

RECOMMENDED NEW MARKET TRAVEL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

PINE RIDGE, SOUTH DAKOTA

Background/Highlights

- Pine Ridge offers a unparalleled opportunity to reflect the realities of most reservations today: high unemployment, low incomes, lack of infrastructure, etc. Pine Ridge's unemployment reaches 90%; 60% of residents make \$15,000 or less.
- HUD's Native American Housing and Economic Development Conference and the Pine Ridge Empowerment Zone (the first EZ reservation) effectively demonstrate the possibilities of a New Markets Initiative on reservations everywhere, not just on Pine Ridge. Hundreds of tribal leaders, lenders, builders, economic and housing experts will attend the HUD conference, which will highlight aspects of the New Markets Initiative and unveil the construction and purchase of 20 to 25 homes by tribal families on Pine Ridge.
- The goals of the Pine Ridge EZ fit thematically with the work of the Oglala Sioux Housing Partnership, the nonprofit recently established to oversee mortgage lending and home construction on the reservation. Combined, they provide a strong foundation for the New Markets Initiative message.
- The mortgage lending/construction activities and the EZ goals reflect the Oglala Sioux's stated needs and desires for economic growth on the reservation. It is important to respect the tribes' advocacy for "self-determination" and not dictate to them what the private sector or the federal government is willing to "do for" them.
- The first economic development project on a reservation must be housing and a finance/banking system. Pine Ridge is developing precisely the new economic models envisioned by President Clinton.
- The President's attendance at Pine Ridge offers the best opportunity to communicate the New Markets message with the greatest number of tribes, as it would coincide with HUD's conference drawing over 500 tribal leaders from across the country.
- The Pine Ridge projects build on the work of Senators Daschle and Dorgan, and the recent meeting with the President and the Plains tribes.

Recent Investments

- \$2 million Rural Initiatives Grant to encourage mortgage lending and financial assistance for housing construction.
- This \$2 million investment supports the President's One Stop Mortgage Initiative and PATH, Partnerships for Advanced Technologies in Housing.
- An \$8.6 million NAHASDA grant for housing.
- Another \$2 million and additional technical assistance from USDA for the Empowerment Zone.

FU to Chicago before the time was 8W

USDA comments
you would want schedule for other EZ's
MOV - on 10 22/205
create a forum

10

Announcements

- Following USDA and HUD's lead, private sector investment is creating jobs, job training, and low-cost housing in Pine Ridge. The federal government's initial investment is sparking at a minimum \$2.5 million in private sector activity that the President could announce:
 - ✓ • Norwest Mortgage is making about \$1.4 million in loans and has provided mortgage counseling to the families.
 - ✓ • Countrywide Mortgage is ready to announce a mortgage lending program on another reservation. The Mortgage Bankers Association of America and the Federal Housing Finance Board have committed to bring other lenders interested in reservation-based mortgages.
 - A pre-fabrication foundation company wants to franchise a business on the reservation.
 - A manufactured housing company is building and installing half of the homes and also plans to provide job training to tribal members.
 - Other homes are being constructed by Indian contractors at a modular housing facility on the reservation, providing dozens of additional jobs to tribe members.
 - Kohler, a Wisconsin fixture company, Karrier Heating, and Weather Shield are being approached about investments and job training for tribal members. These companies are providing plumbing and other fixtures at no or reduced costs for the 20 to 25 homes under construction.
 - ✓ • Other private sector businesses have indicated interest in the Pine Ridge, 2 including Motorola and AT&T, as well as companies involved in PATH. These partnerships could be aggressively explored and developed. Prospects include national supermarket and pharmacy chains.
 - The President could announce the establishment of the Board of Directors of the first-ever Empowerment Zone on an Indian Reservation.

Commerce
report

GARY, INDIANA

Background/Highlights

- Gary qualifies as "double burdened" in HUD's Now is the Time: Places Left Behind in the New Economy, meaning that it faces continued high unemployment relative to the Nation as a whole, plus either significant long-run population loss, or persistently high poverty rates, or both.
- Approximately \$287 million was spent in Gary in 1992, versus an available purchasing power of \$522 million. In other words, \$243 million left the inner-city for the suburbs or other retail markets, resulting in a huge untapped market.
- Gary has an unemployment rate of 7.1%, vs. 2.8% for Indiana as a whole.

- Gary is a vastly neglected market, with great potential. It has no national retailers, no supermarket, and no movie theater.

Government Investments

- A \$88,000 CDBG project that rebuilt sidewalks and parking created a retail space that ACE Hardware moved into. ACE met outstanding success in Gary's underserved market, and the owner was quoted in the media as saying that the inner-city location outperformed his suburban store.
- Gary won an Empowerment Zone designation in the last funding round.
- 202 and other HUD housing support the business in the Empowerment Zone.

Private Sector Investments

- ACE Hardware, as described above.
- US Steel has committed to drag the Calumet river, a \$30 million investment, in addition to \$22 million in waste-water improvements. They has also pledged to put \$120 million into plant improvements in 1999.
- Ten banks have made a combined commitment of \$50 million to private sector businesses in the Empowerment Zone.

Possible Announcements/Events

- Based on the success of the local franchise, ACE Hardware could be approached to commit to new franchises to other new markets.
- The city is putting the final touches on an application for a \$3.3 million Section 108 loan that would enable development of a planned \$30 million shopping center on 25th Street, at the heart of Gary's historically black neighborhood. The shopping center would include a movie theater, grocery store, and a car dealer.
- **CONFIDENTIAL:** The City of Gary has several confidential projects nearing completion that could be ready for announcement by the end of June.

Cosmo Ad

APIC side project

Other Comments:

- The cities involved in this Empowerment Zone, Gary, East Chicago, and Hammond, are working to develop a comprehensive transportation HUB that would alleviate overcrowding at O'Hare Airport and its adjacent services. This HUB would include a deep sea port, a multi-modal freight railyard, and Gary Airport, which would be a freight airport. These facilities would be within minutes of major intestates, and they would relieve freight overcrowding at O'Hare, allowing that airport to focus on consumer flights.
- Gary's proximity to successful cities like Chicago further make the case for it as an untapped market.
- The prevalence of casino activity, mostly led by Donald Trump, needs to be considered in planning this visit.

Bruce J. K.

NEW YORK CITY

Background/Highlights

- Harlem has been unable to connect their local economy to New York's regional economic boom.
- In 1994, over 50% of Harlem's adult residents did not have a high school diploma.
- Despite the fact that Harlem has a number of major institutions, including Columbia University (the third largest employer in New York City) and major hospitals, *less than 10% of Harlem's residents were employed in the business located there.*

Government Investments

- Upper Manhattan received an Empowerment Zone designation in 1995 of \$100 million from the Federal Government.
- The federal investment was matched by \$100 million from the New York City and \$100 million from New York State.

Private Sector Investments

- \$193 million in private sector commitments followed the EZ designation, **representing a 3.25 to 1 ratio of private to public dollars.** Some of these private sector projects include:
 - **Harlem USA:** This major retail complex, the largest project in the upper Manhattan EZ, has attracted **Disney, HVM** and other national outlets. Approximately \$11 million in public investment will be leveraged by an additional \$45 in private sector commitments. Construction of the complex will create 200 new jobs, while its ongoing operation is expected to result in 300 permanent jobs (with 75% of these targeted for EZ residents under tax credit provisions).
 - **Broadway Video:** Saturday Night Live producer Lorne Michaels is bringing high-tech jobs to Harlem with the opening of a \$1.1 million post-production facility called Broadway Video, creating at least 20 jobs for EZ residents. Funding comes from loans from the Upper Manhattan EZ and Citibank.
 - **Pathmark Supermarket:** The designation of the EZ attracted Pathmark supermarket to the area, the first supermarket to open there in many years.
 - **Citibank,** along with the Upper Manhattan EZ, is offering loans to the new businesses.

Possible Announcement/Events

- Numerous private companies have indicated interest in joining the Harlem revitalization, including: Sterling Optical, and Bankers Trust, with most of the activity oriented towards African-Americans.
- The area is capable of supporting still more development. Entertainment business are especially interested in joining Disney and Lorne Michaels in New York. HUD has contacts in the entertainment industry who would be interested in joining the EZ and participating in a public event.

- A HUD-funded study, completed in 1996 (or thereabouts), recommended businesses that could spark the most revenue in the area. Some of those recommendations could be ready for announcement by the end of June.

Other Comments

The Harlem renaissance has already attracted media attention and acclaim (see attached *Washington Post* article from May 5, 1999).

DELTA POSSIBILITIES

MONROE, LOUISIANA

Background/Highlights

- In 1994, statistics showed that Monroe is the third-poorest metropolitan area in the nation
- Monroe has a population over 50,000.

Government Investments

- Designated as EC in the first round, in 1995, receiving \$3 million.

Private Sectors Investments

- **Hibernia National, Central Bank and Bank One** committed \$3 million in loans to EC businesses unable to access traditional bank financing.
- A donated property is being rehabilitated and expanded as the St. Francis Medical Center's Primary Health Care Clinic (South), a **community-based nonprofit clinic**. The new facility will cost approximately \$350,000 and provide 13 jobs.
- **State Farm Insurance** is carrying out a partnership to provide job training to place EC residents in Monroe or the adjacent Parrish. There are 10 people currently placed.

Possible Announcements/Events

Other Comments

- The EC Board was originally deemed "troubled," but has recently shown great improvement.

GREENWOOD, MISSISSIPPI

Background/Highlights

Government Investments

- Designated as Empowerment Zone in 1995.
- Received \$800,000 in small cities CDBG, \$1 million USDA.
- Received
-

Private Sectors Investments

- \$1 million in local private sector investment.
- Viking Range, manufacturer of high quality kitchen equipment, came into the Zone, and created 500 jobs.

Possible Announcements/Events

Other Comments

Postage ☐ Date 5/18 # of pages 2
 Fax No. 5118
 To Lisa Green
 Fax#

From Scott Sherman
 Phone#

POTENTIAL NEW MARKET TRAVEL

Draft for discussion purposes, May 18, 1999

STATE, CITY	PROJECT
Alabama, Scottsboro	US Textile: An expansion project that created 115 jobs and retained 72.
Alabama, Selma	The St. James Hotel created more than 50 jobs and received Section 108 and EDI funds, with private sector investments.
Arizona, Phoenix	• Ax-Cent Packaging: A successful packaging distributor firm started in 1994 in a state-sponsored Enterprise Zone. Created eight new jobs. • Other successful projects include: Specialty Textile Services.
California, Fairfield	New car wash created 24 jobs for low-mod income residents, and sparked other new businesses.
California, Oakland	Gregory Truck Body: Created 8-10 new jobs with 108 loan in disadvantaged community.
California, Riverside	New retail, office and entertainment center: created on previously blighted and vacant land. Created more than 300 low-mod income jobs. Section 108 loans were used. Market Place Project: 22 acres of abandoned citrus factories and railroad switching yards became the site of the annual Orangeblossom Festival and created 300 new jobs.
Florida, Jacksonville	• Royal Terrace Plaza, an abandoned strip mall, revitalized by a law enforcement officer using CDGB funds. Now houses a dental clinic, a community services center for youth, with three additional small minority owned businesses present or on their way. • Other successful 108 loans include Coach Manufacturing, Hilton Hotel, and Hampton Inn.
Illinois, East St. Louis	Jackee Joyner Kersee Community Center joins other HUD-related investments bearing fruit: an expanded transit line and large scale mixed income housing being built.
Illinois, East St. Louis	Kim's Kids Inc.: A living memorial to Kim, a young woman killed in a car accident on her way to East St. Louis, the daycare center that has created several new jobs for local residents and welfare to work graduates.
Kansas, Wichita <i>X RUC has been</i>	Cessna Training Facility: New technology center has helped Cessna recruit and train a steady stream of skilled workers, many of whom have moved from Welfare to work.
Kentucky, Louisville	Several new business in EC include: KidzWheels, the Meat Store, Concrete, Teddycare Day Care.

MO, St. Louis	• Schnucks Northside Grocery: A badly needed grocery store and strip mall partially financed through CDBG. • Harris Stowe University: Leveraged small grant into several millions of private funding to build and endow an early childhood development center. • Intermodal Transit City: An intermodal transit center on the Mississippi River that provides jobs and commerce. HUD 108 loan contributed to success.
MO. Kansas City	• Economic Growth Group: Constructed and operated with CDBG funds, serves as strong business incubator. Co-located with the Black Yellow Pages and the Black Economic Vision, it's a hub of entrepreneurship for KC's minority community. • Sprint Communications Call Center found an ample, reliable permanent workforce for new center. Far less turnover of urban workers compared to suburban employees. • Union Station Restoration: Abandoned station that endured 15 years of neglect revitalized through a \$350M restoration. Initiated by a special purpose grant. • Swope Parkway Health Center: Provides comprehensive health care to formerly undeserved community, this project has sparked redevelopment of the entire area.
Nevada, Las Vegas	Las Vegas Business Center: Incubator for small business assisted the All American Court Reporters which has expanded, as well as other business.
New York, New York City,	Harlem USA - major retail complex has attracted Disney, HMV and other national outlets. Part of Upper Manhattan EZ. \$11.2 M in EZ investment leveraged additional \$45 M in private sector commitments.
Pennsylvania, McKeesport	People's Building Family Support Project: Approximately \$750,000 of EC funding helped develop this conglomerate of 30 human services agencies in one location. Services include family therapy, educational training, and transitional housing.
Texas, Fort Worth	Minyards Grocery: This <i>outstanding</i> project combined private and public investment to create 165 jobs and attract additional businesses in low income area. This is the first new grocery in Fort Worth in over 20 years.
Texas, Houston	Washington and Houston Avenues Corridor Revitalization: New businesses attracted to this historic neighborhood include R&S Antiques.

Pure Ridge, family bus
 1000-1000

Lisa,
latest draft
5/16/92
June 11

**RECOMMENDED NEW MARKET TRAVEL
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

PINE RIDGE, SOUTH DAKOTA

Background/Highlights

- Pine Ridge offers an unparalleled opportunity to reflect the realities of most reservations today: high unemployment, low incomes, lack of infrastructure, etc. Pine Ridge's unemployment reaches 90%; 60% of residents make \$15,000 or less.
- HUD's Native American Housing and Economic Development Conference and the Pine Ridge Empowerment Zone (the first EZ reservation) effectively demonstrate the possibilities of a New Markets Initiative on reservations everywhere, not just on Pine Ridge. Hundreds of tribal leaders, lenders, builders, economic and housing experts will attend the HUD conference, which will highlight aspects of the New Markets Initiative and unveil the construction and purchase of 20 to 25 homes by tribal families on Pine Ridge.
- The goals of the Pine Ridge EZ fit thematically with the work of the Oglala Sioux Housing Partnership, the nonprofit recently established to oversee mortgage lending and home construction on the reservation. Combined, they provide a strong foundation for the New Markets Initiative message.
- The mortgage lending/construction activities and the EZ goals reflect the Oglala Sioux's stated needs and desires for economic growth on the reservation. It is important to respect the tribes' advocacy for "self-determination" and not dictate to them what the private sector or the federal government is willing to "do for" them.
- The first economic development project on a reservation must be housing and a finance/banking system. Pine Ridge is developing precisely the new economic models envisioned by President Clinton.
- The President's attendance at Pine Ridge offers the best opportunity to communicate the New Markets message with the greatest number of tribes, as it would coincide with HUD's conference drawing over 500 tribal leaders from across the country.
- The Pine Ridge projects build on the work of Senators Daschle and Dorgan, and the recent meeting with the President and the Plains tribes.

Recent Investments

- \$2 million Rural Initiatives Grant to encourage mortgage lending and financial assistance for housing construction.
- This \$2 million investment supports the President's One Stop Mortgage Initiative and PATH, Partnerships for Advanced Technologies in Housing.
- An \$8.6 million NAHASDA grant for housing.
- Another \$2 million and additional technical assistance from USDA for the Empowerment Zone.

Announcements

- Following USDA and HUD's lead, private sector investment is creating jobs, job training, and low-cost housing in Pine Ridge. The federal government's initial investment is sparking at a minimum \$2.5 million in private sector activity that the President could announce:
 - Norwest Mortgage is making about \$1.4 million in loans and has provided mortgage counseling to the families.
 - Countrywide Mortgage is ready to announce a mortgage lending program on another reservation. The Mortgage Bankers Association of America and the Federal Housing Finance Board have committed to bring other lenders interested in reservation-based mortgages.
 - A pre-fabrication foundation company wants to franchise a business on the reservation.
 - A manufactured housing company is building and installing half of the homes and also plans to provide job training to tribal members.
 - Other homes are being constructed by Indian contractors at a modular housing facility on the reservation, providing dozens of additional jobs to tribe members.
 - Kohler, a Wisconsin fixture company, Karrier Heating, and Weather Shield are being approached about investments and job training for tribal members. These companies are providing plumbing and other fixtures at no or reduced costs for the 20 to 25 homes under construction.
 - Other private sector businesses have indicated interest in the Pine Ridge, including Motorola and AT&T, as well as companies involved in PATH. These partnerships could be aggressively explored and developed. Prospects include national supermarket and pharmacy chains.
 - The President could announce the establishment of the Board of Directors of the first-ever Empowerment Zone on an Indian Reservation.

