

# COMMUNITY *Connections*

## FEATURES:

1. *Nonprofit Organizations Position Themselves for the Future*
3. *Conference Will Explore Economic Development in Underserved Communities*
5. *Kansas City Fed Lends CRA Insight To Nonprofits*
7. *Missouri White Paper Calls for Statewide Action on Foreclosures*

JULY 2010

FEDERAL RESERVE BANK of KANSAS CITY



### CAO'S NOTE

*by Tammy Edwards,  
Assistant Vice President and  
Community Affairs Officer*

### THE NEW RS - RESEARCH, RESOURCES and RELATIONSHIPS

Growing up, I was often encouraged to excel in the three Rs – reading, writing and arithmetic. Little did I know then that I would later, in my role as Community Affairs Officer for the Kansas City Fed, be challenged to address three new Rs – research, resources and relationships.

The Kansas City Fed's Community Affairs Department is focused on the integration of research, relevant resources and relationship-building to address issues facing low- and moderate-income populations and small businesses. We utilize our integrated

*Continued on next page*

## *Nonprofit Organizations Position Themselves for the Future*

*by Erika Ramirez, Community Affairs Advisor*

An estimated 100,000 non-profits nationally were predicted to go out of business in 2009, according to the Nonprofit Quarterly of March 2009. That number is expected to increase to more than 250,000 in 2010. A lack of diversified funding sources and outdated business models are cited as primary reasons for placing many nonprofits in jeopardy.

Because nonprofits are vital in addressing community development issues, the Federal Reserve Bank of Kansas City recently assessed the needs of nonprofit organizations in the Tenth District in order to develop resources to assist them in sustaining their efforts to assist low- and moderate-income populations.

### ASSESSING NEEDS

Findings of the districtwide assessment revealed common concerns, including the ongoing ability of nonprofits to serve clients, nurture strong and sustainable executive leadership, build committed boards and expand staff knowledge.

*A combined 250,000 nonprofits nationally were expected to close in 2009 and 2010, according to a March 2009 report in Nonprofit Quarterly.*

These findings mirror national statistics that show, for instance, that within the next five years up to 30 percent of current nonprofit executives will retire. Yet many organizations lack a succession plan to get them through this transition.

The assessment also showed that more than 65 percent of respondents had a need to update their training and organizational strategies to weather the current economic downturn and to remain strong in the future. However, nonprofits said that this was difficult during times when resources and budgets are constrained.

*Continued on next page*

## CAO's NOTE (Continued)

capabilities to bring lenders, nonprofit organizations, municipal leaders and small business owners together to explore and execute community and economic development solutions.

In this issue of *Community Connections*, we provide examples of the research, resources and relationships we have developed. You will learn about the challenges facing many

nonprofits and our efforts to assist. You will also read about the Kansas City Fed's upcoming national conference that will explore ways to help underserved communities meet the challenges posed in the new economy; an economy that is driven more by information and intellectual skills and less by labor and physical production.

A recently released report on how foreclosures are impacting Missouri is featured.

In addition, you'll meet Linda Tinney, the Kansas City Fed's longest serving Community Development Advisory Council member. Ms. Tinney shares how her experience at U.S. Bank and in the Denver community brings valuable insights to her advisory role.

Enjoy our regular features and tell us about other topics you'd like to read.

## NON-PROFIT ORGANIZATIONS POSITION THEMSELVES FOR THE FUTURE (Continued)

In response, the Kansas City Fed began exploring programs that could be offered at reduced costs and at convenient locations.

### ADDRESSING NEEDS

The Kansas City Fed is partnering with organizational development experts to create free on-site and webinar-based resources and training programs.

On July 20, the Kansas City Fed collaborated with the Chicago-based Center for What Works to host a training session at the Kansas City office that was also videocast to the Omaha Branch. The training focused on increasing the ability of nonprofit executives and staff members to more effectively measure the impact of their programs.

months ago, but I will use this training to make some mid-course corrections."

The Kansas City Fed is also developing a resource guide for executive-succession planning. It will be a user-friendly resource that will guide nonprofits through the executive-succession planning process. The guide will be supported by a webinar training session to be scheduled in September that will provide an overview of the material and instruct users on how to apply the resources to their organizational planning.

