



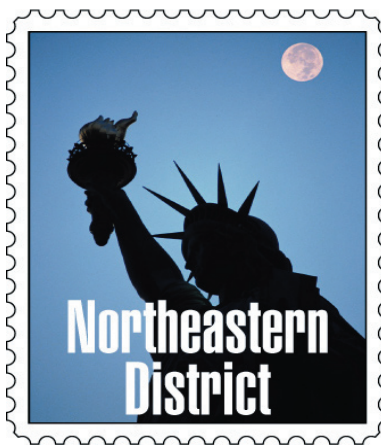
Comptroller of the Currency  
Administrator of National Banks

# Community Developments

Winter 2003

*Community Affairs OnLine News Articles*

## **This Just In . . . OCC's Districts report on new opportunities for banks —**



### **Northeastern District**

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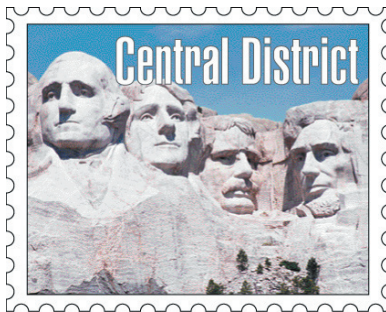
### **Small Allocations of New Markets Tax Credits Can Go a Long Way**

Even relatively small New Markets Tax Credit (NMTC) allocations can make a big difference to neighborhood businesses, as two Northeast District community development entities have set out to prove. Although the average first round NMTC allocation was \$38 million, some enterprising organizations are planning big changes in their local communities with allocations of \$1 million or less. That is the case with Boston's Roxbury-based Nuestra Development Fund that will use its \$1 million dollar allocation to provide subordinated debt to small, community-based businesses seeking capital to purchase or rehabilitate their properties. In Pittsburgh, the Northside Community Development Fund received the smallest NMTC allocation — \$500,000 — but has big plans for helping local small businesses. It will use its allocation to offer microenterprise loans, provide gap financing, and offer counseling services to neighborhood small businesses. Contacts: Evelyn Friedman at Nuestra Development Fund (617) 989-1202; Linda LeFever at Northside Community Development Fund (412) 322-0290.

### **Lower Manhattan Gets Affordable Housing**

HUD, the state and city of New York, and Lower Manhattan Development Corp., are working together on affordable housing in Lower Manhattan to revitalize the area effected by the September 11<sup>th</sup> terrorist attacks. The agencies will implement a \$50 million affordable housing initiative in Lower Manhattan that will fund 300 residential units for working families. The program will provide subsidies for affordable housing tied to the New York Liberty Bond program, which is a joint city/state partnership that provides tax-exempt bonds for the construction and renovation of commercial and residential facilities. The bonds are an incentive for developers operating in the residential market in Lower Manhattan by making construction and/or permanent mortgage loans for residential rental projects located in the area. This affordable housing initiative compliments the plan by Mayor Michael Bloomberg, "New Housing Marketplace: Creating Housing for the Next Generation." The

Mayor's plan dedicates \$3 billion in funds over the next five years, creating or preserving 65,000 units of affordable housing in NYC. Contact: Lower Manhattan Development Corp. (212) 962-2300; [www.renewnyc.org](http://www.renewnyc.org).



#### **Central District**

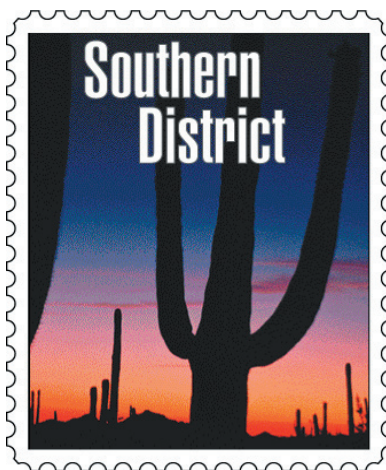
**Paul Ginger (312) 360-8876**

#### **Indiana: Entrepreneurship Training**

The award winning Purdue University Calumet Entrepreneurship Center (PUCEC) stimulates economic growth in Northwest Indiana by enrolling experienced business owners in a peer-learning program that improves their chances for success. About 300 entrepreneurs have completed the program since its 1995 inception and according to those responding to a recent survey, experienced average increases of 25 percent in sales, 32 percent in profitability and 62 percent in productivity. Banks refer prospective loan customers to PUCEC, discuss business plans and business credit with participants, find new borrowers among PUCEC graduates, and provide grant funding to PUCEC. Contact: Jim Kilinski at PUCEC (219) 989-2100; [kilinski@calumet.purdue.edu](mailto:kilinski@calumet.purdue.edu).

