LINKING LENDERS AND COMMUNITIES

SUMMER 2012

PUBLISHED QUARTERLY BY THE COMMUNITY DEVELOPMENT DEPARTMENT OF THE FEDERAL RESERVE BANK OF ST. LOUIS

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Neighborhood Revitalization and the Business District

By Faith Weekly

If capital is thin but vision is bold, community residents and stakeholders can still assemble the necessary resources—expertise, passion and investment—to champion and establish favorable conditions for redevelopment of commercial corridors and neighborhood-serving businesses. Assembling the team, preparing the players and understanding the moves in this high-stakes game are essential components to robust neighborhood revitalization.

Now more than ever, being prepared for opportunity is critical. The blueprint for doing so was recently shared by Jeffrey Morgan during his presentation, "(Re)Vitalizing Inner-City Neighborhood Business Districts: An Assessment and Strategy Framework for Integrated Micro-business and Real Estate Development by Nonprofits." Morgan, an architect/urbanist and the Edward M. Gramlich Fellow in Community and Economic Development at Harvard University's Graduate School of Design, was the key presenter at a forum in Louisville, Ky., sponsored by the Louisville Branch of the St. Louis Fed, JPMorgan Chase Foundation and New Directions Housing Corporation, a NeighborWorks America affiliate.

Jeffrey Morgan was the keynote speaker at a neighborhood revitalization forum at the Louisville Branch of the St. Louis Fed.

The key to fostering economic development in neighborhood business districts is often tapped by members of the community economic development sector, including community development corporations (CDC) and community development financial institutions (CDFI), who nurture and support the entrepreneurial spirit of local residents.

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Revitalization

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"We discovered there was an entrepreneurial spirit within the community, and if we tap into that and foster it by providing programs to support them and help them become successful business owners, we can effectively solve both sides of the equation," Morgan said.

There are several factors that define a neighborhood as a high-quality place to live. Typically, most people associate a healthy neighborhood with factors like rising home values, quality school performance and/or a low crime rate. While these factors do contribute to healthy neighborhoods, there are several others that are tied to healthy neighborhood business districts.

Neighborhood business districts provide convenience and offer access to shopping and the goods and services that residents need—without requiring a car. Residents of every neighborhood should have access to essential and basic goods and services, from groceries to hardware, a coffee house or a boutique.

Neighborhood business districts play an important role in providing employment opportunities for local residents and youth without the necessity of finding transportation. Entrepreneurial residents are able to operate businesses within their community, which strengthens the social network. And residents who patronize these businesses help to keep money in their own community.

"Real choice includes local employment access. Physical conditions of the neighborhoods, strengthening the shopping districts, addressing these underserved areas, social structure and keeping profits in the neighborhood help to build the political capital," Morgan said. He went on to explain that neighborhoods can leverage this capital to get additional attention from the city, which may lead to continued improvements.

Morgan explained that he can sense whether a project will progress based on the energy and passion expressed by an area's residents.

"It's going to take that kind of energy and passion to get through the obstacles and make that plan come together," Morgan said. "So, the capacity of the community is perhaps even more essential and may

Residents of every neighborhood should have access to essential and basic goods and services, from groceries to hardware, a coffee house or a boutique.

be the most essential part of the entire program."

Communities can't rely on government to solve their problems. "You can't replace what the community can do," Morgan said. "Even if we have the funds, we need the entrepreneurs to create business and create jobs."

According to Morgan, implementation of a plan requires four core domains of action—real estate development, business development (microbusiness), business funding (microfinance) and business district organization—focusing on the community of business owners, promotions and beautification.

At the forum, Morgan's presentation was followed by a facilitated panel discussion moderated by Bill Weyland, managing director of City Properties Group.

"It's about improving infrastructure, residential and commercial," Weyland said. "If we don't infill, the city may die."

Panelist Sarah McGraw Greenberg, division director of development at NeighborWorks America, shared best practices of successful neighborhood business district projects from across the country. She stated that success tends to come as a result of a combination of local leadership, local funders, involved anchor institutions (e.g., universities and hospitals) and engaged residents. Political

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will is necessary for local leadership to agree to concentrate resources in one community, Greenberg said, and that often is the key factor that helps to make a difference.

Robert Holmes Jr., president and CEO of Corporate Services Consultants LLC, was also a panelist. He shared his perspective as a developer of Wilson Crossing, a commercial development that includes a full-service grocery store, Family Dollar store and a 10-story office building. First Choice Market opened in June 2012 and is located next to Park DuValle neighborhood, a HOPE VI project built more than 10 years ago in Louisville.

