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001. fax	To Carl Haacke From Xav Briggs; RE: pager number [partial] (1 page)	06/25/1999	P6/b(6)

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P1 National Security Classified Information [(a)(1) of the PRA]
P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
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b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

HUD

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. The city won a "HUD Blue Ribbon Practice" award for its efforts to organize and enhance neighborhood participation in the EC application process.
- 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 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 investment in a dowtown 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 contruction 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

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 entertaiment 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. Today, 40 percent of the 5,888 renter households in privately-owned units have annual incomes below the poverty level.
- At one point, the City had so little revenue that it had to lay off 84% of its city work force and could not afford regular garbage pick-ups.

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, MetroLink, is being extended into East St. Louis. The federal government has committed to pay for two-thirds of the route, which will cost $339 million.
- Levy Sign company, D and H Auto service, and Nails, Etc. are small businesses that have been pre-approved for loans through the small business development center. These businesses will create 25 new jobs for EZ residents
- YouthBuild East St. Louis (YBE) received a $700,000 implementation grant in 1997. YBE has successfully completed two major projects, which include the demolition phase of the St. Teresa Transitional housing project and the renovation of a single family home. It has submitted an application for additional funding in 1999. Please note that Mayor Powell has expressed full support for YBE.

Private Sector Investments:
- Within the ECZ, Walgreens will locate an anchor store in the largest shopping center to be built in East St. Louis since the 1950. The $3 million, 13,900-square -foot store is part of a $10 million, 50,000-square foot shopping center. The developer, Koman Properties, Inc., said they also have letters of intent to lease space on that property from State Farm Insurance, Hollywood video, Save-A-Lot and other stores.
- A number of corporations have contributed to the Jackee Joyner Kersee center, including Enterprise Rent-A-Car, May Dept. Stores, and Nationsbank. 20 jobs will be created.
- The St. Louis 2004 Revitalize Neighborhoods Project features $751 million in loans and investments by 18 local financial institutions and the creation of 200 jobs in East St. Louis and eight other targeted communities.
- An application for a $300,000 YouthBuild grant has been filed by the Emerson Park Development Corporation(EPDC) and the Tomorrow's Builders YouthBuild Consortium. They seek to provide GED education, on-the-job training, and leadership development for East St. Louis youth. The EPDC successfully raised $258,564 in cash contributions ($100,000 from McCormack Baron and Associates and $50,000 from the Annie E. Casey Foundation) and secured $221,935 in in-kind contributions.

Possible announcements/Events:
- The Jackee Joyner Kersee Community Center, which received HUD funding, could be the site of an 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 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.

- An announcement could be made that an East St. Louis group (either YBE or the EPDC) has been awarded a YouthBuild grant. Please note that neither application has been officially granted the funds as of yet.
- This summer, Union Bank will host a grand opening of a new branch in East St. Louis.
- An event could be done at the new Walgreens, which has opened in the EZ and which is attracting new businesses.
- An event can also be held at the opening of a MetroLink Station at 15th and Baugh Avenue in East St. Louis. Local officials hope the route, which runs through several undeveloped or blighted areas, will spur development and give people new ways to get to new jobs.

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

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.

BOSTON, MASSACHUSETTS: DUDLEY STREET NEIGHBORHOOD INITIATIVE (DNSI)

Background/Highlights:

- The Dudley Street Neighborhood Initiative (DSNI) is a community-based agency serving Boston's Roxbury/North Dorchester area, one of the poorest, most culturally diverse neighborhoods in the city.
- Dudley Square is a location on Dudley Street that has received specific attention during the Clinton Administration. Dudley Square is the location where we recommend the President visit.
- Activity in the Dudley Square neighborhood in the past six years has focused on economic development, in contrast to DSNI's focus on housing. Other CDCs have been the catalyst for this new economic development, including the principal CDC, *Nuestra Communidad*.
- Located less than two miles from downtown Boston, Roxbury/North Dorchester residents have a per capita income of $7,600, compared to nearly $16,000 for the City of Boston as a whole. The 1990 unemployment rate was near 16%, compared to Boston's 8%. Approximately 35% of the area's population falls below the poverty level, compared to 18% for Boston as a whole.
- The DSNI service area, including Dudley Square, lies in the center of Boston's Empowerment Zone.
- DSNI collaborates with Community Development Corporations (CDCs), banks, government agencies, businesses, foundations, non-profits, religious institutions, and over 2,700 residents.
- DSNI is the only community-based nonprofit in the country which has been granted eminent domain authority over abandoned land within its boundaries. It has assumed control of 30 acres of vacant land to date.
- **YouthBuild Boston** has been in Roxbury since 1990 and is located on Dudley Street, near but not in Dudley Square. The **YouthBuild** Center offers education, job training, and computer skills classes. The Center is one of the first Youthbuild projects in the country, whose successes have been replicated nationwide.

Government Investments:

- Dudley Square has received **$20 million** in economic development-related funds from HUD.
- These funds allowed the City to create a new Town Common in Dudley Square. In addition, $10 million of these economic development dollars were HUD Section 108 and EDI grants dedicated towards redeveloping four important projects in Dudley Square: Palladio Hall, Fairfield Center, Harrison Supply, and the Palmer Street Development. These projects are all underway, in various stages of development.
- On top of the $20 million provided by HUD, the federal government spent $10 million to open a new, and well received, Federal Post Office building in Dudley Square.
- Another major public investment of the City and State, with federal DOT assistance, is expected for new transit service, designed to restore the historic connection from

Dudley Square along Washington Street into Downtown. To be known as the new *Silver Line*, it will include a surface, high-capacity, rapid bus service operating in dedicated transit lanes on city streets.

- **YouthBuild Boston** has been supported financially by HUD since 1994. (We will get exact funding numbers on Wed.).
- HUD has also made **$42.7 million** in non-economic-development-related investments in the Dudley Street area. They include:
    - New Construction: $14.163 Million (Housing and Public Infrastructure)
    - Rehabilitation: $2.463 Million
    - Supportive Housing: $1.233 Million
    - Open Space: $.840 Million
    - Predevelopment: $.734 Million
    - Neighborhood Partners: $.025 Million
    - Public Housing-HOPE VI: $40.000 Million

Private Sector Investments:

- It is estimated that nearly **50 new small businesses** have been started, expanded, or newly located in Dudley Square in just the last four years. *(We are researching additional private sector investments that we can provide for you Wed.)*
- Private Sector investments in the economic development of the Dudley Square area total **$24 million.**
- Not included in this list of private investments are several smaller projects in Dudley Square:
    - The Urban League, with nearly $800,000 in private assistance, purchased and renovated a building for their new office.
    - BankBoston recently invested over $1.5 million to renovate a successful branch bank in the Dudley Square area.
    - $3 million in private funds were used to assist several other businesses to locate in the DSNI area by the Nuestra Communidad CDC.
- **YouthBuild** recently moved into its Dudley Street Center with the assistance of a joint capital campaign with BankBoston. The computer center's machines were donated by the private sector. Also, Home Depot has provided in-kind materials, cash, and job placements for many **YouthBuild** graduates.
- Private entities have also invested $73.6 million in housing-related activities, such as:
    - New Construction: $10.4 Million
    - Rehabilitation: $2.2 Million
    - Supportive Housing: $3.9 Million
    - Public Housing: $57 Million

Possible Announcements/Events:

- POTENTIAL SITE: Events at the unique Town Common site (completed about three years ago) could be held to mark the important or latest achievements in Dudley Square.

- The **YouthBuild** program could also be an exciting focus for an event. A variety of private sector supporters would be willing to come to an event. Graduates would be available to offer testimony about how the training and education has led to entrepreneurial ventures, permanent employment, and college.
- Ribbon cuttings could occur at significant and successful HUD/CPD Section 108 and EDI projects (especially Palladio Hall). These would be excellent forums for business roundtables, attended by local business owners who have been helped by HUD funds.
- A decrepit building in the Dudley Square area was renovated by the State for office space. The State chose this location due to the Federally-fueled rebirth of the area. This was a significant "vote of confidence" on the State's part for this revitalized area. The 1,100 new workers the building brings to the area will provide customers to feed the economic growth of local businesses and restaurants. An event could include these individuals.
- *We are working to lock down other possible announcement in the area which we will provide to you Wed).*

U.S. Department of Housing and Urban Development
Washington, DC 20410-800

Office of Intergovernmental Relations

Tel: (202) 708-0030
Fax: (202) 708-3707

FACSIMILE TRANSMITTAL

DATE: 6/9/99

TO: Aram Kailian

ORGANIZATION:

FAX: **TELEPHONE:**

FROM: Scott Sherma

MESSAGE:

NUUMBER OF PAGES (including this page): 13

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U.S. Department of Housing and Urban Development
Washington, DC 20410-800

Office of Intergovernmental Relations

Tel: (202) 708-0030
Fax: (202) 708-3707

FACSIMILE TRANSMITTAL

DATE: 6/16

TO: Lisa Green

ORGANIZATION:

FAX: 456-2223 **TELEPHONE:**

FROM: Scott Sherman

MESSAGE:

NUUMBER OF PAGES (including this page): 4

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HUD

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**

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.

