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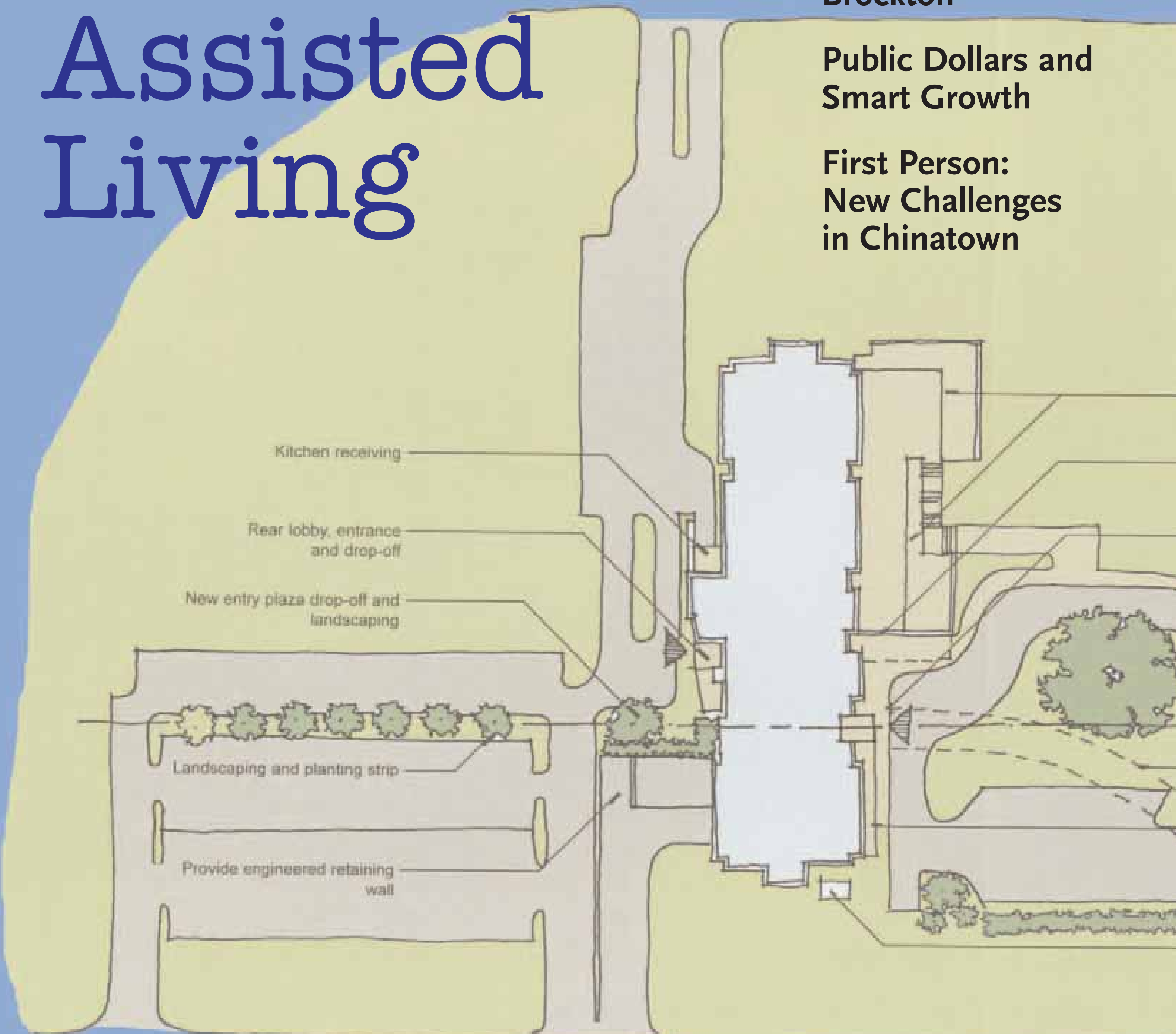
Affordable Assisted Living

Also Inside:



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Communities & Banking offers insightful articles on topics in community development and fair access to credit, with a focus on innovative research and effective programs and partnerships within New England.

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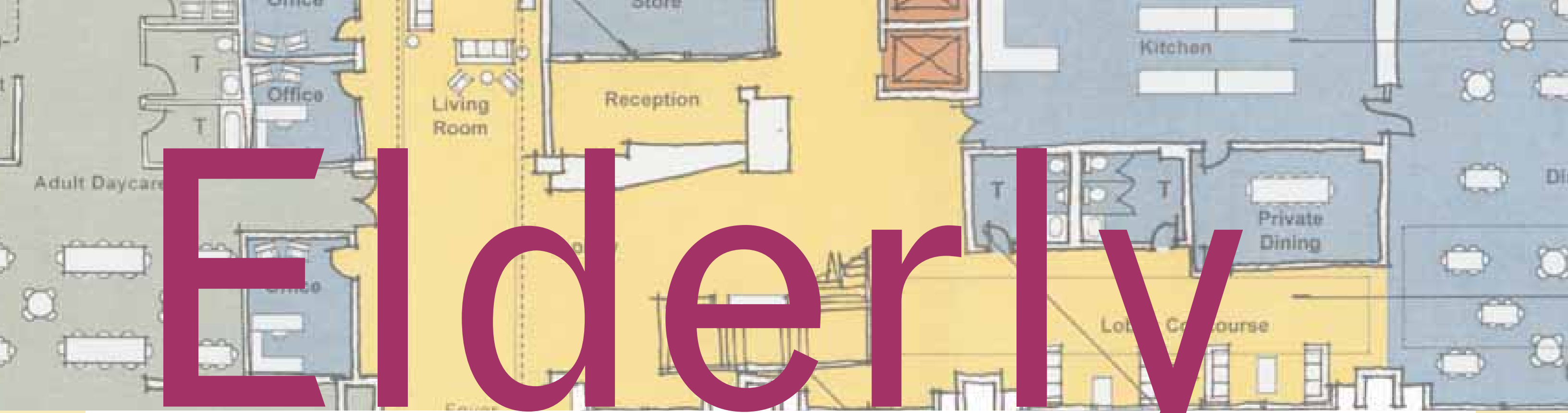


Elderly

Public Housing & Assisted Living

A Timely Collaboration for Aging Seniors

Maria Santos remembers how excited she was to move into her apartment in the public housing authority's building. She was happy because she was finally moving to a safe and attractive apartment that she could afford on just her Social Security check. For years, Maria had worried about getting older and not being able to afford housing. She had fretted about becoming a burden on her family. This elderly apartment was the answer she had been hoping for.

by Stephen H. Gardiner
The CenterPoint Foundation

Assisted living provides seniors with needed support services.

That was 15 years ago. Now, Maria worries even more about getting old. She realizes that she can't get around the way she used to, and she is having a hard time keeping the apartment clean and cooking for herself. A couple of times, forgetting to go to the grocery store, she has found herself almost out of food. Last week, the housing authority moved one of her frailer neighbors into a nursing home. Maria is worried that this could happen to her, and she is scared that she will soon have to give up her apartment. She certainly doesn't feel ready for a nursing home, but she realizes that she needs some help.

Millions of seniors like Maria are finding that they need assistance with everyday living as they become older and frailer. For most of these seniors, moving to a traditional nursing home is neither cost effective nor a desirable solution. In many cases, these institutions provide seniors with more care than they need and offer them too little independence. Seniors like Maria would prefer to receive support services where they live, maintaining their quality of life and independence. Assisted living fills this need.