Holmes was candid about why it took so long to develop a grocery store in Park DuValle. He explained that there are numerous challenges to urban development, including finding sites (land acquisition), finding users (national retailers), finding financing (capital), finding equity (investors), solving the costs vs. value challenges, and finding the right team (appropriate partners).

Holmes' partners included Metro Bank, a CDFI that provided New Markets Tax Credits; Louisville Metro, which provided a $3.2 million grant; Metropolitan Sewer District; and Canaan CDC, which obtained an $800,000 grant from the Office of Community Services in the U.S. Department of Health and Human Services for workforce development. Holmes advised that, while it is doable, this type of project requires commitment at all levels—community, local, state and federal. Local foundation leadership can be critical in driving this issue and bringing the actors together.

The difficult process of neighborhood-based commercial revitalization requires a local strategy, with dedicated, inventive leaders and practitioners adapting to changing conditions and diligently managing community plans to achieve their goals. Ultimately, a successful revitalization effort will attract the support of both local government and corporate foundations, but a neighborhood will not be a priority for either unless its residents make the neighborhood itself a priority.

Faith Weekly is a community development specialist at the Louisville Branch of the Federal Reserve Bank of St. Louis. View materials from "Neighborhood Revitalization and the Business District," hosted by the Louisville Branch of the St. Louis Fed, including Jeffrey Morgan's presentation, videos of the event and an interview with Morgan, at www.stlouisfed.org/community_development/spotlight/2011/1103 2011NeighborhoodRevitalization/index.cfm.

Have you HEARD

Deadline to Request Free Independent Foreclosure Review Extended to Dec. 31

The Federal Reserve Board and the Office of the Comptroller of the Currency have extended the deadline to request a free review of mortgage foreclosures under the Independent Foreclosure Review to Dec. 31, 2012. The new deadline gives borrowers five additional months to submit a request for review.

The Federal Reserve Board has also created a video that explains how eligible borrowers can request a review and potentially receive compensation. There are no costs associated with being included in the review, so consumers should beware of anyone who requests payment for assistance in connection with the Independent Foreclosure Review or any other foreclosure assistance program.

Read the Federal Reserve Board press release, which includes links to the video in English and Spanish, at www.federalreserve.gov/newsevents/press/bcreg/20120802a.htm. More information about the Independent Foreclosure Review, including instructions for applying online and a full list of servicers, is available at www.independentforeclosurereview.com.

St. Louis Fed's 2011 Annual Report Available

The St. Louis Fed's 2011 annual report includes an essay on the debt crisis facing many countries around the world, explaining in simple terms the roots of the current crisis in Greece and other parts of Europe. In his column, St. Louis Fed President and CEO James Bullard also addresses the crisis, calling it a wake-up call for the U.S. Other features include a message from Ward Klein, the new chairman of the board of the St. Louis Fed; lists of other board members, advisers and top managers; and highlights of the Bank's work in 2011. Read the report at www.stlouisfed.org/publications/ar.

Bridges Transition to Online-Only Publication

The St. Louis Fed's quarterly newsletter will transition to an online-only publication beginning with the Spring 2013 issue. Please take a moment to ensure that we have an accurate way to alert you when issues are available by providing your e-mail address at www.stlouisfed.org/br/subscribe.

Community Outlook Survey — Spring Report Available

The April 2012 report of the biannual survey (formerly the Low- and Moderate-Income Survey) from the St. Louis Fed is now available. The survey gathers information from a wide array of community stakeholders across the Eighth Federal Reserve District in order to gain a better understanding of the challenges and economic well-being of LMI individuals and communities. Read the report at www.stlouisfed.org/community_development/community-outlook-survey/.

Social Innovation Fund Awards

The Social Innovation Fund (SIF), an initiative of the Corporation for National & Community Service (CNCS), is conducting its third annual new grant competition. SIF expects to award $10-$15 million to as many as six new "intermediary" grantees. Each award will range from $1 million to $5 million per year, and will be renewable for up to five years. Award announcements are expected in August. Selected grantees will then match the funds dollar for dollar and make subgrants to promising nonprofit organizations in local communities. For more information about SIF and CNCS, visit www.nationalservice.gov/about/programs/innovation.asp.