- 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 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.

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 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.

From the Desk of… Jacquie Lawing

U.S. Department of Housing and Urban Development
451 7th Street S.W.
Room 10226
Washington DC 20410
(202) 708-2236 Phone
(203) 708-4067 Fax

Fax

To: Aram Kailan

Fax: 456 9064 Pages: 14

Phone: 456 9045 Date: 6/4/99

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
- Reticence 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)

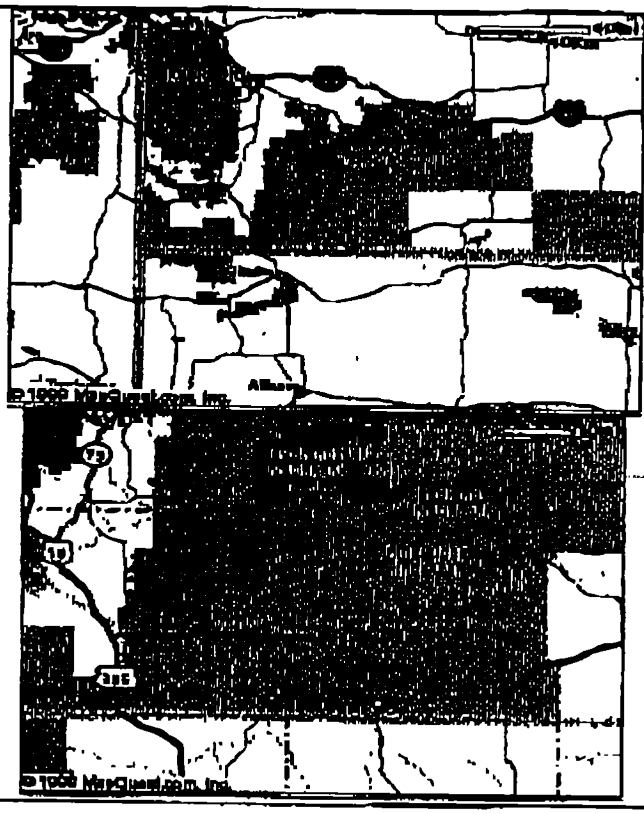
- Vital Economic Distress Statistics:

    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)

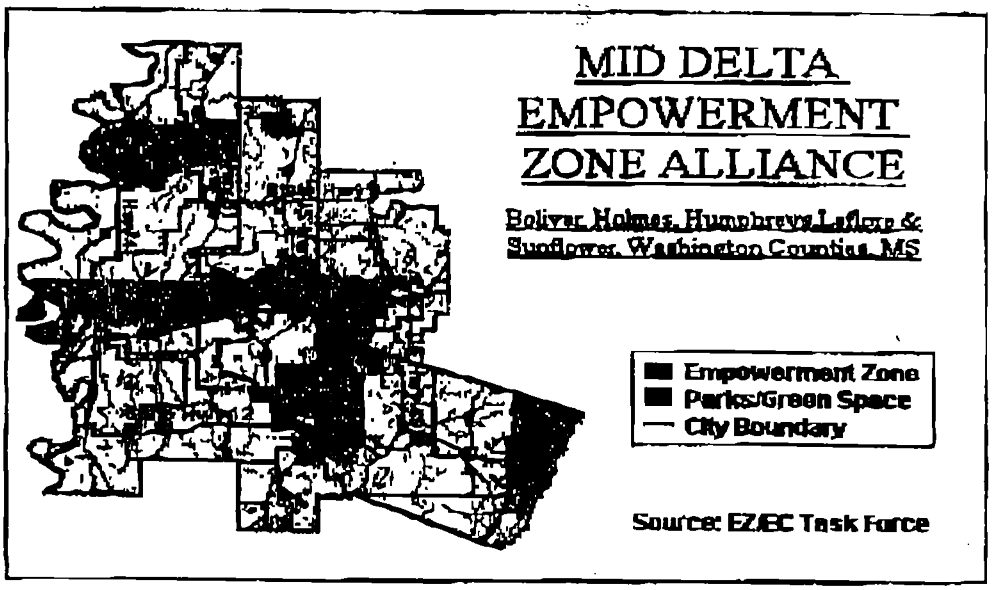
Itta Bena Industrial Park- (Itta Bena) The Industrial Park has received a $450,000 community development block grant from the Mississippi Department of Economic and Community Development and $276,000 from Leflore County. The 400-acre industrial park acquired a new 250,000 gallon elevated water tank, 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 emply 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 Electrics, 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 B&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 new and all have received financing through the KHEZ. JCR Industries and Phillips Diversified have also received financing from USDA.

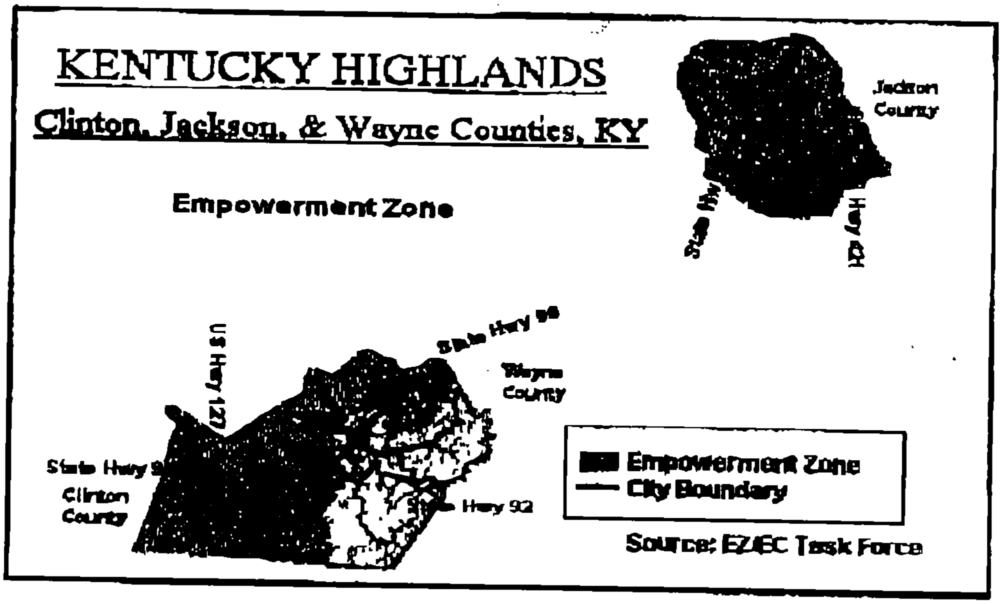
Youth Opportunity - In the KHEZ, the primary youth programs have been in Clinton County. With a $2.2 million grant from the U.S. Department of Labor, the local EZ Board has established the BRITE Center as a one-stop center for 16-24 year olds who need employment, education and training. The Center maintains 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

023

FAX TRANSMISSION SHEET

U.S. DEPARTMENT OF AGRICULTURE
EMPOWERMENT ZONE AND ENTERPRISE
COMMUNITY PROGRAM
REPORTERS BUILDING, 7TH FLOOR
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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. Get back to me if changes and/or additions are needed.

Pages: [8] including this cover

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Community Empowerment Board
Old Executive Office Building
Washington, DC 20501

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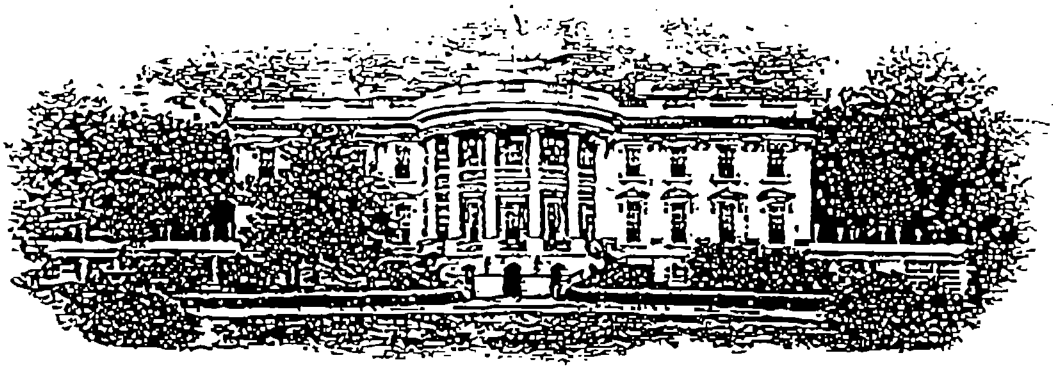

TO: Lisa Green

PHONE: FAX: 62223

FROM ARAM KAILIAN

number of pages (including cover): 23

'New Markets'
COMMENTS: 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.

