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REVIEW OF WHITE HOUSE

NHS INITIATIVES

UNITED STATES GOVERNMENT

PHARMACY

## REVIEW OF WHITE HOUSE NHS INITIATIVES

### INTRODUCTION

The purposes of this presentation are three-fold:

1. to provide an overview of the Reagan Administration's history with Neighborhood Housing Services (NHS);
2. to review the opportunities NHS has offered to the Administration through identifying with the broadest network of public-private partnerships in America. (These private, local initiatives -- with a 12-year track record of specific accomplishments in the area of neighborhood revitalization -- provide evidence in 134 cities of the Administration's commitment to public-private partnerships and voluntarism); and
3. to review a series of specific proposals under discussion with the Administration which provide special media opportunities for the President to: a) identify with a working public-private partnership in a lower income neighborhood setting; b) recognize and commend the private sector for its involvement and be credited with the expanded involvement of the corporate sector in public-private partnerships; and c) carry forward campaign commitments and advisory group recommendations that the Reagan Administration support and strengthen Neighborhood Housing Services programs.

### THE REAGAN ADMINISTRATION'S HISTORY WITH NEIGHBORHOOD HOUSING SERVICES PROGRAMS THROUGHOUT AMERICA

Even before President Reagan had taken office, he identified Neighborhood Housing Services as one of the most successful approaches to neighborhood revitalization and indicated his desire to strengthen NHS during his Administration.

During the implementation of his Presidency, advisory groups and Presidential commissions strongly endorsed NHS and encouraged the Administration's support and efforts to expand and strengthen Neighborhood Housing Services. The transition Neighborhood Advisory Group, chaired by Dr. Robert Hawkins, stated in their report to the President, "The Neighborhood Housing Services program has been a signal success. The NHS program relies on maximum local initiative and control. We believe the NHS program should be strongly supported." The Housing Task Force, chaired by Carla Hills reported, "NHS is one of the most outstanding efforts to improve older urban areas", and went on to encourage that "strong financial support" be given NHS.

Two and a half years into the Presidency, the support of the Reagan Administration has been continually reaffirmed. The report of the President's Task Force on Private Sector Initiatives highlights NHS as an "excellent example of national investment partnership...", and reviews numerous examples of private sector participation in NHS. Administration efforts are ongoing to

create an opportunity for a Presidential site visit to an NHS, and in his letter of February 28, President Reagan commended and recognized Neighborhood Housing Services of America for its efforts and congratulated the private sector for its involvement (Attachment 1).

### ENDORSEMENTS AND RECOGNITION OF NEIGHBORHOOD HOUSING SERVICES

Administration endorsements have taken place in an environment of growing broad recognition of the significance of NHSs' work. The May issue of the National Association of Manufacturers publication, Enterprise, focuses on Neighborhood Housing Services and N.A.M. member corporations participating in local NHSs. The Committee for Economic Development, the National Association of Insurance Commissioners and the Center for Corporate Social Involvement of the American Council of Life Insurers have all highlighted and endorsed NHS in recent publications. And most recently, The Advertising Council, Inc. adopted NHS as one of their primary campaigns for 1983-1984 (commencing with a Business Press Campaign in the early Spring) which will result in wider national attention for Neighborhood Housing Services (Attachment 2).

### A 12-Year Track Record of Public-Private Partnerships

With a 12-year track record, Neighborhood Housing Services are now at work in 134 cities, and have generated over \$1.7 billion in reinvestment in their communities (Attachment 3). This is the most wide-spread example of President Reagan's concept of private sector initiatives and local voluntarism in America.

At the core of each of these NHS programs is a committed partnership of local business leaders, residents and city representatives who are working together to rebuild their communities through a coordinated reinvestment strategy on the part of the residents themselves and those doing business there. The people that make up these NHS partnerships invest hundreds of volunteer hours each year through their service on the boards of directors and operating committees of the local NHS. Perhaps one of the greatest contributions being made by businesses to local NHSs is the personal involvement of their executives which brings to the NHSs the business judgement and expertise (assuring sound fiduciary management each locally controlled, nonprofit corporation); their creative thinking in responding to the special needs of the local communities and thousands of dollars in in-kind services.

In 1982, over \$13 million was contributed primarily by the private sector to local NHSs operating budgets (Attachment 4). These contributions dollars traditionally have come from savings and loans, commercial banks and insurance companies, and recently by growing numbers industrial corporations.

The enclosed report, produced jointly by the American Council of Life Insurers and the Neighborhood Reinvestment Corporation reports on the extensiveness of the insurance industry's involvement in NHS nationally. Special attention is focused on insurance company participation as "social investors" in the national NHS Secondary Market, operated by Neighborhood Housing Services of America, for rehabilitation loans to nonbankable residents (Attachment 5). As participants in this secondary market, insurance companies have entered into below-market note purchase agreements totaling \$16.5 million with an "interest give-up" of over \$3 million in the present value of foregone interest earnings. These numbers, however, do not reflect the full significance of their

contributions -- for it is this influx of loans at affordable rates which has enabled thousands of low income homeowners to maintain and improve their homes and has enabled the NHSs to give residents renewed hope and a resurgence of pride in themselves and their communities.

#### PROPOSALS UNDER CONSIDERATION BY THE WHITE HOUSE

A series of events have been discussed with key White House aides which would provide the Reagan Administration with media opportunities to recognize NHS, the residents whose neighborhoods have been served by its work, the local governmental officials who have helped by targeting their resources into the neighborhood, and the business executives who have brought their personal expertise to the NHS board of directors, have increased the availability of their business services in the neighborhood, and have made charitable contributions to support the NHS operating budget.

#### A Presidential Visit to a Neighborhood Housing Services Program

Over the past year, the Neighborhood Reinvestment Corporation has cooperated with the Private Sector Initiatives Office and the Presidential Scheduling Office in exploring potential opportunities for a Presidential site visit to an NHS neighborhood. The NHS programs at work in 134 cities serving 185 neighborhoods throughout the country offer significant opportunities for such a visit. The residents of these neighborhoods are generally of low income, and a significant percentage are minority and elderly. The average annual family income of an NHS loan fund client is \$9,500.

A visit to almost any one of these communities would offer the potential for projecting the following messages to the public:

- The importance and effectiveness of a private sector supported, self-reliant, local responsibility approach to solving a significant community problem.
- The President's recognition and support of efforts by elderly, lower income and minority group residents to cooperate with business leaders and local government to solve problems faced by their communities.
- The importance of housing conservation as a part of national housing policy -- the need to reverse the trend of decline in older urban neighborhoods and stop the creeping deterioration of housing units and whole neighborhoods as viable places to live that would require billions of dollars to replace.
- The importance of the network of Neighborhood Housing Services programs as a vehicle for action to carry out the above concepts, as was recognized by the President's Commission on Housing and the President's Task Force on Private Sector Initiatives in their reports.

The attached examples of previous site visit proposals are the result of earlier dialogue between Administration officials and Neighborhood Reinvestment staff (Tab A).

A future site visit would offer similar media opportunities for the President to visit with residents of a lower income neighborhood who have joined together with business leaders to revitalize their neighborhood and rebuild confidence in their community. Residents and business leaders could show examples of their successes in turning around problem properties which had been blighting influences on the neighborhood, such as vacant lots, abandoned buildings and most commonly, deteriorated buildings which homeowners were previously unable to maintain due to lack of resources.

