members of the Richmond Fed’s staff recently conducted training for the HMDA requirements effective January 1, 2004. The training included

two types: one for institutions newly subject to Regulation C because of Office of Management and Budget changes to Metropolitan Statistical Areas (MSAs) and the other for institutions currently subject to HMDA that will be dealing with changes effective January 1, 2004. We are not sure which group of financial institutions will have the more difficult time — those learning the regulation for the first time or those having to forget previous requirements in order to learn new ones.

HMDA was enacted by Congress in 1975 and applies to certain financial institutions, including banks, savings associations, credit unions and other mortgage lending institutions. It provides the public certain home mortgage loan data that can be used to assist:

- \*in determining whether financial institutions are serving the housing needs of their communities;

- \*public officials in distributing public-sector investments to attract private investment to areas where needed; and
- \*in identifying possible discriminatory lending patterns.

The regulation has undergone several changes since 1975 and many new changes are effective with data collection beginning 2004. Institutions subject to HMDA are required to collect selected information about the applicant, the transaction and the property. This information is reported annually to the Federal Financial Institution Examination Council (FFIEC), which creates aggregate and institutional disclosure reports that are available to the public and can be viewed at [www.ffiec.gov/hmda](http://www.ffiec.gov/hmda) using the quick links.

Most of the following information discussed is applicable to all types of financial institutions. However, insti-

# Commentary

## HMDA Reporting Requirements

	Same	Revised	New
Loan application number	X		
Application date	X		
Application/loan type	X		
Property type		X	
Application/loan purpose		X/1	
Owner occupancy	X		
Loan amount	X		
Pre-approval request			X
Action taken		X	
Date of action taken	X/2		
Property location		X	
App/coapp ethnicity			X
App/coapp race		X	
App/coapp sex		X	
Income	X		
Type of purchaser		X	
Reason for denial	X		
Rate spread			X
HOEPA status			X
Lien status			X

X/1 - same categories but revised definitions

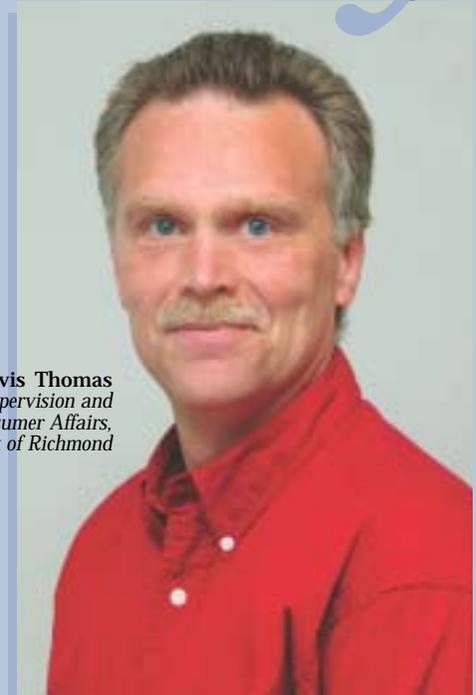
X/2 - same general rule but includes pre-approvals

tutions newly covered by HMDA because of the new / revised MSAs are subject to a one-time special exception. This exception states that only covered applications taken beginning in 2004 and going forward are to be reported. Transactions that began in 2003, but had final disposition in 2004 are not to be reported.

The chart on page 15 illustrates the reporting categories for 2004 and whether the categories are the same, revised or new as compared to the reporting categories for 2003. The

chart classification is subjective. For example, there is a question of how to classify the application/loan purpose category, since it has the same terminology as the 2003 requirements, but the definitions of refinancing and home improvement have changed for 2004 reporting. As a result, while the category continues to request the loan purpose, the definitions of loans that meet that purpose test have changed.

By now, everyone seeking guidance training has attended some HMDA training. The intent of this article is



Travis Thomas  
Banking Supervision and  
Regulation/Consumer Affairs,  
Federal Reserve Bank of Richmond

not to provide additional in-depth training, but to steer those subject to the regulation to where banking supervision and regulation examiners believe compliance problems may occur. This guidance is based on questions received through our contact with reporting institutions and through the examination process. Guidance will be provided in two areas: areas where violations are being noted now and areas being impacted by the revised regulation.

### CURRENT AREAS OF CONCERN

- \***Income to report** – Since the commentary addresses various scenarios, reporting institutions are encouraged to review the information contained in the regulation and commentary for information on the proper reporting of income.
- \***Property location** – Errors continue to be noted in the reporting of property location. It appears that these occur for many reasons including:

# Compliance

the geocoding system being used does not find the property address; institutions are using a mailing address instead of a property address; and the wrong property is being used for reporting purposes (*see discussion of multiple properties with respect to property location in the commentary*). Also, certain institutions should note that there are additional property location reporting conditions placed on them if they are required to report loan data under the Community Reinvestment Act.

**\*Temporary financing** – Loans that are temporary financing are not to be reported. The regulation gives little guidance of what temporary financing is other than giving the examples “bridge” or “construction” loans. There is no specific time period guidance given as it is the purpose of the loan that determines whether it is temporary financing, not the length of the loan’s term. For example, a construction loan to build a dwelling may take four months or two years depending on the size and complexity of the project. In both instances, if the loan is a construction only loan, it is not reportable. Institutions should be aware that the definition of a home-purchase loan as discussed in the commentary includes a construction/permanent loan, which is reportable. From comments received, I should mention that a “construction” loan to add a room to an existing dwelling may be reportable as a home-improvement loan. Also, just because a home-improvement loan to pay for home repairs may be only six months in length does not automatically make it a temporary loan and not reportable.

**\*Broker and investor loans** – Does the institution have involvement on either the front end or back end of mortgage transactions? Does this involvement pertain to the appli-

cant’s creditworthiness and thus impact the loan decision or is it solely related to whether another entity will buy a loan that was originated? The commentary contains several paragraphs regarding brokers/investors, underwriting and agent relationships that impact which entity will report transactions under HMDA. The reviews of these relationships have disclosed operational weaknesses that institutions should consider if they engage in these activities. Does a written agreement with each entity exist? What does the agreement say and is the agreement being procedurally followed? Is either party the agent for the other? Who is reporting for HMDA? Since there are so many different ways brokers/investors operate, we can only suggest that you review the commentary, then review the procedures along with any contracts made with each entity.

**\*Construction to permanent financing through a modification agreement** – A home purchase loan as defined in the commentary includes the permanent financing that replaces a construction only loan. Based on many conversations with individuals in the financial industry, it appears that a modification to a construction only loan is the means being used to provide permanent financing. This is an alternative to a new loan that replaces a construction only loan. Based on guidance provided by the Board of Governors, if an institution uses a modification to a construction only loan as the vehicle for permanent financing, then the modification should be reported as a home-purchase loan.

## ANTICIPATED AREAS OF CONCERN

**\*Home Ownership Equity Protection Act (HOEPA)** – There was much discussion about these requirements during the recent industry presentations. HMDA is

asking institutions to indicate whether loans they originated or purchased are subject to the HOEPA of 1994. HMDA is not imposing any new HOEPA requirements, although comments received during our training presentations appeared to indicate that perhaps HOEPA is not understood fully. Reporting institutions should refer to Section 226.32 of Regulation Z for more information regarding the requirements of HOEPA.