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, LOUISIANNA

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

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT CURRENT AND POTENTIAL PRIVATE SECTOR PARNTERS FOR NEW MARKET ACTIVITES

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)

- Motorola
- North American Steel Framing Alliance
- Northwest Airlines
- Norwest Mortgage
- Owens Corning (roofing)
- Pepsico
- Pulte Corporation (developer)
- Sears
- Simpson Strong Tie (structural connection and hardward)
- 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

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

HUD PRIVATE SECTOR PARTNERS

- 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 Mae 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.

SUMMMARY 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

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.

HUD

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

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

investment in a dowtown 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 contruction 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

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 entertaiment 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.

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

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 of 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 delapedated, 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

DRAFT

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**

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 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.

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.

Rural Community Assistance Corporation
2125 -19th Street, Suite 203
Sacramento, California 95818

FAX COVER SHEET

DATE: 6/14/99
TIME: 9:30 Am (PST)

FAX Transmission For: Lisa Green
Senior Advisor to the National Economic Council

FAX #: (202) 456-5802
Business #: (202) 456-2803

Item(s) Transmitted: letter re: President's trip

# of Pages: 2 (including cover page)

FROM: William French

FAX #: (916) 447-2878
Business #: (916) 447-2854

Notes/Instructions:

PLEASE NOTIFY US IMMEDIATELY IF THE TRANSMISSION IS NOT RECEIVED COMPLETELY OR CORRECTLY.

Transmission completed by:________ Date:________ Time:________

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Bank of America

Rural Community Assistance Corporation

June 14, 1999

Lisa Green
Senior Advisor to the National Economic Council
The White House, Office of Public Liaison
Old Executive Office Building, Room 122
Washington, DC 20500

Dear Ms. Green:

Rural Community Assistance Corporation (RCAC) is pleased to have been invited to The White House meeting of nonprofit organizations to discuss the President's trip to distressed rural and urban communities. Unfortunately, we are unable to come to Washington on such short notice.

However, we would like to do whatever we can to support the President's trip. RCAC is in a unique position, as we work in 12 Western states and could find a number of places to visit that may fit the President's plans. We have begun working in several rural communities on a broad rural development agenda. Four of these are of particular interest to us; the Havasupai reservation in Arizona, the Island of Molokai in Hawaii, the town of Pe Ell in Washington and Spring Lake, Utah.

In our roll as a Community Development Finance Institution (CDFI), we have provided loans to about 100 communities. Our newest efforts involve a major private foundation program ($31 million) to improve the health and housing of California's farm workers. In addition, we are an USDA guaranteed lender and have just negotiated a major program with the Bank of America to purchase $15 million of our USDA guaranteed loans. There has been no public announcement of this program, and as part of the tour, it might be possible to have the Chief Executive Officer of Bank of America join the President in announcing the program.

On Tuesday, if necessary, I will be available for a telephone conference. You can reach me directly at (916) 447-9832, ext. 102. If there is anything we can do, please let us know as early as possible.

Sincerely,

William French

William French
Chief Executive Officer
F:\USERS\WP\WHITEH-1.DOC:lw

Bank of America

Corporate office: 2125 19th Street, Suite 203 Sacramento, California 95818 916/447-2854 FAX: 916/447-2878
Field offices: Arizona California Colorado Hawaii Idaho New Mexico Oregon Utah Washington

U.S. Department of Housing and Urban Development
Washington, DC 20410-800

Office of Intergovernmental Relations

Tel: (202) 708-0030
Fax: (202) 708-3707

FACSIMILE TRANSMITTAL

DATE: 6/16/99

TO: Lisa Green

ORGANIZATION:

FAX: 456-2223 **TELEPHONE:**

FROM: Scott Sherman

MESSAGE:

NUUMBER OF PAGES (including this page): 3

If problems occur during transmission of fax, please call (202) 708-0030.

HUD

DRAFT

AKRON, OHIO

Background/Highlights:

- In the past 10 years, Akron's population declined by about 6 percent, falling to 223,019.
- The city's median family income (MFI) is $27,543, which equals 78 percent of the national MFI.
- No longer known as the automobile tire manufacturing capital of the world, Akron has diversified into polymer research and manufacturing, printing, publishing, electronics and other goods producing industries. Although the greater Akron area has lost 20,000 manufacturing jobs during the past 20 years, the area has gained 36,000 service producing jobs. However, twenty-five percent of the jobs in the Akron area are still in manufacturing.

Government Investments:

- HUD provided a $1 million EDI grant and $2 million in Section 108 loan guarantees to support the development of the **Middlebury Grocery and Shopping Center** within the EC target area. The project will serve a large portion of the EC's residents, and will create 130 new jobs. The project will include 62,000 square feet of retail space and HUD funds will leverage over $4 million in private investments.
- The Akron banking community, in cooperation with the U.S. Small Business Administration and the City of Akron, is offering a lending program to create jobs in the Akron EC. The new program will provide SBA Low-Doc loans to businesses located in the EC or to business that hire EC residents. Five Akron banks, BankOne, First Merit, National City, Society and Star Bank, are each offering $1 million to provide financing for 92 businesses during the first year alone. The average loan amount is expected to be $54,000, with a maximum of $100,000. The banks are responsible for marketing the program and the Akron Regional Development Board will provide mentoring for loan recipients.
- The **Akron Industrial Incubator** provides entrepreneurs with space at below market rates and a wide variety of administrative, management, technical, and professional services. The incubator is a joint project of the city, the state, the University of Akron, businesses, and community groups, and uses funds from the EC. It is located in a former B.F. Goodrich facility that was renovated with the assistance of HUD funds. One example of a successful startup from the incubator is **Western Reserve Controls,** a manufacturer of electronic products used in industrial controls. The firm recently announced plans to leave the incubator so it can expand, creating 31 new jobs.
- The EC allocated funds to a **revolving loan program**, which issues loans of up to $75,000 to industrial and retail projects in the Central Business District.
- The **Safe Harbor Minority Business Center** is an incubator that specifically targets minority-owned office and service firms. The project was jointly developed by the City of Akron and the East Akron Neighborhood Development Corporation. Safe Harbor currently houses nine businesses. The organization also launched a micro-lending program for minority businesses in conjunction with the EC.

DRAFT

- The EC collaborated with the University of Akron Polymer Training Center to create the **Sebert Project**, a training program for EC residents interested in entering Akron's large polymers and plastics industry. Of the 34 people who participated in a recent four-week session, 23 graduated and were placed in companies like Landmark Plastics and Spunfab Adhesives.

Private Investments:
- Private investments in the Akron EC total **$436 million**.
- The **Goodyear Tire and Rubber Company** plans to undertake a $120 million effort to expand and upgrade its physical plant within the EC. The capital program is focused primarily on R&D equipment and industrial plant reconstruction. The project will allow the company to add 250 jobs over time.

Announcements/Events:
- The Middlebury Grocery and Shopping Center could be the focus of an event, showing the importance of using public dollars to spark private development as well as of bringing needed services into underdeveloped communities.
- An event could be held at the Akron Industrial Incubator, to highlight how a federal investment could help create several new small businesses. Secretary Cuomo visited the incubator in August 1998.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
CURRENT AND POTENTIAL PRIVATE SECTOR
PARNTERS FOR NEW MARKET ACTIVITES

PINE RIDGE, SOUTH DAKOTA

Lisa,
HUD will follow up with the priority list you requested.

- 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)

- Motorola
- North American Steel Framing Alliance
- Northwest Airlines
- Norwest Mortgage
- Owens Corning (roofing)
- Pepsico
- Pulte Corporation (developer)
- Sears
- Simpson Strong Tie (structural connection and hardward)
- 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

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

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

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-6000

OFFICE OF POLICY DEVELOPMENT & RESEARCH, Room 8146

202/708-4230 *tel*
202/708-3141 *fax*

fax cover

From the office of Xavier de Souza Briggs
Deputy Assistant Secretary

date: 26 JUNE/99

to: ~~CARL HAACKE~~ LISA GREEN

org: NEC

fax: 456-2223

pages: 13 (including this cover sheet)

comments

NEW MARKETS RPT, PER MY VOICE MAIL.

thanks - XAV

(NOTE: STILL RUNNING SOME PHOENIX #s)

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Need to read and clear

[001]

25 June/99

TO: Carl Haacke/NEC

FR: Xav Briggs/HUD tel 708-4230

NOTES ON ATTACHED "NEW MARKETS AT HOME" REPORT

- This is one of our deliverables for East St. Louis. Should we clear it with you or whom?
- This is an excerpt of the larger untapped markets analyses that Susan Wachter has described to you and the working group.
- The cities highlighted in text are meant to show the range of size and regions of the country where the "under-retailed" patterns obtain. But we've given East St. Louis extra prominence.
- Some of these data were provided by private firms. Proper citing and due crediting will be added by Monday, along with a few updates to the technical notes, but we wanted you to have this now.