Opportunities such as the following could be created for the President: a tour of an NHS block as NHS leaders cite examples of their successes; a Presidential ribbon-cutting signifying completion of work on a home which will now be safe to live in; the President's participation at a groundbreaking signifying conversion of a vacant lot (which may once have been choked with litter and a breeding place for crime in the neighborhood) into a small neighborhood park; participating in the opening of an NHS office in a neighborhood; recognizing the most improved block at an NHS festival; etc. Countless scenarios could be created, any of which would allow the President to be identified in a grassroots, neighborhood setting with a working private-public partnership, with a track record of accomplishments and excitement on the part of the partnership about the future of their neighborhood.

Administration Participation in a Special Media Event to Recognize and Commend the Private Sector for its Participation in NHS

With their local track records of success in revitalizing declining neighborhoods, NHSs are being invited to expand their services to serve additional neighborhoods and respond to additional community needs. With this demand, comes the need to expand the NHSs' bases of private sector support.

The Ad Council's NHS Business Press Campaign, will provide significant assistance in expanding corporate awareness of NHS. Further encouragement would be provided by the participation of President Reagan in a formal event to recognize and commend the leaders of private industry whose corporations have become vital partners in the NHS family. This would be of tremendous value and a natural next step in the broader involvement of the corporate community in helping revitalize older American neighborhoods. In addition to providing special recognition to the corporate community for their active and significant involvement in private-public partnerships, such an event would -- through media coverage -- provide evidence of the Administration's encouragement and support of the expansion and strengthening of NHS partnerships nationally. Given the track record of accomplishments, the breadth of this national partnership, the extensiveness of the private sector's current involvement and the wide media attention NHS will be receiving as a result of The Ad Council campaign, NHS offers the Administration an outstanding opportunity to give further meaning to its commitment to public-private partnerships and voluntarism.

A potential scenario for this event would include a White House reception at which President Reagan would present awards to the chief executive officers of those corporations which have significantly assisted Neighborhood Housing Services through the commitments of "time, talent and treasury" to the revitalization of declining neighborhoods through NHS.

In terms of the timing of this event, we would like to work with staff to identify two dates -- a scheduled date in late February and a "fall back" or "rain date" for early April (should last minute changes in schedule necessitate postponement of the event).

#### Presidential Proclamation of a National NHS Week

Either of the above proposed events would offer a natural setting for the President to proclaim a National NHS Week for the early spring of 1984. This proclamation would substantially enhance efforts to provide broader visibility to NHS in the corporate community, would be a special vehicle for recognizing the vitality of the NHS partnership nationally, and provide the stimulus for local NHS weeks in 134 cities, 43 states and the District of Columbia.

Over the past year, Edmund Sajor, Board President of Neighborhood Housing Services of America and Director of Public Affairs for Pacific Gas & Electric, has been in dialogue with Craig Fuller, Jim Rosebush, Michael Deaver and, in the initial stages, Jay Moorehead, regarding the potential for a Presidential proclamation of a National NHS Week. Given the timing of The Ad Council campaign on NHS, which is scheduled to move forward in the early spring of 1984, we would like to further pursue this possibility and propose that the White House consider proclaiming a National NHS Week for a week in April, 1984 in conjunction with a site visit by the President to a local NHS, an event recognizing the leaders of those corporations which have made significant commitments to NHS nationally, or another appropriate setting. Draft proclamation language is enclosed (Tab B).





# Neighborhood Reinvestment

1850 K Street NW  
Suite 400  
Washington, DC  
20006  
(202) 653-2600

Neighborhood Reinvestment Corporation

#### Board of Directors

Richard T. Pratt, *Chairman*  
Chairman  
Federal Home Loan Bank Board

James Partee, *Vice Chairman*  
Board of Governors  
Federal Reserve System

Samuel R. Pierce, Jr.  
Secretary of Housing  
and Urban Development

C. T. Conover  
Comptroller of the Currency

William M. Isaac  
Chairman  
Federal Deposit Insurance Corporation

Edgar F. Callahan  
Chairman  
National Credit Union Administration

May 5, 1983

Craig Fuller, Director  
Office of Cabinet Administration  
The White House  
Washington, D.C. 20500

Dear Craig:

When Ed Sajor and I met with you, I promised to send along a more complete description of a basis for a Presidential proclamation.

The network of NHS public-private partnerships throughout America is, as you know, by far the most widely spread example of President Reagan's concept of private sector initiatives and local voluntarism (the enclosed article in NAM's publication, Enterprise, is a good illustration of this).

NHS programs have been making steady progress in neighborhood revitalization for over 10 years. As they are invited to take on additional neighborhoods, it becomes essential that the basis of their private sector support be expanded. The business-press campaign being undertaken by The Advertising Council will do much to provide a heightened image for NHSs' work.

We are proposing that President Reagan proclaim a National NHS Week for a week in the early spring of 1984 to provide a focus for supplemental publicity. NHS programs would be able to secure proclamations from the Mayors of 134 cities for simultaneous local NHS weeks.

This celebration of NHSs' public-private partnership productivity, going back more than 10 years, will provide well-deserved public recognition to the present partnership members and stimulate the involvement of new supporters for existing and future NHS programs.

We were sorry to learn that the Presidential visit to the Phoenix NHS is not possible in conjunction with his upcoming trip. Enclosed is an updated list of NHS cities. With a few days' notice, we are prepared to put together an excellent neighborhood event in almost any of these cities. Please continue to keep us in mind should it be possible to create such an opportunity in any of his future trips.

Our thanks for your continuing guidance and support.

Best wishes,

Wm. A. Whiteside  
Executive Director

cc: Ed Sajor

# NEIGHBORHOOD HOUSING SERVICES OF PHOENIX

## FACT SHEET

April 21, 1983

- o Neighborhood Housing Services (NHS) is a national network of locally-funded and operated, autonomous, self-help programs which are successfully revitalizing declining neighborhoods.
- o At the heart of each program is a partnership of residents, business leaders, and local government officials who make a commitment to each other to provide the resources each has at its disposal: time and hard work, credibility with neighbors, loans and other business services, city services and the capital improvements necessary to implement their neighborhood revitalization strategies.
- o Experience in the earliest NHS programs shows that \$12,000,000 of reinvestment occurs in the 5-1/2 years it takes to "turn around" an average NHS neighborhood of 2,500 dwelling units. This reinvestment is produced by private lenders, local and state governments, and the homeowners themselves.
- o PHOENIX NHS HAS STIMULATED ALMOST \$15 MILLION IN REINVESTMENT IN ITS NHS NEIGHBORHOODS. THIS REPRESENTS OVER \$32 IN REINVESTMENT STIMULATED FOR EACH \$1 PRIVATELY CONTRIBUTED TO PHOENIX NHS FOR OPERATING SUPPORT.
- o Nationwide, the NHS programs have generated one and a quarter billion dollars of reinvestment in neighborhoods, with funds provided primarily by private lenders, residents, and local government.
- o 11,831 PEOPLE LIVE IN PHOENIX NHS NEIGHBORHOODS; nationwide, 1,700,000 people live in NHS neighborhoods, ranging in size from 1,500 to 27,000 population.
- o THE INCOME LEVEL IN PHOENIX NHS NEIGHBORHOOD AVERAGES 72% OF THE CITY-WIDE MEDIAN.
- o 185 NHS neighborhood programs are now operating and 22 more are being developed across the country.
- o 134 cities in 43 states and the District of Columbia have NHS programs in operation.
- o NHS programs operate in large, medium and small cities. Of the 56 cities over 250,000 in population, 41 have NHS programs.
- o Nationwide, minority populations make up 85% or more of the total in one-fifth of the NHS neighborhoods, while three-fifths have a minority population of between 15% and 85%, and one-fifth have a minority population of 15% or less. PHOENIX NHS HAS A MINORITY POPULATION OF 26%.
- o NHS neighborhoods have from 600 to 10,000 dwelling units. The median neighborhood size is 2,500 units. PHOENIX NHS HAS 6,942 DWELLING UNITS.