**\*Refinancings** – Lenders have long been required to report refinancings under HMDA. Refinancings were previously defined in the commentary; now the definition is contained in the regulation. Some aspects of the definition of a refinancing have not changed. For reporting purposes, there still must be a new obligation that satisfies and replaces an existing obligation. What is new is that both the existing loan and the new obligation must be secured by a lien on a dwelling. The various options for reporting refinancings permitted in 2003 and prior reporting years are no longer available with regard to refinancings to be reported beginning in 2004. Modification, extension and consolidation agreements continue to be excluded in 2004, as they do not meet the definition of refinancing if they do not satisfy and replace the existing obligation.

**\*Rate lock date** – Several questions were received regarding the date the interest rate is set. The commentary indicates that it is the “date on which the financial institution sets the interest rate on the loan for the final time before closing.” It is not sufficient to use the date the index is determined; the index is a component part of the interest rate, but it does not include any margin that may be added nor does it take into account that the index rate may change several times before loan closing. Also, in loans involving a

# Commentary

broker, the rate lock date is the date the lender and broker agree on the interest rate for a particular loan — not the date that the broker locks a rate with the applicant.

**\*Home improvement** – While home improvement has been a reportable type of loan for a long time, based on questions received, it appears reporting institutions are having a difficult time adjusting to the revised definition of a home-improvement loan. Prior to reporting year 2004, home-improvement loans did not have a collateral test. That is, if the loans met the purpose test and were classified on the institution's books as home-improvement loans, then they were reported as home-improvement loans. These loans were required to meet both the purpose and the classification tests. Beginning in 2004, the purpose test remains, but a collateral test and/or classification test may also be required. If the loan in 2004 meets the purpose test and is secured by a lien on a dwelling, it is a home-improvement loan regardless of the loan's classification. If the loan in

2004 meets the purpose test, but is not secured by a lien on a dwelling, it must also be classified as a home-improvement loan to be reportable. In summary, the 2003 and 2004 requirements are the same unless the loan in 2004 is secured by a lien on a dwelling. Beginning in 2004, dwelling-secured loans for home-improvement purposes are automatically reportable, whereas other home-improvement loans that meet the purpose test must also meet the classification test to be reportable.

**\*Manufactured home** – This is a new definition in HMDA that refers to HUD's code of standards for factory-built housing. Specifically, manufactured homes and modular homes that meet these requirements are to be designated for reporting purposes as manufactured housing. It appears that these are types of housing where the home's entire construction takes place in the factory. The home, either a singular or multi-sectional unit, is then transported to the site for installation. There may be some on-site additions such as porches, decks and garages,

but the home itself is constructed in the factory. Other types of factory-built housing, such as panelized or pre-cut homes, are not considered as manufactured housing for HMDA purposes as they are not entirely constructed in the factory; rather components or panels may be factory-built, but are shipped unassembled and then assembled at the job site. <sup>MW</sup>

Regulation C continues to be difficult to administer. To insure that institutions understand the requirements of HMDA reporting, it is suggested that they contact their regulator. For the Guide to HMDA Reporting visit [www.ffiec.gov/hmda/guide](http://www.ffiec.gov/hmda/guide). To access recent revisions to Regulation C visit: [www.Stlouisfed.org/hmdaregcamendments](http://www.Stlouisfed.org/hmdaregcamendments).

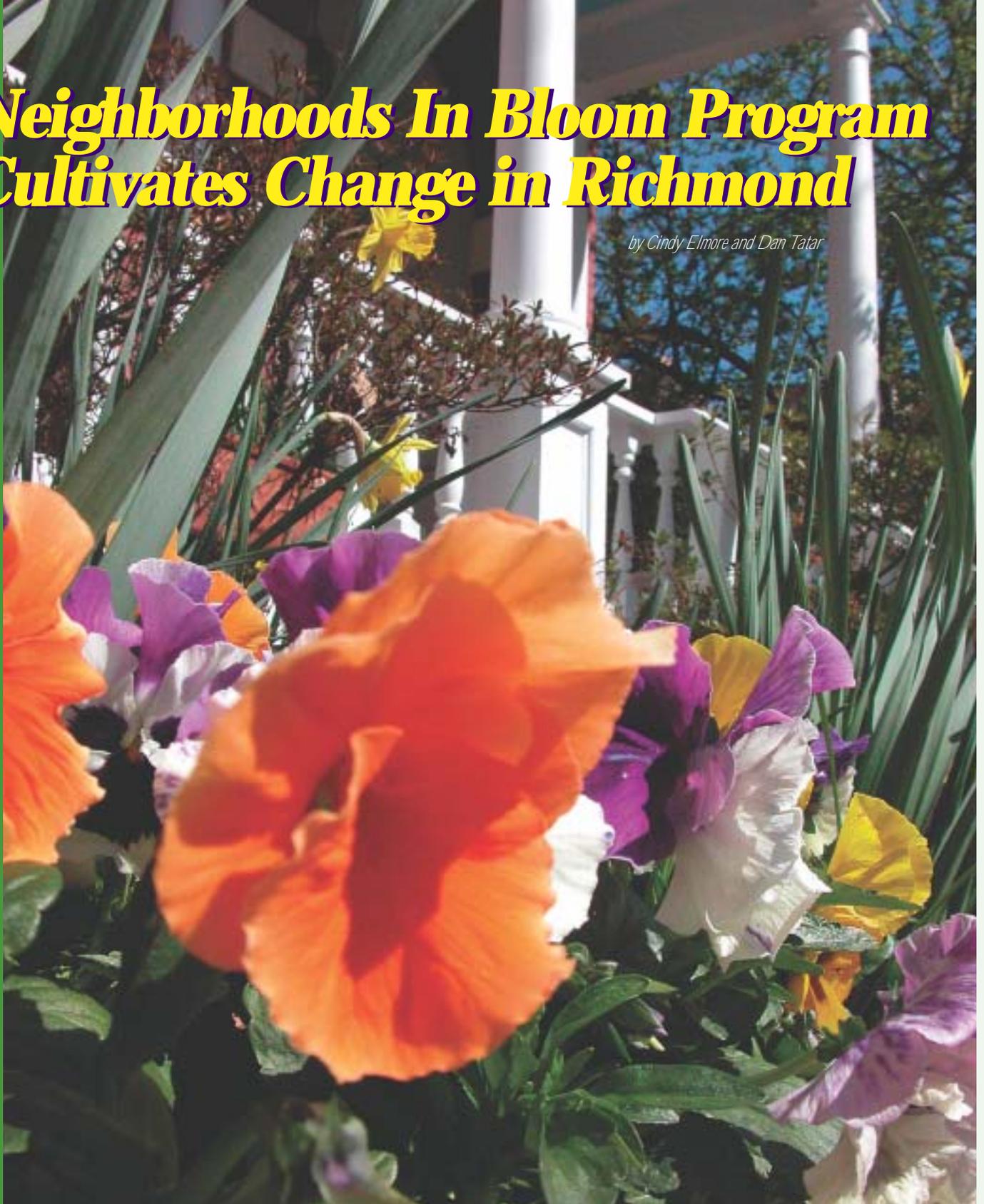
*The author would like to thank Kathleen Ryan from the Board of Governors, and Lin Gill, Jack Weiss, Steve Malone and Rob Courter from the Richmond Fed's Banking Supervision and Regulation department for providing helpful comments.*