Additional training is being developed to increase the understanding and use of financial statements and to create marketing strategies that build awareness of the offerings of the nonprofit sector.

The overall goal is to ensure that nonprofit leaders and staff can take advantage of economical training programs that will help increase their skills and organizational strength, without draining capital that can be used to expand assistance to clients.

*A major issue facing nonprofit leaders and their staffs is determining what outcomes they should measure to demonstrate their community impact to funders. One of the more unique and helpful resources is The Center for What-Works ([www.whatworks.org](http://www.whatworks.org)).*

Among other things, the program introduced new tools for creating a framework to collect data, identify outcomes and implement solid strategies. One goal was to challenge participants to begin measuring the impact of their programs by focusing more attention on the results rather than on the number of activities conducted.

One participant at the training session said, "We are going through strategic planning now. I wish I had this information three

For more information on programs, contact Erika Ramirez at [erika.ramirez@kc.frb.org](mailto:erika.ramirez@kc.frb.org).

# Conference Will Explore Economic Development in Underserved Communities

by Kelly Edmiston, Senior Economist



The Federal Reserve Bank of Kansas City will host a national conference September 9-10, 2010 to explore critical issues facing underserved communities as the country moves to a knowledge-based economy, one driven more by information and intellectual skills and less by labor and physical production.

Following a severe recession, underserved communities are especially focused on creating a stable, well-paid base of employment in the face of these extraordinary structural changes.

The conference, “Economic Development in Underserved Communities: Where Research and Practice Meet,” will be held at the Federal Reserve Bank of Kansas City’s conference center.

## ATTRACTING WORKERS

Many experts are abandoning traditional approaches to economic development that rely on recruiting large enterprises with tax breaks and other financial incentives. Instead, they are promoting approaches that improve quality of life to attract high-quality workers and support entrepreneurship to encourage the growth of small businesses. (For a more detailed discussion visit: <http://www.kc.frb.org/publicat/econrev/pdf/09q4edmiston.pdf>, “Attracting the Power Cohort to the Tenth District,” Edmiston.)

Development experts say future prosperity will require changing with the times and moving more fully into the knowledge-based economy. This approach may be especially crucial to the prosperity of rural and low- and moderate-income communities.

## COMPETITIVE EDGE

In many rural and low- and moderate-income communities, established firms constituting the traditional economic base of the area – firms serving national and international markets – have lost their competitive edge, due in large part to an increasingly globalized economy and relatively cheap labor overseas.

Unfortunately, many low- and moderate-income and rural communities have missed out on the benefits of the new economic development approach, largely because of a lack of research and well-developed practices.

These underserved communities present unique opportunities and challenges that need to be addressed if policy intervention is to be successful.

## RESEARCH and BEST PRACTICES

The Federal Reserve conference seeks to explore these important issues by bringing together the latest research and best practices in nurturing economic development in un-

derserved communities.

The conference is designed to benefit researchers, practitioners, policymakers and community development leaders. It will be structured into two tracks, each with four sessions, to address the needs of both rural and urban communities.

Session topics will encompass:

- Attracting and retaining talent
- Entrepreneurship and small business
- Local government policy
- Collaborative approaches

Sessions will feature invited researchers from major universities across the country and economists from throughout the Federal Reserve System. The research presentations will be followed by expert practitioners discussing the practical application.

Keynote speakers will include Mark Partridge, chair of Rural-Urban Policy at Ohio State University, and Carol Marinovich, former mayor and CEO of the Unified Government of Wyandotte County, Kan., and now a senior vice president and partner at Fleishman Hillard in Kansas City, Mo.

For more information, visit: [www.kansascityfed.org/comaffrs/caconferences.htm](http://www.kansascityfed.org/comaffrs/caconferences.htm)

# Q&A: Linda Tinney Brings Passion and Expertise to Fed Advisory Role

Linda Tinney is vice president for Community Affairs at U.S. Bank in Denver, where she has managed programs for more than 20 years. She sits on various boards and recently received U.S. Bank's Five Star Volunteer Award, honoring outstanding commitment to volunteerism and positive community impact.

She currently serves on the Tenth District's Community Development Advisory Council (CDAC). The Council meets with the Bank president and members of the Bank's senior management to offer their insight on economic and community development issues in the seven states of the Tenth Federal Reserve District. Members come from a wide range of backgrounds and organizations including financial institutions, community foundations, colleges, community development agencies and businesses.

