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Rebuilding Household Balance Sheets

Ray Boshara's Testimony to the U.S. Senate

After joining the St. Louis Fed as a senior advisor in April 2011, Ray Boshara proposed coordinating a new research-based project on household financial stability, with an emphasis on rebuilding the balance sheets of struggling American households. Publications, symposia, a web-based clearinghouse, a "financial stability index," and several outreach events in the Eighth District and nationwide are planned for 2012 and beyond. Boshara's work caught the attention of the U.S. Senate Banking Committee, and he was invited to testify in October 2011 at a hearing entitled "Consumer Protection and Middle Class Wealth Building in an Age of Growing Household Debt." An abridged version of Boshara's testimony appears below; the full text can be found online at www.stlouisfed.org/publications/br.

By Ray Boshara

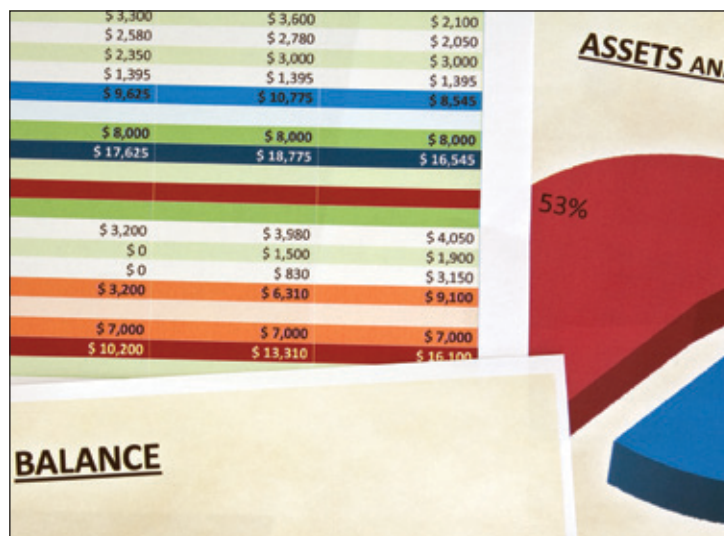
Chairman Brown, Ranking Member Corker and members of the Subcommittee, thank you for the invitation to appear before you today. My efforts to rebuild household balance sheets are focused on families hardest hit by the financial crisis and the economic downturn, those who have experienced significant losses of employment, income and wealth. We know that balance sheets matter because financially healthy

families spend, save and invest more, and thereby contribute to economic growth.

Why Balance Sheets Are Important

Balance sheets, by which I mean the savings, assets and debts of households, merit attention for three reasons. First, over the past few years we have all seen the damage to families, communities and the broader economy derived from balance sheet challenges. For too many years, household

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RESOURCES

New Reports on Children's Savings and College Success from Washington University in St. Louis

The Center for Social Development at Washington University in St. Louis (CSD) and the New America Foundation have released the four reports that comprise their series "Creating a Financial Stake in College." Together, these reports outline the vital role of children's savings in achieving college success. They will also provide a foundation for the March 2012 Assets and Education Research Symposium, where leading scholars will present new research on assets and education, review and critique the research to date, and guide future efforts in the field. The reports are available at csd.wustl.edu.

Housing Market Report from the Federal Reserve Board

The Board has released a white paper on the current condition of the U.S. housing market. It provides a framework for thinking about some of the key housing policy issues and discusses some of the trade-offs that policymakers might consider. Some of the topics covered include the challenges posed by REO properties, the possibility of using some REO properties for rental, and the use of land banks for the disposition of low-value REO properties, among others. To read the report, go to www.federalreserve.gov/publications/other-reports/files/housing-white-paper-20120104.pdf.

"Balance Sheets"

continued from Page 1

debt levels rose, eventually to dangerous levels, while little was done to build up household savings and to diversify family assets beyond housing. When the housing bubble burst, the wealth of many households plunged, leaving balance sheets at historic lows. While balance sheets have improved somewhat in the last couple of years, financial instability remains severe among the poor and persons of color, and reaches well into the middle class.

Second, according to many economists and the International Monetary Fund, weak balance sheets have had negative "wealth effects" on the economy, meaning that households with lower levels of wealth consume less. That, in turn, harms the economy, which in turn further harms households, which further slows economic growth, and so on.

