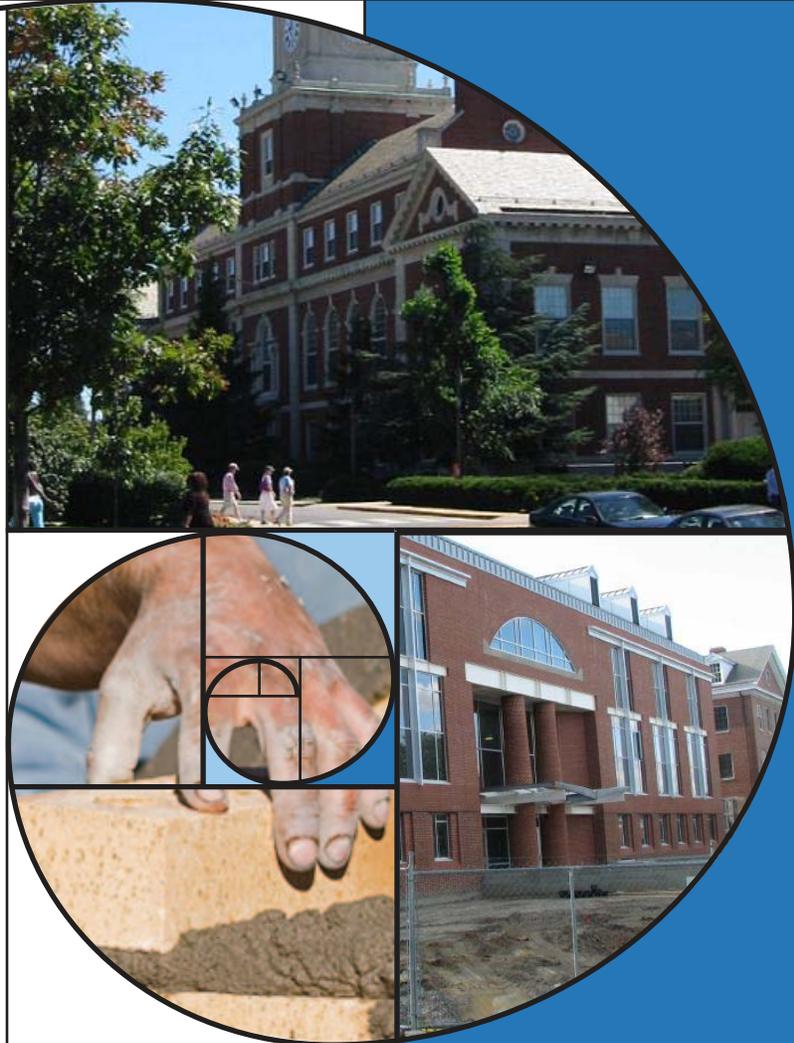


Historically Black Colleges & Universities



Three Case Studies of Experiences
in Community Development

Volume II - Case Studies



U.S. Department of Housing and Urban Development
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**Historically Black Colleges and
Universities:
Three Case Studies of Experiences
in Community Development**

Volume II – Case Study Reports

Prepared for:

U.S. Department of Housing and Urban Development
Office of Policy Development & Research

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Disclaimer

The contents of this report are the views of the contractor and do not necessarily reflect the views or policies of the U.S. Department of Housing and Urban Development or the U.S. Government.

Table of Contents

List of Exhibits	iv
Background	vi
Overview of the HUD HBCU Grant Program	vi
Purpose and Methodology of this Study	vi
Benedict College	1
I. Introduction.....	1
II. Implementation of HUD HBCU Grants – Benedict-Allen Community Development Corporation.....	4
III. A Grant In-Depth – Benedict’s Urban Initiative for Land Development II (B.U.I.L.D. II)	19
IV. Program Lessons	31
LeMoyne-Owen College	37
I. Introduction.....	37
II. Implementation of HUD HBCU Grants – LeMoyne-Owen College Community Development Corporation.....	39
III. A Grant In-Depth – Project Renaissance III	49
IV. Program Lessons	68
Texas Southern University	73
I. Introduction.....	73
II. Implementation of HUD HBCU Grants – Economic Development Center.....	76
III. A Grant In-Depth – The Homeownership Opportunities and Computerized Technology with Technical Assistance Program	85
IV. Program Lessons	96
Appendix A – Benedict College Supplemental Information	100
Appendix B – LeMoyne-Owen College Supplemental Information.....	111
Appendix C – Texas Southern University Supplemental Information	125

List of Exhibits

Exhibit 1: Benedict College’s Division of Community Development Mission Statement	6
Exhibit 2: Sources of Funding by Unit – Division of Community Development	8
Exhibit 3: Mission of the BACDC.....	10
Exhibit 4: Representation on the BACDC Board of Directors	12
Exhibit 5: BACDC Organizational Structure	15
Exhibit 6: BACDC Operating Budget, FY 2005	16
Exhibit 7: HUD HBCU Grants Received Between 1999 and 2006.....	17
Exhibit 8: B.U.I.L.D. II Grant – Goals, Objectives and Activities.....	20
Exhibit 9: B.U.I.L.D. II Grant – Anticipated Leveraging Sources	21
Exhibit 10: B.U.I.L.D. II Grant – Summary Budget.....	22
Exhibit 11: Mission of the LOCCDC	40
Exhibit 12: LOCCDC Organizational Structure.....	46
Exhibit 13: HUD HBCU Grants Received Between 1999 and 2005.....	48
Exhibit 14: Project Renaissance III Grant – Proposed Leveraging Sources.....	65
Exhibit 15: Project Renaissance III Grant – Summary Budget	66
Exhibit 16: LOCCDC Performance Measure Protocol.....	67
Exhibit 17: Jesse H. Jones School of Business – Mission Statement	77
Exhibit 18: Mission of the EDC.....	78
Exhibit 19: EDC Organizational Structure	80
Exhibit 20: HUD HBCU Grants Received Between 1999 and 2005.....	83
Exhibit 21: Homeownership Opportunities and Computerized Technology with Technical Assistance Grant– Goals, Objectives, and Activities.....	86
Exhibit 22: Homeownership Opportunities and Computerized Technology with Technical Assistance Grant – Anticipated Leveraging Sources.....	87
Exhibit 23: Homeownership Opportunities and Computerized Technology with Technical Assistance Grant – Summary Budget	89
Exhibit A - 1: Summary of Schools, Departments, and Majors at Benedict College.....	101
Exhibit A - 2: Demographic and Economic Indicators, Columbia, SC and Waverly/Read Street Community, 2000	103
Exhibit A - 3: Benedict College Procurement Policy	107
Exhibit A - 4: Process for Obligation and Expenditure of Grant Funds.....	108
Exhibit A - 5: Goals, Objectives, and Activities of HUD HBCU Grants Received Between 1999 and 2006.....	109
Exhibit B-1: Summary of Academic Divisions and Majors at LeMoyne-Owen College	112
Exhibit B-2: Demographic and Economic Indicators, Memphis, TN and Soulsville USA Community, 2000	114
Exhibit B-3: LOCCDC Procurement Policy.....	120
Exhibit B-4: Process for Obligation and Expenditure of Grant Funds	120
Exhibit B-5: Goals, Objectives, and Activities of HUD HBCU Grants Received Between 1999 and 2005.....	122

Volume II – Case Study Reports

Exhibit C - 1: Summary of Schools, Departments, and Majors at Texas Southern University. 126

Exhibit C - 2: Demographic and Economic Indicators, Houston, TX and the Third Ward
Community, 2000 128

Exhibit C - 3: Texas Southern University Procurement Policy 132

Exhibit C - 4: Goals, Objectives, and Activities of HUD HBCU Grants Received Between
1999 and 2005..... 133

Background

Overview of the HUD HBCU Grant Program

The U.S. Department of Housing and Urban Development's (HUD), Office of University Partnerships (OUP) administers the Historically Black Colleges and Universities (HBCU) grant program. Designed to assist HBCUs in addressing local community development needs, the HUD HBCU grant program provides qualifying institutions the opportunity to apply for funding to carry out activities that meet one or more of HUD's national Community Development Block Grant (CDBG) objectives: (i) benefit low- and moderate-income persons, (ii) aid in preventing or eliminating slums and blight, or (iii) address a community development need having a particular urgency.¹

Examples of eligible activities that HBCUs nationwide have applied for and received funding to undertake include the following:

- acquisition of real property,
- clearance and demolition efforts,
- rehabilitation of residential and commercial structures,
- provision of public services,
- direct homeownership assistance to low- and moderate-income persons,
- development of or improvements to public facilities,
- implementation of special economic development activities, and
- assistance to community-based development organizations.

While primarily serving as educational institutions, HBCUs also serve as economic and social anchors in their community, and as such, are good candidates to lead local community development efforts. Grant funds awarded through the HUD HBCU grant program help HBCUs to expand their role in undertaking these tasks, and often HBCUs are able to leverage the HUD grants with other public and private funding sources. As an HBCU implements the grant activities, both successes and challenges emerge, from which other grantees can learn.

Purpose and Methodology of this Study

In order to document the experiences of HBCUs in carrying out their community development activities and the role played by the HUD HBCU grant program in supporting their efforts, HUD contracted with Optimal Solutions Group, LLC (Optimal) to conduct in-depth case studies of HBCUs that participated in the HBCU grant program between 1999 and 2005.² Specifically, the

¹ Until Fiscal Year 2006, Congress continued to fund the HBCU grant program out of the appropriations for the CDBG program. Please refer to Volume I of this report for more information on the history of the HUD HBCU grant program.

² As written by HUD/PD&R, the scope of work for this study only included grants received between 1999 and 2005. HUD chose this period to ensure that the grants were recent enough to allow for the collection of records and the availability of key staff and participants for interview. HUD also anticipated that the majority of the grant activities during this period would be completed by the time this report was written.

Volume II – Case Study Reports

case studies document (i) how community development was incorporated into the institutional framework, (ii) how community development activities were implemented organizationally by the HBCUs, (iii) what the HBCUs' experiences were in implementing one specific HUD HBCU grant (the subject grant), and (iv) what challenges and obstacles were faced by the HBCUs and what elements contributed to their overcoming or not overcoming these barriers to achieve success.

Benedict College, LeMoyne-Owen College, and Texas Southern University were selected as case study sites through a multi-step process. Grant files for 25 HUD HBCU grantees were provided to the research team by HUD. The research team analyzed the files and developed a list of variables that described each grantee, the local context, and the scope of the activities implemented. This information was used to narrow the list of grantees to eight sites that represented a variety of institution sizes, types, and settings; as well as varying methods of grant implementation and a wide range of grant activities.

One-day reconnaissance site visits were then conducted at the eight sites. Research team members used these visits to learn more about the institution and its history of participation in the HUD HBCU grant program. One-day site visits were conducted in order to corroborate that the grant activities defined in the grant files had or were actually occurring, and to gauge the institution's willingness to participate as a case study site. The research team then worked with HUD to finalize the selection of case study sites that would provide informative lessons for other grantees participating in the HUD HBCU grant program.

Three-day site visits were then conducted at each of the case study sites. During these visits, the research team collected hard copy and digital records and reference materials, conducted key informant interviews, and toured the surrounding community and projects completed by the HBCU. The three case studies comprising this report were written based on information from the grant files, the reconnaissance site visit, the case study site visit, follow-up conversations with the grantees, and other ancillary sources.

Volume II of this report contains the three case study reports. The accompanying Volume I (also available via HUD USER) provides a cross-site analysis, highlighting the factors that contributed to the success of the selected grantees.

Benedict College

I. Introduction

This case study describes the U.S. Department of Housing and Urban Development (HUD) Historically Black Colleges and Universities (HBCU) grant program as designed and executed by Benedict College in Columbia, South Carolina. The purposes of this case study are to present (i) the integration of community development into the overall mission of Benedict College, (ii) how Benedict College has carried out one aspect of its community development work through the Benedict-Allen Community Development Corporation (BACDC), (iii) an in-depth look at how the activities of the 2004 HUD HBCU grant awarded to Benedict College (that is, the subject grant) were executed, and (iv) a summary of what features have contributed to Benedict College's success in community development and the HUD HBCU grant program.

Benedict College, a private liberal arts institution, is located in the Waverly/Read Street community in Columbia, South Carolina. In 2006, Benedict College was the fourth largest private HBCU in the United States with a full-time undergraduate population of over 2,500 students. The College was very active in the HUD HBCU grant program, having received seven grants since 1994 with the most recent one awarded in 2006.

Community development became a primary component of the college's overall mission in 1994, with the appointment of a new President, Dr. David Swinton, who elevated community development to a cabinet level function within his executive administration. This action was one of many that demonstrated the college's commitment to partnering with local residents to address and improve the social, economic, and physical conditions of the surrounding community.

With a mission of being "a power of good in society," the college adopted a broad definition of community development. Activities undertaken ranged from housing and economic development to research targeted at improving the educational experience of African-American students. The college also contributed a significant amount of its own resources towards revitalizing the community and leveraged their investment with millions of dollars from other federal, state, local, and private resources.

In 1995, the college established the Benedict-Allen Community Development Corporation (BACDC), a community-based, private, not-for-profit organization to carry out housing and economic development activities in the Waverly/Read Street community. The BACDC also became the formal venue through which the college and community could work together to share ideas on how best to improve the surrounding area. Structurally, the BACDC was closely linked to the executive administration of the college through its Board of Directors, and the college provided support services to the

Volume II – Case Study Reports

BACDC. Over time, the staff and capacity of the BACDC have grown as the activities undertaken by the organization have increased in size and complexity. By August 2006, the BACDC had a staff of seven and was responsible for managing and implementing the college's HUD HBCU grant activities as well as a number of other development activities apart from the college.

The subject grant, Benedict College's 2004 HUD HBCU grant entitled "Benedict's Urban Initiative for Local Development II" (B.U.I.L.D. II), supported two goals: the promotion of economic development and growth in the target area through the construction of eight to thirteen business incubator spaces, and the promotion of homeownership in the target area for low- and moderate-income persons through the construction of ten new affordable housing units on Read Street. The objectives identified in the subject grant reflected the college's iterative approach to community development, building upon prior accomplishments and activities in the Waverly/Read Street community. In August 2006, Benedict College was in the second year of the three-year HUD HBCU grant and was actively carrying out the elements of the B.U.I.L.D. II program. Challenges encountered by the BACDC include the following: delays in construction due to delayed approvals from the City, HUD, and within the college; significant increases in construction material costs that exceeded budgeted expectations; and the withdrawal of several banks' commitments to capitalize the minority small business revolving loan fund.