Please call with any questions. Thanks - Xav (pager P6/(b)(6))

NEW MARKETS AT HOME:
THE LARGE, UNTAPPED RETAIL MARKETS IN AMERICA'S CITIES

U.S. Department of Housing & Urban Development

July 1999

OVERVIEW

The Nation's cities represent the number one emerging market for retail growth, with particularly strong growth potential in many underserved inner-city new markets. Many of the Nations' leading cities suffer from significant "outshopping" — they have too little retail to meet the demand, and tap the buying power, of their own residents. While many urbanites both live and work in the city, much of their income is spent elsewhere — in the suburbs, on-line, or mail order. For example:

- *The most "under retailed" large cities are losing one-fourth to one-half of the retail spending by their own residents to retail outlets outside the city.* In 1997, for example, an estimated $31 billion was lost from New York City alone (43.3% of total retail purchasing power in the city); $12.5 billion from Los Angeles (35%); $5.9 billion from Chicago (26.3%); $2.7 billion from Detroit (41.8%); $2.1 billion from San Jose (22.9%); and $1.9 billion from Washington, DC (33.4%), with many smaller communities also registering major losses. For example, East St. Louis, Illinois lost an estimated $62.9 million in 1997 — or 39.1% of total retail purchasing power in that distressed community.

- ***Some of the most untapped, under-retailed new markets are the inner cities of our urban areas—for example, residents of the poorest neighborhoods in East St. Louis spend about $50 million each year on retail outside the inner city.*** Such losses are found nationwide in small, mid-sized, and large cities alike. In Chicago, inner-city residents spent over $2.5 billion outside of the inner city last year, in Washington, DC $381 million, in Detroit $446 million, and in Newark $658 million. Ironically, if the employment rates and therefore the buying power of inner-city residents grow faster than local retail services grow to meet that surge in buying power, then the "retail gap" can actually grow during periods—like this one—of strong economic expansion.

UNDERSTANDING THE UNTAPPED CONSUMER MARKETS IN CITIES

The urban retail market is enormous: the purchasing power of all central city residents is estimated at $665 billion, meaning that retail demand just in America's central cities—the hub cities of larger metropolitan areas—is equal to that in all of Great Britain. Even the poorest neighborhoods have enormous purchasing power. According to a recent study by the Initiative for a Competitive Inner City (ICIC), an organization launched by Harvard Business School professor Michael Porter, the purchasing power of households in just the most economically distressed urban communities is more than

$85 billion per year, more than the entire retail market in Mexico.[1]

Although many downtowns have posted impressive comebacks in recent years in terms of population and business vitality, as noted in HUD's recent *State of the Cities 1999*, most cities could capture significantly larger shares of metropolitan consumer spending. The retail gap—the billions lost through outshopping—represents a major market opportunity for investors and retailers, as well as huge job creation potential for residents, community groups, and local leaders.

Our cities began as centers of commerce, creating a density of demand that is crucial to the success of much retail enterprise. As a recent *Washington Post* story acknowledged, however, in many cities, retail companies have not focused their attention on the urban marketplace, instead concentrating on the growing suburbs. The *Post* added that in cities where retailers have re-entered the urban market, stores are posting record profits.

Alongside the compelling evidence on the handful of major retailers "pioneering" their way back into cities, there is a stark reality: as a result of the decades-long suburban focus, cities now face a large "metropolitan trade deficit": city residents must travel to suburban locations, or shop by mail or other means, to buy the

[1] The Boston Consulting Group and The Initiative for a Competitive Inner City, "The Business Case for Pursuing Retail Opportunities in the Inner City." See also Pricewaterhouse Coopers and The Initiative for a Competitive Inner City, "The Inner-City Shopper: A Strategic Perspective." Inner-city neighborhoods are defined for these studies as those in which median household income is no more than 75 percent of the city average, the poverty rate is at least 50 percent greater than the city, and/or unemployment is at least 30 percent higher than the city average.

goods that they could purchase in the city. Put differently, urban residents in many major cities are "outshopping" to the tune of many billions of dollars each year, as highlighted below.

Outshopping affects cities of all sizes in every part of the country. Table 1 presents the gap between retail sales in 1997 and estimated retail purchasing power in central cities for that year (only central cities with a gap are shown). In absolute terms, the biggest retail gaps are in our biggest cities: $31 billion in New York City, $12.5 billion in Los Angeles, and $5.9 billion in Chicago. But many other cities, large and small and in between, face significant retail gaps as well: San Francisco, despite its role as a "destination retail" magnet for tourists, has a $1.4 billion gap; Denver $1 billion; and Seattle $643 million. And considering the size of the market gap *as a percentage of total retail purchasing power in the city* reveals the significance of this untapped retail potential in cities of all sizes and regions of the country, for example: New York City (43.3%); Newark, New Jersey (39.6%); Gary, Indiana (49.6%); Baltimore, Maryland (33.9%); Kansas City , Kansas (20%); Augusta, Georgia (41.5%); Long Beach, California (44%); and St. Paul, Minnesota (22.3%).

Untapped markets for retail are especially evident in the Nation's inner-city neighborhoods[2] — areas with significantly higher rates of poverty and lower incomes than their cities as a whole. (See Table 2 "New Market Area" Retail Trade Gaps, selected cities) For example, the total retail gap in Detroit, Michigan's inner-city new market neighborhoods was over $446 million last year, meaning that residents of those neighborhoods spent almost half a billion dollars on retail outside of their communities. In Chicago's inner city new markets, the gap was over $2.5 billion; and in Newark, New Jersey over $658 million. In Newark, that retail gap represented more than one-quarter (28.2%) of all retail purchasing power in the inner city's new markets. But inner city areas in mid-sized and small cities across the Nation are home to large untapped markets, too: for example, in East St. Louis, Illinois almost $50 million last year (21.9% of total purchasing power); in New Haven, Connecticut $184 million (21.4%); in Trenton, New Jersey almost $270 million (40.6%); in Scottsdale, Arizona $20 million (33.6%); in Davis, California $167 million (35.4%); and in Gary, Indiana over $138 million (18.3%).

Aside from this aggregate untapped retail demand, urban locations typically offer a critical advantage for retail businesses: *density* of demand. To illustrate the importance of such density:

- Retail demand per square mile in **inner-city Boston** is six times as great as in the

[2] In Table 2, "new market areas" are those urban areas that meet the targeting criteria for the federal New Markets Initiative, i.e. census tracts in which 20% or more of the population was in poverty or in which the median family income for the tract was less than 80 percent of the median family income for the surrounding metropolitan area in 1990.

Boston metropolitan area as a whole, and the Super Stop and Shop outlet in Boston's inner city is the highest grossing of that company's 186 supermarkets.

- In **inner-city Oakland,** where retail demand per square mile is three times greater than in the Oakland metro area as whole, K-mart's SuperK store generates 50 percent more in sales than the chain's other outlets.
- In the Chicago metropolitan area, the "Little Village" area of **inner-city West Chicago** offers retailers $85,018 in spending power per acre compared with $37,754 per acre in Kenilworth on the city's North Shore, despite the fact that the average household income in Kenilworth – the "wealthiest" Chicago neighborhood – is $166,536 per year, compared with just $48,656 in West Chicago.

Even these figures understate the full market potential of urban areas and of inner cities in particular. The reason is the significant "information gap" – traditional sources of business data are often ill-suited to special features of the urban marketplace, and rich databases and models that are designed specifically for urban markets are just now appearing.[3]

CONCLUSION

The huge untapped demand for retail goods in new urban markets means that many of our Nation's retailers are missing major profit-making opportunities. At the same time, the fact that city residents must do so much of their retail shopping outside of the cities means that the full benefits of our economic expansion have not yet extended to urban communities — with jobs and quality shopping services in all communities with market potential. Pent-up demand — and the density of that demand — in new urban markets present us with a chance to further two of our most important goals as a Nation: first, to extend the record-breaking economic expansion by identifying new profit opportunities and room for growth and second, to extend the fruits of that expansion to all Americans, especially those who have yet to participate fully in the Nation's extraordinary rising tide.

[3] See "The Business of Neighborhood Markets: A project of the Social Compact," Shorebank Corporation, Chicago, Illinois, May 1997. And Robert Weissbourd, "Filling the Information Gap," Center on Urban and Metropolitan Policy, The Brookings Institution, Washington, DC, March 1999.