And third, a growing body of evidence shows that families with assets generally do better in life than those without, and that the earlier in life one has assets, the better he or she will do. For example, New York University's Dalton Conley found that "it is really net worth that drives opportunity for the next generation." William Elliott and Sandra Beverly discovered that youth with any kind of a bank account, as long as the account was in the youth's name, are seven times more likely to attend college

Roughly three-quarters of total household debt is mortgage debt, and nearly one-quarter of homeowners nationwide have negative equity.

than those lacking accounts—regardless of academic achievement. Other researchers have also found that small amounts of wealth at the right times can have a transformative effect on the life course.

Policy Ideas for Rebuilding Balance Sheets

For families, reducing their debts and rebuilding their savings—or "deleveraging"—is already, painfully and slowly, under way. Yet millions of families need to delever even more, including further measures to address the housing crisis. Roughly three-quarters of total household debt is mortgage debt, and nearly one-quarter of homeowners nationwide have negative equity. Resolving the housing crisis is beyond the scope of my expertise and testimony, but I would like to observe that, historically, homeownership has been an effective route to wealth accumulation for generations of families, including low- and moderate-income families. Accordingly, we should continue to study responsible paths to homeownership for those who are ready and qualified, balancing the risks and the rewards for

families, investors, government and others.

With that said, let me offer five policy recommendations to help households rebuild their balance sheets.

First, as the evidence suggests, **build assets as early in life as possible.** Policies that automatically create a savings account at birth for every child born in America, with greater resources available for lower-wealth families, hold promise to expand opportunity and build a stronger middle class over time. Lower-cost alternatives, such as a "Kids' Roth," could be considered as well.

Second, **save and reduce debts at tax time.** Income tax refunds average nearly \$3,000, including those received by low-income parents because of the Earned Income Tax Credit (EITC). Such refunds, and the broad reach of the tax system, offer good opportunities to repair or rebuild balance sheets. The IRS' form 8888, which enables all taxpayers to deposit their refunds automatically in up to three separate accounts, holds particular promise in leveraging tax refunds into savings and debt reduction.

Third, **accumulate assets at the workplace**. The workplace has always been and remains a fulcrum for building savings and assets. In fact, the vast majority of pension wealth in the U.S. is structured through employers. To generate more employer-based savings, policymakers could consider proposals to set up automatic payroll deductions into retirement and unrestricted savings accounts managed by financial institutions outside the workplace, similar to the “AutoIRA” concept now being discussed in Washington.

Fourth, **generate unrestricted savings**, which can be used for emergencies or precautionary purposes—and which remain in very high demand by low- and moderate-income consumers. Families with sufficient levels of unrestricted savings are more likely to be banked, to pay down and secure better loans, and to acquire a longer-term asset such as higher education, a small business or a home.

And finally, **consider supporting innovations to state-based 529 college savings plans and other ways to promote savings earmarked for college**. Many studies have documented the role that a good education, especially completion of a postsecondary degree, has on one’s future earnings and wealth, and how the lack of an education and skills are among the strongest predictors of downward mobility.

As implied in the recommendations above, there is a great

need to diversify the savings and assets of families, especially those below median income. As Federal Reserve Board Vice Chair Janet Yellen has said, “In light of this experience [with collapsing housing prices], it makes sense to think about the development of wealth-building vehicles for low- and moderate-income households that have some of the desirable qualities of homeownership as an investment, but perhaps have less of the risk. ... Although households will likely need to take on some risk in order to accumulate wealth, the risk should not have the potential to destroy a household’s financial security. Continued research in this area is badly needed.”

Conclusion

Mr. Chairman, I commend you for convening this hearing today. We know that household debt is both weighing down millions of families and stifling economic growth. Thankfully, we have compelling evidence, some of it presented here, suggesting that rebuilding balance sheets and net worth will help hard-hit families and the broader economy move forward. I hope to make a modest contribution to this critical challenge. Thank you.

Ray Boshara is a senior advisor at the Federal Reserve Bank of St. Louis. Previously, he served as vice president at the New America Foundation, a Washington, D.C.-based think tank, where he also founded the Asset Building Program.