Community Connections will periodically feature CDAC members and other leaders committed to community and economic development. An edited interview with Ms. Tinney follows:

## WHAT HAVE YOU LIKED BEST ABOUT YOUR TIME ON THE CDAC?

The people! I've loved working with the talented and experienced council members and Fed staff. We have spirited and stimulating discussions. After each CDAC meeting I head home with a terrific new idea or two to add to my community development tool box.

## HOW DOES YOUR BACKGROUND AID YOUR ROLE ON THE CDAC?

My business background, including working in the nonprofit and corporate sectors, plus years building and strengthening communities, may help me see different aspects or a wider view of community development projects and initiatives.

## WHAT MOTIVATES YOU?

For most of my career I've worked in and volunteered with nonprofits to help develop affordable housing, create jobs through small business and economic development, and build people's financial skills to help them achieve their dreams.



*Linda Tinney creates abstract art when she's not pursuing her other passions, community and economic development.*

## WHAT IS THE MOST COMPELLING ISSUE FACING THE 10TH DISTRICT?

Education! It must be improved for people of all ages, so we don't continue to slip behind in the increasingly global competitive environment.

## WHAT IS THE MOST EXCITING PROJECT YOU'VE BEEN INVOLVED WITH?

In partnership with the City of Denver, Enterprise and Fannie Mae, I helped start the Mile High Community Loan Fund (MHCLF) in 2000 with a capital investment from U.S. Bank. For the first five years I chaired the MHCLF board and still serve on the board.

This nonprofit Community Development Financial Institution (CDFI) specializes in financing short-term, high-risk predevelopment and acquisition costs for affordable housing and community facilities. MHCLF has grown significantly. It serves 15 counties along the Colorado Front Range with \$10 million in loan capital and 16 capital investors, including five cities, five banks, the Colorado Housing and Finance Authority, the CDFI Fund and foundations. In ten years Mile High has leveraged an impressive \$1/2 billion in additional financing to bring 3,700 affordable units and nonprofit facilities to completion. For more information about the fund, visit: <http://www.mhclf.org/>

## WHAT DO MOST PEOPLE NOT KNOW ABOUT YOU?

I'm an artist! Creating art is all about being free of rules and having a blast exploring the unknown. The excitement and play of making art feeds creativity into my work and the rest of my life.

For a list of current CDAC members, visit: <http://www.kc.frb.org/homelsubwebs.cfm?subWeb=3>

# Kansas City Fed Lends CRA Insight To Nonprofits

by Ariel Cisneros, Senior Community Affairs Advisor

Nonprofit organizations are looking for every advantage to strengthen their proposals to banks for funding of needed programs and services.

Many in the Tenth District are taking advantage of a Federal Reserve Bank of Kansas City program designed especially for nonprofit organizations and focused on the essentials of the Community Reinvestment Act (CRA).

“Understanding the CRA and How it Might Benefit Your Organization,” was started in early 2010 in response to requests from nonprofits for help in learning how to work better with regulated financial institutions.

The program focuses on the basics of the CRA, which encourages banks to lend throughout their community assessment area, including in low- and moderate-income areas.

## PROVIDING AN EDGE

As funding sources remain limited, and in some cases disappear, understanding how the CRA works can provide an edge to nonprofits looking for ways to ensure their applications are strong and appropriate for bank consideration.

More than 130 participants representing about 60 nonprofit organizations have already attended sessions across the Tenth District. Additional sessions are scheduled for September 8 in Topeka, Kan., at the 2010 Kansas State Housing Conference and on November 3 in Albuquerque, N.M., at the 8th Biennial Governor’s Housing Summit.

Attendees say the sessions are helpful. “I walked away with some new ideas on how to approach the banks,” an attendee at one District session said. “I now have a better idea



*Leaders of Colorado nonprofit organizations learn the basics of the Community Reinvestment Act during a meeting at the Denver Branch.*

of what a bank is looking for as it relates to CRA.”

Each session is structured to give a basic overview of the CRA, including its history, requirements and incentives. Participants also get an in-depth review of lending, investment and financial services.

Once the basics are covered, a panel comprised of local bankers helps participants understand potential differences between banks in regard to lending procedures. Regardless of the size of an institution, individual CRA programs can run the spectrum from simple to highly sophisticated.