Interviews with staff from Benedict College, the BACDC, local government officials, community residents, and program participants revealed that the challenges and obstacles faced by the college and the BACDC were similar to those faced by other not-for-profit and educational institutions engaged in community development work. The college and BACDC continually confronted issues regarding lack of funding, limited organizational capacity, and burdensome funding and organizational requirements. Despite these challenges and obstacles, the college has had an unmistakably positive impact on the Waverly/Read Street community. Community stakeholders interviewed were unanimous and unqualified in their praise and support for the college's work.

Benedict College's success in its community development efforts was grounded in four foundational elements:

- (i) the commitment of time and college resources to support activities, understanding that change does not happen overnight;
- (ii) the inclusion of community stakeholders and residents in shaping the college's community development agenda;
- (iii) the broad and iterative approach to community development with activities complementing and building on one another; and

Volume II – Case Study Reports

- (iv) the presence of strong and committed leadership from the very top of the college willing to deploy the necessary resources and build the necessary relationships to make things happen.

This case study of Benedict College's community development work and participation in the HUD HBCU grant program is structured as follows. **Section II** describes how community development was incorporated in the college's structure, the relationship between the BACDC and the college, the BACDC organizational and operational structure, and the history of the college's HUD HBCU grant program participation. **Section III** provides an in-depth look at the subject grant and how grant objectives have been operationalized and implemented by the BACDC. **Section IV** concludes with a discussion of the impact of the college's community development work including problems and obstacles encountered, and what factors contributed to the college's successes. Appendix A presents background information on the college, key facts about the local community, and the history of the college's HUD HBCU grant program participation.

The information and findings presented in this case study are based upon primary and secondary data sources collected by Optimal Solutions Group (Optimal). A one-day reconnaissance site visit was conducted to Benedict College on April 19, 2006. Optimal conducted a second visit between August 29 and 31, 2006, to gather detailed information and conduct in-depth interviews with key informants. The information provided in this case study is based upon data obtained via grant files and during the site visits as well as additional secondary sources of information identified subsequent to the visit.

II. Implementation of HUD HBCU Grants – Benedict-Allen Community Development Corporation

Benedict College is an HBCU located in the Waverly/Read Street community in Columbia, South Carolina. The involvement of Benedict College in local community development work began in earnest with the appointment of Dr. David Swinton as President and Chief Executive Officer of the college in 1994. Adopting a broad definition of community development, the college's activities ranged from housing and commercial revitalization to the promotion of academic success for African-American students. The college specifically created the Division of Community Development to oversee and implement all community development activities.

This section presents a brief overview of the community development framework at the college. It then discusses the college's establishment of the Benedict-Allen Community Development Corporation (BACDC) to carry out its housing and economic development work in the Waverly/Read Street community. Both the local community and the college's administration guided the work of the BACDC. The BACDC received significant support from the college for its programs and operations, ranging from cash and in-kind contributions to strategic planning assistance and accounting services. The HUD HBCU grant program played a critical role in supporting the BACDC's community development work, serving frequently as seed money to attract additional funding and investors.

Detailed in this section are the external oversight and internal organizational structure of the BACDC, including the organization's relationship to the college. An overview of the history of the college's participation in the HUD HBCU grant program is also discussed to highlight the role the program has played in supporting and furthering the community development vision for the Waverly/Read Street community.

This information provides the reader with an understanding of the context in which the college's activities occurred, as well as the comprehensive community development approach adopted by the college. The section also provides the reader with an understanding of how the BACDC functioned and how they determined the revitalization activities pursued.

Community Development at Benedict College

The focus and prominence of community development activity at Benedict College began in 1994 with Dr. David Swinton's appointment as the President and CEO of the college. Dr. Swinton arrived at Benedict College from Jackson State University, an HBCU in Mississippi, where he was the Dean of the School of Business. At Jackson State, he worked in a limited capacity with the HUD HBCU grant program.

By accepting the position of President and CEO at Benedict College, Dr. Swinton saw the opportunity to prioritize community and economic development activities for both the benefit of the surrounding community and the college. Dr. Swinton's experience

Volume II – Case Study Reports

managing the Southern Center for Studies in Public Policy (SCSPP) at Clark Atlanta University shaped his perspective on the relationship between institutions of higher learning and their communities. His work at the SCSPP emphasized to him the role universities and colleges could play in improving the environments in which they were located, as well as serving as an example and role model to others in the community.

When Dr. Swinton came to Benedict College, the community surrounding the college was in a downward decline. As noted previously, dilapidated and abandoned buildings dotted the landscape, and crime and illegal drug activity were rampant in the area. The deteriorating community impacted Benedict College and Allen University, another historically African-American school located adjacent to Benedict, through declining enrollment at both schools. Students were afraid to leave campus.

Dr. Swinton took action to make Benedict College a “power of good in society” – fulfilling a mission identified in the college’s original charter – and made community development a cornerstone of his administration. The college manifested its commitment to community development and the improvement of the surrounding community through three actions: creation of a Division of Community Development, adoption of a multi-dimensional approach to community development, and institution of an “open-door” policy with the surrounding community.

- Creation of the Division of Community Development (DCD) – Dr. Swinton created the DCD, originally the Center for Excellence in Community Development, in 1999 to take the lead in organizing and implementing all community development activities for the college. He elevated the Vice President of the DCD to a cabinet-level position within the college’s administration to signify the importance of community development to the overall mission of the college. Additionally, this organizational move facilitated the communication of community development activities to the college’s Executive Administration.
- Multi-dimensional approach to community development – With a vision focused on the empowerment of the African-American community, a fundamental mission of the DCD was the transformation of physical *and* social environments. To change the community, the college had to address both the physical condition of the surrounding community (housing conditions, vacant buildings, open space) and the social and economic health of the residents (education, economic development, child and family development).
- Open-door policy – Advocating a strong commitment to community service and giving back to the community, the college developed a unique “open” relationship with the surrounding community. Under this policy, the college permitted neighborhood residents to use campus facilities, such as recreational facilities (tennis/basketball courts) at the Benedict College Community Park, and computer labs and meeting space at the Business Development Center, and to participate in

Volume II – Case Study Reports

campus activities.³ The open-door policy also extended to the President’s office whereby the college and president encouraged dialogue with the community about community needs and interests.

Division of Community Development (DCD)

The DCD was responsible for overseeing and implementing all of the community development activities of the college. Prior to the establishment of the DCD, community development work was scattered throughout the college’s organizational structure.

Exhibit 1: Benedict College’s Division of Community Development Mission Statement

Benedict College’s Division of Community Development will positively impact issues and problems affecting children, families, community/economic development, democracy and government, and educational excellence through research, public service, and teaching. In partnerships with communities, the Division aims to transform physical and social environments, share knowledge, and nurture the capacity for the community to advocate and act in its own best interest. Additionally, the Division strives to produce new or strengthened institutions, organizations, relationships, and new standards and expectations for life in the community.

Source: Benedict College Division of Community Development Strategic Plan 2005-2010.

The college defined community development very broadly, and the DCD’s mission statement reaffirmed this sweeping approach. The college considered community development to encompass everything undertaken by the college for the general betterment of people. Additionally, the college perceived their community development work as having an impact beyond the Waverly/Read Street community, and believed in making an impact on a regional and national scale as well.

Generally, the DCD’s mission to address issues “affecting children, families, community/economic development, democracy and government, and educational excellence through research, public service, and teaching” formulated the framework around which its five primary units were aligned. These five units were:

- Benedict-Allen Community Development Corporation (BACDC) - a community-based non-profit organization incorporated in 1995 by the college to promote residential and commercial revitalization. The BACDC is discussed in greater detail later in this section of the report.
- Business Development Center (BDC) – a 25,000-square-foot business center, including a business incubator and a minority entrepreneurial development program, developed to increase the number of African-American-owned

³ The Benedict College Community Park was proposed in Benedict College’s 2000 HUD HBCU grant application.

Volume II – Case Study Reports

businesses in and around the State. A 1999 HUD HBCU grant partially funded the construction of the BDC.

- Center of Excellence for the Education and Equity of African American Students (CEEEAAS) – CEEEAAS focused on increasing the educational achievement of African-American students through the use of culturally relevant educational approaches in South Carolina classrooms. CEEEAAS conducted research and maintained a clearinghouse on information, resources, and literature relating to the education of African-American children.
- Child Development Center (CDC) – the CDC provided integrated childcare services to families in the Columbia metropolitan area, including a National Association for the Education of Young Children (NAEYC) accredited childcare program, and training and development for early childhood educators.
- TRiO Programs – through three programs, 21st Century Community Learning Center, Educational Talent Search, and Upward Bound, TRiO focused on the academic and social preparedness and success of low-income and/or first-generation college bound middle and high school students. The program served students from 15 targeted schools in Richland, Lexington, and Fairfield counties.

In addition to these units, the DCD worked on enhancing the community development capacity of other organizations and municipalities. Some recent activities included a five-year technology initiative, a Community Development Certificate Program, and sponsorship of the 21st Annual Conference of Black Mayors in South Carolina.

- Technology Initiative – in February 2006, the DCD hosted the first of five Technology Summits focused on the application of communications technology to spur, support, and sustain economic development in inner city and low-income neighborhoods.
- Community Development Certificate – the Community Development Certificate Consortium, a joint venture between Benedict College, Clemson University, and the South Carolina Association of Community Development Corporations, created a certificate program in community development targeted to practitioners. The first section of the certificate program offered in November 2006, involved a 75-hour-long, knowledge-based program designed to equip practitioners with useful tools to succeed in community development.
- Conference of Black Mayors – in September 2006, the DCD planned to sponsor the 21st Annual Conference of Black Mayors in South Carolina. The theme of this conference focused on community development in rural areas of the State and fostering economic growth.

Support for the college's community development efforts came from various sources including local, state, and federal funds as demonstrated in exhibit 2. General funds from

Volume II – Case Study Reports

the college also played a significant role in the overall fiscal framework of each unit. The level of support varied depending upon the unit and the work undertaken.

Exhibit 2: Sources of Funding by Unit – Division of Community Development

Unit	Funding Sources
Benedict-Allen Community Development Corporation	<ul style="list-style-type: none"> • HUD HBCU Grants • City of Columbia and Richland County HOME Funds • South Carolina State Housing Finance and Development Authority • FreddieMac • South Carolina Association of Community Development Corporations • U.S. Department of Treasury Community Development Financial Institutions Fund • South Carolina Community Bank • BB&T Bank • Bank of America • Bank of America Foundation • SEEDCO • Mission of Peace
Business Development Center	<ul style="list-style-type: none"> • HUD HBCU Grants • U.S. Department of Commerce Economic Development Administration 207 University Center Program and Public Works and Development Facilities Program • U.S. Department of Agriculture Rural Business Enterprise Grant • U.S. Department of Transportation Summer Transportation Institute • Sumter-Columbia Empowerment Zone • South Carolina Department of Transportation Disadvantaged Business Enterprise • Rental Income
CEEEAAS	<ul style="list-style-type: none"> • South Carolina Commission on Higher Education • South Carolina Department of Education • U.S. Department of Education Title III Grant
Child Development Center	<ul style="list-style-type: none"> • U.S. Department of Agriculture Adult Food Service Program • South Carolina Department of Health and Human Services and Department of Social Services Advocates for Better Care Child Voucher Program • User Fees
TRiO Programs	<ul style="list-style-type: none"> • U.S. Department of Education • South Carolina Department of Education • Gannett Foundation • User Fees

Sources: Benedict College Division of Community Development Strategic Plan 2005-2010, and Interviews with Benedict College Staff.

The Vice President of DCD was responsible for the DCD’s daily operations and acted as the liaison to the president and other upper-level administrators at the college. The vice president reported directly to the president of the college and served as a member of the President’s Cabinet. The college hired Dr. Jubari Simama as the Vice President of the

Volume II – Case Study Reports

DCD in February 2005, replacing Dr. Sheila Ards who left in 2004.⁴ Dr. Simama had over 26 years of management experience in the private sector, government, and higher education, and over 14 years of teaching experience as a professor at various institutions of higher education.

In 2005, the DCD underwent an internal strategic planning process. The outcome of this process was a five-year strategic plan that reaffirmed their four areas of concentration – children and family, business and economic development, educational excellence, and government and democracy – and delineated new goals and objectives for the entire DCD as well as for each of the five units. While still primarily focused on transforming the community and building local capacity, one new goal adopted by the DCD was the intent for each unit to become self-sufficient by diversifying their funding sources and eliminating their need to be subsidized by the college's general fund.

To enhance the financial capacity of each unit, the college hired Dr. Jackie Echols as the Director of Development in 2006. As the director of development, Dr. Echols worked with each unit to identify potential new sources of funding. Additionally, at the time this study was conducted, she was in the process of developing more rigorous evaluation processes and tools to assess the impact of the college's community development work. The college believed this information provided two benefits. First, the college would gain a better understanding of which programs had the intended impact on the community. Second, this information would be used to construct stronger funding applications because the college would be able to demonstrate the effectiveness of its community development programs.

History of the Benedict-Allen Community Development Corporation (BACDC)

In 1995, Benedict College established the BACDC as a private, not-for-profit 501(c)3 tax-exempt organization to work with the Waverly/Read Street community. There were two impetuses for the creation of the BACDC: (1) it established a formal venue through which the community and the college could work together to address their collective needs and wants, and (2) it established a community development arm separate from the college that could undertake activities which otherwise could not be administered by the college under their charter. A 1995 HUD HBCU grant awarded to the college was partially used to assist with the organization, staffing, and operationalization of the BACDC.

⁴ Dr. Sheila Ards, the Principal Investigator for the overall report, "Historically Black Colleges and Universities: Three Case Studies of Experiences in Community Development," did not participate in the Benedict College Case Study because of potential conflicts of interest.

Exhibit 3: Mission of the BACDC

To promote the commercial revitalization of existing corridors through recruitment of new and existing businesses and by seeking and providing resources for the acquisition, renovation and redevelopment of substandard commercial properties in the area. Residential revitalization is addressed via the promotion of home ownership through the acquisition, rehabilitation, and resale of existing substandard housing and new home development. Low and moderate income residents in the target area will benefit directly by being offered the opportunity for employment and business ownership. The CDC will also promote human development by conducting employment training and educational enrichment programs.