Five Ways to Rebuild Balance Sheets

- Build assets as early in life as possible.
- Save and reduce debts at tax time.
- Accumulate assets at the workplace.
- Generate unrestricted savings.
- Support innovations to state-based 529 college savings plans and other ways to promote savings earmarked for college.

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We have compelling evidence ... suggesting that rebuilding balance sheets and net worth will help hard-hit families and the broader economy move forward.

Planning Grant Tries To Ready St. Louis for a Sustainable Future

By Maggie Hales

The future, as always, remains uncertain. Yet some trends appear to be safe bets: Costs will rise, economic and social change will continue at a rapid pace, and all levels of government will need to adapt to those rising costs and changing times with an increased emphasis on fiscal, societal and environmental responsibility.

Given those trends and the need for increased government efficiency, preparing for what lies ahead is a good idea. That need for preparation is at the heart of the federal emphasis on sustainability, exemplified in the Department of Housing and Urban Development's (HUD) new Sustainable Communities Regional Planning Grant Program.

In general, sustainability refers to the concept of making decisions about development and government policy by considering the economic, social and environmental impacts of a project. Sustainable development does not focus solely on short-term benefits; it considers long-term effects as well and does not undervalue the true cost of a project by downplaying its negative environmental and social

consequences. It stresses the efficient and equitable management of resources, both natural and financial.

In St. Louis, a three-year, \$4.7-million grant from HUD to develop a regional plan for sustainable development will not resolve all current challenges. But the intent is to devise methods that municipalities, counties and regions can use to meet the metro area's needs in efficient and responsible ways.

The St. Louis-area grant was announced in October 2010, with funding for planning running through December 2013. The \$4.7-million award was the fourth-highest among the 45 regions that received funding from HUD; 225 grant applications were submitted.

Other Eighth District HUD Sustainable Communities Regional Planning grantees include the metro area around Memphis (\$2.6 million), which includes parts of Arkansas, Tennessee and Mississippi; Metroplan in Little Rock (\$1.4 million); and the East Arkansas Planning and Development District (\$2.6 million).

For St. Louis, the East-West Gateway Council of Governments is the lead agency for the planning process and the fiscal agent for the grant. East-West

Gateway is the federally designated metropolitan planning organization for the city of St. Louis and the surrounding seven counties in Missouri and Illinois.

East-West Gateway has 10 consortium partners contributing to the planning process of the Regional Plan for Sustainable Development. HUD requires that each region's principal city, the county with the largest population, the metropolitan planning organization and a regional public engagement organization be involved in the process.

The effort to develop a regional plan that emphasizes sustainable development is a collaborative partnership that involves HUD, the federal

Department of Transportation (DOT) and the Environmental Protection Agency (EPA). The goal is to improve the way the federal government coordinates its transportation, housing and environmental spending, policies and programs so that local communities can become economically vibrant and environmentally sustainable.

The grant program is a recognition that citizens and urban leaders need to understand how rising fuel prices, a struggling economy, an unstable housing market and concern over climate change combine to affect the quality of life in their neighborhoods, cities, counties and states. The



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theory is that if the federal government and local communities coordinate housing, transportation and environmental priorities, the region as a whole will benefit.

The grant for St. Louis was funded through HUD's Sustainable Communities Initiative, which currently is funding planning efforts throughout the country, although no funds are yet available for implementation. At the core of the planning effort are the six livability principles established by the Partnership for Sustainable Communities, an interagency collaboration of HUD, DOT and EPA. The principles are:

1. provide more transportation choices;
2. promote equitable, affordable housing;
3. enhance economic competitiveness;
4. support existing communities;
5. coordinate policies and leverage investments; and
6. value communities and neighborhoods.

The first year of the planning process in St. Louis was used for coordination and collaboration with local organizations and committee members. An organizational framework was established that will allow an inclusive and comprehensive public engagement phase to be conducted in 2012.

Part of that public engagement component will be conducted throughout the region's community planning areas (CPAs), which were designated

as part of the planning process. All of the communities and organizations within each CPA have demonstrated a willingness to work together, even though several jurisdictions might be involved. A CPA can involve several governmental units, including municipalities, school districts and public safety departments, though none will cross county lines.