Assisted living is the industry term for senior housing that provides personalized care for seniors who want or need assistance with activities of daily living. In assisted living communities, residents are independent, but are provided with meals, cleaning services, medication reminders, and emergency 24-hour assistance. Unfortunately, with an average starting price of $2,400 a month, assisted living is unaffordable for the vast majority of older Americans.

It is certainly unaffordable for elderly residents of public housing. When these seniors need support services, they have few alternatives aside from subsidized nursing homes. To avoid this option, many choose to remain in their apartments and cope as best they can. Unfortunately, this frequently translates into increasing difficulties maintaining their lifestyles, and nutrition, hygiene, and health can suffer.

Around the country, housing authorities are developing ways to provide assisted living for their low-income elderly residents.

Faced with this reality, public housing authorities are being challenged to develop new ways to provide support services to their aging seniors, and many are turning to assisted living. In New England, the CenterPoint Foundation, a nonprofit organization in Quincy, Massachusetts, is working with several local housing authorities to convert elderly public housing into assisted living facilities that provide comprehensive services and foster healthy and active elderly communities.

Local Housing Authority Initiatives

The need for elderly support services is not a new one, and over the past several decades, numerous government initiatives have addressed this issue. Both state and area agencies on aging offer many helpful services to seniors, including housekeeping, transportation, health screenings, exercise classes, and home delivered meals. In Massachusetts, the Executive Office of Elder Affairs and the Department of Housing and Community Development have collaborated to create the Supportive Housing Program, which provides a modest menu of services for seniors who live in state-funded public housing developments. Additionally, Group Adult Foster Care, a state Medicaid resource, supplies daytime care and other services to Massachusetts seniors. Over the years, the U.S. Department of Housing and Urban Development (HUD) has funded public housing Resident Service Coordinators who help match the available services in a community to elderly residents' needs.

While these efforts are important aging resources, assisted living can provide a level of service that fully meets both the scheduled and the unscheduled needs of frail seniors. Recognizing this potential, the federal government has begun to allow a small number of public housing authorities to use Medicaid subsidies to pay for assisted living services for their frailest residents. However, several public housing authorities are breaking new ground by creating comprehensive assisted living communities for low-income seniors.

Lapham Park
Milwaukee, Wisconsin

Once a conventional elderly public housing development, Lapham Park in Milwaukee, Wisconsin, has evolved into a pioneering care facility. In 1993, a growing number of Lapham Park residents were becoming frail and unable to care fully for themselves. At the same time, 70 percent of these residents had incomes below the poverty line and limited access to health care. Priced out of local assisted living alternatives, nursing home care seemed inevitable. Alarmed by this situation, the Housing Authority of the City of Milwaukee collaborated with the Wisconsin Department on Aging and several local organizations to develop a new model for Lapham Park, converting it into an assisted living facility with on-site health care services. Today, residents receive help with daily living activities and have access to the on-site clinic for medical assistance, such as prescription refills, hospice care, dental care, physical therapy, and podiatry services. The new model enables residents to age in their own homes and remain in their community.

Helen Sawyer Plaza
Miami-Dade, Florida

Prior to 1999, residents of the run-down Helen Sawyer Plaza elderly public housing complex were moved to nursing homes when their health began to deteriorate. "This process was totally in conflict with our philosophy that seniors should have the choice to remain as independent as possible," says Rene Rodriguez, executive director of the Miami-Dade Housing Agency (MDHA). "We wanted to help seniors age in place in an unrestrictive and friendly environment."

So, with the help of a private consulting firm, MDHA secured Medicaid funds to convert Helen Sawyer Plaza from an under-performing housing development into an assisted living facility with renovated apartments, a community dining area, a community recreation room, administrative offices, and space for personal care staff. This conversion to assisted living has been an economic plus for MDHA. It has revived the Helen Sawyer facility, and with per capita long-term care costs that are less than one-half of those of a nursing home, it has provided substantial savings to the state and federal governments.

Affordable Assisted Living?

Assisted living communities like Lapham Park and Helen Sawyer Plaza illustrate the benefits of converting public housing into assisted living. But, given that private assisted living costs on average almost $30,000 a year, how are housing authorities able to provide this care environment for their residents? The answer lies in understanding the dynamics of the assisted living industry. Public housing can actually be the perfect mechanism for providing low-income assisted living.

What drives up the cost of assisted living? There are four primary factors:

First, new assisted living communities are expensive to build. The raw capital costs of building new facilities are high, and like any new development, these projects can face additional costs and risks that occur during land acquisition and the zoning and permitting processes.

Second, assisted living developers face disproportionately high marketing expenses. Because prospective residents have to relocate and downsize from their current homes, developers must overcome the indecisiveness and anxiety of older seniors who are confronted with this significant lifestyle change. The lease-up periods for these new projects must often be extended to accommodate these delays. As a result, lenders require developers to hold a sizable amount of operating reserves to cover any anticipated deficits.

The third factor is the increased cost of financing due to overbuilding in several markets around the country. In these areas, competing developers and operators, each convinced that

Independence and a sense of community are two reasons why seniors prefer assisted living.

their product would be successful, ignored many of the market warning signs and built developments in what soon became oversaturated markets. These developments have been unprofitable, and lenders and investors have experienced losses. As a result, the cost of financing new assisted living has risen across the board.

Lastly, the need to maintain attractive returns for investors has prompted assisted living operators to keep prices high. Produced by for-profit developers who relied on substantial capital from private investors, the majority of assisted living communities are profit-driven—keeping them out of the reach of low-and moderate-income seniors.

Solving the Puzzle in New England

Private developers of assisted living face cost constraints that make their communities too expensive for the 5.8 million poor and near poor seniors who have a demand for this type of care.[1] But what if you could loosen these constraints? Could there be a way to keep assisted living affordable? What if you could find a residential building where many elderly tenants are already aging in place, making marketing less of an issue? What if the building and land were essentially free, eliminating many capital costs? What if the building's owner had primary access to a large elderly population that could become a feeder for assisted living?

The CenterPoint Foundation, founded in 1999 to address the shelter and care needs of older seniors in New England, has been rearranging the puzzle pieces and has found a solution that addresses the unmet need for affordable assisted living in the region. Like the developers of Lapham Park and Helen Sawyer Plaza, CenterPoint has found that elderly public housing is an important piece.

A public housing authority has three distinct advantages that make it the perfect partner for the provision of assisted living for low-income seniors. First, the authority is chartered to provide the community with affordable housing. Second, it has an existing portfolio of buildings. Third, a large number of public housing residents are seniors, many of whom need support services.

The first advantage is clear. With a primary mission to provide low income persons with affordable housing, public housing authorities do not require a return on investment. In addition, housing authorities often own a large number of buildings, including many that could readily be converted into assisted living communities. These existing structures provide substantial savings relative to the capital costs and risks associated with building a new facility. Moreover, many of these buildings were built for elderly residents and have many of the key elements of assisted living design, such as life safety equipment, bathroom grab bars, and emergency call systems. These buildings are also usually debt free, and operations are fully covered by tenant rents and public housing operating subsidies.

The garden at Neville Place, an assisted living project of the Cambridge Housing Authority in Massachusetts.

More than 1.3 million seniors live in public housing, and many of these seniors need assisted living. The public housing authority, thus, has a captive population whose demand for assisted living is unlikely to be met by the private market. With this constant stream of customers, public housing authorities do not face the uncertainty about filling units that private developers do.

Given all of these elements, the infrastructure of public housing is ideal for conversion to assisted living, and when combined with Medicaid funding to pay for support services, assisted living for seniors in public housing can become a reality. Pursuant to specific waivers from the U.S. Centers for Medicare & Medicaid Services, Medicaid funding can be used to pay for assisted living for low-income seniors who meet income and asset eligibility guidelines and who might otherwise require institutional placement. By harnessing federal and state Medicaid funding, comprehensive assisted living services can be brought into elderly public housing.