Source: Benedict-Allen Community Development Corporation, 2005 Annual Report.

Relationship Between the BACDC and Benedict College

The executive administration at Benedict College closely oversaw the activities and administration of the BACDC through an 18-member Board of Directors. The president of the college served as the Board Chairperson and three other college administrators were members of the Board. A more detailed discussion of the Board of Directors and its role is provided later in this section under “BACDC Organizational and Operational Structure.”

Additionally, as identified in Section II, the BACDC was a unit within the DCD at Benedict College. The Vice President of DCD worked with the executive director of the BACDC to manage the organization’s growth through strategic planning, monitored activities pursued to ensure that they supported the organization’s long-range plans, and reviewed staff capacity and training based upon the organization’s planned direction. Dr. Simama also helped to identify strategic partnerships and recruit new partners.

Dr. Swinton and Dr. Simama also played key roles in building and strengthening relationships on the BACDC’s behalf. According to interviews, the positive and collaborative partnerships that the BACDC enjoyed were the result of the college administration’s willingness to invest the time and effort necessary to groom and maintain these relationships. For example, the college’s administrators actively participated on various boards of organizations throughout the community, involved key partners in special events, and conscientiously made an effort to demonstrate their appreciation by saying thank you and writing notes.

In addition to leadership and mentoring roles, the college’s administration perceived the BACDC as their partner. To realize the college’s community development vision, the formation of the BACDC was critical. The BACDC allowed the college to undertake for-profit activities and develop economically-oriented relationships that otherwise could not occur. The college’s oversight of the BACDC (through its being a part of the DCD) also provided the college with a level of control and accountability over the BACDC’s activities that would not be possible with an outside organization.

Volume II – Case Study Reports

Administratively, the College's Division of Business and Finance handled the BACDC's financial and accounting functions. All BACDC expenditures were routed through the college and required, at a minimum, the approval of both the President of the College and Vice President of DCD.

Financial and In-kind Support

Benedict College provided substantial financial and in-kind support to the BACDC.⁵ Between 2000 and 2007, Benedict College intended to contribute over \$2.7 million in cash and in-kind services to support BACDC activities. The majority of this support went towards staff salaries and benefits because of the difficulty in obtaining outside funding for operational costs. The Business Development Center, owned by the college, provided the BACDC with office space. The rent expense for this space was contributed as an in-kind donation by the college. As discussed in Section II, the long-term goal for the BACDC as a unit of the DCD was to become self-sustaining through program income and sponsored funding.

Involvement of Benedict College Faculty

College faculty members were a resource employed by the BACDC throughout the course of their activities. For example, the BACDC drew heavily upon faculty expertise in marketing, contracts, research and evaluation, and loan-tracking systems during the establishment of the Benedict Minority Revolving Loan Fund.⁶ College faculty also provided technical assistance to businesses in the incubator program and to conduct entrepreneurial training programs. Faculty also assisted with grant applications. The involvement of college faculty was often utilized as one of the college's "in-kind" contributions towards grant activities.

Involvement of Benedict College Students

Benedict College's Service-Learning Program linked students in the classroom to the community and vice versa through academic-based programs and activities that engaged students in service and learning simultaneously. All students were required to perform 120 hours of service activities in order to graduate. The college created this program to reinforce their commitment to community development.

The BACDC provided opportunities for student involvement in all of the organization's projects. Student involvement typically entailed internships with the BACDC to work directly with staff and clients. For example, the BACDC was preparing to hire two senior interns at the Business Development Center to work with businesses on developing business plans and performing assessments to identify technical assistance needs.

⁵ Frequently, public, private, and non-profit grant making and funding organizations require recipients to provide an "in-kind" contribution as a condition of receipt of assistance. The term "in-kind" contribution typically refers to a non-monetary contribution of property, services, materials, or equipment by the recipient organization toward supporting the effort that is being funded.

⁶ Benedict College proposed the establishment of the Benedict Minority Revolving Loan Fund in their 2004 HUD HBCU grant application.

BACDC Organizational and Operational Structure

BACDC Board of Directors

The 18-member Board of Directors approved all of the activities undertaken by BACDC staff, including new program development, location of development activities, and organizational changes. Board membership reflected a cross-section of the community and included representatives from city and county government, the school district, private businesses, neighborhood organizations, and community residents.⁷ There were three classes of Board membership based upon the length of their commitment – members served either one, two, or three years.

The composition of the Board changed as the work undertaken by the BACDC evolved over time. Initially, Benedict College appointed the majority of the Board members. In 2001, as the volume and value of the work by the BACDC increased, the organization changed the procedure for appointing board members to allow for additional community involvement and participation. The Board amended the BACDC's bylaws to reduce the number of Directors appointed by the President of Benedict College to three. Of the remaining 15 Directors, the President of Allen University appointed two members, and the remainder were at-large positions, selected by existing Directors.

Exhibit 4: Representation on the BACDC Board of Directors

Benedict College – 4
Allen University – 2
City of Columbia – 1
Richland County – 1
South Carolina Department of Corrections – 1
Richland School District One – 1
South Carolina Bank and Trust – 1
UPN-47-WZRB-TV – 1
Edgewood-Read Street Community Council – 1
Waverly Improvement and Protection Association – 1
Eva P. Trezevant Neighborhood Council – 1
Residents at-large – 3

Source: Benedict-Allen Community Development Corporation, 2005 Annual Report.

The Board accomplished the majority of its work through committees. There were five committees:

- 1 - Program and Planning Committee – responsible for the programs of the BACDC. The committee reviewed all plans, approved proposal submissions, and made recommendations on the houses and properties targeted for redevelopment.

⁷ The executive director of the BACDC also serves as a de facto member of the Board of Directors even though the position technically reports to the Board.

Volume II – Case Study Reports

- 2 - Audit and Finance Committee – responsible for ensuring that funding was spent and accounted for properly.
- 3 - Personnel Committee – responsible for conducting job searches and making recommendations on all hires. The committee was also responsible for developing the personnel policy manual.
- 4 - Nominating Committee – appointed by the president of Benedict College, this committee was responsible for preparing a roster of candidates for nomination to the Board and nominating officers.
- 5 - Executive Committee – consisted of officers of the corporation (chairperson, vice-chairperson, secretary, and treasurer), committee chairs, and one or two at-large members.

The level of activity occurring at the BACDC requiring Board input and approval as well as the availability of Board members determined the frequency of Board meetings. The goal was to have quarterly meetings, but Board meetings varied from monthly to bi-annually.⁸

Local Input and Involvement

Since many members of the Board were also members or representatives of other community groups and stakeholders, the relationship between the BACDC and the community was fluid. The Board voiced the needs and concerns of their constituents to the BACDC and in return, the Board took information about BACDC activities back to the community and solicited community support. Suggestions and ideas obtained from the community were discussed by Board members during BACDC Board meetings. BACDC staff members attended community meetings to discuss and explain proposed activities as needed.

Aside from the Board of Directors, there were informal channels through which local input and involvement shaped the activities of the BACDC. These ranged from community residents approaching BACDC staff at project sites, to the relationship building and maintenance facilitated by the senior administration at the college including the President and the Vice President of the DCD.

BACDC Activities

Starting from the construction of two single-family homes, the work of the BACDC grew in size and complexity over time. For example, at the time of the site visit, the BACDC was leading the development effort for a \$12 million commercial/retail center (the Shoppes at Read) in the Waverly/Read Street community. This project planned to utilize several different sources of funding, including New Markets Tax Credits (NMTC), the Federal Home Loan Bank (FHLB) Economic Development and Growth Enhancement Program (EDGE), the Enterprise Foundation, and the U.S. Department of Commerce's

⁸ BACDC Board meeting minutes documented the frequency of meetings.

Volume II – Case Study Reports

Economic Development Administration Investment Programs.^{9,10,11} The BACDC's portfolio of activities included new housing construction, housing rehabilitation, commercial development, homebuyer and credit counseling, operation of an Individual Development Account (IDA) program, and administration of the Benedict Minority Revolving Loan Fund.¹²

The BACDC's successes and the college's desire to share lessons learned for the benefit of other communities shaped the growth and diversification of the BACDC's activities. According to the President, as the BACDC completed one activity, it revealed another activity that needed to be undertaken, resulting in a natural progression of organizational growth. For example, upon the completion of the new affordable homeownership units, the need for homebuyer counseling arose to create homebuyers for the new units. To encourage homebuyers to purchase in the community, the condition of the neighborhood needed to be improved, leading to more housing construction and rehabilitation, economic development, and the creation of a community park.

The successes achieved by the BACDC led to an interest in focusing on other communities in addition to the Waverly/Read Street community. As the conditions in the Waverly/Read Street community improved, the area attracted more outside private investment and interest. Consequently, the need for the BACDC's work decreased. This provided the BACDC with the opportunity to target other communities that could benefit from their experience and knowledge. As a result, the reach of the BACDC's activities extended to Richland County (which surrounds the City of Columbia) and potentially beyond.¹³ For example, the BACDC partnered with Richland County to revitalize the neighboring Ridgewood Community. A number of individuals described the Ridgewood Community, located about four miles north of the college in Richland County, as being similar to the Waverly/Read Street community 10 years ago – the community had

⁹ Signed into law as part of the Community Renewal Tax Relief Act of 2000, the New Markets Tax Credit (NMTC) program is the largest federal economic development initiative launched in 20 years. To address the lack of capital in low income communities for business development and economic development initiatives, the program provides NMTCs to entities that invest in low-income communities. These community development entities sell the tax credits to investors, and the funding raised is then invested in business and economic development ventures in low-income areas. For more information about NMTC, please refer to the New Markets Tax Credit Coalition website: www.newmarketstaxcreditcoalition.org.

¹⁰ The Federal Home Loan Bank (FHLB) EDGE program offers low-interest loans to member banks, who in turn lend the funds at a low-interest rate for community economic development projects that meet the program's eligibility guidelines. For more information about the EDGE program, please refer to the Community Investment section of the FHLB-Atlanta website: www.fhlbatl.com.

¹¹ The Enterprise Foundation is a private foundation that provides loans, grants, and technical assistance to non-profit organizations focused on revitalizing neighborhoods. For more information about the Enterprise Foundation, please visit their website: www.enterprisecommunity.org.

¹² Individual Development Accounts (IDAs) are matched savings accounts targeted to low-income families to allow them to save money and build assets. IDAs encourage low-income families to save by offering a 1:1, 2:1, or more generous match for their deposits. For more information on IDAs, please refer to "Building Assets: A Report on the Asset-Development and IDA Field (2001)", Corporation for Enterprise Development, December 2001.

¹³ The Vice-President of DCD was planning to go to Allendale, South Carolina, a small town located 90 miles south of Columbia, to discuss potential partnership opportunities regarding housing and workforce development.

Volume II – Case Study Reports

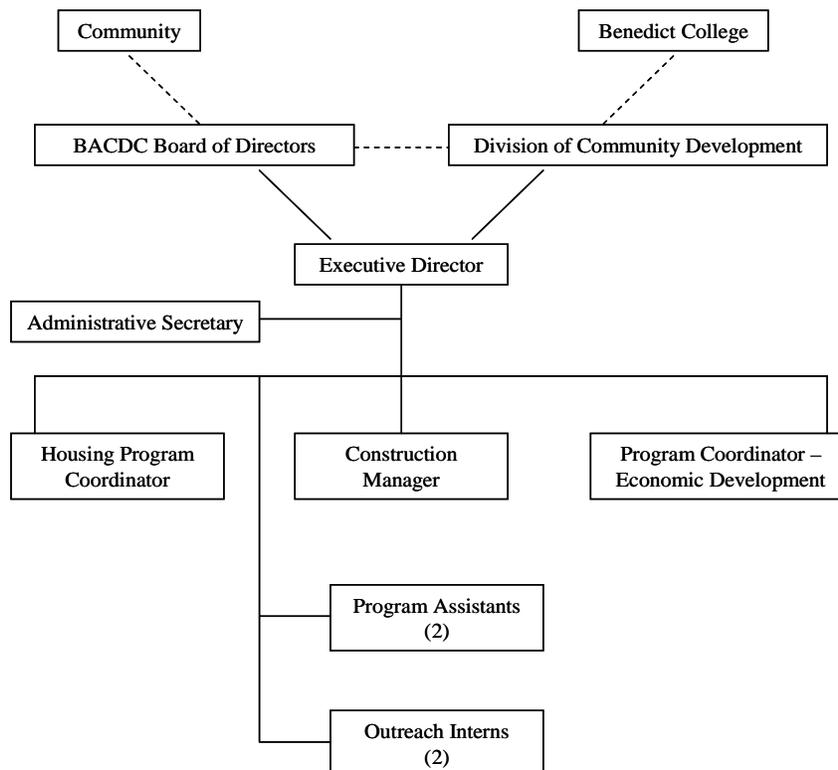
extensive problems with dilapidated and vacant properties, crime, drug abuse, unemployment, and poverty. The County provided HOME funds to the BACDC to develop 10 new homes.¹⁴ According to a County representative, one reason the County selected the BACDC was the organization's track record of experience and success.

Eventually, the college and BACDC administration envisioned expanding the work of the organization across the State and partnering with local groups in different communities to share knowledge and build capacity over time. The DCD clearly expressed this intent in their revised mission statement in the 2005-2010 Strategic Plan.

BACDC Staff

Staffing of the BACDC evolved as the size and scope of their activities changed over time. From an original staff of two (executive director and administrative secretary), the BACDC had seven full-time positions as of August 2006. The BACDC also employed two part-time student interns from Benedict College and/or the University of South Carolina to assist with program activities. These paid interns, who could be either undergraduate or graduate students, usually worked with the BACDC to satisfy a course requirement. Exhibit 5 illustrates the existing organizational structure of the BACDC. A full listing of BACDC staff members can be found in appendix A of this report.

Exhibit 5: BACDC Organizational Structure



¹⁴ The HOME Investment Partnerships program (HOME) administered by HUD provides monetary resources to address housing needs identified by states and local governments. For more information about

Volume II – Case Study Reports

One of the challenges confronted by the BACDC was balancing staff capacity and knowledge with the demands and skill requirements of ongoing and planned community development activities. The executive director worked closely with the Vice President of DCD on monitoring staffing levels and skill sets, and how to strategically invest in existing or new personnel so that it aligned with the organization's long-range plans. For example, as the BACDC undertook more and larger construction projects, the construction manager became a licensed general contractor. This allowed the BACDC to act as the general contractor on certain projects, providing a cost savings to the organization.