- o The staff of the Neighborhood Reinvestment Corporation, a public corporation chartered by Congress, provides the development and technical support that enables the local NHS partners to organize themselves and continue on their own.
- o Working closely with Neighborhood Reinvestment is Neighborhood Housing Services of America, a private not-for-profit, tax-exempt corporation which provides local NHS programs throughout the country with:
  - (1) A national secondary market which purchases non-bankable loans from local NHS revolving loan funds.
  - (2) Technical assistance and other services.
- o By December, 1981, NHTSA replenished local revolving funds by purchasing loan packages totaling \$6 million from NHS programs.
- o In 1978, NHTSA established the capacity to replenish its own lending pool for local funds through the sale of secondary market notes to institutional investors:
  - The Equitable Life Assurance Society of the United States, starting in 1978, purchased NHTSA notes totaling \$5 million.
  - The Prudential Insurance Company of America committed to purchase \$5 million in NHTSA notes to create a First Mortgage Purchase Program for NHS loans starting in 1982.
  - The Aetna Life and Casualty Insurance Company has just entered into an agreement to purchase \$4 million in notes from NHTSA.
- o In 1982, approximately \$21,000,000 was contributed by local industry, foundations, and municipalities to local NHS budgets and revolving loan funds.
- o NHS programs are the result of cooperation between the public and private sectors at the local level. Several national corporations are also working with Neighborhood Housing Services of America to channel support to NHS programs into a number of communities.

PHOENIX

Boundaries: (Original neighborhood) - Virginia, 16th Street, McDowell, 7th Street

(Expansion neighborhood) - 16th & 20th Streets, Thomas & Culver, 13th & 16th Streets, McDowell & Culver

Composition: (Original neighborhood) - 13% Black, 85% Anglo, 2% Other  
(Expansion neighborhood) - 3% Black, 73% Anglo, 22% Hispanic, 2% Native American

Percent of City Median Income: (Original neighborhood) 82%  
(Expansion neighborhood) 67%

Government Representatives: State Senator Barry Goldwater (R)  
State Senator Dennis DeConcini (D)  
Congressman John McCain (R)  
Congressman Morris Udall (D)  
Mayor Margaret Hance (R)

PROPOSED SCHEDULE #1; NEIGHBORHOOD FAIR, MAY 21

<u>Minutes Into Visit</u>	<u>Activity</u>
0	Drive south on 16th Street. Turn east on Harvard or Oak to observe neighborhood conditions.
3	Turn south on 12th Street and stop at Coronado Park at 12th and Palm Lane. This is a neighborhood park where the Annual Fair will be happening from 10 a.m. until 2 p.m. The President will be joined by a top business leader and an Hispanic resident who has been involved with the NHS program for several years. The Fair will include a variety of informational displays on health and safety issues, local crafts and ethnic foods. There will be approximately 300 persons in attendance, primarily from the NHS neighborhood.
5	The President would walk to the east side of the park where entertainment and music will be broadcast from a sound truck. He would visit a display along the way and have pictures taken with Hispanic children and senior citizens.
10	Greet Mayor Margaret Hance, school board members, business leaders and NHS board members gathered at the podium.
12	Make prepared remarks to relate goals of the visit. Present award to representatives of the partnership for their thousands of volunteer hours devoted to planning and implementing public-private strategies for improving the quality of life in a vital, growing downtown neighborhood. Announce plans for "NHS Week."
17	Questions and discussion (question and discussion period may be extended/shortened as desired).
27	Walk back to limousine at Palm Lane.
30	Re-enter limousine and proceed.

PROPOSED SCHEDULE #2  
(Can Be Arranged For Any Date)

<u>Minutes Into</u> <u>Visit</u>	<u>Activity</u>
0	Drive east on McDowell to 11th Street. Turn north on 11th to Coronado.
1	Stop at home of elderly Hispanic woman who lives on Social Security disability. She has lived in the NHS neighborhood for 15 years and received a loan from the NHS to upgrade her home. This resident will be joined by four elderly neighbors who have received assistance from or have been involved with the NHS. They are all Social Security recipients. Pictures would be taken with the homeowner's family and neighbors.
8	Walk (or re-enter limousine) one block east on Coronado to Coronado Park at 12th and Palm Lane. The President would be accompanied by a business leader and an Hispanic resident who is chair of the loan committee and former president of the NHS board. They will point out a privately-constructed, unsubsidized infill house which was new construction on a vacant urban lot. They will also brief the President on the upcoming exchange with NHS leaders.
15	Greet Mayor Margaret Hance, NHS residents, school board members and top business leaders who will be gathered near the podium.
16	Make prepared remarks to relate the goals of the visit. Present partnership award to Mayor Hance, business leaders and residents for their thousands of volunteer hours toward addressing local neighborhood needs through the partnership approach. Announce plans for "NHS Week."
19	Hispanic child (or senior citizen) will give the President flowers and an NHS neighborhood poster. Picture opportunity with child (or senior citizen) with typical housing stock as background.
20	Questions and discussion (question and discussion period may be extended/shortened as desired).
30	Re-enter limousine and drive east on Palm Lane. Turn south on 14th to McDowell and proceed to next event.

PROPOSED SCHEDULE #3  
(Can Be Arranged For Any Date)

<u>Minutes Into</u> <u>Visit</u>	<u>Activity</u>
0	Drive south on 20th Street to Harvard. Turn west on Harvard to observe neighborhood into which the NHS is expanding. Turn south on 16th to Almeria. Turn west on Almeria to 1327.
5	The homeowner, an Hispanic woman who has lived in the neighborhood for 20 years, will show the completed rehab work which was made possible by the NHS of Phoenix. Her children and grandchildren will be available for pictures. The President will present her with a certificate of recognition for her demonstrated commitment to the neighborhood.
10	Walk (or re-enter limousine) to 13th and Palm Lane on north side of Coronado Park. The President will be accompanied by a top business leader and an Hispanic resident who is chair of the loan committee and former president of the NHS board. They will brief the President on the upcoming exchange with NHS leaders.
15	Greet Mayor Margaret Hance, NHS residents, school board members and top business leaders who will be gathered near the podium.
16	Make prepared remarks to relate the goals of the visit. Present partnership award to Mayor Hance, business leaders and residents for their thousands of volunteer hours toward addressing local neighborhood needs through the partnership approach. Announce plans for "NHS Week."
19	Hispanic child (or senior citizen) will give the President flowers and an NHS neighborhood poster. Picture opportunity with child (or senior citizen) with typical housing stock as background.
20	Questions and discussion (question and discussion period may be extended/shortened as desired).
30	Re-enter limousine and drive east on Palm Lane. Turn south on 14th to McDowell and proceed to next event.