The banker panels can be valuable community resources. They provide feedback to the nonprofits, explore potential collaborative efforts and give helpful hints for how to approach banks to make a good case for funding stronger.

## QUICK TIPS:

- Use CRA language to focus your proposal on “low- and moderate-

income” (LMI) populations (80 percent or below of median income), rather than descriptions such as “distressed” or “at-risk” populations.

- Provide thorough information about your agency, including services provided, percentage of LMI populations served and the geographic area served.
- Review the Performance Evaluation of the financial institution and understand what they typically fund and where they operate. Go to [www.ffiec.gov](http://www.ffiec.gov) (the Federal Financial Institutions Examination Council).

For more information on upcoming sessions, contact Ariel Cisneros at [ariel.cisneros@kc.frb.org](mailto:ariel.cisneros@kc.frb.org).

# Region Roundup

## ENTREPRENEURIAL DEVELOPMENT

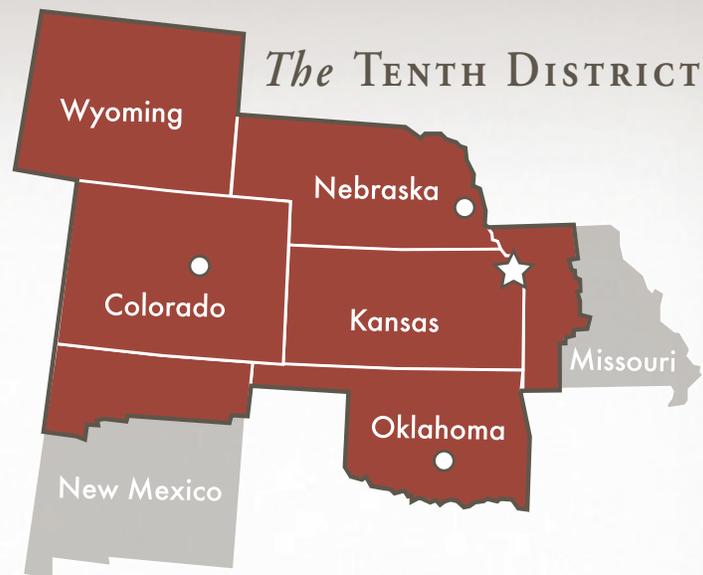
The Kansas City office co-hosted with U.S. SourceLink a national three-day conference for affiliate organizations April 21-23. The conference promoted economic and entrepreneurial development in communities from Alaska to Delaware. The primary focus was on funding resources for small businesses and the expanded use of social media. For more information, visit: <http://www.kcsourcelink.org>.

## MONEY SMART WEEK

The Kansas City Fed kicked-off Money Smart Week in April. Events throughout the Tenth District covered a wide-range of free financial education topics, including: foreclosure assistance, scam prevention, budgeting and investment strategies. Hundreds of workshops, classes and information were provided by a collaboration of organizations, including banks, businesses, schools, libraries, nonprofit organizations and government agencies. For more information, visit: <http://www.moneysmartkc.org>.

## HELPING to BUILD FINANCIAL EDUCATION

The Kansas City office, in partnership with the FDIC and United Way of Greater Kansas City, hosted a one-day Financial Stability Summit on April 26, attended by 115 nonprofit organization staff and community volunteers. The event included information on educational initiatives and research on consumer spending and consumption patterns. For more information, visit: <http://www.uwkc.org/nrll/decadeofdifference.pdf>.



## NATIVE AMERICAN ASSET BUILDING

The Oklahoma City Branch, in partnership with the Oklahoma Native Assets Coalition and First Nations Development Institute, held a symposium on April 27 on asset-building programs and policies for Native American tribes.

## FORECLOSURE COUNSELOR TRAINING

The Denver Branch hosted a statewide foreclosure counselor training program on May 5. Highlights included an update from the attorney general's office on foreclosure scams and insight from Dave Liniger, the chairman and co-founder of RE/MAX International. Branch Executive Mark Snead provided an economic update.

