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- B-1 National security classified information [(b)(1) of the FOIA].
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- B-4 Release would disclose trade secrets or confidential commercial or financial information [(b)(4) of the FOIA].
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- B-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA].

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(213) 556-3855

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/ GC

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Ocotber 11, 1982

Mr. James Ciconi
The White House
1600 Pennsylvania Avenue, N.W.
Washington, D.C.

Dear Jim:

Enclosed is material about the Bedford-Stuyvesant Restoration Corporation. It describes the uniqueness of the Project which many consider to be the most successful of all the inner-city community projects.

From what Benno Schmidt has told me, Bedford-Stuyvesant expects now to receive only about \$80,000 for FY 1982. I believe it requires approximately \$1,200,000 of federal funding to remain operational.

In my opinion, the same issues which applied to the South Bronx Project are applicable here -- only more so. Restoration demonstrates how federal funds can be leveraged to attract private sector investment into inner-city areas. In fact, the success of this Project has been invoked several times by Lew Lehrman as a model for the future.

Benno Schmidt's involvement is illustrative of the kind of private sector participation that has made a major difference in Bedford-Stuyvesant. He is the Senior Partner of J.H. Whitney & Company, Chairman of the Board of Freeport-McMoran and a Director of CBS and Schlumberger. Schmidt has been working on the Project for 15 years, 14 of them as Chairman.

Sincerely,



Eli S. Jacobs

ESJ:pn
enc.



THE SECRETARY OF HEALTH AND HUMAN SERVICES
WASHINGTON, D.C. 20201

JUL 13 1982

Mr. Benno C. Schmidt
J. H. Whitney & Co.
630 Fifth Avenue
New York, New York 10111

Dear Mr. Schmidt:

Thank you for your letter concerning the Bedford Stuyvesant Restoration Corporation proposal for funding under the community services discretionary authority.

In FY 1982, approximately \$25 million in discretionary funds will be available for grants under the Community Services Block Grant. These funds will be awarded to applicants on the basis of the selection criteria which were announced in the Federal Register on May 7, 1982. The Federal Register announcement indicated that priority consideration for funding would be given to the following two major activities:

Community Economic Development
Assistance to States, Territories, and Indian Tribes
and Tribal Organizations Under the Community
Services Block Grant

In addition, the Office of Community Services will accept applications for assistance in the program areas of Rural Housing, Community Facilities Development, and assistance for migrant and seasonal farmworkers. Applications will be evaluated competitively by a panel of reviewers, and awards announced by September 30, 1982. I appreciate your contacting me, and you may be assured that the Bedford Stuyvesant Restoration Corporation proposal will receive every consideration.

Sincerely,

Richard S. Schweiker
Secretary

J. H. WHITNEY & CO.

630 FIFTH AVENUE

NEW YORK, N. Y. 10111

July 6, 1982

The Honorable Richard S. Schweiker
U.S. Department of Health and Human Services
200 Independence Avenue, S.W.
Washington, D.C. 20201

Dear Mr. Secretary:

I have been following with great interest the creation of the discretionary fund under the Community Services Block Grant Legislation and I am delighted that the grant awards process is now underway.

As I said in my earlier letters to you (October 5, 1981 and February 11, 1982), Bedford Stuyvesant Restoration Corporation is generally recognized as the best and most effective community development organization in the country. Its continued operation is critically important to the 300,000 citizens of Bedford Stuyvesant, and I believe it also important as a model to the rest of the nation of what can be accomplished when the leaders of an underdeveloped black community and the leaders of the larger metropolitan community of which it is a part work hard and unselfishly together to bring about improvement.

I am writing once again to urge that special attention be given to Restoration's applications for discretionary fund monies. Restoration has submitted to the Office of Community Services applications for investment capital for seven ventures and has also applied for administrative funding in the amount of about \$1.2 million. I, of course, understand that your staff will evaluate the various applications that have been submitted in accordance with the criteria that have already been established and published, but I fully expect that they will find that by these objective standards Restoration's submissions will rate very high.

I would like to emphasize that, without federal seed money and administrative support, Restoration's ability to continue its vital programs and services will be seriously if not fatally impaired. The cessation of Restoration's activities on a meaningful level would be a great tragedy to the Bedford Stuyvesant community and I believe to the nation. Based on our current estimate as to what we can raise

The Honorable Richard S. Schweiker -2.

from our stepped up private sector fund-raising drive, we believe that we will be able to keep the Restoration effort reasonably healthy if we can receive at least \$2 million of discretionary fund monies.

As always, I remain personally available to assist you in any way I can to make it possible for Restoration to obtain the federal support that it so urgently needs.

With warmest personal regards,

Sincerely yours,



Benno C. Schmidt

bcc: Dr. Vernal G. Cave
Mr. Curtis A. Wood



THE SECRETARY OF HEALTH AND HUMAN SERVICES
WASHINGTON, D.C. 20201

MAR 25, 1982

Mr. Benno C. Schmidt
J.H. Whitney and Company
630 Fifth Avenue
New York, New York 10111

Dear Mr. Schmidt:

Thank you for taking the time to write to me again about the interest of the Bedford-Stuyvesant Restoration Corporation in the Community Services Discretionary Program.

The Office of Community Services is now preparing a program announcement for the discretionary program. The announcement will establish our funding priorities in FY 1982 and indicate that approximately \$31 million will be available for the total discretionary program. As you know, this is a significant reduction from the amount of funds available in FY 1981 and prior years. The program announcement will be published in the Federal Register in the very near future and the Office of Community Services will then begin accepting grant applications.

Mr. Robert L. Trachtenberg, Acting Director of the Office of Community Services, is aware of your continued interest in the program, and has assured me that the Bedford-Stuyvesant Restoration Corporation will receive a copy of the program announcement as soon as it is published.

Sincerely,

Richard S. Schweiker
Secretary

J. H. WHITNEY & CO.
630 FIFTH AVENUE
NEW YORK, N. Y. 10011

February 11, 1982

The Honorable Richard S. Schweiker
U. S. Department of Health and Human Services
200 Independence Avenue, S. W.
Washington, D. C. 20201

Dear Mr. Secretary:

On October 5, 1981, I wrote you regarding the Bedford-Stuyvesant Restoration Corporation and its work in improving the lot of 300,000 citizens in the Bedford-Stuyvesant area of Brooklyn. As I pointed out in my letter, the continued functioning of this organization is of incalculable importance to citizens of this disadvantaged area. On November 16, 1981, you were good enough to reply to my letter, and I am enclosing herewith a copy of my letter and your reply for ready reference.

My reason for writing you again is that I am told that you are now in the process of establishing the discretionary fund under the authority provided in the Community Services Block Grant legislation enacted last year. I wish to urge you again to give special consideration to the Bedford-Stuyvesant Restoration Corporation. I have no doubt that inquiries of those who know will lead you to conclude that this has been the soundest and most effective community development operation in the United States. Also, as I pointed out in my earlier letter, the relatively small infusion of Federal dollars has generated far larger amounts of private dollars for the support of the work of this community organization.