Any recommendations that evolve from public input during the CPA discussions are intended to provide support, strategies and models for sustainable development. Recommendations will not include any mandates that require local governments to adopt new rules or ordinances to conform to state or federal goals.

The core consortium members planning for sustainable communities consist of East-West Gateway, the City of St. Louis, St. Louis County and FOCUS St. Louis. The other members are Trailnet, Citizens for Modern Transit, Metro, Great Rivers Greenway, Metro St. Louis Equal Housing Opportunity Council, Southwestern Illinois Resource Conservation and Development, and the Applied Research Collaborative (St. Louis University, University of Missouri–St. Louis and Southern Illinois University at Edwardsville). An additional 23 partners consisting of businesses, nonprofit organizations, foundations and individuals are also a part of the effort.

In February 2012, the intensive public engagement

Partnership for Sustainable Communities' Livability Principles

- Provide more transportation choices
- Promote equitable, affordable housing
- Enhance economic competitiveness
- Support existing communities
- Coordinate policies and leverage investments
- Value communities and neighborhoods

Sustainability refers to the concept of making decisions about development and government policy by considering the economic, social and environmental impacts of a project.

process begins, with the intent to incorporate residents' goals, priorities and concerns. That involvement by local citizens will continue throughout the year to identify resources and strategies that will address local and regional sustainable development goals by the end of 2012. Public feedback and refinement of those goals will take place in 2013 before a regional plan is adopted by December 2013.

For more information on HUD's Sustainable Communities Regional Planning Grant

Program, visit www.hud.gov and go to Press Room > Press Releases > 2010 > HUD No. 10-233.

Maggie Hales is deputy executive director for the East-West Gateway Council of Governments in St. Louis.

Federal Agencies Make Changes to the Home Affordable Refinance Program

By Julia Maués and Jim Fuchs

In October 2011, the Federal Housing Finance Agency (FHFA) announced changes to the Home Affordable Refinance Program (HARP). The stated goal of these changes is to increase the number of “underwater” borrowers¹ eligible to refinance their home mortgages while reducing credit risk for the government-sponsored enterprises (GSE) Fannie Mae and Freddie Mac.



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Program Changes

Among the most significant program changes are the elimination of risk-based fees for borrowers who finance into shorter-term mortgages; removal of the loan-to-value (LTV) ceiling for some GSE-backed, fixed-rate mortgages; and a program extension. The announcement indicated that additional details would be released by Fannie and Freddie.

HARP was launched in April 2009 to allow refinancing for homeowners with performing GSE-backed loans with LTVs between 80 and 105 percent.² The program did not reach as many borrowers as expected.³ So, in an effort to address some of its shortcomings, the October FHFA announcement included the following changes:

- Extension of the program through Dec. 31, 2013.
- Removal of the 125 percent LTV ceiling for fixed-rate mortgages owned or guaranteed by GSEs that were originated on or before May 31, 2009. This change does not apply to fixed-rate mortgages with terms greater than 30 years up to 40 years, or adjustable-rate mortgages (ARMs).
- Elimination of risk-based fees for borrowers who finance into shorter-term mortgages.
- Waiver of new appraisal requirements in those instances where a reliable automated valuation model (AVM) appraisal is available.
- Removal of certain seller and servicer representations and warranties on all HARP loans.

Guidance to Lenders

In November 2011, Freddie Mac and Fannie Mae released guidance to lenders on changes to their loan products that were originated under the expansion and extension of HARP. These details, relating to changes in fees, underwriting standards, and representations and warranties (with additional details released in December) are listed on page 7 and became effective for HARP loans with application dates on or after Dec. 1, 2011.⁴

Changes to Underwriting Requirements

- Borrowers must be current on their mortgage at the time of an enhanced HARP refinance, with no late payments in the prior six months and no more than one late payment in the prior 12 months.