#### **DISCLAIMER**

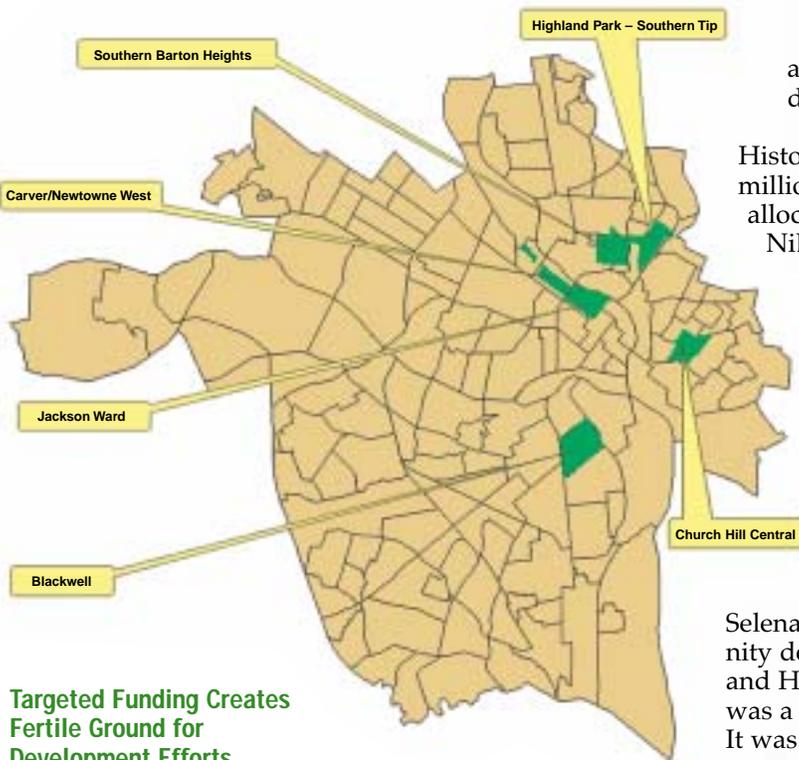
*The Federal Reserve System oversees compliance of state banks that are members of the Federal Reserve System. Certain HMDA reporting requirements, such as the reporting of the reasons for denial, are optional for state member banks but may be mandatory for other reporting financial institutions. There may be other reporting differences, so please contact your regulator should issues arise within your institution. Also, this article was written in 2003 and is based on the best information available at that time. Any subsequent regulatory amendments or commentary changes/additions may clarify or adversely impact the contents of this article. Readers are encouraged to keep abreast of any changes to HMDA.*

# ***Neighborhoods In Bloom Program Cultivates Change in Richmond***

*by Cindy Elmore and Dan Tatar*



**A**fter petitioning a judge to save a house in the Church Hill neighborhood from demolition, a persistent man brings the home back to its original splendor. In Jackson Ward, a woman spots a house on her way to work and accepts the challenge to restore a blighted structure, returning some of the grandeur to a historically significant African-American neighborhood. A young professional in Highland Park becomes a homeowner in Richmond's first streetcar neighborhood and through a local community development corporation joins in efforts to reduce crime and lure other young professionals to the community. Remarkably, these are only a few of the neighborhood revitalization efforts that are springing up throughout Richmond, Virginia, as a result of the city's nationally acclaimed Neighborhoods in Bloom (NiB) program.



### Targeted Funding Creates Fertile Ground for Development Efforts

Implementing targeted funding, NiB has rehabilitated nearly 250 houses and constructed over 100 homes in six neighborhoods since the program's inception in 1999. The six neighborhoods include: Blackwell, Carver/Newtowne West, Church Hill Central, Highland Park — Southern Tip, Jackson Ward and Southern Barton Heights. The concept for the program focuses the city's Community Development Block Grant (CDBG) and Home Investment Partnership funds into small, but strategic geographic areas in order to jump-start private revitalization of the entire neighborhood.

Traditionally, community development relies heavily on federal government funding. These funds are usually distributed broadly over eligible city wards without evaluating which communities have the greatest need. This results in an unfocused approach to funding community development. For example, if the funds were divided over 10 city wards, the results would be much less than if the funds were distributed to only three areas. Clearly, the three areas receiving increased financial allocations would be able to achieve more substantial community development. However, the difficulty is denying funds to the other seven

areas that may have significant community development needs as well.

Historically, the City of Richmond has spread its \$7 million in CDBG and Home Investment Partnership allocations across 20 or more neighborhoods annually.

NiB targets the limited government funding over only six neighborhoods while guaranteeing that the higher level of funding remains in those neighborhoods for several years.

Through NiB, the City hopes to lure private sector investors to these locations for continued revitalization. Richmond Mayor Rudolph C. McCollum Jr., said, "The opportunity to whittle down to six neighborhoods made Neighborhoods in Bloom work. The city used clear-cut objectives and took the politics out of the Community Development Block Grant funds allocation." According to Selena Cuffee-Glenn, director of planning and community development for the Richmond Redevelopment and Housing Authority, "Neighborhoods in Bloom was a very progressive program for Richmond. It was a chance to do things differently."

### Community Buy-In Initiates Growth of Program

Citizen involvement through the "Neighborhood Team Process" was vital to NiB's success. Sponsored by the City of Richmond, the Neighborhood Team Process was an extensive outreach campaign to seek community support and identify potential NiB neighborhoods. Connie Bawcum, former deputy city manager who spearheaded the project, credited, "extremely committed, caring people both in the city and private sector for their willingness to change." She said, "Many people had to come together and have the fortitude to make sweeping changes."



Working with NiB from its initiation, Greta Harris, senior program director for Richmond Local Initiatives Support

◀ **Homeowner:** Tom O'Kelly

**Occupation:** Contractor  
Owner, Jewels, LLC

**Home:** 614 1/2 N. 23rd Street  
Church Hill NiB Target Area  
Italianate built in 1890

**Financing:** Loan from BB&T  
State Historic Tax Credits  
City of Richmond  
Tax Abatement Program

**Personal Experience:** "I could see that it was a grand house and that it could be brought back to life." After totally gutting the house, which had been vacant for 10 years, O'Kelly replaced the wiring and plumbing while adding central heat and air. With surprises at every turn, the hardwood floors and decorative fireplace were actually preserved by the layers of old paint. He said, "Sweat equity is the key word here."



**Connie Bawcum**  
Former Deputy City Manager



**Greta Harris**  
Senior Program Director, LISC



**Selena Cuffee-Glenn**  
Director of Planning and Community Development  
Richmond Redevelopment and Housing Authority

Corporation (LISC), agreed that community support was vital to success. “We needed grassroots support. So, we worked hour upon hour hosting community meetings. Everyone had a voice at the table,” said Harris. “The discussions moved from emotional to rational, so that change could take place.”

According to Bawcum, community involvement was both the program’s strength and greatest challenge. “We had many stakeholders and at least 30 partners at the table. This created the buy-in. However, it was difficult to keep that many people on that many levels headed in the same direction.” She explained, “Neighborhoods were always in the driver’s seat. They had the biggest veto of all. We asked community development groups to roll up their sleeves, get in and be a partner.”