GARY, INDIANA

Background/Highlights

- Gary qualifies as "double burdened" in HUD's Now is the Time: Places Left Behind in the New Economy, meaning that it faces continued high unemployment relative to the Nation as a whole, plus either significant long-run population loss, or persistently high poverty rates, or both.
- Approximately \$287 million was spent in Gary in 1992, versus an available purchasing power of \$522 million. In other words, \$243 million left the inner-city for the suburbs or other retail markets, resulting in a huge untapped market.
- Gary has an unemployment rate of 7.1%, vs. 2.8% for Indiana as a whole.

- Gary is a vastly neglected market, with great potential. It has no national retailers, no supermarket, and no movie theater.

Government Investments

- A \$88,000 CDBG project that rebuilt sidewalks and parking created a retail space that ACE Hardware moved into. ACE met outstanding success in Gary's underserved market, and the owner was quoted in the media as saying that the inner-city location outperformed his suburban store.
- Gary won an Empowerment Zone designation in the last funding round.
- 202 and other HUD housing support the business in the Empowerment Zone.

Private Sector Investments

- ACE Hardware, as described above.
- US Steel has committed to drag the Calumet river, a \$30 million investment, in addition to \$22 million in waste-water improvements. They has also pledged to put \$120 million into plant improvements in 1999.
- Ten banks have made a combined commitment of \$50 million to private sector businesses in the Empowerment Zone.

Possible Announcements/Events

- Based on the success of the local franchise, ACE Hardware could be approached to commit to new franchises to other new markets.
- The city is putting the final touches on an application for a \$3.3 million Section 108 loan that would enable development of a planned \$30 million shopping center on 25th Street, at the heart of Gary's historically black neighborhood. The shopping center would include a movie theater, grocery store, and a car dealer.
- **CONFIDENTIAL:** The City of Gary has been working on several deals that they are in the process of closing. These announcements could be ready by late June/early July and they communicate a strong New Markets message of private sector investment.

Other Comments:

- The cities involved in this Empowerment Zone, Gary, East Chicago, and Hammond, are working to develop a comprehensive transportation HUB that would alleviate overcrowding at O'Hare Airport and its adjacent services. This HUB would include a deep sea port, a multi-modal freight railyard, and Gary Airport, which would be a freight airport. These facilities would be within minutes of major intestates, and they would relieve freight overcrowding at O'Hare, allowing that airport to focus on consumer flights.
- Gary's proximity to successful cities like Chicago further make the case for it as an untapped market.
- The prevalence of casino activity, mostly led by Donald Trump, needs to be considered in planning this visit.

NEW YORK CITY

Background/Highlights

- Harlem has been unable to connect their local economy to New York's regional economic boom.
- In 1994, over 50% of Harlem's adult residents did not have a high school diploma.
- Despite the fact that Harlem has a number of major institutions, including Columbia University (the third largest employer in New York City) and major hospitals, *less than 10% of Harlem's residents were employed in the business located there.*

Government Investments

- Upper Manhattan received an Empowerment Zone designation in 1995 of \$100 million from the Federal Government.
- The federal investment was matched by \$100 million from the New York City and \$100 million from New York State.

Private Sector Investments

- \$193 million in private sector commitments followed the EZ designation, **representing a 3.25 to 1 ratio of private to public dollars.** Some of these private sector projects include:
 - **Harlem USA:** This major retail complex, the largest project in the upper Manhattan EZ, has attracted **Disney, HMV** and other national outlets. Approximately \$11 million in public investment will be leveraged by an additional \$45 in private sector commitments. Construction of the complex will create 200 new jobs, while its ongoing operation is expected to result in 300 permanent jobs (with 75% of these targeted for EZ residents under tax credit provisions).
 - **Broadway Video:** Saturday Night Live producer Lorne Michaels is bringing high-tech jobs to Harlem with the opening of a \$1.1 million post-production facility called Broadway Video, creating at least 20 jobs for EZ residents. Funding comes from loans from the Upper Manhattan EZ and Citibank.
 - **Pathmark Supermarket:** The designation of the EZ attracted Pathmark supermarket to the area, the first supermarket to open there in many years.
 - **Citibank,** along with the Upper Manhattan EZ, is offering loans to the new businesses.

Possible Announcement/Events

- Numerous private companies have indicated interest in joining the Harlem revitalization, including: Sterling Optical, and Bankers Trust, with most of the activity oriented towards African-Americans.
- The area is capable of supporting still more development. Entertainment business are especially interested in joining Disney and Lorne Michaels in New York. HUD has

contacts in the entertainment industry who would be interested in joining the EZ and participating in a public event.

- A HUD-funded study, completed in 1996 (or thereabouts), recommended businesses that could spark the most revenue in the area. Some of those recommendations could be ready for announcement by the end of June.

Other Comments

The Harlem renaissance has already attracted media attention and acclaim (see attached *Washington Post* article from May 5, 1999).

DELTA POSSIBILITIES

MONROE, LOUISIANA

Background/Highlights

- In 1994, statistics showed that Monroe is the third-poorest metropolitan area in the nation
- Monroe has a population over 50,000.

Government Investments

- Designated as EC in the first round, in 1995, receiving \$3 million.

Private Sectors Investments

- **Hibernia National, Central Bank and Bank One** committed \$3 million in **loans to EC businesses** unable to access traditional bank financing. Bank One is currently in discussions with the EC to join this partnership.
- A donated property is being rehabilitated and expanded as the St. Francis Medical Center's Primary Health Care Clinic (South). This community-based nonprofit clinic has been operational for one year. Rehabilitation cost was approximately \$350,000 and provided 25-30 jobs.
- **State Farm Insurance** is carrying out a partnership to provide job training to place EC residents in Monroe or the adjacent parish. There are 25 people currently placed. The training has been developed as a regional pilot training for State Farm as a Welfare-to-Work initiative.
- Iberia Bank donated \$10,000 to the EC as a Loan Equity program for starting new businesses.
- South Second Street Medical Clinic opened in the EC in November, 1998, in the EC providing 15 jobs.

- The City of Monroe and EC are participating with the local CHDO in an affordable housing homeownership program. Three single family homes are under construction and six additional lots are being purchased.

Possible Announcements/Events

Bank One may be ready to announce loan commitments to new private sector businesses. Chase Manhattan Mortgage Company is working with the EC in expanding the airport industrial park. Potentially 150 jobs will be created. Completion date is July 1999.

Other Comments

- The EC Board was originally deemed "troubled," but has recently shown great improvement.
-

RECOMMENDED NEW MARKET TRAVEL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

PINE RIDGE, SOUTH DAKOTA

Background/Highlights

- Pine Ridge offers a unparalleled opportunity to reflect the realities of most reservations today: high unemployment, low incomes, lack of infrastructure, etc. Pine Ridge's unemployment reaches 90%; 60% of residents make \$15,000 or less.
- HUD's Native American Housing and Economic Development Conference and the Pine Ridge Empowerment Zone (the first EZ reservation) effectively demonstrate the possibilities of a New Markets Initiative on reservations everywhere, not just on Pine Ridge. Hundreds of tribal leaders, lenders, builders, economic and housing experts will attend the HUD conference, which will highlight aspects of the New Markets Initiative and unveil the construction and purchase of 20 to 25 homes by tribal families on Pine Ridge.
- The goals of the Pine Ridge EZ fit thematically with the work of the Oglala Sioux Housing Partnership, the nonprofit recently established to oversee mortgage lending and home construction on the reservation. Combined, they provide a strong foundation for the New Markets Initiative message.
- The mortgage lending/construction activities and the EZ goals reflect the Oglala Sioux's stated needs and desires for economic growth on the reservation. It is important to respect the tribes' advocacy for "self-determination" and not dictate to them what the private sector or the federal government is willing to "do for" them.
- The first economic development project on a reservation must be housing and a finance/banking system. Pine Ridge is developing precisely the new economic models envisioned by President Clinton.
- The President's attendance at Pine Ridge offers the best opportunity to communicate the New Markets message with the greatest number of tribes, as it would coincide with HUD's conference drawing over 500 tribal leaders from across the country.
- The Pine Ridge projects build on the work of Senators Daschle and Dorgan, and the recent meeting with the President and the Plains tribes.

Recent Investments

- \$2 million Rural Initiatives Grant to encourage mortgage lending and financial assistance for housing construction.
- This \$2 million investment supports the President's One Stop Mortgage Initiative and PATH, Partnerships for Advanced Technologies in Housing.
- An \$8.6 million NAHASDA grant for housing.
- Another \$2 million and additional technical assistance from USDA for the Empowerment Zone.

FU to
Chicago Conference
where from there
820

USDA comments
you would want schedule for the EZ -
MOU - on 10 22/2005
create a forum

Announcements

- Following USDA and HUD's lead, private sector investment is creating jobs, job training, and low-cost housing in Pine Ridge. The federal government's initial investment is sparking at a minimum \$2.5 million in private sector activity that the President could announce:
 - ✓ • Norwest Mortgage is making about \$1.4 million in loans and has provided mortgage counseling to the families.
 - ✓ • Countrywide Mortgage is ready to announce a mortgage lending program on another reservation. The Mortgage Bankers Association of America and the Federal Housing Finance Board have committed to bring other lenders interested in reservation-based mortgages.
 - A pre-fabrication foundation company wants to franchise a business on the reservation.
 - A manufactured housing company is building and installing half of the homes and also plans to provide job training to tribal members.
 - Other homes are being constructed by Indian contractors at a modular housing facility on the reservation, providing dozens of additional jobs to tribe members.
 - Kohler, a Wisconsin fixture company, Karrier Heating, and Weather Shield are being approached about investments and job training for tribal members. These companies are providing plumbing and other fixtures at no or reduced costs for the 20 to 25 homes under construction.
 - Other private sector businesses have indicated interest in the Pine Ridge, including Motorola and AT&T, as well as companies involved in PATH. These partnerships could be aggressively explored and developed. Prospects include national supermarket and pharmacy chains.
 - ✓ • The President could announce the establishment of the Board of Directors of the first-ever Empowerment Zone on an Indian Reservation.

*Annex
report*

GARY, INDIANA

Background/Highlights

- Gary qualifies as "double burdened" in HUD's Now is the Time: Places Left Behind in the New Economy, meaning that it faces continued high unemployment relative to the Nation as a whole, plus either significant long-run population loss, or persistently high poverty rates, or both.
- Approximately \$287 million was spent in Gary in 1992, versus an available purchasing power of \$522 million. In other words, \$243 million left the inner-city for the suburbs or other retail markets, resulting in a huge untapped market.
- Gary has an unemployment rate of 7.1%, vs. 2.8% for Indiana as a whole.

- Gary is a vastly neglected market, with great potential. It has no national retailers, no supermarket, and no movie theater.

Government Investments

- A \$88,000 CDBG project that rebuilt sidewalks and parking created a retail space that ACE Hardware moved into. ACE met outstanding success in Gary's underserved market, and the owner was quoted in the media as saying that the inner-city location outperformed his suburban store.
- Gary won an Empowerment Zone designation in the last funding round.
- 202 and other HUD housing support the business in the Empowerment Zone.

Private Sector Investments

- ACE Hardware, as described above.
- US Steel has committed to drag the Calumet river, a \$30 million investment, in addition to \$22 million in waste-water improvements. They has also pledged to put \$120 million into plant improvements in 1999.
- Ten banks have made a combined commitment of \$50 million to private sector businesses in the Empowerment Zone.

Possible Announcements/Events

- Based on the success of the local franchise, ACE Hardware could be approached to commit to new franchises to other new markets.
- The city is putting the final touches on an application for a \$3.3 million Section 108 loan that would enable development of a planned \$30 million shopping center on 25th Street, at the heart of Gary's historically black neighborhood. The shopping center would include a movie theater, grocery store, and a car dealer.
- **CONFIDENTIAL:** The City of Gary has several confidential projects nearing completion that could be ready for announcement by the end of June.

(around ACE)

APIC side effect of project

Other Comments:

- The cities involved in this Empowerment Zone, Gary, East Chicago, and Hammond, are working to develop a comprehensive transportation HUB that would alleviate overcrowding at O'Hare Airport and its adjacent services. This HUB would include a deep sea port, a multi-modal freight railyard, and Gary Airport, which would be a freight airport. These facilities would be within minutes of major intestates, and they would relieve freight overcrowding at O'Hare, allowing that airport to focus on consumer flights.
- Gary's proximity to successful cities like Chicago further make the case for it as an untapped market.
- The prevalence of casino activity, mostly led by Donald Trump, needs to be considered in planning this visit.

Buiness INC?

NEW YORK CITY

Background/Highlights

- Harlem has been unable to connect their local economy to New York's regional economic boom.
- In 1994, over 50% of Harlem's adult residents did not have a high school diploma.
- Despite the fact that Harlem has a number of major institutions, including Columbia University (the third largest employer in New York City) and major hospitals, *less than 10% of Harlem's residents were employed in the business located there.*

Government Investments

- Upper Manhattan received an Empowerment Zone designation in 1995 of \$100 million from the Federal Government.
- The federal investment was matched by \$100 million from the New York City and \$100 million from New York State.

Private Sector Investments

- \$193 million in private sector commitments followed the EZ designation, **representing a 3.25 to 1 ratio of private to public dollars.** Some of these private sector projects include:
 - **Harlem USA:** This major retail complex, the largest project in the upper Manhattan EZ, has attracted **Disney, HMV** and other national outlets. Approximately \$11 million in public investment will be leveraged by an additional \$45 in private sector commitments. Construction of the complex will create 200 new jobs, while its ongoing operation is expected to result in 300 permanent jobs (with 75% of these targeted for EZ residents under tax credit provisions).
 - **Broadway Video:** Saturday Night Live producer Lorne Michaels is bringing high-tech jobs to Harlem with the opening of a \$1.1 million post-production facility called Broadway Video, creating at least 20 jobs for EZ residents. Funding comes from loans from the Upper Manhattan EZ and Citibank.
 - **Pathmark Supermarket:** The designation of the EZ attracted Pathmark supermarket to the area, the first supermarket to open there in many years.
 - **Citibank,** along with the Upper Manhattan EZ, is offering loans to the new businesses.

Possible Announcement/Events

- Numerous private companies have indicated interest in joining the Harlem revitalization, including: Sterling Optical, and Bankers Trust, with most of the activity oriented towards African-Americans.
- The area is capable of supporting still more development. Entertainment business are especially interested in joining Disney and Lorne Michaels in New York. HUD has contacts in the entertainment industry who would be interested in joining the EZ and participating in a public event.

- A HUD-funded study, completed in 1996 (or thereabouts), recommended businesses that could spark the most revenue in the area. Some of those recommendations could be ready for announcement by the end of June.

Other Comments

The Harlem renaissance has already attracted media attention and acclaim (see attached *Washington Post* article from May 5, 1999).

DELTA POSSIBILITIES

MONROE, LOUISIANA

Background/Highlights

- In 1994, statistics showed that Monroe is the third-poorest metropolitan area in the nation
- Monroe has a population over 50,000.

Government Investments

- Designated as EC in the first round, in 1995, receiving \$3 million.

Private Sectors Investments

- **Hibernia National, Central Bank and Bank One** committed \$3 million in **loans to EC businesses** unable to access traditional bank financing.
- A donated property is being rehabilitated and expanded as the St. Francis Medical Center's Primary Health Care Clinic (South), a **community-based nonprofit clinic**. The new facility will cost approximately \$350,000 and provide 13 jobs.
- **State Farm Insurance** is carrying out a partnership to provide job training to place EC residents in Monroe or the adjacent Parrish. There are 10 people currently placed.

Possible Announcements/Events**Other Comments**

- The EC Board was originally deemed "troubled," but has recently shown great improvement.
-

GREENWOOD, MISSISSIPPI

Background/Highlights

Government Investments

- Designated as Empowerment Zone in 1995.
- Received \$800,000 in small cities CDBG, \$1 million USDA.
- Received
-

Private Sectors Investments

- \$1 million in local private sector investment.
- Viking Range, manufacturer of high quality kitchen equipment, came into the Zone, and created 500 jobs.

Possible Announcements/Events

Other Comments

MEMORANDUM

Date: June 7, 1999

To: Lisa Green

From: Jacquie Lawing, HUD

Re: New Market Travel

In response to your e-mail of June 4th, we have surveyed the following places where you have asked us to take another look: West Virginia, Northeastern cities, and East St. Louis. We have found some very exciting projects in those areas, which we believe have great potential for successful New Market visits. While some of this information is preliminary, I wanted to make sure it got to you today – we will update throughout tomorrow.

HUNTINGTON, WEST VIRGINIA

Background/Highlights

- Huntington qualifies as a “double-burdened” community, as defined in HUD’s “Now is the Time: Places Left Behind in the New Economy.” This designation means that the city faces consistently high unemployment rates relative to the nation as a whole (6.2% in 1998), plus either significant long-run population loss (34% over the last 30 years) or persistently high poverty rates (23% in 1995).
- Huntington was first appointed an Enterprise Community in 1994. The EC has been very successful, resulting in 19 new businesses, 4,316 new jobs, 66 entrepreneurs starting up 44 new micro-enterprises, and 100,000 square feet of renovated downtown office space.
- In February, Huntington was designated an Empowerment Zone. The community will receive \$3 million this year and a planned \$100 million over ten years.

Recent Investments

- Huntington was awarded a “HUD Blue Ribbon Practices” award for the successful redevelopment of a 42-acre brownfield. The site was vacated by Owens-Illinois Glass Company in 1993, and was the largest vacant industrial site in West Virginia. The community secured \$680,000 in CDBG funds, \$3.5 million in Section 108 loans, and a \$350,000 EDI grant to make improvements to the property and attract new businesses. As a result of these investments, Huntington has successfully leased 70% of the space to various businesses, including SNE Enterprises and Pure Tech Plastics, and created 350 new jobs with the potential for 200 more.
- Huntington used \$250,000 in EC funds to expand a small business incubator called Unlimited Future, Inc. (UFI). The Ford Foundation recognized UFI as the only

HUD

2

incubator in the country to offer four key elements of small business development: space, counseling, business courses, and access to capital financing. UFI used the EC funding to purchase and renovate its facility so it could expand its services. Forty-four businesses have been initiated since UFI's inception, creating 83 full-time jobs.