In my letter to you I suggested that we would need approximately \$4 million per year in Federal funding to keep this program alive and moving forward. I know there are many pressures upon the limited Community Services Block Grant funds; however, I feel that this particular community development organization is a unique example to the rest of the country of what can be done in a disadvantaged black community through the cooperation of the leaders of that community (in this case, Bedford-Stuyvesant) with the leaders of the greater community of which it is a part (New York City). The high ratio of private dollars to Federal dollars and the spirit of volunteerism which

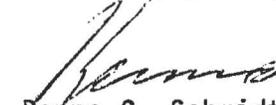
The Honorable Richard S. Schweiker -2.

has prompted so many people to work so long and hard without pay and without personal reward make this enterprise a unique example of the best Republican philosophy. This also provides the Administration a great opportunity to demonstrate its concern for disadvantaged black areas where the people are striving to help themselves.

I promise you that the results will justify your efforts in finding the small amount we need somewhere in the very scarce funds which you have been provided to deal with disadvantaged urban areas.

With warmest personal regards,

Sincerely yours,


Benno C. Schmidt

Attachments



THE SECRETARY OF HEALTH AND HUMAN SERVICES
WASHINGTON, D.C. 20201

NOV 16 1981

Mr. Benno C. Schmidt
J. H. Whitney & Co.
630 Fifth Avenue
New York, New York 10111

Dear Benno:

I appreciate your having taken the time to write to me regarding the Bedford-Stuyvesant Restoration Corporation. Your description of the activities and accomplishments of the Corporation reflects not only your personal resolve but the strength of the community as well.

As you note, a new Office of Community Services has been established within the Department of Health and Human Services to administer the Community Services Block Grant program and the discretionary funds program. Robert L. Trachtenberg has been appointed Acting Deputy Director of that Office.

The Office is currently exploring options for the discretionary program and developing grant application procedures. However, until Congress has completed its budget appropriations process, we will be unable to make any funding commitments. As soon as program priorities are selected and the FY 1982 appropriations process has been completed, we will notify potential grantees of our priorities and application procedures. I will make sure the Bedford-Stuyvesant Corporation will be among those notified, and I will also forward a copy of our correspondence to Mr. Trachtenberg.

Let me just add that I appreciate your efforts along with the Corporation and the 300,000 residents of Bedford-Stuyvesant to rekindle the hope and progress of the community.

Sincerely,

Richard S. Schweiker
Secretary

From the desk of _____

BENNO C. SCHMIDT

Dear Hook,

I hope you can take the time to read the cover letter. These dollars are not "good heart, soft head" dollars. These are hard-headed dollars for jobs, housing, education, job training, new businesses, summer camp for children, & the things that make a community viable.

Not only good humanity but good politics & good statesmanship. My best,
Benno

J. H. WHITNEY & CO.
630 FIFTH AVENUE
NEW YORK, N. Y. 10111

October 5, 1981

The Honorable Richard S. Schweiker
U. S. Department of Health and Human Services
200 Independence Avenue, S. W.
Washington, D. C. 20201

Dear Mr. Secretary:

For the past fourteen years I have been Chairman of the Executive Committee and then Chairman of the Board of the Bedford-Stuyvesant D & S Corporation, a non-profit corporation established to assist Bedford-Stuyvesant Restoration Corporation in its work in improving the lot of the 300,000 citizens in the Bedford-Stuyvesant area of Brooklyn. Bedford-Stuyvesant Restoration is a Community Development Corporation which has been receiving funding under Title VII of the Economic Opportunity Act. I am writing to you because the successor to Title VII is the new Office of Community Services in your Department.

Bedford-Stuyvesant Restoration Corporation has been one of the best community operations with which I have ever been associated. It has made a real difference in reversing the decline in Bedford-Stuyvesant. I believe it has been generally recognized throughout the country as the best community development effort anywhere. I am enclosing a memorandum which sets forth in summary form the 14-year history of the Bedford-Stuyvesant Corporations. As you can see from this memorandum, the Corporations have made a real difference in new housing construction, housing rehabilitation, commercial revitalization, job creation, economic development, home ownership, the creation of neighborhood parks, the creation of effective block associations, and the delivery of a variety of important social services not otherwise available. These Corporations have represented a model of accomplishment by an economically deprived predominantly black community working with the cooperation and help of the leadership of the larger community (New York City) of which it is a part.

Federal support of these operations has aggregated during the past fourteen years \$72.6 million, and has enabled us to generate an additional \$176.8 million to devote to this effort, over 95% of which came from private sources. This has enabled us to bring new business, new homes, new parks, new employment, new health care and many other advantages to a community desperately in need of such help.

During the fourteen years of its life every dollar of expenditure by the Bedford-Stuyvesant Corporations has been audited by Arthur Andersen & Co. and every penny has been accounted for. There has not been even so much as a breath of scandal, nor has there been any significant criticism of the operation from any source. This is a remarkable achievement when one considers the enormity of the tasks involved, the limited resources with which we have had to work and the bright spotlight which always illuminates public expenditures, particularly when only limited funds are available for a limitless task.

More important than the new apartment complexes involving 1425 residential units and \$57 million of private mortgage money that have been built or are building, the 4200 homes that have been renovated under the exterior improvement program, the 140 businesses that have been started or assisted, the \$40 million of private money that has been made available for 1500 new home mortgages, the bringing of a new \$13 million IBM plant employing over 400 people to Bedford-Stuyvesant, the placement of over 16,400 persons in new jobs (about one-half permanent and one-half temporary), the building of 300,000 square feet of new commercial space, the building of a new health center bringing medical care to 9,000 patients per year where it was previously unavailable, more important than all of these and the many other tangible things which have been done, has been the feeling that has been engendered among Bedford-Stuyvesant residents that their community is worthy of their own support and effort. Block associations have been formed, citizen efforts renewed, and the people of Bedford-Stuyvesant have been given a basis for hope and pride. Many problems remain, far more than have been solved, but there is no way to estimate the value of the effort that has been made or the damage which could result from the discontinuance of this effort.

For that reason I was pleased to learn that the recently enacted Reconciliation legislation in effect reauthorized Title VII as the Community Economic Development Act of 1981. The legislation provided that this Act would be administered by you through an Office of Community Services, and that funding would be provided through a "Discretionary Authority of the Secretary" and that approximately \$35 million per year was authorized. I realize that this is a small sum in relation to your overwhelming responsibilities as Secretary, but this authority offers you an opportunity to retain something in Bedford-Stuyvesant the worth of which cannot be measured in dollars. If the Government continues to provide the seed money--say \$4 million per year--we will be able to raise the balance in the New York community to keep this operation alive and moving forward. We have been very careful never to overstate the importance of what we are doing. One of the reasons for our great success in the community is that we have never pretended

The Honorable Richard S. Schweiker -3.

to be more than we are. But for the dollars we have spent, we have done more for Bedford-Stuyvesant than I know of having been done with comparable dollars for any community in the country. I think it may not be too much to say that the continuance of our operation may well be essential to the continuation of hope in that community and, conversely, it may be true that the discontinuance of our operation would be nothing less than a disaster.