BACDC Operating Budget

The BACDC operating budget fluctuated annually, depending upon grants awarded, programs underway, and staff size. For fiscal year (FY) 2005, the operating budget for the BACDC was \$435,237.¹⁵ Resources used to cover operating expenses included HUD HBCU grant funds, other contributions and grants, donated space, and management fees.

Exhibit 6: BACDC Operating Budget, FY 2005

Use	Amount	Percentage of Total
Program	\$288,913	66.4%
Administrative	128,644	29.6%
Fundraising	17,680	4.0%
Total	\$435,237	100%

Source: Benedict-Allen Community Development Corporation, Compiled Financial Statements, June 30, 2005.

Procurement and Financial Management

The BACDC adhered to the college's procurement policies for managing funds and when purchasing goods or services. The college's Division of Business and Finance (DBF) was responsible for all financial management and accounting activities for the BACDC as noted previously in this report. The grant accountant in the DBF oversaw the obligation and expenditure of grant funds, and set up separate internal budgets for each grant. The internal budget identified specific expense categories (for example, postage, telephone, consultant services, land acquisition) that the BACDC's executive director verified prior to their entry into the college's general ledger.

The process for obligating and/or expending grant funds once a contractor or supplier has been selected necessitated that requisition forms be submitted by the BACDC to the college. Completion of these forms required four different signatures by college personnel. This process, from submission of the requisition form to the issuance of a purchase order, took on average two weeks. When the college received an invoice, the

the HOME program, please refer to, "Expanding the Nation's Supply of Affordable Housing: An Evaluation of the HOME Investment Partnership Program," The Urban Institute, October 1998.

¹⁵ Source: Benedict-Allen Community Development Corporation, Compiled Financial Statements, June 30, 2005.

Volume II – Case Study Reports

Grant Accountant immediately drew down the funds electronically from the appropriate funding source.¹⁶

Benedict College had a 30-day payment policy, and made payments as close to the 30-day limit as possible because of delays in reimbursement from funding programs. In certain situations, the college made payments on costs incurred in advance of being reimbursed. This caused a financial hardship because the college, like many other higher education institutions, operated on narrow margins and did not have large stores of cash available to front program-related expenditures. The timeframe to receive reimbursements varied from a few days to two weeks depending upon the program. According to the DBF, HUD HBCU grant reimbursements fell on the longer side of the continuum.

For purchases associated with the general operation of the organization, the BACDC still had to go through the DBF since the organization did not maintain an autonomous checking or savings account.

The college's procurement policy and process for obligating and/or expending grant funds is shown in the charts in appendix A of this document.

HUD HBCU Grant Program Participation

The HUD HBCU grant program played a fundamental role in supporting the community development efforts of Benedict College. Between 1999 and 2006, Benedict College received five HUD HBCU grants.¹⁷ General information about each of the five HUD HBCU grants awarded to Benedict College is provided in exhibit 7. More detailed information on each grant can be found in appendix A of this report.

Exhibit 7: HUD HBCU Grants Received Between 1999 and 2006

<i>Year of Grant</i>	<i>Title</i>	<i>Dates of Performance</i>	<i>Award Amount</i>
2000	Community Park Project	December 2000 - June 2004	\$380,000
2001	Benedict's Urban Initiative for Land Development (B.U.I.L.D. I)	October 2001 – June 2004	\$500,000
2002	The Shoppes at Read	September 2002 - August 2006	\$500,000
2004	Benedict's Urban Initiative for Land Development II (B.U.I.L.D. II)	September 2004 - September 2007	\$550,000
2006	Sustainable Urban Services to Advance Independent Neighborhoods (SUSTAIN)	September 2006 - unknown	\$600,000

Source: HUD Grant Files and BACDC Staff

¹⁶ HUD grant recipients are only reimbursed for grant activities after they have been incurred because recipients are not allowed to earn interest on Federal funds.

¹⁷ Benedict College also received three other HUD HBCU grants outside of this time period in 1995, 1998, and 2006. As written by HUD/PD&R, the scope of work for this study only included grants received between 1999 and 2005. Benedict College's 2006 HUD HBCU grant was awarded during the writing of this case study. As of this report, an end date for the grant period was unknown.

Volume II – Case Study Reports

A review of the activities proposed in each successive HUD HBCU grant application clearly demonstrated the comprehensive approach towards community development adopted by the college. From the development of the Benedict College Community Park in the 2000 HUD HBCU grant, to the creation of the Shoppes at Read retail/commercial facility in the 2002 HUD HBCU grant, and to the most recent HUD HBCU grant awarded to Benedict College in 2006 for the establishment of a Community Education and Training Resource Center, the grant activities undertaken by Benedict College extended beyond the traditional community development focus of housing and service programs.

To fundamentally change the Waverly/Read Street community, the community had to become a place where people *wanted* to live. In addition to quality and affordable housing, this meant that the community had to offer amenities comparable to desirable neighborhoods. Benedict College utilized the HUD HBCU grant program as one key vehicle to achieve that overarching goal.



A sign at the corner of Benedict College's Community Park.

Because of the scale of the community development projects undertaken, the college frequently utilized the HUD HBCU grant program as a “launching pad” and then leveraged additional funding to cover the actual construction and/or programmatic costs later. The college used HUD HBCU grant funds to support predevelopment activities, which allowed them to refine their plans. These plans served to attract other investors to make the project a reality. For example, the BACDC used the \$500,000 grant for the Shoppes at Read to develop the concept for the project, which they then used to attract other groups to support the \$12 million development cost. Another example was the construction of the Business Development Center. The college used the plans developed with the 1998 HUD HBCU grant to obtain a \$1.27 million grant from the U.S. Department of Commerce’s Economic Development Administration’s Public Works and Development Facilities Program in 2000 to construct the building.

While the college was the actual recipient of the HUD HBCU grant funds, the BACDC implemented and executed grant activities on behalf of the college. The next section of this report provides an in-depth look at how the BACDC carried out the objectives of their 2004 HUD HBCU grant, entitled Benedict’s Urban Initiative for Local Development II (B.U.I.L.D.II).

III. A Grant In-Depth – Benedict’s Urban Initiative for Land Development II (B.U.I.L.D. II)

HUD awarded Benedict College a 2004 HUD HBCU grant of \$550,000 for their Benedict’s Urban Initiative for Local Development II (B.U.I.L.D. II) project. Targeted to the Waverly/Read Street community, the project had two primary goals. First, the project aimed to promote economic development and growth in the target area through the construction of 8 to 13 business incubator spaces in the Business Development Center. Second, the project aimed to promote homeownership in the target area for low- and moderate-income persons through the construction of ten new affordable housing units on Read Street. The college and the BACDC planned to leverage the \$550,000 HUD HBCU grant with \$3.79 million in in-kind and other funding support to carry out the activities identified.

In August 2006, the college was in the second year of the three year grant. BACDC, the implementing organization, was actively in the process of executing grant activities. Seven of the eight business incubator spaces were nearing completion, and the infrastructure work for the ten homeownership units was starting.

In this section, the college’s 2004 HUD HBCU grant activities are discussed in greater detail. This information, which reviews how Benedict College determined the goals and objectives for the specified grant, leveraged HBCU grant funds, and carried out the grant goals and objectives through various activities, is intended to provide the reader with an in-depth look at how one HBCU implements its community development activities as defined in their HUD HBCU grant.

Goal Identification and Selection

The goals laid out by Benedict College in its 2004 HUD HBCU grant, described in exhibit 8, were reflective of the college’s iterative approach to community development. Generally, the goals identified were in line with the college’s broad definition of community development and the promotion of community and economic initiatives. Specifically, the objectives identified built upon prior college accomplishments and activities in the Waverly/Read Street community.

Volume II – Case Study Reports

Exhibit 8: B.U.I.L.D. II Grant – Goals, Objectives and Activities

Goal	Objective	Activities
To promote economic development and growth in the target area.	The construction of 8 to 13 business incubator spaces in the Business Development Center.	<ul style="list-style-type: none"> • Select 8 to 13 minority entrepreneurs to expand existing or start new businesses in the Business Development Center. • Construct 9,000 square feet of commercial incubator space in the Business Development Center to provide below market space for these entrepreneurs. • Activate the Benedict Minority Revolving Loan Fund.
To promote homeownership for low- and moderate-income persons in the target area.	The construction of 10 new affordable housing units on Read Street.	<ul style="list-style-type: none"> • Acquire and demolish a substandard house. • Conduct three homeownership training classes on home buying and fair housing. • Recruit at least six low- to moderate-income homebuyers, and recruit up to four other buyers and sell houses.

Source: Benedict College 2004 HUD HBCU grant application.

- Construction of Business Incubator Spaces – In 2002, Benedict College completed construction of the Business Development Center (BDC) on Two Notch Road a few blocks west of the college’s main campus. As discussed previously, a 1998 HUD HBCU grant leveraged with a \$1.27 million grant from the U.S. Department of Commerce funded the development of the BDC. The HBCU and Commerce grants together provided enough funding to construct the 25,000 square foot facility and finish one-half of the interior space. Of the interior space, the Commerce grant funded the completion of the public areas (reception, hallways, bathrooms), office space for BDC staff, and community space (meeting rooms and classrooms). The college reserved the remaining 12,500 square feet for business incubator spaces, but there was insufficient funding to complete the spaces at that time.¹⁸
- Construction of New Homes – In December 2002, Benedict College acquired two vacant lots and one dilapidated home on Read Street as part of their blight removal program funded through their 2001 HUD HBCU grant. Later, the BACDC acquired three adjacent vacant lots, which were combined with the previously acquired lots, to form the larger parcel necessary for the Read Street development.

When planning for the 2004 HUD HBCU grant application began, the college and BACDC were actively seeking financing to construct the incubator spaces in the BDC and the new homes on Read Street. Logically, the inclusion of these projects in the 2004 grant application made sense to the college and community stakeholders. Both projects

¹⁸ Subsequent to the completion of the BDC, but prior to the receipt of the 2004 HUD HBCU grant, the College used their own funds to complete one incubator space for IMARA Magazine. Additionally, the College created temporary office space for Fish Window in the BDC’s offices while they awaited completion of their incubator space.

Volume II – Case Study Reports

already had the support of the community, they were in line with the goals of the college's community development program and the City's Consolidated Plan, and they leveraged previous community investments made by the college.¹⁹

For the business incubator, the number of spaces that could be constructed depended upon the businesses selected and their space requirements. Therefore, the college included a range of incubator spaces to be constructed in the HUD HBCU grant application. Additionally, the grant application targeted only 9,000 of the 12,500 total square feet for incubator spaces at the BDC. According to interviews with staff, the college based this decision on the amount of funding and intended to pursue other funding to construct the remaining incubator spaces at a later date.

Leveraging and Budget

According to the grant application, Benedict College planned to leverage the \$550,000 2004 HUD HBCU grant with an additional \$3.79 million in in-kind and financial support, with a leverage ratio for the grant of 6.89 to 1. The total projected cost for B.U.I.L.D. II was \$4,340,218.²⁰ In addition to HUD HBCU grant funds, other anticipated sources of funds included in-kind donations from Benedict College (\$802,234), bank and City loans to finance construction of the homes (\$837,984), bank contributions to the revolving loan fund (\$950,000), and permanent mortgage loans from the homebuyers (\$1,200,000).

Exhibit 9: B.U.I.L.D. II Grant – Anticipated Leveraging Sources

Source of Leveraged Funds	Value
Benedict College	\$802,234
Banks and City Loans	837,984
Bank Contributions to Loan Fund	950,000
Permanent Mortgage Loans	1,200,000
Total	\$3,790,218
Leverage Ratio	6.89

Source: Benedict College's 2004 HUD HBCU grant application.

A summary of the overall budget is provided below and in exhibit 10 as follows:

- *Personnel* – The college provided all staff time devoted to the B.U.I.L.D. II project, both Benedict College and BACDC staff, as an in-kind donation. This also included fringe benefits.
- *Construction of Incubator Spaces* - To construct the incubator spaces, the college leveraged \$294,402 of HUD HBCU funds with \$155,983 of donated in-kind services.

¹⁹ The U.S. Department of Housing and Urban Development (HUD) requires jurisdictions that receive funding from particular HUD programs to prepare a Consolidated Plan every five years, and submit an Annual Action Plan every year. The Consolidated Plan sets forth a jurisdiction's community development plan based upon identified housing, homeless, and community development needs. For more information, please visit the HUD website: www.hud.gov/offices/cpd/about/conplan.

²⁰ Source: Benedict College's 2004 HUD HBCU grant application.

Volume II – Case Study Reports

- *Affordable Housing Construction* – The college used \$68,798 in HUD HBCU funds to acquire and demolish a substandard house on the Read Street site and another \$141,000 in HUD HBCU fund to construct the on-site infrastructure. The college and BACDC contributed land to the project valued at \$181,612. Banks and the City of Columbia provided loans for a combined value of \$837,984 to finance the construction of the units.
- *Homebuyer Training and Outreach* – The college used \$6,000 in HUD HBCU funds for costs associated with conducting homebuyer workshops, including materials and advertising.
- *Revolving Loan Fund* – Program partners planned to contribute \$950,000 to the Benedict Minority Revolving Loan Fund.
- *Operational and Administrative Costs* – The college expended \$39,800 in HUD HBCU funds for operational and administrative costs associated with implementing program activities, including dues and subscriptions, copier rental, travel, supplies, postage and shipping, equipment, telephone, and evaluation.
- *Indirect Costs* – The college contributed \$137,652 of indirect costs as an in-kind donation to the project.²¹ The college’s approved indirect cost rate was 55% of total program salaries.