Limited Supermarket Access

The U.S. Department of the Treasury's Community Development Financial Institutions Fund (CDFI Fund) has released "Searching for Markets: The Geography of Inequitable Access to Healthy & Affordable Food in the United States"

By Matthew W. Ashby

According to "Searching for Markets" (www.trfund.com/esource/downloads/policypubs/SearchingForMarketsFullReport.pdf), 24.8 million Americans live in areas with limited supermarket access (LSA). The report also examines the disparity in access to healthy food for low-income and minority populations. The purpose of the research is to better identify target areas that would benefit from increased financing for healthy food initiatives, aiding low-income communities across the country. The CDFI Fund produced the report in partnership with Opportunity Finance Network and The Reinvestment Fund (TRF) for the Capacity Building Initiative.

The Capacity Building Initiative was created by the CDFI Fund to provide training and technical assistance to help CDFIs build capacity to meet their communities' needs. The Financing Healthy Food Options track includes training workshops, informational resources and individual technical assistance. For example, the Missouri office of IFF (www.iff.org)—a certified CDFI—provides financial solutions and real estate consulting to nonprofit organizations focused on healthy food access and education. They offer solutions to strengthen organizations across the spectrum of the healthy food movement—including nutrition and wellness educators, community-based growers and distributors, and fresh-food retailers.

Recently, IFF created its Healthy Food Access Fund to finance full-service grocery stores in neighborhoods where there is documented low access to fresh food. (See sidebar.) The three largest cities in the Federal Reserve's Eighth District (Memphis, Louisville and St. Louis) rank in the top 10 by scale of problem and the burden on low-income people. (See Table 1.) This

TABLE 1

LSA Area Ranking by Scale of Problem and Burden on Low-income People

Rank	States	Cities with Population > 500,000	Cities with Population Between 250,000 and 500,000	Cities with Population Between 100,000 and 250,000	Cities with Population Between 50,000 and 100,000
1	Pennsylvania	Washington, DC	Cleveland, OH	Richmond, VA	Camden, NJ
2	Rhode Island	Baltimore, MD	Kansas City, MO	Knoxville, TN	Trenton, NJ
3	Louisiana	Philadelphia, PA	St. Louis, MO	Syracuse, NY	Gary, IN
4	Connecticut	Dallas, TX	Newark, NJ	Baton Rouge, LA	Lawrence, MA
5	Illinois	Milwaukee, WI	Buffalo, NY	New Haven, CT	Youngstown, OH
6	Ohio	Detroit, MI	Tulsa, OK	Rochester, NY	Waukegan, IL
7	West Virginia	Memphis, TN	Bakersfield, CA	Des Moines, IA	Albany, NY
8	Tennessee	Boston, MA	Pittsburgh, PA	Hartford, CT	Schenectady, NY
9	New York	Nashville, TN	Cincinnati, OH	Savannah, GA	Daytona Beach, FL
10	Maryland	Louisville, KY	St. Paul, MN	North Charleston, SC	Decatur, IL
35	Arkansas				
61				Little Rock, AR*	

* Out of 113 cities in this category
Source: "A Summary of Searching for Markets: The Geography of Inequitable Access to Healthy & Affordable Food in the United States" (www.cdfifund.gov/what_we_do/resources/DemandStudySummary.pdf)

Fund makes affordable, flexible financing available to retailers and wholesalers locating stores in high-need areas across IFF's five Midwestern states (Illinois, Indiana, Iowa, Missouri and Wisconsin), specifically those with a plan to build community awareness and emphasize health and nutrition.

An LSA area is one where the residents must travel significantly farther to reach a supermarket than the "comparatively acceptable" distance traveled by residents in well-served areas.[1] "Searching for Markets" demonstrates that residents living in LSA areas are 2.28 times more likely to be low-income. Other statistics from the report include:

- Black, non-Hispanic people are 2.49 times more likely to live in an LSA area than white, non-Hispanics.
- Hispanics are 1.38 times more likely to live in an LSA area than white, non-Hispanics.
- Residents of low-income block groups are 2.28 times more likely to live in an LSA area than those who live elsewhere.

"Searching for Markets" identifies 1,519 communities where supermarkets do not exist today, and where the unmet demand within the community is large enough to support a full-service grocery store. To determine these areas, the methodology first established a benchmark distance for people to travel to supermarkets, based on population density and car ownership, and then measured every block group in the nation against the benchmark.

The study also measures leakage, which is a measure of unmet local demand for food in LSA areas, an important factor from a retail-industry perspective. The estimated level of leakage provides a way to distinguish between LSA areas that could support a new full-service supermarket or the expansion of an existing store and those areas in which providing other forms of food retail may be a more viable strategy. Here are some of the report's key findings:

- On average, residents living in LSA areas spend $1,120 annually on food products outside of their areas.
- Analysis of industry data shows that the average full-service supermarket produces sales of $12 million annually.
- TRF identified 772 LSA areas that have an estimated leakage of less than or equal to $12 million, and 747 LSA areas that have an estimated leakage of greater than $12 million.