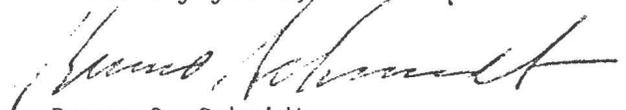
Obviously this cause does not affect me personally except that as a citizen of this city and this nation I will continue to give my time and as much of my money as I can afford to prove that deprived urban areas such as Bedford-Stuyvesant can be improved with the help of the citizens of the city, state and nation of which they are a part. If this hope is not maintained, I am afraid that our country is in for serious troubles.

I realize that the time has come to think about the taxpayer. But as a very substantial taxpayer, a Republican, and an Administration supporter, I know of no Federal dollars that are going as far to stimulate private support and private commitment and to advance the national interest as the dollars that are provided to the Bedford-Stuyvesant Restoration Corporation. With your help, we will redouble our efforts to increase our already impressive non-government support.

I will be happy to come to Washington to talk with you, to appear before appropriate committees of the Congress, or to do anything else that I can do to assist you in your efforts to make available to Bedford-Stuyvesant from Federal funds the seed money which is so essential to our cause.

With best personal regards,

Sincerely yours,



Benno C. Schmidt

Copy to Benno C. Schmidt

RESTORATION OF CONFIDENCE

THE ACHIEVEMENTS OF THE
BEDFORD-STUYVESANT RESTORATION CORPORATION
1967-1981

BEDFORD-STUYVESANT RESTORATION CORPORATION
April 1981

I. THE CORPORATION AND ITS MISSION

During the summer of 1981 the Bedford-Stuyvesant Restoration Corporation will complete its fourteenth year of operations in Bedford-Stuyvesant. Restoration, a non-profit community development corporation, is engaged in a long-term redevelopment effort in New York City's largest minority community. With a population of 300,000, the five square mile Bedford-Stuyvesant community is comparable in size to many major American cities. However, fourteen years ago its predominately low-income residents faced a concentration of problems, including unemployment, deteriorated housing and commercial facilities, inadequate public service and, perhaps most importantly, lack of hope for the future. The community's tarnished reputation, combined with its very real problems, severely undermined the confidence of both its residents and the outside world, creating negative expectations for its survival.

It was in this very difficult environment that Restoration-- established through the cooperative efforts of community residents and their bipartisan political supporters¹--began the bold and innovative program that has been a major catalyst in restoring the confidence of both local residents and the business and financial communities in the future of Bedford-Stuyvesant. As an alternative to the purely service-delivery and income maintenance approaches of traditional anti-poverty agencies,

¹In 1966, Senator Robert F. Kennedy and Senator Jacob Javits successfully proposed an amendment to the Economic Opportunity Act of 1964 which established the Special Impact Program (SIP), now known as Title VII of the Community Services Act. Restoration is funded under this program which is currently administered by the Community Services Administration.

the Restoration redevelopment strategy is based on a series of inter-related and mutually-reinforcing investments in business and social ventures, that both restore confidence and foster the much-needed return of private capital to Bedford-Stuyvesant. Through this "business" approach the redevelopment process has itself become an industry benefiting the community by providing jobs and revenues to the local area.

The total redevelopment of Bedford-Stuyvesant, whose deterioration spanned decades, would require enormous sums of money, whereas Restoration's annual grant from its primary funding source, the Community Services Administration, has averaged less than twenty dollars for each community resident. Fortunately, the Corporation's redevelopment approach, numerous favorable outside evaluations, and uniformly clean financial audits have inspired confidence in the many government agencies, foundations, private individuals, corporations, and financial institutions that have provided additional financial resources. Overall, Restoration and its subsidiaries and affiliates have directly generated a quarter of a billion dollars for the benefit of Bedford-Stuyvesant, including investments of \$100 million of debt and equity capital.

Restoration's capacity to leverage funds has greatly facilitated its redevelopment efforts, but even these funds have been insufficient to undertake all of the required projects. However, where Restoration has had the resources to invest, the investments have provided tangible benefits to the community, as well as a source of hope and inspiration for further investments by the private sector. The centerpiece and major symbol of Restoration's revitalization efforts is the Restoration Plaza Commercial Center, which contains the Corporation's headquarters as well

as 186,000 square feet of retail and office space, a privately contributed ice-skating rink, handsomely designed plazas, and a new 30,000 square foot Pathmark supermarket. The Commercial Center is fully tenanted, has permanent financing, and is inspiring homeowners and merchants in the vicinity to visibly improve their properties.

In addition to the Commercial Center, Restoration has produced nearly 1,000 units of new and rehabilitated housing, and has another 400 units in construction or about to begin shortly. The Corporation has also beautifully renovated the exteriors of 4200 homes on 150 blocks, and, through its mortgage company, has provided \$40 million in mortgage financing to nearly 1500 homeowners.

While conducting extensive physical renewal programs, Restoration has also provided loans and technical assistance to over 125 local businesses, induced and assisted the IBM Corporation to construct a new \$13 million manufacturing plant in the community, and entered into several joint business ventures with companies located outside Bedford-Stuyvesant. Such arrangements, like the one that brought in Pathmark, are often needed to convince businesses to test the Bedford-Stuyvesant marketplace.

Restoration's business and physical development programs are complemented by a variety of social ventures and programs designed to reinforce the Corporation's investments, enrich community life, and expand the economic horizons of local residents. Restoration operates a Family Health Center serving thousands of local residents, the Billie Holiday Theatre that nearly 40,000 people attend each year and that

is now bringing a production to Broadway, a job testing and placement service, and numerous education, recreation, and cultural programs. Restoration's business, physical, and community development activities have provided goods and services, generated tax revenues, and instilled hope for the future, while providing almost 1200 permanent and nearly 7000 temporary jobs, retaining over 1200 jobs in the community, and placing 6200 residents in existing jobs.

By its performance, Restoration has shown a unique ability to plan and implement the kind of long-term, comprehensive redevelopment strategy needed in Bedford-Stuyvesant. It has continually served as an advocate for the community, drawn significant public and private resources into the area, mobilized the energies and resources of local residents, and channeled all of these resources into an exciting, effective redevelopment program. It has demonstrated an ability to efficiently use government and private funds in an accountable, professional manner, thus providing a successful example of community economic development for the growing "neighborhood movement" that has become increasingly visible in the past decade.

Many problems remain in Bedford-Stuyvesant, but there has been real progress, and there is a renewed sense of hope and confidence as seen in the spontaneous and unassisted investments that are occurring near Restoration's developments and in other sections of the community. Where Restoration has had sufficient resources to invest, it has clearly made a difference, and it remains firmly committed to its role as a catalyst in the restoration of confidence in Bedford-Stuyvesant.

II. ACHIEVEMENTS OF RESTORATION PROGRAMS

Restoration is known to the Bedford-Stuyvesant community, and others, through the programs of its three major operating divisions-- Business Development, Physical Development, and Community Development.

Business Development

Restoration's business development activities have been designed to increase the flow of capital into the community for several purposes: to retain and expand private sector employment opportunities for residents, to promote community ownership and management of businesses, to develop a strong retail and service sector to meet the consumption needs of residents, and to generate investment opportunities through which Restoration can earn income to support its various non-profit programs and services.

