ADDITIONAL READING

Would you like to read more about the topics covered in this edition? Selected readings from various sources are provided below.

Apathy, Civic Engagement and Community Building. Michael Kromrey. PICO Reflections: www.piconetwork.org/


Free subscriptions and additional copies are available upon request from the Community Affairs Unit, Federal Reserve Bank of San Francisco, 101 Market Street, San Francisco, California 94105, or call (415) 974-2978.

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ATTENTION:
Chief Executive Officer
Compliance Officer
CRA Officer
Community Development Department

FEDERAL RESERVE BANK OF SAN FRANCISCO
101 Market Street
San Francisco, CA 94105

Address Service Requested
The CRA encourages financial institutions to use intermediaries to expand their capacity for delivering community development services, and faith-based organizations have long been recognized as one of the most prominent and successful examples of intermediaries. And, while faith-based community development organizations represent only a subset of all community-based organizations, their presence may actually be more far-reaching than secular providers. Because even in communities without a community development corporation, there is a faith organization.

Whatever a church, synagogue, mosque or temple, congregations of all faiths are inextricably linked to the community in which they are located, to the community represented by their congregants or both. Whether formalized CDCs or not, most congregations engage in some form of community development. According to the National Congress for Community Economic Development (NCCED), many of the first generation of community development corporations (CDCs) in the 1960s had religious roots or sponsors. And faith-based community development continues to expand at an impressive rate. NCCED’s 1998 national census of CDCs shows that 14 percent (about 500) of all CDCs across the country identified themselves as “faith-based organizations.”

This special issue of Community Investments explores two aspects of faith-based community development: how faith organizations are realizing and building capacity to undertake their goals, and what they are doing to improve their community, whether defined by geography or need.

FAITH-BASED ORGANIZATIONS focus on a vast set of issues that range from alleviating social problems such as homelessness and hunger to advocating for at-risk and vulnerable members of society including under-privileged youth, the elderly, poor and immigrants. Historically, the services provided by churches and other religious groups have fallen most often into the realm of charity, usually with the objective of minimizing rather than addressing the problem and relying more on private individual and institutional contributions and volunteers than on government support. Today, we also see networks of congregations mobilizing to attack an issue or serve a need that is too large or complex for a single congregation, as illustrated by churches affiliated with the Pacific Institute for Community Organizing (PICO). The successful organizing and campaign efforts that bring about increased affordable housing and expanded community facilities and services for low-income and disadvantaged individuals also provide many other positive benefits for those communities.

Most of the congregations featured in this issue fall into a third tier of faith-based organizations: CDCs or formalized entities whose mission is to undertake a long-term and sustainable approach to revitalizing communities and empowering the less fortunate. With their primary objectives most often focused on developing affordable housing and

Call for Papers

The Community Affairs Officers of the Federal Reserve System are sponsoring their third biennial research conference, Sustainable Community Development: What Works, What Doesn’t and Why, March 27–28, 2003. The conference will bring together a diverse audience from academia, financial institutions, community organizations, foundations and government to learn about research in the community development arena.

Individuals interested in presenting research should submit a completed paper, detailed abstract, or proposal by April 22, 2002, to WILLIAM C. HAFNER, Senior Vice President and Director of Research, Federal Reserve Bank of Chicago, 230 South LaSalle Street, Chicago, IL 60604. Email: academic-systems-Conferences@frb.org or phone: 312/332-5810.

Announcement Resource

Community Investments’ District Bulletin is an excellent venue to announce your organization’s CRA-related services, research, events and investment opportunities. In 2002, Community Investments’ Bulletin was published quarterly (March, June, September, December). The deadline to submit an announcement is approximately six weeks prior to publication. Announcements should be no more than 50 words and can be submitted via email to lena@sf.frb.org.
2002 CRA Conference Schedule

6:00 p.m. – 9:00 a.m. Networking Breakfast

9:00 a.m. – 11:45 a.m. OPENING SESSION AND DISCUSSION

Trends in Community Development
Moderator: Sandy Brautstein, Federal Reserve Board
Panelists: Alan Fishlow, Center for Community Change
Joe Pigg, American Bankers Association
Ray Trent, National Congress for Community Economic Development
Robert Rowe, Independent Community Bankers Association
Charles Tansley, Neighborhood Reinvestment Corporation

12:00 noon – 1:15 p.m. Luncheon Address: Dr. Julianne Malveaux

1:30 p.m. – 4:30 p.m. CONCURRENT TRAINING

TRENDS IN COMMUNITY DEVELOPMENT
Moderator: Robbi Rows, Independent Community Bankers Association
Panelists: Joe Pigg, American Bankers Association
Sandy Brautstein, Federal Reserve Bank of San Francisco
Ray Trent, National Congress for Community Economic Development
Robert Rowe, Independent Community Bankers Association
Charles Tansley, Neighborhood Reinvestment Corporation

7:30 a.m. – 9:30 a.m. Networking Breakfast

8:30 a.m. – 11:30 a.m. CONCURRENT TRAINING

CRA Compliance: Equity Examinations
Moderator: Robbi Rows, Independent Community Bankers Association
Panelists: Joe Pigg, American Bankers Association
Sandy Brautstein, Federal Reserve Bank of San Francisco
Ray Trent, National Congress for Community Economic Development
Robert Rowe, Independent Community Bankers Association
Charles Tansley, Neighborhood Reinvestment Corporation

7:30 a.m. – 8:30 a.m. Networking Breakfast

8:30 a.m. – 11:30 a.m. CONCURRENT TRAINING

CRA Compliance: CRA Examination Process Overview
Investments: Community Development Equity Investments (part 1)
Panelists: Joe Pigg, American Bankers Association
Sandy Brautstein, Federal Reserve Bank of San Francisco
Ray Trent, National Congress for Community Economic Development
Robert Rowe, Independent Community Bankers Association
Charles Tansley, Neighborhood Reinvestment Corporation

11:45 a.m. – 1:15 p.m. LUNCH: 2002 CRA AWARDS CEREMONY

1:30 p.m. – 4:30 p.m. CONCURRENT TRAINING

CRA Compliance: Lending Performance and the CRA Examination
Investments: Community Development Equity Investments (part 2)
Panelists: Joe Pigg, American Bankers Association
Sandy Brautstein, Federal Reserve Bank of San Francisco
Ray Trent, National Congress for Community Economic Development
Robert Rowe, Independent Community Bankers Association
Charles Tansley, Neighborhood Reinvestment Corporation

5:00 p.m. – 7:00 p.m. FANNIE MAE RECEPTION

8:00 p.m. – 9:00 p.m. RECEPTION

TUESDAY, JANUARY 30

Wednesday, January 31

Thursday, February 1

Friday, February 2

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3 www.nwu.edu/IPR/abcd.html
individuals have in themselves and ability, commitment and willingness to est assets these congregations have: these projects are fueled by the great-neurship and self-help groups. All of community clean-up, local entrepre-sorsing youth activities and outings, borhoods or in distressed rural areas, are usually based in inner-city neigh-tions and budgets, and may be well-known locally and even nationally known. While some of these churches have large congregations, beginning with the strengths and lense of rebuilding lives and commu-nities, community development, and before that community development can occur. That is when sustainable invest-is and no people. Indeed the challenge of rebuilding lives and communities, beginning with the strengths and assets of those communities. It is this group that our network seeks to iden-tify, support and use as models for other congregations. While some of these churches have large congrega-tions and budgets, and may be well-known locally and even nationally among scholar activists and activists in commu-nity development, this article will focus on the smaller activist churches. These smaller congregations, which are usually based in inner-city neigh-borhoods or in distressed rural areas, are doing extraordinary things: spon-soring youth outreachs and organizing community clean-up, local entrepre-neurship and self-help groups. All of these projects are fueled by the great-est assets these congregations have: their congregation serving as an exten-ted family, and the pastor as the father or mother figure. The research-ers discovered that ministers used the term “ministry” to describe what oth-ers might call “community develop-ment.” The difference is the familial model, and the love, acceptance and patience that it exudes, which pro-duces a powerful and transformative force. This people-centered, familial model of community development is generally at work not only in African-American churches but also in small, community-based Angola, these congregations, whether their communi-city are urban or rural. Someone once said that the perfect community development project has plenty of money, clear objectives, a good plan and no people. Indeed the challenge is rarely technical, but rather almost always relational. Asset-based community development is all about relation-ships, and small churches have the gift of relationships. They should be sup-port and encouraged to give that gift. So how can banks help to support and fuel these small but powerful en-gines of community development? First, of course, you need to make contact with them. One way to do this is through association and active in the community, such as a local ministerial as-sociation or council of churches. These will probably not be listed in the phone directory, but the local police depart-ment or a local school might know about them. Or perhaps there is a seminary in the area which has contacts in the community. Find out if you have em-ployees who are members of small, community-based churches. Do you have a branch of your bank in the community? If so, ask the bank manager to seek out some of the active churches. Or drop in to a local barber shop or hairdressers and ask what churches are doing in the community and how you can get in touch with them.

2 The Black Churches of West Humbolt Park, & the authors describe them as, “…mostly small, storefront churches, assets of a single pastor. Ministers or part-time jobs during the week and were usually available on Sundays or Wednesday nights and by phone to their parishioners. In many cases there was no money for staff and there was no answering service to receive calls during the day.” (p.3)

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The Lutheran Alliance to Create Housing (LATCH) is a faith-based nonprofit development corporation, which functions as a coalition of Lutheran congregations located between Everett and Tacoma, Washington, dedicated to providing affordable housing. The LATCH mission is to advocate for and create high-quality, affordable housing in the Puget Sound region for families and individuals unable to pay market rents. Today, LATCH serves 36 member congregations, and owns and manages 130 apartments and homes, providing stable, affordable homes to more than 350 people.

In 1999, the average household income of LATCH residents was $20,500 while the average rent on a 2-bedroom apartment in King County was $800 per month or $9,600 per year. About 75 percent of units are operated as co-operative rental housing where each resident shares in the property's management and maintenance. Residents keep the grounds clean, collect rents, interview prospective tenants and participate in community meetings. Residents generally spend up to ten hours per month in cooperative activities. The goal of LATCH cooperative housing is to instill three key values: a protective environment, pride of place and personal development. LATCH began in 1988 as a project of Lutheran Social Services (LSS). A handful of lay people from four Seattle-area Lutheran congregations came together to address what congregations could do about homelessness and the need for affordable housing. Early on, the group decided that its purpose was twofold: increase the supply of affordable housing and serve as a resource to the local churches in their individual efforts to combat homelessness.

LATCH was designed as a federation of member congregations, each committing to pay annual dues of at least $300 and to provide up to two members to represent their congregation. Some early congregations provided far more. Congregations often made donations far in excess of annual dues—all offerings of faith and hope for the future, given that no one at LSS or on the LATCH board had much expertise in housing. In addition to a passionate desire to address the need and faith in the future, the first LATCH board also had a sense of humor. In July 1991, with eight member congregations and $12,000 in the bank, the board hired a half-time administrative coordinator at $15,000 per year.

A year later, LATCH purchased the Easternwood Apartments, a 27-year-old, eight-unit apartment building, and the adjoining vacant lot. In July 1993, construction of ten new townhouses began on the vacant lot along with a renovation of the eight older apartments. The $1.9 million project was financed by a fifty-year, one percent loan from the City of Seattle, a $755,000 loan from the state, and a private bank loan of $500,000. In June 2001, LATCH completed construction of Longfellow and Western Court Cooperatives, a 45-unit townhouse project, developed in part with a HOPE VI grant from the U.S. Department of Housing and Urban Development.

In 1999, LATCH played a critical role in creating new resources for housing when, along with hundreds of advocates, staff, board, residents, church members and volunteers, the organization worked diligently to carry an urgent message to legislators. House Bill 1345 became law on May 7, 1999, bringing operating stability to over 1,000 units of nonprofit-owned low-income housing throughout the state and increasing the financing available for low-income housing. By redirecting what had been reserved for taxes, nonprofit CDFIs now have more available funds for debt service and can borrow more money from banks and less from government programs. As much as $11 million per billion in new bank loans for low-income housing may result from this legislation.