Eighty percent of LSA areas are within census tracts that were eligible in 2011 for Community Development Block Grants (CDBGs), and 60 percent are within areas eligible for the New Markets Tax Credit (NMTC). Each overlap offers significant resources to support interventions.

The data on which the study is based are available to the public free of charge via a customized LSA tool on PolicyMap, TRF's online data and mapping tool. The tool assists investors, operators, locally based organizations and policymakers to identify areas where supporting supermarkets may be a viable intervention strategy for improving residents' access to fresh and healthy foods. Through PolicyMap, users can evaluate food access demand and underlying market conditions.

To review the findings for your state, city or local community before devising a strategy or implementing a plan, visit www.policymap.com.

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

ENDNOTE

1 The distances vary from 0.15 miles in the highest density/car ownership category to 17.46 miles for areas in the lowest density/car ownership cateogory.

Healthy Food Financing Initiative

The Healthy Food Financing Initiative (HFFI) supports projects that increase access to healthy, affordable food in communities that currently lack these options. Through a range of programs at the U.S. Departments of Agriculture (USDA), Treasury, and Health and Human Services (HHS), HFFI will expand the availability of nutritious food, including developing and equipping grocery stores, small retailers, corner stores and farmers markets selling healthy food.

The 2012 federal budget approved $32 million for HFFI and an additional $10 million through the Community Economic Development Program at HHS for community development corporations (CDC) working on access to healthy food.

IFF was one of 12 CDFIs to receive $25 million in awards from the Treasury to support expanded financing options. IFF will use the $3 million award to fund a pipeline of retail projects in communities that lack access to healthy food. An additional $250 million or more is expected in private-sector financing through New Markets Tax Credits (NMTC). An investment in NMTCs by a bank qualifies for positive Community Reinvestment Act (CRA) consideration. Other bank loan, grant, investment and service products made to HFFI efforts may also qualify.

Financing Healthy Foods Resource Bank: www.cdfifund.gov/what_we_do/FinancingHealthyFoodOptionsResourceBank.asp

Beyond Our Means:
Why America Spends While the World Saves

By Sheldon Garon

If the recent financial crisis has taught us anything, it is that Americans save too little, spend too much and borrow excessively. Millions of people today lack the savings to protect themselves against foreclosures, unemployment, medical emergencies and uncomfortable retirements. How did Americans come to be such miserable savers? What might they learn from European and East Asian countries that boast higher household saving rates?

Over the past two centuries, some nations have aggressively encouraged their citizens to save by means of special savings institutions and savings campaigns. The resulting cultures of thrift have proven remarkably enduring in several advanced economies and challenge mainstream economic analyses of saving. Economists generally believe that households save according to universally "rational" calculations. People supposedly save the most in their middle years as they plan for retirement, and save the least in welfare states. In reality, continental Europeans save at high rates *despite* generous welfare programs and aging populations. Surprisingly, Americans save little despite weaker social safety nets and a younger population.

Beginning around 1800, European reformers and governments became preoccupied with creating prudent, self-reliant citizens. To encourage "humble" folk to save, the proponents of thrift established philanthropic savings banks that accepted small deposits and paid interest. Later, governments instituted postal savings banks that enabled small savers to open state-guaranteed accounts at the nearby post office. Officials also created school savings banks designed to teach habits of thrift to future adults. Japan, too, adopted and improved European savings institutions. The Japanese postal savings system is today the world's largest *bank*.

Countries soon regarded thrift as not simply good for the soul, but as a matter of national survival. In the two world wars, the warring nations ran massive savings campaigns. World War II ended in 1945, but savings campaigns did not. From London to Tokyo, austerity campaigns exhorted people to "Keep on Saving" to finance recovery. Thereafter, enduring cultures of thrift continued to restrain the expansion of consumer credit. More recently, states in the rest of Asia—including China—emulated the Japanese model of mobilizing savings to finance economic growth.

How does the United States fit into this global history of saving? Rather uncomfortably. At times, America encouraged saving as much as Europeans and Japanese. Savings banks sprang up after 1800, followed by building and loan associations. Yet these institutions remained confined to the Northeast, Midwest and the Pacific Coast. The vast majority of Americans in the South and West lacked a basic savings account a hundred years ago. Likewise, school savings banks thrived in some places, but failed to reach many American schoolchildren. Although most advancing economies had introduced postal savings by the 1880s, the U.S. Congress did not enact postal savings legislation until 1910. Weakened by compromise, the postal savings system never attracted more than a tiny fraction of American savers, and in 1966 it was abolished. Most Americans became regular savers only after the federal government intervened to promote saving in the 1930s and '40s. Established in 1934, the Federal Deposit Insurance Corporation insured smaller deposits in banks. This was followed by the government's successful campaigns to market small-denomination U.S. savings bonds during World War II.