APPENDIX: TECHNICAL NOTES & TABLES

Income and purchasing power estimates for each city in the sample were estimated as follows. Total household income and total wage and salary income in 1989 for each city and its associated metropolitan area were taken from the 1990 Census. Total non-wage income in 1989 was calculated as the difference of total household and total wage and salary income in 1989. Total wage and salary income for 1997 was estimated as the 1989 total wage and salary income multiplied by the growth in the number of employed persons and by the nominal growth in U.S. labor income per employed worker (41.96 percent). Total non-wage income for 1997 was estimated as the 1989 total non-wage income multiplied by the growth in the population and by the nominal growth in U.S. non-labor income per capita (48.40 percent). Nominal growth in U.S. labor income per employed worker and in U.S, non-labor income per capita were calculated from the 1999 Economic Report of the President. Growth in the number of employed persons between 1989 and 1997 in each metropolitan area and city was calculated from data in HUD's State of the Cities Data System.

Total household income for 1997 was then calculated as the sum of the estimated total 1997 wage and salary income and total 1997 non-wage income. From there, purchasing power was estimated as follows: purchasing power for 1997 was set at 47 percent of total household income in 1997.

Data for retail sales were estimated by Market Statistics of New York, New York. Retail sales for each city and metropolitan area were obtained from the 1992 Census of Retail Trade. Next, estimates of retail sales for 1997 were made by multiplying the 1992 figures by the growth in sales tax revenue for each jurisdiction. In cases where sales tax data were not available, Market Statistics used changes in covered employment and wages in retail occupations as the relevant growth rates. As with income, retail sales figures for suburban areas were calculated as the difference between the metropolitan area and city figures.

"New Market Areas" in Table 2 are those inner-city neighborhoods specified in footnote 2. (Note that the Census of Retail Trade reports at the level of zip code, not census tract.)

Table 1

Retail Sales Gap, 1997 Estimates for Central Cities

City	State	Retail Sales 1997	Purchasing Power 1997	Gap (Purchasing Power - Sales)	Gap as Percentage of Purchasing Power
New York	NY	$ 40,567,690,000	$ 71,571,600,000	$ 31,003,910,000	43.3%
Los Angeles	CA	$ 23,172,283,000	$ 35,656,041,727	$ 12,483,758,727	35.0%
Chicago	IL	$ 16,607,220,000	$ 22,537,570,640	$ 5,930,350,640	26.3%
Detroit	MI	$ 3,736,984,000	$ 6,425,346,806	$ 2,688,362,806	41.8%
San Jose	CA	$ 7,144,256,000	$ 9,264,281,669	$ 2,120,025,669	22.9%
Washington	DC	$ 3,760,370,000	$ 5,647,470,508	$ 1,887,100,508	33.4%
Long Beach	CA	$ 2,240,325,000	$ 4,003,096,452	$ 1,762,771,452	44.0%
Philadelphia	PA	$ 9,361,208,000	$ 11,088,075,841	$ 1,726,867,841	15.6%
Baltimore	MD	$ 3,338,909,000	$ 5,053,052,433	$ 1,714,143,433	33.9%
San Francisco	CA	$ 7,636,024,000	$ 9,065,684,866	$ 1,429,660,866	15.8%
Oakland	CA	$ 2,380,439,000	$ 3,530,547,629	$ 1,150,108,629	32.6%
Denver	CO	$ 4,075,124,000	$ 5,117,802,279	$ 1,042,678,279	20.4%
Seattle	WA	$ 6,013,024,000	$ 6,656,416,358	$ 643,392,358	9.7%
Buffalo	NY	$ 1,512,780,000	$ 2,131,755,098	$ 618,975,098	29.0%
San Diego	CA	$ 10,733,969,000	$ 11,351,968,927	$ 617,999,927	5.4%
Newark	NJ	$ 929,668,000	$ 1,539,616,960	$ 609,948,960	39.6%
Arlington	VA	$ 2,098,917,000	$ 2,667,742,926	$ 568,825,926	21.3%
St. Paul	MN	$ 1,825,439,000	$ 2,349,669,804	$ 524,230,804	22.3%
Atlanta	GA	$ 3,727,587,000	$ 4,245,146,268	$ 517,559,268	12.2%
Miami Beach	FL	$ 515,654,000	$ 1,024,019,693	$ 508,365,693	49.6%
Dallas	TX	$ 11,565,282,000	$ 12,067,872,921	$ 502,590,921	4.2%
Anaheim	CA	$ 2,261,536,000	$ 2,733,531,623	$ 471,995,623	17.3%
Augusta	GA	$ 572,568,000	$ 977,996,439	$ 405,428,439	41.5%
Milwaukee	WI	$ 3,952,982,000	$ 4,353,979,752	$ 400,997,752	9.2%
Sacramento	CA	$ 3,103,067,000	$ 3,473,047,676	$ 369,980,676	10.7%
Trenton	NJ	$ 217,519,000	$ 585,591,258	$ 368,072,258	62.9%
Evanston	IL	$ 632,816,000	$ 1,000,134,744	$ 367,318,744	36.7%
Minneapolis	MN	$ 3,116,857,000	$ 3,482,261,231	$ 365,404,231	10.5%
Gary	IN	$ 345,780,000	$ 686,303,141	$ 340,523,141	49.6%
Rochester	NY	$ 1,392,576,000	$ 1,730,663,935	$ 338,087,935	19.5%
Bayonne	NJ	$ 339,589,000	$ 610,789,022	$ 271,200,022	44.4%
Cleveland	OH	$ 2,735,056,000	$ 2,980,489,451	$ 245,433,451	8.2%
Alameda	CA	$ 570,765,000	$ 796,027,464	$ 225,262,464	28.3%
Cape Coral	FL	$ 602,148,000	$ 825,565,187	$ 223,417,187	27.1%
Elgin	IL	$ 547,277,000	$ 769,736,317	$ 222,459,317	28.9%
Camden	NJ	$ 173,835,000	$ 386,369,563	$ 212,534,563	55.0%
Sunnyvale	CA	$ 1,613,173,000	$ 1,822,290,535	$ 209,117,535	11.5%
Kansas City	KS	$ 786,875,000	$ 985,124,127	$ 198,249,127	20.1%
Irvine	CA	$ 1,663,766,000	$ 1,849,447,582	$ 185,681,582	10.0%
Berkeley	CA	$ 1,059,656,000	$ 1,245,268,514	$ 185,612,514	14.9%
Portsmouth	VA	$ 505,155,000	$ 685,077,615	$ 179,922,615	26.3%
Richland	WA	$ 265,723,000	$ 435,055,074	$ 169,332,074	38.9%
Lorain	OH	$ 346,757,000	$ 506,198,189	$ 159,441,189	31.5%
Rock Island	IL	$ 174,394,000	$ 321,595,207	$ 147,201,207	45.8%
Palm Bay	FL	$ 411,584,000	$ 544,595,729	$ 133,011,729	24.4%
Davis	CA	$ 411,228,000	$ 534,665,646	$ 123,437,646	23.1%
Coronado	CA	$ 88,894,000	$ 200,709,082	$ 111,815,082	55.7%
Port St. Lucie	FL	$ 495,830,000	$ 592,865,371	$ 97,035,371	16.4%
Schenectady	NY	$ 414,589,000	$ 507,898,491	$ 93,309,491	18.4%
East Chicago	IN	$ 108,848,000	$ 201,009,776	$ 92,161,776	45.8%
Dayton	OH	$ 1,037,862,000	$ 1,129,519,069	$ 91,657,069	8.1%
Paradise	CA	$ 138,176,000	$ 221,057,814	$ 82,881,814	37.5%
East St. Louis	IL	$ 97,972,000	$ 160,955,249	$ 62,983,249	39.1%
Jersey City	NJ	$ 1,770,510,000	$ 1,825,716,054	$ 55,206,054	3.0%
Suffolk	VA	$ 394,409,000	$ 449,551,185	$ 55,142,185	12.3%
Millville	NJ	$ 168,197,000	$ 222,010,491	$ 53,813,491	24.2%
Lodi	CA	$ 475,480,000	$ 529,258,793	$ 53,778,793	10.2%
Napa	CA	$ 638,969,000	$ 683,325,798	$ 44,356,798	6.5%
Galveston	TX	$ 463,545,000	$ 505,775,393	$ 42,230,393	8.3%
Bethlehem	PA	$ 558,324,000	$ 600,142,449	$ 41,818,449	7.0%
Vallejo	CA	$ 955,426,000	$ 994,395,527	$ 38,969,527	3.9%
Middletown	OH	$ 411,957,000	$ 444,008,676	$ 32,051,676	7.2%
Troy	NY	$ 363,456,000	$ 387,664,524	$ 24,208,524	6.2%
Lompoc	CA	$ 279,825,000	$ 296,044,731	$ 16,219,731	5.5%
Utica	NY	$ 430,519,000	$ 446,103,404	$ 15,584,404	3.5%