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one of the more active pastors. Then, visit two or three of the pastors and ask if they can set up a meeting with other pastors and church leaders to discuss what they are doing or would like to do to improve the lives of people in the community and how you can support them. Listen carefully, be patient, and be shy about asking questions, and discuss what assets the churches, the community, and your bank have that you can use together to help build a safer and more livable community. The key is not to come in with your own agenda but to listen to, work with and support the people who know the most and care the most about the community—the people who live there. Your patience and willingness to listen and respond in ways that put your assets to the best use may result in a stronger, more economically viable community which welcomes your bank as a valuable stakeholder.

Finally, remember that churches, like banks, have their own culture, language, role perceptions, etc., so as you begin to build relationships with these small congregations, it’s good to have a guide—someone who understands and appreciates both cultures (perhaps one of your bank employees or a local businessperson who is a member of one of the congregations) and can help bridge the gaps as you work together. The ABCD Training Group (see resources) provides excellent training for what it terms “papperm,” people who work “in the gap” between neighborhoods and the institutional world of agencies, government and private business.

Economic development opportunities such as job or entrepreneur training, this is the group that financial institutions may see as their primary partners. However, all of these efforts are laudable and worthy of being supported, regardless of tier.

Like other community-based organizations, faith-based organizations rely on various support to effectively undertake community revitalization. Not only grants or donations, but also support that extends to processes and methods. For instance, a streamlined and transparent process, unfettered by discrimination, for applying for government grants or for designation to deliver federal- or state-sponsored social services and programs, is often as valuable as a check. Fred Mendez’s overview of President Bush’s faith-based initiative discusses how this is being addressed.

Training and other technical assistance is also essential to help faith-based organizations recognize and ultimately, maximize their resources. To this end, the Asset-Based Community Development Religious Network trains congregations to identify their community’s assets as a first step in determining where and how to expend those resources. The FAITH Initiative exemplifies the significance of building coalition and serves as an excellent model for how foundations are working through churches. Government-sponsored entities and agencies such as Fannie Mae, Freddie Mac, the Federal Home Loan Bank system and HUD offer specialized expertise to assist faith-based CDFIs in applying for grants to build affordable housing and community facilities.

Mostly, the challenges and needs facing faith-based organizations are no different than those of traditional community development groups. Notwithstanding the article that looks at the unique challenge of financing for followers of Islam, the stories, information and initiatives discussed herein are neither specific nor distinct to faith-based organizations. The primary purpose of this edition of Community Investments is to spotlight a little overlooked civic partner—faith-based institutions, to underscore their often-unseen efforts and to illuminate their role as a ubiquitous and viable community development partner.

ECONOMIC DEVELOPMENT OPPORTUNITIES SUCH AS JOB OR ENTREPRENEUR TRAINING, THIS IS THE GROUP THAT FINANCIAL INSTITUTIONS MAY SEE AS THEIR PRIMARY PARTNERS. HOWEVER, ALL OF THESE EFFORTS ARE LAUDABLE AND WORTHY OF BEING SUPPORTED, REGARDLESS OF TIER.

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Transforming Communities One Person At a Time

by Roberta Purger, Member, San Lorenzo Congregations Organizing for Renewal

“And we realize that the power to change the world rests in our capacity to unite as family, as community and as children of God.”

In 1972, John Baumann and Jerry Helfrich, both Jesuit priests, set up shop in Oakland, California. Their goal: To improve the quality of life for local families through grassroots community organizing. They met with residents and heard their anger and frustration about abandoned houses, high crime, and prostitution. With those local residents, Baumann and Helfrich began building an organization that would bring hope and change to many of Oakland’s long-neglected neighborhoods.

Nearly 30 years later, those fledging efforts have grown into the Pacific Institute for Community Organization (PICO), a nationwide network of 41 congregations and community-based organizing committees representing over 500,000 families and affecting the lives of millions in 12 states. Although the composition of each local group varies, PICO affiliates all share a common model of organizing and a common commitment to empowering local residents to affect change in their communities.

Rev. John Baumann, S.J. / PICO’s executive director, likens the PICO network to a family. “We are moved by justice to make the world right for our family,” says Baumann. “And we realize that the power to change the world rests in our capacity to unite as family, as community and as children of God.”

Under the assistance of PICO-trained professional community organizers, local leaders learn how to capitalize on the power of everyday citizens to influence policy and actions at the city, county and state level. Over the years, thousands of men and women have attended PICO’s National Leadership Training, a week-long program during which they learn about faith-based community organizing, the development of local leaders, the economic pressures facing working families and more. Locally, community members also benefit from regular training sessions led by their organizing committee staff.

POWER THROUGH RELATIONSHIPS
At its heart, the PICO network is based on relationships: between members of local congregations, between neighbors, and between city and county residents and their elected and appointed officials. By building relationships and listening to the hopes and dreams, frustrations and pain of individuals within a community, PICO organizers have been the catalyst for positive change in communities throughout the country.

HIGHLIGHTS
➤ In New Orleans, Louisiana, PICO affiliate All Congregations Together (ACT) led a successful effort to rid the city of blighted property. Legislation that passed last spring in the Louisiana House and Senate will allow local residents to take over long-neglected property from slum owners.

➤ In Orange County, Florida, the members of the Federation of Congregations United to Serve (FOCUS) successfully advocated for new and refurbished parks and recreation facilities for area youth and families. Thanks to the efforts of FOCUS, Orange County has committed to spending $1.4 million on an 80-acre park over the next two years.

➤ In communities throughout California, PICO affiliates succeeded in obtaining health care for working families as counties up and down the state agreed to spend sizable portions of their tobacco settlement and other funds on insurance programs and health care services.

➤ Elsewhere in the country, PICO affiliates have obtained after-school programs and drug rehabilitation programs for addicts. They’ve closed drug houses and opened community centers.

Guided by faith and a commitment to justice, PICO groups are providing men and women of all races, cultures and religious traditions with a mechanism by which they become participants in their democratic process.

Rosa Ramirez, a local leader from Camden Churches Organized for People (CCOP) in Camden, New Jersey, recently reflected on her local organizing effort: “CCOP and PICO have taught me how to join together with other people, and how to work together to change things. We feel powerful. We feel confident. We have learned how to listen to the stories of one another, and how to share the vision and the pain,” said Ramirez. “We are no longer acting alone.”

St. Andrew’s Housing Group

“St. Andrew’s Housing Group (SAHG) is a private, nonprofit corporation, founded in 1989 by members of St. Andrew’s Lutheran Church. Congregation members responded to the call by county government for an organization to provide affordable housing east of Seattle, where housing costs were quickly soaring out of the reach of families working in service-sector occupations.”

“The mission of the SAHG is to provide quality housing communities for those in financial need on the Eastside.” Its primary activity is the development and management of permanent affordable rental housing, through new construction as well as acquisition and rehabilitation. Today, SAHG owns and operates six affordable housing projects, which provide 190 units for families throughout the community, regardless of religious affiliation.

Our priority remains seniors and families, which we believe represent the two groups most in need of affordable housing. To be eligible to rent one of these units, an individual or family’s earnings cannot exceed 60 percent of the median income. In 2001, median income for a family of four in King County was $72,200.

In addition to housing development, SAHG is bound by its mission to encourage and support residents’ efforts to develop greater choice and independence. SAHG residents who need support or access to family and social services are referred to Eastside service agencies, such as HopeLink, Catholic Community Services and other faith-based organizations that provide emergency financial assistance and food. A volunteer group of community members, the Resident Relations Committee, sponsors social events at different properties and provide welcome baskets to new residents.

BLESSED HOUSING

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CALL TO ACTION

The unique strength of St. Andrew’s Housing Group is the involvement and commitment of the many volunteers who contribute time, talent and funds so generously to support its activities. Volunteers who serve on the board and on committees represent many sectors, including banking.

To learn more about our housing projects, please contact Linda Hall at (425) 746-1699 or via email: lindah@sahg.org
Facilitate new partnerships/funding opportunities. Banks, corporations and foundations can introduce charities to their business partners as a way to help create new funding partnerships. Other funding opportunities might include low-interest loans, free checking accounts for program participants of a charity and first-time homebuyer assistance.

Highlight charities in company publications. One way to increase awareness for a charity is to write an article in your company’s publication. In this way, the funders’ employees and business partners can learn about an organization that they otherwise may not have known. The charities can assist in writing these articles or providing background information.

Serve on boards/committees. The professional expertise that executives of bank, corporations and foundations can bring to a nonprofit are invaluable and help to ensure accountability of program outcomes.

These are just some of the ways in which businesses can and do support local causes. Such partnerships are vital to agencies like Mercy Housing California as we work to address needs faced by individuals and families.

To discuss partnership opportunities, please contact Amy Widstrom at (415) 533-6384 or via email: awidstrom@mercyhousing.org.

WHAT IS THE FAITHS INITIATIVE? The Foundation Alliance with Interfaith To Heal Society (FAITHS) is an initiative of the San Francisco Foundation (TSFF), one of the largest community foundations in the United States. The Initiative aims to enhance the work of faith-based organizations that deliver secular services or advocate for their communities. FAITHS does this by connecting faith-based organizations with assistance from nonprofits and foundations. We also provide direct technical and financial assistance to faith-based organizations and build educational briefings for faith community leadership.

FAITHS was founded in 1993 to respond to the concerns of clergy and lay leaders in the San Francisco Bay Area (Bay Area) that they were not able to gain the support of organized philanthropy for their efforts to implement secular programs. This was the era when welfare reform and federal devaluation legislation was being proposed before the U.S. Congress. An interfaith group of 15 faith leaders met with program staff of TSFF to voice their grave concern that as government withdrew from delivering social service programs and support, the faith community would be forced to pick up the burden. Many of the residents of their communities fall through the rapidly eroding safety net. These faith leaders believed that the faith community had a major role to play in providing safety net services but lacked the resources and capacity to do so, and were thus seeking the support of organized philanthropy. In the eight years since that meeting, FAITHS has built an interfaith network of more than 350 congregations and grassroots organizations that meet regularly to problem-solve around community issues in the five Bay Area counties that TSFF serves (Marin, San Francisco, Alameda, Contra Costa and San Mateo).

MISSION STATEMENT The Foundation Alliance with Interfaith To Heal Society (FAITHS) enhances the human service delivery and advocacy capacity of San Francisco Bay Area faith organizations, builds relationships within and beyond the faith community, identifies opportunities to support strategic community development efforts, and educates philanthropy about strengthening communities through faith-based institutions.

FAITHS is training key congregation leaders to take action on the affordable housing issue. The work began with an eight-part Affordable Housing Training series and a focus on technical and financial assistance.
Youth Development and High-Risk Youth Intervention: FAITHS' youth leadership development includes a summer-long youth leadership development training project. The training provides an exciting model for faith leaders to spend a summer as interns with the Foundation and covers a realm of activities, including hands-on grantmaking. The youth develop priorities and criteria for grants, research the groups, solicit proposals, make the awards and contribute seven weeks of volunteer service with youth-servicing agencies.

Senior Services: The FAITHS Legacy Project, supported by the California Wellness Foundation, builds the capacity of congregations to respond to the needs and concerns of seniors. While health screenings are a key component of the service delivery, we are also focusing on transportation, resource development and community awareness. The sessions have resulted in several pilot projects to maximize health outcomes for seniors involving congregations throughout the Bay Area.

Grantmaking and Partnerships

FAITHS' grant work supports community building. Our 2001-02 budget will exceed $500,000. The grants are prioritized to faith-based organizations working on issues of affordable housing policy and development, youth organizing and development, inter-generational civic engagement and capacity building. Since 1993, FAITHS has raised $3.8 million to support this work. The overwhelming majority of these funds were re-granted out to support secular work by faith-based organizations. FAITHS small grant work to catalyze community building with grassroots organizations was recognized by the National Council of Foundations at its 2000 annual conference as a national model. This fiscal year, foundation partners expect FAITHS to re-grant $250,000 to a number of faith-based organizations. An additional $70,000 will be used to support a youth development program, local convening and workshops on issue areas.

FAITHS partnerships with foundations represent an exciting model for philantrophic involvement with congregations engaged in community development. Some examples include:

- The partnership with the James Irvine Foundation (Irvine) provides small grants that improve the capacity of congregations to become involved in civic engagement. Using a combination support from Irvine and TSF, FAITHS has awarded a round of Community Partners grants to 15 congregations and faith-based organizations each year for the last four years. In the 2000 and 2001 awards, special emphasis was given to congregations working the issues of cultural diversity that involved youth. This was especially important in the Bay Area in the wake of a burgeoning local youth advocacy movement initiated by youth members of the bay area youth advocacy movement.