Exhibit 10: B.U.I.L.D. II Grant – Summary Budget

Budget Category	HUD HBCU Grant	In-Kind/Other Support	Total	Percent of Total Costs
Personnel	\$0	\$326,987	\$326,987	8%
Construction of Incubator Spaces	\$294,402	\$155,983	\$450,385	10%
Affordable Housing Construction	\$209,798	\$2,219,596	\$2,429,394	56%
Homebuyer Training and Outreach	\$6,000	\$0	\$6,000	<1%
Revolving Loan Fund	\$0	\$950,000	\$950,000	22%
Operational and Administrative Costs	\$39,800	\$0	\$39,800	1%
Indirect Costs	\$0	\$137,652	\$137,652	3%
Total	\$550,000	\$3,790,218	\$4,340,218	100%

Source: Benedict College’s 2004 HUD HBCU grant application

²¹ Indirect costs include costs incurred for common or joint objectives and cannot be identified readily and specifically with a particular project. For example, an organization’s use of electrical power, water, and other utilities, or the services of the purchasing and accounting offices or the library, are not normally charged directly to a project because it is not practical to account for them separately.

Implementation of B.U.I.L.D. II

The BACDC implemented the B.U.I.L.D. II program on behalf of the college. This section describes in detail how the BACDC carried out the activities of the B.U.I.L.D. II grant and the challenges and obstacles encountered along the way.

Objective One: Construction of 8 to 13 Incubator Spaces

With the goal of promoting economic development and growth in the Waverly/Read Street community, the college operationalized the construction of incubator spaces through three specific activities: (i) selection of incubator tenants, (ii) construction of incubator spaces, and (iii) implementation of the Benedict Minority Revolving Loan Fund.



The Business Development Center Building at the corner of Two Notch Road and Read Street.

Selection of Business Incubator Tenants

The BDC Director, Dr. Robert Scott, developed the business incubator program.²² The incubator program provided new and existing minority small businesses with office space at below market costs, coupled with support services and technical assistance to help ensure the businesses would be successful. Dr. Scott conducted research, attended a Maryland Business Incubator Association meeting, and received technical assistance from the U.S. Department of Commerce’s Economic Development Administration to structure the program.²³

For the B.U.I.L.D. II grant, BDC staff was responsible for marketing the incubator program and providing technical assistance. To market the program, the BDC distributed public service announcements and press releases about the upcoming availability of incubator spaces through the local media. In addition to these formal means of advertising, the staff gave information about the incubator program to businesses already receiving technical assistance services at the BDC and to vendors working with the college.

In total, the BDC received approximately 50 inquiries, distributed approximately 30 applications, and obtained 15 completed application packages.²⁴ An application package consisted of an Incubator Tenant Application form; business plan; company financial

²² In January 2006, Dr. Robert Scott left for a one-year sabbatical and was not available to be interviewed for this study. The College appointed the Executive Director of the BACDC, Larry Salley, as the Interim Director.

²³ The Maryland Business Incubator Association (MBIA) is an association of business incubators that works to share resources, information, and best practices among their members. For more information, please go to the MBIA website: www.mdbusinessincubation.org.

²⁴ The Business Development Center did not maintain any information regarding which advertising sources generated application inquiries, requests, and submissions.

Volume II – Case Study Reports

information; current business license, if applicable; proof of general liability; and a certified check or money order for a deposit in an amount equal to one month's rent along with payment for the first month's rent. Businesses completing an application for the incubator were provided technical assistance by BDC staff as needed to complete the various parts of the application.

The selection process involved a detailed review of each application including an assessment of financial strength, and an interview with BDC staff to discuss the applicant's plans and vision for growth and serving the neighborhood. Applicants had to be for-profit establishments. The Vice President for the DCD had final approval on the selection of incubator tenants.

As of late August 2006, the BDC had selected six incubator tenants and one was under negotiation. Incubator tenants signed one-year leases with the potential for two one-year extensions (for a total of three years). Tenants were to provide and pay for utilities in their leased space, and were required to purchase telephone services from the BDC. Internet data service and cable television were available for an additional fee. Additionally, incubator tenants were eligible to receive technical assistance and participate in training programs offered through the BDC at no additional cost.²⁵

Construction of Incubator Spaces

The BACDC was responsible for the construction of the incubator spaces and the BACDC's construction manager also served as the general contractor for the work. The construction manager worked with an architect to design seven generic floor plans from which tenants could select. Next, an incubator tenant met with the architect and construction manager to select and customize a space (location of offices, electrical outlets, light switches, and carpet color) according to their business needs. Upon completion of the incubator spaces, tenants received an office space that was ready to be furnished.

The construction manager anticipated that seven of the eight the incubator spaces would be completed in the beginning of September 2006, two weeks behind the revised schedule. Originally, the BACDC staff projected construction to be completed in spring 2006, but they encountered delays that required the timeframe to be extended to the end of August 2006. Delays included resubmission of building plans to the City prior to the Christmas holiday, negotiation of construction subcontracts by the college, and HUD environmental review delays associated with the homes on Read Street.²⁶

²⁵ BDC staff funded primarily through the Economic Development and Technical Assistance Center (EDTAC) provided technical assistance. The U.S. Department of Commerce's Economic Development Administration 207 University Center Program funded EDTAC. However, in July 2006, the U.S. Department of Commerce shifted its focus from working with HBCUs to larger institutions and the EDTAC grant went to Clemson University. The two staff members primarily funded through EDTAC subsequently left Benedict College. At the time of the site visit, BACDC staff facilitated the provision of technical assistance that was funded by the College. The College was seeking other sources of funding to pay for these services in the future.

²⁶ The National Environmental Policy Act requires that an environmental review be completed for all projects receiving Federal funds. Completion of an environmental review process is mandatory before

Volume II – Case Study Reports

- Building plans – the BACDC made revisions to the incubator space plans to comply with the local building code. They submitted the revised plans to the city prior to the Christmas holiday, which resulted in a delay in plan approval.
- Construction subcontracts – The college publicly bid the construction subcontracts, and selected subcontractors signed contracts with the college versus the BACDC. Even though the BACDC served as the general contractor, the college and the BACDC had not signed a contract formalizing this relationship. As a result, from a legal standpoint, the college was the responsible party for the construction work, and all contracts were between the college and the subcontractor. This caused a delay in the construction work because of the time, paperwork, and approvals needed to procure the necessary subcontractors.
- Environmental review - the environmental review process for the homes at Read Street took nine months to complete.²⁷ This affected the construction of the incubator spaces because both activities were part of the same grant application and grant funds could not be released until the college received environmental approval.

Funding to construct the incubator spaces came primarily from the HUD HBCU grant with Benedict College providing an in-kind donation. Originally, as identified in the grant, the number of incubator spaces to be constructed depended upon the space needs of the selected tenants. With the unanticipated delays in the construction schedule, the college was only able to complete seven incubator spaces, due to material costs doubling in price during that time frame.²⁸ The college and the BACDC were seeking additional funding to construct an eighth space to meet the grant goal.

Implementation of the Benedict Minority Revolving Loan Fund

In August 2006, the BACDC was working on initiating the Benedict Minority Revolving Loan Fund. This loan fund was intended to provide access to capital to minority-owned start-up or existing small businesses who were open for less than five years. The revolving loan fund would make micro-loans up to \$25,000 and small business loans from \$25,000 to \$150,000. Loan terms would range from 5 to 10 years at an interest rate of prime plus one and a half percent.²⁹ Businesses had to meet the underwriting standards and secure the loan with collateral.

physical work can begin on a site, or before HUD or non-HUD funds (any other federal, state, local, private or other funds) are committed or expended for property acquisition, rehabilitation, conversion, lease, repair, or construction activities. For more information about the environmental review process, please visit the HUD website: www.hud.gov/offices/cpd/environment.

²⁷ According to interviews, the regional manager from HUD overseeing the environmental review submission process had recently changed. The new manager made changes to the submission process, which caused delays because of the time needed to modify the submission to meet the new requirements.

²⁸ According to the construction manager, the BACDC did budget for some increase in material prices over time, but the actual increases experienced significantly exceeded their projections.

²⁹ The prime rate is the lending interest rate that major banks charge the most credit-worthy customers.

Volume II – Case Study Reports

To develop the revolving loan program, the BACDC received a \$25,000 grant from the Bank of America Corporation and the Bank of America Foundation, which paid for technical assistance from the Opportunity Finance Network (OFN).³⁰ OFN worked with the BACDC to structure the loan program, refine the loan products, conduct a market analysis, and create policies and procedures for the loan fund. OFN also assisted the BACDC with submitting a successful application for a \$100,000 technical assistance grant from the U.S. Department of Treasury's Community Development Financial Institution (CDFI) Fund.³¹ The BACDC planned to use the grant to pay for the rest of OFN's work, to hire a staff person half time for one year, and to purchase underwriting software and equipment.

OFN planned to also assist the BACDC in applying for a CDFI certification in early 2007 from the U.S. Department of Treasury.³² As a certified CDFI, the BACDC would be able to apply for financial assistance from the CDFI Fund directly, which provided a one-to-one match of private, non-federal funds, thereby increasing the amount of revolving loan funds available in the community. Once the CDFI certification was received, the BACDC intended to create a new and separate 501(c)3 organization for the revolving loan fund. In the interim, the BACDC administered the revolving loan fund out of the BDC. A separate loan committee, comprised of two members from the Audit and Finance Committee of the BACDC Board of Directors, was to review applications and make loan decisions.

The loan fund was to be capitalized with \$500,000 contributed by two banks – BB&T and South Carolina Community Bank. This was less than the \$950,000 identified in the B.U.I.L.D. II grant application because several banks withdrew their commitment.³³ When the CDFI designation has been received, the BACDC would be eligible to receive matching funds of \$500,000 from the U.S. Department of Treasury, resulting in a total loan pool of \$1 million. This exceeded the original \$950,000 amount planned for the loan fund. The BACDC did not use HUD HBCU grant funds to operate or capitalize the revolving loan program.

As of August 2006, the BACDC was working with South Carolina Community Bank to identify an individual the BACDC could hire to operate the program. The BACDC was also discussing with South Carolina Community Bank the potential for the bank to

³⁰ Formerly the National Community Capital Association, the Opportunity Finance Network (OFN) is a membership network of more than 150 private-sector community development financial institutions (CDFI). OFN offers a range of products and services including technical assistance to organizations entering the CDFI field. For more information about OFN, please visit their website: www.opportunityfinance.net.

³¹ The CDFI Fund makes capital grants, equity investments, and awards for technical assistance to CDFIs.

³² Community Development Financial Institutions (CDFI) are private-sector financial intermediaries with a focus on community development. Locally controlled and market-driven, CDFIs can have different structures and development lending goals. CDFIs provide tools to enable economically disadvantaged individuals or businesses to become self-sufficient. These tools may include financial services, loans, and investments, and training and technical assistance. For more information about CDFIs, please visit the Coalition of Community Development Financial Institutions website: www.cdfi.org.

³³ According to interviews with BACDC staff, the banks that declined to honor their commitment to capitalize the revolving loan fund did so because they wanted a greater voice in the operation of the program including the selection of loan recipients and oversight of the underwriting process.

Volume II – Case Study Reports

process the loans and serve as the depository institution for the revolving loan fund. The BACDC drew upon the expertise of the college's faculty and staff for marketing, contract, research, and evaluation assistance with the revolving loan program. The goal was to have the revolving loan fund operational by the end of 2006.

Objective Two: Construction of 10 New Affordable Homeownership Units

With the goal of promoting homeownership in the Waverly/Read Street community for low- and moderate-income persons, the college operationalized the construction of the homeownership units through three specific activities: (i) housing construction, (ii) homebuyer training, and (iii) homebuyer recruitment.

Housing Construction

The Read Street homeownership project involved the acquisition of five vacant lots and three occupied lots with dilapidated structures. The BACDC planned to demolish the structures and re-subdivide the assembled land into 10 lots for new home construction. Using funds from the 2001 HUD HBCU grant, the college acquired two vacant lots and one of the dilapidated homes, which was demolished in December 2002. The BACDC acquired three additional vacant lots shortly thereafter.

When the 2004 HUD HBCU grant application was submitted, the BACDC had developed a preliminary site plan, had obtained zoning approval, and had secured most of the funding commitments necessary to construct the homes. They planned to use the B.U.I.L.D. II grant to acquire and demolish the two remaining dilapidated homes, complete the site plans and construction documents, and construct 10 new homes including on-site infrastructure.



Site of the future BACDC construction on Read Street.

As of August 2006, the BACDC had purchased one of the remaining homes and demolished it, and they were negotiating with the last homeowner to purchase the home or purchase a portion of the property to provide access to one of the new homes.³⁴ With the infrastructure plan approved by the City, the BACDC was ready to start the on-site infrastructure work pending signature of the construction contract by the president of the college.

Unlike the construction of the incubator spaces, the BACDC planned to serve as the project manager instead of being the general contractor for the construction of the homes on Read Street. According to BACDC staff, the determination to act as the general

³⁴ According to interviews with BACDC staff, they planned to construct 10 new homes regardless of whether they were able to acquire the last home. If they were unable to acquire the property, the BACDC would modify their site plan to provide access to the affected parcel.

Volume II – Case Study Reports

contractor or project manager on construction projects depended upon the construction work involved, the level of effort required, and staff capacity. For the homes on Read Street, the BACDC did not have the necessary equipment to perform the construction work. Additionally, for the BACDC to serve as the general contractor, it required the full-time attention of the construction manager who was not able to dedicate that level of effort because of other construction activities underway.

The BACDC had completed the site plans and construction documents for the homes, and the documents only needed to be submitted to the City for review and permitting. The homes were designed according to the BACDC's *Housing and Facility Construction Specification List*, which identified the basic standard specifications for all BACDC construction projects.

Construction of the homes was anticipated to begin February 2007. Originally, the new home construction was scheduled to begin in the fall of 2006. However, the project experienced two major delays: approval of the infrastructure plans by the City and environmental review approval by HUD as discussed previously.³⁵ Even though a significant amount of time had passed since the original costs were estimated, the work remained on budget.³⁶

For the construction of the homes, the BACDC had obtained financing through other funding sources outside of the 2004 HUD HBCU grant. For the six homeownership units to be sold to low-income households, the BACDC secured a \$530,000 no-interest construction loan using City HOME funds. This loan would be paid back from home sale proceeds. The South Carolina State Housing Finance and Development Authority also committed a \$10,000 grant in HOME funds to subsidize the construction of two of these six units. These funds would not need to be repaid as long as the homeowner remained in the home for at least five years. For the other four homeownership units to be sold to moderate-income households, the BACDC was planning to use financing provided by South Carolina Community Bank.