- At least one borrower must provide source of income information and the lender must verify the source.
- Borrowers are not required to have the same occupancy as when the loan was first originated.
- If the loan payment increases by more than 20 percent under a HARP refinancing, all of the following requirements must be met:
 1. Minimum representative credit score of 620
 2. Maximum debt-to-income (DTI) ratio of 45 percent
 3. Verification of income sources, amounts and other assets if borrower is required to bring funds to closing

Representations and Warranties

The lender is relieved from the standard representations and warranties⁵ for the new loan if the lender meets both of the following requirements:

1. All data in the loan case file is complete, accurate and not fraudulent
2. The lender follows the instructions provided by the GSE regarding income, employment, asset and fieldwork documentation

Delivery Fee Cap Adjustments

The following adjustments will apply to refinances of mortgages with LTV ratios greater than 80 percent⁶:

1. No charge for non-investor property fixed-rate mortgages of less than or equal to 20 years
2. 75 basis points (bps) for non-investor property fixed-rate mortgages of more than 20 years
3. 75 bps for non-investor property mortgages that have an adjustable rate
4. 200 bps for investment property mortgages

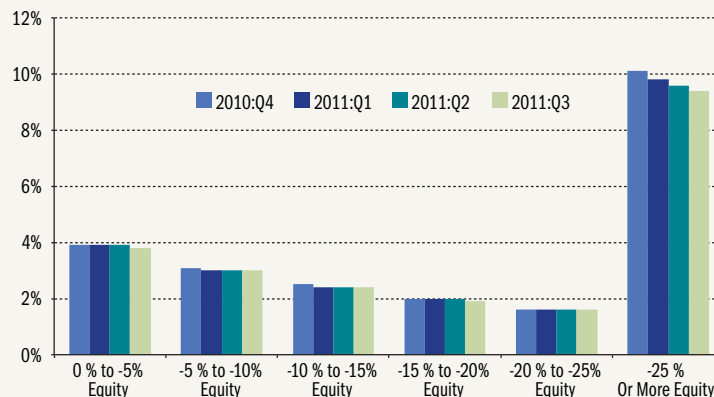
HARP Implementation

The GSEs' automated underwriting systems cannot handle HARP 2.0 until March 2012; until the systems' update is released, only the current servicer of the GSE loan is able to manually underwrite it. Therefore, if the current servicer of a HARP-eligible mortgage wants to refinance it into a new HARP loan, there is an incentive to do so immediately before competition is possible from other lenders, since only one HARP refinance is allowed per mortgage.

According to CoreLogic, almost 10 percent of all mortgages are underwater by more than 25 percent. Therefore, the removal of the 125 percent LTV cap will increase the number of borrowers who are potentially eligible for refinancing.⁷ Moreover, defenders of the program claim that waiving the original loan's representations and warranties makes HARP more attractive to lenders as it will protect them from many of the buy-back requirements they faced under

Distribution of Home Equity

Percent Homeowners with Mortgage



Source: CoreLogic 2011:Q3

previous rules.⁸ Still, it remains to be seen if this will be enough to entice lenders to participate, whether they will impose additional fees or underwriting requirements beyond what the GSEs require, and whether investors will be willing to buy securities backed by these new HARP loans.

Julia Maués is a policy analyst and Jim Fuchs is a senior manager in the Banking Supervision and Regulation division, Supervisory Policy and Risk Analysis Unit, at the Federal Reserve Bank of St. Louis.

ENDNOTES

- 1 An underwater borrower's mortgage debt exceeds the market value of the home.
- 2 The maximum allowable LTV ratio was increased to 125 percent on July 1, 2009.
- 3 928,600 borrowers refinanced through HARP as of Sept. 30, 2011.
- 4 The waiving of the 125 percent LTV ratio will only apply to mortgages settled with the GSEs after Feb. 1, 2012.
- 5 Eligibility, credit history, liabilities, income and asset management
- 6 Mortgages with LTV ratios less than or equal to 80 percent will continue to be charged a fee of 200 bps.
- 7 Note that a significant number of high-LTV loans are not owned or guaranteed by the GSEs, and so are not eligible for HARP under current rules.
- 8 Under previous HARP rules, representations and warranties entitled Fannie and Freddie to be reimbursed for losses on loans that were poorly underwritten at origination, even if the lender that refinanced the loan was not the originator of the first mortgage.

St. Louis Fed Pilots Low- and Moderate-Income Survey

By Andrew A. Pack

The Federal Reserve's Community Development department gives financial institutions, community-based organizations and government entities the tools they need to effectively address community development issues affecting low- and moderate-income individuals and communities.