- Huntington employed \$675,000 in CDBG funds and \$430,000 in EC dollars to construct the Enterprise Child Development Center. This state-of-the-art facility will offer child care services for 88 Huntington children. This project also illustrates the critical role that quality, affordable child care plays in economic development.

Possible Announcements/Events

- The former Owens-Illinois site offers a perfect example of how deserted properties can be revitalized through tax incentives and federal investments. Secretary Cuomo traveled there earlier this year to illustrate this very point.
- Huntington is planning to use Empowerment Zone funds to build "the premier business and tech park in West Virginia" (according to the city's economic development coordinator).
- **The Appalachian Summit:** HUD is planning, with interagency cooperation, the first major Appalachian Summit. This historic conference will attempt to comprehensively address the many challenges to economic and social development in this region. The President could announce the conference, which is scheduled for mid-August.

ROCHESTER, NY Upper Falls Shopping Center

Background/ Highlights

- Rochester's population has been declining, both in absolute terms and in proportion to its suburban neighbors. In 1960, the population was 318,611 which represented 55% of all of Monroe County. By 1990, the City's population declined by 28% to 231,636, while Monroe County overall grew 22%. The City now represents only 33% of the County's population. The population loss was not an evenly distributed migration: those remaining in the City in 1990 represented persons below the poverty level of 22.6%.
- Estimated median household income in 1990 was \$22,785, or 56% of the County median of \$40,931.
- Rochester lost 21,000 manufacturing jobs from 1970 - 1990. Partially offset by gains in the service sector, the City still had a net job loss of 13,200 during that period.
- The City's per capita income in 1990 was but 80.3% of what it was in 1980.

Government Investments

- Part of the City's ECZ strategic plan identified the need for a neighborhood grocery store. The City developed a successful collaboration and partnership building initiative which culminated in major economic development and job creation endeavor known as the Upper Falls Shopping Center.
- This is an \$11.3 million project: \$3m Federal ECZ, \$980,000 CDBG, \$2.3m Rochester Econ. Dev. Corp, \$2.2M Urban Renewal Trust Fund.

- The City also engaged residents through the development of employment and training opportunities for neighborhood residents, including welfare-to-work related services.

Private Sector Investments

- Private sector investments totaled \$2.8m. The Shopping Center's anchor is a 25,000 sq. ft. B-Kwik Market that is operated by Tops Markets, Inc. Tops completely renovated a former vacant supermarket site. Tops also provides job training and a hiring preference to neighborhood residents.
- Along with the grocery store, the Center includes 6,000 sq. ft. Monroe County WIC office (Women, Infants and Children nutritional supplemental assistance program), retail space, and a McDonald's fast food restaurant. The Center also includes a new City of Rochester police substation.
- Job creation has totaled over 120 full and part-time jobs.

Possible Announcements/Events

- The Upper Falls Shopping Center would make an excellent venue for the New Market event.
- This renovation is part of an overall economic investment plan that includes \$23.1 m to build or expand five grocery stores in the City of Rochester and create 350 new jobs. Several other sites are undergoing renovation or construction. One or more of the sites may be ready for opening.
- The City has been developing an asset disposition plan for approval by the Office of Housing to manage and market HUD's single family properties in the City. The existing contract, HUD Owner-Occupant Program (HOOP), is being prepared for extension now by the Office of Housing. Perhaps this extension or approval of their new proposal would be an excellent and welcomed announcement for the City.
- The City, through the Rochester Housing Authority, currently has an application for mixed financing awaiting approval in the Office of Public Housing for Anthony Square. This is the former site of a demolished assisted housing development. The approval of the use of PIH development funds for new townhouses would also be a potential announcement.

Other Comments:

- HUD awarded the City of Rochester eight Best Practice Awards for 1998. The largest number to be received by any City in 1998. In addition, it was one of only ten cities to be designated an "All-America City" in June 1998 by the National Civic League.
- The City's current plans call for the development of Brooks Landing which is a major economic development project along the Erie Canal which will provide restaurants, retail shops, boat docks, and a City park which would stimulate other commercial development in neighborhood near the University of Rochester.
- The City's Local Waterfront Revitalization Program outlines the future use of Lake Ontario for a future project to include a fast ferry service that would link Rochester with Toronto, Canada.
- The City also has another extremely successful economic development project in the High Falls District which is a themed, family-oriented entertainment area. City

HUD

4

investment in a downtown area of former manufacturing sites are now successful businesses, restaurants, theatres and retail shops. Funding and job information were not immediately available, but could be developed tomorrow.

BUFFALO, NEW YORK

Background/Highlights

- Buffalo qualifies as "double burdened" in HUD's Now is the Time: Places Left Behind in the New Economy, meaning that it faces continued high unemployment relative to the Nation as a whole, plus either significant long-run population loss, or persistently high poverty rates, or both. The City of Buffalo has lost 43.4% of its population in the last four decades. During that same period, the population outside the city more than doubled. Buffalo's population is approximately 310,548 as of 1996 as compared to 328,175 in 1990.
- Erie County, in which the City of Buffalo is located, has an unemployment rate of approximately 4.7% vs. 4.9% for New York State as a whole. The unemployment rate for just the City of Buffalo is estimated to be substantially higher. Upstate job growth is 0.8 % vs. a statewide growth rate of 4%.

Government Investments

- The City transformed a mile-long abandoned rail corridor with a new parkway directly accessible to regional and interstate highway systems. This \$7m investment in the City's infrastructure included \$1m ECZ and \$1m HUD funds.
- A \$1.3 m loan funds the construction of a business incubator adjacent to the Parkway to house up to 10 minority-owned light industrial, commercial warehousing or distribution companies and create 200 permanent jobs. This is in addition to \$1m in funding from the US Economic Development Agency.
- This parkway is in the ECZ.

Private Sector Investments

- This new parkway is anchored by the American Axle & Manufacturing facility (former General Motors Saginaw Gear plant), and the former GM-Harrison plant. The purchase of the former GM-Saginaw plant by the newly created American Axle & Manufacturing company has resulted in a private investment of over \$100 m, creating the largest manufacturing employer in the City of Buffalo. Purchase of the plant resulted in the location of seven new businesses and the creation of over 300 jobs at this facility.
- The construction of the parkway resulted in the construction of American Axle's paint shop headquarters for a capital outlay of \$3m and the creation of 125 high-salary, UAW jobs.
- In addition, the City has seen growth of TCI, Colad and Graphic Controls.
- The small business incubator is expected to house five companies and create 75 jobs. Adjacent to the business center, Rural Metro Ambulance will build its new

HUD

5

headquarters resulting in 90 new jobs over three years, with an capital outlay of over \$2m.

- A local construction firm, that was preparing to move out of the City, chose to invest approx. \$1m to remain in Buffalo and expand their operations.

Possible Announcement/Event

- With 90% of the incubator complete, the leases for two tenants are about to be signed. The President could preside at the lease signing, symbolically declaring the project "Open for business."
- Also, ribbon cutting of the facility may be arranged.
- A tour of the American Axle facilities and the economic growth it has sparked would provide strong visuals.

Other Comments:

- Other economic development activities include 1) Buffalo's Medical Corridor which is the region's center for medical enterprises and related businesses. It has already resulted in a \$9.7M 108 loan for a 100-room Medical Inn - Pillars Hotel, and a \$240 m renovation project at Roswell Park 2) Village Farms a former brownfield site is now a thriving hydroponics plant employing approximately 170 full and part-time workers. An adjacent site owned by LTV Steel will provide an additional 100-350 acres for a multi-year redevelopment project designed to retain and create 5,000 to 8,000 jobs. The City is researching the availability of funds for testing and remediation of this site, as well as, funds for redevelopment.
- City is currently finalizing plans for the Inner Harbor Project which is designed to encourage private-public growth of water recreational activities, cultural amenities and tourism. This development will include building new facilities and the potential location of corporate national headquarters. The City's vision is to develop the center for family recreation and entertainment and enhance downtown Buffalo's position as the regional entertainment center for Western NY. An estimated investment of \$27m in public funds would produce an overall private investment of more than \$120m.

EAST ST. LOUIS**Background/Highlights**

- According to a report by the East St. Louis Action Project, East St. Louis "has long been seen as a prime example of urban blight in America."
- The population decreased by almost half from 1960-1980
- In 1990, over half of the residents were living below the poverty level.

Government Investments:

- The former Enterprise Community (which is now part of the bi-city St. Louis EZ) gave rise to the **Jackee Joyner Kersee Community Center**, which will provide educational and recreational programs for youth.
- The project has garnered widespread community support.
- The St Louis transit line is being extended into East St. Louis.

HUD

6

Private Sector Investments:

- A number of corporations have contributed to the center, including Enterprise Rent-A-Car, May Dept. Stores, and Nationsbank.
- 20 jobs will be created.

Possible announcements:

- The Jackee Joyner Kersee Community Center, which received HUD funding, would be the site of the event.
- The first phase of the Center is expected to open in mid-1999, we are looking into the possibility of the date coinciding with the President's travel.
- In addition to the Community Center, there are many other projects which demonstrate the success of the EC/EZ. A description of one example, "Kim's Kids" is attached to this memo. These successful businesses could join us for an event at the Center, or may provide other announcements to be determined.
- HUD is looking into other announcements that could be made in East St. Louis.

NEW HAVEN, CONN**Background/ Highlights**

- Vital Statistics
 - Population:- 124,000
 - Empowerment Zone Population: 49,913
 - Approximate Zone Size: 5 square miles
 - Poverty Rate: 33.7%
 - Unemployment Rate: 12.9%
 - Education: 38% of Zone residents, over age 25, lack a high school diploma
- New Haven was an Round I EC and was awarded Round II EZ designation in January of 1999.
- Estimated Number of Jobs Created or Retained: 9,000
- Total Proposed Commitments: \$700 million
 - Public Sector: \$300 million
 - Private Sector: \$400 million
- Key Business Partnerships: Over 10 businesses made commitments in the Strategic Plan. Some of the key business partners are:
 - New Haven Savings Bank
 - Arts Industry Coalition
 - International Festival of Arts
 - Matthews Ventures
 - Science Park Development Corp.
 - Olin
 - New Haven Chamber of Commerce
 - Long Wharf Galleria, Inc.
 - Regional Cultural Plan for New Haven
- Other Key Partners:
 - Yale University
 - New Haven Board of Education
 - Community Foundation

HUD

7

Private Sector Investments

- The **Omni Hospital Training** collaborative has brought an additional 200+ jobs to the area with **over 80 residents employed at New Haven's new Omni Hotel.**
- A commitment of employers throughout the region to creating 2,000 livable wage jobs and career opportunities for Zone residents over two years.
- Yale University's investment of \$10,750,000 in various initiatives for the community ranging from homeownership programs to community service for students.
- The Regional Workforce Development Board's investment, through its employment training funds, of \$2,250,000 per year and commitment to anchoring the *Partnership for Jobs* program. *Partnership for Jobs* will use an employer-driven model to develop training programs that will connect neighborhood residents to specific employment opportunities in the neighborhoods and surrounding areas.
- A network of specialized quasi-public development corporations, created through collaborations with the private sector and local banks, will continue to offer a range of investment vehicles to meet the capital needs for business start-up and expansion. These corporations include the New Haven Community Investment Corporation, the Technology Investment Fund, the New Haven Enterprise Development Corporation and the Connecticut Economic Development Fund.
- The production of 227 units of housing, by 13 neighborhood-based housing developers, for low and moderate income families in EZ neighborhoods. Many of these homes will be developed for owner occupants.

Government Investments

- Key federal programming efforts include funding opportunities for Brownfields reinvestment, community policing efforts, and transportation expansion.
- **Brownfields** The City of New Haven received approval for a \$120,000 EPA grant. The sites identified for testing that will be covered by this grant include:
- 275 Winchester Avenue - The site of a the former Winchester Rifle plant is located in the Science Park. The one million square foot facility is situated on ten acres of land in the technology incubator park that is home to about 90 companies in addition to the USRAC. Several businesses who wish to remain in Science Park currently have expansion needs that cannot be filled. The space represented by the former Winchester building could allow those and other businesses to stay in Science Park.
- 150 Truman Street - Located about half a mile from Interstate 95, this 64,000 square foot derelict industrial building has been remediated and sold to a developer. Renovations have opened the building for retail and industrial use.
- On October 5, 1998 the City was awarded a \$147,000 grant to clean up former industrial sites for new development as part of the EPA's Brownfields Pilot Cooperative Agreement Grant Program. The expertise and funding of this grant will be applied to the Science Park, B tract site and 8 additional sites in the EZ/Developable sites area.

Possible Events/Announcements:

- We are looking into possible announcements, but the OMNI Hotel, which employs 80 zone residents, would make an excellent site.

✓ **Sherry Davidson, Business Manager**
Kim's Kids, Inc. - East St. Louis, IL

618-271-7786, spoke with Sherry 5/6, she is sending photos, check on name spelling

"It is a family-owned business - three generations deep: a grandmother, a mother and three daughters" "Empower the people, empowers the community"

The entire family, originally from the area, decided to start a child daycare center for the people struggling to get off welfare or finishing their education, to give back to the community. The daycare center is named after Kim who was killed in a car accident on her way to East St. Louis. The daycare is a living memorial to her. The family acquired a delapidated, abandoned hardware store in 1992 for about \$60,000 and over the years put about \$200,000 worth of work on it. Much of the work they did themselves. The grandmother, at the age of 72 patched the roof herself. Now it is state-of-the-art facility.

The motto of Kim's Daycare is that "daycare is only as good as parent". This motto drives the mission of the daycare center. Kim's Kids offers free van service to help their clients coordinate work, school and daycare. The center is open 24 hours a day to serve the typical client who is between the age of 15 and 24 with an average of three children. In order to make things easier for the parents, Kim's Kids tries to offer coordinated services, such as making WIC coupons available on site.

Kim's Kids created several new jobs. The employees are 100 percent locally hired and/or welfare-to-work graduates. Several employees are working on their GEDs.

Kim's Kids recently won a state award, "Power of Minority Business Excellence Program".

For more information, contact Percy Harris, City of East St. Louis at 618-482-6642

MEMORANDUM

TO: Jacquie Lawing
Scott Sherman

FROM: Alexander Cochran
Ken Johnson

DATE: June 4, 1999

RE: Potential Sites for President Clinton's New Markets Initiative Tour;
GARY, INDIANA

DRAFT

Below is a quick overview of Gary, Indiana and a possible half-day schedule of events that the President and Secretary could host there:

OVERVIEW OF GARY

Background/Highlights

- Gary qualifies as "double burdened" in HUD's Now is the Time: Places Left Behind in the New Economy, meaning that it faces continued high unemployment relative to the Nation as a whole, plus either significant long-run population loss, or persistently high poverty rates, or both.
- Approximately \$287 million was spent in Gary in 1992, versus an available purchasing power of \$522 million. In other words, \$243 million left the inner-city for the suburbs or other retail markets, resulting in a huge untapped market.
- Gary has an unemployment rate of 7.1%, vs. 2.8% for Indiana as a whole.
- Gary is a vastly neglected market, with great potential. It has no national retailers, no supermarket, and no movie theater.

Government Investments

- A \$88,000 CDBG project that rebuilt sidewalks and parking created a retail space that ACE Hardware moved into. ACE met outstanding success in Gary's underserved market, and the owner was quoted in the media as saying that the inner-city location outperformed his suburban store.
- Gary won an Empowerment Zone designation in the last funding round. The Gary, Indiana Empowerment Zone will mean \$100 million in federal funding over ten years. The EZ has leveraged \$200 million in additional public sector commitments.
- 202 and other HUD housing support the business in the Empowerment Zone.

Private Sector Investments

- ACE Hardware, as described above.

DRAFT

- US Steel has committed to drag the Calumet river, a \$30 million investment, in addition to \$22 million in waste-water improvements. They has also pledged to put \$120 million into plant improvements in 1999.
- The EZ has helped Gary leverage \$500 million in private sector commitments, from more than 20 businesses.
- Ten banks have made a combined commitment of \$50 million to private sector businesses in the Empowerment Zone.

Possible Announcements/Events

- Based on the success of the local franchise, ACE Hardware could be approached to commit to new franchises to other new markets.
- The city is putting the final touches on an application for a \$3.3 million Section 108 loan that would enable development of a planned \$30 million shopping center on 25th Street, at the heart of Gary's historically black neighborhood. The shopping center would include a movie theater, grocery store, and a car dealer.
- **CONFIDENTIAL:** The City of Gary has several confidential projects nearing completion that could be ready for announcement by the end of June.

Other Comments:

- The cities involved in this Empowerment Zone, Gary, East Chicago, and Hammond, are working to develop a comprehensive transportation HUB that would alleviate overcrowding at O'Hare Airport and its adjacent services. This HUB would include a deep sea port, a multi-modal freight railyard, and Gary Airport, which would be a freight airport. These facilities would be within minutes of major interstates, and they would relieve freight overcrowding at O'Hare, allowing that airport to focus on consumer flights.
- Gary's proximity to successful cities like Chicago further make the case for it as an untapped market.
- The prevalence of casino activity, mostly led by Donald Trump, needs to be considered in planning this visit.