Homebuyer Training

Homebuyer training and education was an ongoing program of the BACDC, operated by the Housing Program Coordinator, Ms. Selena Pickens. The BACDC used a portion of the B.U.I.L.D. II grant to fund four workshops to promote homeownership and provide homebuyer education on fair housing and credit counseling. Over 200 participants

³⁵ City of Columbia's Water Department determined that there was inadequate water pressure to provide the necessary fire coverage for the new homes. Minor changes were made to the Read Street infrastructure plans, and the Water Department made alterations in the routing of water supplies and changed valve sizes. This resulted in a 2½ month delay to the project.

³⁶ According to the construction manager, the BACDC anticipated significant increases in the cost of construction materials (concrete and asphalt) associated with the infrastructure work. When the grant application was being prepared, the cost of concrete and asphalt had not increased in several years. The BACDC staff expected these materials to experience a pricing realignment and increased their proposed budget accordingly.

Volume II – Case Study Reports

attended the four homebuyer workshops.³⁷ Typically, the majority of the attendees were African-American and spanned all income levels.³⁸ Most participants were from the Columbia area. Some attendees came from other locations such as Lexington and Hopkins, South Carolina. These communities are located approximately 15 miles away from the City of Columbia.

One of the four homebuyer workshops was the annual Housing and Homebuyers Fair held in Columbia. The BACDC used B.U.I.L.D. II grant funds to pay for the participation fee (\$250) at the most recent fair held on June 10, 2006. The homebuyer fair was a partnership between area non-profit organizations, the local government, and private sector businesses. The BACDC assisted with coordinating the most recent fair, and Ms. Pickens conducted numerous 30-minute credit and finance counseling sessions throughout the day. The fair attracted over 3,000 participants.

In addition to advertising, printing, materials, and the homebuyer fair participation fee, the BACDC used B.U.I.L.D. II grant funds to pay for staff training and staff certification to deliver credit counseling and homebuyer education services.

Recruitment of Homebuyers

The BACDC had not yet actively begun to recruit homebuyers for the 10 new homeownership units because of the construction delays. However, through the on-going homebuyer counseling program at the BACDC, any of the current participants could potentially be homebuyers of the homes on Read Street.

The BACDC intended to market the homes at Read Street themselves versus using a realtor. Given the past experiences of the BACDC's staff in selling homes in the community, the use of a realtor did not provide an added benefit. Usually someone who already resided in the community ended up purchasing the home.

Evaluation

The final component of the 2004 HUD HBCU grant was development and implementation of an evaluation program for grant activities. The BACDC prepared a matrix defining the evaluation strategy including factors such as activity, type of measurement, outcome evaluation process, and success-barriers to achieving evaluation outcomes – for the B.U.I.L.D. II project. Overall, the evaluation utilized simple measures – number of homes constructed, number of homes sold to low-income homebuyers, number of incubator spaces constructed, number of tenants selected, and number of homebuyer workshops held.

³⁷ The BACDC conducted homebuyer workshops on November 4, 2004, September 5, 2005, September 24, 2005, and June 10, 2006.

³⁸ Demographic information on participants was only available for the September 24, 2005 workshop. Workshop participants voluntarily completed a short demographic survey at the end of the session. Some attendees left prior to the end of the workshop and others refused to complete the survey. Thus, the exact number of attendees was unknown. The demographic information provided is based upon 25 completed surveys. According to the housing program coordinator, the demographic characteristics of participants were similar across all of the workshops conducted.

Volume II – Case Study Reports

To supplement this evaluation, the BACDC intended to conduct a survey of local leaders and community residents regarding the impact of the B.U.I.L.D. II project. The survey was to cover topics such as safety, business growth, and business opportunities. This survey would be supplemented with third party data, such as crime statistics from the City of Columbia's police department to demonstrate outputs and outcomes.

At the time of the site visit, the B.U.I.L.D. II project was still underway with approximately one year remaining in the grant term. Therefore, no formal evaluation report had been prepared with the exception of a progress summary evaluation dated March 31, 2006, which identified the current status of program activities at that time.

IV. Program Lessons

Benedict College has been successful in supporting its community development efforts through participation in the HUD HBCU grant program. The completion of a new community park, the development of new affordable homeownership and rental units, and the removal of vacant and substandard structures are some examples of the tangible impacts that the college has had in the Waverly/Read Street community. These efforts, combined with the planned commercial/retail establishment at the Shoppes at Read, the completion of the incubator spaces at the Business Development Center, and the new affordable and market rate homeownership opportunities to be developed, are transforming this part of the City. In all of these instances, the HUD HBCU grant program either provided the seed money or was the primary financial vehicle through which these accomplishments were possible.

In comparison to the Waverly/Read Street community a decade ago, as described by college, CDC staff, and local residents, there has truly been a transformation. The college, BACDC, and City had constructed new homes, and the college built a community park – all on the sites of formerly vacant and abandoned buildings and lots. The BACDC provided training and counseling to local residents on managing their credit and finances and on preparing to buy a home. The city and the Columbia Housing Authority complemented these efforts through infrastructure improvements and public housing redevelopment projects. Residents indicated that they felt safer in the community as a result of the reduction of crime and drug activity that occurred as a response to the revitalization efforts. The results of this hard work and dedication have been a more aesthetically pleasing community and an increasing sense of local pride.

This section describes the larger community's perspective of the college's community development efforts, challenges, and obstacles to carrying out these activities, as well as key features of the community development program at Benedict College that contributed to the successes achieved. This information is intended to provide the reader with one HBCU's approach and philosophy towards addressing the realities associated with community development.

Perceptions

During interviews, both residents of the community surrounding the college and officials of the City of Columbia favorably described the activities and projects undertaken by the BACDC through the HUD HBCU grant program. While the efforts of the college and BACDC significantly improved the social and physical conditions around the community, the positive perspective on what has been accomplished was rooted in the inclusiveness and openness of the process itself. Unlike some institutions of higher education that were detached and removed from their local context, Benedict College has thrown open their doors to their neighbors and invited them in to play a meaningful role in shaping and guiding what happens in their community. This inclusion was reflected in the composition of the BACDC's Board of Directors, which has local resident and

Volume II – Case Study Reports

neighborhood representation, as well as through the college and BACDC, who have participated in local planning committees and neighborhood meetings.

This high level of community involvement resulted in local stakeholders having an open line of communication with decision makers at the college and BACDC, to whom they have been able to express their opinions and help to guide project selection and development. The outcome of this communication and collaboration was the understanding that what the college and BACDC were doing was what the *community* wanted. The college did not dictate what would happen; rather, it engaged in a collaborative process that served to obtain real community support and buy-in. As a result, the college and BACDC enjoyed unqualified local support for their community development efforts, which has been beneficial when the BACDC encountered problems and obstacles at the local level.

Another key component to the community's support of the activities of the college and the BACDC was their multi-dimensional definition of community development – it included both physical development as well as human development. The work that the college and the BACDC did with the local educational system, and the conduct of entrepreneurial, workforce, and homebuyer programs, enhanced the perception that they are truly community partners. As a final demonstration of their commitment and confidence in the community, the college allowed the neighborhood unprecedented levels of access to campus facilities and services.

Problems/Obstacles

The problems and obstacles faced by Benedict College and the BACDC were not unique to these organizations and were many of the same issues faced by other non-profit and educational institutions involved in community development work. Lack of funding, limited organizational capacity, and cumbersome reporting and organizational requirements all affected the college's and BACDC's ability to carry out their stated goals and objectives.

Funding

The scarcity of funds to pay for the execution of initiatives is not new or unique in the world of community development. However, the process employed by each organization to secure the funds necessary may differ. What was notable about Benedict College was the level of financial support committed by the college to the BACDC and its community development efforts. As noted earlier, Benedict College, between 2000 and 2007, committed over \$2.7 million in cash and in-kind services to the operation and programs of the BACDC. Additionally, the college was willing and in a financial position to advance monies for expenditures prior to the receipt of funds from HUD for costs associated with the HUD HBCU grant program.

The college's financial support for community development resulted in three outcomes: (1) it allowed the BACDC to continue to operate despite the difficulty in securing outside funding support for organizational operations, (2) it clearly demonstrated to the local

Volume II – Case Study Reports

community the high level of commitment the college had to revitalizing the surrounding neighborhood, and (3) it permitted the BACDC to accomplish or “jump start” several initiatives that would have been impossible without the college’s investment.

Ultimately, success begets success. As the BACDC completed more projects, the easier it became to obtain other support and investment. The demonstrable successes served as a testament to the capabilities of the BACDC, and as a result of these successes, they became a “known quantity.” For example, Richland County specifically selected the BACDC to assist them with their work in the Ridgewood community because of the BACDC’s past experience in doing housing and commercial redevelopment work in distressed neighborhoods. Similarly, the BACDC has been approached by communities outside of Columbia to assist them with their community development efforts. Eventually, the goal was to have the BACDC become self-sustaining and be able to pay for its staff salaries, facility rental, and overhead costs through program revenue and grants.

Organizational Capacity

Another obstacle the BACDC confronted was finding the right mix of staff skills, experience, and capacity to allow them to more efficiently and successfully carry out their programs. Initially, the BACDC only employed the executive director and administrative secretary. As the CDC embarked upon doing housing development, they recognized the need for a staff person who could oversee the day-to-day operations associated with construction. Then, if they were going to develop housing, the BACDC needed someone to work with families to prepare them to purchase the homes that were being developed. However, bringing on staff meant having to identify a stable source of operating support to maintain those positions and have continuity in organizational experience and capacity.

Retention of staff in the non-profit sector is also a significant issue. Lower monetary compensation as well as bureaucratic burdens associated with non-profit work and public funding sources result in higher staff turnover rates, which can pose a challenge to an organization’s operational capacity. The BACDC was unique in this respect because the staff remained relatively stable since 2002, and Mr. Salley, the Executive Director, had been with the BACDC for over eight years. One of the key reasons for this was the high level of organizational and financial support provided to the BACDC by Benedict College.

When staff turnover occurred, the BACDC prided itself on the versatility of its employees – their ability to wear multiple hats and their willingness to pitch in and assist wherever needed. This flexibility ranged from the construction manager’s willingness to drive the CDC’s van to transport program participants if needed, to the executive director serving as the interim director of the BDC when the director took a year-long sabbatical.

Reporting and Organizational Requirements

One of the most intractable difficulties in doing community development work and using public funding sources is the frequency of monitoring and reporting required. Because

Volume II – Case Study Reports

community development work often utilizes many different sources of funds, the administrative burden only increases in proportion to the number of sources used. Each funding source has their own reporting requirements and timeframes, and staff can often feel overwhelmed with the frequent reporting required to satisfy the different funding organizations. This situation is part of the reality of doing community development work, and there does not appear to be any readily available solution to this issue. However, it is important to recognize that having cumbersome reporting requirements does divert staff time from other tasks.

Organizationally, the college's process for contracts and payments required multiple steps and approvals. As noted earlier, the BACDC functioned as an arm of the college and was overseen by the DCD. Additionally, the college acted as the fiscal agent for the BACDC. As a consequence, contracts and payments on behalf of the BACDC went through a multi-layered process, including approvals by the Vice President of DCD and the president of the college. On average, it took two weeks for contracts and payments to be processed, and could easily be longer if one of the signatories was unavailable. This sometimes caused delays in the start of projects because contracts were waiting to be signed, thus impacting the BACDC's ability to attract qualified contractors and obtain favorable pricing.

The BACDC could not procure services or make payments without going through the college. So, unlike organizations with autonomous accounting systems and financial accounts, the BACDC had to work through a multi-step process to commit funds and to pay vendors. The result was a time lag that sometimes deterred qualified contractors and vendors not accustomed to the process as they viewed the delay as a sign of uncertainty and potential risk. Additionally, given the volatility in the construction material market over the last several years, the BACDC has at times been unable to take advantage of favorable pricing because of the time delay in being able to provide payment for materials.

Limited Autonomy

The lack of autonomy of the BACDC from Benedict College may also impact their ability for future growth. Private investors and outside funding organizations may question the capacity of the BACDC because of the continued, in-depth involvement of the college in the organization's daily operations. This close connection also slowed down the ability of the BACDC to act on new opportunities because of the approval process that must be followed. Were it an independent organization, the BACDC would still report to a Board of Directors, but their stature and perception in the community would dramatically change.

The decision whether or not to strive for autonomy from the college is one the BACDC will be faced with in the coming years. While the relationship has presented many benefits for the BACDC in the past, including the provision of administrative services, facilities, and name recognition; its complex hierarchy and status as an educational institution have also caused challenges. As the BACDC grows, the Board of Directors will have to weigh the benefits of the relationship versus its limitations.

Benedict College’s Formula for Success

Based upon the interviews conducted during the site visit and participant observation, four key themes emerged as being foundational elements for the successes achieved by Benedict College and BACDC in their community development work.

1) Commitment

Benedict College was committed to the vision and goal of community development not just in spirit, but also financially; and this involved the provision of long-term support. The college was willing to commit their own funds to support community development work because they understood that the start-up costs were high and there was a limited pool of external resources available that could be tapped to support these efforts, particularly prior to establishing a proven track record. Benedict College also understood that their commitment had to be sustained because seeing a project through from start to finish often required a multi-year effort and frequently took longer than anticipated. Similarly, one project will not transform a community that has experienced decline over a long period of time. Rather, in community development, it can take several years, if not decades, to reap the benefits of investments made today.

2) Community Involvement

Community involvement and approval was a non-negotiable issue for Benedict College. The college grasped the concept that in order to effect change in the community, they needed to be seen as a true part of the community, and they understood that community support could make or break a project. A priority for the college and the BACDC was establishing and maintaining an open and inclusive relationship with the community. The community development efforts undertaken by the college were shaped and influenced by local stakeholders. This was apparent in the activities included in the 2004 HUD HBCU grant application. The community expressed to the BACDC a continued need for homeownership opportunities and a desire to end the illicit activity occurring on the vacant parcels on Read Street. The college and BACDC responded by acquiring the Read Street properties and developing a plan to build homes on the site. It is important to remember that it took time to build these relationships and to establish a high level of trust among community residents, the college, and the BACDC; and for residents to understand that the college was truly invested in bettering the community.