- Proposition 21. That proposition lowered the age at which youth can be tried as adults, expanded the definition of gang-related activities, and mandates that juvenile offenses be counted as crimes for the purpose of enforcing California's "Three Strikes" law.

- A combination of community briefings, small grants and capacity building informed by the work of the community partners.

- Foundation support helped to underwrite the Demystifying Economics training series, which focused on teaching faith-based organizations how to understand the issues and how to develop programs that address affordable housing remain principal objectives of this effort.

Youth Development and High-Risk Youth Intervention: FAITHS' youth leadership development includes a summer-long youth leadership development training project. The training provides an exciting model for faith leaders to spend a summer as interns with the Foundation and covers a realm of activities, including hands-on grantmaking. The youth develop priorities and criteria for grants, research the groups, solicit proposals, make the awards and contribute seven weeks of volunteer service with youth-servicing agencies.

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Almost 1,000 Catholic organizations work nationwide to address community needs. Community programs addressing a variety of issues, including the needs of the homeless, elderly, working poor, immigrants and people with other special circumstances, are carried out by these organizations, serving millions of people annually.

When first started in the 15th century, charitable acts performed by Catholic groups were often focused on healthcare: caring for the sick and elderly or housing ill children. Over time, the Church realized that it could address healthcare alone; that in order to ensure good health, one must have a safe, secure home and adequate nutrition. It was a monastery in the 17th century that first combined housing with services, creating the first Catholic orphanage. This tradition has continued with many changes over time, but the mission remains the same: to help those in need by providing comprehensive services to address the many issues facing individuals and families today.

This is not to say that all organizations approach this mission in the same way. In fact, the Bay Area is home to two nationwide not-for-profits, Catholic Charities and Mercy Housing California (MHC), which serve as perfect examples of the structural variety found when examining Catholic agencies. This article will look at the differences in programs offered and the various ways in which these organizations are funded today.

Organizational Structure and Program Implementation
At first glance, Catholic Charities and Mercy Housing may appear similar in structure: they are both nationwide, not-for-profit Catholic organizations. Despite this, the foundations of these organizations are vastly different, leading to fundamental operational differences. Catholic Charities exists in most major cities and is founded by a local parish, archdiocese or diocese. While they operate out of different offices and are 501 (c)3s, the organizations are intricately bound to the local Catholic Church. This offers the charity a wealth of advantages, including the strength of the local Catholic community.

Mercy Housing, Inc. (MHI), also a not-for-profit 501 (c)3, was founded by the Sisters of Mercy of Oanela in 1961 and has since grown into a nationwide organization. They have several offices in California, one in Washington, one in Idaho and others representing the Midwest, Southwest and Southeast. MHI is sponsored by 11 Orders of community. These lessons are shared not only with foundations that are considering partnering with various faith communities, but also with public agencies, the independent sector, corporations and other entities involved in community building. In addition to numerous San Francisco Bay Area presentations, FAITHS staff has been engaged in information exchange and consultation in Boston, Chicago, Cleveland, Michigan, Philadelphia, New York, Seattle and Los Angeles. FAITHS also produces a number of descriptive documents that chronicle our growth and development, and summarize our work and achievements.

Interested readers can contact FAITHS at (415) 733-6572 or visit our website: www.sff.org.
Justice Hugo Black, who served on the U.S. Supreme Court from 1937 until his retirement in 1971, observed that “a union of government and religion tends to destroy government and degrade religion.” The debate surrounding the appropriate role of government in supporting religious organizations is nothing new. So, it should come as no surprise that President Clinton’s inclusion of Charitable Choice in the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, and President Bush’s introduction of the Faith-Based and Community Initiatives have caused and continue to cause quite a debate.

Government has long supported religious organizations that provide social services. In order to receive government funds, these organizations have had to operate under certain restrictions that limit the possibility for “religious coercion” and guarantee the separation of church and state. Congress passed the charitable choice provision in 1996 as part of President Clinton’s Faith-Based Initiative. The provision was intended to encourage faith-based organizations to expand their involvement in the welfare reform effort by providing assurances that their religious integrity would be protected. The provision protects the rights of faith-based providers as well as the religious liberty of the individuals they serve. Many states have already experienced positive results from partnering with charitable and faith-based organizations in working with the poor and less fortunate. These institutions have proven to be efficient and effective while serving the poor with dignity and compassion. Congress passed the charitable choice provision with the hope that such cooperative efforts between states and faith-based and private charities would flourish.

Unfortunately, Charitable Choice has been almost entirely ignored by federal administrators, who have done little to help or require state and local governments to comply with the new rules for involving faith-based providers. On January 29, 2001, President George W. Bush issued two Executive Orders (13198 and 13199) with the goal “to eliminate regulatory, contracting and other programmatic obstacles to the participation of faith-based and other community organizations in the provision of social services.” The Bush administration’s faith-based and community initiative goals are organized around three lines of action:

1. Identifying and eliminating barriers to federal funds
2. Expanding tax deductions
3. Creating new federal initiatives

About the Author

Jeff Goldman, Media Relations Manager

The Jewish Community Federation (JCF) of San Francisco, the Peninsula, Marin and Sonoma Counties was founded just after the turn of the 20th century to ensure that San Francisco’s growing Jewish community could provide its members with funds for food, shelter and burial. Today it ensures the survival and growth of the Jewish community through fund-raising, planning and community building. The JCF is a unique model for community involvement and action; volunteer members work together to assess needs, develop programs, raise money and develop financial resources to serve the needs of the Jewish community locally, nationally and around the world.

JCF’s fundamental philosophy derives from the religion, culture and accumulated wisdom found in Jewish literature and experiences throughout history. Among these is tikun olam, translated as “repairing the world.” JCF embodies the Jewish belief that humankind must act as guardians of the world and act with compassion toward the most vulnerable people in it. While 100 Federation employees manage day-to-day operations, the JCF ultimately is governed by a volunteer board of directors and dozens of committees. Lay leaders chair and staff various committees that make decisions on behalf of the community.

Thanks to the outstanding efforts of its volunteers, staff and lay leaders, the JCF last year was able to raise more than $22 million through more than 15,000 individual gifts made by Jews living in this service area. More than half the funds support local agencies and institutions that provide a wide array of services in areas such as Jewish education, elder care, counseling and financial support for more than 10,000 Jewish students at seven universities in Northern California, culture and the arts, émigré resettlement, day care for the very young, nursing home care for the elderly, and family and youth services. Several of JCF’s programs also support the community at large, in particular, the Community Centers, the social service agencies and early childhood programs are used by a wide variety of people in the community.

One of the JCF’s local constituent organizations, the Hebrew Free Loan Association, provides interest-free loans to community members who want to buy a home, finance a small business, or who need assistance in covering basic living costs. The loans provided by the HFLA enable many to purchase homes, make dreams of homeownership, enterprise, and education a reality.

A portion of funds are also allocated to the United Jewish Communities (UJC), the single largest Jewish philanthropy in existence, which fulfills JCF’s mission on a national level. Approximately one-third of JCF’s 2001–02 annual campaign was allocated for Israel and overseas services. The majority of these funds were sent to international organizations that provide Jews in need in Israel and throughout the world, including the Jewish Agency for Israel, which resettles immigrants from the former Soviet Union, Kosovo, Ethiopia and other countries.

To learn more about the services of the Jewish Community Federation, contact Jeff Goldman, media relations manager at 415/495-4897 or via email: jeffg@sfjcf.org. The website address is www.sfjcf.org.
ISSUES IN THE TWIN CITIES

The Twin Cities of Minneapolis and St. Paul have experienced an influx of Somali refugees over the past several years. Combined with Muslims already living in the area, it is estimated that the population of Muslims in the Twin Cities metro area is around 100,000. Two acute needs are driving the initiative facilitated by the Minneapolis Reserve Bank:

- The Twin Cities has few rental properties with enough room for families. In this market, families are expected to buy houses.
- Many Somali refugees have followed the path of other refugee groups and become entrepreneurs. They have started small businesses, financed through gifts and equity investments from family and community members. Now many of these businesses face a critical need for working capital in amounts larger than the community can provide.

ISSUES IN BUSINESS FINANCE

Business finance, especially finance of durable goods, is perhaps the easiest type of Reba-free financing to arrange. If all parties to a financial transaction are in principle, the person providing the financing...

...is entitled to a profit, just not in the form of pre-determined interest.

Under Islamic principles, the person providing the financing...
President Bush elected some leaders of the faith community by introducing a federal faith-based initiative designed to fund economic development projects creating jobs and wealth. Even though the President’s faith-based initiative failed in the Senate, the faith community must continue the dialogue on the important role of community and faith-based economic development corporations, and the push for federal support of our work.

There is a tremendous need for capital investment in low-income, minority communities—an investment that requires partnerships between community-based organizations, the private sector and the federal government. The challenge America faces in this century is not dismantling racial color lines, but creating money lines (i.e., finding lines of financial capital to leverage human capital). Glenn Yago, Ph.D., of the Milken Institute says, “there is a fundamental mismatch between the sources of job creation and capital formation. How to carve channels of capital from investors to entrepreneurs requires the mobilization of new financial technologies and market-based public policy innovations.”

The minority community and minority-owned businesses are growing at explosive rates. Minority-owned businesses are being excluded from participation in governmental welfare programs or that their participation be conditioned on the removal of religious practice and symbols. Section 104 (the Charitable Choice provision of the federal welfare reform law enacted in the summer of 1996) offers governmental neutrality between faith-based and secular providers of services, protection of the religious integrity of faith-based providers, and protection of the religious liberty of beneficiaries. This gives churches the opportunity to receive federal assistance to do God’s business. One of God’s productive properties is First African Methodist Episcopal Church (FAME) in Los Angeles; Rev. Cecil L. Murray is the Senior Minister. In 1977, Reverend Murray introduced the “beyond the walls” ministry to 300 active members. It has now grown to 18,000 members, many of whom actively volunteer to improve neighborhoods throughout Los Angeles County. First AME Church established its economic development program, FAME Renaissance, in 1992 by creating a separate nonprofit 501(c)3 corporation that would be eligible to seek public and private grants to fund job and wealth creation programs. I serve as the executive director of FAME Renaissance, which administers 18 private and publicly funded programs. Those programs have yielded some of the following results:

1. The FAME Renaissance Business Programs administer four loan funds, which have lent over $5 million to 175 minority-owned businesses. The Community Investment Act (CIRA) has been instrumental in fostering productive relationships with banks and financial institutions, which have funded our operations and program costs, and offered technical assistance leading to successful business ventures.

2. The FAME Employment Program has placed over 2,000 qualified employees in living-wage jobs at banks, government agencies, entertainment and service companies. This year we expanded our services from just testing and placement to offering job readiness preparation for clients requiring a higher level of assistance. The current employment program serves ex-felons, foster care youth and welfare-to-work individuals desperately seeking living-wage jobs. Among this group are many custodial and non-custodial parents who need to support a family. Our program has yield...
My career in banking began at U.S. Bank more than twenty years ago as a relief teller at what was then Idaho First National Bank in Boise, Idaho. I like to consider myself “branch raised,” as I held several different branch positions during my first few years. Over time, I gradually moved into other roles within the bank: marketing, advertising, volunteer recruiting and event and sponsorship management.

In 1999, I was given the great honor of becoming community affairs officer and events and sponsorship manager. As community affairs officer, I had my first real introduction to CRA through our grant program. Eventually, the community investment department was reorganized, and my love for community work and the opportunity to strengthen my relationships with nonprofits throughout the state led me to my current position as the community development manager of Idaho.

In my current role, I am responsible for actively representing the bank in community and economic development initiatives. I develop and maintain strategic alliances with government agencies, community groups and organizations representing diverse community interests. I make recommendations to management and assist business units with CRA-related business development through the identification of key groups, neighborhoods and opportunities. I also administer the bank’s charitable giving program in Idaho and provide consulting to employees on community boards. I also need to be knowledgeable about local and national legislative developments as well as other issues that directly or indirectly impact our grant-making and community-building strategies.

At U.S. Bank, we are proud of the partnerships we have developed to serve the financial needs of all communities. One component of our outreach strategy is to partner with effective faith-based organizations. In Idaho, we have developed strong partnerships with several faith-based organizations. Listed below are some examples of how these partnerships have benefited the community:

- **Mercy Housing Idaho**: Our relationship with Mercy Housing Idaho includes charitable gifts for pre-development activities at seven sites in the state. We have also provided permanent financing and helped develop a community resource center for their multi-family housing complex in Mountain Home, Idaho. Two U.S. Bank employees serve on Mercy’s board, which gives us the opportunity to work closely with the organization’s staff and take a proactive role with community projects.