After 1945, however, America again diverged from patterns of savings promotion in Europe

It is noteworthy that most other big economies did not embrace the American credit revolution.

and East Asia. The United States emerged from World War II extraordinarily rich while other countries were rebuilding war-ravaged economies. Politicians, businessmen and labor leaders all encouraged Americans to *spend* to foster economic growth. An array of policies also stimulated the growth of homeownership, which further increased consumer spending. Beginning in the 1980s, several developments combined to stop millions of Americans from saving altogether. Deregulation permitted the financial industry to offer massive amounts of credit on strikingly favorable terms—even to very poor households and students. The new instruments included credit cards, home equity loans and subprime mortgages. Many Americans wondered: Why save when I can buy things with easy money? When the housing bubble burst in 2008, so too did this unsustainable culture of debt.

It is noteworthy that most other big economies did not embrace the American credit revolution. Home equity loans are rare in Germany and Japan, and few consumers in continental Europe use American-style credit cards that allow one to borrow on unpaid balances. Moreover, European governments more strictly regulate the sorts of predatory lending that have impoverished so many Americans.

So, what might the United States learn from its own history as well as policies elsewhere in the world? To restore our household balance sheets, government must do more to regulate predatory lending while improving Americans' access to savings institutions. Currently, banks discourage young and lower-income people from saving by charging excessive fees and requiring high minimum balances. One promising approach would be for the government to revive small savers' accounts at the post office. Financial education classes should also be offered in all schools nationwide.

Americans pay little attention to how other nations promote saving and protect their citizens from overindebtedness. This may be the time to start.

Sheldon Garon, Nissan Professor of History and East Asian Studies at Princeton University, is the author of Beyond Our Means: Why America Spends While the World Saves *(Princeton University Press, 2012). He was also the keynote speaker at "The New American Challenge: Learning To Save To Build Wealth," an event held in April 2012 at the St. Louis Fed that also featured Michael Sherraden of Washington University; Bill Emmons, assistant vice president and economist at the St. Louis Fed; and Ray Boshara, St. Louis Fed senior advisor and community development policy officer. Boshara is coordinating the Bank's initiative on Household Financial Stability, which sponsored the event. View video at www.stlouisfed.org/newsroom/multimedia/video/20120426-housing-part1.cfm.*

Postal Savings Poster, Japan, 1936: "Diligence, Thrift, and Savings Day, March 10." Source: Yūsei Kenkyūjo Fuzoku Shiryōkan,* Modanizumu no jidai to yūsei postaa *(Tokyo, 1997). Courtesy of the Communications Museum, Japan.

Microsavings:

Opening the Door for Individuals to Invest in Themselves

FIGURE 1

U.S. Personal Savings Rate
For Every Dollar Earned, Americans Saved:

Note: Percentage in May of each year.
Source: U.S. Department of Commerce, Bureau of Economic Analysis

By Daniel P. Davis

At the beginning of July, the Bureau of Economic Analysis released the latest report on personal savings in the United States. The personal savings rate, a calculation of individual savings in relation to disposable income, stood at 3.9 percent in May—indicating the percentage of money Americans manage to save after taxes. Compare this figure with the data from 10 years ago and you will find a similar, yet slightly higher, rate of 4.3 percent. Go back even further to contrast these statistics with those from 20 and 30 years ago when the personal savings rate was estimated at 7.6 percent and 11.3 percent, respectively, and you will see that the savings habits of Americans, while often in fluctuation, are on an overall downward trend from their peak in the mid-1970s. (See Figures 1 and 2.)

Low personal savings rates may be cause for concern because they indicate that consumption spending is high and individuals are less likely to be prepared for emergencies, loss of income and other unplanned circumstances. For low-income households, it may be assumed that the effects of low savings rates may be considerably detrimental. Improving savings rates can be a critical step forward in improving economic security.

Microsavings as a Step Forward

An expansion of microsavings initiatives may allow more individuals to save money in the United States. Microsavings is a form of microfinance where organizations and financial institutions encourage individuals to save money. Microsavings accounts are similar to traditional savings accounts, but are designed for small deposits. These accounts are often characterized by no minimum deposit amount, no service fees and flexible withdrawals. Encouraging a low-income household to save $1,000 a year may seem difficult, but asking them to save $20 a week may be more manageable. Microsavings initiatives acknowledge this and seek to give a savings platform to low-income households.