3) Multi-Dimensional Approach

Community development is often narrowly focused and limited to the development of new housing or improvement of physical conditions. In contrast, Benedict College’s approach to community development was very broad, and was reflected in the structure of the DCD. The DCD’s work encompassed developing quality housing and influencing the built environment through the BACDC, extending economic development opportunities through the BDC, promoting childhood development and outreach through the Child Development Center, fostering responsibility and citizenship among college-bound seniors through the TRiO program, and enhancing the educational experience for African-American students through CEEEAAS. This holistic approach that included

Volume II – Case Study Reports

human development and social services, in addition to the traditional community development focuses, was received enthusiastically by the community.

Within the BACDC, the approach was broad as well. Grant activities generally included a number of components that were intended to compliment each other. For instance, the 2004 HUD HBCU grant focused, in part, on building the infrastructure and securing the funding for the development of 10 new homeownership units. To compliment this effort, the BACDC continued to support its homeowner counseling program to help prepare and identify potential buyers for the new units. The college and BACDC understood that there was a need for the physical redevelopment, but for that to be successful, there was also a need for human development as well.

4) Leadership

Probably the most important factor in the successes achieved by Benedict College was the fact that the commitment to community development started at the top. The president of the college was the first and foremost champion of community development and set the tone for the institution. As a result of his position, Dr. Swinton had the authority to deploy resources and build the necessary relationships to make things happen. Since his arrival at Benedict College in 1994, community development has been at the forefront of Dr. Swinton's vision of the college's role in the community. Dr. Swinton invested the necessary resources and made the necessary changes institutionally to make community development a cornerstone of his tenure.

The leadership of Dr. Swinton was complemented by the strength of the leadership at the Vice President of DCD position and at the BACDC executive director position. Dr. Simama and Mr. Salley shared in and fully supported the college's community development vision and worked collaboratively to address the challenges and obstacles confronted.

LeMoyne-Owen College

I. Introduction

This case study describes the U.S. Department of Housing and Urban Development (HUD) Historically Black Colleges and Universities (HBCU) grant program as designed and executed by LeMoyne-Owen College in Memphis, Tennessee. The purposes of this case study are to present (i) how LeMoyne-Owen College has carried out its community development work through the LeMoyne-Owen College Community Development Corporation (LOCCDC), (ii) an in-depth look at how the activities of the 2002 HUD HBCU grant awarded to LeMoyne-Owen College (that is, the subject grant) were executed, and (iii) a summary of what features have contributed to LeMoyne-Owen College's success in community development and the HUD HBCU grant program.

This case study focuses on the activities and experiences of LeMoyne-Owen College, a private liberal arts institution located in the Soulsville USA community in Memphis, Tennessee. The college formalized its commitment to community investment and improvement in 1989 with the formation of the LOCCDC. However, it was not until 1999 when the LOCCDC hired a full-time executive director and a director of housing and Community Development that the organization began to play a significant role in leading community development efforts in the area surrounding the college. Since then, the college, through the LOCCDC, has become a formidable force in revitalization efforts in the Soulsville USA community. The HUD HBCU grant program played an integral role in supporting the college's community development activities. LeMoyne-Owen college had been awarded seven HUD HBCU grants since 1992, including its most recent award in 2005.

The college carried out the HUD HBCU grant activities solely through the LOCCDC. Activities undertaken by the LOCCDC include creating affordable homeownership opportunities, providing micro-lending services and training for small businesses, facilitating workforce development programs, and leading the development of a new retail/commercial center. These activities have had a significantly positive impact on the Soulsville USA community.

The 2002 HUD HBCU grant entitled Project Renaissance III supported five goals: build the capacity of the CDC; provide financial and technical support to businesses; strengthen families; revitalize the housing stock and increase employment opportunities; and enhance community stability and capacity. The objectives identified in the subject grant were characteristic of the LOCCDC's highly iterative approach to community development, which reflected the support of primarily the same core activities year after year. LOCCDC completed Project Renaissance III in June 2004.

Volume II – Case Study Reports

Interviews with staff from LeMoyne-Owen College, the LOCCDC, local government officials, community residents, and program participants revealed that the main challenge faced by the LOCCDC in carrying out its community development work was related to funding and adequate cash flow. Despite this constraint, the work the LOCCDC had accomplished in the Soulsville USA community over the last seven years was extremely impressive. The LOCCDC was held in very high esteem by community stakeholders, and was considered one of the premier community development corporations in Memphis.

The LOCCDC's success in its community development efforts was grounded in five foundational elements:

- (i) the high level of community support and buy-in enjoyed the LOCCDC,
- (ii) the importance placed on partnerships and collaboration,
- (iii) the availability of quality staff with a passion for community development,
- (iv) the framing of the LOCCDC's programs and activities into one of their three core areas, and
- (v) the organizational autonomy of the LOCCDC from the college allowing them to react quickly and deploy resources as needed.

This case study of LeMoyne-Owen College's community development work and participation in the HUD HBCU grant program is structured as follows. **Section II** provides an overview of the LOCCDC, and the relationship between the LOCCDC and the college. **Section III** provides an in-depth look at the subject grant and how grant objectives have been operationalized and implemented by the LOCCDC. **Section IV** concludes with a discussion of the impact of the college's community development work, including problems and obstacles encountered, and what factors contributed to the college's successes. The appendix presents background information on the college, key facts about the local community, and the history of the college's HUD HBCU grant program participation.

The information and findings presented in this case study are based upon primary and secondary data sources collected by Optimal Solutions Group (Optimal). On March 10, 2006, Optimal conducted a one-day reconnaissance site visit at LeMoyne-Owen College to gather preliminary information, and returned for a three-day in-depth site visit from January 30 to February 1, 2007. During the three day site visit, Optimal collected detailed information and conducted in-depth interviews with key informants. The information provided in this case study is based upon data obtained during the reconnaissance and in-depth site visits as well as additional secondary sources of information identified subsequent to the visits.

II. Implementation of HUD HBCU Grants – LeMoyne-Owen College Community Development Corporation

LeMoyne-Owen College is an HBCU located in the south Memphis community of Soulsville USA in Tennessee. In 1989, the college established the LeMoyne-Owen Community Development Corporation (LOCCDC) to institutionalize the college's commitment to revitalize the surrounding community. As the LOCCDC has grown in size and capacity, it has become the primary vehicle through which the college carried out its community and economic development work. The college provided some institutional support, but the strategic vision and day-to-day operations of the organization were mainly guided by the executive director of the LOCCDC. The HUD HBCU grant program provided critical financial support that allowed the LOCCDC to fund operations and enhance its capacity, while developing programs within their three targeted areas - housing, community development, and economic development.

This section presents the external oversight and internal organizational structure of the LOCCDC, including the organization's relationship to the college. A brief review of the history of the college's participation in the HUD HBCU grant program is also provided to highlight the role the program has played in supporting and furthering the revitalization work of the LOCCDC in the Soulsville USA community. This information provides the reader with an understanding of how the LOCCDC functioned, how they determined the revitalization activities pursued, and how their approach to community work changed over time.

History of the LeMoyne-Owen College Community Development Corporation (LOCCDC)

Since the establishment of LeMoyne-Owen College, community involvement and advocacy has been fundamental to the mission of the college. Faculty and staff have a long-standing history of community involvement, with the college serving as a cornerstone of opportunity and hope throughout the surrounding neighborhood's initial growth, subsequent decline, and ongoing rebirth. In 1989, the college, under the leadership of President Burnett Joiner, institutionalized its commitment to its neighbors through the formation of the LOCCDC. The LOCCDC was created as a private, not-for-profit 501(c)3 tax-exempt organization to work with the LeMoyne Gardens community (as it was known).³⁹ The main impetus for creating the LOCCDC was to establish a separate organization that could focus on community development, while allowing the college to focus on education.

³⁹ The community surrounding LeMoyne-Owen College was known as LeMoyne Gardens, the name of a large public housing development. When LeMoyne Gardens was demolished in 1997, the LOCCDC led a marketing effort to re-brand the area. The effort resulted in *Soulsville USA*, in honor of the rich Gospel, Soul, Blues, Jazz, and Rhythm & Blues musical heritage recorded at Stax Records in the 1960s and 1970s. For more information about the history and characteristics of the Soulsville USA community, please refer to the appendix.

Volume II – Case Study Reports

Until 1999, the LOCCDC was staffed and operated on a part-time basis by college faculty. The primary focus of the LOCCDC was the operation of a micro-loan fund and the provision of technical assistance to small businesses in the community. In 1999, then college President George R. Johnson, Jr. hired Jeffrey T. Higgs as a full-time employee to lead the LOCCDC. The impetus for this move was the growing development activity and interest surrounding the LeMoyne Gardens HOPE VI project and the Stax Museum. According to interviewees, President Johnson reinvigorated the LOCCDC, both to make sure that the interests of the community and the college were represented, and to build upon these investments to further revitalize the neighborhood.

From these humble beginnings, the LOCCDC evolved into a preeminent community development organization that is the leader of revitalization efforts in the Soulsville USA community. As of February 2007, the LOCCDC had a staff of 10 full-time and 1 part-time employee and an operating budget of nearly \$2 million.

Exhibit 11: Mission of the LOCCDC

To raise the economic and educational levels of people living in the greater LeMoyne-Owen College area to a point of sustainability where racial tension, prejudice, and discrimination are eliminated, sickness, poverty, and crime are significantly lessened, and educational, recreational, housing, and economic opportunities are expanded.

Source: LeMoyne-Owen Community Development Corporation Strategic Plan, August 2000.

Relationship Between the LOCCDC and LeMoyne-Owen College

From the organization's inception, the executive administration at LeMoyne-Owen College took a "hands-off" approach to the operation and management of the LOCCDC. The college did not have any formal structure in place through which it was involved in community development work of the LOCCDC beyond representation on the Board of Directors and faculty involvement in LOCCDC programming.

Overall, the college primarily played a supportive role to the LOCCDC and was not otherwise directly involved in community development activities. The college gave the executive director the full responsibility of structuring the LOCCDC and securing the resources necessary to carry out programs and activities.

The college administration viewed the LOCCDC as its partner in the community. The establishment of the LOCCDC allowed the college to focus



Office of the LOCCDC.

Volume II – Case Study Reports

on education, but at the same time have a distinct and separate entity associated with the college whose main role was community improvement through housing and economic development. The college demonstrated its commitment to the mission of the LOCCDC by placing the top officers of the college on LOCCDC's Board of Directors.

The presence of key college administrators on the Board did not mean that the college played a strong role in shaping the programs and activities of the LOCCDC. Rather, the college viewed this arrangement as sending a statement to the community about their commitment to the area, as well as providing the opportunity to use the college's strong standing and reputation in the city to open doors for the LOCCDC and secure resources for the community's revitalization. A more detailed discussion of the Board of Directors and its role is provided later in this section under "LOCCDC Organizational and Operational Structure."

In addition to making connections, the college supported the LOCCDC more generally through the environment of community involvement and social responsibility fostered at the college. Faculty and students worked with the LOCCDC in a number of different programs and activities. Professors provided technical assistance and conducted training classes, and students participated in volunteer and internship opportunities available through the LOCCDC.

Initially, the college acted as the fiscal agent for the LOCCDC. The work and capacity of the LOCCDC grew very quickly and, in 2001, the decision was made to allow the LOCCDC to act as its own fiscal agent versus going through the college. Given the growth of the organization and the increase in the number of funding sources, both the college and the LOCCDC believed that it would be more efficient for the LOCCDC to administer its own accounts versus waiting for funds to flow through the college. In 2004, the LOCCDC completely took over the management of its accounts, including the ability to draw down funds and do their own payroll. LOCCDC expenditures only required the approval of LOCCDC staff as identified in their procurement policy. The LOCCDC kept the college apprised of its financial situation via the Board of Directors, otherwise, there was no direct involvement.

Financial and In-kind Support

The primary support provided by LeMoyne-Owen College was the in-kind donation of office space, maintenance, utilities, telephone, and information technology support for the LOCCDC's operations. Valued at approximately \$35,000 per year, the college has provided this support since the reinvigoration of the LOCCDC in 1999. The college did not provide any other type of financial support to the LOCCDC, with the exception of acting as the conduit through which the HUD HBCU grant program could be accessed. This lack of direct financial support meant that the LOCCDC had to become self-sustaining through program income and/or sponsored funding from the very beginning.

Involvement of LeMoyne-Owen College Faculty

College faculty were involved in several aspects of the LOCCDC's operations and programs. For example, professors taught segments of the 10-week business

Volume II – Case Study Reports

development program offered by the LOCCDC through the Business Development Institute, conveying their knowledge of trends and issues to the participants. Faculty also provided technical assistance on grant writing, organizational development, program evaluation, and financial management. The chief financial officer for the LOCCDC, who used to be a full-time faculty member, continued to teach two accounting courses at the college.

Involvement of LeMoyne-Owen College Students

Since 2000, the LOCCDC has offered students the opportunity to participate in a semester-long paid internship program, either with the LOCCDC or another local community group, to introduce them to and get them interested in community development work. Interns were recruited from various departments on campus. As of February 2007, a total of approximately 40 to 45 students had participated in the internship program.

LeMoyne-Owen College also offered a Service-Learning program whereby students had the opportunity to reinforce their learning about diverse groups through direct experience with community members. A major focus of the Service-Learning program was to allow students to develop leadership skills and community awareness, while increasing their cultural understanding and sense of social responsibility. Students could fulfill their service-learning requirement through participation in the LOCCDC internship program.

LOCCDC Organizational and Operational Structure

LOCCDC Board of Directors

The LOCCDC was governed by an 11-member Board of Directors. From the outset, the LOCCDC purposefully composed the Board with at least 51 percent community representation to make it eligible for certain grants. Four Board members, including the Board Chair, were from the college, and the other seven Board members were from the community including residents and business owners.

Board members, with the exception of those from the college, were appointed for two-year terms, with an option for a second term. If a certain member was extremely beneficial to the organization, their term could be extended at the discretion of the Board. New Board members were identified through an internal committee and voted on by the entire Board.

Initially, the LOCCDC was guided by the executive director who made the strategic decisions regarding the direction of the organization. The Board provided support for the LOCCDC's activities, including approving grant application submissions and personnel changes, but played more of an oversight versus decision-maker role. The Board was available to assist the LOCCDC with making connections to other corporate citizens and institutions for the benefit of the Soulsville USA community.

