
Building Blocks

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SPECIAL EDITION

The Community Investment Program (CIP) is a Federal Home Loan Bank System lending program that provides discounted advances (loans) to member financial institutions that, in turn, use the funds for CIP-eligible loans for low- and moderate-income housing or for community and economic development projects.

This Special Edition of Building Blocks provides examples of the many and diverse economic and community development projects supported by the CIP.

FHLBank of Boston

Citizens Bank of Massachusetts, Plymouth, Massachusetts, is using a five-year \$640,000 CIP advance to finance the acquisition of a building that will serve as the administrative offices of the Cura Visiting Nurses Association of Plymouth. Cura's nurses make over 80,000 annual patient visits throughout southeastern Massachusetts that primarily benefit low- and moderate-income households.

The Danvers Savings Bank, Danvers, Massachusetts, borrowed a \$1.3 million CIP advance to finance the acquisition and rehabilitation of a four-story office building by the North Shore Association for Retarded Citizens (NSARC). The office building serves as the corporate headquarters for NSARC and provides space for 75 employees. NSARC's clients are primarily households earning at or below 80 percent of the area median income.

Citizens Savings Bank, Providence, Rhode Island, will use a \$2.8 million CIP advance to finance the acquisition and rehabilitation of the Providence Center for Counseling and Psychiatric Services. This historic building will serve as the Center's office and service space.

FHLBank of New York

Astoria Federal Savings, Lake Success, New York, is using a \$2.9 million CIP advance for refinancing the existing mortgage loans of Astoria General Hospital, a 235-bed, privately-owned general hospital and ambulatory center located in a low-income area in the Borough of Queens. Astoria Federal is also borrowing \$3 million from the FHLBank of New York's Community Development Fund to provide the hospital with working capital to replenish funds used for recent renovations.

Llewelyn-Edison Savings Bank, West Orange, New Jersey, is using a \$30,000 CIP

advance to provide financing for the renovation of retail establishments that will assist in the revitalization of a commercial area in West Orange, New Jersey. The Main Street Redevelopment Corporation is a nonprofit organization involved in the rehabilitation of the Main Street corridor in West Orange. This revitalization will serve as an incentive for further development in this low- and moderate-income neighborhood,

Albany Savings Bank, Albany, New York, is using a \$964,000 CIP advance to provide financing for the rehabilitation of a vacant 135,000-square-foot property that will be converted to a multi-tenant manufacturing facility. This project is the first phase of the redevelopment of a 450,000-square-foot industrial complex in Syracuse. The building is located within a state-designated Economic Development Zone. Permanent financing for this phase of the development has been secured in the form of tax-exempt industrial revenue bonds backed by a New York State Job Development Authority loan guarantee. Low- and moderate-income households will benefit from this redevelopment by the creation of an estimated 192 jobs in one of the most depressed areas in Syracuse.

Washington Savings Bank, Hoboken, New Jersey, is using CIP funds to provide a \$400,000 mortgage to the Occupational Center of Hudson County, Inc. The funds will be used to pay off an existing mortgage, acquire a vacant building, and renovate it to include classroom space. The Occupational Center provides educational, employment, and training programs for physically disabled individuals displaced due to plant closings. This nonprofit organization has been serving Hudson County for 35 years.

FHLBank of Pittsburgh

Community Bank and Trust Company, NA, Fairmont, West Virginia, obtained a \$170,000 CIP advance that will be used to pay off the existing debt on a fire house and to pay off the leasing company for the fire company's primary ladder truck. Households served by the fire company have incomes at 60 percent of the area median income. The FHLBank of Pittsburgh is providing a series of ten advances with staggered maturities.

Elmwood Federal Savings Bank, Media, Pennsylvania, is providing \$100,000 in CIP financing to the Human Services Center for the establishment of a "Uni-Center." This is a building to house a variety of social service providers that will share the first-floor space. The unique feature of the project is that the small agencies will "time share" the ownership of the office space. Twelve social service agencies have expressed interest in the project. Apartments on the second floor of the building will serve low- and moderate-income tenants.

Sovereign Bank, FSB, Wyomissing, Pennsylvania, borrowed a 20-year, \$165,000 CIP advance to finance a loan to Berks AIDS Network. The loan will be used to purchase a building that will be renovated and used as an AIDS services center for residents of the City of Reading and Berks County. The mission of Berks AIDS Network is to provide compassionate direct services to persons affected by the HIV disease and AIDS. These services include case management, counseling support groups, service referrals, emergency food, and financial assistance. Also, the organization provides AIDS prevention education in schools, churches, universities, and other community settings. The property to be purchased is located in a neighborhood designated by the

Department of Housing and Urban Development as a "blighted area." In addition, once renovated, the surplus office space will be rented to several nonprofit human service organizations.

Citizens National Bank, Evans City, Pennsylvania, borrowed a **\$500,000** CIP advance to refinance an existing mortgage and to provide rehabilitation funds necessary to replace the roof on one of the older sections of a building occupied by the Irene Stacy Community Mental Health Center. This nonprofit organization provides mental health services to the residents of Butler County.