HALF-DAY SCHEDULE OF PROPOSED EVENTS

1:00-2:00 PM. Downtown walk to Ace Hardware:

- ◇ *POTUS and Secretary walk down a decaying and distressed block of downtown Gary. The block is filled with boarded up buildings and local business establishments. The cameras will show that there are no national retailers and most of the other establishments are check cashing liquor stores or horrible looking "5 and dime stores."*
- ◇ *The POTUS and the Secretary would end their walk at the Ace hardware store. Ace is the only hardware store in the downtown area, and was kept open with the help of HUD CDBG dollars. This store employs 13 Gary residents, and is now out-performing their suburban store. The owner will*

DRAFT

greet them at the door and give them a tour. This store is within eyesight of more than 4 HUD-owned properties.

2:15-3:00 PM. Industrial Park Groundbreaking:

- ◊ *POTUS and Secretary would participate with the Mayor and developers at a groundbreaking of a 1-2 million square foot industrial park. This park would be a major employer in an area that could be classified as a brownfield. This announcement is the posterchild for APIC. It a massive industrial job and capital creating engine within a city of high unemployment and high poverty. When this deal is done it will be a huge victory of this Administration's economic policies. These are major signs that "America's worst place to live" (CNN story last year) with chronic economic problems is now coming back after 6 years of Clinton-Gore policies and economic growth.*

3:30-5:00 PM. Community Roundtable:

- ◊ *POTUS and Secretary would host a Roundtable at a Community Center or plant floor. Topics would include the major goals of the tri-state Empowerment Zone: job creation, workforce development, self-sufficiency, restoration of neighborhoods, and ensuring a quality living environment. The Mayors of Gary, Hammond, and East Chicago, and other community leaders would participate.*

14-02 HUD OFFICE OF THE SLO 7 94565834
NO. 456 015
W01

From the Desk of...
Jacquie Lawing

U.S. Department of
Housing and Urban
Development
451 7th Street S.W.
Room 1022a
Washington, DC 20410
(202) 708-2236 Phone
(202) 708-4057 Fax

FOX

To: Aram Kailan

Fax: 456 9064

Pages: 14

Phone: 456 9045

Date: 6/7/99

Re:

♦ Urgent ♦ For Review ♦ Please Comment ♦ Please Reply ♦ Please Recycle

*** Comments:

Aram -

Per your request, thanks -

Scott

708 0614 x6971

Oglala Sioux Tribe Empowerment Zone: Pine Ridge, South Dakota**Positives**

A number of exciting projects are being funded by South Dakota USDA Rural Development on the Pine Ridge Oglala Sioux Reservation.

Potential Sites to Visit (All sites are within two blocks of one another in the city of Pine Ridge, except the Kyle Clinic)

- USDA Rural Utilities Services is funding the digging and implementation of sewer lines for forty-three homes at Pine Ridge. By the President's arrival, nine homes should be hooked up with new sewer lines.
- USDA Rural Housing funded the construction of two Elderly 515 Multi-Family Complexes on the Pine Ridge reservation. One unit was built in 1998, and the other is currently under construction.
- USDA Rural Housing is also involved in relocating twelve pre-fabricated houses (constructed by South Dakota penitentiary inmates) to the Pine Ridge Reservation. Four or five foundations for these homes have already been laid.
- Using a USDA Rural Facilities guaranteed loan, a 10,000 square foot Metal Commodity Storage Warehouse has been recently constructed (1997) to function in the capacity of a food shelter.
- Near the time of the President's arrival, it is hoped that the funding for two vans to run the sick and elderly to the Kyle Clinic/Pine Ridge Hospital in Pine Ridge will be delivered from district monies. As of the moment, those in need of hospital assistance are being ushered to the hospital in local cars, which are driven by individuals employed by the local District Chairman for \$50 a week. The USDA Rural Development state office suggests that it would be fantastic for the President to deliver the check for these new vans if indeed the funding is secured. The State office is working to secure that funding.

Negatives-Logistics

- Driving time from Rapid City, SD is approximately two hours. The roads are poor and the terrain is rugged (security and transportation challenges)
- Under-developed public facilities (poor infrastructure to facilitate the President's profile)
- USDA Rural Development state office recommends that the President fly into Ellsworth Airforce Base in Rapid City and then fly by helicopter to Pine Ridge

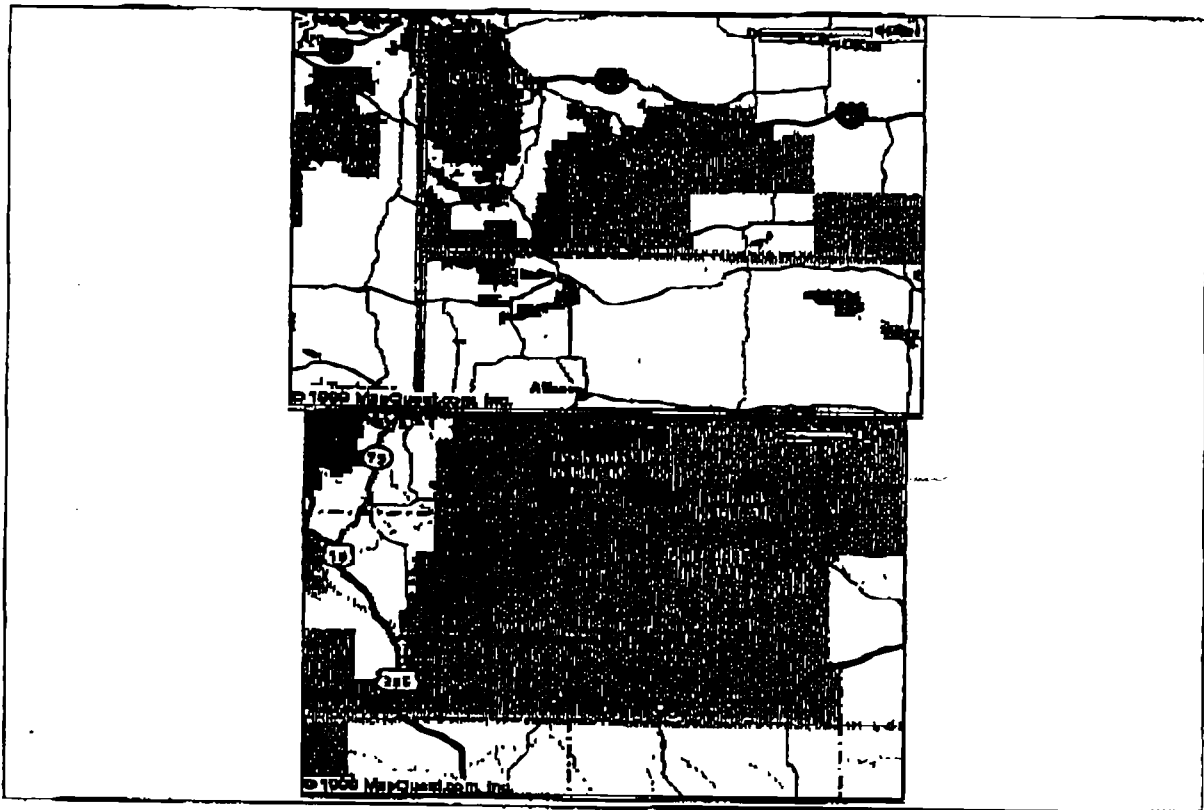
Negatives-Oglala Empowerment Zone

- Resistance to Empowerment Zone (EZ) by American Indian private landowners. EZ perceived as a threat to Indian land interests
- Reluctance to accept EZ regulations and terms expressed by Tribal Elders in fear of compromising tribal sovereignty

- Tribal Council reluctant to give any authority to EZ Board
- Obstacles to attracting new businesses to the reservation (i.e. lack of business codes and transportation infrastructure)
- Vital Economic Distress Statistics:
 1. Poverty Rate 63.1% (Shannon County was the poorest county in the nation in 1989)
 2. Unemployment rate 73% in Shannon County
 3. Few businesses exist on the Reservation
 4. Shortage of housing
 5. School drop-out rate is over 70%
 6. 52.6% of high school students perform 2.6 grades below the national average

Possible Media Event Venues

- Wounded Knee, Pine Ridge Reservation, South Dakota - lovely pasture with panoramic vista. Also, Wounded Knee is a historically and politically charged, recognizable site.
- Pine Ridge School has an auditorium that holds approximately 1,500 - 2,000 people this is seven years old and in good condition.



Mid-Delta Empowerment Zone
Bolivar, Sunflower, Leflore, Washington, Humphreys, and Holmes Counties,
Mississippi

The Mid-Delta Empowerment Zone Alliance (MDEZA), consists of three non-contiguous parcels that cover six counties in the northwest area of the state of Mississippi. It includes sixteen municipalities, with a population of 29,457. The poverty rate is 45.3 percent (based on 1990 census data). Rental housing comprises 38. Approximately 28% of the residents receive public assistance; 13% live in substandard housing; and 3% live in houses without standard plumbing.

Potential Sites to Visit:

Economic Opportunity

Dollar General-(Indianola) A \$900,000 investment the MDEZA made for infrastructure for a new Dollar General Corporation distribution center shows significant success of leveraging MDEZA funds as the project has brought in over \$38 million in public and private investments. The 800,000 sq-ft. facility will employ 350 workers within the first three (3) years of operation and will also employ about 150 tractor-trailer operators who will ship products to 370 Dollar General stores throughout a four-state area. Dollar General CEO Cal Turner, Jr., says the company chose Indianola because of the "total community support" for the company. The EZ tax credits provide up to \$3,000 for every resident of the Zone that is hired by Dollar General.

Heartland Catfish-(Itta Bena) Recently completed a \$2 million expansion of their processing plant and increased employees from 40 to 200. The plant features state-of-the-art machinery for catfish processing and located in the EZ as a result of employer tax credits such as 179 expensing deductions and work opportunity tax credits for training employees.

Viking Range Corporation-(Greenwood) which started in Fred Carl Jr.'s garage because his wife wanted a commercial grade range for the kitchen, when he could not find one he created Viking Range Corporation. Viking has undergone recent expansions, including the creation of a new company **Viking Specialty Products** in Itta Bena, which makes ventilation hoods, barbecue grills and carts and garbage disposals. With two manufacturing plants and corporate offices, employment for these two companies has risen from 225 to 550. Viking Ranges have become famous as one of the premier brands for commercial grade ranges generating tremendous demand for its products. Viking Range and Viking Specialty Products located in the EZ as a result of the EZ employer tax credits.

Youth Opportunities:

Mississippi Valley State University (Itta Bena) Employs 460 faculty and staff. The university is near completion on a three story \$12 million administration building that will consolidate administrative services that are currently located in six separate buildings. The university has partnered with the EZ in many ways and the campus houses the MDEZA offices.

Mercy Care Program of the St. Gabriel Education Center (Mount Bayou) The program focuses on teaching parents about the developmental stages of children during the years of rapid growth from infancy to age 3. The program teaches parents about the need to support children with understanding, and ways to detect developmental problems it also refers parents to helpful resources for to foster strong parent-child relationships. The program director Sister Helen Papan received \$23,000 in funding for Mercy Care which was used to leverage another \$30,000 from local charitable organizations for the program. (Program is still in the initial stages but is a potential site)

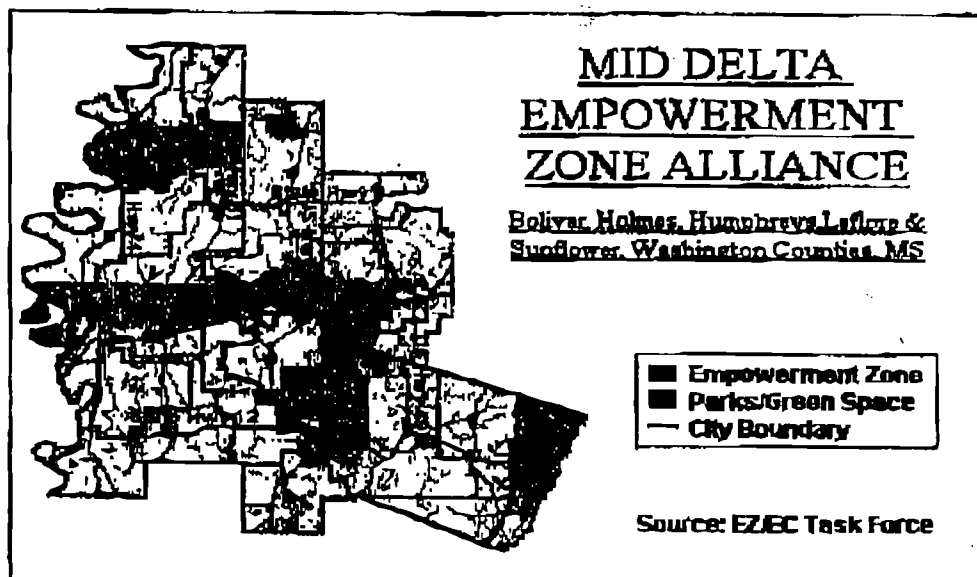
Tapping America's Potential:

Technology Training Center- (Indianola) Dollar General has donated the land for a technology training center to be located adjacent to Dollar General. The EZ has obligated \$4 million for a modern technology training center which will provide job training for youths in the Delta region through a partnership with Mississippi Delta Community College. (Construction of the building has not begun, but the Mississippi Delta Community College would be a good site to visit)

Itta Bena Industrial Park- (Itta Bena) The Industrial Park has received a \$450,000 community development block grant from the Mississippi Department of Economic and Community Development and \$276,000 from Leflore County. The 400-acre industrial park acquired a new 250,000 gallon elevated water tank, a 400-gallon per minute water well and an access road. With federal tax credits provide by the EZ designation the industrial park has brought in the expansion of John Richard's Alexander & Mary Home Furnishing Company. The Industrial Park is located directly across from Mississippi Valley State University.

MDEZA and Potential Negative Issues

In the past few years progress has been stymied in MDEZA due to a variety of internal problems. These include a lack of vision, turf conflicts over project funding, the absence of effective mechanisms for local participation, absence of strategic planning for projects and the lengthy removal of the previous ineffective Executive Director in December 1998. The MDEZA Commissioners are determined to get the EZ back on track with implementing their strategic plan and benchmarks. Some of their first actions have been to implement policies for employees and they have revised their policies for awarding funds to entities by streamlining their grants solicitation process. MDEZA has also received some intensive technical assistance from both the OCD office in Washington DC and the Rural Development State Field Staff in Mississippi. They are making progress and are planning to hire a permanent Executive Director this summer, the Interim Executive Director also stepped down on June 4, 1999. Currently the Executive Board officers are: Harry Bowie, Co-Chair; Dr. Tony Honeycutt, Co-Chair; Karen Crawford, Secretary; Norma Quinn, Treasurer.

Mississippi**EZ/EC**
BUILDING COMMUNITIES TOGETHER**Mississippi Delta Empowerment Zone Alliance**Activity Location Map (Western)Activity Location Map (Central)Activity Location Map (Eastern)**State:** Mississippi**Counties:** Bolivar, Sunflower, Leflore, Washington, Humphreys, Holmes**Zone Population:** 29,457**Zone Area:** 981 sq. mi.**Poverty Rate:** 45.3% of residents live in poverty**Unemployment Rate:** 14.5%**Per Capita Income:** \$6,584**Education:** Over 79% of residents lack a high school diploma**Overview**

Significant Projects: A \$900,000 investment the MDEZA made for infrastructure for a new Dollar General Corporation distribution center in Indianola shows significant success of "leveraging MDEZA funds." The 800,000 sq-ft. facility will employ 350 workers within the first three (3) years of operation and will also employ about 150 tractor-trailer operators who will ship products to 370 Dollar General stores throughout a four-state area.

A huge plus for the EZ is the opportunity to utilize the new USDA "National Centers for Excellence" at Mississippi Valley State University. Utilizing Peace Corps Representatives and other university support, MVSU will provide technical assistance, leadership training and a resource center for parts of six (6) counties in the EZ. MVSU will be networked with three (3) other higher education centers.

Kentucky Highlands Empowerment Zone

The Kentucky Highlands Empowerment Zone consists of Clinton, Jackson and Wayne Counties in the South Central portion of the state. Jackson County is approximately 60 miles southeast of Lexington and 30 miles east of London. It is in the eastern time zone. Clinton and Wayne Counties are approximately 100-120 miles south of Lexington and 30-45 miles west of Somerset. Both these counties are in the central time zone. The London-Corbin Airport has a 6,000-foot runway. The Somerset-Pulaski County Airport has a 5,600-foot runway.

The Kentucky Highlands Empowerment Zone has been aggressive in implementing their Strategic Plan. To date, the KHEZ has invested more than \$21.6 million of SSBG funds, the largest amount of any rural and third highest of any Zone. Private investment committed in the KHEZ stands at \$66.7 million and Public/Foundation investment totals \$62 million. Through June 1, 1999, more than 1,900 new jobs have been created at private businesses financed through the KHEZ revolving loan fund with another 1,400 committed. All these numbers are documented.

Included among the initiatives in the Kentucky Highlands Empowerment Zone:

Economic Development - In Jackson County, five new manufacturers have opened since Zone designation and the largest existing employer has expanded two times. In the 1990's total employment in the County has increased from 3,999 to 6,527, with this 63% increase being the highest percentage in Kentucky. The current unemployment rate is 4.9% and falling. The December 1998 rate was 3.3%.

