

**Highlights of Presentation by Stephan Fairfield
President and CEO, Covenant Community Capital**

I. Lenders and investors can participate in the momentum of community development and expand and accelerate the impact of the industry. Look at the achievements of the Mexican American Unity Council (www.mauc.org), Habitat for Humanity in rural areas (www.habitat.org), Communities Organized for Public Service (www.grass-roots.org/usa/cops.shtml), Christmas in April (www.rebuildingtogether.org), and the self-help movement along the border (www.tdhca.state.tx.us/oci/centers/index.jsp). Everyday folks without special training started these organizations and achieved significant accomplishments. (For more information, see www.grass-roots.org.)

II. Current trends in Texas are providing momentum for community development. They include the following.

- A. Better engagement of the faith community, as shown by Jubilee Park. To date, financial and nonfinancial resources of individual members and entire congregations have barely been tapped by the community development industry.
- B. The homestead preservation district in Austin can be replicated.
- C. PeopleFund's land fund can be replicated.
- D. State tax credits
- E. County-level trust funds
- F. Business improvement districts
- G. Living wage campaigns. Many affordable housing problems are minimum wage problems. There are lots of studies showing that higher wages do not have a negative impact on job growth.

III. There needs to be more cross-fertilization between the sustainable development and rebuilding industries. For example, affordable housing units that are more energy efficient and require lower maintenance are more sustainable. Pliny Fisk III and Gail Vittori, co-directors of The Center for Maximum Potential Building Systems in Austin, are experts in this area. (For more information, go to www.cmpbs.org.)

IV. Asset-building strategies need to be leveraged so that wealth can be transferred to the next generation.

V. Texas' largest downtowns are experiencing gentrification. The ensuing suburbanization of poverty could be viewed as an opportunity: if families have to move, help them relocate to areas of quality education and higher job growth.

VI. Build more creative nonprofit/for-profit partnerships. Pegasus Villa in Dallas and CCC Interactive, a call center in Houston that pays living wage jobs, exemplify the win-win situation that these partnerships can create.

VII. Lenders, businesses and investors can participate in community development work in nonfinancial ways that expand the impact of this work locally, such as through:

- A. Relationship-brokering (e.g., banks partner with retailer clients)

- B. Hiring agreements
- C. Mentoring. If everyone got involved in the life of one inner city child, telling them that they can graduate from school and go to college and sharing stories of their professional experiences, then it would make a tremendous difference. Mentoring is also valuable to aspiring or budding entrepreneurs.
- D. Financial literacy trainers
- E. Provide training to nonprofits so that their staff can help low-income clients be well-prepared when they approach banks for mortgage or business loans.
- F. Become a volunteer tax preparer.
- G. Support employer-assisted housing. Not In My Backyard (“NIMBYism”) is a growing problem in Texas.
- H. Get involved in state and local policy issues.

VIII. State demographer Steve Murdoch projects that Texas is becoming increasingly poor. Therefore, “there is a wonderful chance to do a lot of good.” There are three characteristics that powered the momentum of Texas’ early pioneers and Walt Humann of Jubilee Park: compassion/compliance, imagination and persistence.

“Imagination powers the ideas that give compassion a tangible expression. It involves taking someone else’s idea and expressing it in a different way or setting. It is key to putting compassion into a business plan.”

Most community impact is small in scale but grows with time. Therefore, persistence and patience are essential to success. A typical project is two years “from paper napkin to groundbreaking,” and “scale always has to be grounded in market reality, not political goals.”

IX. In Houston’s Fifth Ward, Covenant Community Capital’s strategy has been for residents to consistently see changes in their neighborhood on their commutes back home so that they build hope. By rebuilding not only homes but hope, Covenant inspires property owners, which increases the pool of investment in neighborhoods’ restoration.

X. It is a great time to be in community development because “you don’t have to be as patient as you used to.” Fifteen years ago there was no secondary market, community development loan products or land redemption. Now they exist and more infrastructural investments are being made. Therefore, challenges are much more easily overcome than before.

Compassion/compliance, imagination and persistence “power momentum and will power us,” concludes Fairfield. “Take these tools and put them to work in your community and you won’t be disappointed. Then you’ll be a pioneer, an inspiration, of the next generation.”

The views expressed here are the presenter’s and should not be attributed to the Federal Reserve Bank of Dallas or the Federal Reserve System.