#### **Data-Driven Selection Process Gathers Support**

The process for selecting the first six NiB areas was based on criteria designed to assess the condition of the neighborhood and its potential for revitalization. Neighborhood conditions were rated based on the number of vacant properties, crime statistics, poverty levels, homeownership rates and housing quality. The strength of civic organizations in the neighborhoods, the existence of redevelopment plans and market trends also determined the scoring for revitalization potential. City staff gained input from the community by conducting neighborhood meetings with citizens, community development corporations, neighborhood associations and other stakeholders.

***“We needed grassroots support. So, we worked hour upon hour hosting community meetings. Everyone had a voice at the table... The discussions moved from emotional to rational, so that change could take place.”***

Greta Harris

According to Cuffee-Glenn who worked for the city during the kickoff of NiB, “Based on the scoring criteria, each of the 49 neighborhoods in Richmond fell in the category of redevelop, revitalize, stabilize or protect. We gathered the data to score a community and took a quantitative approach.” These categories indicated the amount of time and resources required to return the community to an economically and socially viable state. Ultimately, city council approved the selection of the six neighborhoods ranked the highest based on the scoring criteria. “Richmond followed excellent public policy and put in place a data-driven, collaborative program,” said Bawcum. According to Harris, the data-based selection process was rational. “A comparative matrix took the emotion out because it was a logical approach.” Ironically, most of the people involved in the project believed that the program could be more data driven. “Looking back, I would have made Neighborhoods in Bloom even more data oriented and used more analytical tools. I would want very explicit data collection,” said Bawcum.

**The process for selecting the first six NiB areas was based on criteria designed to assess the condition of the neighborhood and its potential for revitalization. Neighborhood conditions were rated based on the number of vacant properties, crime statistics, poverty levels, homeownership rates and housing quality.**

#### **Safer Communities Spring from Increased Efforts to Reduce Crime and Code Violations**

Once neighborhoods were selected, neighborhood associations began working with housing providers and city staff to select six to 10 target blocks for intensive revitalization. Among the 970 properties in the target blocks, only 26 percent were owner occupied, 25 percent were vacant lots, 21 percent were vacant buildings and 70 percent were houses with building or environmental code violations. In addition, the neighborhoods had 11 drug hot spots and some of the highest crime rates in the city.

To combat these issues, “Blitz to Bloom” was created to address the crime issues and human services needs in NiB neighborhoods. Many Richmond agencies came together to support NiB redevelopment efforts. House-by-house code enforcement (over 900 violations were given out) both upset some residents and won applause from others. Other public and private agencies, as well as local community development groups, contacted local residents to offer help with the home-improvement needs mandated by city officials as well as with repairs inside the structures.

Increased law enforcement efforts to reduce both the perception and reality of crime were successful. “Blitz to Bloom focused police efforts on NiB areas and increased media attention letting people know that these neighborhoods were in the spotlight,” said Bawcum. One study in 1999 showed a violent crime decrease of 37 percent, and property crime was down by 19 percent over the same period in 1998. More recent studies continue to show such decreases.

#### **Homeownership Dreams Blossom into Reality**

Community partnerships between public and the private sectors are integral to the success of NiB areas. Without partnerships among neighborhood residents, community development organizations and the housing authority, comprehensive development would not be possible. Flow of capital is also essential to redevelopment efforts. Even the best plans cannot happen if funding is not in place.





◀ **Homeowner:** *Nina Lee*

**Occupation:** *Accountant  
Bon Secours Health Systems*

**Home:** *2314 3rd Avenue  
Highland Park NiB Impact Area  
2150 sq. ft. house built in 1928*

**Financing:** *Down payment assistance from Highland Park Restoration and Preservation Program (HPRAPP)*

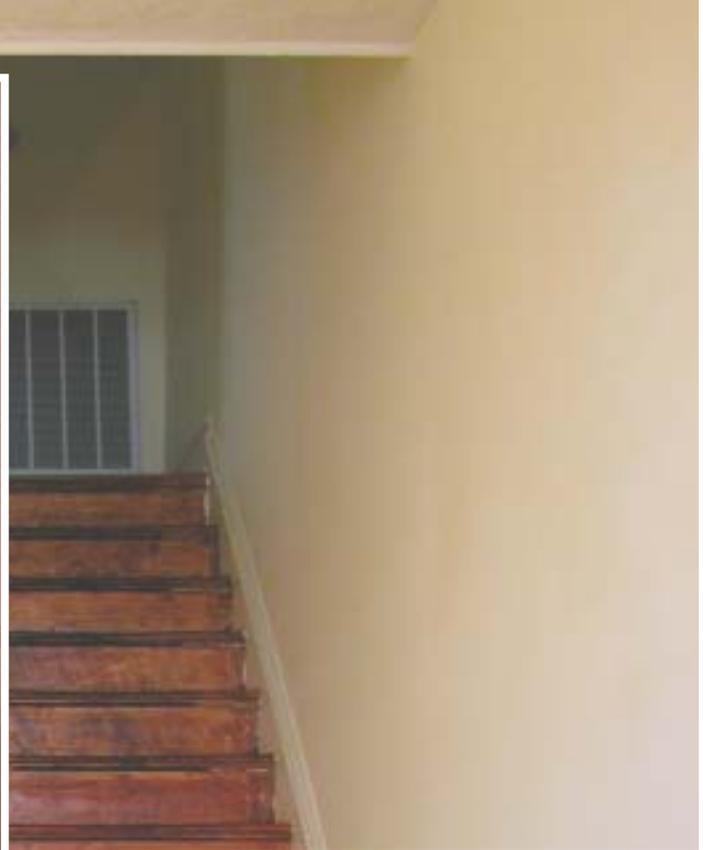
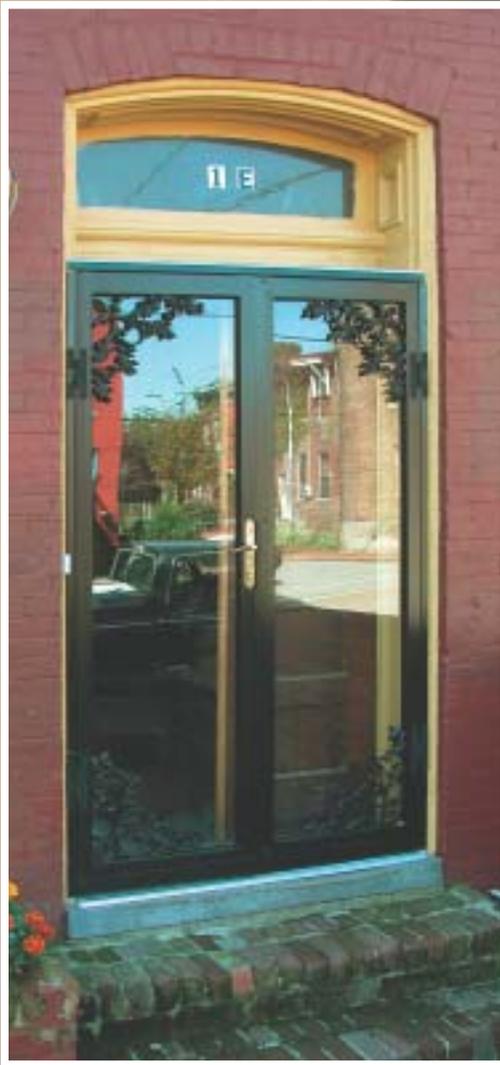
**Personal Experience:** *A first-time homebuyer, Lee drove through the Highland Park neighborhood for a year, watching the progress on the home by HPRAPP. A girlfriend that works for HPRAPP encouraged Lee to consider purchasing a home in the Highland Park neighborhood. Last March, she closed on the property and began taking an active part in the neighborhood. Moving from Richmond's West End and becoming a resident of the city's "first streetcar neighborhood," she said, "I love the convenience."*