- **Habitat for Humanity**: U.S. Bank proudly supports the eight chapters of Habitat for Humanity in the state of Idaho. Our charitable giving to these organizations has helped the completion of eleven new homes for low-income families over the past three years.

- **Boise Rescue Mission**: When the Boise Rescue Mission identified the need to provide transitional housing for women and their children in Idaho’s Treasure Valley, U.S. Bank provided a grant for the capital campaign to renovate a church. This renovation allowed the organization to provide rooms for women and children, as well as life skills training and GED support. The organization also acts as a referral resource for additional services.

When developing partnerships, it is important to determine whether the mission and purpose of the faith-based organization fits with the mandate of CRA (i.e., providing services that support the low- to moderate-income individuals and families in your community). This might include job skills training, computer labs, welfare-to-work programs or basic family education. Relationships with faith-based organizations can provide opportunities in several of the CRA test areas, such as financing for multi-family or transitional housing sites, investments such as tax credits, charitable giving and in-kind donations of furniture or office space. Banks can also provide services to faith-based organizations, such as technical support for life skills training in the basics of banking, board service or sharing financial expertise.

Cultivating relationships with faith-based nonprofits benefits all the parties involved—the organization, our bank and the community in general. I am proud to have the opportunity to work for an organization that encourages me to help make that possible every day.

In conclusion, faith-based economic development organizations must be resolved to meet the challenges that face their constituents. At FAME, it is not enough for us to just give fish to our needy constituents. We subscribe to the wisdom that promotes teaching a person to fish so he may eat for a lifetime. And while the federal government and Fortune 500 companies have generously provided grants and other in-kind gifts to us, we are also interested in establishing sustainable partnerships with lenders and the public sector that will allow us more control to improve impoverished communities. We have demonstrated that the faith community is prepared to advance to this next step and can be a successful fisherman by partnering with a strategic vision. Ultimately, we are all responsible for the ponds from which we fish. Let’s go fishing by faith together!

For additional information about the programs, services and opportunities of FAME’s mission, call Mark Whitlock at (323) 731-6367 or (323) 737-5717, or email MarkW@FAMEchurch.org.
CRA Leadership Councils were established to recognize and encourage community reinvestment efforts throughout the 12th District. The Councils, which are affiliated with the local CRA roundtables, actively participate with the San Francisco Fed’s Community Affairs staff to identify critical community and economic development needs, and to develop new products and services. In this ongoing feature, we ask Council members to talk about their backgrounds and how they became involved in CRA, their responsibilities, successes and any advice or words of wisdom they would like to share. This time we are pleased to feature Joselyn Cousins of Bank of America, Gloria Tang of First Republic Bank, and Cindy Williams of U.S. Bank.

**Joselyn Cousins**

**Vice President & Community Development Client Manager**

**Bank of America, Nevada**

I wish I could say that I was born to be a CRA officer. Actually, I fell into the position when my manager at the time came to me with what she called “a great opportunity.” Sometimes a great opportunity to one person is not so great to another. In this case, it was the best opportunity I could have been given. I had no previous experience in community development but many years of experience in retail banking and real estate lending. My banking background provided me with some basic tools to start on my adventure into the world of community development. One thing I quickly learned was that community-based organizations provide a wealth of information. Who better to learn from about your community than the groups that provide the services directly?

I have spent five of my eight years with Bank of America in the role of CRA officer for Nevada. The experience has been very rewarding. I have had the pleasure of serving on a variety of nonprofit boards including the Local Initiatives Support Corporation (LISC), Variety Day Home and the North Las Vegas Neighborhood Housing Service Inc., to name a few. I find that the more I participate in community organizations and events, the more I want to participate. The key is to find an organization or a cause that you truly believe in. The rest will come.

My experience as a CRA officer has shown me a passion that I didn’t know existed.

Bank of America was created by the merger between NationsBank and BankAmerica Corporation, becoming the first nationwide, coast-to-coast bank in the U.S. We serve the financial needs of individuals, businesses, government agencies and financial institutions in communities throughout the U.S. and around the world. The Bank of America Community Development Banking team has been in the community development business for many years, and has a long history and heritage of partnering with communities and organizations. Our corporate-wide $350 billion, 10-year commitment to community development is the type of commitment that makes my job easier.

Partnerships are key to our success in community development. Often, financial institutions will set aside competition to develop programs to meet the needs of our communities. I am pleased to say that the banks in Nevada have successfully partnered on programs ranging from down-payment assistance to technical assistance and training for home-based day care centers. Some of these creative ideas came out of brainstorming sessions held at the Leadership Council meetings. I have been a member of the Nevada Leadership Council for several years and find the experience invaluable. The Leadership Council provides a platform for me to share ideas, discuss regulatory issues and get questions answered. I truly believe the old saying, “No question is a dumb question.” A big “thank you” goes to the Federal Reserve Bank for creating the Council and most of all for keeping us focused.

My role with the bank has recently changed. Fortunately, I am still involved in community development, but on the affordable housing side of the business. I work with for-profit and nonprofit developers to create affordable housing opportunities for low- and moderate-income neighborhoods and families. I still serve as the liaison between community groups and the bank and continue to serve on boards and committees involved in community development service. I would say that I have the best of both worlds: I have been able to broaden my career and still remain involved in the community. I am thankful for the opportunities that have come my way, and I recommend a career in community development to anyone.
Ever since my husband picked up golf, I have found myself becoming more involved in golf the same way that I have gotten more involved in community development. While my husband hits balls at the range, I practice my putting—and practice, and practice and practice. It is very gratifying to putt that little ball into the hole! To me, presenting community development lending and investment opportunities to the Credit and Investment Committees, providing technical assistance to community-based organizations, and designing and implementing flexible and innovative community development programs require practice, just like putting.

I was born in Guangzhou, China and grew up in Hong Kong. I moved to Los Angeles in 1971 to work for Bank of America’s International Banking Division. From 1971 until 1987, I progressed through the ranks of Bank of America. Ultimately, I advanced to the position of assistant vice president. In 1987, I joined Republic Bank California N.A. as a vice president to set up and oversee the International Private Banking Operations. In 1994, I became senior vice president and chief compliance officer of Republic Bank California N.A., which is known today as HSBC Bank USA. I was responsible for all the bank’s compliance, including the CRA. This is when I became fascinated by community development and its impact on our communities. In 1995, the bank’s CRA officer left and I immediately volunteered to take on the job.

Being a CRA officer expanded my banking horizons. I got to know and work with many community organizations such as those dedicated to help low-income families become homeowners like Neighborhood Housing Services; small business technical assistance and loan fund providers such as Community Financial Resources Center and Asian Pacific Revolving Loan Fund; national lending intermediaries such as Local Initiatives Support Corporation and Enterprise Foundation; affordable multi-family projects such as Clearinghouse CDFI and Low Income Housing Fund; community development banks and credit unions such as Neighborhood National Bank, Community Bank of the Bay and Northeast Community Federal Credit Union; and faith-based organizations such as West Angeles Community Development Corporation and FAME Renaissance, to name a few.

I left HSBC Bank in April, 2000 to become managing director of operations review for First Republic Bank, a position in which I continue to serve. My responsibilities with First Republic Bank call for reviewing and assessing the bank’s operations, monitoring internal controls, establishing operating risk management programs, and participating in the design and implementation of community development programs. I also continue to apply my experiences and knowledge in tax credits and federal incentive programs such as the Bank Enterprise Award, which encourages financial institutions to lend and invest in economically-distressed communities. In my current position at First Republic Bank, I have obtained over $1.14 million in such tax credits and awards.

In addition to my responsibilities at First Republic Bank, I currently preside as chairperson of the Board of Los Angeles NHS, and serve on its executive committee. I am also an active member in nine other community-based organizations involved with economic development throughout Los Angeles. One of my proudest accomplishments is cofounding a community development consortium: Bankers in Support of. This effort allows small- and mid-sized banks in Los Angeles to pool their funds in order to provide qualified grants to community development groups and participate in large projects that have previously been funded only by larger institutions.

Based on my experience, I would encourage bankers involved in community development to explore all applicable local, state and federal incentives and to make use of these programs to increase their financial services, lending and investments in low- and moderate-income communities. Like putting, it is a practice that is truly gratifying.
My career in banking began at U.S. Bank more than twenty years ago as a relief teller at what was then Idaho First National Bank in Boise, Idaho. I like to consider myself "branch raised," as I held several different branch positions during my first few years. Over time, I gradually moved into other roles within the bank: marketing, advertising, volunteer recruiting and event and sponsorship management. In 1998, I was given the great honor of becoming community affairs officer and events and sponsorship manager. As community affairs officer, I had my first real introduction to CRA through our grant program. Eventually, the community investment department was reorganized, and my love for community work and the opportunity to strengthen my relationships with nonprofits throughout the state led me to my current position as the community development manager of Idaho.

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FAME Renaissance opened the 50,000 sq. ft. Fame Renaissance Center in October, 2001. The business center/incubator offers business grants state-of-the-art multi-media equipment, secretarial assistance, and copy, fax and video conferencing services, Wells Fargo Bank and State Farm have leased space within the debt-free center, which was funded by grants from the Department of Commerce, HUD, the State of California Trade and Commerce Agency, the City of Los Angeles, State Farm, Wells Fargo Bank, Bank of America, Disney Company and many others.

In conclusion, faith-based economic development organizations must be resolved to meet the challenges that face their constituents. At FAME, it is not enough for us to just give fish to our needy constituents. We subscribe to the wisdom that promotes teaching a person to fish so he may eat for a lifetime. And while the federal government and Fortune 500 companies have generously provided grants and other in-kind gifts to us, we are also interested in establishing sustainable partnerships with lenders and the public sector that will allow us more control to improve impoverished communities. We have demonstrated that the faith community is prepared to advance to this next step and can be a successful fisherman by partnering with a strategic vision. Ultimately, we are all responsible for the ponds from which we fish. Let’s go fishing by faith together.

For additional information about the programs, services and opportunities of FAME Renaissance, call Mark Whitlock at (323) 731-6367 or (323) 737-5717, or email MarkW@FAMEChurch.org.

By Faith

Cindy Williams
Vice President & Community Development Manager
U.S. Bank, Idaho

ABOUT THE AUTHOR

Rev. Mark E. Whitlock II has committed his life to serving God and the Church as a minister and the economic development officer for the First African Methodist Episcopal (FAME) Church in Los Angeles. He is the executive director of FAME Assistance Corporation, a non-profit 501(c)3 funding vehicle that offers business loans, venture capital, training and technical assistance, and legal services. Mark also co-founded the Richard Allen Men’s Society (RAMS), an organization with over 3,500 members who exemplify positive African-American images. RAMS is best known for its contribution to reclaiming the community from gangs and drug dealers and to date has closed thirteen rock cocaine houses while leading people away from drugs and prostitution and into a Christian way of life.

Before his full-time call to the ministry, Mark was a former vice president at Wells Fargo Bank and vice president of the Commercial/Industrial National Division of Chicago Title Insurance Company. Mark is a member of several boards including Harvard Divinity School’s Summer Leadership Institute; Walt Disney Goals, Operation Hope, LAX 21, Urban Bankers and Interdenominational Theological Center Faith Factor. He also serves as the chairman of Churches United for Economic Development. Mark is presently enrolled in Fuller Theological Seminary pursuing an M.A. in Theology. Mark is currently pastor of Christ Our Redeemer AME Church in Irvine, California and campus chaplain for the University of Califorinia, Irvine. He is married to attorney Hemma Shegog Whitlock. They have two remarkable sons, Mark and Devin.
Fishing

by Reverend Mark Whitlock, Executive Director, FAME Renaissance

President Bush is excited some leaders of the faith community by introducing a federal faith-based initiative designed to fund economic development projects creating jobs and wealth. Even though the President's faith-based initiative failed in the Senate, the faith community must continue the dialogue on the important role of community and faith-based economic development corporations and the push for federal support of our work.