The focus of the development in Jackson County is at the controlled access 145-acre, well-landscaped industrial park at Annville. The largest employer is Mid-South Electric, Inc., in Annville, Kentucky a manufacturer of telecommunication, electronic and appliance components. They are just completing a \$5 million, 50,000 s.f. expansion financed by the USDA E&I Guaranty Program and the KHEZ. Total employment will increase from 800 to 950 with this expansion. Plant contains state-of-the-art clean rooms and complex telecommunications manufacturing. Other tenants in the industrial park all in Annville, Kentucky include JCR Industries, Inc., a self-supporting 24,000 s.f. job training facility with 103 employees started by the KHEZ; Phillips Diversified Manufacturing, a contract manufacturer with 109 employees just completing a 33,000 s.f. expansion; and, Image Entry, Inc. a data conversion company with 45 employees primarily doing work for NOAA. All facilities are now financing from USDA.

Youth Opportunity - In the KHEZ, the primary youth programs have been in Clinton County. With a \$2.2 million grant from the U.S. Department of Labor, the local EZ Board has established the BRITE Center as a one-stop center for 16-24 year olds who need employment, education and training. The Center maintains 40-70 participants and is located in a rehabilitated building in Albany. Clinton County is also using \$3 million in EZ funds to match \$6.5 million in funds from the Commonwealth of Kentucky to construct a post-secondary education center. It is in the design phase and will be operated by the state. In Jackson County, JCR Industries in Annville provides youth employment training and the Jackson County Entrepreneurship Center, which was started by the KHEZ, provides training in the Jackson County High School.

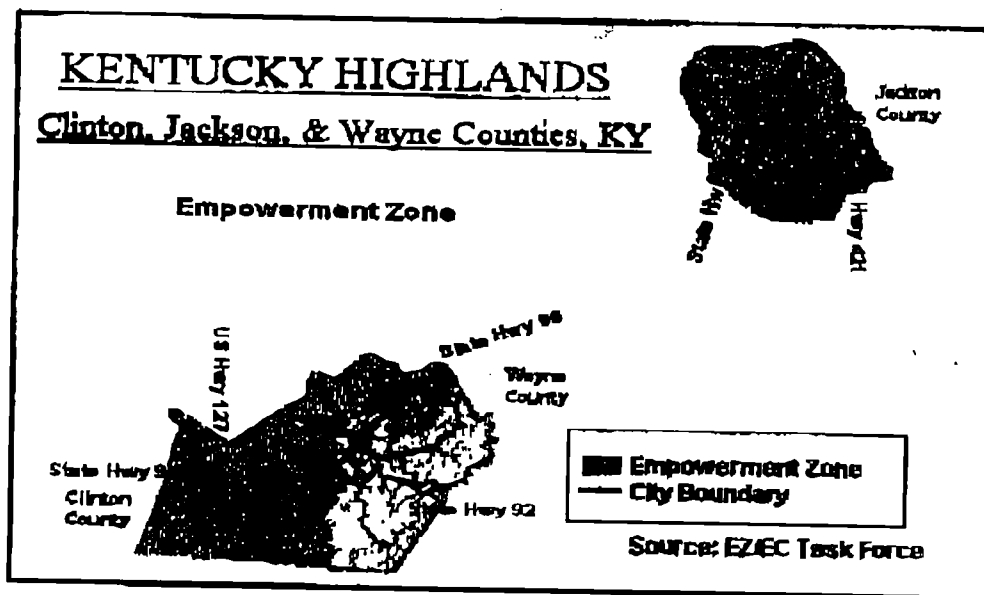
Tapping America's Potential - Kentucky Highlands Investment Corporation, London, Kentucky, the Lead Entity for the Empowerment Zone, has been a leader in this area. They have successfully used the HUD Community Development Corporation Tax Credit to obtain a \$2 million investment from Bankers Trust Company for use in and near the EZ. KHIC has also recapitalized its SBIC, Mountain Ventures, Inc., with funds from the EZ have lent \$2 million from this licensee. They have also worked with several national companies, including American Woodmark Corporation, Cagle's/Keystone Foods and Specialty Defense Systems, Inc. in establishing branch plants in the Empowerment Zone.

Kentucky

EZ/EC

BUILDING COMMUNITIES TOGETHER

Kentucky Highlands Empowerment Zone



Wayne County Benchmark Projects
Jackson County Benchmark Projects
Clinton County Benchmark Projects

State: Kentucky
Counties: Clinton, Jackson, Wayne
Zone Population: 27,219
Zone Area: 753 sq. mi.
Poverty Rate: 37.7 % of residents live in poverty
Unemployment Rate: Clinton County 8.8%, Jackson County, 9.0%, Wayne County 7.9%
Median family income range: \$12,700 to \$16,400
Per Capita Income: \$11,402 (1994 estimate)

Overview

The Kentucky Highlands Empowerment Zone consists of three counties in southeast Kentucky that lacked development opportunities due to deficient infrastructure, geographic isolation, limited job skills and a shortage of business investment capital. The per capita income of Zone residents has generally been 65% of the state average and only 55% of the U.S. average. The transportation system in the zone has historically been poor and there has been little manufacturing base. Generally, when young people left the area for college they did not return because there were few, if any jobs available. Thus, the skill and education levels of much of the remaining population were low.

Significant Project: The focus of the Kentucky Highlands Empowerment Zone to date has been on job training and business development. The Development Venture Fund, a revolving loan fund, has committed more than \$12.5 million to new and expanding business ventures which have created 1,900 new jobs. Projects presently under construction will add another 1,300 new employees. Jackson County Rehabilitation

FAX TRANSMISSION SHEET

U.S. DEPARTMENT OF AGRICULTURE
EMPOWERMENT ZONE AND ENTERPRISE
COMMUNITY PROGRAM
REPORTERS BUILDING, 7TH FLOOR
300 7TH STREET S.W.
WASHINGTON D.C. 20024



DATE

6/4/99

TO:

Aram Kailian

ORGANIZATION:

CEB

FAX NUMBER:

456-9054

TELEPHONE NUMBER:

FROM: JOHN DEAN

ORGANIZATION: RD - COMMUNITY RESOURCE DEVELOPMENT DIVISION

FAX NUMBER: (202) 401-7420

TELEPHONE NUMBER: (202) 619-0358

COMMENTS:

Here are the pieces for KY,
MS and SD. Got back to me
if changes and/or additions are
needed.

Pages: [8] including this cover.

Office of the Vice President

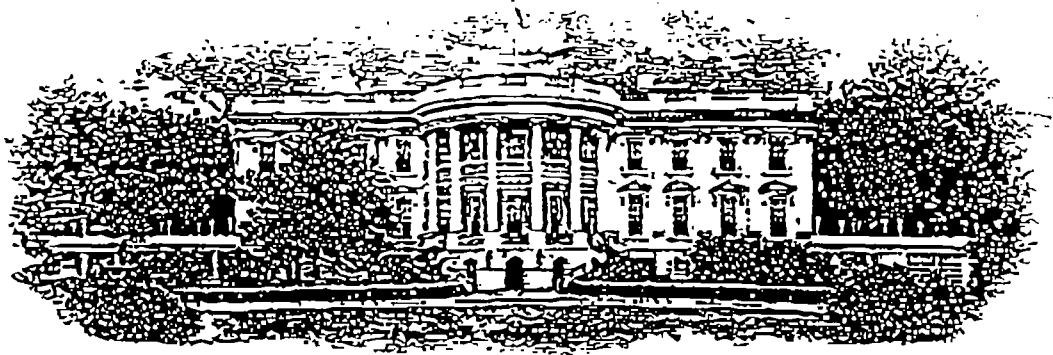
Community Empowerment Board

Old Executive Office Building

Washington, DC 20501

phone number- (202) 456-9045

fax number- (202) 456-9054



TO: _____

Lisa Green

PHONE: _____

FAX: _____

62223

FROM ARAM KAILIAN

number of pages (including cover): *23*

COMMENTS: _____

'New Markets'

info received from
HUD & USDA

more to follow re:

LA, Phoenix, East St Louis (St. Louis),
Hartford, Conn.

RECOMMENDED NEW MARKET TRAVEL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

PINE RIDGE, SOUTH DAKOTA

Background/Highlights

- Pine Ridge offers a unparalleled opportunity to reflect the realities of most reservations today; high unemployment, low incomes, lack of infrastructure, etc. Pine Ridge's unemployment reaches 90%; 60% of residents make \$15,000 or less.
- HUD's Native American Housing and Economic Development Conference and the Pine Ridge Empowerment Zone (the first EZ reservation) effectively demonstrate the possibilities of a New Markets Initiative on reservations everywhere, not just on Pine Ridge. Hundreds of tribal leaders, lenders, builders, economic and housing experts will attend the HUD conference, which will highlight aspects of the New Markets Initiative and unveil the construction and purchase of 20 to 25 homes by tribal families on Pine Ridge.
- The goals of the Pine Ridge EZ fit thematically with the work of the Oglala Sioux Housing Partnership, the nonprofit recently established to oversee mortgage lending and home construction on the reservation. Combined, they provide a strong foundation for the New Markets Initiative message.
- The mortgage lending/construction activities and the EZ goals reflect the Oglala Sioux's stated needs and desires for economic growth on the reservation. It is important to respect the tribes' advocacy for "self-determination" and not dictate to them what the private sector or the federal government is willing to "do for" them.
- The first economic development project on a reservation must be housing and a finance/banking system. Pine Ridge is developing precisely the new economic models envisioned by President Clinton.
- The President's attendance at Pine Ridge offers the best opportunity to communicate the New Markets message with the greatest number of tribes, as it would coincide with HUD's conference drawing over 500 tribal leaders from across the country.
- The Pine Ridge projects build on the work of Senators Daschle and Dorgan, and the recent meeting with the President and the Plains tribes.

Recent Investments

- \$2 million Rural Initiatives Grant to encourage mortgage lending and financial assistance for housing construction.
- This \$2 million investment supports the President's One Stop Mortgage Initiative and PATH, Partnerships for Advanced Technologies in Housing.
- An \$8.6 million NAHASDA grant for housing.
- Another \$2 million and additional technical assistance from USDA for the Empowerment Zone.

HUD New Market Travel

2

Announcements

- Following USDA and HUD's lead, private sector investment is creating jobs, job training, and low-cost housing in Pine Ridge. The federal government's initial investment is sparking at a minimum \$2.5 million in private sector activity that the President could announce:
 - Norwest Mortgage is making about \$1.4 million in loans and has provided mortgage counseling to the families.
 - Countrywide Mortgage is ready to announce a mortgage lending program on another reservation. The Mortgage Bankers Association of America and the Federal Housing Finance Board have committed to bring other lenders interested in reservation-based mortgages.
 - A pre-fabrication foundation company wants to franchise a business on the reservation.
 - A manufactured housing company is building and installing half of the homes and also plans to provide job training to tribal members.
 - Other homes are being constructed by Indian contractors at a modular housing facility on the reservation, providing dozens of additional jobs to tribe members.
 - Kohler, a Wisconsin fixture company, Karrier Heating, and Weather Shield are being approached about investments and job training for tribal members. These companies are providing plumbing and other fixtures at no or reduced costs for the 20 to 25 homes under construction.
 - Other private sector businesses have indicated interest in the Pine Ridge, including Motorola and AT&T, as well as companies involved in PATH. These partnerships could be aggressively explored and developed. Prospects include national supermarket and pharmacy chains.
 - The President could announce the establishment of the Board of Directors of the first-ever Empowerment Zone on an Indian Reservation.

GARY, INDIANA**Background/Highlights**

- Gary qualifies as "double burdened" in HUD's Now is the Time: Places Left Behind in the New Economy, meaning that it faces continued high unemployment relative to the Nation as a whole, plus either significant long-run population loss, or persistently high poverty rates, or both.
- Approximately \$287 million was spent in Gary in 1992, versus an available purchasing power of \$522 million. In other words, \$243 million left the inner-city for the suburbs or other retail markets, resulting in a huge untapped market.
- Gary has an unemployment rate of 7.1%, vs. 2.8% for Indiana as a whole.

HUD New Market Travel

- Gary is a vastly neglected market, with great potential. It has no national retailers, no supermarket, and no movie theater.

Government Investments

- A \$88,000 CDBG project that rebuilt sidewalks and parking created a retail space that ACE Hardware moved into. ACE met outstanding success in Gary's underserved market, and the owner was quoted in the media as saying that the inner-city location outperformed his suburban store.
- Gary won an Empowerment Zone designation in the last funding round.
- 202 and other HUD housing support the business in the Empowerment Zone.

Private Sector Investments

- ACE Hardware, as described above.
- US Steel has committed to drag the Calumet river, a \$30 million investment, in addition to \$22 million in waste-water improvements. They has also pledged to put \$120 million into plant improvements in 1999.
- Ten banks have made a combined commitment of \$50 million to private sector businesses in the Empowerment Zone.

Possible Announcements/Events

- Based on the success of the local franchise, ACE Hardware could be approached to commit to new franchises to other new markets.
- The city is putting the final touches on an application for a \$3.3 million Section 108 loan that would enable development of a planned \$30 million shopping center on 25th Street, at the heart of Gary's historically black neighborhood. The shopping center would include a movie theater, grocery store, and a car dealer.
- **CONFIDENTIAL:** The City of Gary has several confidential projects nearing completion that could be ready for announcement by the end of June.

Other Comments:

- The cities involved in this Empowerment Zone, Gary, East Chicago, and Hammond, are working to develop a comprehensive transportation HUB that would alleviate overcrowding at O'Hare Airport and its adjacent services. This HUB would include a deep sea port, a multi-modal freight railyard, and Gary Airport, which would be a freight airport. These facilities would be within minutes of major intestates, and they would relieve freight overcrowding at O'Hare, allowing that airport to focus on consumer flights.
 - Gary's proximity to successful cities like Chicago further make the case for it as an untapped market.
 - The prevalence of casino activity, mostly led by Donald Trump, needs to be considered in planning this visit.
-

HUD New Market Development**NEW YORK CITY****Background/Highlights**

- Harlem has been unable to connect their local economy to New York's regional economic boom.
- In 1994, over 50% of Harlem's adult residents did not have a high school diploma.
- Despite the fact that Harlem has a number of major institutions, including Columbia University (the third largest employer in New York City) and major hospitals, *less than 10% of Harlem's residents were employed in the business located there.*

Government Investments

- Upper Manhattan received an Empowerment Zone designation in 1995 of \$100 million from the Federal Government.
- The federal investment was matched by \$100 million from the New York City and \$100 million from New York State.

Private Sector Investments

- \$193 million in private sector commitments followed the EZ designation, representing a 3.25 to 1 ratio of private to public dollars. Some of these private sector projects include:
 - **Harlem USA:** This major retail complex, the largest project in the upper Manhattan EZ, has attracted Disney, HMV and other national outlets. Approximately \$11 million in public investment will be leveraged by an additional \$45 in private sector commitments. Construction of the complex will create 200 new jobs, while its ongoing operation is expected to result in 300 permanent jobs (with 75% of these targeted for EZ residents under tax credit provisions).
 - **Broadway Video:** Saturday Night Live producer Lorne Michaels is bringing high-tech jobs to Harlem with the opening of a \$1.1 million post-production facility called Broadway Video, creating at least 20 jobs for EZ residents. Funding comes from loans from the Upper Manhattan EZ and Citibank.
 - **Pathmark Supermarket:** The designation of the EZ attracted Pathmark supermarket to the area, the first supermarket to open there in many years.
 - **Citibank,** along with the Upper Manhattan EZ, is offering loans to the new businesses.

Possible Announcement/Events

- Numerous private companies have indicated interest in joining the Harlem revitalization, including: Sterling Optical, and Bankers Trust, with most of the activity oriented towards African-Americans.
- The area is capable of supporting still more development. Entertainment businesses are especially interested in joining Disney and Lorne Michaels in New York. HUD has contacts in the entertainment industry who would be interested in joining the EZ and participating in a public event.

HUD New Market Travel

- A HUD-funded study, completed in 1996 (or thereabouts), recommended businesses that could spark the most revenue in the area. Some of those recommendations could be ready for announcement by the end of June.

Other Comments

The Harlem renaissance has already attracted media attention and acclaim (see attached *Washington Post* article from May 5, 1999).

DELTA POSSIBILITIES

MONROE, LOUISIANA**Background/Highlights**

- In 1994, statistics showed that Monroe is the third-poorest metropolitan area in the nation
- Monroe has a population over 50,000.

Government Investments

- Designated as EC in the first round, in 1995, receiving \$3 million.

Private Sectors Investments

- Hibernia National, Central Bank and Bank One committed \$3 million in loans to EC businesses unable to access traditional bank financing.
- A donated property is being rehabilitated and expanded as the St. Francis Medical Center's Primary Health Care Clinic (South), a community-based nonprofit clinic. The new facility will cost approximately \$350,000 and provide 13 jobs.
- State Farm Insurance is carrying out a partnership to provide job training to place EC residents in Monroe or the adjacent Parrish. There are 10 people currently placed.

Possible Announcements/Events**Other Comments**

- The EC Board was originally deemed "troubled," but has recently shown great improvement.

GREENWOOD, MISSISSIPPI**Background/Highlights**

HUD New Market Tax**Government Investments**

- Designated as Empowerment Zone in 1995.
- Received \$800,000 in small cities CDBG, \$1 million USDA.
- Received
-

Private Sectors Investments

- \$1 million in local private sector investment.
- Viking Range, manufacturer of high quality kitchen equipment, came into the Zone, and created 500 jobs.