Obstacles to Formal Savings Accounts

Organizations and financial institutions investing in microsavings opportunities understand that there are several key barriers that may prohibit individuals from saving money. Proponents of microsavings accounts emphasize three key barriers to the use of more traditional bank savings accounts by low-income populations:

1. The accounts may not be convenient (locations may not be easily accessible or the products are unappealing).

2. The funds the individuals are able to deposit may be limited to small amounts and, therefore, the usefulness of the savings account may seem questionable.

3. The documentation necessary for opening the accounts may seem intimidating.

Benefits of Microsavings Accounts

When organizations and financial institutions are able to overcome these obstacles, microsavings accounts may be able to offer numerous benefits. For the organization and financial institutions offering the accounts, proponents note that the accounts are fairly low-risk, requiring little to no upfront costs and no credit checks to enroll new account holders. Further, for organizations offering additional microfinance services, such as microloans, the savings accounts may assist in screening future applicants. If an individual has already developed a relationship with the organization through a microsavings account and has made consistent deposits, the organization may view the account holder as a more substantial candidate for a microloan. For the account holder, the benefits may be even more evident, including security of the funds, insurance in case of life's uncertainties, convenience and the ability to access liquid assets for other investments.

Best Practices

Several best practices have emerged in recent years to help individuals, specifically those from low-income households, save liquid assets at an incremental level. Many of these models are manifesting in international locations among the world's very poor, but may be relevant models for American organizations and financial institutions that aim to improve household savings and boost economic security.

In India, for example, Cashpor targets individuals below the poverty level and offers opportunities to open and contribute to microsavings accounts. Cashpor personnel meet one-on-one with new clients and enroll them into a savings account using the individual's cell phone. The newly enrolled savings account holder may then make deposits into their account at any time using their cell phone. Deposits can also be made directly to Cashpor staff since they visit account holders on a regular basis. The ease of this enrollment process allows 250 new enrollees to open savings accounts each day.

A trend in branchless banking to boost microsavings has also been used in Sri Lanka, where the National Savings Bank sends mobile banking accounts to markets, festivals and schools—places where targeted savers are already spending their time. Personnel from the National Savings Bank also collect small amounts of money door-to-door for their account holders.

Another model has emerged in India where the National Bank for Agriculture and Rural Development has created self-help groups—joint savings accounts comprised of up to 20 individuals. These groups save money collectively, and individuals making regular contributions into the fund have access to loans from the savings account—thereby forging a connection between the traditional financial structures and an informal community model.

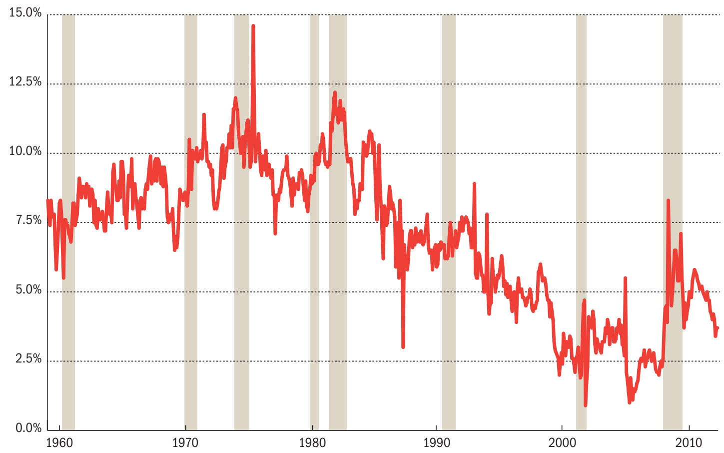
The United States

The movement toward microsavings is still developing considerably across the U.S. Until recently, a large amount of the small-savings programs have been built around saving toward specific goals, such as homeownership or education. These programs have been a powerful tool for spurring investments into the accrual of specific assets. However, a declining personal savings rate still persists. Today, traditional financial institutions have an opportunity to harness the power that microsavings presents to change the savings culture in the United States, to open the door for individuals to invest in themselves and to provide a considerable service to their clientele.

Daniel P. Davis is a senior community development specialist at the Federal Reserve Bank of St. Louis. He is currently studying at the London School of Economics.

FIGURE 2

Personal Saving Rate



Shaded areas indicate U.S. recessions.
Source: U.S. Department of Commerce: Bureau of Economic Analysis

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.