There is a tremendous need for capital investment in low-income, minority communities—an investment that requires partnerships between community-based organizations, the private sector and the federal government. The challenge America faces in this century is not dismantling racial color lines, but creating money lines (i.e. funding lines of financial capital to leverage human capital). Glenn Yago, Ph.D., of the Milken Institute says, “there is a fundamental mismatch between the sources of job creation and capital formation. How to carve channels of capital from investors to entrepreneurs requires the mobilization of new financial technologies and market-based public policy innovations.”

The minority community and minority-owned businesses are growing at explosive rates. Minority-owned businesses are growing at double the rate of all firms in the U.S., both in numbers of firms and total sales. According to the Milken Institute, by the year 2050, the U.S. population will have increased by 120 million people, with 90 percent of the U.S. population will have increased to the Milken Institute, by the year 2050, $194 billion to the minority community and minority-based businesses. It has now grown to 18,000 members, many of whom actively volunteer to improve neighborhoods throughout Los Angeles County.

One practical application for meeting the demand is the Charitable Choice legislation signed by President Clinton on August 22, 1996, which encourages states to cooperate with community and faith-based charities. The Charitable Choice guidelines clarify and codify Constitutional requirements for governmental interaction with faith-based social service providers (for more information on Charitable Choice, see Faith-Based Initiative Overview).

Constitutional law has often been misinterpreted to require that faith-based organizations be excluded from participation in governmental social programs or that their participation be conditioned on the removal of religious practice and symbols. Section 104 (the Charitable Choice provision of the federal welfare reform law enacted in the summer of 1996) offers governmental neutrality between faith-based and secular providers of services, protection of the religious integrity of faith-based providers, and protection of the religious liberty of beneficiaries. This gives churches the opportunity to receive federal assistance to do God’s business.

One of God’s productive properties is First African Methodist Episcopal Church (FAME) in Los Angeles; Rev. Cecil L. Murray is the Senior Minister. In 1977, Reverend Murray introduced the “beyond the walls” ministry to 300 active members. It has now grown to 18,000 members, many of whom actively volunteer to improve neighborhoods throughout Los Angeles County. First AME Church established its economic development program, FAME Renaissance, in 1992 by creating a separate nonprofit 501(c)(3) corporation that would be eligible to seek and private grants to fund job and wealth creation programs. I serve as the executive director of FAME Renaissance, which administers 18 private and publicly funded programs. Those programs have yielded some of the following results:

- The FAME Renaissance Business Programs administer four loan funds, which have lent over $5 million to 175 minority-owned businesses. The Community Reinvestment Act (CRA) has been instrumental in fostering productive relationships with banks and financial institutions, which have funded our operations and program costs, and offered technical assistance leading to successful business ventures.

- The FAME Employment Program has placed over 2,000 qualified employees in living-wage jobs at banks, government agencies, entertainment and service companies. The employment program serves ex-felons, foster care youth and welfare-to-work individuals desperately seeking living-wage jobs. Among this group are many custodial and non-custodial parents who need to support a family. Our program has placed over 2,000 qualified employees in living-wage jobs at banks, government agencies, entertainment and service companies. The employment program serves ex-felons, foster care youth and welfare-to-work individuals desperately seeking living-wage jobs. Among this group are many custodial and non-custodial parents who need to support a family. Our program

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The Federal Reserve Bank of Minneapolis is the facilitator of an initiative established to find ways for Muslims and others to finance homes or businesses—ways that will not violate an important religious principle that prohibits the paying or receiving of interest. Partners in the initiative include local, state and federal government agencies, banks, community development corporations (CDC) and nonprofit housing organizations, a second market investor and Islamic and Somali community organizations. We in the initiative do not have the answers yet. We are gaining an appreciation of Islamic finance, and this article is presented to aid in an understanding of the issues.

INTEREST VERSUS PROFIT AND LOSS

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- The Neighborhood Development Center is a nonprofit community development agency offering business training, loans and technical assistance to help inner-city residents revitalize their neighborhoods in partnership with 18 community groups. NDC has helped nearly 400 entrepreneurs open businesses since 1993.

INTEREST VERSUS PROFIT AND LOSS

So what is the Islamic view of financial transactions? Wafiq Fannoun, president of Reha-Free, LLC, an Islamic financial, investment and consulting service, and consultant to Neighbor- hood Development Center (NDC) in St. Paul, Minnesota, wrote on this subject for NDC. According to Mr. Fannoun, “Islam’s aim from any financial transaction is to maintain economic justice between those who have and those who have not. It is essen- tial in Islam that all parties involved in a financial transaction share the actual profit or loss of a venture, and that no one gets predetermined com- pensation such as interest. In effect, the Islamic system functions much like western equity financing, while protecting and Somali community organizations. We in the initiative do not have the answers yet. We are gaining an appreciation of Islamic finance, and this article is presented to aid in an understanding of the issues.

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2 peace be upon him.
can pay (and earn) a profit. This is an important point: Reba-free financing will likely cost the same as a standard loan. Under Islamic principles, the person providing the financing, who has an ownership interest in whatever is being financed, is entitled to a profit, just not in the form of pre-determined interest. And of course, the expected profit could turn out to be a loss. But how would this work in the traditional American system of debt financing and banking?

ISSUES IN THE TWIN CITIES

The Twin Cities of Minneapolis and St. Paul have experienced an influx of Somali refugees over the past several years. Combined with Muslims already living in the area, it is estimated that the population of Muslims in the Twin Cities metro area is around 100,000. Two acute needs are driving the initiative facilitated by the Minneapolis Reserve Bank:

➤ The Twin Cities has few rental properties with enough room for families. In this market, families are expected to buy houses

➤ Many Somali refugees have followed the path of other refugee groups and become entrepreneurs. They have started small businesses, financed through gifts and equity investments from family and community members. Now many of these businesses face a critical need for working capital in amounts larger than the community can provide

ISSUES IN BUSINESS FINANCE

Business finance, especially finance of durable goods, is perhaps the easiest type of Reba-free financing to do. Lease-to-own arrangements are common for business equipment and can work quite well for Muslim business owners. More difficult is the provision of working capital. In the Twin Cities metro area is around 100,000. Two acute needs are driving the initiative facilitated by the Minneapolis Reserve Bank:

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ISSUES IN HOUSING FINANCE

Housing finance may be the most difficult to arrange Reba-free. If all parties to a financial transaction must be in a position to share the actual profit or loss of a venture, then the financier must share the equity risk and rewards of purchasing a home. That means that the financier maintains an ownership interest in the home. Certainly, homes have been bought and sold on this basis. In times of high interest rates, sellers may contract for a fixed price, and the homebuyer does not actually own the home until the final payment is made. This method of financing has also been used in the past in minority communities unable to get financing from local lending institutions. But when rates are low and the markets are functioning well, sellers usually prefer to get their equity at the time of sale and sever all ownership in the property. So if the seller does not share in the profit and loss with the buyer, does the bank not want to own the house, nor generally could it maintain an equity interest in the house under current banking laws. So could the financier be a government agency, or could it be a state banking agency, or could it be a community development corporation that would own the home and sell it on a lease-to-own or contract-for-deed basis? But, would a state agency be willing to devote or a CDFI be able to raise enough funds to finance a large number of homes for 15 to 30 years? In the Twin Cities alone, there are an estimated 15,000 to 20,000 Muslim families.

And are there other issues. Who makes sure the home is maintained? How would tax benefits such as home- stead property taxes and tax deductibility of home mortgage interest work? Finally, Islam has no formal clerical hierarchy. Local scholars often make rulings as to the acceptability of a financing arrangement. So how do national financiers make certain that products they establish will be acceptable to Muslims throughout the country?

SEARCHING FOR SOLUTIONS

We are considering all of these questions and more. We are looking at pilot Muslim financing projects. We are taking to our counterparts in other communities, such as Detroit, that have large Muslim populations. We are looking at various financing models to see if we can craft models for commercial, consumer and mortgage financing that will work on a large scale. These models include Habitat for Humanity, lease-to-purchase, cooperative ownership, financing arrangements that use an intermediary such as NDC, or the taking of a mini-equity position in a home. We are also considering having various financing models submitted to the worldwide bodies of a group of eminent Islamic scholars to offer religious opinions that are widely accepted throughout Islam.

whose primary mission is to achieve goals that are in the public interest. In August 2001, the five centers released a report identifying the following as the primary mission of the centers as being in line with community development goals:

➤ A funding gap exists between the government and community-based organizations. Smaller groups, both faith-based and secular, receive very little federal support relative to the size and scope of the social services they provide.

➤ There exists a widespread bias against faith- and community-based organizations in federal social service programs. Examples of bias include:

• Restricting some kinds of religious organizations from applying for funding

• Restricting religious activities that are prohibited by the Constitution

➤ Not honoring tithing that religious organizations have in federal law

➤ Burdening small organizations with cumbersome regulations and requirements

➤ Restricting religious activities that are prohibited by the Constitution

➤ Imposing anti-competitive mandates on some programs, such as requiring applicants to demonstrate support from government agencies or others that the primary mission of the organization be backed by a faith-based organization be backed by sufficient documentation to show examiners that the primary mission of the organization is in line with community development as defined in the regulation.

The second deals with those scenarios where a financial institution is supporting an individual initiative, program or project through a faith-based organization as opposed to supporting the overall organization. In those cases, adequate documentation should be maintained that shows the low- and moderate-income impact of that initiative, program or project.

EXPANDING TAX DEDUCTIONS AND OTHER FINANCIAL INCENTIVES

The administration aims to stimulate an "outpouring of private giving to nonprofits, faith-based programs and community groups" through a variety of proposed financial incentives. These include:

➤ Expanding the number of individuals who could deduct charitable contributions from the federal tax return

➤ Encouraging states to allow limited deductions from state tax returns for donations to charities dealing with poverty issues

➤ Raising the corporate charitable deduction limit from 10 percent of a company’s taxable income to 15 percent

➤ Creating a public/private Compas- son Capital Fund that would match private donations with federal funds. The fund would provide seed capital and technical assistance funds for faith-based/community organization growth

NEW FEDERAL INITIATIVES

"To illustrate and expand the federal government’s faith-neutral social policy stance," the Bush administration has introduced a number of new programs. One that offers the greatest possibility for CRA partnerships calls for increased after-school programs including community centers to help bridge the digital divide in low-income neighborhoods. The federal 21st Century Community Learning Centers program requires school districts to work with community-based organizations— including faith-based—to establish the centers in rural and inner-city schools.

CRA AND FAITH-BASED ORGANIZATIONS

Are faith-based organizations involved in the economic development of low- and moderate-income communities, community-based, nonprofit and faith-based organizations should all be considered


2 www.ed.gov/21stcfc

FRED MENDEZ holds two degrees in economics with an emphasis in economic development and monetary policy.

About the Author
Justice Hugo Black, who served on the U.S. Supreme Court from 1937 until his retirement in 1971, observed that “a union of government and religion tends to destroy government and degrade religion.” The debate surrounding the appropriate role of government in supporting religious organizations is nothing new. So, it should come as no surprise that President Clinton’s inclusion of Charitable Choice in the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, and President Bush’s introduction of the Faith-Based and Community Initiatives have caused and continue to cause quite a debate.

Government has long supported religious organizations that provide social services. In order to receive government funds, these organizations have had to operate under certain restrictions that limit the possibility for “religious coercion” and guarantee the provision of social services to all individuals, irrespective of their religious affiliation. But there has been confusion, even within federal and state government entities, concerning these restrictions.

Former U.S. Senator John Ashcroft (R-MO, currently the U.S. Attorney General) provided this background and description for Charitable Choice in a December 1996 letter:

“In the past, many successful faith-based organizations have not participated in government programs for fear of having to compromise their religious integrity or being hobbled by excessive government regulation and intrusion. The confusion array of legal precedents has often led government officials to conclude mistakenly that constitutional law requires the faith-based organizations be excluded from the mix of private service providers, or that entities accepting government funds must forego their religious character. One of my goals in proposing the charitable choice provision was to encourage faith-based organizations to expand their involvement in the welfare reform effort by providing assurances that their religious integrity would be protected. The provision protects the rights of faith-based providers as well as the religious liberty of the individuals they may serve. Many states have already experienced positive results from partnering with faith-based and private organizations in working with the poor and less fortunate. These institutions have proven to be efficient and effective while serving the poor with dignity and compassion. Congress passed the charitable choice provision with the hope that such cooperative efforts between states and faith-based and private charities would flourish.”

Unfortunately, Charitable Choice has been almost entirely ignored by federal administrators, who have done little to help or require state and local governments to comply with the new rules for involving faith-based providers.