The City of New Cumberland, West Virginia, approached **Hancock County Savings Bank of Chester, West Virginia** to arrange interim financing to pay for the design costs and needed cash flow during the construction of a collection and wastewater treatment system. CIP funds of \$300,000 were requested. The median income in New Cumberland is 55 percent of the median income for the Steubenville-Weirton MSA in which it is located.

FHLBank of Atlanta

Newnan Savings Bank, Newnan, Georgia, obtained two CIP advances totalling \$330,000 to finance the purchase of land and a building that will be used as a facility to train mentally challenged citizens for manufacturing jobs. The project has the involvement of the Coweta County Development Authority and the Newnan-Coweta Association for Retarded Citizens.

Trust Company Bank of North Georgia, Gainesville, Georgia, used a \$1,131,000 CIP advance to finance the construction of a gymnasium and athletic facility, and to refinance

housing for 92 residents of Annandale Village in Suwanee, Georgia. Annandale Village, a 25-year-old nonprofit organization and community established for mentally and physically challenged residents, receives no State or Federal funds and is supported entirely by gifts from individuals and corporations, and from fees paid by residents' families. The 18,200-square-foot building also will house "sheltered workshops" that serve as employment training sites and provide a means of support for some residents.

Moultrie National Bank of Moultrie, Georgia, received a \$1.5 million CIP advance to finance the renovation of a hotel that will provide 40 units of housing for the elderly. The hotel and the first-floor commercial establishments will create approximately 25 jobs for low- to moderate-income persons.

Columbia First Bank, Arlington, Virginia, obtained an \$8 million CIP advance to be used for the acquisition and renovation of East River Shopping Center, which is located in the Marshall Heights section of Washington, D.C., a low- and moderate-income area.

Central Carolina Bank, Durham, North Carolina, has obtained two CIP advances totalling \$4.7 million to provide permanent financing for two nursing homes. Both nursing homes have a preponderance of low-income residents. In addition, the nursing homes will employ more than 130 persons, most of whom are low-income employees.

First United National Bank and Trust Company, Oakland, Maryland, obtained a \$2.4 million CIP advance to provide economic development interim financing for a water-works project in Lonaconing in Western Maryland. The project also will benefit the neighboring towns of Barton and Midland. The project will generate new jobs in this rural

area, and the Farmers Home Administration will provide the long-term financing.

FHLBank of Cincinnati

The Citizens Bank of Blount County, Maryville, Tennessee, obtained a \$1 million CIP advance to finance a Hampton Inn motel in Townsend, Tennessee. The project will create jobs and promote economic development in this rural area.

Union National Bank and Trust Company, Barboursville, Kentucky, is using \$215,000 of CIP funds to complete three downtown revitalization projects. In partnership with local and county agencies, Union National has funded the purchase and renovation of a retail auto parts store and the rehabilitation of a downtown retail lumber and hardware store for the Kentucky Department of Human Resources. Additionally, Union National has used CIP funds to help the Cumberland Valley Regional Housing Authority purchase and furnish a rehabilitated building.

FHLBank of Indianapolis

Centier Bank, Crown Point, Indiana, borrowed a \$200,000, three-year CIP advance to finance the acquisition and rehabilitation of a bowling facility located in Gary, Indiana. The business is located in a low- to moderate-income area, and the purchaser is a long-time minority resident of Gary. The financing package includes owner equity, a seller contract and bank financing using the Small Business Administration 7A loan guarantee program.

FHLBank of Chicago

Southwest Federal Savings and Loan Association, Chicago, Illinois, borrowed a two-

year, fixed-rate, \$232,000 CIP advance to finance the acquisition and major rehabilitation of a vacant dilapidated property located in Southwest Chicago. The building will contain 20 apartments and 8 stores. The housing units will serve low- and moderate-income tenants, and the completely rehabilitated stores will serve the community -- the majority of whose residents have incomes less than 80 percent of the area's median.

Maywood-Proviso State Bank, Maywood, Illinois, is using a \$69,000 CIP advance to match a local government economic development grant to a catering and banquet business. The funds will be used to renovate the business, allowing the creation of one full-time and three part-time positions.

FHLBank of Des Moines

Farmers and Merchants Bank, St. Clair, Missouri, is using a \$700,000 CIP advance to finance the renovation of a Baptist church located in a low-income census tract.

The First National Bank of the Mid-South, Sikeston, Missouri, will fund, with a CIP advance, a \$1.2 million commercial loan to a new company that makes athletic footwear. Over half the employees of the company are African-Americans with low and moderate incomes. This effort will serve as part of an economic development package from the State of Missouri.

Security State Bank, Mankato, Minnesota, a new commercial bank member, borrowed a five-year, \$370,000 CIP advance to finance the construction of a new thrift shop for the Mankato Rehabilitation Center. Mankato-area volunteers will operate the thrift shop, and proceeds generated from the business will be

used to benefit people with disabilities who are served by the Mankato Rehabilitation Center.