In fact, CenterPoint has found that the combination of Medicaid funds, Social Security supplements, tenant rents, and public housing operating subsidies is more than sufficient to pay for assisted living services in a public housing building, and the excess

[1] *A Quiet Crisis in America.* A Report to Congress by the Commission on Affordable Housing and Health Facility Needs for Seniors in the 21st Century. June 30, 2002.

funds can be used to fund the capital costs of converting the building into an assisted living facility. By fitting all the puzzle pieces together, CenterPoint has found a way to offer assisted living to low-income elderly people at a price they can afford. The cost to each resident is based on his or her monthly income and typically is covered by their Medicaid and Social Security assistance minus a $100 monthly discretionary spending allowance. For this price, residents receive services that meet virtually all their daily needs.

Centerpoint consultant Stephen Gardiner and Everett McGarty from the Fall River Housing Authority discuss the plans for the redesigned community space.

CenterPoint's Public Housing Assisted Living Model

CenterPoint's first two affordable assisted living projects— one with the Fall River Housing Authority and one with the Fitchburg Housing Authority—are under way in Massachusetts and are scheduled to open in early 2006. While different in scale and unique in their local issues, both rely on the puzzle pieces described above. The Fall River project provides an illustration of what affordable assisted living in Massachusetts will look like and how it will benefit all stakeholders.

Built in 1968, Cardinal Medeiros Towers in Fall River, Massachusetts, was designed to serve special needs populations. Today, 208 apartments house both elderly and younger disabled residents. The complex has a service-rich history, housing an on-site registered nurse, as well as an adult day care program for town residents. However, a history of socialization conflicts between the younger residents and the frail seniors has made it difficult to attract new residents, and vacant apartments have become common, despite demand for public housing in the city. Moreover, many of the complex's elderly residents increasingly need help with their daily activities. After conversations with CenterPoint about a possible conversion to assisted living, the Fall River Housing Authority recognized an opportunity to create a new sense of community and provide both populations with the support services they need.

CenterPoint's initial design evaluation of the building confirmed several physical advantages that allow for easy conversion to assisted living:

- There is substantial community space on 3 levels, accessed by 4 elevators.
- The elevators can be programmed to service different populations living in different parts of the building, helping to more effectively manage social interactions.
- There is a significant amount of underutilized space in the building that can be used more effectively for the two resident groups.
- Resident bathrooms have roll-in showers, and the building is equipped with wheelchair-accessible hallways, handrails, and a centralized emergency call system.
- There is sufficient space to continue the adult day care program, providing a synergistic resource for the assisted living community.

Take a Tour

Today, a visitor to Cardinal Medeiros Towers is greeted by an institutional facility. The 14-story building towers over the surrounding community. The entrance is blasted by a persistent wind tunnel, and the two-story lobby lacks furniture. Only a few residents can be found in an otherwise empty community room. For a building of 208 apartments, Cardinal

Medeiros seems surprisingly deserted and rather uninviting.

However, the Fall River Housing Authority is working to transform this challenged facility into a community asset. When the ribbon is cut, an assisted living resident will enter the building via a new covered and wind protected entryway. The resident will walk into a furnished reception area with a staircase that leads up to community space on a redesigned mezzanine level. Beyond the reception area, a formal community living room will look out onto a landscaped garden.

As seniors head to their apartments, they will note several features designed to fit their needs. Each elevator lobby will have a lounge area where residents can rest while waiting for their elevators to arrive. The hallways will be carpeted and more appropriately lighted to improve visibility. As residents enter their apartments, they will also notice carpeting and brighter lights, as well as refurbished kitchens with detachable cook-top units and microwave ovens—ideal for their light cooking needs between meals. Their bathrooms will be equipped with updated emergency call and intercom systems.

At meal time, assisted living residents will head down to the large restaurant-style dining room on the first floor, where a wait staff will serve them meals. A private dining room will also be available for smaller gatherings, such as birthday parties or family celebrations. Throughout the day, seniors can take advantage of the building's community areas. They can cook in the country kitchen or participate in an arts and crafts class. Others can use the computer center across the hallway or read in the resident library. Some residents will visit the in-house hair salon or schedule a time to see the facility's nurse or the social worker in the building's wellness center. Still others may simply pass time in the lounge gazing out at the front lawn or playing a card game with friends.

Within this redesigned space, each of the assisted living residents will receive the personal care services that they need: medication reminders, help with bathing, dressing, and toileting, and assistance getting around the building. Staff will also clean the residents' apartments and provide weekly laundry services. This comprehensive program of support services will enable elderly residents to remain as independent as possible.

Cardinal Medeiros Towers in Fall River, Massachusetts, will soon be converted into a full service assisted living facility.

Everybody Wins

The Cardinal Medeiros Towers project illustrates the far-reaching benefits of converting elderly public housing into affordable assisted living. Most evidently, frail seniors who cannot afford market-rate assisted living will have access to comprehensive support services, meals, and a vibrant community—all within reach of their current income. This access gives peace of mind to seniors and their families, and it relieves much of their financial anxiety.

Importantly, a conversion to assisted living will also benefit the public housing authority. In the case of Cardinal Medeiros Towers, the Fall River Housing Authority will benefit from a dramatically improved asset in its portfolio, and one that serves a new market niche. The financing for the project also makes sense for the housing authority. Aside from a few small grants, the bulk of the $7.1 million needed for the conversion will come from tax-exempt bonds and federal low-income housing tax credits. Using these "private activity" tax-exempt bonds will provide long-term mortgage funding at an affordable interest rate, and the housing authority can sell federal low-income housing tax credits to raise additional equity to effectively buy down renovation costs. The housing authority does not have to invest any long-term capital to complete the conversion.

Assisted living communities are also an important resource for the community at large. In Fall River, the assisted living community will provide a "service platform" for the neighborhood. Nearby residents will be able to use Cardinal Medeiros' resources, including the adult day care, computer center, dining room, and other meeting facilities. Additionally, some of the

Maintaining a Community Resource

For almost 70 years, Neville Manor Nursing Home had provided care to elderly residents of Cambridge, Massachusetts, including many former residents of the Cambridge Housing Authority's (CHA) facilities. But in 1996, when the city sought proposals to redevelop the aging nursing home, CHA saw an opportunity to try something different.

Assisted living had become a popular choice among the nation's seniors. It provided them with the help they needed, the independence they wanted, and the community environment they desired. However, CHA's low-income seniors could not afford market-rate assisted living, and as they became frailer, they were forced to choose between the risk of living on their own and the restrictions typically associated with nursing home care.

"CHA recognized an increasing need for assisted living among our older residents. We started to think creatively about how we could respond to this demand." said Michael Feloney, CHA's director of development.

CHA developed a plan to transform Neville Manor into a full service elderly community offering 71 units of assisted living alongside a new full service nursing home for 114 seniors. To finance the assisted living facility, CHA was among the first in Massachusetts to combine Section 8 and Group Adult Foster Care subsidies to cover both the housing and the service components of the operating expenses. Today, 80 percent of the assisted living units are occupied by low- and moderate-income individuals, and the facility offers the same amenities as market-rate communities, including well-designed community space and a comprehensive range of services.

"We feel that the project has been very successful in fulfilling its original mission," says Feloney. "We are providing Cambridge's long-time residents with the care options they need and desire." Building on this success, CHA is now bringing assisted living to its other developments and recently converted 25 units of an elderly public apartment building into assisted living.

support services will be available to nearby elders who are still living in their own homes. Finally, the facility will offer some of the younger low-income residents from the adjoining public housing project opportunities for job training and employment as assisted living caregivers.