***With a unique application of the funding stream, the NiB areas have significant public dollars flowing into the targeted neighborhoods.***

With a unique application of the funding stream, the NiB areas have significant public dollars flowing into the targeted neighborhoods. In addition, three programs, the "Urban Pioneer Program," "Urban Homesteading Program" and "Blackwell First-Time Homebuyer Loan Program," offer additional funding sources to homebuyers. Encouraging homeownership in the historic Jackson Ward area, the Urban Pioneer Program provides a large forgivable loan to individuals buying homes in Jackson Ward, regardless of the purchaser's income. The Urban Homesteading Program sells homes acquired by Richmond Redevelopment & Housing Authority. Under the program, homes are sold with an accompanying rehabilitation loan to completely restore the house. The Blackwell program, offered by the Southside Community Development and Housing Corporation, (SCDHC), provides grants, structured as five-year forgivable loans to first-time homebuyers for the purchase of a home in Richmond's Blackwell area.



*Front and rear of Lee's home*



**Homeowner:** Lisa Jones ►

**Occupation:** Certified Public Accountant  
AG Reese & Associates

**Home:** 1 East Clay Street  
Jackson Ward NiB Impact Area  
2900 sq. ft. house built in 1880

**Financing:** Wells Fargo Renovation Loan  
\$35,000 Urban Pioneer Grant

**Personal Experience:** "I drove by the house on my way to work and saw that it was for sale," Jones said. Immediately, she called the agent who told her about the Urban Pioneering Program and NiB. In August 2001, she closed on the house and began renovations. A former boarding house, it was completely gutted. However, many historic elements remain like an elegant staircase. In January 2003, Jones moved into her home and became a proud member of the Jackson Ward community.



◀ **Homeowner:** *Unicia Buster*

**Occupation:** *Graphic Designer  
Richmond Free Press*

**Home:** *1211 North 23rd Street  
Church Hill NiB Impact Area  
1900 sq. ft. Victorian*

**Financing:** *Down payment assistance  
Low interest loan (3.875%)*

**Personal Experience:** *“The house was a shell, but I fell in love with it,” said Unicia Buster. Located in the Church Hill neighborhood, the house was completely renovated by the Better Housing Coalition under the direction of John Moorefield. Keeping its charming exterior, the interior was completely renovated with new walls, wiring and HVAC. A graduate of both Cornell and George Mason University, Buster worked closely with the Better Housing Coalition to arrange financing and closed on her house on June 1, 2003.*

to first time homebuyers who are low- or moderate-income and who are buying homes in low- or moderate- census tracts. HOME has down payment assistance programs that are forgivable loans up to \$10,000 for qualified applicants.

In addition to home purchasing assistance, a vital part of the success of NiB has been the professional marketing of neighborhoods and individual homes. In Richmond, A.C.O.R.N. was established in 1999 to promote the purchase and renovation of vacant and abandoned properties to individuals of all income levels. In addition, the group advocates for the preservation of cultural and historic assets that gives Richmond’s old neighborhoods their unique character. According to A.C.O.R.N. executive director, Jennie Knapp, “Neighborhoods in Bloom is a good product that is well constructed to serve individuals who cannot afford to take risks when making the single most important purchase of their lives. Neighborhoods in Bloom only works if it is marketed and A.C.O.R.N. works aggressively to let prospective buyers know about the many products and services available for homebuyers through nonprofits.” (See A.C.O.R.N. on page 26)

Lured by A.C.O.R.N.’s marketing efforts, Unicia Buster purchased a NiB home in June 2003. After selecting her house in the Church Hill neighborhood from an A.C.O.R.N. real estate fair booklet, Buster was determined to own the home. “The house was a shell, but I fell in love with it,” she said. Working with the Better Housing Coalition, she received down payment assistance and a low-interest loan. A graphic designer for the Richmond Free Press, Buster said, “I knew that the house had potential and was thrilled to be able to buy it.”

To encourage homeownership, the housing authority and community organizations are providing perspective buyers with an array of services to help them buy a home. The NiB community development partners include the Richmond Redevelopment and Housing Authority, Historic Jackson Ward Association, Elder-Homes, SCDHC, Better Housing Coalition, Interfaith Housing Corporation, Neighborhood Housing Services of Richmond (NHS) and Highland Park Restoration and Preservation Program.

According to Cuffee-Glenn, “The housing authority works with the city in a collective effort to increase homeownership.” Currently, 600 families are going through counseling to prepare for homeownership. Two community organizations, NHS and Housing Opportunities Made Equal (HOME) have both offered supportive programs and seminars to help prepare residents to buy a home. The NHS has two programs that transition people into homeownership. One is a mortgage insurance assistance program that can reduce mortgage-insurance premiums by providing home safety inspections. The other, a second mortgage loan program, can be used to assist buyers with down payment and closing costs. This program is available

# 1998-2002 Accomplishments of Neighborhoods in Bloom

Neighborhoods	New Construction	Rehabilitations For Sale	Owner-Occupied Rehabilitations	Properties Disposed to Others	Homeowner Assistance	Rental Rehabilitations
Blackwell	15	24	42	9	7	0
Carver/Newtowne West	29	0	10	6	1	0
Church Hill Central	26	5	40	18	12	0
Highland Park – Southern Tip	6	12	25	12	8	4
Jackson Ward	0	13	12	0	1	0
Southern Barton Heights	11	16	13	21	23	4
<b>TOTAL</b>	<b>87</b>	<b>70</b>	<b>142</b>	<b>66</b>	<b>52</b>	<b>8</b>

Blackwell CDC's *Southside Community Development Housing Corporation, Richmond Redevelopment and Housing Authority*  
 Carver/Newtowne West CDC's *Richmond Redevelopment and Housing Authority*  
 Church Hill Central CDC's *Better Housing Coalition, Interfaith Housing Corporation, Richmond Redevelopment and Housing Authority*  
 Highland Park – Southern Tip CDC's *Highland Park Restoration and Preservation Program, Richmond Redevelopment and Housing Authority*  
 Jackson Ward CDC's *Historic Jackson Ward Association, Richmond Redevelopment and Housing Authority, Elder Homes*  
 Southern Barton Heights CDC's *Neighborhood Housing Services, Richmond Redevelopment and Housing Authority*

Source: City of Richmond

## Digging in Deep

The crafters of NiB agree that committed leadership is vital to replicating the program in other communities. "The exact project is situationally dependent, but committed leadership is the key," said Bawcum. Assisting throughout the project, Harris believes that NiB's future success depends on partnerships between community and city leaders. "Neighborhoods in Bloom was absolutely successful because it brought key partners together: city officials, community development corporations, the housing authority and civic leaders. They were forced to come together and to have a shared vision of the use of redevelopment funds," says Harris. In order for the concept to work in other localities, Harris emphasizes the importance of putting communities before politics. "City leaders depoliticized the funding process. It took willpower on the part of the city council to understand the value of targeted funding in order to have the greatest impact."