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C. T. Conover  
Comptroller of the Currency

William M. Isaac  
Chairman  
Federal Deposit Insurance Corporation

Edgar F. Callahan  
Chairman  
National Credit Union Administration

March 16, 1983

Mr. J. Steven Rhodes  
Assistant to the Vice President  
for Domestic Policy  
The White House  
Washington, D.C. 20300

Dear Mr. Rhodes:

In follow-up to your luncheon conversation with Ed Sajor regarding Vice President Bush's visit to California in mid-May I am pleased to enclose information on the La Habra NHS and a possible visit by the Vice President.

Ed will call your office in the early part of next week to discuss this material.

Sincerely,

Wm. A. Whiteside  
Executive Director

Enclosures

cc: Edmund C. Sajor



A VICE PRESIDENTIAL VISIT WOULD PROJECT THE FOLLOWING MESSAGES TO THE PUBLIC

- The importance and effectiveness of a private sector supported, self-reliant, local responsibility approach to solving a significant community problem.
- The Administration's recognition and support of efforts by minority groups to cooperate with business leaders and local government to solve problems faced by their communities.
- The importance of housing conservation as a part of national housing policy — the need to reverse the decline trend of older urban neighborhoods and stop the creeping deterioration of housing units and whole neighborhoods as viable places to live that would require billions of dollars to replace.
- The importance of the network of Neighborhood Housing Services programs as a vehicle for action to carry out the above concepts, as was recognized by the President's Commission on Housing and the President's Task Force on Private Sector Initiatives in their Reports (excerpts enclosed).

The messages to the public would be communicated through media coverage of the visit. The proposed schedule would offer two kinds of media coverage:

- A visit by the Vice President to the home of an enthusiastic, appreciative Hispanic lady who will pridefully show her home, which was improved through the NHS program.
- An exchange between the Vice President and NHS program leaders — business leaders, local government officials and Hispanic residents — in front of the Guadalupe Hall at the NHS office. The exchange could be culminated by the announcement of the President's intention to proclaim the First National NHS Week to encourage the work of NHS programs in the more than 183 neighborhoods in more than 133 cities nationally.

Guadalupe Hall's exterior, which is a Hispanic mural, would be the background for video and photographic coverage to further emphasize the visit's Hispanic emphasis.

A proposed schedule is enclosed.