St. Louis Fed Introduces Quarterly Housing Market Conditions Report

The St. Louis Fed provides an updated overview of the Eighth District's housing market with the debut of the Bank's new quarterly Housing Market Conditions report. Using color-coded heat maps, the report provides a snapshot and analysis of housing market conditions of the U.S. as well as the seven states that comprise the St. Louis Fed's Eighth District: Arkansas, Illinois, Indiana, Kentucky, Missouri, Mississippi and Tennessee.

(Note: While the Eighth District is comprised of the entire state of Arkansas and only parts of Illinois, Indiana, Kentucky, Mississippi, Missouri and Tennessee, analysis is conducted on a statewide basis for each state's respective report.)

Each report shows the percentage of seriously delinquent mortgages (90-plus days overdue, or in foreclosure) by zip code, as well as the percentage change that has occurred in those zip codes since the previous quarter. The report also lists the top 10 zip codes in each state with the highest levels of mortgage stress for the most current quarter, as well as a map of seriously delinquent mortgages across the U.S. on a county-by-county basis. To view the quarterly report, visit www.stlouisfed.org/community_development/HMC.

HOPE of Kentucky

Thanks to HOPE (Housing Opportunities Entities) of Kentucky, banks located in the Bluegrass State have the opportunity to finance affordable housing. In the wake of the Great Recession and struggling economy over the last several years, many Americans can no longer afford to own their home or rent at market rate. Affordable rental units, financed with the assistance of Low Income Housing Tax Credits (LIHTC), are in greater demand now than ever before in recent history.

Established in 2011, HOPE is a consortium of Kentucky banks formed to pool funds to make permanent loans on affordable housing projects financed principally utilizing equity generated from the sale of LIHTCs allocated to the projects. The consortium allows banks to diversify and limit their credit and interest-rate risks by lending to multiple projects across the state. This approach also allows banks to participate in the highly technical affordable housing industry without the need to employ that expertise on their own staff. Capacity and opportunities to finance affordable housing in rural areas often challenge banks located in those markets, according to Billie Wade, HOPE's executive director.

To become a member of HOPE, banks must complete a simple application and pay a one-time fee based on asset size. The consortium also asks the bank to pledge the total dollars they are willing to commit to lend over the next three-year time frame, which allows realistic coordination of projects.

HOPE currently consists of 13 banks with assets from less than one million to several billion dollars. The consortium's goal is to recruit more banks from the western portion of the state. For more information, contact Billie Wade at 502-736-1285 or bwade@kybanks.com.

ITEN Launches New Programs

The Information Technology Entrepreneur Network (ITEN) has added two new programs to its curricula: the Concept Development and Growth Acceleration programs. The Concept Development program is the new initial step in ITEN's development process for entrepreneurs. It is ideal for participants at the earliest stage of creating a startup. All that is needed at this step is an idea. The course pairs the entrepreneur with an advisor to flesh out an initial idea with one-on-one attention. The advisor helps identify problems, brainstorms concept ideas, and prepares the entrepreneur for Business Model Validation, the next step in the process.

The Growth Acceleration program takes entrepreneurs who have successfully found investors and helps them with the building blocks necessary to form a business. Each Growth Acceleration venture is paired with one key mentor to help them manage rapid growth and connect with premier service providers, sources of talent, PR, additional investors and Fortune 1000 executives. To learn more about ITEN's programs, visit www.itenstl.org/programs.

RESOURCES

List of 2012 Distressed or Underserved Areas – Possible CRA Consideration

The federal bank and thrift regulatory agencies have released the 2012 list of distressed or underserved nonmetropolitan middle-income geographies where revitalization or stabilization activities will receive Community Reinvestment Act (CRA) consideration as "community development." For more information, visit www.federalreserve.gov/newsevents/press/bcreg/20120629a.htm.

Financial Literacy and Knowledge in the Nonprofit Sector

This report reflects the responses of more than 500 nonprofit professionals who are most responsible for their organization's overall financial management. It offers new insights on the resources that organizations use to manage their finances, identifies best practices in financial decision-making and provides suggestions for improving financial planning in the long term. Conducted by the Center on Philanthropy, in collaboration with The Moody's Foundation, the study seeks to better understand nonprofits' financial literacy and knowledge as well as the financial practices they currently adopt. Read the report at philanthropy.iupui.edu/Research/docs/2012FinancialLiteracy.pdf.