In addition, community development leaders know that the impact from NiB will take time to be fully substantiated. "We need to be in neighborhoods for a decade to put roots down. In reality, we are looking at two years at a time," says Harris. Currently, LISC is working

with the city to develop instruments for measuring success and moving on to other neighborhoods. "We have seen change. It's tangible. Blighted houses are gone. You can track property values with sales, but from a statistics perspective it's only a blip on the screen," says Harris. According to Cuffee-Glenn, "We never identified how we would measure success. We never quantified it. However, the criteria should not be a timeline. The transition must be in a methodical fashion, using both subjective and quantitative data to make decisions."

Envisioning a bright future for NiB, Mayor McCollum says, "I hope and desire that Neighborhoods in Bloom will continue in Richmond. We plan to tout the program nationally. We also hope to hone the program, measure its results and begin moving into new areas. With great neighborhoods, historic homes and infrastructure, we have been able to work through Neighborhoods in Bloom to preserve our history for the entire region." <sup>[MW]</sup>

For more information about Neighborhoods in Bloom visit [http://www.ci.richmond.va.us/citizen/neighborhoods/cmxxs\\_nefaq.asp](http://www.ci.richmond.va.us/citizen/neighborhoods/cmxxs_nefaq.asp).



**Dixon Kerr**  
*Co-founder, A.C.O.R.N.*



**Jennie Knapp**  
*Executive Director,  
A.C.O.R.N.*

## ***Marketing a Piece of History***

“It’s addictive seeing the neighborhoods change and getting to know the people,” said Dixon Kerr, co-founder of the Alliance to Conserve Old Richmond Neighborhoods (A.C.O.R.N.). Modeled after the “Operation Comeback” program of the Preservation Resource Center in New Orleans, A.C.O.R.N. was founded in 1999 by three neighbors, Dixon Kerr, David Herring and Art Burton. “In the beginning, we worked four nights a week to get the organization founded. We went door to door with flyers trying to get the neighbors involved,” said Kerr. The group also approached the state legislature for seed money to get the organization off the ground. “We also started a marketing committee, but quickly realized that we needed a professional,” said Kerr.

Today, Jennie Knapp, the former public relations and development director for the Historic Richmond Foundation, heads the organization and leads the marketing efforts. A devout, historic preservationist, Knapp says, “When you destroy houses, you destroy the spirit of the neighborhood.” With this passion, Knapp promotes A.C.O.R.N. as a nonprofit clearinghouse for information on how to find, finance and fix up a house in an old Richmond neighborhood. A.C.O.R.N. also works to identify vacant, derelict and/or tax delinquent buildings, while promoting the purchase and renovation of vacant and abandoned structures. According to Kerr, “The hardest thing about changing a neighborhood is getting a problem property on the market.”

In addition to identifying the structures, A.C.O.R.N. seeks to revitalize the inner city by educating residents and marketing the properties to all income levels. “We work hard publicizing the advantages of living in the city. We help people get over their misconceptions,” says Knapp. With both corporate and foundation

support, A.C.O.R.N. holds semi-annual Sell-A-Brations to showcase historic homes that are in need of renovation. The one-day real estate fairs include an opportunity to talk to lenders, non-profit housing providers, renovation experts, neighborhood organizations and realtors specializing in old neighborhoods. Throughout the afternoon, a series of workshops focus on implementing renovation techniques, financing a purchase and renovation, buying properties at auction, and financial incentives — such as historic tax credits and the city’s tax abatement program — for renovating a property. Lists of available properties with maps are also given to direct potential homebuyers.

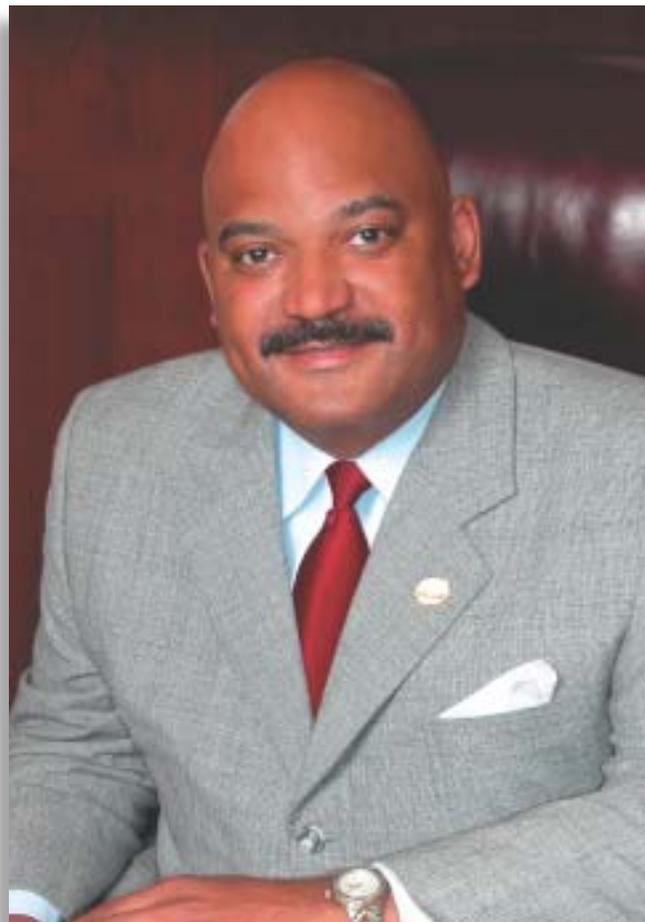
To further attract potential homebuyers, A.C.O.R.N. conducts “Live Where You Work,” “Live Where You Worship,” renovation financing and energy-efficiency workshops as well as “Renovation Roundtables,” where prospective buyers can get guidance and advice from a variety of experts. In addition, the organization places *A.C.O.R.N. in Action*, a quarterly advertising supplement in *Style* magazine. The piece promotes the work of A.C.O.R.N. and includes home financing information and a resource directory. Through the group’s efforts, hundreds of people are purchasing homes and discovering Richmond’s historic treasures.

***“In the beginning, we worked four nights a week to get the organization founded. We went door to door with flyers trying to get the neighbors involved.”***

Dixon Kerr

*Interview with*

## **Mayor Rudolph C. McCollum, Jr.**



### **1. Do you believe that *Neighborhoods in Bloom (NiB)* has been successful?**

A resounding “yes.” Prior to *Neighborhoods in Bloom*, the CDBG dollars were like pork barrel dollars. We were trying to fund 28 different projects, which created too large a pull for the money. Significant amounts of money were needed to make an impact. The opportunity to whittle the project down to six projects made NiB work. The City used clear-cut objectives and took the politics out of Community Development Block Grant funds allocation.

### **2. What do you see as the strengths of NiB?**

Five years later, we have created a market for houses in these neighborhoods. We were able to slow down and halt deterioration in neighborhoods while creating revitalization in others. The strength of *Neighborhoods in Bloom* has been taking the politics out of the allocation of Community Development Block Grant dollars and retaining the money for use in targeted areas for neighborhood revitalization.