Possible Announcements/Events**Other Comments**

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
CURRENT AND POTENTIAL PRIVATE SECTOR
PARTNERS FOR NEW MARKET ACTIVITIES**

PINE RIDGE, SOUTH DAKOTA

- America Online
- Andersen Corporation (windows)
- AT&T
- Bank of America
- Blue Cross, Blue Shield
- Carrier Corporation (heating ventilation)
- Centex Homes (developer)
- Certain Teed Corporation (roofing, insulation)
- Champion Manufactured Housing Company
- Citibank
- Countrywide Mortgage
- First Security Bank of New Mexico
- Fleetwood Manufactured Housing Company (also recreational vehicles)
- Ford
- Gateway
- General Electric Appliances
- General Motors
- Home Depot
- Honeywell, Inc. (building systems controls)
- IBM
- Kohler Company (fixtures)
- Louisiana-Pacific Corporation (lumber, siding products)
- Lucent Technologies
- Marriott
- Masonite Corporation (hardboard, paneling)

HUD PRIVATE SECTOR PARTNERS

2

- Motorola
- North American Steel Framing Alliance
- Northwest Airlines
- Norwest Mortgage
- Owens Corning (roofing)
- Pepsico
- Pulte Corporation (developer)
- Sears
- Simpson Strong Tie (structural connection and hardware)
- Solutia, Inc. (impact resistance glazing to prevent glass breakage)
- Southdown, Inc. (concrete)
- State Farm Insurance Companies
- Superior Walls (pre-fabrication foundation company)
- Tenaco Building Products
- Texaco
- U.S. Gypsum Company (sheet rock)
- U.S. West
- United Airlines
- Washington Mutual (Seattle)
- Weather Shield (doors, windows)
- Wic Manufactured Housing Company

GARY, INDIANA

- ACE Hardware
- US Steel

HUD PRIVATE SECTOR PARTNERS

3

NEW YORK, NY

- Broadway Video
- Citibank
- Disney
- HMV Records

SELECTED BUSINESSES FROM EZs/ECs, OTHER HUD PARTNERS

- Bankers Trust
- Citibank
- Hudson Foods
- New Boston Seafood Company
- Pathmark
- Sterling Optical
- Tysons Food
- Viking Range

BUSINESSES HUD CAN REACH OUT TO

- Ben and Jerry's
- Blockbuster Video
- Burger King
- Disney
- Gap
- Loew's Theater
- McDonalds
- Pathmark
- Rite Aid
- The Limited/Structure
- Time Warner
- Tower Records

RETAILER SECTOR PATENTERS

- Borders
- Filenes Basement
- Home Depot
- Marshalls
- NationsBank
- Nike Barnes and Noble
- Price Club
- Reebok
- Starbucks
- TJ Max

PRIVATE SECTOR NEW MARKET PARTNERS DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

HUD has made initial contact with the following companies as part of our ongoing planning for the **Native American Homeownership and Economic Development Summit**. Through their interest in the Summit, these companies have indicated support for the goals of the President's New Market Initiative: Increased private sector coordination with Federal initiatives, investment in cities that are being "left behind" in the new economy, and a willingness to bring jobs, job training, and other resources to inner cities.

HUD has been supporting the New Market and Native American initiatives at the highest levels, and will continue to do so in our written and phone communications.

These companies and the commitments they have made are significant not only for Pine Ridge, but for the reservations across the country where they may make further investments.

MORTGAGE LENDING

Norwest, Countrywide, GE Capital, Chase, MGIC, Mortgage Bankers Association, Federal Housing Finance Board

HUD has been working with the lenders/organizations listed above on mortgage lending on American Indian reservations for some time. This group, and possibly others, are interested in announcing lending targets for many reservations, not just Pine Ridge. The targets will be quantified by either loan numbers or dollar amounts. Their representative will attend and participate in HUD's *Native American Homeownership and Economic Development Summit* in some manner and be available for activities on the Pine Ridge Indian Reservation with the President.

NOTE: Norwest Mortgage is making about \$1.4 million in loans on the Pine Ridge Indian Reservation. Homes under construction now are being financed by Norwest and insured by HUD. Ginnie Mac also is providing a loan guarantee to the loan purchaser, the South Dakota Housing Development Authority. The Federal Home Loan Bank of Des Moines is providing \$500,000 in home construction subsidy on the reservation.

CONSTRUCTION-RELATED

Superior Walls, Champion Manufacturing Housing Company, Kohler, Weather Shield, Carrier, North American Steel Framing Alliance, National Association of Home Builders, Manufactured Housing Institute

HUD has been working with the companies/organizations listed above on innovative construction activities through the *Partnerships for Advanced Technologies in Housing* and the *Pine Ridge Home Build*. Superior Walls is a pre-fabrication company interested in opening a franchise on the Pine Ridge Indian Reservation, creating jobs and other economic development activities. Champion and other manufactured housing companies are interested in both job training and jobs investment on reservations across the country, and specifically opening a plant on the Pine Ridge Indian Reservation. Kohler, Weather Shield, and Carrier already are exploring ways to assist Pine Ridge through job training or retail centers. The North American Steel Framing Alliance is discussing steel framing investments for reservations nationwide.

TECHNOLOGY AND TELECOMMUNICATIONS

America Online, AT&T, Gateway Computers, IBM, Lucent Technologies, Microsoft, Motorola

HUD has been working with the above businesses to provide technology and business opportunities on Pine Ridge and for other reservations. America Online, IBM, AT&T and Microsoft may donate computers and Internet service accounts allowing Native Americans living on reservations to access the information superhighway.

Additionally, these companies are exploring e-commerce opportunities that will enable Native Americans on reservations to establish small businesses to market their crafts and other goods over the Internet. This is already being successfully done in Poslon, Montana on the Flathead Indian Reservation, and by Michigan's Saginaw Chippewa Tribe.

SUMMARY OF PRIVATE AND PUBLIC SECTOR ANNOUNCEMENTS

- Following USDA and HUD's lead, private sector investment is creating jobs, job training, and low-cost housing in Pine Ridge. The federal government's initial investment is sparking at a minimum \$2.5 million in private sector activity that the President could announce:
 - Norwest Mortgage is making about \$1.4 million in loans and has provided mortgage counseling to the families.
 - Countrywide Mortgage is ready to announce a mortgage lending program on another reservation. The Mortgage Bankers Association of America and the

HUD Private Sector Partners

3

Federal Housing Finance Board have committed to bring other lenders interested in reservation-based mortgages.

- A pre-fabrication foundation company wants to franchise a business on the reservation.
- A manufactured housing company is building and installing half of the homes and also plans to provide job training to tribal members.
- Other homes are being constructed by Indian contractors at a modular housing facility on the reservation, providing dozens of additional jobs to tribe members.
- Kohler, a Wisconsin fixture company, Karrier Heating, and Weather Shield are being approached about investments and job training for tribal members.
- These companies are providing plumbing and other fixtures at no or reduced costs for the 20 to 25 homes under construction.
- Other private sector businesses have indicated interest in the Pine Ridge, including Motorola and AT&T, as well as companies involved in PATH. These partnerships could be aggressively explored and developed. Prospects include announcement of major telecommunication installations that will allow Native Americans to conduct business on the Internet, as well as announcements by national supermarket and pharmacy chains.
- The President could announce the establishment of the Board of Directors of the first-ever Empowerment Zone on an Indian Reservation.

MEMORANDUM

Date: June 7, 1999

To: Lisa Green

From: Jacquie Lawing, HUD

Re: New Market Travel

In response to your e-mail of June 4th, we have surveyed the following places where you have asked us to take another look: West Virginia, Northeastern cities, and East St. Louis. We have found some very exciting projects in those areas, which we believe have great potential for successful New Market visits. While some of this information is preliminary, I wanted to make sure it got to you today – we will update throughout tomorrow.

HUNTINGTON, WEST VIRGINIA

Background/Highlights

- Huntington qualifies as a “double-burdened” community, as defined in HUD’s “Now is the Time: Places Left Behind in the New Economy.” This designation means that the city faces consistently high unemployment rates relative to the nation as a whole (6.2% in 1998), plus either significant long-run population loss (34% over the last 30 years) or persistently high poverty rates (23% in 1995).
- Huntington was first appointed an Enterprise Community in 1994. The EC has been very successful, resulting in 19 new businesses, 4,316 new jobs, 66 entrepreneurs starting up 44 new micro-enterprises, and 100,000 square feet of renovated downtown office space.
- Recently, Huntington was designated an Empowerment Zone. The community will receive \$3 million this year and a planned \$100 million over ten years.

Recent Investments

- Huntington was awarded a “HUD Blue Ribbon Practices” award for the successful redevelopment of a 42-acre brownfield. The site was vacated by Owens-Illinois Glass Company in 1993, and was the largest vacant industrial site in West Virginia. The community secured \$680,000 in CDBG funds, \$3.5 million in Section 108 loans, and a \$350,000 EDI grant to make improvements to the property and attract new businesses. As a result of these investments, Huntington has successfully leased 70% of the space to various businesses, including SNE Enterprises and Pure Tech Plastics, and created 350 new jobs with the potential for 200 more.
- Huntington used \$250,000 in EC funds to expand a small business incubator called Unlimited Future, Inc. (UFI). The Ford Foundation recognized UFI as the only

HUD

2

incubator in the country to offer four key elements of small business development: space, counseling, business courses, and access to capital financing. UFI used the EC funding to purchase and renovate its facility so it could expand its services. Forty-four businesses have been initiated since UFI's inception, creating 83 full-time jobs.

- Huntington employed \$675,000 in CDBG funds and \$430,000 in EC dollars to construct the Enterprise Child Development Center. This state-of-the-art facility will offer child care services for 88 Huntington children. This project also illustrates the critical role that quality, affordable child care plays in economic development.

Possible Announcements/Events

- The former Owens-Illinois site offers a perfect example of how deserted properties can be revitalized through tax incentives and federal investments. Secretary Cuomo traveled there earlier this year to illustrate this very point.
- Huntington is planning to use Empowerment Zone funds to build "the premier business and tech park in West Virginia" (according to the city's economic development coordinator).
- **The Appalachian Summit:** HUD is planning, with interagency cooperation, the first major Appalachian Summit. This historic conference will attempt to comprehensively address the many challenges to economic and social development in this region. The President could announce the conference, which is scheduled for mid-August.

ROCHESTER, NY Upper Falls Shopping Center

Background/ Highlights

- Rochester's population has been declining, both in absolute terms and in proportion to its suburban neighbors. In 1960, the population was 318,611 which represented 55% of all of Monroe County. By 1990, the City's population declined by 28% to 231,636, while Monroe County overall grew 22%. The City represents 33% of the County's population. The population loss was not an evenly distributed migration: those remaining in the City in 1990 represented persons below the poverty level of 22.6%.
- Estimated median household income in 1990 was \$22,785, or 56% of the County median of \$40,931.
- Rochester lost 21,000 manufacturing jobs from 1970 - 1990. Partially offset by gains in the service sector, the City still had a net job loss of 13,200 during that period.
- The City's per capita income in 1990 was but 80.3% of what it was in 1980.

Government Investments

- Part of the City's ECZ strategic plan identified the need for a neighborhood grocery store. The City developed a successful collaboration and partnership building initiative which culminated in major economic development and job creation endeavor known as the Upper Falls Shopping Center.
- This is an \$11.3 million project: \$3m Federal ECZ, \$980,000 CDBG, \$2.3m Rochester Econ. Dev. Corp, \$2.2M Urban Renewal Trust Fund.

HUD

3

- The City also engaged residents through the development of employment and training opportunities for neighborhood residents, including welfare related services.

Private Sector Investments

- Private sector investments totaled \$2.8m. The Shopping Center's anchor is a 25,000 sq. ft. B-Kwik Market that is operated by Tops Markets, Inc. Tops completely renovated a former vacant supermarket site. Tops also provides job training and a hiring preference to neighborhood residents.
- Along with the grocery store, the Center includes 6,000 sq. ft. Monroe County WIC office (Women, Infants and Children nutritional supplemental assistance program), retail space, and a McDonald's fast food restaurant. The Center also includes a new City of Rochester police substation.
- Job creation has totaled over 120 full and part-time jobs.

Possible Announcements/Events

- The Upper Falls Shopping Center would make an excellent venue for the New Market event.
- This renovation is part of an overall economic investment plan that includes \$23.1 m to build or expand five grocery stores in the City of Rochester and create 350 new jobs. Several other sites are undergoing renovation or construction. One or more of the sites may be ready for opening.
- The City has been developing an asset disposition plan for approval by the Office of Housing to manage and market HUD's single family properties in the City. The existing contract, HUD Owner-Occupant Program (HOOP), is being prepared for extension now by the Office of Housing. Perhaps this extension or approval of their new proposal would be an excellent and welcomed announcement for the City.
- The City, through the Rochester Housing Authority, currently has an application for mixed financing awaiting approval in the Office of Public Housing for Anthony Square. This is the former site of a demolished assisted housing development. The approval of the use of PIH development funds for new townhouses would also be a potential announcement.

Other Comments:

- HUD awarded the City of Rochester eight Best Practice Awards for 1998. The largest number to be received by any City in 1998. In addition, it was one of only ten cities to be designated an "All-America City" in June 1998 by the National Civic League.
- The City's current plans call for the development of Brooks Landing which is a major economic development project along the Erie Canal which will provide restaurants, retail shops, boat docks, and a City park which would stimulate other commercial development in neighborhood near the University of Rochester.
- The City's Local Waterfront Revitalization Program outlines the future use of Lake Ontario for a future project to include a fast ferry service that would link Rochester with Toronto, Canada.
- The City also has another extremely successful economic development project in the High Falls District which is a themed, family-oriented entertainment area. City

HUD

4

investment in a downtown area of former manufacturing sites are now successful businesses, restaurants, theatres and retail shops. Funding and job information were not immediately available, but could be developed tomorrow.

BUFFALO, NEW YORK

Background/Highlights

- Buffalo qualifies as "double burdened" in HUD's Now is the Time: Places Left Behind in the New Economy, meaning that it faces continued high unemployment relative to the Nation as a whole, plus either significant long-run population loss, or persistently high poverty rates, or both. The City of Buffalo has lost 43.4% of its population in the last four decades. During that same period, the population outside the city more than doubled. Buffalo's population is approximately 310,548 as of 1996 as compared to 328,175 in 1990.
- Erie County, in which the City of Buffalo is located, has an unemployment rate of approximately 4.7% vs. 4.9% for New York State as a whole. The unemployment rate for just the City of Buffalo is estimated to be substantially higher. Upstate job growth is 0.8 % vs. a statewide growth rate of 4%.

Government Investments

- The City transformed a mile-long abandoned rail corridor with a new parkway directly accessible to regional and interstate highway systems. This \$7m investment in the City's infrastructure included \$1m ECZ and \$1m HUD funds.
- A \$1.3 m loan funds the construction of a business incubator adjacent to the Parkway to house up to 10 minority-owned light industrial, commercial warehousing or distribution companies and create 200 permanent jobs. This is in addition to \$1m in funding from the US Economic Development Agency.
- This parkway is in the ECZ.

Private Sector Investments

- This new parkway is anchored by the American Axle & Manufacturing facility (former General Motors Saginaw Gear plant), and the former GM-Harrison plant. The purchase of the former GM-Saginaw plant by the newly created American Axle & Manufacturing company has resulted in a private investment of over \$100 m, creating the largest manufacturing employer in the City of Buffalo. Purchase of the plant resulted in the location of seven new businesses and the creation of over 300 jobs at this facility.
- The construction of the parkway resulted in the construction of American Axle's paint shop headquarters for a capital outlay of \$3m and the creation of 125 high-salary, UAW jobs.
- In addition, the City has seen growth of TCI, Colad and Graphic Controls.
- The small business incubator is expected to house five companies and create 75 jobs. Adjacent to the business center, Rural Metro Ambulance will build its new

IUD

5

headquarters resulting in 90 new jobs over three years, with an capital outlay of over \$2m.

- A local construction firm, that was preparing to move out of the City, chose to invest approx. \$1m to remain in Buffalo and expand their operations.

Possible Announcement/Event

- With 90% of the incubator complete, the leases for two tenants are about to be signed. The President could preside at the lease signing, symbolically declaring the project "Open for business."
- Also, ribbon cutting of the facility may be arranged.
- Tour of the American Axle facilities and resulting growth.

Other Comments:

- Other economic development activities include 1) Buffalo's Medical Corridor which is the region's center for medical enterprises and related businesses. It has already resulted in a \$9.7M 108 loan for a 100-room Medical Inn - Pillars Hotel, and a \$240 m renovation project at Roswell Park 2) Village Farms a former brownfield site is now a thriving hydroponics plant employing approximately 170 full and part-time workers. An adjacent site owned by LTV Steel will provide an additional 100-350 acres for a multi-year redevelopment project designed to retain and create 5,000 to 8,000 jobs. The City is researching the availability of funds for testing and remediation of this site, as well as, funds for redevelopment.
- City is currently finalizing plans for the Inner Harbor Project which is designed to encourage private-public growth of water recreational activities, cultural amenities and tourism. This development will include building new facilities and the potential location of corporate national headquarters. The City's vision is to develop the center for family recreation and entertainment and enhance downtown Buffalo's position as the regional entertainment center for Western NY. An estimated investment of \$27m in public funds would produce an overall private investment of more than \$120m.

EAST ST. LOUIS**Background/Highlights**

- According to a report by the East St. Louis Action Project, East St. Louis "has long been seen as a prime example of urban blight in America."
- The population decreased by almost half from 1960-1980
- In 1990, over half of the residents were living below the poverty level.