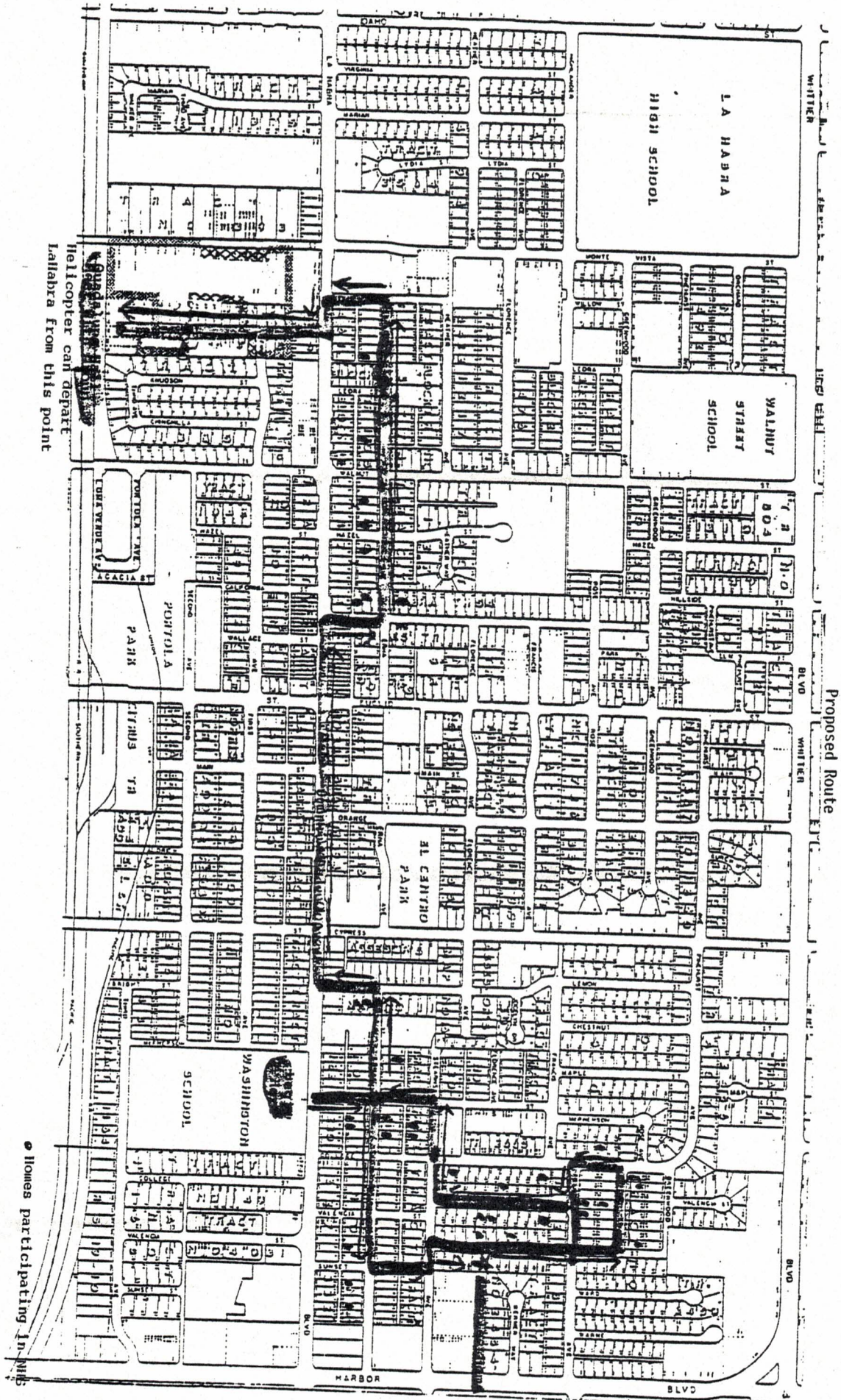
PROPOSED SCHEDULE

Minutes Into  
Visit

Activity

- |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 0  | Land at Washington School on a large grassy area in front of the School. Enter the Vice Presidential limousine to drive to the home of an NHS resident. Accompanying the Vice President would be three representatives of the NHS partnership — a Hispanic resident who is the NHS president, a business leader member of the NHS board, and a local government representative. The NHS president would provide a one-minute briefing en route to the first photo session. |
| 3  | Arrive at the home of a Hispanic NHS resident, a 27-year resident of the NHS neighborhood who lives on a social security pension and whose home was rehabilitated through the NHS program. Pictures would be taken with her and her grandchildren as she proudly shows off her home.                                                                                                                                                                                       |
| 8  | Re-enter the limousine and drive to Guadalupe Hall in front of the NHS office. Enroute, receive a briefing from the NHS president in preparation for the upcoming exchange between the Vice President and NHS leaders at Guadalupe Hall. The route recommended will enable the press corps to see NHS target blocks and neighborhood impact — enabling them to understand and portray a positive image of the program.                                                     |
| 15 | Arrive at Guadalupe Hall and walk from the parking lot to a podium in front of the Hall — a distance of about 100 feet.                                                                                                                                                                                                                                                                                                                                                    |
| 16 | Greet podium guests, many of whom will be Hispanic residents who have been leaders in the NHS program, top business leaders whose support of the La Habra NHS was essential to the program's success, and local government representatives.                                                                                                                                                                                                                                |
| 17 | Make prepared remarks to relate the messages which are the goals of the visit. Announce plans for NHS Week Proclamation.                                                                                                                                                                                                                                                                                                                                                   |
| 20 | Allow a young Hispanic girl to show off her family's NHS Good Neighbor Award — take pictures with her as he looks at and admires the award.                                                                                                                                                                                                                                                                                                                                |
| 21 | Ask questions and take questions.*                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 30 | Depart by helicopter from the side yard of Guadalupe Hall.                                                                                                                                                                                                                                                                                                                                                                                                                 |

\* Question period may be extended as desire.



Proposed Route

Helicopter can depart  
La Habra from this point

• Homes participating in NMS

LA HABRA

Boundaries: Whittier, Harbor, Southern Pacific Railroad Tracks

Composition: 44% Hispanic, 54% Anglo, 2% Other

Percent of City Median Income: 69%

Government Representatives: Congressman William E. Dannemeyer (R)

Mayor Earl Roget (R)

State Senator John Seymour (R)

State Assemblyman Ross Johnson (R)

La Habra is a small, suburban community with a high percentage of Hispanic residents in the older section of the city. The NHS program represents the central focus of community development activity in the city and has strong backing of Orange County businesses.

On a walking tour, the Vice President would have the opportunity to visit with a family reoccupying a home which the NHS relocated from the site of freeway construction to replace their earlier home which was beyond saving. In another nearby home, the Vice President would meet with a family occupying a structure which had been so severely deteriorated it had to be stripped to the bare studs and completely rebuilt.

# NEIGHBORHOOD HOUSING SERVICES OF LA HABRA

## FACT SHEET

March 1, 1983

- o Neighborhood Housing Services (NHS) is a national network of locally-funded and operated, autonomous, self-help programs which are successfully revitalizing declining neighborhoods.
- o At the heart of each program is a partnership of residents, business leaders, and local government officials who make a commitment to each other to provide the resources each has at its disposal: time and hard work, credibility with neighbors, loans and other business services, city services and the capital improvements necessary to implement their neighborhood revitalization strategies.
- o Experience in the earliest NHS programs shows that \$12,000,000 of reinvestment occurs in the 5-1/2 years it takes to "turn around" an average NHS neighborhood of 2,500 dwelling units. This reinvestment is produced by private lenders, local and state governments, and the homeowners themselves.
- o LA HABRA NHS HAS STIMULATED ALMOST \$19 MILLION IN REINVESTMENT IN ITS NHS NEIGHBORHOOD. THIS REPRESENTS OVER \$76 IN REINVESTMENT STIMULATED FOR EACH \$1 PRIVATELY CONTRIBUTED TO LA HABRA NHS FOR OPERATING SUPPORT.
- o Nationwide, the NHS programs have generated one and a quarter billion dollars of reinvestment in neighborhoods, with funds provided primarily by private lenders, residents, and local government.
- o 5,183 PEOPLE LIVE IN LA HABRA'S NHS NEIGHBORHOOD; nationwide, 1,500,000 people live in NHS neighborhoods, ranging in size from 1,500 to 27,000 population.
- o THE INCOME LEVEL IN LA HABRA'S NHS NEIGHBORHOOD AVERAGES 69% OF THE CITY-WIDE MEDIAN.
- o 182 NHS neighborhood programs are now operating and 21 more are being developed across the country.
- o 132 cities in 42 states and the District of Columbia have NHS programs in operation.
- o NHS programs operate in large, medium and small cities. Of the 56 cities over 250,000 in population, 41 have NHS programs and one (Los Angeles) has a four-neighborhood program in development.

- o Nationwide, minority populations make up 85% or more of the total in one-fifth of the NHS neighborhoods, while three-fifths have a minority population of between 15% and 85%, and one-fifth have a minority population of 15% or less. LA HABRA NHS HAS A MINORITY POPULATION OF 44%.
- o NHS neighborhoods have from 600 to 10,000 dwelling units. The median neighborhood size is 2,500 units. LA HABRA NHS HAS 2,042 DWELLING UNITS.
- o The staff of the Neighborhood Reinvestment Corporation, a public corporation chartered by Congress, provides the development and technical support that enables the local NHS partners to organize themselves and continue on their own.
- o Working closely with Neighborhood Reinvestment is Neighborhood Housing Services of America, a private not-for-profit, tax-exempt corporation which provides local NHS programs throughout the country with:
  - (1) A national secondary market which purchases non-bankable loans from local NHS revolving loan funds.
  - (2) Technical assistance and other services.
- o By December, 1981, NHTSA replenished local revolving funds by purchasing loan packages totaling \$5 million from NHS programs.
- o In 1978, NHTSA established the capacity to replenish its own lending pool for local funds through the sale of secondary market notes to institutional investors:
  - The Equitable Life Assurance Society of the United States, starting in 1978, purchased NHTSA notes totaling \$5 million.
  - The Prudential Insurance Company of America committed to purchase \$5 million in NHTSA notes to create a First Mortgage Purchase Program for NHS loans starting in 1982.
  - The Aetna Life and Casualty Insurance Company has just entered into an agreement to purchase \$4 million in notes from NHTSA.
- o In 1982, approximately \$21,000,000 was contributed by local industry, foundations, and municipalities to local NHS budgets and revolving loan funds.
- o NHS programs are the result of cooperation between the public and private sectors at the local level. Several national corporations are also working with Neighborhood Housing Services of America to channel support to NHS programs into a number of communities.

NEIGHBORHOOD HOUSING SERVICES OF LA HABRA  
CASE STUDIES

The NHS of La Habra is at work in a 1.9 square mile area consisting of housing units and 5,400 people. The housing stock is inconsistent in its quality, with portions of the neighborhood in excellent condition, predominantly occupied by a white, blue collar population. The remaining portion of the neighborhood, scattered throughout the area, consists of small, wood frame houses in very poor repair, predominantly occupied by a blue collar Hispanic population.

The NHS program is serving the entire neighborhood by working to improve the deteriorated structures and stop the decline trend which would otherwise destroy the whole neighborhood including now strong, healthy sections. The NHS work organizes improvement activities throughout the area, offering direct assistance to residents where needed. This includes loan referrals, financial counseling, construction counseling and loans to NHS clients who do not meet conventional credit standards and otherwise could not repair their homes.