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Table 2: "New Market Area" Retail Trade Gaps

Cities with New Market Eligible Areas		"New Market Area" Retail Sales 1998	"New Market Area" Purchasing Power 1998	"New Market Area" Households	Gap (Purchasing Power - Sales)	GAP per Household	Gap as Percentage of Purchasing Power
Jacksonville	AR	$15,000,000	$57,340,808	2,414	$42,340,808.00	$17,540	73.8%
Jonesboro	AR	$72,000,000	$126,866,954	6,724	$54,866,954.00	$8,160	43.2%
Texarkana	AR	$79,200,000	$85,016,568	4,514	$5,816,568.00	$1,289	6.8%
Scottsdale	AZ	$40,000,000	$60,252,695	3,039	$20,252,695.00	$6,664	33.6%
Alameda	CA	$153,800,000	$181,812,328	5,759	$28,012,328.00	$4,864	15.4%
Anaheim	CA	$1,184,900,000	$1,234,092,069	39,922	$49,192,069.00	$1,232	4.0%
Davis	CA	$305,400,000	$472,491,526	13,687	$167,091,526.00	$12,208	35.4%
Fairfield	CA	$41,300,000	$103,758,615	4,222	$62,458,615.00	$14,794	60.2%
Lancaster	CA	$17,300,000	$47,283,283	2,229	$29,983,283.00	$13,451	63.4%
Lompoc	CA	$77,900,000	$153,704,628	5,934	$75,804,628.00	$12,775	49.3%
Long Beach	CA	$1,147,300,000	$1,216,722,396	50,382	$69,422,396.00	$1,378	5.7%
Stockton	CA	$989,700,000	$1,065,084,586	45,150	$75,384,586.00	$1,670	7.1%
Sunnyvale	CA	$148,700,000	$228,341,302	5,117	$79,641,302.00	$15,564	34.9%
Tulare	CA	$115,800,000	$131,916,890	6,285	$16,116,890.00	$2,564	12.2%
Bridgeport	CT	$670,700,000	$842,542,223	27,354	$171,842,223.00	$6,282	20.4%
Meriden	CT	$131,900,000	$191,276,139	7,348	$59,376,139.00	$8,081	31.0%
New Haven	CT	$675,700,000	$859,623,450	33,200	$183,923,450.00	$5,540	21.4%
Stamford	CT	$1,110,600,000	$1,179,737,634	25,331	$69,137,634.00	$2,729	5.9%
Washington	DC	$3,891,900,000	$4,272,778,871	136,440	$380,878,871.00	$2,792	8.9%
Bradenton	FL	$184,600,000	$221,172,538	8,472	$36,572,538.00	$4,317	16.5%
West Palm Beach	FL	$301,600,000	$439,947,204	15,479	$138,347,204.00	$8,938	31.4%
Aurora	IL	$117,200,000	$309,906,539	10,733	$192,706,539.00	$17,955	62.2%
Chicago	IL	$12,957,200,000	$15,522,574,078	571,210	$2,565,374,078.00	$4,491	16.5%
East St. Louis	IL	$177,100,000	$226,718,516	11,942	$49,618,516.00	$4,155	21.9%
Evanston	IL	$107,200,000	$173,338,231	4,199	$66,138,231.00	$15,751	38.2%
Granite City	IL	$85,700,000	$141,296,643	5,969	$55,596,643.00	$9,314	39.3%
Joliet	IL	$152,600,000	$251,048,914	9,478	$98,448,914.00	$10,387	39.2%
North Chicago	IL	$53,200,000	$104,012,070	3,832	$50,812,070.00	$13,260	48.9%
Gary	IN	$615,700,000	$753,808,779	34,388	$138,108,779.00	$4,016	18.3%
Gloucester	MA	$160,400,000	$160,669,090	5,581	$269,090.00	$48	0.2%
Lowell	MA	$541,400,000	$597,672,900	22,810	$56,272,900.00	$2,467	9.4%
Waltham	MA	$144,200,000	$155,158,648	4,836	$10,958,648.00	$2,266	7.1%
Detroit	MI	$4,964,500,000	$5,411,135,539	280,369	$446,635,539.00	$1,593	8.3%
Flint	MI	$666,200,000	$805,676,489	38,865	$139,476,489.00	$3,589	17.3%
Pontiac	MI	$531,600,000	$544,456,266	22,455	$12,856,266.00	$573	2.4%
St. Cloud	MN	$175,800,000	$185,006,677	6,130	$9,206,677.00	$1,502	5.0%
St. Charles	MO	$72,800,000	$77,807,784	3,144	$5,007,784.00	$1,593	6.4%
Camden	NJ	$376,200,000	$499,273,255	25,210	$123,073,255.00	$4,882	24.7%
Dover Township	NJ	$52,600,000	$58,736,691	1,706	$6,136,691.00	$3,597	10.4%
Jersey City	NJ	$708,000,000	$825,844,212	27,088	$117,844,212.00	$4,350	14.3%
Newark	NJ	$1,674,600,000	$2,332,934,709	85,002	$658,334,709.00	$7,745	28.2%
Trenton	NJ	$395,500,000	$665,447,584	23,810	$269,947,584.00	$11,338	40.6%
Lorain	OH	$153,600,000	$246,102,496	11,197	$92,502,496.00	$8,261	37.6%
Allentown	PA	$285,100,000	$307,896,929	12,650	$22,796,929.00	$1,802	7.4%
Bethlehem	PA	$113,600,000	$143,486,120	7,105	$29,886,120.00	$4,206	20.8%
Lancaster	PA	$290,500,000	$298,549,854	12,773	$8,049,854.00	$630	2.7%

Lebanon	PA	$123,100,000	$148,922,406	6,711	$25,822,406.00	$3,848	17.3%
Pawtucket	RI	$211,100,000	$226,605,419	10,462	$15,505,419.00	$1,482	6.8%
Baytown	TX	$207,200,000	$249,688,609	8,754	$42,488,609.00	$4,854	17.0%
Arlington	VA	$540,600,000	$768,091,045	19,535	$227,491,045.00	$11,645	29.6%
Suffolk	VA	$93,200,000	$138,946,993	7,146	$45,746,993.00	$6,402	32.9%
Richland	WA	$300,000	$25,002,900	1,266	$24,702,900.00	$19,513	98.8%

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IMMEDIATE ATTENTION!! **Date: July 2, 1999**

To:
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From: **Clifton Kellogg**

Pages **7(pages including the cover)**

New Markets Initiative

[Proposed Acknowledgment: HUD would like to thank the Treasury Department for its analysis, integrated into this report, including its work with the Bureau of Labor Statistics and the Federal Reserve to analyze new information regarding the consumer purchasing power of residents of new markets communities.

[for Front of Report – New Markets Context]

Overview

There is enormous economic potential in America's lower-income communities, both urban and rural – potential that can benefit the residents of these communities, and benefit the businesses that successfully serve these markets. Many of these communities possess meaningful business advantages if approached strategically.

At a time when many higher-income areas are increasingly saturated with retailers, the Nation's moderate- and lower-income communities represent genuine New Markets for economic expansion and growth. These New Markets[1] possess several underappreciated advantages from a business perspective:

- In New Markets, retail spending power is significant, and in urban areas, quite concentrated.
- Many of these markets are not as well-served with retail outlets. This means that residents may need to leave their neighborhood to find adequate shopping opportunities.
- Often, these New Markets have an available and trainable labor pool. Many employers have succeeded in finding attractive workers.
- Many urban New Markets have location advantages, in that they are close to downtown commercial districts (for firms offering business services), or are close to major interstates and airports (for distribution businesses), or have available real estate with the appropriate utilities and loading facilities for manufacturing businesses.

A few industries and leading businesses have begun to tap these markets and expand their company's presence in these areas.

At the same time, there are barriers to New Markets business development that must also be addressed for these areas to reach their economic potential:

- Access to capital, especially equity capital. This remains a critical need for small business growth. As Alan Greenspan has noted, "Businesses must have equity capital before they are considered viable candidates for debt financing... Continued efforts to develop the markets

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[1] "New Markets" census tracts are defined as those with either poverty less than 20% or, if the tract is in a metropolitan area, if median income less than the greater of 80% of statewide median income or 80% of median metropolitan income, or if the tract is not in a metropolitan area, if median income is less than 80% of statewide median income.

for private equity investments will be rewarded by an innovative and productive business community. This is especially true in lower income communities, where the weight of expansive debt obligations on small firms can severely impede growth prospects..."

The Administration's New Markets Initiative focuses on building local funds that can provide equity business financing in these targeted areas. This "investment infrastructure" is the linchpin to building equity capital markets in these neighborhoods. Former Treasury Robert E. Rubin observed, "I remember from my time on Wall Street that there really had been no practical means, even for professional investors, to invest in inner cities even if they wished to do so. Hopefully the creation of CDFI and other vehicles, and this new tax credit, will interact to make investment opportunity more readily available and to provide incentive for such investment."