Government Investments:

- The former Enterprise Community (which is now part of the bi-city St. Louis EZ) gave rise to the **Jackee Joyner Kersee Community Center**, which will provide educational and recreational programs for youth.
- The project has garnered widespread community support.
- The St Louis transit line is being extended into East St. Louis.

HUD

6

Private Sector Investments:

- A number of corporations have contributed to the center, including Enterprise Rent-A-Car, May Dept. Stores, and Nationsbank.
- 20 jobs will be created.

Possible announcements:

- The Jackee Joyner Kersee Community Center, which received HUD funding, would be the site of the event.
- The first phase of the Center is expected to open in mid-1999, we are looking into the possibility of the date coinciding with the President's travel.
- In addition to the Community Center, there are many other projects which demonstrate the success of the EC/EZ. A description of one example, "Kim's Kids" is attached to this memo. These successful businesses could join us for an event at the Center, or may provide other announcements to be determined.
- HUD is looking into other announcements that could be made in East St. Louis.

NEW HAVEN, CONN**Background/ Highlights**

- Vital Statistics
 - Population:- 124,000
 - Empowerment Zone Population: 49,913
 - Approximate Zone Size: 5 square miles
 - Poverty Rate: 33.7%
 - Unemployment Rate: 12.9%
 - Education: 38% of Zone residents, over age 25, lack a high school diploma
- New Haven was an Round I EC and was awarded Round II EZ designation in January of 1999.
- Estimated Number of Jobs Created or Retained: 9,000
- Total Proposed Commitments: \$700 million
 - Public Sector: \$300 million
 - Private Sector: \$400 million
- Key Business Partnerships: Over 10 businesses made commitments in the Strategic Plan. Some of the key business partners are:
 - New Haven Savings Bank
 - Olin
 - Arts Industry Coalition
 - New Haven Chamber of Commerce
 - International Festival of Arts
 - Long Wharf Galleria, Inc.
 - Matthews Ventures
 - Regional Cultural Plan for New Haven
 - Science Park Development Corp.
- Other Key Partners:
 - Yale University
 - New Haven Board of Education
 - Community Foundation

HUD

7

Private Sector Investments

- The **Omni Hospital Training** collaborative has brought an additional 200+ jobs to the area with **over 80 residents employed at New Haven's new Omni Hotel.**
- A commitment of employers throughout the region to creating 2,000 livable wage jobs and career opportunities for Zone residents over two years.
- Yale University's investment of \$10,750,000 in various initiatives for the community ranging from homeownership programs to community service for students.
- The Regional Workforce Development Board's investment, through its employment training funds, of \$2,250,000 per year and commitment to anchoring the *Partnership for Jobs* program. *Partnership for Jobs* will use an employer-driven model to develop training programs that will connect neighborhood residents to specific employment opportunities in the neighborhoods and surrounding areas.
- A network of specialized quasi-public development corporations, created through collaborations with the private sector and local banks, will continue to offer a range of investment vehicles to meet the capital needs for business start-up and expansion. These corporations include the New Haven Community Investment Corporation, the Technology Investment Fund, the New Haven Enterprise Development Corporation and the Connecticut Economic Development Fund.
- The production of 227 units of housing, by 13 neighborhood-based housing developers, for low and moderate income families in EZ neighborhoods. Many of these homes will be developed for owner occupants.

Government Investments

- Key federal programming efforts include funding opportunities for Brownfields reinvestment, community policing efforts, and transportation expansion.
- **Brownfields** The City of New Haven received approval for a \$120,000 EPA grant. The sites identified for testing that will be covered by this grant include:
- 275 Winchester Avenue - The site of a the former Winchester Rifle plant is located in the Science Park. The one million square foot facility is situated on ten acres of land in the technology incubator park that is home to about 90 companies in addition to the USRAC. Several businesses who wish to remain in Science Park currently have expansion needs that cannot be filled. The space represented by the former Winchester building could allow those and other businesses to stay in Science Park.
- 150 Truman Street - Located about half a mile from Interstate 95, this 64,000 square foot derelict industrial building has been remediated and sold to a developer. Renovations have opened the building for retail and industrial use.
- On October 5, 1998 the City was awarded a \$147,000 grant to clean up former industrial sites for new development as part of the EPA's Brownfields Pilot Cooperative Agreement Grant Program. The expertise and funding of this grant will be applied to the Science Park, B tract site and 8 additional sites in the EZ/Developable sites area.

Possible Events/Announcements:

- We are looking into possible announcements, but the OMNI Hotel, which employs 80 zone residents, would make an excellent site.

✓ **Sherry Davidson, Business Manager**
Kim's Kids, Inc. - East St. Louis, IL

618-271-7786, spoke with Sherry 5/6, she is sending photos, check on name spelling

"It is a family-owned business - three generations deep: a grandmother, a mother and three daughters" "Empower the people, empowers the community"

The entire family, originally from the area, decided to start a child daycare center for the people struggling to get off welfare or finishing their education, to give back to the community. The daycare center is named after Kim who was killed in a car accident on her way to East St. Louis. The daycare is a living memorial to her. The family acquired a delapidated, abandoned hardware store in 1992 for about \$60,000 and over the years put about \$200,000 worth of work on it. Much of the work they did themselves. The grandmother, at the age of 72 patched the roof herself. Now it is state-of-the-art facility.

The motto of Kim's Daycare is that "daycare is only as good as parent". This motto drives the mission of the daycare center. Kim's Kids offers free van service to help their clients coordinate work, school and daycare. The center is open 24 hours a day to serve the typical client who is between the age of 15 and 24 with an average of three children. In order to make things easier for the parents, Kim's Kids tries to offer coordinated services, such as making WIC coupons available on site.

Kim's Kids created several new jobs. The employees are 100 percent locally hired and/or welfare-to-work graduates. Several employees are working on their GEDs.

Kim's Kids recently won a state award, "Power of Minority Business Excellence Program".

For more information, contact Percy Harris, City of East St. Louis at 618-482-6642

Lisa, latest draft
5th draft
Jan 14

**RECOMMENDED NEW MARKET TRAVEL
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

PINE RIDGE, SOUTH DAKOTA

Background/Highlights

- Pine Ridge offers a unparalleled opportunity to reflect the realities of most reservations today: high unemployment, low incomes, lack of infrastructure, etc. Pine Ridge's unemployment reaches 90%; 60% of residents make \$15,000 or less.
- HUD's Native American Housing and Economic Development Conference and the Pine Ridge Empowerment Zone (the first EZ reservation) effectively demonstrate the possibilities of a New Markets Initiative on reservations everywhere, not just on Pine Ridge. Hundreds of tribal leaders, lenders, builders, economic and housing experts will attend the HUD conference, which will highlight aspects of the New Markets Initiative and unveil the construction and purchase of 20 to 25 homes by tribal families on Pine Ridge.
- The goals of the Pine Ridge EZ fit thematically with the work of the Oglala Sioux Housing Partnership, the nonprofit recently established to oversee mortgage lending and home construction on the reservation. Combined, they provide a strong foundation for the New Markets Initiative message.
- The mortgage lending/construction activities and the EZ goals reflect the Oglala Sioux's stated needs and desires for economic growth on the reservation. It is important to respect the tribes' advocacy for "self-determination" and not dictate to them what the private sector or the federal government is willing to "do for" them.
- The first economic development project on a reservation must be housing and a finance/banking system. Pine Ridge is developing precisely the new economic models envisioned by President Clinton.
- The President's attendance at Pine Ridge offers the best opportunity to communicate the New Markets message with the greatest number of tribes, as it would coincide with HUD's conference drawing over 500 tribal leaders from across the country.
- The Pine Ridge projects build on the work of Senators Daschle and Dorgan, and the recent meeting with the President and the Plains tribes.

Recent Investments

- \$2 million Rural Initiatives Grant to encourage mortgage lending and financial assistance for housing construction.
- This \$2 million investment supports the President's One Stop Mortgage Initiative and PATH, Partnerships for Advanced Technologies in Housing.
- An \$8.6 million NAHASDA grant for housing.
- Another \$2 million and additional technical assistance from USDA for the Empowerment Zone.

Announcements

- Following USDA and HUD's lead, private sector investment is creating jobs, job training, and low-cost housing in Pine Ridge. The federal government's initial investment is sparking at a minimum \$2.5 million in private sector activity that the President could announce:
 - Norwest Mortgage is making about \$1.4 million in loans and has provided mortgage counseling to the families.
 - Countrywide Mortgage is ready to announce a mortgage lending program on another reservation. The Mortgage Bankers Association of America and the Federal Housing Finance Board have committed to bring other lenders interested in reservation-based mortgages.
 - A pre-fabrication foundation company wants to franchise a business on the reservation.
 - A manufactured housing company is building and installing half of the homes and also plans to provide job training to tribal members.
 - Other homes are being constructed by Indian contractors at a modular housing facility on the reservation, providing dozens of additional jobs to tribe members.
 - Kohler, a Wisconsin fixture company, Karrier Heating, and Weather Shield are being approached about investments and job training for tribal members. These companies are providing plumbing and other fixtures at no or reduced costs for the 20 to 25 homes under construction.
 - Other private sector businesses have indicated interest in the Pine Ridge, including Motorola and AT&T, as well as companies involved in PATH. These partnerships could be aggressively explored and developed. Prospects include national supermarket and pharmacy chains.
 - The President could announce the establishment of the Board of Directors of the first-ever Empowerment Zone on an Indian Reservation.
-

GARY, INDIANA**Background/Highlights**

- Gary qualifies as "double burdened" in HUD's Now is the Time: Places Left Behind in the New Economy, meaning that it faces continued high unemployment relative to the Nation as a whole, plus either significant long-run population loss, or persistently high poverty rates, or both.
- Approximately \$287 million was spent in Gary in 1992, versus an available purchasing power of \$522 million. In other words, \$243 million left the inner-city for the suburbs or other retail markets, resulting in a huge untapped market.
- Gary has an unemployment rate of 7.1%, vs. 2.8% for Indiana as a whole.

- Gary is a vastly neglected market, with great potential. It has no national retailers, no supermarket, and no movie theater.

Government Investments

- A \$88,000 CDBG project that rebuilt sidewalks and parking created a retail space that ACE Hardware moved into. ACE met outstanding success in Gary's underserved market, and the owner was quoted in the media as saying that the inner-city location outperformed his suburban store.
- Gary won an Empowerment Zone designation in the last funding round.
- 202 and other HUD housing support the business in the Empowerment Zone.

Private Sector Investments

- ACE Hardware, as described above.
- US Steel has committed to drag the Calumet river, a \$30 million investment, in addition to \$22 million in waste-water improvements. They has also pledged to put \$120 million into plant improvements in 1999.
- Ten banks have made a combined commitment of \$50 million to private sector businesses in the Empowerment Zone.

Possible Announcements/Events

- Based on the success of the local franchise, ACE Hardware could be approached to commit to new franchises to other new markets.
- The city is putting the final touches on an application for a \$3.3 million Section 108 loan that would enable development of a planned \$30 million shopping center on 25th Street, at the heart of Gary's historically black neighborhood. The shopping center would include a movie theater, grocery store, and a car dealer.
- **CONFIDENTIAL:** The City of Gary has been working on several deals that they are in the process of closing. These announcements could be ready by late June/early July and they communicate a strong New Markets message of private sector investment.

Other Comments:

- The cities involved in this Empowerment Zone, Gary, East Chicago, and Hammond, are working to develop a comprehensive transportation HUB that would alleviate overcrowding at O'Hare Airport and its adjacent services. This HUB would include a deep sea port, a multi-modal freight railyard, and Gary Airport, which would be a freight airport. These facilities would be within minutes of major intestates, and they would relieve freight overcrowding at O'Hare, allowing that airport to focus on consumer flights.
- Gary's proximity to successful cities like Chicago further make the case for it as an untapped market.
- The prevalence of casino activity, mostly led by Donald Trump, needs to be considered in planning this visit.

NEW YORK CITY

Background/Highlights

- Harlem has been unable to connect their local economy to New York's regional economic boom.
- In 1994, over 50% of Harlem's adult residents did not have a high school diploma.
- Despite the fact that Harlem has a number of major institutions, including Columbia University (the third largest employer in New York City) and major hospitals, *less than 10% of Harlem's residents were employed in the business located there.*

Government Investments

- Upper Manhattan received an Empowerment Zone designation in 1995 of \$100 million from the Federal Government.
- The federal investment was matched by \$100 million from the New York City and \$100 million from New York State.

Private Sector Investments

- \$193 million in private sector commitments followed the EZ designation, **representing a 3.25 to 1 ratio of private to public dollars.** Some of these private sector projects include:
 - **Harlem USA:** This major retail complex, the largest project in the upper Manhattan EZ, has attracted **Disney, HMV** and other national outlets. Approximately \$11 million in public investment will be leveraged by an additional \$45 in private sector commitments. Construction of the complex will create 200 new jobs, while its ongoing operation is expected to result in 300 permanent jobs (with 75% of these targeted for EZ residents under tax credit provisions).
 - **Broadway Video:** Saturday Night Live producer Lorne Michaels is bringing high-tech jobs to Harlem with the opening of a \$1.1 million post-production facility called Broadway Video, creating at least 20 jobs for EZ residents. Funding comes from loans from the Upper Manhattan EZ and Citibank.
 - **Pathmark Supermarket:** The designation of the EZ attracted Pathmark supermarket to the area, the first supermarket to open there in many years.
 - **Citibank,** along with the Upper Manhattan EZ, is offering loans to the new businesses.

Possible Announcement/Events

- Numerous private companies have indicated interest in joining the Harlem revitalization, including: Sterling Optical, and Bankers Trust, with most of the activity oriented towards African-Americans.
- The area is capable of supporting still more development. Entertainment business are especially interested in joining Disney and Lorne Michaels in New York. HUD has

contacts in the entertainment industry who would be interested in joining the EZ and participating in a public event.

- A HUD-funded study, completed in 1996 (or thereabouts), recommended businesses that could spark the most revenue in the area. Some of those recommendations could be ready for announcement by the end of June.

Other Comments

The Harlem renaissance has already attracted media attention and acclaim (see attached *Washington Post* article from May 5, 1999).

DELTA POSSIBILITIES

MONROE, LOUISIANA

Background/Highlights

- In 1994, statistics showed that Monroe is the third-poorest metropolitan area in the nation
- Monroe has a population over 50,000.

Government Investments

- Designated as EC in the first round, in 1995, receiving \$3 million.

Private Sectors Investments

- **Hibernia National, Central Bank and Bank One** committed \$3 million in loans to EC businesses unable to access traditional bank financing. Bank One is currently in discussions with the EC to join this partnership.
- A donated property is being rehabilitated and expanded as the St. Francis Medical Center's Primary Health Care Clinic (South). This community-based nonprofit clinic has been operational for one year. Rehabilitation cost was approximately \$350,000 and provided 25-30 jobs.
- **State Farm Insurance** is carrying out a partnership to provide job training to place EC residents in Monroe or the adjacent parish. There are 25 people currently placed. The training has been developed as a regional pilot training for State Farm as a Welfare-to-Work initiative.
- Iberia Bank donated \$10,000 to the EC as a Loan Equity program for starting new businesses.
- South Second Street Medical Clinic opened in the EC in November, 1998, in the EC providing 15 jobs.

- The City of Monroe and EC are participating with the local CHDO in an affordable housing homeownership program. Three single family homes are under construction and six additional lots are being purchased.

Possible Announcements/Events

Bank One may be ready to announce loan commitments to new private sector businesses. Chase Manhattan Mortgage Company is working with the EC in expanding the airport industrial park. Potentially 150 jobs will be created. Completion date is July 1999.

Other Comments

- The EC Board was originally deemed "troubled," but has recently shown great improvement.
-

NEW YORK CITY

Background/Highlights

- Harlem has been unable to connect their local economy to New York's regional economic boom.
- In 1994, over 50% of Harlem's adult residents did not have a high school diploma.
- Despite the fact that Harlem has a number of major institutions, including Columbia University (the third largest employer in New York City) and major hospitals, *less than 10% of Harlem's residents were employed in the business located there.*

Government Investments

- Upper Manhattan received an Empowerment Zone designation in 1995 of \$100 million from the Federal Government.
- The federal investment was matched by \$100 million from the New York City and \$100 million from New York State.

Private Sector Investments

- \$193 million in private sector commitments followed the EZ designation, **representing a 3.25 to 1 ratio of private to public dollars.** Some of these private sector projects include:
 - **Harlem USA:** This major retail complex, the largest project in the upper Manhattan EZ, has attracted **Disney, HVM** and other national outlets. Approximately \$11 million in public investment will be leveraged by an additional \$45 in private sector commitments. Construction of the complex will create 200 new jobs, while its ongoing operation is expected to result in 300 permanent jobs (with 75% of these targeted for EZ residents under tax credit provisions).
 - **Broadway Video:** Saturday Night Live producer Lorne Michaels is bringing high-tech jobs to Harlem with the opening of a \$1.1 million post-production facility called Broadway Video, creating at least 20 jobs for EZ residents. Funding comes from loans from the Upper Manhattan EZ and Citibank.
 - **Pathmark Supermarket:** The designation of the EZ attracted Pathmark supermarket to the area, the first supermarket to open there in many years.
 - **Citibank,** along with the Upper Manhattan EZ, is offering loans to the new businesses.