Podcast Series Available from the Foundation for the Mid South

Listen to conversations with people working to expand knowledge and improve lives in Arkansas, Louisiana and Mississippi. Each month, new interviews will elevate issues, share ideas and show examples of innovative work. To play the audio MP3 file of the first podcast or subscribe to the series, visit www.cyberears.com/index.php/Show/audio/6004.

New Podcast – Closing the Credit Gap: Improving Minority-Owned Small Firms' Access to Credit

Professor Tim Bates of Wayne State University discusses how to increase capital so minority companies can create jobs and expand their businesses. To view a transcript or play the audio MP3 file, visit www.frbatlanta.org/podcasts/transcripts/economicdevelopment/120509_bates.cfm?d=1&series=Podcasts.

Web-based Toolkit – Strategies to Transform Blighted Property to Productive Reuse

The Center for Community Progress has launched a new web-based tool – the Building American Cities Toolkit. Developed by Community Progress Senior Fellow Alan Mallach, one of the nation's leading experts and advocates in the legal and practical issues that communities confront in addressing abandoned property, this free resource helps users drill down to practical solutions for vacant and abandoned property. It tackles critical local challenges, from dealing with problem property owners and building stronger neighborhoods to reusing vacant properties and taking control of and managing problem properties. Users shift easily from global overviews of dynamics into proven local solutions that offer practical strategies tailored to communities' unique local needs. Check out the toolkit at www.communityprogress.net.

Access to Financial Capital for Immigrant Entrepreneurs and Small Business Owners

This study attempts to complete the picture on immigrant entrepreneurship, providing a thorough look at the financial picture that would complement what we know about these business owners. Read the full report at www.sba.gov/sites/default/files/rs396tot.pdf.

Information on OREO

The Federal Reserve has issued information regarding the management of OREO by institutions regulated by the Federal Reserve. "Questions and Answers for Federal Reserve-Regulated Institutions Related to the Management of Other Real Estate Owned (OREO)" is intended to clarify existing policies and promote prudent practices for the management of an institution's OREO assets, addressing both safety and soundness policies and consumer compliance issues. For more information, go to www.federalreserve.gov/bankinforeg/srletters/sr1210.htm.

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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CALENDAR

AUGUST

6-10

Community Development Institute—Conway, Ark.
Sponsor: University of Central Arkansas
uca.edu/cdi

27-29

2012 Economic Development Forum—Memphis, Tenn.
Sponsor: Mid-South Minority Council
www.mmbc-memphis.org/MMBCEventsNews.aspx?pid=7

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Innovation Communities: The Future → Faster—Cuba, Mo.
Sponsors: Federal Reserve Bank of St. Louis, Meramec Regional Planning Commission, Cuba Development Group, Community Foundation of the Ozarks
www.stlouisfed.org/event/453B

SEPTEMBER

16-19

Destination Downtown—Rogers, Ark.
Sponsors: Arkansas Historic Preservation Program, Main Street Arkansas, Mississippi Main Street Association, Louisiana Main Street, The Department of Arkansas Heritage
www.destinationdowntown.org

19-20

The Future of Workforce Development Conference—Kansas City, Mo.
Sponsors: Federal Reserve Banks of Kansas City and Atlanta
www.kansascityfed.org/community/conferences/workforce

19-21

2012 Assets Learning Conference—Washington, D.C.
Sponsors: CFED, Federal Reserve Bank of St. Louis and others
assetsconference.org/ehome/index.php?eventid=37173&

24-28

Building Communities from the Grassroots—Excelsior Springs, Mo.

Creating Capacity for Dynamic Communities—Excelsior Springs, Mo.

Sponsors: Community Development Program, Division of Applied Social Sciences, College of Agriculture, Food & Natural Resources; University of Missouri Extension in cooperation with the MU Conference Office
muconf.missouri.edu/commdevelopmentacademy/courses.html

OCTOBER

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Beyond Asset Building: American Households' Balance Sheets and Financial Stability—Little Rock, Ark.
Sponsor: Federal Reserve Bank of St. Louis, Little Rock Branch
Contact Drew Pack at Andrew.a.pack@stls.frb.org or 501-324-8268

25-26

Promising Pathways to Wealth-Building Financial Services—St. Louis
Sponsors: Federal Reserve Banks of St. Louis and Kansas City, U.S. Department of the Treasury, Center for Financial Services Innovation
www.stlouisfed.org/HFS_Forum

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In addition to the print version, each issue of *Bridges* offers content that is exclusively online. This content expands on topics in the current or a past issue. For this issue:

- **CDAC Member Spotlight** features three videos highlighting Kevin Smith and the work of his organization, Community Ventures Corporation.