Bedford-Stuyvesant is primarily a residential community and exports labor to other parts of the city; however, businesses within its boundaries provide an estimated 40,000 jobs, of which close to 40% are in manufacturing. Like New York City as a whole, Bedford-Stuyvesant experienced a decline in businesses and employment during the 1960's and early 70's, contributing to an existing employment problem. To counter this trend Restoration has undertaken a variety of activities designed to encourage local businesses to stay in the community, to facilitate the start-up of new businesses, and to attract outside businesses to Bedford-Stuyvesant locations.

Utilizing its Federal investment funds, Restoration began making direct business development loans in 1969 to businesses located in the community. The rationale for this program was not only to directly assist the borrowing firms, but also to give them the necessary support to secure funds from other private lending sources as well. Over an 11-year period loans totalling \$8.5 million were advanced to 125 businesses. Significantly, the same businesses also received \$12.8 million in financing from other lenders.

In recent years Restoration has shifted its emphasis in business development toward assisting larger businesses which can provide substantial amounts of employment. In addition, Restoration's involvement now generally takes the form of equity investments and technical assistance, rather than loans which the larger firms can often obtain from other sources.

Restoration has made direct equity investments totaling \$2 million in 10 for-profit business ventures (not including investments in several operating property development subsidiaries). Almost all of these ventures were new businesses started by Restoration, and the majority have been wholly-owned subsidiaries of the Corporation. However, outside investors supplied an additional \$2.4 million in equity for these businesses, along with loans from Restoration and other sources.

The businesses have been widely diverse including, among others, an ice cream franchise, a mortgage company, a manufacturer of mechanical clutches, and a subsidiary which is co-producing a Broadway production

of a play originally presented at Restoration's Billie Holiday Theatre. In addition, Restoration has signed a pre-investment agreement with Cablevision, a major cable systems operator, to seek the cable television franchise in Brooklyn. This venture would not only provide a significant earnings to Restoration, but also many employment opportunities for residents in a growing industry.

Of the ten business subsidiaries, five are currently in operation, three have ceased operations, and two will begin operations in 1981. All of Restoration's business subsidiaries which are currently in operation are expected to be profitable in 1981, and they will provide 329 jobs, the largest number of which are in a 30,000 square foot Pathmark super-market located in the Restoration Plaza Commercial Center.

Many of Restoration's loan clients and business subsidiaries have received substantial amounts of technical assistance from the Corporation in areas such as management, marketing, financial packaging, and locating suitable space. Restoration has provided similar services to a number of businesses which were financed entirely from other sources, and has been able to have a substantial impact in creating and retaining employment in these firms and attracting outside investments.

One of the most notable examples was the extensive assistance given to the IBM Corporation to enable it to locate a new manufacturing facility in Bedford-Stuyvesant in 1969. This plant was so successful that it eventually outgrew its rented space and IBM decided to build a new \$13 million plant in the community. Restoration played an essential role in

identifying and assisting IBM in acquiring a site within a few blocks of its old plant. The new facility was completed in 1978, and now employs more than 400 persons, most of them area residents.

Another major technical assistance effort involved Ohm Acoustics Corporation, a manufacturer of stereo speakers, which needed to relocate in order to expand its operation. Restoration helped Ohm to obtain a \$900,000 loan from the Federal Government through the Urban Development Action Grant Program to purchase and renovate a suitable building in the area, thereby saving 100 existing local jobs and promising the creation of 120 new jobs. In addition to the UDAG funds, \$3 million from private sources was invested in the operation. Altogether Restoration's technical assistance activities alone have resulted in the creation or retention of close to 1,000 jobs in the community, and the investment of at least \$20 million from non-Restoration sources.

BUSINESS DEVELOPMENT SUMMARY

<u>Bus. Receiving</u>	<u>#Bus.</u>	<u>BSRC \$</u>	<u>Outside \$</u>	<u>Current Jobs</u>		
				<u>New</u>	<u>Ret.</u>	<u>Total</u>
Business Loans	125	8.5 mil.	12.8 mil.	107	143	250*
Equity Invest.	10	2.2 mil.	2.4 mil.	251	78	329
Tech Assist. only	5	0	20.0 mil.	585	384	969
		10.7 mil.	35.2 mil.	943	605	1548

*Jobs in Restoration subsidiaries which received both loans and equity investments are included under equity investments.

Physical Development

Physical development programs are viewed as an essential part of the broader community economic development process in which Restoration is engaged. These programs impact the community in two ways. First, they enhance the quality of life by producing actual physical improvements in the community. Second, they produce economic benefits to the community by generating construction jobs, drawing public subsidies and private financing into the community, and creating business for local firms that manufacture or sell construction materials.

The potential for physical improvements in Bedford-Stuyvesant is great. The community has numerous vacant buildings and storefronts which should be renovated or replaced. There is also a substantial amount of vacant land, although much of it is scattered in small parcels. At the same time, residents have difficulty finding decent housing they can afford, and commercial and industrial businesses looking to expand or modernize their operations have often left the community because they were unable to find suitable space.

In order to undertake needed development activities and keep the revenues from such work in the community, Restoration established its own for-profit development and construction companies which are wholly-owned subsidiaries of the Corporation. Working together, or with other developers or contractors when necessary, the two companies have completed close to 1,000 residential units (607 new and 387 rehabilitated) and more than 300,000 square feet of commercial space. An additional 431 housing units (65 new and 366 rehabilitated) are currently in

construction or will begin soon. The total investment in all these projects is in excess of \$86 million.

In addition to providing housing for over 1400 families and commercial space for 65 businesses, the economic impact of this work is also substantial. Restoration has invested more than \$21 million of equity in these projects, along with \$5 million in equity from other sources. More than \$57 million in mortgage financing will also have gone into this work, of which a substantial part comes from private lenders including Citibank, Chemical Bank, Chase Manhattan Bank, and the New York Life Insurance Company. Governmental assistance has also been provided in the form of mortgages, mortgage insurance and guarantees, and rent subsidy payments which currently total close to \$1.5 million a year.

Restoration's property development activity has also generated a considerable amount of employment. The projects described above created an estimated 2400 construction jobs (of one-year duration) in addition to a number of permanent jobs. Restoration has retained ownership and management of the majority of properties it has developed and currently employs about 30 persons to carry out this activity. In addition, businesses in the Commercial Center, which include a number of triple-A rated tenants such as Lerners, Consolidated Edison, and New York Telephone, provide permanent employment for approximately 850 persons.

A special note about the Commercial Center is warranted. A decade ago, the city block upon which Restoration's Commercial Center now stands was an eye-sore of abandoned buildings and garbage-filled

vacant lots. Relying entirely on private financing with a partial guarantee by the Ford Foundation, the Corporation began developing the site in 1972 without lease commitments or permanent financing. Three years later the Commercial Center opened, and it is now fully leased with many triple-A rated tenants. In 1980 the Center reached a very important milestone by obtaining permanent financing from the New York Life Insurance Company, with a partial guarantee from the U. S. Economic Development Administration. This unique and risky, but much needed, community economic development venture has now become a viable retail and office center serving the people of Bedford-Stuyvesant.