In addition to facilitating repairs of existing structures, the NHS seeks to remove blighting influences in the neighborhood, such as vacant lots and under-maintained rentals. Occasionally, NHS loans are needed to facilitate new construction, move-on of surplus structures to vacant lots, conversion of undermaintained rentals to owner-occupancy and other strategies to bring about an upgrade of the neighborhood which will reverse its decline trend and restore community confidence in its future.

Examples of La Habra NHS loans are as follows:

- I. A 27-year resident of the neighborhood, one elderly woman living on a social security pension, obtained an NHS loan for \$7,264.00 at one percent interest, to be repaid in monthly installments of \$33.41 over a twenty-year period. This loan enabled the homeowner to completely rehabilitate her property. The electrical wiring system was updated, the windows and doors repaired and replaced where necessary, and the front porch was rehabilitated so that it meets health and safety standards. New floors were installed in the kitchen and bathroom, and new kitchen counters were provided to replace the old cracked and buckling counter tops. The entire home was treated against termites, and the facade was re-stuccoed. As the finishing touch, the entire home received a fresh coat of paint. Since the time this property was revitalized, three other homeowners on the same block have obtained home improvement loans through NHS. A number of other residents have also made improvements to their properties, feeling a renewed sense of pride and confidence in the vitality of their block.

- II. A single parent earning \$186.00 a week obtained an NHS loan for \$7,500 at three percent interest, to be repaid over twenty years. With this \$7,500 loan the resident was able to have the kitchen and bathroom repaired, to repipe the home's water system with updated materials, and to patch the cracked walls and ceiling throughout the house. The front door and three interior doors were replaced, and the roof was removed so that the sheathing could be checked and railed where necessary.- Before completing the job, the interior and exterior of the home were painted, transforming a once blighted property into a source of pride for the entire block.
- III. A family of six earning an annual income of \$12,000 received a \$7,000 loan at six percent interest, to be repaid in forty dollar monthly installments over 35 years. With this loan, they were able to build a much needed third bedroom and remodel the bathroom and kitchen. A new roof was provided, the foundation reinforced, and the electrical system was brought into compliance with local safety standards. A fresh coat of paint revitalized the exterior of the home.
- IV. A resident earning \$13,000 a year obtained financing through Neighborhood Housing Services to move a manufactured home onto the site of a deteriorated, vacant property. The NHS loan enabled the new homeowner to raze the existing, uninhabited structure and lay a foundation for the new house. The homeowner participated in the entire rehabilitation process, installing the utility services and connecting all the crossovers to his new home. He installed the electrical service, built a new garage, and provided carpeting and linoleum for the interior of the modular home. The homeowner also stuccoed and painted the exterior and paved the driveway. Since removing a serious problem property from this block, several other residents on the same street have made improvements to their homes, and at least five other homes have participated in the Neighborhood Housing Services program.
- V. NHS of La Habra granted a \$1,750.00 loan to a family of four earning \$6,570.00 a year. With this loan the family updated their electrical wiring system, patched their leaking roof, obtained new door screens and repiped their outdated plumbing system.



VI. Earning an annual income of \$5,400, a family of five secured an NHS home improvement loan for \$10,000 at zero percent interest, to be repaid in thirty dollar monthly installments. This loan enabled the family to make a number of structural improvements including updating the electrical wiring system to provide for 100-amp service and adding electrical outlets and switches throughout the house. The sewer and waste system were cleaned out and repaired as well as the water service lines. A dual wall heater was installed and the plumbing in the kitchen and bathroom was totally revamped and insulated. A smoke detector was installed and all exposed wiring was covered. The contractors also sealed and repaired the exterior siding of the home, replaced the window and door screens, and repaired an unsafe and sagging front porch. All debris and inoperative vehicles were removed from the front lawn and the exterior of the home was given a new coat of paint. This home is now a source of pride and comfort to the family living there.

## Neighborhood Preservation

Private foundations, religious groups, and other private institutions are encouraged to continue their sponsorship and financing of innovative programs in housing construction and rehabilitation and access to homeownership. Neighborhood preservation activities should continue to be used to preserve and upgrade housing in older areas with every effort made to benefit low-income people and to avoid displacing them.

Consistent with the President's support of voluntary efforts to deal with major human needs, the Commission wishes to encourage continued involvement of churches, foundations, neighborhood development organizations, and others in efforts to meet housing and community development needs. Although such groups had mixed success in the subsidized housing programs of the late 1960s and early 1970s, their contributions to low-income housing in recent years have been substantial. They have been particularly successful when they have worked with private entrepreneurs by forming joint ventures to capture a portion of the money which high tax bracket investors are willing to contribute in exchange for the project's tax shelter benefits (because of the depreciation tax losses available on the buildings). These funds, called syndication proceeds, are then used for the benefit of the residents of the facility.

Because of their commitment to the quality of life of low-income households in rural and urban areas, nonprofit groups are often particularly suited to play an important role in housing and neighborhood improvement efforts. The Commission recognizes that its proposals would curtail some direct development activity that these groups have sponsored under Federal programs such as deep-subsidy new construction programs. However, limited Federal resources now make voluntary efforts increasingly important. There are a number of roles that private institutions can continue to play in concert with Federal, State, and local housing programs. In particular, the availability of a Housing Component within the Community Development Block Grant program will broaden the range of activities in which local groups and local governments can work together on neighborhood improvements and housing efforts. Many groups will want to continue their joint developments with for-profit sponsors of both rental housing and cooperatives and utilize subsidies available through the CDBG program to do so. Local revolving loan programs and other supportive service programs may continue to be available because they have alternative sources of funds. Other groups that have successfully managed to rehabilitate properties will find that they can continue to do so and also obtain housing payments to assist the low-income tenants in the buildings.

One example of successful public/private/neighborhood partnership is the Neighborhood Housing Service (NHS) program. The partners—private lenders, residents, and local businesses—work with NHS offices to revitalize neighborhoods. NHS makes below-market interest rate loans to neighborhood residents who cannot afford or obtain private financing, and also provides supportive services such as financial counseling, property inspections, and construction monitoring. Where NHS programs have operated in neighborhoods, they have been a stabilizing factor, stimulating rehabilitation and preventing displacement of lower-income homeowners in the neighborhood.

In over 120 cities, the Neighborhood Reinvestment Corporation, a Congressionally chartered public corporation, has brought together the NHS partnerships, provided assistance to the local volunteers in marshaling private and public resources, and continued to offer training and technical assistance so that NHSs remain effective local revitalization mechanisms. One of the newer strategies developed by Neighborhood Reinvestment is the NHS/Apartment Improvement Program, which has utilized over \$27 million in conventional financing to rehabilitate rental properties without displacing low- and moderate-income families. Neighborhood Reinvestment has also been instrumental in establishing a secondary market to purchase local NHS loans, which includes participation by private insurance companies.

The Commission encourages States and localities to develop financing programs, public/private partnerships, and other mechanisms to help preserve older neighborhoods, but every effort should be made to avoid displacement of low-income people in this process. Many older residential structures have not been kept in good condition, although these buildings could provide a source of standard housing for lower-income households if appropriate resources were available for their renovation.

Excerpt from Report of President's Commission on Housing.

of the hundreds of FFC applications received, the SCDF selected 80 participants. No previous farming experience was required. The Department of Labor, along with Israeli government personnel experienced in establishing cooperative settlements, trained farmers in the agricultural and social aspects of a cooperative farming lifestyle. Following a two-year training period, FHA will make 40-year, low-interest loans to those participants who have proven their capacity to succeed as members of the cooperative settlement. The farmers will receive the deeds of the 5 to 20 acre tracts.