## COMMUNITY DEVELOPMENT SPEAKER SERIES

The Kansas City office hosted a Speakers Series presentation on May 18, given by Dr. Eric S. Belsky, executive director of the Joint Center for Housing Studies of Harvard University. His speech was videocast to five sites around the System, including the Kansas City Fed's three branch offices. Dr. Belsky addressed current housing challenges,

innovative initiatives and the role of credit in stabilizing the housing sector. For more information, visit: [www.kansascityfed.org/home/subwebs.cfm?subWeb=3](http://www.kansascityfed.org/home/subwebs.cfm?subWeb=3).



Dr. Eric S. Belsky

## STABILIZING our NEIGHBORHOODS

The Kansas City office facilitated roundtables on May 27 and June 29, at which Wells Fargo received feedback from community leaders and housing organizations on the disposition of 250 bank-owned properties. The roundtables allowed housing organizations to learn about the number, location and condition of the houses and how they could acquire them.

## ACCESS to CREDIT for SMALL BUSINESS

The Omaha Branch hosted a luncheon on May 27 for small business lenders and bank regulatory agencies to discuss access to credit for small businesses. The event also included presentations on the Nebraska economy, trends in small business lending and a review of regulatory information.



*Community Affairs Advisor Molly McGrath leads a roundtable on small business lending at the Omaha Branch.*

## UNBANKED FOCUS GROUP RESEARCH PROJECT

The Kansas City Fed's research on the unbanked and underbanked in the Tenth District was released. The findings will be presented at a number of state and regional events to nonprofit and financial organizations. For more information and to read the final report, visit: <http://unbanked.kcfed.org>.

## BE CREDIT SMART WORKSHOP

The Omaha Branch hosted a workshop on June 15 for aspiring business owners. The workshop focused on building personal finances and applying for bank financing. The Small Business Administration, Consumer Credit Counseling Service of Nebraska, and the Nebraska State Microenterprise Association also provided information on financial opportunities and assistance.

# Missouri White Paper Calls for Statewide action on Foreclosures

by Paul Wenske, Senior Community Affairs Advisor

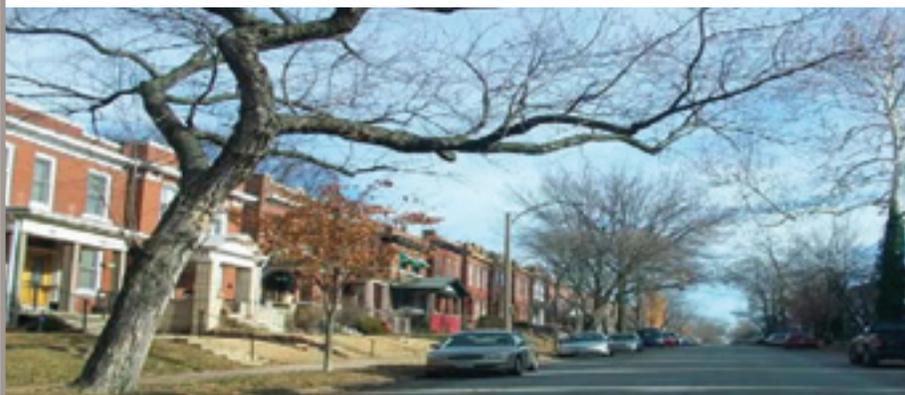
A new report citing research by the Federal Reserve Bank of Kansas City recommends that Missouri create a statewide Homeownership Preservation Task Force to address rising home delinquencies and foreclosures.

The paper, prepared by the Public Policy Research Center at the University of Missouri – St. Louis and released June 30, notes that home-mortgage delinquencies in Missouri have reached annual rates four times higher than previous decades.

“The research is clear,” said University of Missouri professor and white paper co-author Todd Swanstrom, “Foreclosures impose huge costs on Missouri’s families, communities, and local governments. The foreclosure crisis is not going away anytime soon. The state of Missouri needs to take action now.”

While the report focuses on Missouri, its research findings underscore common challenges throughout the Tenth District and the nation.

The report highlights key findings of a Missouri Homeownership Preservation Summit held in Jefferson City, Mo. this past January. It was sponsored by the Missouri Homeownership Preservation Network in collaboration with the Federal Reserve Banks of Kansas City and St. Louis, the FDIC, the Metro St. Louis Foreclosure Intervention Task Force, the Local Investment Commission, LISC Greater Kansas City, the Des Lee Collaborative and NeighborWorks America.