State and federal governments also benefit from the conversion of elderly public housing into public assisted living. The cost of care for seniors living in these new facilities will be less than half the cost of nursing home care. For example, the operating cost for a Cardinal Medeiros assisted-living resident, which is fully covered by tenant rent, public housing operating subsidies, GAFC Medicaid funding, and Social Security supplements, will be less than $2,400 per month. Alternatively, state nursing home care in Massachusetts averages close to $5,500 per month.

Future Challenges and Opportunities

Through public housing authorities, low-income seniors can now have the option of affordable assisted living. They can continue to live in their home communities without the fear of eviction and with the assurance that support services will be readily available. However, while there are now feasible solutions for very poor seniors, the situation remains unresolved for the much larger population of middle-income seniors.

It is hoped that as more creative affordable assisted living programs emerge, they will illustrate the effectiveness of assisted living in reducing health care costs and improving seniors' quality of life. More successes in low-income assisted living may eventually generate the political will to find a solution for middle-income seniors. Middle-income seniors could be provided with a shallow Medicaid subsidy, adjusted to income, that would permit those who are over-income for traditional Medicaid subsidies to receive enough funding to afford critical assisted living services. Regardless of how it is accomplished, as the U.S. population grows older and the baby boom generation ages, it is becoming increasingly important that we find solutions that offer seniors a choice on how they live their final years—regardless of their income.

Stephen H. Gardiner *is President of the CenterPoint Foundation. Maria Santos is a fictional character drawn from the author's many discussions with elderly residents of public housing.*

Spr

Smart Growth:

By
Elizabeth Humstone
Vermont Forum on Sprawl

How governments choose to invest public resources can play a key role in economic development and growth patterns. Decisions on road construction, sewer extensions, school siting, and the like can make all the difference in creating healthy, sustainable communities. Unfortunately, economic development policy is often crafted or carried out in ways that unwittingly support sprawl—low density, disconnected, auto-dependent development—which can impose sizable costs on communities and states.

The Vermont Smart Growth Collaborative (VSGC), a coalition of ten nonprofit organizations, was concerned that state and local policies might inadvertently be supporting sprawl in the Green Mountain State. To help inform policy makers, VSGC comprehensively analyzed the state's investments, policies, and programs, identifying those that supported smart growth and those that encouraged sprawl. VSGC's findings are instructive for states that want to formulate policy that minimizes costs and promotes economic development, affordable housing, transportation, and downtown revitalization.

Sprawl vs. Smart Growth: Costs and Benefits

While there are varying definitions of sprawl

a w l vs.

The Power of the Public Purse

and smart growth (see sidebar on page 15), there are several generally accepted features that distinguish the two. Sprawl development is most often characterized as low density, spread-out development that is disconnected or isolated from existing development. This type of development often uses open space inefficiently and its spread-out nature increases the cost of delivering services. It tends to direct resources away from older areas, potentially contributing to the decay of downtowns and existing development. Sprawl development typically produces uniform housing types with little price variety, and new developments usually have limited transportation options, requiring access by car and reducing the ability to walk to schools, libraries, stores, and jobs.

In contrast, according to the definition of Anthony Downs, a senior fellow in economics at the Brookings Institution, smart growth is development that:

- limits outward expansion.
- promotes higher density land use.
- encourages mixed-use zoning.
- reduces travel by private vehicles.
- revitalizes older areas.
- preserves open space.

Research has shown that these smart growth

The Cost of Sprawl vs. Smart Growth

	Sprawl	Smart Growth	Savings
Acres of Land Converted	2.7 million	2.2 million	0.5 million
Miles of New Local Roads	429,929	406,011	23,919
Number of New Water and Sewer Laterals	6.3 million	5.7 million	0.6 million
Fiscal Impact per Household	$ 1,778	$ 1,618	$ 160
Average Housing Cost	$258,168	$245,168	$13,000
Miles Traveled by the Individual	172 million	166 million	6 million

Source: Lincoln Institute of Land Policy.

principles can save money and promote economic growth. A recent report by the Brookings Institution's Center on Urban and Metropolitan Policy found three significant ways in which smart growth development can enhance the local and regional economy. First, by concentrating development around existing infrastructure, the costs of public services can be greatly reduced. Fewer roads and sewers will be needed, school bus trips and police patrol routes will be shorter, and so on. Second, denser labor markets, healthier downtowns, less congestion, and higher concentrations of community benefits were found to contribute to better worker productivity and higher average personal income in a region over time. Lastly, they found that when a city's economic picture improves and its poverty rates decline, the surrounding suburbs also experience a rise in incomes, house prices, and population.

The Lincoln Institute of Land Policy also examined the relative costs of sprawl and smart growth in its study of the fiscal impacts of alternative development patterns in New England and the Mid Atlantic. The study found that, given the same increase in the number of households in a 25-year period, a smart growth development pattern focusing on city centers, smaller lots, mixed uses, and higher densities would preserve over half a million acres of land compared with a sprawl pattern of development (see table). In addition, smart growth development would significantly reduce the miles of new roads and the number of sewer and water laterals needed. Overall, the total cost savings of employing a smart growth pattern of development would be almost $9 billion for local governments and $3 billion for state governments.

Smart growth is not a new concept. Planners have long been aware that low density, spread-out development is associated with higher costs for municipal services. They have seen that rapid growth in outlying areas can contribute to a decline in center cities. They also know that in order to achieve smart growth development, state and local governments must make public spending decisions that support this pattern of growth.

The power of the public purse is strong. State and local governments spent roughly $260 million in FY 2001 on public infrastructure. The allocation of these public dollars can greatly impact how and where development occurs.

Increasingly, states and local governments are making public investment decisions that encompass the principles of smart growth. For example, Maryland established a statewide smart growth program in the late 1990s under Governor Parris Glendening. This program requires state investments to be focused in Priority Funding Areas (PFAs), defined as existing urban centers and other designated growth areas. Under this program, funding for new school construction in remote areas was redirected towards existing neighborhood schools. Transportation dollars were spent primarily on maintaining existing roads and improving public transit in PFAs, rather than on highway bypass construction in the outlying areas of the state. By 2000, the state's efforts had preserved nearly 50,000 acres of open space and brought new development to Maryland's city centers.

In other states, some municipalities have established growth boundaries which confine public services to certain areas and contain development. Others have adopted ordinances that require adequate public services to be in place before development can occur. In general, states are paying greater attention to the fiscal capacity of communities when choosing where to expand development. And local governments have begun to revamp zoning ordinances to foster greater housing options, higher density, and more mixed-use neighborhoods.

But not all state and local decisions support smart growth. In Maine, a study by the State Planning Office showed that between 1970 and 1995, the state's population of school age children fell by more than 27,000. However, the state committed $338 million to build new schools in outlying towns and suburbs and increased its school busing expenditures from $9 million to $54 million to accommodate students living farther away from schools. Examples of such public investment decisions that contribute to sprawl and increase costs prompted VSGC to undertake an examination of state and local spending decisions in Vermont.

Vermont Laws Support Smart Growth

Vermont has a long history of promoting smart growth. In the past three decades, the state has adopted several important laws and executive orders that protect its vision for the managed growth of compact settlements separated by rural countryside.

1970 — Act 250, State Land Use and Development Control Law

This law established a statewide review process for projects of a certain size and impact. These developments were required to show that they would not create environmental harm or excess burdens on municipal services.

1973 — State Land Capability and Development Plan

This law modified Act 250 to require project reviews to also asses the impact of a project on prime agricultural and forestry soils, aesthetics, historic resources, land use, public investments, energy conservation, and the fiscal health of the region.