Possible Announcement/Events

- Numerous private companies have indicated interest in joining the Harlem revitalization, including: Sterling Optical, and Bankers Trust, with most of the activity oriented towards African-Americans.
- The area is capable of supporting still more development. Entertainment business are especially interested in joining Disney and Lorne Michaels in New York. HUD has contacts in the entertainment industry who would be interested in joining the EZ and participating in a public event.

- A HUD-funded study, completed in 1996 (or thereabouts), recommended businesses that could spark the most revenue in the area. Some of those recommendations could be ready for announcement by the end of June.

Other Comments

The Harlem renaissance has already attracted media attention and acclaim (see attached *Washington Post* article from May 5, 1999).

DELTA POSSIBILITIES

MONROE, LOUISIANA

Background/Highlights

- In 1994, statistics showed that Monroe is the third-poorest metropolitan area in the nation
- Monroe has a population over 50,000.

Government Investments

- Designated as EC in the first round, in 1995, receiving \$3 million.

Private Sectors Investments

- **Hibernia National, Central Bank and Bank One** committed \$3 million in **loans to EC businesses** unable to access traditional bank financing.
- A donated property is being rehabilitated and expanded as the St. Francis Medical Center's Primary Health Care Clinic (South), a **community-based nonprofit clinic**. The new facility will cost approximately \$350,000 and provide 13 jobs.
- **State Farm Insurance** is carrying out a partnership to provide job training to place EC residents in Monroe or the adjacent Parrish. There are 10 people currently placed.

Possible Announcements/Events**Other Comments**

- The EC Board was originally deemed "troubled," but has recently shown great improvement.
-

GREENWOOD, MISSISSIPPI

Background/Highlights

Government Investments

- Designated as Empowerment Zone in 1995.
- Received \$800,000 in small cities CDBG, \$1 million USDA.
- Received
-

Private Sectors Investments

- \$1 million in local private sector investment.
- Viking Range, manufacturer of high quality kitchen equipment, came into the Zone, and created 500 jobs.

Possible Announcements/Events

Other Comments

RECOMMENDED NEW MARKET TRAVEL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

PINE RIDGE, SOUTH DAKOTA

Background/Highlights

- Pine Ridge offers a unparalleled opportunity to reflect the realities of most reservations today: high unemployment, low incomes, lack of infrastructure, etc. Pine Ridge's unemployment reaches 90%; 60% of residents make \$15,000 or less.
- HUD's Native American Housing and Economic Development Conference and the Pine Ridge Empowerment Zone (the first EZ reservation) effectively demonstrate the possibilities of a New Markets Initiative on reservations everywhere, not just on Pine Ridge. Hundreds of tribal leaders, lenders, builders, economic and housing experts will attend the HUD conference, which will highlight aspects of the New Markets Initiative and unveil the construction and purchase of 20 to 25 homes by tribal families on Pine Ridge.
- The goals of the Pine Ridge EZ fit thematically with the work of the Oglala Sioux Housing Partnership, the nonprofit recently established to oversee mortgage lending and home construction on the reservation. Combined, they provide a strong foundation for the New Markets Initiative message.
- The mortgage lending/construction activities and the EZ goals reflect the Oglala Sioux's stated needs and desires for economic growth on the reservation. It is important to respect the tribes' advocacy for "self-determination" and not dictate to them what the private sector or the federal government is willing to "do for" them.
- The first economic development project on a reservation must be housing and a finance/banking system. Pine Ridge is developing precisely the new economic models envisioned by President Clinton.
- The President's attendance at Pine Ridge offers the best opportunity to communicate the New Markets message with the greatest number of tribes, as it would coincide with HUD's conference drawing over 500 tribal leaders from across the country.
- The Pine Ridge projects build on the work of Senators Daschle and Dorgan, and the recent meeting with the President and the Plains tribes.

Recent Investments

- \$2 million Rural Initiatives Grant to encourage mortgage lending and financial assistance for housing construction.
- This \$2 million investment supports the President's One Stop Mortgage Initiative and PATH, Partnerships for Advanced Technologies in Housing.
- An \$8.6 million NAHASDA grant for housing.
- Another \$2 million and additional technical assistance from USDA for the Empowerment Zone.

*FU to
Chicago Conference
when there are
800*

*USDA comments
you want to get involved for the EZ -
MPO - on 10/22/85
create a forum*

Announcements

- Following USDA and HUD's lead, private sector investment is creating jobs, job training, and low-cost housing in Pine Ridge. The federal government's initial investment is sparking at a minimum \$2.5 million in private sector activity that the President could announce:
 - ✓ • Norwest Mortgage is making about \$1.4 million in loans and has provided mortgage counseling to the families.
 - ✓ • Countrywide Mortgage is ready to announce a mortgage lending program on another reservation. The Mortgage Bankers Association of America and the Federal Housing Finance Board have committed to bring other lenders interested in reservation-based mortgages.
 - A pre-fabrication foundation company wants to franchise a business on the reservation.
 - A manufactured housing company is building and installing half of the homes and also plans to provide job training to tribal members.
 - Other homes are being constructed by Indian contractors at a modular housing facility on the reservation, providing dozens of additional jobs to tribe members.
 - Kohler, a Wisconsin fixture company, Karrier Heating, and Weather Shield are being approached about investments and job training for tribal members. These companies are providing plumbing and other fixtures at no or reduced costs for the 20 to 25 homes under construction.
 - Other private sector businesses have indicated interest in the Pine Ridge, including Motorola and AT&T, as well as companies involved in PATH. These partnerships could be aggressively explored and developed. Prospects include national supermarket and pharmacy chains.
 - ✓ • The President could announce the establishment of the Board of Directors of the first-ever Empowerment Zone on an Indian Reservation.

✓
Commerce
report

GARY, INDIANA**Background/Highlights**

- Gary qualifies as "double burdened" in HUD's Now is the Time: Places Left Behind in the New Economy, meaning that it faces continued high unemployment relative to the Nation as a whole, plus either significant long-run population loss, or persistently high poverty rates, or both.
- Approximately \$287 million was spent in Gary in 1992, versus an available purchasing power of \$522 million. In other words, \$243 million left the inner-city for the suburbs or other retail markets, resulting in a huge untapped market.
- Gary has an unemployment rate of 7.1%, vs. 2.8% for Indiana as a whole.

- Gary is a vastly neglected market, with great potential. It has no national retailers, no supermarket, and no movie theater.

Government Investments

- A \$88,000 CDBG project that rebuilt sidewalks and parking created a retail space that ACE Hardware moved into. ACE met outstanding success in Gary's underserved market, and the owner was quoted in the media as saying that the inner-city location outperformed his suburban store.
- Gary won an Empowerment Zone designation in the last funding round.
- 202 and other HUD housing support the business in the Empowerment Zone.

Private Sector Investments

- ACE Hardware, as described above.
- US Steel has committed to drag the Calumet river, a \$30 million investment, in addition to \$22 million in waste-water improvements. They has also pledged to put \$120 million into plant improvements in 1999.
- Ten banks have made a combined commitment of \$50 million to private sector businesses in the Empowerment Zone.

Possible Announcements/Events

- Based on the success of the local franchise, ACE Hardware could be approached to commit to new franchises to other new markets.
- The city is putting the final touches on an application for a \$3.3 million Section 108 loan that would enable development of a planned \$30 million shopping center on 25th Street, at the heart of Gary's historically black neighborhood. The shopping center would include a movie theater, grocery store, and a car dealer.
- **CONFIDENTIAL:** The City of Gary has several confidential projects nearing completion that could be ready for announcement by the end of June.

(more activity)

APIC scale project

Other Comments:

- The cities involved in this Empowerment Zone, Gary, East Chicago, and Hammond, are working to develop a comprehensive transportation HUB that would alleviate overcrowding at O'Hare Airport and its adjacent services. This HUB would include a deep sea port, a multi-modal freight railyard, and Gary Airport, which would be a freight airport. These facilities would be within minutes of major intestates, and they would relieve freight overcrowding at O'Hare, allowing that airport to focus on consumer flights.
- Gary's proximity to successful cities like Chicago further make the case for it as an untapped market.
- The prevalence of casino activity, mostly led by Donald Trump, needs to be considered in planning this visit.

Business INC.

RECOMMENDED NEW MARKET TRAVEL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

PINE RIDGE, SOUTH DAKOTA

Background/Highlights

- Pine Ridge offers a unparalleled opportunity to reflect the realities of most reservations today: high unemployment, low incomes, lack of infrastructure, etc. Pine Ridge's unemployment reaches 90%; 60% of residents make \$15,000 or less.
- HUD's Native American Housing and Economic Development Conference and the Pine Ridge Empowerment Zone (the first EZ reservation) effectively demonstrate the possibilities of a New Markets Initiative on reservations everywhere, not just on Pine Ridge. Hundreds of tribal leaders, lenders, builders, economic and housing experts will attend the HUD conference, which will highlight aspects of the New Markets Initiative and unveil the construction and purchase of 20 to 25 homes by tribal families on Pine Ridge.
- The goals of the Pine Ridge EZ fit thematically with the work of the Oglala Sioux Housing Partnership, the nonprofit recently established to oversee mortgage lending and home construction on the reservation. Combined, they provide a strong foundation for the New Markets Initiative message.
- The mortgage lending/construction activities and the EZ goals reflect the Oglala Sioux's stated needs and desires for economic growth on the reservation. It is important to respect the tribes' advocacy for "self-determination" and not dictate to them what the private sector or the federal government is willing to "do for" them.
- The first economic development project on a reservation must be housing and a finance/banking system. Pine Ridge is developing precisely the new economic models envisioned by President Clinton.
- The President's attendance at Pine Ridge offers the best opportunity to communicate the New Markets message with the greatest number of tribes, as it would coincide with HUD's conference drawing over 500 tribal leaders from across the country.
- The Pine Ridge projects build on the work of Senators Daschle and Dorgan, and the recent meeting with the President and the Plains tribes.

Recent Investments

- \$2 million Rural Initiatives Grant to encourage mortgage lending and financial assistance for housing construction.
- This \$2 million investment supports the President's One Stop Mortgage Initiative and PATH. Partnerships for Advanced Technologies in Housing.
- An \$8.6 million NAHASDA grant for housing.
- Another \$2 million and additional technical assistance from USDA for the Empowerment Zone.

Announcements

- Following USDA and HUD's lead, private sector investment is creating jobs, job training, and low-cost housing in Pine Ridge. The federal government's initial investment is sparking at a minimum \$2.5 million in private sector activity that the President could announce:
 - Norwest Mortgage is making about \$1.4 million in loans and has provided mortgage counseling to the families.
 - Countrywide Mortgage is ready to announce a mortgage lending program on another reservation. The Mortgage Bankers Association of America and the Federal Housing Finance Board have committed to bring other lenders interested in reservation-based mortgages.
 - A pre-fabrication foundation company wants to franchise a business on the reservation.
 - A manufactured housing company is building and installing half of the homes and also plans to provide job training to tribal members.
 - Other homes are being constructed by Indian contractors at a modular housing facility on the reservation, providing dozens of additional jobs to tribe members.
 - Kohler, a Wisconsin fixture company, Karrier Heating, and Weather Shield are being approached about investments and job training for tribal members. These companies are providing plumbing and other fixtures at no or reduced costs for the 20 to 25 homes under construction.
 - Other private sector businesses have indicated interest in the Pine Ridge, including Motorola and AT&T, as well as companies involved in PATH. These partnerships could be aggressively explored and developed. Prospects include national supermarket and pharmacy chains.
 - The President could announce the establishment of the Board of Directors of the first-ever Empowerment Zone on an Indian Reservation.
-

GARY, INDIANA**Background/Highlights**

- Gary qualifies as "double burdened" in HUD's Now is the Time: Places Left Behind in the New Economy, meaning that it faces continued high unemployment relative to the Nation as a whole, plus either significant long-run population loss, or persistently high poverty rates, or both.
- Approximately \$287 million was spent in Gary in 1992, versus an available purchasing power of \$522 million. In other words, \$243 million left the inner-city for the suburbs or other retail markets, resulting in a huge untapped market.
- Gary has an unemployment rate of 7.1%, vs. 2.8% for Indiana as a whole.

- Gary is a vastly neglected market, with great potential. It has no national retailers, no supermarket, and no movie theater.

Government Investments

- A \$88,000 CDBG project that rebuilt sidewalks and parking created a retail space that ACE Hardware moved into. ACE met outstanding success in Gary's underserved market, and the owner was quoted in the media as saying that the inner-city location outperformed his suburban store.
- Gary won an Empowerment Zone designation in the last funding round.
- 202 and other HUD housing support the business in the Empowerment Zone.

Private Sector Investments

- ACE Hardware, as described above.
- US Steel has committed to drag the Calumet river, a \$30 million investment, in addition to \$22 million in waste-water improvements. They has also pledged to put \$120 million into plant improvements in 1999.
- Ten banks have made a combined commitment of \$50 million to private sector businesses in the Empowerment Zone.

Possible Announcements/Events

- Based on the success of the local franchise, ACE Hardware could be approached to commit to new franchises to other new markets.
- The city is putting the final touches on an application for a \$3.3 million Section 108 loan that would enable development of a planned \$30 million shopping center on 25th Street, at the heart of Gary's historically black neighborhood. The shopping center would include a movie theater, grocery store, and a car dealer.
- **CONFIDENTIAL:** The City of Gary has several confidential projects nearing completion that could be ready for announcement by the end of June.

Other Comments:

- The cities involved in this Empowerment Zone, Gary, East Chicago, and Hammond, are working to develop a comprehensive transportation HUB that would alleviate overcrowding at O'Hare Airport and its adjacent services. This HUB would include a deep sea port, a multi-modal freight railyard, and Gary Airport, which would be a freight airport. These facilities would be within minutes of major intestates, and they would relieve freight overcrowding at O'Hare, allowing that airport to focus on consumer flights.
 - Gary's proximity to successful cities like Chicago further make the case for it as an untapped market.
 - The prevalence of casino activity, mostly led by Donald Trump, needs to be considered in planning this visit.
-

NEW YORK CITY

Background/Highlights

- Harlem has been unable to connect their local economy to New York's regional economic boom.
- In 1994, over 50% of Harlem's adult residents did not have a high school diploma.
- Despite the fact that Harlem has a number of major institutions, including Columbia University (the third largest employer in New York City) and major hospitals, *less than 10% of Harlem's residents were employed in the business located there.*

Government Investments

- Upper Manhattan received an Empowerment Zone designation in 1995 of \$100 million from the Federal Government.
- The federal investment was matched by \$100 million from the New York City and \$100 million from New York State.

Private Sector Investments

- \$193 million in private sector commitments followed the EZ designation, **representing a 3.25 to 1 ratio of private to public dollars.** Some of these private sector projects include:
 - **Harlem USA:** This major retail complex, the largest project in the upper Manhattan EZ, has attracted **Disney, HMV** and other national outlets. Approximately \$11 million in public investment will be leveraged by an additional \$45 in private sector commitments. Construction of the complex will create 200 new jobs, while its ongoing operation is expected to result in 300 permanent jobs (with 75% of these targeted for EZ residents under tax credit provisions).
 - **Broadway Video:** Saturday Night Live producer Lorne Michaels is bringing high-tech jobs to Harlem with the opening of a \$1.1 million post-production facility called Broadway Video, creating at least 20 jobs for EZ residents. Funding comes from loans from the Upper Manhattan EZ and Citibank.
 - **Pathmark Supermarket:** The designation of the EZ attracted Pathmark supermarket to the area, the first supermarket to open there in many years.
 - **Citibank,** along with the Upper Manhattan EZ, is offering loans to the new businesses.

Possible Announcement/Events

- Numerous private companies have indicated interest in joining the Harlem revitalization, including: Sterling Optical, and Bankers Trust, with most of the activity oriented towards African-Americans.
- The area is capable of supporting still more development. Entertainment business are especially interested in joining Disney and Lorne Michaels in New York. HUD has contacts in the entertainment industry who would be interested in joining the EZ and participating in a public event.

- A HUD-funded study, completed in 1996 (or thereabouts), recommended businesses that could spark the most revenue in the area. Some of those recommendations could be ready for announcement by the end of June.

Other Comments

The Harlem renaissance has already attracted media attention and acclaim (see attached *Washington Post* article from May 5, 1999).

DELTA POSSIBILITIES**MONROE, LOUISIANA****Background/Highlights**

- In 1994, statistics showed that Monroe is the third-poorest metropolitan area in the nation
- Monroe has a population over 50,000.

Government Investments

- Designated as EC in the first round, in 1995, receiving \$3 million.

Private Sectors Investments

- **Hibernia National, Central Bank and Bank One** committed \$3 million in loans to EC businesses unable to access traditional bank financing.
- A donated property is being rehabilitated and expanded as the St. Francis Medical Center's Primary Health Care Clinic (South), a **community-based nonprofit clinic**. The new facility will cost approximately \$350,000 and provide 13 jobs.
- **State Farm Insurance** is carrying out a partnership to provide job training to place EC residents in Monroe or the adjacent Parrish. There are 10 people currently placed.

Possible Announcements/Events**Other Comments**

- The EC Board was originally deemed "troubled," but has recently shown great improvement.
-

GREENWOOD, MISSISSIPPI**Background/Highlights**

Government Investments

- Designated as Empowerment Zone in 1995.
- Received \$800,000 in small cities CDBG, \$1 million USDA.
- Received
-

Private Sectors Investments

- \$1 million in local private sector investment.
- Viking Range, manufacturer of high quality kitchen equipment, came into the Zone, and created 500 jobs.

Possible Announcements/Events

Other Comments