The Center's strength is now being felt in nearby blocks where Restoration is working with local merchants to begin a three-year commercial revitalization program in 1981. The program will utilize Federal Community Development funds (through a contract with the City of New York) and matching funds from merchants, property owners, and corporate contributors to complete storefront facade renovations and various other capital improvements in the street and sidewalk areas. Over a three-year period the program is expected to treat more than 100 storefronts in a five block area near the Commercial Center, and Restoration will provide technical assistance to merchants wishing to expand their businesses or make further leasehold improvements.

The commercial revitalization project will bear some similarities to another popular Restoration program used on residential blocks. In order to restore confidence and encourage private investment by homeowners, potential home buyers, banks and other lenders, Restoration has,

for thirteen years, operated home improvement and facade renovation programs which have treated a total of more than 4200 homes on 150 blocks. Besides its physical benefits, the exterior renovation program promotes community organization by requiring applications to come from block associations, and provides employment and training in construction skills for hundreds of community residents each year. While homeowners pay a small fee for services received, the program has been underwritten by a variety of other sources including SIP funds, Comprehensive Employment and Training Act (CETA) contracts with the City of New York, and private contributions.

In 1980 Restoration began doing residential weatherization work in Bedford-Stuyvesant on a contractual basis with the State of New York. To date, free weatherization services have been provided to 254 low-income households, with 235 additional housing units to be completed in 1981.

Another kind of physical development completed on a contractual basis is the sealing and management of vacant buildings. Restoration has provided such services for FHA-foreclosed buildings in the area since 1967 and has recently begun to do seal-up work for the City of New York. This work not only helps to preserve valuable housing resources in the community, but has also generated revenues for the Corporation to invest in other programs and services.

A final area of activity related to physical development was created to make private mortgage credit available to homeowners and home purchasers in Bedford-Stuyvesant. Prior to Restoration's involvement

in the area of home credit, residential mortgage loans on reasonable terms were not available in the community as they were in other areas. In the fall of 1967, Restoration persuaded a group of eighty banks and nine insurance companies to commit resources for mortgage loans to Bedford-Stuyvesant residents. Since then over 1500 loans totalling \$40 million have been made. In 1971, our mortgage company subsidiary, the Restoration Funding Corporation, became an FHA-approved lender, thereby allowing it to make FHA-insured and VA-guaranteed loans to homeowners. This for-profit subsidiary of the Corporation originates loans and then sells them in the secondary mortgage market so as to recycle funds for future loans.

Community Development

The third major programming area at Restoration is carried out through the Community Development Division and includes a variety of human development and social service ventures which support and complement business and physical development efforts. Through the close human contacts developed in these programs, Restoration is able to monitor the needs, desires, and general mood of the community. This understanding enables the Corporation to adjust its programming to community needs and act as an advocate for the community.

Restoration has operated a large number of human development activities in a wide range of program areas. While an exhaustive listing will not be attempted here, highlights of five major program areas will be described: employment, education, recreation, art and culture, and health. These programs serve a broad spectrum of community residents

but, in many cases, have given special emphasis to providing positive experiences for young people. Persons 19 years and younger constitute 43% of the population of Bedford-Stuyvesant, and this group faces many difficult problems. The local rate of teenage unemployment is estimated at 50%, while estimates of high school drop-out rates range as high as 60%.

The employment services at Restoration have gone hand-in-hand with business development and physical development activities. Since 1968 the Comprehensive Employment Department has provided job referral and placement services to community residents, and has placed over 11,500 persons in available jobs. Referrals are made to both public and private sector jobs, as well as to positions in Restoration business ventures and construction projects. In 1979 the Department was able to expand its placement services by obtaining a contract with the City of New York to operate a Training, Assessment, and Placement (TAP) Center. Through the TAP Center, clients now receive special testing and counseling services as well as job referrals, and are encouraged to develop realistic attitudes and plans for pursuing employment or obtaining skills.

In recent years the Comprehensive Employment Department has also developed and sponsored a number of special employment programs which provide direct work experience to high school and college students, out-of-school youths, and adults. Utilizing public employment programs such as CETA (Titles IIB, IV, and VI) and demonstration programs of the Department of Labor and CSA, participants are placed in work sites at

Restoration and other non-profit organizations, as well as with private businesses. Many of the programs offer special features such as counseling, tutoring, or a planned sequence of skills development in order to maximize the benefits to participants. The Department also operates youth employment programs funded by private contributions. Altogether, special employment programs have provided work experience for close to 1200 persons.

Restoration also operates a variety of educational programs. Tutoring programs have always been an important activity of the Corporation's four Neighborhood Outreach Centers. The programs have been operated in schools, in homes, and in the Centers themselves and have been designed to meet a variety of needs including completing high school, passing civil service exams, and learning English as a second language. Each year close to 500 persons have been tutored, making total participation close to 5,000 persons.

Another important education-related activity is helping young people obtain scholarships to attend college. Each year 100 to 200 youths have received scholarships, many of them through their participation in Restoration's athletic programs. The Neighborhood Outreach Centers run more than 30 basketball, football, and softball teams each year in which close to 1,000 young people between the ages of 9 and 19 participate. These programs not only provide a positive alternative for spending leisure time, but, for many young persons, they also become an important formative experience that teaches discipline, cooperation, and other important values. An important priority of the program is

encouraging participants to plan for their futures and, if possible, continue their educations. Among the hundreds of youths who participate in the sports programs each year, many go on to college, with or without scholarships, and graduate in a variety of fields. A significant number have excelled in college athletics and some have been drafted by professional teams.

Another recreational activity Restoration provides is trips to summer camp for 100 to 200 youngsters annually. In addition to the 3,000 youths who have gone to sleep-away camp, another 9600 have attended day camps. Funding for these activities has been provided by private contributions.

Restoration's extensive programs in theatre, dance, and visual arts have substantially enriched the cultural lives of local residents. The programs have also succeeded in drawing many thousands of persons to Restoration's headquarters and to the Commercial Center, in generating community involvement, and in giving the Corporation visibility throughout the metropolitan area.

The Billie Holiday Theatre, a non-profit affiliate of Restoration, was founded in 1972 with assistance from the Astor Foundation. In its early years the Theatre presented well-known artists in limited performance engagements. This format changed in 1975 with the development of a professional acting company presenting regularly scheduled productions. Now a full-fledged member of the Off-Off Broadway community, the 218-seat Theatre presents four major productions a year to an audience of nearly

40,000 persons. Besides its "box-office" success, the Theatre's artistic accomplishments are demonstrated by its long-running original hit, Inacent Black, which a Restoration subsidiary is co-producing for a Broadway opening in May, 1981.

In order to develop local talent, the Theatre also has a resident children's company which stages one production each year, and operates a workshop program for children and adults which provides training in a variety of theatre arts.