On January 29, 2001, President George W. Bush issued two Executive Orders (13198 and 13199) with the goal “to eliminate regulatory, contracting and other programmatic obstacles to the participation of faith-based and other community organizations in the provision of social services.” The Bush administration’s faith-based and community initiative goals are organized around three lines of action:

Identifying and eliminating barriers to federal funds
Expanding tax deductions
Creating new federal initiatives

This project is a learning experience. Those working on this initiative who are not Muslim are increasing their knowledge of Islam and alternative financing methods. Those who are not bankers are increasing their knowledge of American lending practices. We are joined together to find a way for American followers of Islam and other interest-
est-averse religions to participate fully in the community and economic life of this country.

For more information, please contact Margaret Tylland at (612) 204-5063 at the Federal Reserve Bank of Minneapolis.

The Jewish Community Federation (JCF) of San Francisco, the Peninsula, Marin and Sonoma Counties was founded just after the turn of the 20th century to expand the capacity of San Francisco’s growing Jewish community could provide its members with funds for food, shelter and burial. Today it ensures the survival and growth of the Jewish community through fund-raising, planning and community building. The JCF is a unique model for community involvement and action; volunteer members work together to assess needs, develop plans, raise money and develop financial resources to serve the needs of the Jewish community locally, nationally and around the world.

JCF’s fundamental philosophy derives from the religion, culture and accumulated wisdom found in Jewish literature and experiences throughout history. Among these is tikun olam, translated as “repairing the world.” JCF embodies the Jewish belief that human beings must act as guardians of the world and act with compassion toward the most vulnerable people in it. While 100 Federation employees manage day-to-day operations, the JCF ultimately is governed by a volunteer board of directors and dozens of committees. Lay leaders chair and staff various committees that make decisions on behalf of the community.

Thanks to the outstanding efforts of its volunteers, staff and lay leaders, the JCF last year was able to raise more than $22 million through more than 15,000 individual gifts made by Jews living in this service area. More than half the funds support local agencies and institutions that provide a wide array of services in areas such as Jewish education, camping, financial aid, and support for more than 10,000 Jewish students at seven universities in Northern California, culture and the arts, immigrant resettlement, day care for the very young, nursing home care for the elderly, and family and youth services.

Several of JCF’s programs also support the community at large, in particular the Community Centers, the social service agencies and early childhood programs are used by a wide variety of people in the community.

One of JCF’s local constituent organizations, the Hiora Free Loan Association, provides interest-free loans to community members who want to buy a home, finance a small business, or who need assistance in covering basic living costs. The loans provided by the 100-year-old organization make dreams of homeownership, enterprise, and education a reality.

A portion of funds are also allocated to the United Jewish Communities (UJC), the single largest Jewish philanthropy in existence, which fulfills JCF’s mission on a national level. Approximately one-third of JCF’s 2001–02 annual campaign was allocated for Israel and overseas services. The major-ity of these funds were sent to international organizations that provide Jews in need in Israel and throughout the world, including the Jewish Agency for Israel, which resettles immigrants from the former Soviet Union, Kosovo, Ethiopia and other countries.

To learn more about the services of the Jewish Community Federation, contact Jeff Goldman, media relations manager at 415/495-4897 or via email: jeffgoldman@jcf.org. The website address is www.sfjcf.org.
Almost 1,000 Catholic organizations work nationwide to address community needs. Community programs addressing a variety of issues, including the needs of the homeless, elderly, working poor, immigrants and people with other special circumstances, are carried out by these organizations, serving millions of people annually.

When first started in the 15th century, charitable acts performed by Catholic groups were often focused on healthcare—caring for the sick and elderly or housing ill children. Over time, the Church realized that it could not address healthcare alone; that in order to ensure good health, one must have a safe, secure home and adequate nutrition. It was a monastery serving millions of people annually.

This is not to say that all organizations work and achieve similar success in the same way. In fact, the Bay Area is home to two nationwide not-for-profits, Catholic Charities and Mercy Housing California (MHC), which serve as perfect examples of the structural variety found when examining Catholic agencies. This article will look at the differences in programs offered and the various ways in which these organizations are funded today.

Organizational Structure and Program Implementation

At first glance, Catholic Charities and Mercy Housing may appear similar in structure: they are both nationwide, not-for-profit Catholic organizations. Despite this, the foundations of these organizations are vastly different, leading to fundamental operational differences. Catholic Charities exists in most major cities and is founded by a local parish, archdiocese or diocese. While they operate out of different offices and are 501(c)(3)s, the organizations are intricately bound to the local Catholic Church. This offers the charity a wealth of advantages, including the strength of the local Catholic community.

Mercy Housing, Inc. (MHI), also a not-for-profit 501(c)(3), was founded by the Sisters of Mercy of Omahe in 1961 and has since grown into a nationwide organization. They have several offices in California, one in Washington, one in Idaho and others representing the Midwest, Southwest and Southeast. MHI is sponsored by 11 Orders of Catholic groups and has since grown into a nationwide organization. Their work includes providing comprehensive services to address the many issues facing individuals and families today.

This is not to say that all organizations approach this mission in the same way. In fact, the Bay Area is home to two nationwide not-for-profits, Catholic Charities and Mercy Housing California (MHC), which serve as perfect examples of the structural variety found when examining Catholic agencies. This article will look at the differences in programs offered and the various ways in which these organizations are funded today.

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to congregations engaged in specific housing activities (advocacy and/or development). This is being followed up with a series of local workshops and meetings from summer 2000 through spring 2002. Long-term partner- ship with nonprofit organizations and other public and private resources (e.g., financial institutions) that address affordable housing remain principal objectives of this effort.

Youth Development and High-Risk Youth Intervention: FAITHS’ youth leadership development includes a summer-long youth leadership develop- ment training project. This training is designed to engage and empower leaders to spend a summer as interns with the Foundation and covers a realm of activities, including hands-on grantmaking. The youth develop princi- ples and criteria for grants, research the groups, solicit proposals, make the awards and contribute seven weeks of volunteer service with youth-serving agencies.

Senior Services: The FAITHS Legacy Project, supported by the California Wellness Foundation, builds the capac- ity of congregations to respond to the needs and concerns of seniors. While health screenings are a key component of the service delivery, we are also focusing on transportation, resource de- velopment and community awareness. The sessions have resulted in several pilot projects to maximize health out- comes for seniors involving congregations throughout the Bay Area.

FAITHS’ grant work supports community building. Our 2001-02 budget will exceed $500,000. The grants are pri- oritized to faith-based organizations working on issues of affordable hous- ing policy and development, youth organizing and development, inter- group relations, civic engagement and capacity building. Since 1993, FAITHS has raised $3.8 million to support this work. The overwhelming majority of these funds were re-granted out to support secular work by faith-based organizations. FAITHS small grant work to catalyze community building with grassroots organizations was rec- ognized by the National Council of Foundations at its 2000 annual con- ference as a national model. This fiscal year, foundation partners expect FAITHS to re-grant $250,000 to a number of faith-based organizations. An additional $70,000 will be used to support a youth development pro- gram, local convening and workshops on issue areas.

FAITHS partnerships with founda- tions represent an exciting model for philantropic involvement with congrega- tions engaged in community develop- ment. Some examples include:

- The partnership with the James Irvine Foundation (Irvine) pro- vides small grants that improve the capacity of congregations to be- come involved in civic engage- ment. Using a competitive sup- port from Irvine and TSFF, FAITHS has awarded a round of Commu- nity Partners grants to 15 congrega- tions and faith-based organiza- tions each year for the last four years. In the 2000 and 2001 awards, special emphasis was given to congregations working in areas of cultural diversity that involved youth. This was espe- cially important in the Bay Area in the wake of a burgeoning local youth advocacy movement initia- ted by youth members of the diocese.
- Proposition 21. That proposition lowered the age at which youth can be tried as adults, expanded the definition of gang-related activities, and mandates that juve- nile offenses be counted as crimes for the purpose of enforcing California’s “Three Strikes” law. The specific work of the Grantee Race and Community Re- lations Planning Team involves a combination of community brief- ings, small grants and capacity building informed by the work of the community partners.
- Foundation support helped to underwrite the Demystifying Econom- ics training series, which focused on teaching faith-based organiza- tions understand how national policies and international events impact the work they are doing at the local level. We were also able to address strategic planning and assist some of the congregations to form 501(c)3 organizations to carry out their community devel- opment work. Over 125 faith- based organizations participated in the training, which was held throughout our service area. There were a number of tangible projects as a result of the training. One of the most notable being the pur- chase and rehabilitation of a strip mall to stabilize the rents of the only pedestrian in the area that are affordable. In addition, Mercy Service Corporation, an affiliate of Mercy Housing, manages all MHC properties and coordinates the provi- sion of on-site services for residents, including after-school programs, En- glish as a Second Language (ESL) classes, food and clothing banks and computer classes. While Mercy Hous- ing provides both housing and services, the main focus of their work is hous- ing, with Mercy Services providing the resources and support for on-site pro- grams.

FAITHS current philanthropic partners include The Ford Foundation, The James Irvine Foundation, The Koshland Program, The Peninsula Community Foundation, The Walter and Elise Haas Fund and The Mutn Community Foundation. FAITHS has also worked collaboratively with Bank of America, Washington Mutual and other member and affiliate financial com- munities. Going forward, we are looking for opportunities to explore how the affordable housing development work of our network might be supported by national and international financial institutions implementing the Community Reinvestment Act.

I. DISSEMINATION OF BEST PRACTICES

Part of the mandate of FAITHS is the systematic sharing of best practices at- tained from our work with the faith

Approximately 13.6 million children under the age of 12, 29% of all children, cope with hunger or the risk of hunger over the course of a given year.

Catholic Women Religious and is not part of the Catholic Church structure. This difference has to be explained when introducing Mercy Housing in a community.

Mercy Housing, Inc. is an affordable housing developer committed to cre- ating and strengthening healthy com- munities through the provision of qual- ity, affordable, service-enriched hous- ing for individuals and families who are economically poor. In addition, Mercy Service Corporation, an affiliate of Mercy Housing, manages all MHC properties and coordinates the provi- sion of on-site services for residents, including after-school programs, En- glish as a Second Language (ESL) classes, food and clothing banks and computer classes. While Mercy Hous- ing provides both housing and services, the main focus of their work is hous- ing, with Mercy Services providing the resources and support for on-site pro- grams.

Initially, Catholic Charities San Fran- cisco developed housing as well, but found that their resources could sim- ply not support the volume of work required to establish the necessary part- nerships and maintain the infrastruc- ture to support this mission. Instead of creating a separate entity as MHI did, Catholic Charities chose to eliminate housing from its programs offerings and to work with other not-for-profit

housing providers, such as Mercy Housing, to ensure that affordable housing continues to be developed and that crucial services are provided in housing developments.

Focusing only on services has al- lowed Catholic Charities to develop strong programs that help those in need, and address many of the con- cerns facing communities today: homelessness, hunger, HIV/AIDS, support for the elderly and services for immigrants. These programs are offered in cooperation with other or- ganizations and not-for-profits, who may provide the location for service delivery or other services that comple- ment Catholic Charities’ programs.

While the goal of the two organiza- tions differ—one focusing primarily on housing and the other on pro- grams, the problems being addressed are fundamentally the same. Mercy Housing California and Catholic Char- ities often work together to provide comprehensive care for those in need, combining housing and services in a centralized location.

WHERE DOES THE MONEY COME FROM? The obvious question about these pro- grams and organization is, who pays for them? While fundraising for not- for-profits varies depending on the organization and the cause, most are funded through a combination of in- dividual gifts and grants requests. To establish a strong fundraising program, professional fundraisers sug- gest that the ideal breakdown of fund- ing is 80 percent from individuals, 10 percent from foundations, and 10 per- cent from grants. In fact, the majority of nonprofit organizations raise funds through these three ways; however, the break- down does not necessarily match the ideal for a number of reasons.

There is one overriding challenge for Catholic Charities and the assumption that the Church— with a reputation for being well funded— provides funding for all Catholic organizations. Whether or not this is explicitly stated, chang- ing this perception is a major focus of most Catholic fundraising programs. One of the biggest differences between Catholic Charities and MHC is Catholic Charities’ relationships with the United Way, diocese or archdiocese. This pro- vides opportunities not available to other Catholic not-for-profits— namely, direct access to a portion of the popu- lation that presumably supports Catho- lic causes—which are vital to their fundraising efforts.