1987 — The Housing and Conservation Trust Fund

This executive order created a trust fund for affordable housing, land conservation, and historic preservation in accordance with the state's land use vision.

1988 — Act 200, the State Growth Management Act

This law required regional planning commissions and state agencies to adopt land use plans that were in alignment with Vermont's stated growth goals and policies. Additionally, it required any local municipal plans to also meet the state standards, and it offered municipalities that adopted plans eligibility for planning grants and the right to levy local impact fees.

1998 — Vermont Downtown Program

This executive order, renewed in 2002, provided financial incentives, technical assistance, and permit relief for development in downtowns, villages, and designated town centers.

2000 — Development Cabinet Law

This law established a Development Cabinet within the Office of the Governor to enforce Act 200 at the state level. The cabinet would ensure that state investments and policies adhered to the state's land use priorities, including directing investment to downtowns and protecting the rural working landscape. Recently, the Cabinet was reconfigured as the Jobs and Development Cabinet, and today it is more focused on economic development issues than on planning.

Vermont: A Case Study

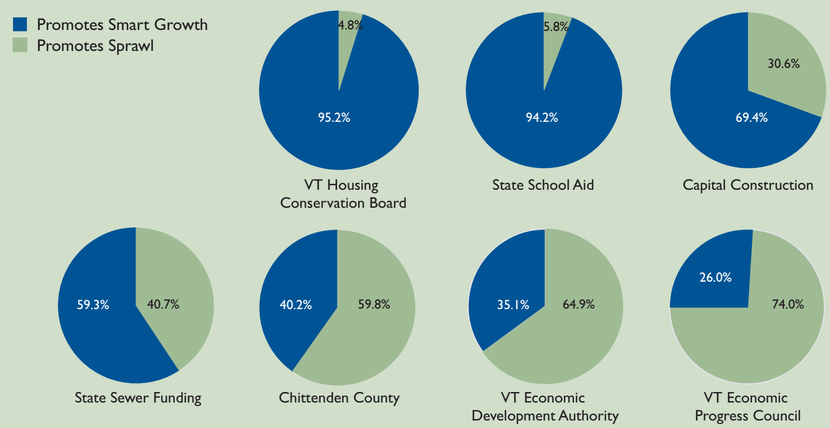
Vermont has been recognized as a national leader of smart growth development, and it has a long history of creating policy and legislation that support the state's vision of compact settlements separated by rural countryside. However, it was not clear that the state's agencies were consistent and cooperative in their support of this smart growth vision for the state. For this reason, in 2002, the Vermont Smart Growth Collaborative (VSGC) conducted a survey of the recent policies, regulations, and public investment decisions that affected growth patterns within the state.

VSGC examined the practices of the major government entities that directly impact land development in Vermont.[1] Together, these agencies govern the transportation, water, sewer, housing, and other public works decisions for the state. VSGC first reviewed the laws and regulations that govern these agencies. They then assessed whether these agencies generally promoted sprawl or smart growth by categorizing each agency's capital expenditures from the past four to five years as either one or the other. For example, a state subsidy given to a business that was located outside a community center or away from existing development and infrastructure was considered a sprawl investment. On the other hand, a housing subsidy for the rehabilitation of a downtown building for affordable rental units was considered smart growth. Some expenditures, such as ski lift facilities, did not fit into either category, and these were excluded from the analysis.

VSGC recognized that its analysis would not capture the complex set of factors that determine the allocation of funds. For instance, though VSGC would consider a sewer line extension to a mobile home park located in a remote part of town sprawl, the investment addressed the important safety and sanitation needs of the park's residents. Thus, VSGC's goal was not to evaluate every spending decision, but to observe the trends in public spending that contribute to smart growth or sprawl.

[1] Ten agencies were examined in the study: Vermont Agency of Administration; Vermont Economic Development Authority; Vermont Economic Progress Council; Vermont Department of Education; Vermont Environmental Board; Vermont Agency of Natural Resources; Vermont Agency of Transportation; Vermont Housing and Conservation Board; Chittenden County Metropolitan Planning Organization; U.S. Small Business Administration.

Investments Promoting Smart Growth vs. Sprawl by Vermont Government Agencies



Source: Vermont Smart Growth Collaborative.

The analysis produced several general conclusions about the relationship between public spending and smart growth in Vermont:

1. Existing smart growth laws are not always followed.

Many of Vermont's laws explicitly require state agencies to employ smart growth principles when making decisions. However, VSGC found that these provisions are not consistently followed (see chart). Of all of the agencies, the Vermont Housing and Conservation Board was the most successful in investing in projects that promoted smart growth and limited sprawl. Between 1998 and 2002, of the $30.8 million the Board invested in affordable housing projects, $23.2 million, or 75 percent, was directed to downtowns and existing growth centers. Additionally, the Board spent $32 million on farmland preservation, open space projects, and historic preservation programs. On the other end of the spectrum, nearly three-quarters of the investments of the Vermont Economic Progress Council were found to have promoted sprawl. For example, of the $64.3 million in tax credits the Council allocated to businesses between 1998 and 2002, 72 percent went to sprawl projects, many of which were located in commercial and industrial parks away from town centers.

2. Unity of purpose is not matched by unity of action.

VSGC also found that no formal coordination exists among state agencies or their investments. There is no governing body that ensures that state plans are up-to-date and that they conform to state land use policies. No one coordinates agency investments to ensure that they complement each other or, at least, do not conflict with state interests. This lack of a formal body to orchestrate smart growth policy often leads to confusion and conflicting policies. For example, VSGC found that neither the Vermont Economic Development Authority nor the Vermont Economic Progress Council realized that they were subject to state planning requirements and smart growth objectives. VSGC believes that Vermont would benefit from establishing a state planning office that could coordinate planning among agencies and ensure compliance with state laws.

3. State investments could be more prudent.

As the Brookings Institution report points out, it is fiscally preferable to reinvest in existing infrastructure before subsidizing new development. However, VSGC found that this principle was not consistently followed by Vermont state agencies. For example, Vermont currently faces a gap of $110 million in funding for maintenance of existing highways. Funding that could be used for this reinvestment had been allocated to several new highway construction projects, including a new highway around Burlington.

A Broader Definition of Smart Growth

The concept of smart growth development has been embraced by a wide array of groups, ranging from planners, architects, and developers to environmental groups, affordable housing organizations, and businesses. Many nonprofit coalitions have formed to represent these diverse interests and to promote smart growth development at the local, state, and national levels. Nationally, the Growth Management Leadership Alliance and Smart Growth America are two of the largest, and both have created extensive networks connecting local groups who are working on this issue.

The presence of these diverse parties and viewpoints in the smart growth discussion has, in many cases, broadened the scope of its meaning. The Vermont Smart Growth Collaborative's definition of smart growth, for example, emphasizes the role of smart growth in promoting community development. In addition to Anthony Down's elements (see page 11), VSGC believes smart growth is development that reinvests in existing community assets, provides options for affordable housing, and creates walkable communities. It considers smart growth a way to spur economic development in older communities and provide citizens with ready access to education, jobs, and open space.

However, construction on this highway was recently halted by a U.S. District Court decision, in part because of its potential contribution to sprawl development. The decision may free up funds to address some of the state's immediate road maintenance needs.

4. Better planning could improve the permitting process, expediting economic development in the state.

The current permitting process is complicated by overlapping jurisdictions, required duplicate local and state reviews, and poorly designed local regulations. While these problems are not easily resolved, VSGC found that initially planning a project around state land use policies can substantially smooth and quicken the permitting process. For instance, before undertaking a substantial sewer project, one Vermont town worked closely with the Agency of Natural Resources to better understand the state's requirement that such investments be focused within growth centers. Equipped with a clear knowledge of the rule's requirements, the town designed its sewer expansion to limit growth to three village centers and to prevent hook-ups along the connecting lines. Because the project was designed to meet state standards, it sailed through the permitting process in just a few months.