The other vehicle for cultural programs at Restoration is the Art and Culture Center (one of the Neighborhood Outreach Centers) which conducts programs in visual arts, dance, and other areas. The Center's ambitious art exhibition program mounts an average of 25 exhibits each year in the Restoration headquarters building and other locations. Works of hundreds of artists have been shown, many of whom were Brooklyn residents. A special Children's Art Gallery exhibits outstanding efforts of children from area schools, and is visited by thousands of youngsters each year. The Center also operates the Roots Dance Program, a 30-week professionally directed program of dance instruction which has served about 100 local children and adults annually since 1976.

Finally, Restoration has made a significant investment in providing high-quality health care to local residents. The Neighborhood Outreach Centers have provided more than 40,000 health screenings at schools, in the Centers, and at special health fairs. These screenings confirmed the existence of chronic health problems in the

community, and in 1978 the Corporation took a major step toward dealing with these problems by opening the Bedford-Stuyvesant Family Health Center. The Center provides a wide range of services including adult medicine, pediatrics, obstetrics, and gynecology, and will soon be expanding to provide social work, radiology, pharmacy, and dentistry as part of its program. The Center also has an outreach program which conducts health education and screening activities throughout the community. In its first three years of operation the Family Health Center logged more than 11,000 patient encounters, and has been building its patient volume rapidly. An estimated 9,000 encounters are expected in 1981.

PHYSICAL DEVELOPMENT SUMMARY

<u>Activity</u>	<u>Equity</u>	<u>Mortgages & Other Debt</u>	<u>Total Investment¹</u>	<u>Property Affected</u>			<u>Jobs Created</u>	
				<u>Units</u>	<u>Bldgs.</u>	<u>Comm. Sq. Ft.</u>	<u>Perm.</u>	<u>Temp.</u>
New Construction & Rehab.	\$ 26,234,000	\$ 60,304,000	\$ 86,539,000	1425	--	304,000	42	2400
Physical Development Contracts:								
Facade Renovation	--	--	6,065,000	--	4200	--	--	4125
Seal-up	--	--	8,241,000	--	1500	--	--	3
Weatherization	--	--	520,000	489	--	--	--	9
Mortgage Lending	--	--	40,000,000	--	1500	--	9	--
 TOTAL	 \$ 26,234,000	 \$ 60,304,000	 \$141,365,000	 1914	 7200	 304,000	 51	 6537

¹Funds spent or firmly committed.

COMMUNITY DEVELOPMENT SUMMARY

<u>Program</u>	<u>Persons Served</u> ¹	<u>Jobs Created</u> ²	
		<u>Temporary</u>	<u>Permanent</u>
<u>Employment Placements</u>			
Facade Renovation	4,125	4,125	--
Special Employ. Progs.	1,200	1,200	--
Other Placements	6,200	--	--
<u>Education</u>			
Tutoring	5,000	--	--
Scholarships	1,500	--	--
<u>Recreation</u>			
Athletic Team Partic.	10,000	--	--
Summer Camp	12,500	--	--
<u>Art & Culture</u>			
Theatre Audiences	200,000	52	6
Artists Exhibited	1,000	--	--
Roots Dance	500	--	--
<u>Health Care</u>			
Screenings	40,000	--	--
FHC patient encounters	11,000	--	16
		-----	-----
		5377	22

¹These figures include beneficiaries of a selected group of programs and, as such, are only a fraction of the total number of persons who participate in or are served by BSRC community development programs.

²Excludes persons working directly for Restoration.

EMPLOYMENT SUMMARY: ALL RESTORATION PROGRAMS

	Jobs Created		Jobs Retained	Job Placements
	Permanent	Temporary		
BSRC Employees ¹	176	--	--	--
Business Loan Recipients ¹	107	--	143	--
Businesses Receiving Equity Investments (incl. BSRC business subsidiaries)	251	--	78	--
Businesses Receiving Technical Assistance Only	585	--	384	--
New Construction and Rehabilitation (incl. BSRC development, construction, and management subsidiaries)	42	2400	--	--
Physical Development Contracts (facade renov., seal-up, weatheriz.)	--	4137	--	--
Commercial Tenants ¹	--	--	620	--
Employment Programs ²	--	1200	--	6200
BSRC Non-Profit Affiliates	<u>22</u>	<u>52</u>	<u>--</u>	<u>--</u>
ALL PROGRAMS	1183	7789	1225	6200

¹Not including BSRC subsidiaries.

²Does not include placements in BSRC facade renovation programs, which are included under "Physical Development Contracts".

III. FINANCIAL PROFILE: SOURCES AND USES OF FUNDS

Restoration has actively sought to bring public and private resources together at the local level to carry out its comprehensive community economic development program. As part of its strategy the Corporation has used its Federal Special Impact Program funding to significantly leverage additional resources from a wide variety of public and private sources.

Table 1 summarizes the sources of funds that Restoration and its subsidiaries and affiliates have received in the fourteen-year period, 1967-1981. Of the nearly \$250 million generated, the largest single source is the SIP funding from the Community Services Administration. Together with the Department of Labor and the Office of Economic Opportunity (the previous administrators of SIP), CSA has supplied more than \$72 million in basic grant and investment funds to Restoration.

While CSA has always been the largest funding source, its percentage of the total has been gradually declining. In the early years of the Corporation, SIP funds made up two-thirds or more of the basic operating budget, whereas currently they represent only one-third. Restoration has continually sought to reduce its dependence on SIP funding by seeking other public grants and contracts, soliciting additional private contributions, increasing the revenues generated by Restoration programs, and seeking business investment opportunities that return earnings to the Corporation.

Figure A shows sources of funding for Restoration and its subsidiaries and affiliates grouped in three summary categories: SIP funds, earned income, and funds from outside sources. Funding totals for the period 1967-81 show these three categories to have been roughly equivalent in size. While the "earned income" and "outside funds" categories can be expected to continue gradually increasing in the future, the SIP funding will continue to be a vital part of Restoration's diversified financial base. SIP funding provides not only basic administrative support for the Corporation which is difficult to obtain from other sources, but also investment funds which are key to the Corporation's ability to become more self-sufficient.

The sources of investment capital for Restoration's subsidiaries and affiliates are summarized in Table 2. Of the \$26.6 million in equity Restoration has invested in subsidiaries, three-quarters has come from CSA, while an additional \$9.6 million in equity was invested by other parties. Debt financing, which is used primarily for real estate development projects, came mostly from outside the Corporation. Of the total \$100 million in capital investment, over two-thirds came from sources outside the Corporation and CSA; however, the Federal funds were the catalyst which allowed projects to go forward to the point that outside funds could be drawn in.

Table 3 shows the uses to which funds have been put by Restoration and its subsidiaries and affiliates. Of the \$249 million in funding received, \$218 million has been spent and \$31 million is in committed but unspent funds and other assets. As is readily apparent from Figure B,

half of the total funds spent have gone into physical development activities. Bedford-Stuyvesant is primarily a residential community with thousands of fine-quality brownstones, and the Corporation has actively tried to build upon the community's physical strengths. The Corporation's diverse range of physical development activities have been an economic development industry for local residents and businesses.