State Central Bank, Keokuk, Iowa, is using a \$2 million CIP advance from the FHLBank of Des Moines' special disaster relief account to assist qualifying businesses and individual households affected by the flooding of the Mississippi River in Iowa. Small business borrowers may borrow up to \$25,000 and households may borrow up to \$5,000 with interest-only payments for the first year. The member is targeting 40 businesses and 200 households in this disaster relief program.

FHLBank of Dallas

Security Bank, Paragould, Arkansas, took a three-year, \$595,000 CIP advance to finance the construction of the Paragould-Greene County Industrial Development Corporation building. The building's primary purpose is to expand local industry. This project will result in the creation of 35 jobs for low- and moderate-income individuals.

United Federal Savings Bank, Springdale, Arkansas, borrowed a five-year, \$250,000 CIP advance to be used for construction financing of the Community Arts Center of the Ozarks, located in Springdale, Arkansas. The project will generate both temporary construction jobs and permanent jobs in the Center. The community has donated more than \$1 million to build the facility.

The Federal Home Loan Bank, Dallas, Texas, has made CIP advances totalling \$4.5 million to the **First National Bank of Vicksburg, Mississippi, and Alerion Bank of New Orleans**. Both members will use the funds for permanent financing on nursing homes, several of which target low-income households. This financing also will create new nursing care

jobs. The nursing home that Alerion Bank is financing in Jeanerette, Louisiana, is being purchased from the Resolution Trust Corporation.

First National Bank, Artesia, New Mexico, will use a \$100,000 CIP advance to finance the rehabilitation of an 80-year-old building. The lower floor will have retail establishments, and the upper floors will be converted to a small hotel. Ten permanent jobs will be created.

First National Bank, Joshua, Texas, will use a \$900,000 CIP advance to refinance the mortgage on a 96-unit motel located in Glen Rose, Texas. As a result of this refinancing, 10 to 14 jobs for low-income households will be retained and up to 6 jobs for low-income households will be created. The mortgage loan will have a 90 percent guaranty by the Small Business Administration.

Century Federal Savings Bank, Santa Fe, New Mexico, is providing \$1 million of CIP financing for Presbyterian Medical Services, a nonprofit provider of medical, dental, and social services. Approximately three-quarters of the clients served by the organization have incomes below the poverty level.

FHLBank of Topeka

Leavenworth National Bank, Leavenworth, Kansas, has been approved for CIP advances up to a total of \$500,000 for a "Downtown Development Program." The bank will use CIP advances to finance building repairs, new facades, interior remodeling, equipment, fixtures, and exterior signs for businesses and multifamily residential buildings in downtown Leavenworth, Kansas. The program will be coordinated with the City of Leavenworth Community Development Programs, including commercial and economic development projects supported by Community Development

Block Grant (CDBG) funds and SBA financing whenever possible. The average household income in the project area is \$19,203, which is less than 50 percent of the median income for the area. The area also falls within an Enterprise Zone designated by the State of Kansas.

Commercial Federal Bank, Omaha, Nebraska, obtained a CIP advance of \$569,000 to participate in loans to the Sarpy County Economic Development Corporation. The finding will pay for the purchase of land, construction, and equipping of a distribution facility for the Hershey Pasta Division of the Hershey Company. Other participants in the financing include Norwest Bank Nebraska and a \$500,000 CDBG direct loan from the Sarpy County Economic Development Corporation. Twenty-six jobs will be created by the project, paying hourly wages from \$5.75 to \$9.

FHLBank of San Francisco

East-West Federal Bank, Los Angeles, California, will use a \$4 million CIP advance to support the permanent financing of Bamboo Plaza, a small shopping center in the Chinatown section of Los Angeles. The project

leases for 30 years the air rights of a three-level parking structure built by the Los Angeles Community Development Agency. The retail facilities provide job opportunities and services to a predominantly very low-income minority population.

FHLBank of Seattle

Colonial Banking Company, Grants Pass, Oregon, will use a 15-year, \$226,520 CIP advance to refinance the existing debt on a building owned by the Gospel Rescue Mission of Grants Pass in Josephine County. The property is used for the sale and distribution of second-hand clothing and household items. Josephine County has a median income that is 76 percent of the State median income.

Pioneer National Bank, Yakima, Washington, received a \$1 million, five-year CIP advance approved by the Federal Home Loan Bank of Seattle. Pioneer will use the CIP advance to finance various fixed- and variable-rate Small Business Administration loans that will be funded in 1992 and held in portfolio. The SBA loans provide financing for working capital, equipment, and remodeling. In one case, CIP dollars funded an employee buy-out, which preserved the jobs of the workers.

“We are excited about CIP. It allows us to make long-term, fixed-rate mortgages to local nonprofit service agencies, and allows them to better serve their communities --

*Faye Sanders
Citizens Savings Bank
Providence, RI*

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