A Lesson for All States

Inadvertent or not, states can subsidize sprawl. They can direct public investment in ways that promote new construction over reinvestment. They can encourage land development outside of center cities. They may not consistently adhere to a coordinated state vision of planning and development.

However, states can also support smart growth. And, by promoting these smart growth objectives, states can experience significant public dollar savings and increased economic health. As state and local governments struggle with how to contain government spending and how to revitalize their city centers, they should assess how well their state policies support smart growth ideals. By recognizing the ways in which sprawl is being subsidized, states can adjust their investment practices to achieve greater public savings and more efficient land use through smart growth.

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Avenue of Champions
COMMUNITY
BANK

by Leo MacNeil
Brockton Housing Partnership

Quality of Life Improves in Brockton

Fighting for the City of Champions: A Collaboration of Community Lenders

Nestled midway between Boston, Massachusetts, and Providence, Rhode Island, the city of Brockton, Massachusetts, is an often overlooked urban community. However, hailing itself as the "City of Champions," a new and vibrant Brockton is beginning to emerge after more than two decades of bouts with crime, economic stagnation, and urban decline. In part, the city owes its success to an innovative coalition of financial institutions. For over ten years, the Brockton Housing Partnership, a collaborative of community banks and credit unions, has been working to help revitalize this urban community.

The City of Brockton

Part of the original land parcel purchased by Mayflower captain Myles Standish in the 1620s, the modern city of Brockton was incorporated in 1881. For the next century, Brockton was the "Shoe Manufacturing Capital of America," and at one time, over 60 shoe fac-

Typically in competition, these lenders work together as members of the Brockton Housing Partnership.

tories employed more than 30,000 workers. This industry sustained the city's growth and made it the economic center of southern Massachusetts. Etonic, Reebox, Treton, and other footwear giants had their humble beginnings in this city that once could claim to have "shoed the world."

By the 1970s and 1980s, however, the shoe industry had largely left Brockton, shifting production overseas and to other U.S. regions where the cost of labor was cheaper. Today, little of this shoe-producing empire remains aside from old warehouses lining the streets of downtown and the Brockton Historical Society's Shoe Museum. Like many New England mill cities, Brockton saw its economy fade when manufacturing moved out of town, and the city fell on hard times in the 1980s and early 1990s. Years of a severe water shortage stifled potential growth during these decades, with the drought even leading to a building moratorium during the mid-1990s. By 1995, more than 200 of the city's residential buildings had been abandoned, and the boarded up structures had become magnets for drugs and crime.

However, as personified by its two hometown heroes—world champion boxers Rocky Marciano and Marvelous Marvin Hagler—the city has a seemingly undying "can do" attitude. In the midst of all of the above challenges, a collaboration of committed public and private sector leaders emerged. For the next decade, they would work to address Brockton's housing, social services, and economic needs. This effort would be led by the community's financial institutions.

The Brockton Housing Partnership

Like many bank-community partnerships, the Brockton Housing Partnership was originally created to facilitate compliance with the Community Reinvestment Act. In the early 1990s, several of Brockton's local lenders decided to jointly sponsor first-time home buyer and credit counseling seminars as part of their CRA initiatives. Most were small-size community banks and credit unions that individually lacked the resources to sponsor these seminars on a regular basis. Cooperatively, they could offer courses that were greater in size and scope. Not long after this initial formation, the participating financial institutions found themselves being challenged to do more for their distressed community.

In 1992, the Brockton Interfaith Community (BIC), an affiliation of Brockton's churches, synagogues, and mosques, called upon the city's financial institutions, urging them to actively respond to the city's housing crisis. The severe recession of the late 1980s and early 1990s had caused deep depreciation of the city's real estate, and many investors had boarded up their properties and walked away, leaving an alarming number of abandoned properties. The city was in desperate need of investment. In response, BIC challenged the community's lenders to loosen liquidity and provide capital to help revitalize the city's residential stock.

With a substantial amount of their assets invested in homes in Brockton, the lenders recognized that the devaluation of these properties had placed their investments at risk. They quickly realized that working together to improve the housing stock of Brockton not only would be good for the community, but also would protect the value of their investments. So in that same year, the Brockton Housing Partnership was more formally organized with the mission to cooperatively increase the inventory of quality, affordable homes in the city.

The partnership's members, decision makers from the community's banks and credit unions, normally compete aggressively with one another for customers and investment opportunities. However, when representing the Partnership, they have a decided camaraderie and unity that surpasses the interests of their individual banks. While several regional banks were initially involved, all of today's members are located in the Brockton area. This includes some financial institutions from the surrounding towns, such as Plymouth Savings Bank, headquartered in Middleborough, Massachusetts.

"We joined the Brockton Housing Partnership for several reasons," explains Richard Carroll, community reinvestment officer for Plymouth

Savings. "Most importantly, we knew it was the right thing to do. We had similar affiliations on Cape Cod and in the Taunton area, and we had seen first hand that when resources collectively cooperate, the entire community gains. We also realized that the revitalization of the city of Brockton would offer very real economic benefits to Plymouth Savings. We shared the vision of the Brockton Housing Partnership—improve the quality of life in Brockton to benefit the entire region."

In addition to Plymouth, today the Partnership is made up of ten other lenders: Abington Savings Bank, The Community Bank, Crescent Credit Union, Eastern Bank, First Federal Savings Bank, HarborOne Credit Union, North Easton Savings Bank, Rockland Trust Company, Security Federal Saving Bank, and Uniti Credit Union. Additionally, several affiliate members from the public and non-profit sectors link the Partnership to an invaluable store of expertise and resources. These affiliate members include the City of Brockton, the Brockton Redevelopment Authority, the Brockton Housing Authority, Neighborhood Housing Services of the South Shore, Consumer Credit Counseling Services of Southern New England, the Brockton Interfaith Community, and the South Shore Housing Development Corporation. New affiliates are continually being added to meet the changing needs of the community.

Working to Revitalize Brockton

In 1996, the Brockton Housing Partnership embarked on its first major initiative: Buy Brockton, Phase I. The lenders put together a $4.7 million loan pool for below market rate loans designed to encourage new home buyers to purchase in Brockton. To combat crime and reduce the stock of abandoned buildings, the lenders knew that the city needed a solid base of homeowners. These property owners would be more likely to take up a stake in their community and work to improve it. Specifically, the Partnership was interested in increasing home buying in the depressed James Edgar School Playground neighborhood.

To maximize the success of the program, marketing efforts were directed toward city employees who were required to live within the city limits. The Partnership also threw in other incentives to help tip the scales of prospective buyers, including reduced closing costs and a goodie basket of community benefits: free memberships at the local YMCA, free admission to the Fuller Museum for a year, and a reduced rate subscription to the town paper, *The Enterprise*. By sweetening the deal with these community resources, the lenders hoped that new homeowners would see what Brockton had to offer and in using these resources, would become more integrated into the city.

Buy Brockton, Phase I, was remarkably successful, and in less than a year, the loan pool was completely expended. In part, the success was due to a simultaneous mobilization of public resources, which helped to support the Partnership's objectives. For example, the Brockton Redevelopment Authority funded a renovation of the James Edgar School neighborhood playground, while the state Office of Economic and Community Development provided significant public investment. In fact, Buy Brockton, Phase I, was recognized by President Clinton and the U.S. Department of Housing and Urban Development for its success in uniting both public and private resources to address housing.