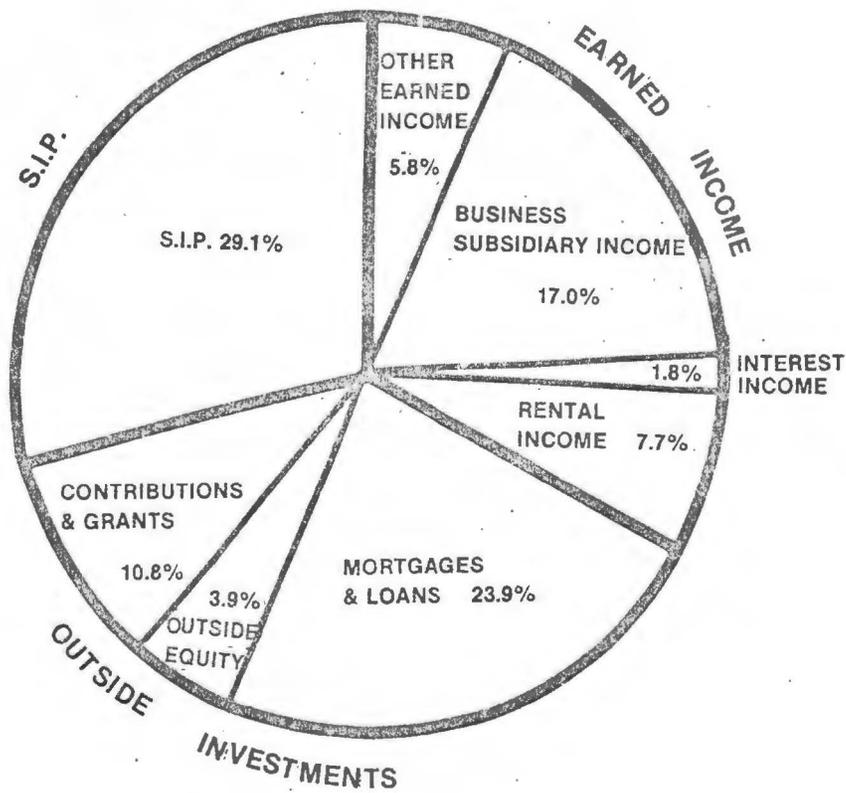


FIGURE A: SOURCES OF FUNDS

1967 - 1981

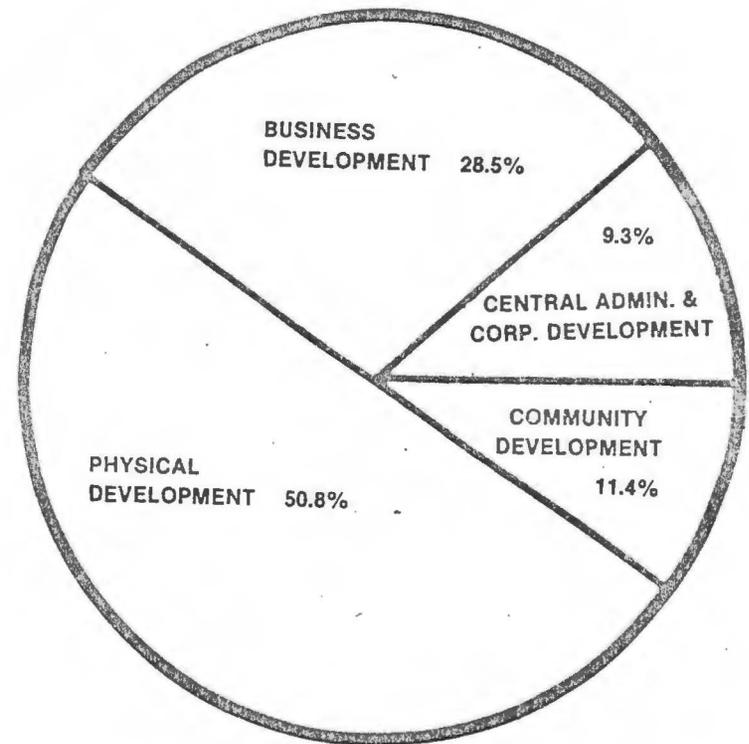


FIGURE B: USES OF FUNDS

1967 - 1981

TABLE 1

SOURCES OF FUNDS FOR BEDFORD-STUYVESANT RESTORATION CORPORATION,
ITS SUBSIDIARIES, AND AFFILIATES, AS OF APRIL 1, 1981

<u>Source</u>	<u>\$ Millions</u>	<u>%</u>
Special Impact Program	72.6	29.1
Contributions & Grants	26.8	10.8
Rental Income	19.3	7.7
Interest Income	4.6	1.8
Business Subsidiary Income	42.5	17.0
Equity from Outside Investors	9.6	3.9
Mortgage & Loan Financing	59.6	23.9
Other Earned Income	14.4	5.8
	-----	-----
TOTAL	249.4*	100.0

*Includes \$26.5 million firmly committed, but unspent, under long-term development agreements.

TABLE 2

SOURCES OF CAPITAL INVESTED IN RESTORATION'S
SUBSIDIARIES AND AFFILIATES, AS OF APRIL 1, 1981

<u>Source</u>	<u>Equity</u> <u>\$ Mil.</u>	<u>Debt</u> <u>\$ Mil.</u>	<u>Total</u> <u>Capital</u> <u>\$ Mil.</u>
CSA	\$20.1	\$ 1.5	\$ 21.6
BORC General Fund	6.5	3.0	9.5
Mortgages	--	57.3	57.3
Other	9.6	2.3	11.9
	-----	-----	-----
TOTAL	\$36.2	\$64.1	\$100.3*

*Includes \$26.5 million firmly committed, but unspent, under long-term development agreements.

TABLE 3

USES OF FUNDS BY BEDFORD-STUYVESANT RESTORATION CORPORATION,
ITS SUBSIDIARIES, AND AFFILIATES, AS OF APRIL 1, 1981

<u>Use</u>	<u>\$ Millions</u>	<u>%</u>
Central Administration	18.0	8.2
Corporate Development	2.5	1.1
Business Development		
Loans & Investments	11.0	5.0
Subsidiary Operations	45.3	20.7
Overhead	6.0	2.8
Physical Development		
Real Estate Development	75.4	34.5
Maintenance & Operating Expenses	24.4	11.2
Overhead	11.1	5.1
Community Development		
Community Programs	11.5	5.3
Employment Programs	8.1	3.7
Billie Holiday Theatre	2.6	1.2
Family Health Center	2.0	.9
Overhead	.6	.3
	<hr/>	<hr/>
TOTAL	218.5	100.0

Unspent Funds and Assets

Firmly committed, but unspent investment capital under long- term development agreements	26.5
Unspent funds restricted by grantors	1.4
Non-cash assets of subsidiaries and affiliates	2.5
General fund balance	.5
	<hr/>
TOTAL	30.9

IV. PROSPECTS FOR THE FUTURE

The redevelopment of our cities is a bipartisan goal, and Restoration's approach, with its emphasis on business and investments, offers not only wide-ranging philosophical appeal, but a solid record of accomplishment. The Corporation has successfully leveraged its basic Federal grant, generating a quarter of a billion dollars, which it has responsibly managed for the betterment of Bedford-Stuyvesant. However, Restoration's future as the driving force in Bedford-Stuyvesant's redevelopment has been rendered uncertain by the current budget-cutting mood in Washington. The Reagan Administration has proposed that the Community Services Administration be eliminated by September 30, 1981, and that the funds for Title VII be cut 25 percent and folded into the Community Development Block Grant Program administered by the Department of Housing and Urban Development.