#### **Venture Capital in the Midwest**

Venture capital fund Hopewell Ventures, L.P. in July 2003 received its "Go Forth" letter from the U.S. Small Business Administration (SBA), a key step toward becoming a Small Business Investment Company. Hopewell, raising up to \$150 million of capital, will invest \$1 to \$5 million in early- to later-stage companies in a dozen Midwestern states – between Nebraska and Ohio, the Canadian border and Kentucky – that Hopewell says are underserved by venture capital sources. Banks can invest in Hopewell Ventures as limited partners, can refer companies needing an equity infusion, and can provide banking services to companies in which Hopewell has invested. Hopewell's sister fund, \$34 million Adena Ventures, serving Appalachian Ohio and West Virginia, was the first New Markets Venture Capital Company designated by SBA. Contact: Tom Parkinson at (312) 357-9600; [info@hopewellventures.com](mailto:info@hopewellventures.com); [www.hopewellventures.com](http://www.hopewellventures.com).



#### **Southern District**

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#### **Microenterprise Lending in Texas**

ACCION Texas is the largest micro lender in the U.S. for the second year in a row — having originated 4,192 micro-enterprise loans and disbursed more than \$22 million to clients since its inception in 1994. These loans provided working capital, inventory, and start-up funds for small businesses that could not qualify for loans from banks. In 2002, a new phrase entered the ACCION language - pink-slip entrepreneurs. "We have heard from our clients that, after being downsized out of their jobs, they never wanted to experience that kind of insecurity again. They looked around and found inventive ways to market themselves and to offer services that are needed in

their communities. ACCION was there to provide the needed capital and start up assistance,” according to Phillip McCammon, Chairman of the ACCION board of directors. ACCION benefits from the support of more than 20 banks and thrifts to implement their Texas strategy. Their commitment enables us to provide capital to those who need it most.” ACCION Texas operates seven offices strategically located around the state. Contact: Janie Barrera (888) 215-2373; [www.acciontexas.org](http://www.acciontexas.org).

### **Mississippi's New Housing Loan Pool Operational**

The Financial Institution Housing Opportunity Pool (FIHOP) was just recently developed by the Mississippi Home Corporation (MHC), with the assistance of the Mississippi banking community and bank regulators. Developed over a two-year period, FIHOP's initial thrust will be to fund developers of multi-family housing which will utilize low-income housing tax credits. The FIHOP Board of Representatives and the FIHOP Loan Committee, each made up of participating members, will determine the future lending goals and objectives of FIHOP. In addition to being a 10 percent participant in FIHOP, MHC has agreed to administer the program until such time as FIHOP can meet its administrative needs. The FIHOP program was initially developed to provide CRA investment opportunities to the banking community, as well helping MHC further its affordable housing mission. Initial capitalization is underway and letters of interest have been received from leading financial institutions. Contact: Charles Morris (601) 718-4624; [cmorris1@mshc.com](mailto:cmorris1@mshc.com); [www.mshc.com](http://www.mshc.com).



### **Western District**

**Susan Howard (818) 240-5175**

**Dave Miller (720) 475-7670**

### **Affordable Housing in Nevada**

Reno was the site of Nevada's most successful affordable housing event to date. In August, more than 140 affordable housing advocates and professionals from Nevada and California spent two days immersed in affordable housing issues that ran the gamut from community land trusts and special needs housing to predatory lending and legislative issues. The genesis of the conference came from a group of CRA officers' desire to know more about successful affordable housing activities outside of the local area. They had identified a need for a more comprehensive knowledge of topnotch programs and projects outside of Nevada. The group worked together with the Federal Reserve Bank of San Francisco to develop an agenda that would explore new strategies and best practices and provide opportunities for networking between affordable housing advocates and professionals. Workshop presenters from banking, federal, state and municipal government, and from the nonprofit and profit-motivated development communities presented cutting edge information on challenges and accomplishments in the field.

### **OCC/MBDA Host Los Angeles Minority Small Business Forum**

Los Angeles was the site of a minority small business conference, “Capitalizing on Profitable Minority Markets,” co-sponsored by the OCC and the Minority Business Development Agency. The conference was held on September 18 and 19 and brought together 100 bankers, government repre-

sentatives, technical assistance providers, and nonprofits to discuss barriers and solutions to reaching the untapped minority small business market. Los Angeles was selected as the conference site because of its diverse small business market that runs the gamut from home-based and swap meet style businesses to medium-sized manufacturing operations. The Los Angeles marketplace also presents challenges for bankers in reaching business owners of a variety of ethnicities. The speakers and panelists focused on opportunities and solutions for addressing these businesses that are often neglected because of real and perceived risks. Banks have often been reluctant to lend to minority small businesses because of the risk associated with a lack of knowledge of the marketplace. One of the conference goals was to remove some of the confusion by sharing examples from successful programs in Southern California with the participants. Panels addressed loans pools and loan funds, government loan guaranty programs, and technical assistance. Presentations are available on OCC's Small Business Web resource directory at [www.occ.treas.gov/cdd/SBRG09032003.htm](http://www.occ.treas.gov/cdd/SBRG09032003.htm).