Building on the success of Phase I, within two years, the Partnership launched Buy Brockton, Phase II: The Teacher Next Door Program. This program offered low-cost loans to public school teachers who wanted to

The commuter rail in Brockton opened in 1998, dramatically changing the housing market.

Credit for Life

Monique Joyner-Higginbottom is a senior at Brockton High School. She one day hopes to be a detective and is headed to Bay State College next fall to study criminal justice. This spring, she got to fast forward six years and see what a crime fighter's life would be like from a financial perspective.

Monique was one of over 200 Brockton High School students who took part in the Brockton Housing Partnership's annual Credit for Life Fair in April. This interactive event allows students to role-play as 24-year-old adults trying to manage a budget. As they arrive at the Fair, each student is handed a personalized packet that reflects the income and debt picture of an entry level professional in a career that the student is interested in pursuing. Their objective is to visit each of the fair's dozen booths, which represent the major categories of living expenses, and develop a working budget. Staffed by some 80 volunteers, the booths cover transportation, housing, clothing, furniture, food, health, education, savings, investment, credit, and insurance. Additionally, there is a "temptation" booth, where students can splurge on luxury goods and a "reality bites" booth, where students are confronted with surprises such as job cutbacks, unexpected expenses, and unanticipated windfalls. Once they have visited all of the booths, the students meet with a volunteer credit counselor who reviews their budget with them, answering any questions and working through any difficulties.

Brockton high school students at the 4th annual Credit for Life Fair.

Like its three predecessors, the 2004 Fair actively engaged students, stimulating their imaginations. Several groups of students decided to join up and become "roommates" to save money on housing and food, while some high school romances turned serious as couples decided to "marry" for similar reasons. The students learned the reality of life's expenses. Monique was shocked at how much of her monthly pay check would go to taxes. Maxine Fishman fretted that she might have to live on Ramen Noodles™ after she realized how much money food alone would take out of her $22,000 teacher salary. Patrick Casey decided to trade in the new luxury car he had purchased at the transportation booth and take the bus instead after he found he couldn't afford rent.

"The kids love it," says Donna Burrill, head of the Business Department at Brockton High. "But it is also a reality check for them. They think they will have money to play with, but they soon realize how hard it is to pay their bills."

The Fair, which has been nationally recognized, was the brainchild of Consumer Credit Counseling of Rhode Island. It was brought to Brockton in 2001 through the help of the Partnership. "The support of the Partnership has been crucial to the success of this event," believes Richard Staples, of Fannie Mae, another sponsor of the event. "While many institutions provide volunteers and support, the Fair really needs a ringleader and a core organization to support it year after year. The Brockton Housing Partnership provides that leadership."

"When people ask me what this event has to do with the Partnership," says James Blake, CEO of HarborOne Credit Union and former chairman of the Partnership, "I respond that the Fair has everything to do with it. Whether you are a financial institution, an auto dealer, an insurance agency, a retail store, or a college, these young students are our future customers. If they prosper, so do we. It is in our best interests to provide them with this education. They are the future of Brockton."

buy homes in Brockton. While teachers were not required to live in the city, the Partnership believed that both the teachers and the community would benefit if teachers lived next door to the families they served. In addition to promoting home buying in Brockton, the program was also designed to help new teachers on modest salaries purchase their first homes. The eight lenders in the Partnership at that time each committed $1 million to Buy Brockton, Phase II, and like the initial Buy Brockton effort, loans included community benefits through the YMCA, Fuller Museum, and *The Enterprise*. The program immediately received an enthusiastic endorsement from the Brockton Education Association and the local teachers union. Blurbs in several local, state, and national publications helped to spread the word, and soon the city was receiving calls from other localities wanting to learn how they could introduce similar programs. To date, approximately $3 million has been loaned to over 20 teachers and other school professionals.

Confronting New Challenges

While the second Buy Brockton was a success, the numbers were less dramatic than Phase I, primarily because the housing market in Brockton had significantly changed. In 1998, the MBTA restored its Old Colony Railroad line opening a commuter rail line running from downtown Boston to Middleborough, Massachusetts. Three of the new stations—Montello, Brockton, and Campello—have Brockton zip codes, and when they opened, they suddenly changed the demand for housing in Brockton. The new stations provided city residents with a fast and inexpensive route to Boston, and soon, house hunters seeking relief from high home prices in Boston's overheated housing market began moving to Brockton. The demand for housing jumped, and prices shot up. In 1998, the average home price in the city was $80,000. Six years later, it had tripled. Brockton's once plentiful inventory of affordable homes began to deplete, and the Partnership found itself faced with new challenges.

To tackle the city's new housing environment, the Partnership decided to take on a more proactive role in developing affordable housing in the city. Last year, members formed a committee to identify ways to maintain an adequate stock of affordable housing. While the city had already satisfied its state quota for affordable units, the Partnership saw a need for additional housing for low- and moderate-income individuals and first time home buyers who were increasingly being pushed out by Boston commuters.

Based on that committee's recommendations, today the Partnership is aligning itself to work more actively with the public sector. It is coordinating a Workforce Housing Needs Survey with the Brockton Chamber of Commerce and is collaborating with Brockton Mayor John Yunits and the city's Planning Office on their plan for an urban renaissance in Brockton. Designed to revitalize downtown Brockton and the surrounding area, several elements of the plan have already been successfully completed, including three brand new state-of-the-art elementary schools, the restoration of a public housing complex, the construction of a $17 million stadium to house the Brockton Rox minor league baseball team, and the development of a new conference center. The next step of the plan is to convert many of downtown Brockton's vacant shoe factories into mixed use housing, retail, and office space—sparking new life around Main Street.

The Brockton Housing Partnership's "Buy Brockton" programs increased home ownership in the city.

For this next phase, the Partnership will encourage potential developers to submit affordable housing proposals and will help develop a Housing Marketing Packet to highlight development opportunities within the city. The Partnership has ready capital for both the commercial loans needed for development and the residential end loans, ensuring that liquidity is available for these new projects.

Mayor Yunits is delighted by the Partnership's commitment to this project. "The Brockton Housing Partnership is proof that public-private partnerships are invaluable tools to city revitalization. The Partnership has helped us streamline our development programs and improve our housing strategy, and the ongoing cooperation between these lenders and the city government is crucial to the success of Brockton's urban renaissance plan," said the mayor.

More than Housing

While the Partnership's efforts initially focused on home ownership, the lenders were aware that the needs of the city's residents went far beyond affordable housing. Two addition needs that have drawn the Partnership's attention are financial eduction and support services:

Financial Education. Several years ago, many of the lenders noticed that when young adults came to apply for loans, many lacked a basic knowledge of personal finance and budgeting. Moreover, many had already had a negative experience with credit cards and were saddled with debt. The lenders of the Partnership were alarmed by these trends and decided to launch a "Credit for Life Fair" for Brockton High School seniors (see sidebar). This one day event, held every spring for graduating seniors, simulates the reality of making financial decisions and budgeting. The Credit for Life Fair has been a huge success in the community. Participating seniors have expressed appreciation for the insights they have gained, especially as they prepare to embark in the world. Teachers and faculty have recognized the practical significance of the program and have given it an enthusiastic endorsement. Moreover, Brockton High School has recognized the need for greater financial education and has introduced a course on the basics of personal finance.

continued on back cover

Raymond K. Tung:

Finding New Challenges in Chinatown

I must admit, when I first received an offer to join a small bank in Boston's Chinatown community, the idea was not overwhelmingly appealing to me. For 27 years, my sights had been set on global financial institutions, and I had worked only with the world's largest banks. Working for a small community bank had never entered my mind. But that was two years ago, before I took the job, and before I came to realize how challenging it could be to serve one community.