The Prudential Insurance Company has loaned \$1.5 million to another cooperative farm program for minorities. The loan was used to buy a 3,200 acre farm that will serve as the training site for a federally supported agricultural program. Additional funding came from the Economic Development Administration, the Department of Labor, the Community Services Administration, the Ford Foundation and several other private investors.

The land will be subdivided into 30 acre parcels and transferred to families which will grow, on a year-round basis, soybeans, cotton and winter wheat, while receiving intensive training in agricultural production and farm management. Farmers who successfully complete a two-year training program will then be permitted to purchase their land, with possible financing assistance from the federal Farmers Home Administration.

### **Future Directions**

More and more, insurance firms are finding that company partnerships—similar to the original Urban Investment Program—are an effective means of supplying investment dollars for projects of high social impact.

Forty-five life and health insurance companies across the nation have joined with the nonprofit Neighborhood Housing Services (NHS) to form the NHS-Insurance Industry Full Partnership Program. NHS programs, now in 127 cities, operate with partnerships of neighborhood residents, business leaders and local government officials to revitalize declining neighborhoods. NHS programs have generated over \$1 billion in reinvestment since the first was established in Pittsburgh in 1968.

By late 1982, NHS-Insurance Industry Full Partnership Programs were operating in eight cities, serving 26 neighborhoods. The insurance companies had contributed over \$1.1 million, and thousands of volunteer hours of managerial expertise.

NHS loans are, by definition, "unbankable" and require more liberal terms than the private market accepts. Neighborhood Housing Services

of America (NHS) met the liquidity needs of the NHS programs by purchasing NHS loans through a loan purchase pool funded by Neighborhood Reinvestment Corporation grants until 1978.

That year, The Equitable Life Assurance Society purchased \$1 million in NHA notes backed by NHS loans. This was the first significant step in the creation of a secondary market for NHS revolving loan funds. Based upon their successful experience, in 1980 the Equitable agreed to expand this commitment by purchasing an additional \$2 million in notes.

Equitable's purchases have enabled NHA to replenish the loan funds of NHS programs across the country. By late 1982, NHA had purchased loan packages totaling \$2.8 million. The strength of this new secondary market has added momentum to local NHS programs by boosting both homeowner and lender confidence.

Recently, Prudential committed \$5 million in low-interest loans to help create a new secondary market for first mortgages administered by NHS programs to provide below-market loans to buyers of properties which have been "sticking points" in their neighborhoods, such as vacant lots, vacant and abandoned houses, and under-maintained rental units. This new secondary market was one component of a four-part program involving Prudential, Prudential Property and Casualty (PRUPAC) and the NHS movement. The other components are a contributions fund for Insurance Industry Full Partnerships, an experimental homeowners policy for properties undergoing rehabilitation, and the involvement of PRUPAC personnel as volunteers in NHS programs.

The Allstate Insurance Company has invested \$500,000 in a for-profit subsidiary of the Chicago Neighborhood Housing Services. This corporation—New Partnerships, Inc.—is purchasing, rehabilitating and operating apartment buildings in five NHS neighborhoods utilizing the seed capital provided by Allstate. (For more information on NHS and NHS programs see Chapters 4 and 13).

### **The College Endowment Funding Plan**

A growing number of insurance companies are pooling investment funds to finance the College Endowment Funding Plan (CEFP), an innovative method of building endowment for small, under-financed, minority colleges. It combines gifts secured by colleges with borrowed funds to form a 25-year investment package. During the life of the investment, earned income provides funds for current expenditures of the colleges, while accruing endowment. An important feature of CEFP is that only interest on the loan is paid for the first 15 years. Ten percent of the principal is retired yearly during the last ten years. Participating insurance companies lend funds at a discount from the rate

spaces, offices and housing. All permanent financing and 25 percent of the construction financing is being provided by a local lender using CIF.

+ A Portland, Oregon, lender used CIF to finance the construction of a solar home designed for inner-city use. If the model is successful it will be replicated in other parts of the country.

### **Neighborhood Housing Services and the Neighborhood Reinvestment Corp.**

The Neighborhood Housing Services (NHS) program is a unique partnership of public, private and community interests working together at the neighborhood level. Each NHS is funded primarily by local private businesses: savings institutions are the largest contributors.

In mid-1982 these programs were serving about 176 neighborhoods in 127 cities, operating in 43 states and the District of Columbia.

Programs are in most large cities, but are also being organized in a growing number of smaller cities and towns. One-fifth of the neighborhoods have 85 percent or more minority occupants, one-fifth have populations 15 percent or less minority, and the remainder have populations between 15 and 85 percent minority. The neighborhoods served range in size from as few as 600 dwelling units to as many as 10,000.

The programs are coordinated by the Neighborhood Reinvestment Corporation (NRC), created by Congress in 1978.

The NHS program began in Pittsburgh in the late 1960s. Seeking to improve the quality of housing in their community, residents of the city's Central Northside neighborhood initiated a series of discussions with financial leaders and city officials. Ultimately those discussions resulted in a working partnership through a local, nonprofit corporation called Neighborhood Housing Services, Inc. of Pittsburgh, which provided housing rehabilitation services including a revolving loan fund.

NHS programs are administered by NHS staff members from offices in the neighborhoods. They are governed by a local board of directors made up of neighborhood residents, at-large community members, private sector representatives and city government representation or liaison.

Funds for operating budgets are provided by participating financial and business organizations. Government funds are contributed to the revolving loan fund and in some cases to a portion of the operating funds, but efforts are made to ensure that government funding does not

damage the program's private character.

The goal of all of these programs is to revitalize neighborhoods. They include Neighborhood Preservation Projects, aimed at finding new revitalization strategies; the Apartment Improvement Program, which concentrates on large, deteriorating apartment buildings; Problem Properties Strategies, aimed at encouraging tenant purchases and vacant property sales; the Urban Lender Program, providing training for lenders and underwriters; Owner-Built Homes programs, which help moderate-income homeowners collectively build their own homes with private financing; Energy Conservation, including counseling, energy audits and helping residents make cost-effective investments; and Neighborhood Business Centers, aimed at strengthening small businesses, improving the area's physical environment and providing additional goods, services and employment for the community.

Here are two examples of NHS programs:

#### **The NHS Apartment Improvement Program (AIP)**

Now operating or being developed in 16 communities, the AIP program brings together the city, financial institutions, property owners, tenants and neighborhood organizations to upgrade large apartment buildings that have become a blight in their neighborhoods.

The program began in Yonkers, N.Y., a suburban community of New York City. In 1976, the Urban Reinvestment Task Force, the predecessor to NRC, began trial replications of it in Hartford, Conn., and Mount Vernon, N.Y.

The catalyst for the Mount Vernon AIP was the Eastchester Savings Bank, which had been active in the Yonkers AIP partnership. Working with city leaders, a target area of 19 apartment buildings was defined.

Neighborhood meetings were held to involve tenant and community organizations, and a lenders' luncheon was co-sponsored by the federal financial regulatory agencies and the New York State Banking Department. A special workshop brought property owners, tenants, community organizations and representatives of the city and financial institutions together. Partnership and building evaluation committees were formed, each with representatives from the four sectors of the partnership.