While Mercy Housing California is a Catholic organization, it is not directly affiliated with parishes, diocese or the archdiocese, which makes reaching this “natural” constituency a bit more chal- lenging. Support from the Church then is limited for organizations like Mercy Housing, which must pursue donations from a broad base of individuals, cor- porations and businesses to sustain their work. MHC depends heavily on grants from foundations and corporations with sup- port from the co-sponsoring congrega- tions of Women Religious. Individual donors, the smallest source of funding, are usually those who were educated by nuns or worked with them in schools or the healthcare arena, and those who are committed to the cause of affordable housing. The key to building our individual donor base is focused on broadening the awareness and understanding of the work of Mercy Housing.

Ideal Proportions of Received Funds

<table>
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<th></th>
<th>Individual Gifts</th>
<th>Grants</th>
<th>Foundations</th>
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<td>80%</td>
<td>10%</td>
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<td>Catholic Charities</td>
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<td>MHC</td>
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THE FAITHS INITIATIVE OF THE SAN FRANCISCO FOUNDATION

by Landon R. Williams, Coordinator, FAITHS Initiative

WHAT IS THE FAITHS INITIATIVE?
The Foundation Alliance with Interfaith To Heal Society (FAITHS) is an initiative of The San Francisco Foundation (TSFF), one of the largest community foundations in the United States. The Initiative aims to enhance the work of faith-based organizations that deliver secular services or advocate for their communities. FAITHS does this by connecting faith-based organizations with assistance from nonprofits and foundations. We also provide direct technical and financial assistance to faith-based organizations and hold educational briefings for faith community leadership.

FAITHS was founded in 1993 to respond to the concerns of clergy and lay leaders in the San Francisco Bay Area (Bay Area) that they were not able to gain the support of organized philanthropy for their efforts to implement secular programs. This was the era when welfare reform and federal decontrol legislation was being proposed before the U.S. Congress. An interfaith group of 15 faith leaders met with program staff of TSFF to voice their grave concern that as government withdrew from delivering social service programs and support, the faith community would be forced to pick up the burden. Many of the residents of their communities fall through the rapidly eroding safety net. These faith leaders believed that the faith community had a major role to play in providing safety net services but lacked the resources and capacity to do so, and were thus seeking the support of organized philanthropy. In the eight years since that meeting, FAITHS has built an interfaith network of more than 350 congregations and grassroots organizations that meet regularly to problem-solve around community issues in the five Bay Area counties that TSFF serves (Marin, San Francisco, Alameda, Contra Costa and San Mateo).

GOVERNANCE
The CEO and Board of Trustees of the Foundation review and approve all FAITHS grants and have the final word about the Initiative’s direction and programs. Within that framework, FAITHS incorporates input from clergy- and lay-led governing and planning teams for decision-making and advising the CEO and Board of Trustees. A Leadership Group of 20 leaders representing the diversity of the Bay Area faith community determines the general direction of FAITHS’s programs and conventions. This group meets quarterly to provide guidance and insight to the work of the Initiative. Assisting this group are two 30-member planning teams that inform the day-to-day work of FAITHS: a Race and Community Relations Planning Team and an Economic Justice and Opportunity Planning Team (EJO). This structure provides more than 15 different opportunities annually for the Foundation to connect with the 80 faith-based organizations affiliated with FAITHS’ leadership and planning teams.

IMPACT AND PROBLEM SOLVING
The initiative’s philanthropic partners recognize that the primary benefit of FAITHS is convening and problem-solving with the community. The major community input event sponsored by FAITHS, The Vision is Justice, became the catalyst for prioritizing issues and follow-up action by congregations. The forum was convened on November 18, 1999, at Preservation Park in Oakland, where 154 faith- and community-based organizations reviewed the strategic role that faith communities throughout the Bay Area play in addressing critical issues. Identified issues include affordable housing, inter-group relations, job training, senior service provision and youth development. Some examples of what the FAITHS network is doing to follow-up on the identified priorities are:

Affordable Housing: This is one of the top priorities identified for action by the FAITHS EJO Planning Team. FAITHS is training key congregation leaders to take action on the affordable housing issue. The work began with an eight-part Affordable Housing Training, which built on the foundation of technical and financial assistance...
Transforming Communities One Person At a Time

by Roberta Furger, Member, San Lorenzo Congregations Organizing for Renewal

"And we realize that the power to change the world rests in our capacity to unite as family, as community and as children of God."

In 1972, John Baumann and Jerry Helfrich, both Jesuit priests, set up shop in Oakland, California. Their goal: To improve the quality of life for local families through grassroots community organizing. They met with residents and heard their anger and frustration about abandoned houses, high crime, and prostitution. With those local residents, Baumann and Helfrich began building an organization that would bring hope and change to many of Oakland’s long-neglected neighborhoods.

Nearly 30 years later, those fledging efforts have grown into the Pacific Institute for Community Organization (PICO), a nationwide network of 41 congregations and community-based organizing affiliates representing over 500,000 families and affecting the lives of millions in 12 states. Although the composition of each local group varies, PICO affiliates all share a common model of organizing and a common commitment to empowering local residents to affect change in their communities.

Rev. John Baumann, S.J., PICO’s executive director, likens the PICO network to a family. “We are moved by justice to make the world right for our family,” says Baumann. “And we realize that the power to change the world rests in our capacity to unite as family, as community and as children of God.”

Under the assistance of PICO-trained professional community organizers, local leaders learn how to capitalize on the power of everyday citizens to influence policies and actions at the city, county, state, and national level. Over the years, hundreds of men and women have attended PICO’s National Leadership Training, a week-long program during which they learn about faith-based community organizing, training the development of local leaders, the economic pressures facing working families and more. Locally, community members also benefit from regular training sessions led by their organizing committee staff.

In communities throughout California, PICO affiliates have obtained drug rehabilitation programs for addicts. They’ve closed drug houses and opened community centers. Guided by faith and a commitment to justice, PICO groups are providing men and women of all races, cultures and religious traditions with a mechanism by which they become participants in rather than just observers of the democratic process.

Rosa Ramirez, a local leader from New Orleans, Louisiana, PICO affiliate All Congregations Together (ACT) led a successful effort to rid the city of blighted property. Legislation that passed last spring in the Louisiana House and Senate will allow local residents to take over long-neglected property from slum owners.

In Orange County, Florida, the members of the Federation of Con- gregations United to Serve (FOCUS) successfully advocated for new and refurbished parks and recreation facilities for area youth and families. Thanks to the efforts of FOCUS, Orange County has committed to spending $1.4 million over an 80-acre park over the next two years.

In communities throughout California, PICO affiliates succeeded in obtaining health care for working families as counties up and down the state agreed to spend sizable portions of their tobacco settlement and other funds on insurance programs and health care services.

Elsewhere in the country, PICO affiliates have obtained after-school programs and drug rehabilitation programs for addicts. They’ve closed drug houses and opened community centers.

The mission of the SAHG is to provide quality housing communities for those in financial need on the Eastside.” Its primary activity is the development and management of permanent affordable rental housing, through new construction as well as acquisition and rehabilitation. Today, SAHG owns and operates six affordable housing projects, which provide 190 units for families throughout the community, regardless of religious affiliation.

Our priority remains seniors and families, which we believe represent the two groups most in need of affordable housing. To be eligible to rent one of these units, an individual or family’s earnings cannot exceed 50 percent of the median income. In 2001, median income for a family of four in King County was $72,200.

In addition to housing development, SAHG is bound by its mission to encourage and support residents’ efforts to develop greater choice and independence. SAHG residents who need support or access to family and social services are referred to Eastside service agencies, such as HopeLink, Catholic Community Services and other faith-based organizations that provide emergency financial assistance and food. A volunteer group of community members, the Resident Relations Committee, sponsors social events at different properties and provide welcome baskets to new residents.

Without government funding, the development projects are not possible. "Our priority remains seniors and families, which we believe represent the two groups most in need of affordable housing. To be eligible to rent one of these units, an individual or family’s earnings cannot exceed 50 percent of the median income. In 2001, median income for a family of four in King County was $72,200. In addition to housing development, SAHG is bound by its mission to encourage and support residents’ efforts to develop greater choice and independence. SAHG residents who need support or access to family and social services are referred to Eastside service agencies, such as HopeLink, Catholic Community Services and other faith-based organizations that provide emergency financial assistance and food. A volunteer group of community members, the Resident Relations Committee, sponsors social events at different properties and provide welcome baskets to new residents.

It was clear we needed to do more with our faith (than) run up and down the aisle proclaiming what we believe. Faith should speak through action.”

Jim McEchran, pastor of St. Andrew’s Lutheran Church

St. Andrew’s Housing Group (SAHG) is a private, nonprofit corporation, founded in 1989 by members of St. Andrew’s Lutheran Church. Congregation members responded to the call by county government for an organization to provide affordable housing east of Seattle, where housing costs were quickly soaring out of the reach of families working in service-sector occupations.

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ADMINISTRATION AND FUNDING

When approached by a fellow congregation member, church members agreed to provide an initial $2,000 in start-up funds. They have since provided many thousands of volunteer hours, office space and annual be-nevolence gifts. The group of volun-teers that “staffed” SAHG in the early years set up the organization as a 501(c)3. We are a non-religious organiza-tion governed by a twelve-mem-ber, all volunteer board of directors from throughout the community, and staffed by a director, housing devel-opер, finance manager, fund develop-er, bookkeeper and administrative assistant. Program operations and ad-

St. Andrew’s Housing Group

by Linda Hall, Executive Director

BLESSED HOUSING

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The Lutheran Alliance to Create Housing (LATCH) is a faith-based nonprofit corporation, which functions as a coalition of Lutheran congregations located between Everett and Tacoma, Washington, dedicated to providing affordable housing. The LATCH mission is to advocate for and create high quality, affordable housing in the Puget Sound region for families and individuals unable to pay market rents. Today, LATCH is comprised of 36 member congregations, and owns and manages 130 apartments and houses, providing stable, affordable homes to more than 350 people.

In 1998, the average household income of LATCH residents was $30,500, while the average rent on a 2-bedroom apartment in King County was $800 per month or $9,600 per year.

About 75 percent of units are operated as corporate rental housing where each resident shares in the property’s management and maintenance.

Residents keep the grounds clean, collect rents, interview prospective tenants and participate in community meetings. Residents generally spend up to ten hours per month in the community and how you can support them. Listen carefully, be pa-tient, be shy about asking questions, and discuss what assets the churches, the community, and your bank have that can use together to help build a safer and more livable community. The key is not to come in with your own agenda but to listen, to work with and support the people who know the most and care the most about the community—the people who live there. Your patience and willingness to listen and respond in ways that put your assets to the best use may result in a stronger, more economically viable community which welcomes your bank as a valuable stakeholder.

Editor’s Note: Economic development opportunities such as job or entrepreneur training, this is the group that financial institutions may see as their primary partners. However, all of these efforts are laudable and worthy of being supported, regardless of tier.

The challenges and needs facing faith-based organizations are no different than those of traditional community development groups. Notwithstanding the article that looks at the unique challenge of financing for followers of Islam, the stories, information and initiatives discussed herein are neither specific nor distinct to faith-based organizations. The presentation of this edition of Community Investments is to spotlight a particular overlooked civic partner—faith-based institutions, to underscore their often-unsung efforts and to illuminate their role as a ubiquitous and viable community development partner.

some of the more active pastors. Then, visit two or three of the pastors and ask if they can set up a meeting with other pastors and church leaders to discuss what they are doing or would like to do to improve the lives of people in the community and how you can support them. Listen carefully, be patient, be shy about asking questions, and discuss what assets the churches, the community, and your bank have that can use together to help build a safer and more livable community. The key is not to come in with your own agenda but to listen, to work with and support the people who know the most and care the most about the community—the people who live there. Your patience and willingness to listen and respond in ways that put your assets to the best use may result in a stronger, more economically viable community which welcomes your bank as a valuable stakeholder.

Finally, remember that churches, like banks, have their own culture, language, role perceptions, etc., so as to help build relationships with these small congregations, it’s good to have a guide—someone who un-derstands and appreciates both cul-
sures (perhaps one of your bank em-
ployees or a local business-person who is a member of one of the congregations) and can help bridge the gaps as you work together. The ABCD Training Group (see resources) provides excellent training for what it terms “pappern,” people who work “in the gap” between neighborhoods and the institutional world of agencies, government and private business.