The offer was from Asian American Bank. This bank was founded by a group of Asian American non-bank professionals who wanted to provide better banking services for Boston's growing Asian community. In the 1990s, the Asian population was one of Massachusetts fastest growing groups, increasing by more than 65 percent over the decade. Chinatown was expanding, and a growing number of Asians were moving into the suburbs of Boston. However, this thriving community was underserved by mainstream banks. Most Boston banks did not have Chinese speaking employees, and many were insensitive to the needs of newer Asian immigrants who were unfamiliar with the U.S. banking system. Moreover, the standardized approaches of many large financial institutions presented challenges for Asian immigrants who had not yet established bank references or credit scores. Boston's Asian immigrant community was struggling to find the credit and banking services it needed. To meet this demand, Asian American Bank opened its doors on August 11, 1993.

By the time I received the phone call about joining the bank in 2002, the bank had grown to over $100 million in assets and had a strong base of customers in the Asian community. The bank was offering me the job of CEO with a mandate from the board of directors to grow the Bank at a faster pace and to inject a healthy dose of professionalism into this home-grown institution. It was an intriguing proposition. The appeal of getting my hands on something different was strong, and I was inspired by this challenge to help revitalize a small community bank. I reflected, too, on my own experience immigrating to this country from Hong Kong, and I saw an opportunity to help others in their journey. Ultimately, the decision was not that difficult, and I soon signed up for the next phase of my career.

My first order of business was to reorganize the Bank. If we were going to meet the challenge of serving Boston's growing Asian population, we needed to become stronger, faster, and more flexible. So, we allocated more people to the business development office and upgraded our branch manager positions. We streamlined our credit approval process. We developed better tools for monitoring and tracking our business. We closed unprofitable branch locations, and we redirected resources to Quincy, Massachusetts, to serve its emerging Asian population, the largest outside of Boston.

The second order of business was to reinforce the importance of customer service for our bank. With a large percentage of new immigrant customers, our success depended on our ability to provide personalized service and to build trust. We instituted regular customer service training for our front line staff and standard performance reviews of tellers and customer service representatives. We created a new greeter position at our Chinatown branch to enhance our welcoming appearance, and we revamped our phone system to ensure that calls would be promptly answered by a human being whenever possible. We conducted satisfaction surveys with customers and used this feedback to improve our operations.

We also had to ensure that we met the specific needs of Boston's diverse Asian community. It was a challenge. Within the Chinese community alone, there are many different groups. Boston's oldest Chinese immigrants originate from southern China and speak in the Toisanese dialect. They were followed by Chinese from Hong Kong, who predominately speak Cantonese, and the Chinese from Taiwan and mainland China, who speak Mandarin. These groups also have many cultural and lifestyle differences, and, depending on how long they have lived in the United States, they have different financial services needs. Earlier arrivals from Taiwan, for example, are well established and quite sophisticated in their use of financial services. On the other hand, new arrivals from mainland China are just familiarizing themselves with this country. They need basic banking services such as deposit accounts, wire transfers, and car and home loans.

To respond to these differences, we hired staff and created systems that could address the diverse needs of this population. Today, our employees speak over twenty-five languages and dialects, including nine different Chinese dialects. We have ATMs that offer service in both English and Chinese, and we plan our business activities with an eye toward culture sensitivity. Our menu of basic banking services is designed to be a starting point for new Asian immigrants, and we are continually developing more sophisticated products as we identify the needs of our customers.

We have also responded to a perceived lack of financial knowledge among some members of the community by initiating our Banking Smart Series. We created an easy-to-understand Chinese language version of the FDIC's Money Smart curriculum for community members. The materials are used in a series of monthly seminars that address important financial and banking concepts, such as understanding savings options, planning for a first home mortgage, financial fraud, and identity theft.

From my first days at Asian American Bank, I have been impressed by the affinity that customers feel for the bank. They appreciate that we speak their language and understand their culture. I believe that our success is directly linked to our ability to understand and integrate into the community.

With this in mind, I have attended countless meetings, meals, and banquets with community groups, and I have made a conscientious effort get to know the directors of various community and business organizations. Through these relationships, Asian American Bank has begun to better appreciate the needs of the Asian community and how we can help. For example, the bank provides funding to the Boston Chinatown Neighborhood Center, which offers child care, English language tutoring, youth recreation, and after school activities to Chinatown residents. We have also aided the efforts of the Asian American Civic Association to help new immigrants gain language and job skills. We collected donations to help the victims of last year's Chinatown flood, and we regularly sponsor cultural events and activities, including Chinatown's annual Chinese New Year Festival. By working to improve the lives and skills of this community, the bank is investing in its present and future customers.

It has been an exciting two years at the helm of Asian American Bank. The satisfaction of seeing the bank grow into a more professional organization that strives to better serve this vibrant community has erased my original hesitation. I know that there is still more work to be done. We need to keep improving customer service. We must be smarter about understanding the banking habits of our customers to better serve them and increase profits. We want to expand our product capability to provide more options for the community. My appetite for this challenge is whetted, and I look forward to elevating Asian American Bank to a level that makes our community proud.


Asian American Bank is headquartered in Boston's vibrant Chinatown community.

Raymond K. Tung *is President and Chief Executive Officer of Asian American Bank.*

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Brockton Housing Partnership member Security Federal Savings Bank in downtown Brockton.

Support Services. The Partnership has also worked to improve the availability of social support services for the city's residents. Recently, members supported the conversion of an old convent into transitional housing for at-risk families. Located in the center of the city, Saint Patrick's convent was vacant and badly vandalized. The pastor of St. Patrick's and the nonprofit South Shore Housing Development Corporation saw an opportunity to covert the building into transitional housing for families and children. The proposal was received enthusiastically by Partnership lenders, who, in cooperation with the Federal Home Loan Bank of Boston, agreed to put up the $2.6 million for the project.

Today, 13 families who would otherwise be living in subsidized motel rooms reside in spacious apartments where they receive social support services from the YMCA. The YMCA's staff provides counseling for parents and child care, enabling these mothers and fathers to overcome their past hardships and begin building a future through work and learning.

"I am really proud to have been a part of this project," says Partnership member Judith Hepp, vice president and commercial loan officer at Rockland Trust. "It has become an important asset to this community."

After this success, the Partnership has sought other community lending opportunities. This year, the lenders agreed to provide a line of credit for the renovation of the Boys and Girls Club of Brockton. Last fall, the Partnership sponsored a food drive to help stock the depleted food pantries of Mainspring House, a homeless shelter in Brockton.

Beyond CRA

Over a decade ago, the Brockton Housing Partnership was a loosely tied alliance of lenders providing home counseling seminars. Today, these seminars continue. They have been expanded to cover new topics and have been presented in new languages for new audiences. Similarly, the Partnership has broadened its commitment to the Brockton community. Taking on the issues of home ownership, affordable housing, urban redevelopment, financial education, and support services, Partnership lenders have launched a full effort to revitalize the "City of Champions."

"I am equally proud to be a resident of this city and a member of this alliance," states Partnership founding member, Stephen Pike, vice president of North Easton Savings Bank. "The Partnership may have originally come together because of CRA, but today, it is about much more than compliance. We have seen the practical benefits of community investment and of helping low- and moderate-income individuals. Our community is a healthier place than it was ten years ago, and I am looking forward to the next ten years."

Leo MacNeil *is chairman of the Brockton Housing Partnership. He is also senior vice president of marketing and the CRA officer at HarborOne Credit Union in Brockton, Massachusetts.*

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