Over the next six months, the partnership committee worked with the city staff to create the program's structure and the building evaluation committee developed criteria for building selection. The city underwrote the costs of AIP, and supplied its staff with assistance from other city agencies. It also made a commitment to reduce taxes to

reflect current income.

Although AIP is city-administered and funded, lending institutions are directly involved as mortgage holders and committee members. A complex of four apartment buildings was chosen as the initial effort. A balloon mortgage of \$1.1 million was coming due. But the two lending institutions involved—New York Bank for Savings and Eastchester Savings bank—agreed to restructure the mortgage to provide funds to rehabilitate the building. The building owner and city code inspectors worked with the tenants to develop the final work plan. Since then 676 units have been rehabilitated in Mount Vernon through AIP.

### **The NHS Urban Lending Program**

Because suburban areas have been the focus of most housing development since World War II, appraisers and loan underwriters often know more about suburban tract housing than about city neighborhoods.

At the request of the FHLBB, the Neighborhood Reinvestment Corp. was asked to develop a program to make appraisers and underwriters more knowledgeable about urban areas. The result was the Urban Lender Program, first used in Baltimore. Working with the Baltimore NHS partnership, NRC designed a program combining formal course work with field experience. The Baltimore program is now self-sufficient, and a second program has been established in Chicago. (For a further discussion of NHS see the Partnership Innovations chapter).

### **Neighborhood Economic Development**

The Greater Southwest Development Corporation, a community development group originally financed by local business on Chicago's Southwest side, has been acclaimed as a "national model program" by the NRC. Programs based on the model will be established in several other cities.

Six savings and loan associations formed the Greater Southwest Community Service Corporation in 1974 to serve as the Development Corporation's financial arm for commercial revitalization projects. The continued commitment of savings institutions and banks to the area is one of the factors which led to the selection as a model program.

Through DevCorp, local financial institutions can provide financing for commercial revitalization projects essential for neighborhood strength and stability. Its first project was the purchase of a 50-year-old, nearly-vacant building at a key commercial intersection in the neighborhood. The building was restored to a modern structure, fully occupied and income-producing. The second project involved the

purchase of a burned-out food market which had been vacant for several years, remodeling the building, and selling it to a private owner.

When many commercial developments were stopped by high interest rates, DevCorp created the Greater Southwest Local Development Co. to obtain lower cost loans through the Small Business Administration. This has resulted in an investment of more than \$1.5 million in new businesses or improvements.

In 1980 DevCorp also began serving as the Southwest Side agency for a new repair program developed by the city of Chicago for senior citizens and handicapped persons. Individual projects are limited to \$5,000 in materials and labor and include preventive maintenance such as caulking, replacing windows and cleaning gutters.

DevCorp was created in the beginning as a totally local development group, financed by local business and industrial firms. Over the years it has received a number of grants for special projects and was sometimes the leader in private projects. But most of the money still comes from local financial institutions and business firms.

### **Corporate Investment Opportunities**

Today, a number of major corporations are investing a portion of their liquid assets in certificates of deposit and other investment vehicles of minority owned and operated savings institutions.

For example:

+ Arco Corporation, Los Angeles, California, has earmarked an annual budget of \$2.6 million for deposit in minority owned and controlled savings and loan associations and banks. The company is providing investment capital to about 60 institutions through this program.

+ Prudential Insurance Company of America in 1981 had deposits of \$5.6 million in minority thrift institutions, including both non-interest and interest-bearing deposits. Through this program, funds were deposited in 93 banks and 73 savings and loan associations with minority management or ownership.

### **Energy Lending Initiatives**

Savings institutions have responded to the problem of escalating energy costs in three ways: by marketing loans to improve energy-efficiency, offering builders and buyers of new homes special



Another excellent example of a national investment partnership is the **National Reinvestment Corporation (NRC)**. (See box). This partnership specializes in rehabilitating housing in neighborhoods in incipient decline. Differing from the preceding examples, however, NRC does not generally use an existing community organization to achieve its objectives. Instead, it builds a coalition among residents, business leaders, and local officials. This coalition then creates a nonprofit entity known as a **Neighborhood Housing Service**. (See Chapters 3 and 4).

The NHS is an independent entity, and relates directly to NRC—the administrative arm—for needs such as training and information dissemination. Today, the Neighborhood Reinvestment Corporation (NRC) comprises the largest network of partnerships ever stimulated by a federal initiative. Over the past 12 years, a unique combination of over a million volunteer hours, more than \$100 million in contributed local support and \$62 million in federal funds has generated over \$1 billion in reinvestment in neighborhoods in 43 states and the District of Columbia. Over the years NRC has benefited from substantial capitalization by the federal government, from a secondary market vehicle—Neighborhood Housing Services of America—initially capitalized with a grant from the Ford Foundation and subsequently financed by several insurance companies, and significant involvement at the local level by government, commercial banks, saving and loan associations, credit unions and increasingly non-financial corporations.

NRC begins its involvement in a community by sending personnel whose task is to identify the resident, business, and government leaders with an interest in developing an NHS. Then NRC specialists steer each community through a developmental process designed to allow the residents to discover for themselves what their needs are. This is usually accomplished through tours and meetings, culminating with a two-and-a-half-day retreat where participants air complaints and hash out community problems. Each of the three groups—lenders, residents and officials—caucuses separately to decide what it will offer and what it expects in return. Finally, three groups reconvene to reach a compromise that is acceptable to everyone. Once the partnership has been launched, NRC staff fade into the background and let local lenders, through the NHS, take the initiative.

There is no prototypical NHS program or neighborhood. The process is flexible and designed to adapt to the needs of the particular target community. For example, Albuquerque, New Mexico, has an NHS in a downtown neighborhood, which developed in the early 1900s as a melange of Victorian mansions, bungalows, owner-built adobes, Prairie School houses and local vernacular styles. By the early 1970s, it had become dilapidated and plagued by absentee ownership. The residents who remained feared they would be displaced because most of the area

**Neighborhood Reinvestment Corporation  
Neighborhood Housing Services  
Neighborhood Housing Services of America**

**Objective:**

+ To promote, through the use of partnerships revitalized neighborhoods for the benefit of current residents.

**Organization:**

+ NRC is public corporation, receiving federal funds and governed by a board comprised of the head of the federal financial regulatory agencies. NHS programs are locally controlled nonprofit corporations that join residents, business leaders, and officials of local government in a partnership board. NHSA is a nonprofit that serves as a secondary market resource.

**Financing Operation:**

+ Key to the operation of NHS is a revolving loan fund that is capitalized by grants made by the NRC, local governments, foundations and industry. The fund provides loans at flexible rates and terms designed to meet the ability of the borrower to pay. These resources are for people who do not qualify for conventional loans.

+ NHSA was created to serve as a "bank" for NHS programs. It provides a secondary market resource so that the revolving loan funds can be replenished. The Equitable Life Assurance Society pioneered the purchase of \$3 million in NHSA notes. Loans from local NHS programs were used as collateral. Prudential Insurance Company has a \$5 million commitment for a secondary market first-mortgage fund designed to provide below-market financing.