To help us accomplish that goal, last fall the St. Louis Fed's Community Development department launched a low- and moderate-income (LMI) survey that gathers information from a wide array of community stakeholders across the Eighth Federal Reserve District. The aim was to gain a better understanding of the challenges and economic well-being of LMI individuals and communities.

An analysis of the responses revealed a few key findings:

- The lack of job availability, insufficient educational attainment and inadequate job skills were overwhelmingly cited as the current and future issues most negatively affecting LMI individuals and communities.
- Seventy percent of respondents said that, if funding



were not an issue, they would redevelop areas of their communities to bring in more businesses and jobs and/or increase access to education and workforce development programs to help the LMI community.

- Community and economic developers reported that, in attempts to grow and create new businesses in LMI areas, small businesses showed the most interest in available sites.
- Globalization is impacting urban and rural LMI communities in very different ways. Respondents in metropolitan areas believe that globalization offers more opportunities, while respondents

in rural areas indicate that globalization is having a negative impact by creating fewer opportunities for their communities.

- About a third of respondents believe that LMI individuals in their service area are worse off than those in other areas.
- Only four percent of respondents believe that LMI individuals can adequately meet their basic needs.
- Attitudes toward the importance of homeownership as a means to help LMI individuals build assets may be changing. Owning a house was identified by only 11 percent of respondents

as one of the top ways to increase the financial stability of LMI households. Avoiding debt, increasing savings and entrepreneurship all ranked higher than owning a house.

The full report is available at www.stlouisfed.org/community_development/LMI_survey. In the future, the St. Louis Fed plans to conduct its LMI survey biannually, with results reported online.

Andrew A. Pack is a community development specialist at the Little Rock Branch of the Federal Reserve Bank of St. Louis.

St. Louis Neighborhood Wins National Award

By Matthew W. Ashby

The U.S. Environmental Protection Agency (EPA) has recognized the Old North St. Louis Revitalization Initiative with one of five national prizes for sustainable development. The award supports communities that use innovation to build stronger local economies. Old North received the award for Overall Excellence by building on historic architecture while adding new transit options, grocery, housing and residents.

Old North St. Louis, first built in 1816,

sat largely vacant after decades of decline until 1981, when a group of engaged citizens committed themselves to its recovery. At that time, the historic neighborhood covered 85 blocks, the majority of which were vacant or sparsely occupied. Residents, business owners and community leaders formed the Old North St. Louis Restoration Group (ONSLRG) as a not-for-profit corporation and laid the groundwork for the neighborhood's transformation.

ONSLRG engages area residents in concrete community development activities. The goal is to create a highly walkable urban village within the city. Old North's population has increased 28 percent

over the last decade, reversing a 50-year pattern of outmigration from the neighborhood. Residents are now active participants in everything from design workshops and building projects to potluck suppers and "quality of life" meetings where community members can raise neighborhood concerns.

Providing a range of housing options has been critical to Old North's success. ONSLRG and its partners have created nearly 200 homes—affordable and market rate, single-family homes and apartments—by developing on vacant lots and renovating abandoned historic buildings rather than demolishing them. These efforts have added housing choices that allowed longtime residents

to stay while attracting newcomers. ONSLRG has also completed several large community design projects. Two main blocks have been redeveloped with new sidewalks, benches, street trees and streetlights. The changes, which required rehabilitating 27 vacant buildings, reconnected the commercial district to the neighborhood.

You can read about Old North and the EPA award and watch a video at www.epa.gov/smartgrowth/awards, under 2011 Award Winners. And you can see before and after photos at www.stlouisfed.org/publications/br.

Matthew W. Ashby is a senior community development specialist at the Federal Reserve Bank of St. Louis.



Neighborhood revitalization is an ongoing project in Old North St. Louis, winner of the EPA's 2011 national award for overall excellence in smart growth.

SPANNING THE REGION



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

Additional Capital for Delta Businesses

ACCION Delta is setting up shop across the Delta; with it comes additional capital for entrepreneurs and small businesses in the area. Microlending services will be provided in the 252 counties and parishes of the federally designated Delta Regional Authority (DRA) area, which includes the states of Alabama, Arkansas, Illinois, Kentucky, Louisiana, Mississippi, Missouri and Tennessee. ACCION Delta, a community development financial institution (CDFI), is the result of a partnership with ACCION Texas, the nation's largest nonprofit micro- and small-business lender, and Southeast Missouri State University's Douglas C. Greene Center for Innovation and Entrepreneurship, a nationally recognized rural microenterprise development program.