### **3. What do you see as the weaknesses of NiB?**

There is no exit strategy for leaving a neighborhood. We still need to have a definitive policy. There is still no policy established for the length of commitment. Since other neighborhoods also have needs, this is crucial.

### **4. What suggestions would you give to communities that are facing similar redevelopment challenges?**

The key is determining selection criteria. Find out what the community wants to use as a filter or gauge for identifying the neighborhood. Also, in a smaller community it is important to begin with a neighborhood that has marginal needs, so that success can be quickly realized.

### **5. Since schools play a major role in community redevelopment, what is the city doing to improve school performance?**

One of the city’s top priorities is youth and family success. We are focusing on pre-natal education, improved preschool and after-school programs. We are trying to create a real opportunity for students to achieve. We are also trying to provide students with quality job opportunities by working with VCU (Virginia Commonwealth University), University of Richmond and Virginia Union. The business community is also getting involved in the schools. Resources are being wasted in the lives of these young people. A win-win situation exists when everyone is involved: businesses, the city and the religious community — all working together to coordinate resources.

### **6. What do you see as the future of NiB?**

I hope and desire that it will continue in Richmond. We hope to continue to hone the program, measure its results and begin moving into new areas. We also need to have a positive generation of revenue from our investments, so we can use the Community Development Block Grant money for other revitalization efforts. 



# Neighborhood Indicators:

A Tool for Changing Communities and Improving Lives *by Frances Stanley*

How can demographic, economic, education and other social information about a city be organized to clarify its community development needs? How can communities document areas of greater and lesser needs to establish priorities for funding improvements? In the past, many community foundations, community-based organizations and local governments have relied on anecdotal information to provide information about changes in their communities. Now, many community foundations, community-based organizations and local governments, like the City of Richmond for its Neighborhoods in Bloom (NiB) program, are building data sets to create local indicator systems.

Indicators can condense complex data into a source of meaningful information that can help educate citizens, inform elected officials and community leaders, and promote community action. Because these projects simplify complex phenomenon and as communities discover their needs, the number of indicator projects being developed continues to increase.

Indicator systems are becoming fundamental tools for tracking and understanding the viability, health and social integration of a community. A set of up-to-date indicators on changing neighborhood conditions can help a community communicate a vision for the future,

***Without indicators, there is no shared measure of how well a community is doing, what it should be doing more or less of or if strategies should be changed.***

set priorities and goals and serve as a tool for action that is guided by concrete data. Some indicator projects develop goals and select groups of indicators to assess progress toward these objectives. Other projects set a numerical value as a target for their indicators to be achieved or strived for in the future. Most projects, however, have used collected indicator data for several years and focus on trends to see if indicator values are improving or declining, such as monitoring whether poverty has increased or decreased in a community.

**What are Neighborhood Indicators?**

An indicator can show that a certain condition exists or certain results have or have

not been achieved. Indicators basically take data and tie it together in a form that allows for accessibility to relevant information. The data highlight what is happening in the neighborhood, the city or the United States and if the community is improving, deteriorating or maintaining its condition.

Neighborhood indicators help evaluate what conditions exist and whether the direction of the neighborhood is consistent with the goals outlined by the city's comprehensive plan. Without indicators, there is no shared measure of how well a community is doing, what it should be doing more or less of or if strategies should be changed.

Indicators can measure inputs, processes, outputs and outcomes. Inputs measure resources devoted to a particular program or intervention and can measure dollar amounts, manpower hours and equipment. Processes gauge ways in

which a program's services and products are provided and can include measures of activities such as meetings, technical assistance or training. These activities attempt to achieve desired outputs. Output indicators measure the quantity of products and services produced and the efficiency of their production. This is the immediate product received from the activity and is also a means to achieve the outcome. Outcome indicators measure broader results achieved through the provision of products and services. This measures what happens as a result of the product or service. In the broad picture, this is what is expected to happen as a result of the programs and activities in a community.

**Data and Scale Play a Role**

Data for indicators generally fall into three types: Census data, administrative records and sample surveys. Census data is collected by the U.S. Census Bureau and include population and housing data, but are not

◀ *An architect for Commonwealth Architects, Scott Gordon is bringing back to life two houses in Richmond's historic neighborhoods. His dog, Oliver, is the perfect companion through hours of painstaking renovation.*



***“Starting with the current project sponsored by the Community Affairs Office, these and other data will be used to assess the impact of community investments and, after each assessment, to help CDCs and other community development agents revise or refocus their strategies.”***

John Accordino

particularly timely. Administrative records are often underutilized partly because of confidentiality issues. These records contain home sales and real estate assessments that can provide valuable information about changes in the community. Survey data is usually collected to learn about a specific variable and may be biased by how respondents answer the question.

This data can also be very costly to collect. Reliance on local-level data should increase as techniques of collecting timely information and techniques for analyzing, interpreting and using it are developed. Currently the collection of useable local-level data is one of the missing pieces in the process of comprehensively understanding the social, demographic and economic composition of a community.

Scale plays a significant role in data- collection use and analysis. Many of the indicator projects have looked at data at the national level. Others have collected and

used data at the city level. Yet, there have been few neighborhood-level indicator projects developed. Nonetheless, in one city, neighborhood types run the gamut from very wealthy to extremely poor. Disparities can be found in even adjacent neighborhoods. Indicators at the neighborhood level are crucial in revealing unique issues within the neighborhood and determining steps to improve the condition. This improvement can happen through the use of neighborhood-level indicators.

Collecting data and creating indicators at the neighborhood level is more challenging and costly than collection for cities and the nation. Yet, it is important to create indicators at the neighborhood level because city-level data can be misleading. For example, the level of poverty, at the city scale, may be low, but poverty may be concentrated in a particular neighborhood and be extremely high. Scale of data is essential for developing effective strategies for neighborhood improvement.

#### **The Evolution**

Indicators projects are not new. Under the leadership of the federal government after World War I, economic indicators were developed. The advancement of this tool prompted interest to collect data on the social well-being of the nation. In 1929, then President Herbert Hoover commissioned a report on social trends in the United States. In the 1960's, a social indicator movement started as the interest returned to indicators to measure the impact of the NASA space program and the War on Poverty initiative. Interest slowly waned because collection and analysis costs were extremely high.

In recent years, with the advancement of technology, such as the Geographic Information Systems (GIS) and the availability of better data, community indicator projects that capture a mix of socio-economic factors have emerged. The National Neighborhood Indicators Project (NNIP) has illustrated the biggest movement toward indicators use. NNIP, started by the Urban Institute and their partners, furthers the development and use of neighborhood information systems in local policy-making and community building. Currently, over 22 cities participate as partners, including the Baltimore Neighborhood Indicators Alliance (the Alliance) and DC Agenda. The Alliance consists of a diverse group of organizations committed to promoting, supporting and making better decisions using accurate, reliable and accessible data and information to improve the quality of life in Baltimore neighborhoods. Data in the Alliance's system include population, housing, education, neighborhood economic development and transportation, as well as other statistics.