Like other community-based organizations, faith-based organizations rely on various support to effectively undertake community revitalization. Not only grants or donations, but also support that extends to processes and methods. For instance, a streamlined and transparent process, unfettered by discrimination, for applying for government grants or for designation to deliver federal- or state-sponsored social services and programs, is often as valuable as a check. Fred Mendels’s overview of President Bush’s faith-based initiative discusses how this is being addressed.

Training and other technical assistance is also essential to help faith-based organizations recognize and ultimately, maximize their resources. To this end, the Asset-Based Community Development Religious Network trains congregations to identify their community’s assets as a first step in determining where and how to expend those resources. The FAITHS Initiative exemplifies the significance of building coalition and serves as an excellent model for how foundations are working through churches. Government-sponsored entities and agencies such as Fannie Mae, Freddie Mac, the Federal Home Loan Bank system and HUD offer specialized expertise to assist faith-based CDCs in applying for grants to build affordable housing and community facilities.

Mostly, the challenges and needs facing faith-based organizations are no different than those of traditional community development groups. Notwithstanding the article that looks at the unique challenge of financing for followers of Islam, the stories, information and initiatives discussed herein are neither specific nor distinct to faith-based organizations. The presentation of this edition of Community Investments is to spotlight a particular overlooked civic partner—faith-based institutions, to underscore their often-unsung efforts and to illuminate their role as a ubiquitous and viable community development partner.

## Editor’s Note

Eliza Carney is the coordinator of the Asset-Based Community Development Religious Network, which was founded in 1997 and is affiliated with the ABCD Institute at Northern State University in Evansville, Illinois. Before working with the Network, Eliza was director of WHEAT, a faith-based anti-hunger organization in Phoenix, AZ. She has been active in local and national politics and in social and economic justice movements for many years and is a fellow with the Advocacy Institute in Washington, DC, and a member of the National Community Building Network. Eliza has recently joined the ABCD Training Group, which presents workshops on the concepts and applications of asset-based community development. She is a member of the Ft. Collins Mennonite Fellowship in Ft. Collins, CO.
individuals have in themselves and aboard work one on one building up the faith in the work of their pastors and members, and their churches. These projects are fueled by the great passion of the community to serve on our committees which in-

2 The Black Churches of West Humbolt Park,2 the authors describe them as, “ . . . mostly small, storefront churches, many of which have a ‘church-in-the-neighborhood’ atmosphere that makes for an extended family setting.” (p.3)

3 These churches see themselves as their congregation serving as an extended family, and the pastor as the father or mother figure. The research-

doing extraordinary things; spon-
soring youth outreach and outreach, community clean-up, local entrepre-

4 And yet these smaller, less affluent churches, with no more than 30 or 40 members, and all with less than 200 members, are usually ignored, even dismissed as part of the prob-

5 These churches see themselves as all members of the family of God, with their congregation serving as an extended family, and the pastor as the father or mother figure. The research-

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**2002 CRA Conference Schedule**

**Wednesday, January 30**

8:00 a.m. – 9:00 a.m.
Registration and Networking Breakfast

9:00 a.m. – 11:45 a.m.
**OPENING SESSION AND DISCUSSION**
Trends in Community Development
Moderator: Sandy Braunstein, Federal Reserve Board

Panels:
- Alan Fishbein, Center for Community Change
- Joe Pigg, American Bankers Association
- Roy Frist, National Congress for Community Economic Development
- Robert Rowe, Independent Community Bankers Association
- Charles Tansey, Neighborhood Reinvestment Corporation

12:00 noon – 1:15 p.m.
Luncheon Address: Dr. Julianne Malveaux

**CONCURRENT TRAINING**
- CRA Compliance: CRA Examination Process Overview
- Investments: Community Development Equity Investments (part 1)
- Lending: Small Business
- Service: Financial Literacy
- Community Building: Oakland Multi-ethnic Neighborhood Tour

5:00 p.m. – 7:00 p.m.
**FANNIE MAE RECEPTION**

**Thursday, January 31**

7:30 a.m. – 8:30 a.m.
Networking Breakfast

8:30 a.m. – 11:30 a.m.
**CONCURRENT TRAINING**
- CRA Compliance: CRA Examination Preparation
- Investments: Fixed-income Investments
- Lending: Multifamily Housing
- Service: Creative Delivery Channels
- Community Building: San Francisco Chinatown Tour

11:45 a.m. – 1:15 p.m.
**LUNCH: 2002 CRA AWARDS CEREMONY**

Presenter: Dean Schultz, Federal Home Loan Bank of San Francisco

1:30 p.m. – 4:30 p.m.
**CONCURRENT TRAINING**
- CRA Compliance: Lending Performance and the CRA Examination
- Investments: Community Development Equity Investments (part 2)
- Lending: Single Family Housing
- Service: Community Involvement
- Community Building: San Francisco Mission District Tour

5:00 p.m. – 7:00 p.m.
**FREDDIE MAC RECEPTION**

**Friday, February 1**

7:30 a.m. – 8:30 a.m.
Networking Breakfast

8:30 a.m. – 11:30 a.m.
**CONCURRENT TRAINING**
- CRA Compliance: Performance Under the Investment & Service Tests
- Investments: Developing A Corporate Giving Strategy
- Lending: Community Facilities
- Service: CRA-related Products & Services
- Community Building: Serving Non-urban Communities

12:00 noon
**LUNCH: FFIEC CONSUMER COMPLIANCE TASK FORCE PANEL DISCUSSION**
Moderator: Terry Schaaf, Federal Reserve Bank of San Francisco

Panels:
- Steve Cross, Federal Deposit Insurance Corporation
- David Hammaker, Office of the Comptroller of the Currency
- Glenn Loney, Federal Reserve Board
- Richard Rees, Office of Thrift Supervision

1:30 p.m.
**ADJOURN**

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**Michael J. Carney, Coordinator, Asset-Based Community Development Religious Network**

The Asset-Based Community Development Religious Network is a network of people of faith who are working to support and build community within their congregations and neighborhoods, following the basic principles of asset-based community development. These principles are:

- **Communities can be built only by focusing on the strengths and capacities of the citizens who call that community home.**

- **Vital communities are those that accept every member as gifted and provide opportunities for those gifts to be shared.**

We are affiliated with the ABCD Institute at Northwestern University in Evanston, Illinois, and were formed in 1997 with the goal of reaching congregations and other faith-based groups with the concept and principles of asset-based community development, and finding and bringing together those who are already using this approach. I volunteer my time as coordinator of the Religious Network, receiving only reimbursement for my expenses from the ABCD Institute. The network has no other staff, and does not receive assistance from any government entities.

Our efforts to turn the thinking and actions of these congregations toward the "asset-based" approach utilize several methods. These include networking with and offering resources to various denominational agencies that support community development, maintaining an online discussion group, and sponsoring an annual retreat/seminar which focuses on such topics as welfare reform, community economic development and youth as community builders. As coordinator of the network,

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1. [www.nwu.edu/IPR/abcd.html](http://www.nwu.edu/IPR/abcd.html)
The CRA encourages financial institutions to use intermediaries to expand their capacity for delivering community development services, and faith-based organizations have long been recognized as one of the most prominent and successful examples of intermediaries. And, while faith-based community development organizations represent only a subset of all community-based organizations, their presence may actually be more far reaching than secular providers. Because even in communities without a community development corporation, there is a faith organization.

Why faith-based?

An effort was made to include something about all the major faiths. You are encouraged to use the reply card or our website to provide information about other faith-based efforts that have not been presented.

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**FAITH-BASED WEBSITE**

As part of Fannie Mae’s national faith-based initiative, they have collaborated with the National Congress for Community Economic Development and the Federal Reserve Bank of Boston to develop and launch “Faith & Community @ Work,” an information website designed to provide faith-based organizations with news and information on faith-based community economic development, access to written publications and resources, and links to a range of education, training, technical assistance service providers and funding sources.

The website address is: www.faithandcommunityatwork.com

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**2002 LEADERSHIP AWARD**

The Ford Foundation is currently accepting nominations for a leadership award program to support efforts that create positive change in communities. The deadline is January 4, 2002. Your nomination may result in an award that provides significant funding to support work in your community.

For nomination guidelines or to request a nomination packet, visit their web site http://leadershipforchange.org/nomination/ or contact the Advocacy Institute at 202-777-7560. Nominations@leadershipforchange.org

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**SECTION 184 TRAINING**

If you have been involved in 184/184A workshops or task force meetings, you may recall the challenges tribal members face when trying to obtain a loan to purchase a home on a reservation or rancheria, particularly on trust land. HUD’s 184 Loan Guaranty Program addresses many of these challenges if lenders and tribes are willing to participate in the program. However, without both banks and tribes participating, the program doesn’t work. For lenders with reservations in their area, participation in this program may help boost performance under the Community Reinvestment Act.

For a list of 2002 training dates, visit HUD’s Code Talk website: www.codedtalk.fed.us/ loan184.html or call the Office of Native American Programs at 800/561-593.

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March 11–13
Housing and Community Development University sponsored by Fannie Mae; Oakland, California. HCD University is designed to help affordable housing professionals do business more effectively with Fannie Mae’s housing and community division. The curriculum provides information, resources, and training on Fannie Mae’s wide array of products, services and investment tools. Please call Frances Robinson at 202-752-4186 or e-mail: frances_d_robinson@fanniemae.com with questions.

April 29–30
National Low Income Housing Coalition’s Annual Policy Conference, Washington D.C. Visit their website at: www.nilhc.org or call 202-662-1530 for additional information.

May 4–5
12th Annual Oweesta Conference: Strengthening Native Assets sponsored by First Nations Development Institute, Honolulu, Hawaii. To register, phone 540/731-5616. This conference has been rescheduled from the September 2001 date and will serve as a biennial event. Conference sessions and activities have also been expanded.

May 19–22
AEO Annual Conference and Membership Meeting sponsored by Association for Enterprise Opportunity, Ft. Lauderdale, Florida. The AEO conference provides comprehensive training as well as extensive networking opportunities to promote enterprise opportunity for people and communities with limited access to economic resources. Visit their website at: www.microenterpriseworks.org or phone 703/841-7760 to obtain registration information.

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**Announcement Resource**

Community Investments’ District Bulletin is an excellent venue to announce your organization’s CRA-related services, research, events and investment opportunities. In 2002, Community Investments will be published quarterly (March, June, September, December). The deadline to submit an announcement is approximately six weeks prior to publication. Announcements should be no more than 50 words and can be submitted via email to lenarobinson@frbsf.org.

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**REFERENCES, RESOURCES AND OTHERS**

The Community Affairs Officers of the Federal Reserve System are sponsoring their third biennial research conference, Sustainable Community Development: What Works, What Doesn’t and Why, March 27–28, 2003. This conference will bring together a diverse audience from academia, financial institutions, community organizations, foundations and government to learn about research in the community development area.

Individuals interested in presenting research should submit a completed paper, detailed abstract, or proposal by April 22, 2002, to WILLIAM C. HUNTER, Senior Vice President and Director of Research, Federal Reserve Bank of Chicago, 230 South LaSalle Street, Chicago, IL 60604. Email: academic-systems-conference@chicago.frb.org or phone: 312/322-5810.

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**Conferences & Seminars**

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**Editor’s Notebook** by Lena Robinson

1 For the purposes of this issue, a CRA refers to any community development organization with a 501c3 status, which has as its primary purpose revitalizing low to moderate-income (lm) communities or serving lm individuals.

2 An effort was made to include something about all the major faiths. You are encouraged to use the reply card or our website to provide information about other faith-based efforts that have not been presented.
ADDITIONAL READING

Would you like to read more about the topics covered in this edition? Selected readings from various sources are provided below.

Apathy, Civic Engagement and Community Building. Michael Kromrey. PICO Reflections; www.piconetwork.org/


Free subscriptions and additional copies are available upon request from the Community Affairs Unit, Federal Reserve Bank of San Francisco, 101 Market Street, San Francisco, California 94105, or call (415) 974-2978.

Change-of-address and subscription cancellations should be sent directly to the Community Affairs Unit. Please include the current mailing label as well as any new information.

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ATTENTION:
Chief Executive Officer
Compliance Officer
CRA Officer
Community Development Department

The Community Affairs Staff Wishes You a Wonderful Holiday Season!