- Access to technical expertise and to market opportunities. The New Markets Business LINC proposal provides a small amount of seed capital for a public-private partnership to promote more business-to-business mentoring and partnerships that benefit both firms. Major corporations reported to Vice President Gore in his White House Entrepreneurial Roundtables that these relationships benefit both large and small firms – they are true"win-win" partnerships. These partnerships include subcontracting, sales channel development, advisory boards, and one-on-one consulting.

  Several New Markets Initiative programs include technical assistance for businesses, including the proposed SBA New Markets Venture Capital program, the proposed CDFI Program for Investment in Micro Entrepreneurs (PRIME) Act and the proposed increases in both the CDFI program and the SBA Microenterprise Lending program.

  Access to market information, such as purchasing power and local economic opportunities. Facilitating private sector investment is essential to economic growth in New Markets, and investors often look to business and population demographics in choosing where to expand. Business research indicates that there are a fairly uniform set of criteria that retailers use to determine retail location. Although specific measures depend on the merchandise, private sector consultants report that retailers look for a concentrated customer base, the demographic traits of core customer, product demand for their merchandise, and existing retailers and competitors.[2]

  Yet potential investors often lack relevant information, or view such information as too costly to amass or obtain. This is primarily a matter for the private sector to address, but the federal government can help. Up until now, the federal government has not viewed its various databases with an eye toward compiling useable business information to help investors apprise these communities as markets. At the federal government, we have pooled expertise from Commerce/Census Bureau, Labor/Bureau of Labor Statistics, Treasury, and HUD to review available government data sources and, just as importantly, how to present it most usefully for potential business investors.

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2 Interview with LocationNet Consultants, June 25, 1999. Businesses seeking to site non-retail facilities, such as headquarters, distribution facilities or back-room processing will consider different factors, specific to their firm's strategy. See unpublished paper by Brookings Institute, Center for Urban Policy.

There is an increasing business audience for such data. Bill Goodyear, Chairman of Bank of America, Illinois, sums up the shift in corporate perceptions: "We're no longer accepting the deficiency-based statistics. And when you do that, you can come to some pretty different conclusions."[3]

[The President will form an Inter-Agency Group that is specifically charged with this task, including producing a regular compendium of New Markets business indicators.]

1. Both Urban and Rural New Markets show significant spending power

- A special analysis of the Consumer Expenditure Survey, commissioned by the Treasury Department for the New Markets Initiative, that focused on New Markets communities shows that total consumer expenditures are almost $695 billion ($323 billion in urban New Markets, $192 billion in suburban New Markets and $180 billion in rural New Markets).[4]

- These New Markets can be sizeable and lucrative markets when analyzed by local spending rather than median income. Traditional market analysis that relies on household income to project sales can be inadequate, since new market areas spend a much higher portion of their income, especially in basic items such as food and apparel. New Market areas have a higher proportion of the nation's consumer spending than of the nation's income. According to Treasury analysis:

    - Nationwide, the average income of consumer units (households) in New Markets areas is just 55% of the rest of the country, but they spend 62% as much as the rest of the country. For clothing, they spend 67% as much. For food at home, they spend 84% as much. This translates into substantial spending power.

    - The pattern is even more pronounced in central cities: On average, New Market residents earn 54% of what other central city residents earn, but spend 62% as much in total, 67% as much on clothing and 89% as much for food at home.

Consumer Units by Type of Area	Total Income	Total Expenditures	Clothing	Food at Home
Nationwide, New Markets v. Non-New Markets	55%	61%	67%	84%
Center City, New Markets v. Non-New	54	62	67	89

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3 Christian Science Monitor, August 10, 1998, p.7.

4 Bureau of Labor Statistics, Consumer Expenditure Survey, February 1997 through January 1998.

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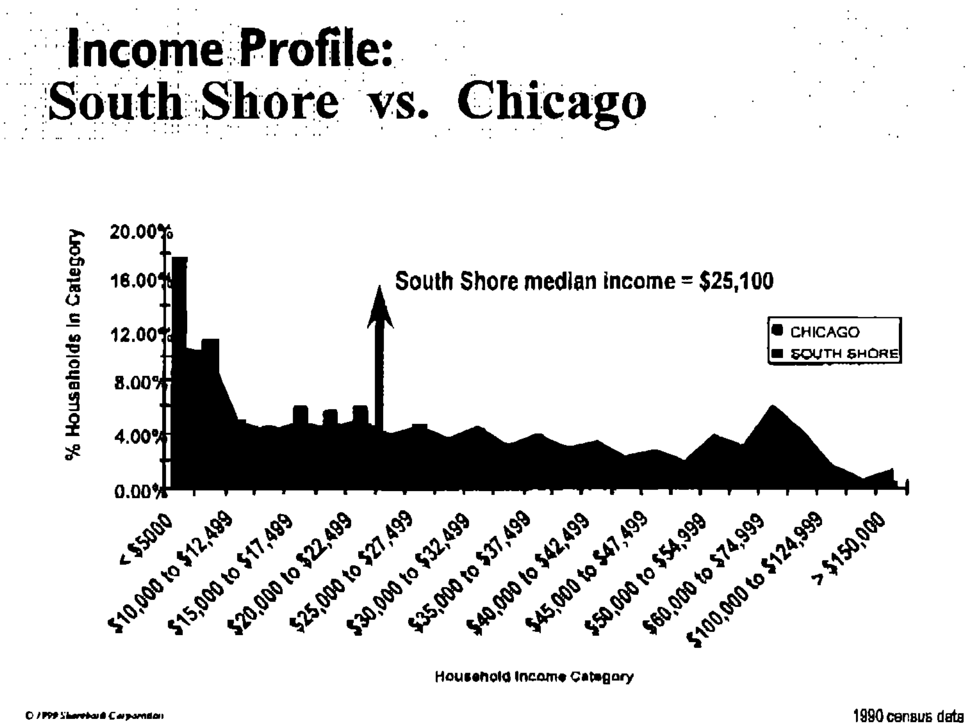
- New Markets contain concentrated spending power due to higher population densities.[5] Nationwide, consumer expenditures per square mile is $983, whereas in residents in New Markets spend over $33,493 per residential square mile; even comparing within Central Cities, the density of New Markets neighborhoods results in greater spending per square mile of residents, $33,493 for Central City New Markets, compared with $25,879 per square mile for non-New Markets Central Cities.

- New Market areas may also contain substantial pockets of affluence, which can be masked by median income figures. For example, a study by Shorebank/Claritas that analyzed the South Shore neighborhood in Chicago showed a median household income of only $25,100, but over 5,100 South Shore households still earn more than $50,000 annually – more households than in the highest-income Chicago neighborhood, Forest Glen, with a median household income of $65,400, but only 4,300 households earning over $50,000 annually.



- From 1990 to 1997, the buying power of the quickly growing African-American and Hispanic population segments is outpacing the buying power growth of the population at large, according to a study by the University of Georgia's Selig Center.[6] While the total

5 Treasury Department analysis of Bureau of Labor Statistics, Consumer Expenditure Survey, February 1997 through January 1998, plus Census Bureau calculation of square mileage for New Markets tracts.

6 Humphreys, Jeffrey M., "African-American Buying Power by Place of Residence: 1990-1999", Georgia Business and Economic Conditions, July-August 1998; Humphreys, Jeffrey M., "Hispanic Buying Power by Place

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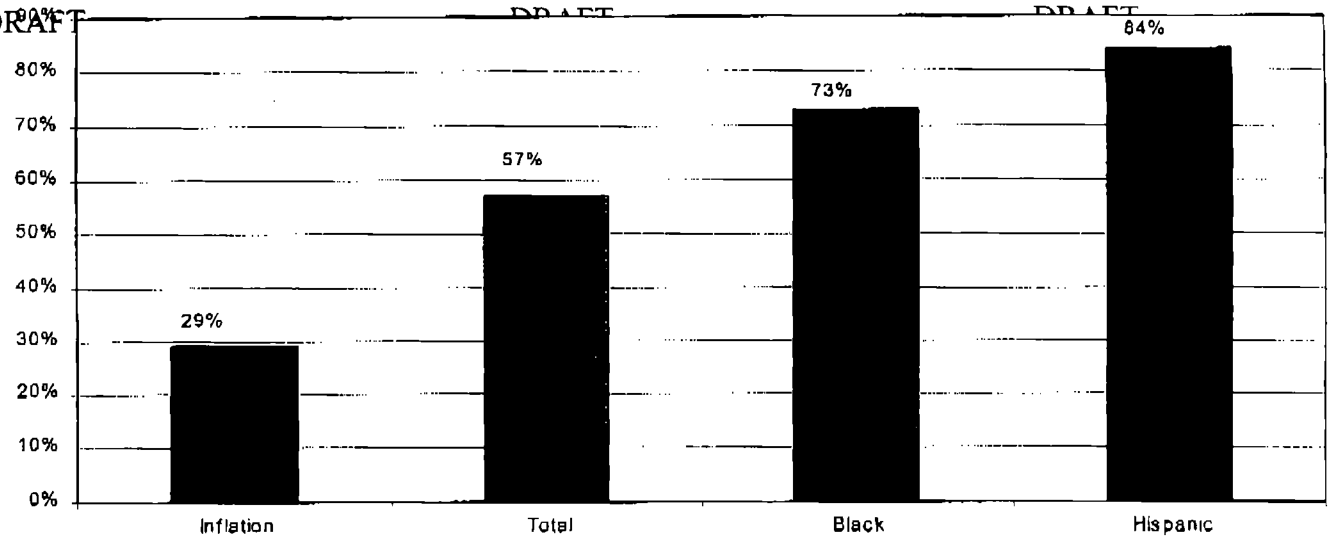

population's buying power has increased 57%, African Americans' has increased by 73% and Hispanics' has increased by 84%.