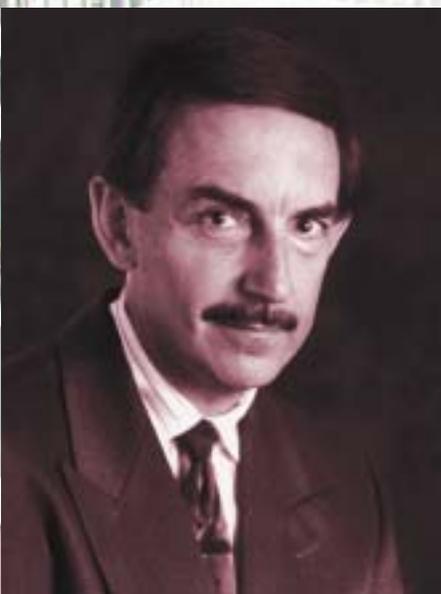
John Accordino, Virginia Commonwealth University

DC Agenda, a nonprofit civic organization, brings together diverse groups of leaders to address complex urban problems in Washington, DC. It focuses on improving the lives of youth and families in underserved neighborhoods. DC Agenda's Neighborhood Information Service assembles and provides reliable neighborhood-level data and data analysis to support community-based organizations and initiatives in the area.

Neighborhood indicators projects vary from city to city. Different types of organizations undertake the projects often with different objectives. NNIP hopes that all of these projects will be easily accessed by anyone interested. NNIP fosters the "democratization of information," concentrating on facilitating the direct use of neighborhood data by community leaders. One lesson given by the NNIP's Tom Kingsley in his guide to indicators is that the use of indicators needs to move beyond monitoring neighborhood trends and into policy development. The development of indicators should be for the explicit purpose of evoking change.

***"The challenge to measure causal impacts of community development initiatives quantitatively has been raised by legislators, foundations and social scientists alike. It is of central relevance for a host of contemporary neighborhood revitalization strategies, such as those undertaken by Richmond."***

George Galster



George Galster, Wayne State University

#### **A New Study**

The Federal Reserve Bank of Richmond's Community Affairs Office (CAO) is sponsoring a new study measuring outcome indicators to learn the impacts of redevelopment investments flowing into Richmond (Virginia) neighborhoods. Professors John Accordino of Virginia Commonwealth University (VCU), and George Galster of Wayne State University, and Peter Tatian of the Urban Institute are conducting the study. Also contributing to the project are the Richmond Local Initiatives Support Corporation (LISC), the planning division of the City, and the CAO.

The project will build upon indicator work conducted by Accordino and Dr. Robert Rugg, Professor Emeritus at VCU. For over four years, Accordino and Rugg have worked to create the Richmond Neighborhood Indicators Database. The database includes housing data for 1990 and 2000 from the Census Bureau. The database also includes the City of Richmond's administrative data, with variables such as a history of property sales and crime.



**Peter Tatian**  
The Urban Institute

***“In community development, data can be a powerful tool leading to effective action. It can inform the strategies and approaches that are to be applied, as well as provide continuous feedback.”***

Peter Tatian

According to Galster, the project is unique because no other study has looked comprehensively at investment flows into neighborhoods or has studied an area or city that has specifically targeted neighborhood reinvestments like Richmond’s NiB. Through NiB, **(discussed in more detail on page 18)** Richmond targets reinvestment into selected neighborhoods, which allows for limited government investment funds to be concentrated into specific neighborhoods. As a result, a significant contribution can change a neighborhood instead of thinly spreading already limited funds across the city and not making a substantial change to any neighborhood. “This project provides a rare opportunity to gauge the effectiveness of such a geographically-directed investment strategy in producing significant, measurable impacts,” said Tatian.

The project will use both quantitative and qualitative approaches to rigorously assess the impacts of non-profit and public investments (Community Development Block Grants, Housing Opportunities Made Equal funds and LISC investments) in NiB neighborhoods in comparison to other comparable neighborhoods in the City. In addition, multiple outcomes will be assessed on a variety of indicators of quality of life ranging from crime statistics and building permits to housing values.

Indicators are only a means; the outcomes or results will describe the desired state or condition for residents and communities. This study will answer the question of whether there is a measurable impact of the community development efforts in Richmond and why there is such an impact. According to Tatian, Richmond can serve as a model for the kind of outcome evaluation that can be implemented in other cities and is a great opportunity to advance the state of community development and the evaluation measurement of outcome indicators. As the project moves forward, look for future articles and information on our website at [www.rich.frb.org/cao/](http://www.rich.frb.org/cao/). 



*Websites with information on neighborhood indicators:*

National Neighborhood Indicators Partnership:  
[www.urban.org/nnip/index.htm](http://www.urban.org/nnip/index.htm)

Baltimore Neighborhood Indicators Alliance:  
[www.bnia.org/index.html](http://www.bnia.org/index.html)

Community Atlas:  
[www.communityatlas.usf.edu/resources.html](http://www.communityatlas.usf.edu/resources.html)

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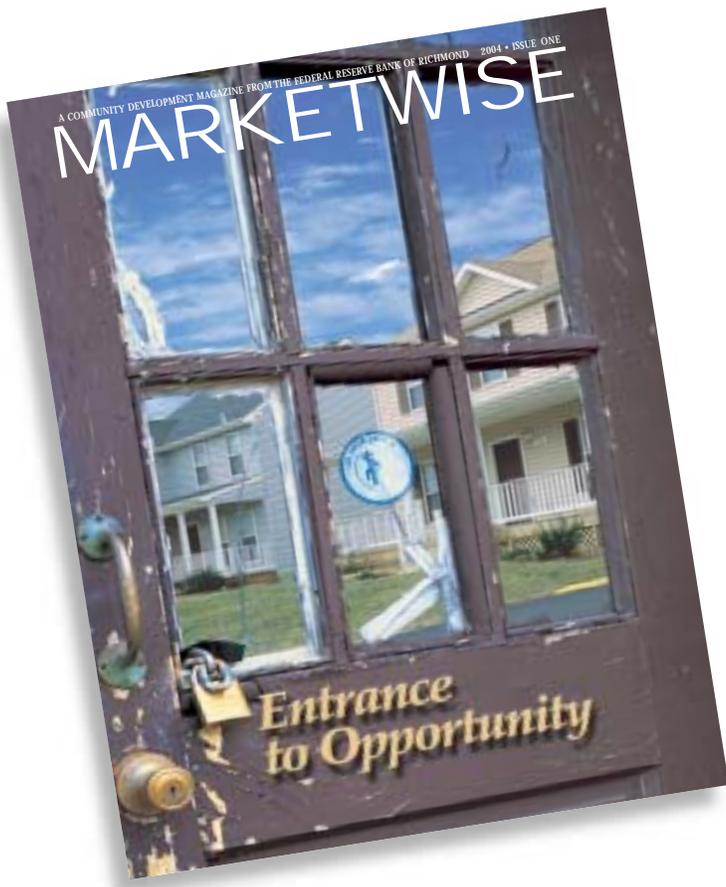
**May 7 REGULATORY ROUNDTABLE**  
Cleveland Fed

**May 12 NEW NEIGHBORS:**  
***“Creating Homeownership Opportunities for the  
Immigrant Community”***  
St. Louis and Cleveland Feds

**May 14 2004 COMMUNITY DEVELOPMENT POLICY SUMMIT:**  
***“The Recapitalization of Communities”***  
Cleveland Fed

**June 25 REGULATORY ROUNDTABLE**  
Cleveland Fed

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[www.chicagofed.org/cedric/events.cfm](http://www.chicagofed.org/cedric/events.cfm)



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