While block grants are often effective, we believe that the continued success of a program like Restoration requires the existence of a national program directly supporting community development corporations. It has taken many years to build these unique and valuable institutions, and it would be a great tragedy for their existence to be jeopardized just when their communities very much need the economic development programs they deliver so effectively.

J. H. WHITNEY & CO.

630 FIFTH AVENUE

NEW YORK, N. Y. 10111

April 15, 1982

Mr. Ralph Weller
Chairman
Otis Elevator Company, Ltd.
249 Park Avenue
New York, N. Y. 10017

Dear Mr. Weller:

One of the most serious examples of failure in our economic system and one of the most serious threats to our nation is represented by the economic, social and human deprivation that characterize our underdeveloped urban areas populated largely by minority citizens. Such areas are unfortunately present in every large metropolitan area in the United States. Fourteen years ago, a bipartisan group in New York decided to do something about this problem in our city by establishing the Bedford-Stuyvesant Development & Services Corporation and the Bedford-Stuyvesant Restoration Corporation, two non-profit corporations through which the black leaders of the economically deprived area of Bedford-Stuyvesant could work in cooperation with representative leaders of the greater New York community of which Bedford-Stuyvesant is a part to improve the lot of the 300,000 citizens in the Bedford-Stuyvesant area of Brooklyn. Thus came into being the first community development corporation in our nation, and this effort is commonly judged today to have been the best of its kind anywhere. The idea behind the companies was not only to help the Bedford-Stuyvesant area of New York, but also to demonstrate what could be done when the leaders of an economically deprived, predominately black community worked with the cooperation and help of leaders in the larger community of which it is a part.

The original directors of the Bedford-Stuyvesant Development & Services Corporation were C. Douglas Dillon, Chairman of the Board; Benno C. Schmidt, Chairman of the Executive Committee; John Doar, President; and Roswell L. Gilpatric, David E. Lilienthal, Andre Meyer, George S. Moore, James F. Oates, Jr., William S. Paley, Thomas J. Watson, Jr., Senator Robert F. Kennedy and Senator Jacob K. Javits, Directors.

The Bedford-Stuyvesant Restoration Corporation and the Bedford-Stuyvesant Development & Services Corporation have made a real difference

Mr. Ralph Weller -2.

in reversing the decline in Bedford-Stuyvesant. The attached summary which gives the fourteen-year history of the Bedford-Stuyvesant Corporations sets forth the accomplishments which have caused this undertaking to be generally recognized throughout the country as the best community development effort anywhere. As you can see from this memorandum, the Corporations have made an important difference in new housing, housing rehabilitation, commercial revitalization, job creation, economic development, home ownership, the creation of neighborhood parks, the creation of effective block associations and the delivery of a variety of important social services not otherwise available.

The executive leadership for the Restoration Corporation was provided for the first ten years by Franklin A. Thomas, who served as President of Bedford-Stuyvesant Restoration. For the past four years, Curtis A. Wood has served as President of Restoration. The Restoration Board, made up of leaders of the Bedford-Stuyvesant community, has worked with unity, commitment, dedication, and effectiveness. Roswell Gilpatric and I remain today from the original Board of D. & S. and we have been joined through the years on the Board of Directors by such valued associates as William I. Spencer, Rawleigh Warner, Jr., Stephen E. Smith, Mrs. Robert F. Kennedy, John R. H. Blum and others who have contributed to this important cause.

During the past fourteen years Federal support of these operations has aggregated \$72.6 million and this support has enabled us to generate an additional \$176.8 million to devote to this effort, over 95% of which came from private sources. This has enabled us to bring new business, new homes, new parks, new employment, new health care and many other advantages to a community desperately in need of such help.

During the fourteen years of its life every dollar of expenditure by the Bedford-Stuyvesant Corporations has been audited by Arthur Andersen & Co. and every penny has been accounted for. There has not been even so much as a breath of scandal, nor has there been any significant criticism of the operation from any source. This is a remarkable achievement when one considers the enormity of the tasks involved, the limited resources with which we have had to work and the bright spotlight which always illuminates public expenditures, particularly when only limited funds are available for a limitless task.

Mr. Ralph Weller -3.

More important than the new apartment complexes involving 1,425 residential units and the \$57 million of private mortgage money that has gone into new homes that have been built or are building, the 4,200 homes that have been renovated under the exterior improvement program, the 140 businesses that have been started or assisted, the \$40 million of private money that has been made available for 1,500 new home mortgages, on existing homes, the bringing of a new \$13 million IBM plant to Bedford-Stuyvesant employing over 400 people, the placement of over 16,400 persons in new jobs (about one-half permanent and one-half temporary), the building of a new commercial center with 300,000 square feet of new commercial space, the building of a new health center bringing medical care to 9,000 patients per year where it was previously unavailable, more important than all of these and the many other tangible things which have been done, has been the feeling that has been engendered among Bedford-Stuyvesant residents that their community is worthy of their own support and effort. Block associations have been formed, citizen efforts renewed, and the people of Bedford-Stuyvesant have been given a basis for hope and pride. Many problems remain, far more than have been solved, but there is no way to estimate the value of the effort that has been made or the damage which could result from the discontinuance of this effort.

With reduction in Federal support for operations of this type, it is necessary for us to raise privately in the New York community the funds necessary to keep this operation alive and moving forward. I realize that this is a tough time to ask for money but, by the same token, it is an even tougher time to discontinue the services which the Bedford-Stuyvesant Corporations are providing to their community.

We have been very careful never to overstate the importance of what we are doing. One of the reasons for our great success in the community is that we have never pretended to be more than we are. But for the dollars we have spent, we have done more for Bedford-Stuyvesant than I know of having been done with comparable dollars for any community in the country. I think it may not be too much to say that the continuance of our operation may well be essential to the continuation of hope in that community and, conversely, it may be

Mr. Ralph Weller -4.

true that the discontinuance of our operation would be nothing less than a disaster.

Obviously this cause does not affect me personally except that as a citizen of this city and nation I will continue to give my time and as much of my money as I can afford to prove that deprived urban areas such as Bedford-Stuyvesant can be improved with the help of the citizens of the city, state and nation of which they are a part. If this hope is not maintained, I am afraid that our country is in for serious trouble.

We need to raise a minimum of \$3 million per year of corporate support to sustain these operations at a viable level. I hope you will consider a substantial corporate commitment to the best thing of its kind in an extremely high priority area for the city and the nation. We would be most happy to show you or your representative exactly what we are doing and why we merit your strong support even in times when the highest degree of selectivity is undoubtedly clear corporate policy with you.

Sincerely yours,

Benno C. Schmidt

Attachments

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WITHDRAWAL SHEET AT THE FRONT OF THIS FOLDER.