So far, offices have opened in Cape Girardeau, Mo.; Helena-West Helena, Ark.; and North Little Rock, Ark. Plans are to place a loan officer in each of the DRA states by August

2012. Contact information for the current loan offices in the Eighth District of the Federal Reserve Bank are listed below:

Loan Officer Nathaniel Owen

Phillips County Chamber of Commerce
111 Hickory Hill Drive
P.O. Box 762
Helena, AR 72342
Phone: 870-519-9171

Loan Officer Russell Hampton

324 W. Pershing
North Little Rock, AR 72114
Phone: 501-444-8585

Loan Officer Craig Bohnsack

Southeast Missouri State University
920 Broadway, Suite 107
Cape Girardeau, MO 63701
Phone: 573-587-0908

To learn more about ACCION Delta, visit www.acciondelta.org. For information about Southeast Missouri State University's Douglas C. Greene Center for Innovation and Entrepreneurship, visit www.semo.edu/cie.

Mortgage Financing for Illinois Veterans

The Illinois Housing Development Authority has launched "Welcome Home Heroes," a mortgage financing package open to all qualified Illinois veterans, active military personnel, reservists and Illinois National Guard members. Under the program, a mortgage credit certificate enhances the benefit of the federal homeowner mortgage interest deduction. Homeowners with the credit are allowed to use 20 percent of their annual mortgage interest as a direct federal tax credit, resulting in a dollar-for-dollar reduction of their annual federal income tax liability. The remaining 80 percent of their annual mortgage interest continues to qualify as an itemized tax deduction.

To find out more about the program, including application information and local lenders, visit www.ihda.org/homeowner/heroes.htm.

Illinois Increases Earned-Income Tax Credit

Illinois Gov. Pat Quinn has signed legislation that doubles the state's earned-income tax credit (EITC) from five to 10 percent of the federal EITC, phased in over three years. This tax relief will help more than 900,000 working families save an extra \$100 to \$200 a year. Low- and middle-income working families will receive an additional boost from a \$50 increase in the personal exemption, which will now be indexed to inflation. And while EITC provides help to low-income workers, it also boosts local economies by increasing consumer spending in neighborhood stores and the community.

For more information, visit www2.illinois.gov or www.taxcreditsforworkingfamilies.org/2011/12/illinois-doubles-state-eitc/.

CALENDAR

FEBRUARY

6-7

Missouri Economic Development Council Winter Conference—Jefferson City, Mo.

Sponsor: Missouri Economic Development Council

www.showme.org/registration/medc_winter_2012_flyer.pdf

14-17

OFN Annual Conference: Where CDFIs, Funders, and Investors Meet!—Minneapolis, Minn.

Sponsor: Opportunity Finance Network
www.opportunityfinance.net/groupmail/conference/11/9.8.11.html

15-17

Mississippi's Annual Affordable Housing Conference—Biloxi, Miss.

Sponsor: Mississippi Home Corporation
www.mshc.com/2012

MARCH

7

Mississippi Asset-Building Symposium—Cleveland, Miss.

Sponsors: Federal Reserve Bank of St. Louis-Memphis Branch, Center for Community and Economic Development (Delta State University)
www.stlouisfed.org/community_development

7

Focus on Art as a Revitalization Tool (Brown Bag Series)—St. Louis, Mo.

Sponsors: University of Missouri—St. Louis (Community Partnership Project and Nonprofit Management and Leadership Program)

umsfce.org/index.php/brown-bag-series

18-23

Exploring Innovation Week—Little Rock, Ark.; Louisville, Ky.; Memphis, Tenn.; St. Louis, Mo.

Sponsor: Federal Reserve Bank of St. Louis
www.stlouisfed.org/community_development

23

Access to Capital and Credit: Strengthening Rural Businesses—Lexington, Ky.

Sponsors: OCC, FDIC, Federal Reserve Bank of Cleveland
www.clevelandfed.org/Community_Development/events/20111107/index.cfm

25-28

National Interagency Community Reinvestment Conference—Seattle, Wash.