[Add the following to HUD success section]

5. Success Story: The Home Mortgage Industry

Recently, a few industries and businesses have lead the way in demonstrating that New Markets can be served profitably. For example, since 1993, home mortgage lenders have made significant strides in serving these markets. For some lenders, complying with the Community Reinvestment Act was their original motivation to explore these markets. But now that these lenders have developed the expertise, market knowledge and experience to serve these customers, they are staying for the business opportunities. This is the same approach that a savvy business person would take with any new market.

Since 1993, access to the home mortgage market for lower-income persons, for lower-income communities and for minorities has increased dramatically compared to the market as a whole. As shown in Table 1, total conventional mortgage loans nationwide increased by 33 percent between 1993 and 1997. In contrast, loans to census tracts where the median income is less than 80 percent of the median income of the metropolitan area increased much more rapidly than the average, by 45.1 percent. Similarly, loans to African Americans and Hispanics grew by 71.6 percent and 45.4 percent, respectively, over that period, also much faster than the average.

Table 1. Conventional Home Loans, 1993-1997

	Percent change
Total U.S. Market	33.0

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of Residence: 1990-1999", Georgia Business and Economic Conditions, November-December 1998; Humphreys, Jeffrey M., "Total Buying Power by Place of Residence: 1990-1999", Georgia Business and Economic Conditions, March-April 1998.

By race or ethnicity:	
African American	71.6
Hispanic	45.4
By income of borrower (% of MSA median):	
Less than 80	40.3
80-99	30.0
100-119	24.6
120 or more	31.7
By income of census tract:	
Low or moderate	45.1
Middle	32.0
Upper	31.5

Source: Federal Financial Institutions Examination Council, August 24, 1998.

The same pattern holds true in New Markets areas: According to a Federal Reserve analysis, from 1993 to 1997, total home mortgage loans increased 28% in Central City New Markets, and only 15 percent in Central City non-New Markets. During the same period, loan amounts have also increased in these areas, with Central City New Markets increasing 34% in loan amount, while loan amounts in Central City Non-New Markets increased 22%.

Successful lenders are making these loans profitably, and consistent with safe and sound banking practice. Banks report strong performance of loans in the low- to moderate-income housing market. For example, Bank of America in San Francisco has profitably lent more than $10 billion as part of its Neighborhood Advantage program -- a system of low- and moderate-income home loans -- to borrowers throughout the western United States.[7] BankBoston lent $140 million to low- and moderate-income borrowers and found performance to be no different than in its regular mortgage portfolio.[8] From 1996 through 1998, Chase Manhattan Bank financed the development of more than 1.6 million square feet of commercial space and the development of 20,271 units of affordable housing to benefit the stability, growth and economic expansion of lower-income communities. Chase Manhattan Bank "made these loans at market rate and found these activities to be a profitable business for Chase and the performance of these loans to be excellent."[9] First National Bank of Chicago found that by increasing the availability of its consumer and mortgage lending products, and introducing flexible underwriting criteria, the bank's penetration in low- and moderate-income community markets grew.[10]

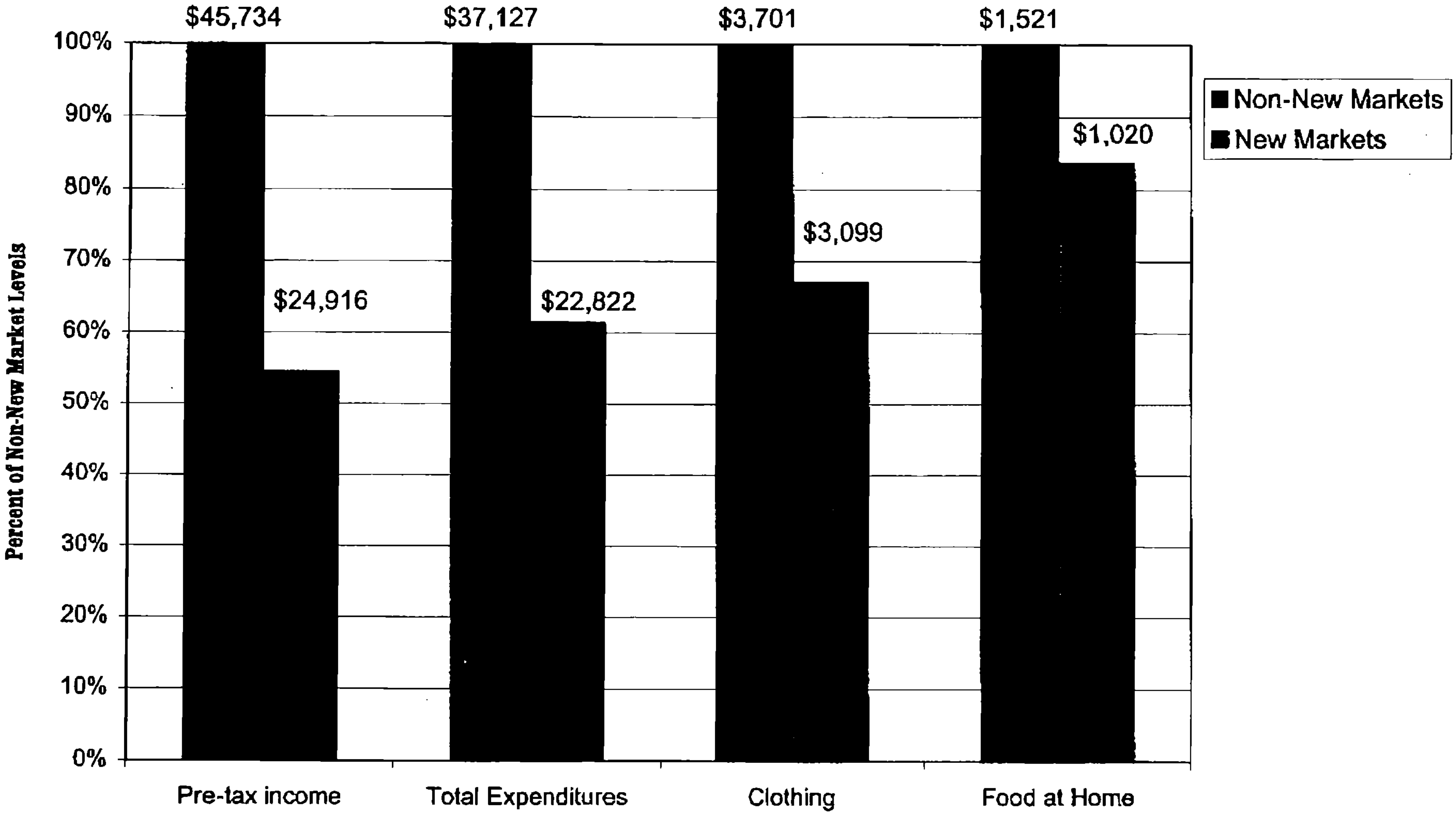
7 Cited by Secretary Robert E. Rubin, at the National Community Reinvestment Coalition Annual Conference, March 19, 1998.

8 "Success in Community Development Lending: 33 Examples from around the Country," The Federal Reserve Bank of Philadelphia, 1993.

9 *Chase Community Development Success Stories*, 1998.

10 "Community Reinvestment Advocates," The Federal Reserve Bank of Philadelphia, 1993, p. 19.

Consumers' Income in New Markets Underestimates their Spending Power



Data source: Bureau of Labor Statistics, Consumer Expenditure Survey, February 1997 through January 1998.
New Markets: Census tracts with 20% or greater poverty or census tracts with median income 80% or less of MSA median income if in an MSA, or 80% or less statewide median income if outside an MSA.