*Foreclosures hurt families, destabilize neighborhoods and reduce community revenues, reports a new Missouri white paper that calls for a statewide task force.*

## RISING UNEMPLOYMENT

Researchers and other experts described how the big increase in the foreclosure rate in Missouri was driven first by the boom in subprime mortgages with exotic and unsustainable mortgage terms but is now increasingly driven by unemployment.

*Continued on next page*

## UPCOMING EVENTS

### AUGUST 2010

- **August 3:** Colorado Mountain Resort Housing Consortium, Carbondale, Colo.  
*Contact:* Ariel.Cisneros@kc.frb.org
- **August 12:** Sustainable Housing Conference, Kansas City.  
*Visit:* <http://marc.org/sustainable-housing2010/index.htm>
- **August 19:** Small Business Guaranteed Lending Programs, Albuquerque, N.M.  
*Contact:* Ariel.Cisneros@kc.frb.org

### SEPTEMBER 2010

- **September 8:** Oklahoma CRA Officer Roundtable, Oklahoma City, Okla.  
*Contact:* Steve.Shepelwich@kc.frb.org
- **September 8-10:** Kansas Housing Conference, Topeka.  
*Visit:* [www.kshousingconference.org](http://www.kshousingconference.org)
- **September 9-10:** Economic Development in Underserved Communities National Conference  
*Visit:* <http://www.kansascityfed.org/comaffrs/caconferences.htm>  
*Contact:* Molly.McGrath@kc.frb.org
- **September 15:** Kansas CRA Officer Roundtable., Salina, Kan.  
*Contact:* Erika.Ramirez@kc.frb.org
- **September 16:** Economic Development in Indian Country, Albuquerque, N.M.  
*Contact:* Ariel.Cisneros@kc.frb.org
- **September 30:** Wyoming CRA Officer Roundtable, Casper, Wyo.  
*Contact:* Ariel.Cisneros@kc.frb.org

## MISSOURI WHITE PAPER CALLS FOR STATEWIDE ACTION on FORECLOSURES (*Continued*)

“Unemployment accounts in large part for continuing delinquencies and foreclosures, which are increasingly affecting homeowners in suburban and higher-cost neighborhoods,” said Kelly Edmiston, senior economist at the Federal Reserve Bank of Kansas City.

The report cites FBI data suggesting that fraud played a major role in many loans that later defaulted. In fact, an index computed by the Mortgage Asset Research Institute (MARI), ranked both Missouri and Colorado ninth among states with the highest reported mortgage fraud.

The report concludes that foreclosures are hurting families, devaluing neighborhoods, contributing to crime and driving up costs to local governments, while reducing revenues.

“Missouri needs a comprehensive housing policy that addresses the financial education and housing needs of all Missourians,” said Bob Horton, president of the Missouri Homeownership Preservation Network, which is a statewide affiliation of nonprofit housing agencies.

*“Missouri needs a comprehensive housing policy that addresses the financial education and housing needs of all Missourians.”*

Bob Horton, president of the Missouri Homeownership Preservation Network

The white paper recommends a taskforce to find ways to:

- Keep more people in their homes
- Protect consumers from high-cost loans
- Support foreclosure-prevention counseling
- Strengthen mortgage-broker licensing rules
- Fight mortgage and foreclosure scams
- Generate more data on foreclosures

For a full color copy of the white paper, visit: <http://pprc.umsl.edu/>

For more information on the Missouri Homeownership Preservation Network, visit: [www.missourihomenetwork.org](http://www.missourihomenetwork.org).

To access presentations and video from the Missouri homeownership summit, visit: <http://kclincvideos.org/pages/mohpn/>.

## COMMUNITY CONNECTIONS July 2010

Diane M. Raley, Senior Vice President

Krissy Young, Vice President, Public Affairs and Community Affairs

Tammy Edwards, Assistant Vice President and Community Affairs Officer

*Editor:* Paul Wenske

*Copy Editor:* Bill Medley

*Contributors:* Ariel Cisneros, Kelly Edmiston, Molly McGrath,

Erika Ramirez, Stephen Shepelwich

*Designer:* Casey McKinley

*Photography:* Ariel Cisneros, Glenna York

COMMUNITY  
*Connections*  
JULY 2010 • PAGE 8