Sponsors: Federal Reserve Bank of San Francisco, FDIC, OCC, U.S. Dept. of the Treasury's Community Development Financial Institutions Fund
www.frbsf.org/community/seattle2012

25-30

Empowering Communities for the Future 25-29—Excelsior Springs, Mo. 26-30—St. Louis, Mo.

Sponsor: Community Development Academy
muconf.missouri.edu/commdevelopmentacademy/courses.html

26-30

Building Communities from the Grassroots—St. Louis, Mo.

Sponsor: Community Development Academy
muconf.missouri.edu/commdevelopmentacademy/courses.html

APRIL

16-17

Governor's Conference on Affordable Housing—Chicago, Ill.

Sponsor: Illinois Housing Development Authority
www.regonline.com/builder/site/default.aspx?EventID=1048316

16-20

Kentucky Nonprofit Network Week—Various Venues

Sponsor: Kentucky Nonprofit Network (KNN)
<https://kynonprofits.org/events>

21-28

Money Smart Week—Metro St. Louis—Greater St. Louis

Sponsor: Multiple
www.moneysmartweek.org

30-May 2

AEO National Microenterprise Conference—Washington, D.C.

Sponsor: Association for Enterprise Opportunity
www.aeoworks.org/index.php/site/page/aeo_2012_conference_save_the_date

MAY

9-11

Save the Date! Reinventing Older Communities—Building Resilient Cities—Philadelphia, Pa.

Sponsors: Federal Reserve Banks of St. Louis, Boston, Chicago, Cleveland, New York, Philadelphia and Richmond, William Penn Foundation, Penn Institute for Urban Research, FHL Bank Pittsburgh
www.philadelphiafed.org/community-development/events/2012/reinventing-older-communities/

JUNE

28-29

Save the Date! Housing, Human Capital, and Inequality—Cleveland, Ohio

Sponsor: Federal Reserve Bank of Cleveland
www.clevelandfed.org/Community_Development/events/PS2012/index.cfm

BRIDGES

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

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UMSL Takes Over E-mail List

The St. Louis lender and community development electronic mailing list has migrated to a new location. The University of Missouri–St. Louis (UMSL) will now administer this St. Louis community development digest e-mail. The digest will include events and announcements, and will be sent out twice a month. It will consolidate several e-mail lists in an effort to decrease redundancy and to better communicate the strength of the community development profession in the area. For the past nine years, Matt Ashby at the St. Louis Fed has overseen this forum and has done a great job keeping e-mails timely and the list up-to-date. We thank Matt for his stellar service! And thanks also to UMSL for picking up the reins on this important informational service. For more information,

please contact Karl Guenther at 314-516-5845 or guentherk@umsl.edu.

New Project Supports Veteran Housing

The National League of Cities (NLC) and The Home Depot Foundation (HDF) will launch a new effort to help local officials rehabilitate neighborhood housing for returning military veterans, disabled veterans and special-needs populations. HDF will support the efforts of the NLC with a \$250,000 grant for 2012. The partnership will leverage HDF's work in a number of cities to support nonprofit partners by funding housing repair and renovation, helping to eliminate barriers in providing rehabilitated housing for vets. For more information, visit [homedepotfoundation.org/news-resources/press-releases/2012/the-national-league-of-cities-and-the-](http://homedepotfoundation.org/news-resources/press-releases/2012/the-national-league-of-cities-and-the)

home-depot-foundation-launch-project-to-support-veteran-housing.html.

HUD Seeks “Choice Neighborhoods” Applicants

The Department of Housing and Urban Development (HUD) will offer \$110 million in FY 2012 Choice Neighborhood Initiative (CNI) Implementation Grant funds. CNI Implementation Grants support communities involved in revitalization strategies aimed at neighborhood transformation, meeting the program's core goals of transforming distressed public and assisted housing into viable, long-term mixed-income housing, as well as improving safety, transportation and education. The application deadline is April 10. For more information, visit www.grants.gov/search/search.do?mode=VIEW&oppld=137313.

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**Statement of Ray Boshara
before the Committee on
Banking, Housing, and
Urban Affairs, U.S. Senate,
October 4, 2011**