Approximately one and a half years ago, an organizational shift occurred to give the Board a stronger voice in the LOCCDC's overall vision. This occurred at the insistence

Volume II – Case Study Reports

of the executive director who wanted the Board more involved in shaping the LOCCDC's strategic direction. To provide this greater level of involvement, the Board Chair was shifted from the president of the college to another Board member who had the time to be able to engage at the level desired by the LOCCDC.

The Board had four committees – Executive, Personnel, Development, and Finance/Audit. Board committee activity changed over time as the LOCCDC grew as an organization. Early on, the committees were less active. The Executive and Development Committees tended to be more active given the focus of the LOCCDC on organization funding and operational issues. Requests for resolutions for bank loans, grant applications, and new initiatives were done through the committees.

Board meetings were scheduled to occur bi-monthly. However, the availability of Board members and the amount of activity requiring Board approval affected the actual frequency of meetings. In 2005, the Board changed their schedule to quarterly meetings with committees meeting on a bi-monthly basis. The LOCCDC made this change for two primary reasons. First, the Board committees were meeting on a regular basis, and had become a forum where more work requiring Board input was accomplished. Second, in light of the work being done through the committees, the Board felt that gatherings of the entire Board were less necessary and, given the busy schedules of the Board members, they could scale back the frequency of these meetings.

Local Input and Involvement

The LOCCDC considered local community input and involvement in shaping and guiding their activities key factors in the successes they had achieved. Community input was formalized through the Community Action Coalition (CAC). Comprised of neighborhood residents, advocacy groups, area businesses, and other community stakeholders, the CAC was already informally in existence when the LOCCDC was revitalized by the college in 1999. Through HUD HBCU grant funds, the LOCCDC assisted the CAC with formalizing the organization for the benefit of keeping the activities of the LOCCDC grounded in the needs of the community.

The frequency of CAC meetings varied from monthly to quarterly depending upon what was happening in the community. The CAC meetings were open to the public, but there were typically a core of 25 individuals who regularly attended the meetings. The CAC worked with the LOCCDC to organize activities, such as community clean-ups and holiday dinners for senior citizens.

The LOCCDC viewed the CAC as an extended arm of the LOCCDC that advised the organization in an unofficial capacity and provided support for the LOCCDC's activities as needed. For example, CAC members would attend City Council meetings to back LOCCDC activities requiring Council approval. They would also facilitate introductions between the LOCCDC and City staff to obtain funding for different projects.

The CAC also clearly shaped the activities of the LOCCDC. Initially, the LOCCDC intended to pursue multi-family rental development in the community. However, through

Volume II – Case Study Reports

the CAC, the community indicated that they did not want more rental housing, and instead wanted to see more single-family homeownership opportunities. Since that point in time, the LOCCDC has only pursued homeownership activities and not any multi-family development.

LOCCDC Activities

When the college reinvigorated the LOCCDC in 1999, the LOCCDC underwent a strategic planning process to guide their activities. Three primary areas of focus were identified – housing development, economic development, and community services – and the LOCCDC’s work to date can be categorized in one of these areas. The LOCCDC continued to engage in strategic planning sessions on a regular basis to shape the work of the organization. During these planning sessions, that occurred every one to one and a half years, the LOCCDC staff sat down as a group to review accomplishments to date and to generate new ideas and program goals. The LOCCDC Board also participated in these sessions to discuss what they wanted to see strategically. To date, the LOCCDC estimated that they had accomplished approximately 80 percent of what had been proposed in each strategic plan.

A chronological review of the LOCCDC’s proposed and actual activities since 1999 reflected a growing and maturing organization as well as the realities of funding availability and community needs. From the beginning, a main consideration of the LOCCDC was sustainability of activities as well as the organization. There was a need to identify activities that generated program income in addition to serving a need within the community. Ultimately, not all of the programs generated income, but the LOCCDC was able to establish a healthy balance between self-sustaining and grant-funded activities.

The primary programs that comprise the bulk of LOCCDC’s activities included:

- Housing construction and rehabilitation,
- Micro-lending and training for small businesses,
- Workforce development programs,
- Retail/commercial center development, and
- Youth programs.

The majority of the LOCCDC’s activities were targeted to the Soulsville USA community and the surrounding area. Over the last few years, the LOCCDC Board of Directors encouraged the organization to become more involved in regional work as a direction for the future and diversifying its portfolio of activities. In 2004, the LOCCDC applied for and received a Rural Housing and Economic Development (RHED) grant from HUD to provide capacity building technical assistance to the Delta regions and Appalachian communities where Arkansas, Mississippi, and Tennessee meet.

More recently, the LOCCDC became engaged in other city and state-wide initiatives. The organization contracted with Memphis Light Gas and Water (MLGW) to operate their city-wide EnergySmart Memphis Program, which includes energy conservation training, workshops, and weatherization improvements. The LOCCDC had also

Volume II – Case Study Reports

contracted with the Tennessee Department of Transportation to conduct a State-wide workforce development training program in highway construction.

LOCCDC Staff

Staffing of the LOCCDC grew quickly as organizational activity increased based upon successful awards of funding. From an original staff of two (executive director and director of housing and community development), the LOCCDC had 10 full-time and one part-time position as of February 2007.

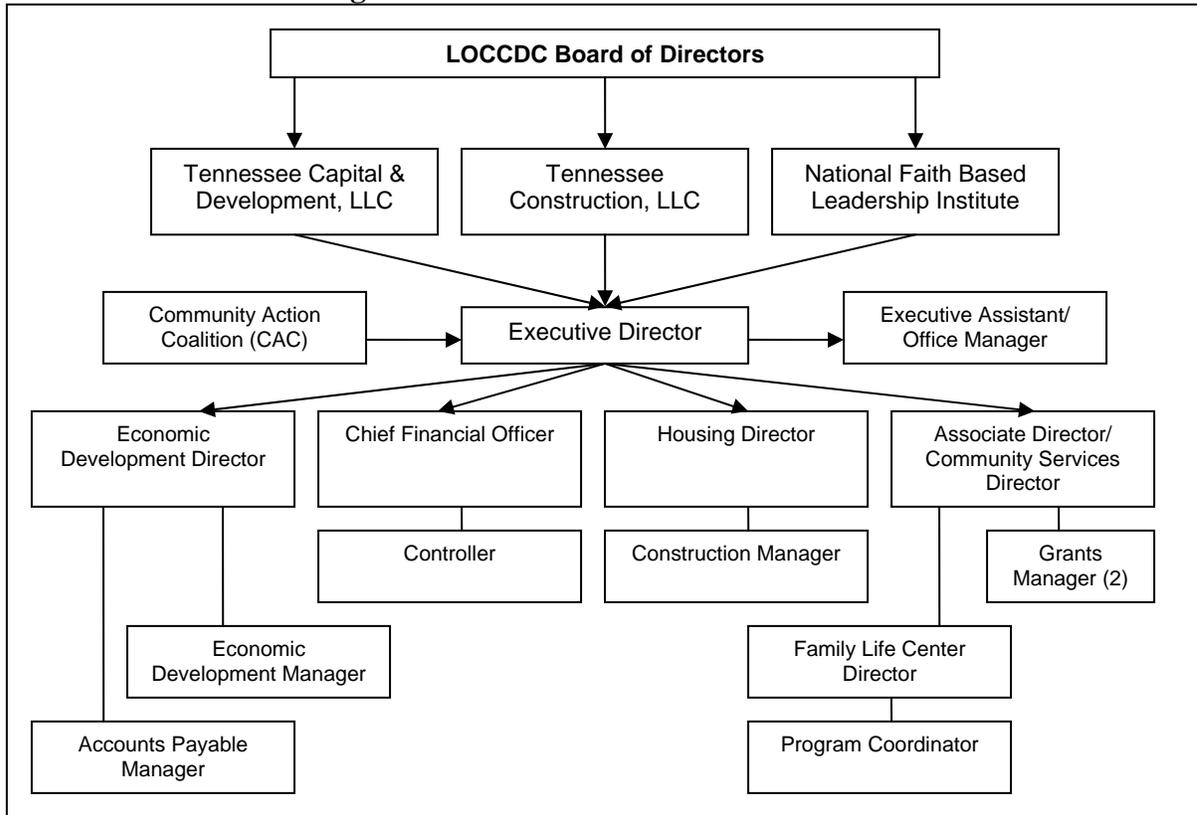
Most of the current LOCCDC staff had been with the organization for a significant period of time, and many had held one or more positions within the group. The staff viewed this as one of the benefits of working for the LOCCDC. Staff was matched initially with positions that meshed with their background and interests, and as they grew in their positions, they had the opportunity to move within the organization into different and more challenging roles.

In addition to the LOCCDC, some of the employees also served as the staff for the LOCCDC's affiliates as needed. Discussed in greater detail in the following chapter, the LOCCDC created Tennessee Construction, LLC (TN Construction) and Tennessee Capital and Development, LLC (TN Capital) to provide general contractor and micro-lending services, respectively. These affiliates technically did not have full-time staff of their own, and LOCCDC staff provided any services as needed. For example, the LOCCDC executive director also acted as the executive director for both TN Construction and TN Capital. The construction manager provided general contracting services to TN Construction. The LOCCDC accounts payable manager also served as the senior loan officer for TN Capital. In 2006, the director of economic development for the LOCCDC became the full-time director of TN Capital. This occurred because of planned growth in TN Capital's lending activities. The LOCCDC determined that a full-time staff person was required to manage this increase in TN Capital's loan portfolio.

During the site visit, the executive director indicated that there was a need for four additional staff persons. These included a director for economic development; an executive assistant/office manager; a full-time controller; and an additional grants manager. The main issue with hiring new staff was the availability of cash flow. At that time, the LOCCDC had about \$1 million in grant receivables that constrained their ability to fund or fill any new or vacant positions.

The LOCCDC organizational structure is illustrated in exhibit 12.

Exhibit 12: LOCCDC Organizational Structure



LOCCDC Operating Budget

The LOCCDC operating costs fluctuated annually, depending upon grants awarded, programs underway, and staff size. For the 12 months ending June 30, 2006, total operating expenses for the LOCCDC was \$1,959,470.⁴⁰ Sources of revenue included HUD HBCU, U.S. Small Business Association (SBA) Program for Investment in Micro-Entrepreneurs (PRIME), City of Memphis Community Housing Development Organization (CHDO) and Minor Home Repair, SEEDCO, HUD RHED, Women’s Foundation of Greater Memphis, home sales, and program income. Of LOCCDC operating expenses, \$286,780 (15%) was for administrative costs and the remaining \$1,672,690 (85%) was for program expenses.

Procurement and Financial Management

The LOCCDC began serving as its own fiscal agent for grant funds in 2001 and in 2004, assumed full responsibility for managing its accounts. Utilizing Peachtree® accounting software, the LOCCDC maintained a separate cash account for each grant received, and did not co-mingle funds.

LOCCDC designed its procurement policy to meet the standards required by the different sources of funding. In general, procurements in excess of \$5,000 required the solicitation

⁴⁰ Source: LeMoyne-Owen College Community Development Corporation, Final Budget Report – Expenditures for the fiscal year 07/01/05 – 06/30/06.

Volume II – Case Study Reports

of at least three bids, and procurements over \$10,000 required Board review and approval.

Each program manager was responsible for monitoring their own budget and identifying which line items were to be assigned against which costs. The accounting department processed requisition forms submitted by LOCCDC program directors, and obtained approval for payment requests from either the executive director or associate director. Two of three persons – the executive director, the associate director, or the chief financial officer – signed all checks. This process, from submission of the requisition form to the issuance of a check, took on average five to seven days.

LOCCDC's ability to obligate funds and issue checks enabled them to make funds available to vendors very quickly. Generally, the LOCCDC did not have a standard timeframe for making payments. Vendors could be paid within two hours. For smaller vendors that the LOCCDC frequently worked, this turnaround time was very important because these vendors did not necessarily have the resources available to pay their staff or suppliers in advance of payment by the LOCCDC. The main reason the LOCCDC delayed payment to vendors was if the agency did not have funds available in its account. However, LOCCDC staff indicated that often they would still pay small vendors because of their need for immediate cash flow, and delay paying the LOCCDC's own bills. Larger vendors, because of the solid reputation of the LOCCDC, were willing to work with the organization regarding when payment would be received.

Typically, LOCCDC attempted to minimize the number of draw down requests from funding sources and make them for larger sums of monies versus submitting many requests for smaller amounts. However, LOCCDC would submit a draw down request more quickly if the organization needed the funds to pay immediate obligations.

To bridge the gap between expenditures and reimbursements, LOCCDC either relied upon their own cash reserves generated through program income or utilized the lines of credit it had established with local banks. The college did not provide bridge financing to LOCCDC, which compelled the organization to seek ways to create their own cash flow.

HUD HBCU Grant Program Participation

The HUD HBCU grant program played a fundamental role in supporting the community development efforts of the LOCCDC. While the college was the actual applicant for the HUD HBCU grant funds, the LOCCDC received the grant funds directly to carry out community development activities on the college's behalf. Between 1999 and 2005, the LOCCDC received five HUD HBCU grants.⁴¹ Summary information about each of the five HUD HBCU grants awarded to the LOCCDC is provided in exhibit 13. More detailed information about each grant is provided in appendix B.

⁴¹ LeMoyne-Owen College also received two other HUD HBCU grants outside of this time period in 1992 and 1994. As written by HUD, the scope of work for this study only included grants received between 1999 and 2005.

Exhibit 13: HUD HBCU Grants Received Between 1999 and 2005

<i>Year of Grant</i>	<i>Title</i>	<i>Dates of Performance</i>	<i>Award Amount</i>
2000	Project Renaissance	December 2000 – December 2002	\$380,000
2001	Project Renaissance II	October 2001 – December 2003	\$500,000
2002	Project Renaissance III	October 2002 – June 2004	\$549,062
2003	Project Renaissance IV	October 2003 – October 2006	\$550,000
2005	Project Renaissance V	August 2005 – August 2008	\$599,428

A review of the activities proposed in each successive HUD HBCU grant application revealed the maturation of the organization over time. Initially, the LOCCDC grant proposals reflected a broad range of activities from internal capacity building, workforce development, and micro-lending to business creation and youth programs. In the words of the LOCCDC, they tried to be everything to everyone. As the organization grew and experienced success and failure, the LOCCDC refined its focus to concentrate on the things that it did well. Later HUD HBCU grant applications identified a more narrowly defined set of activities with tangible and discreet outcomes.

The proposed LOCCDC activities in the HUD HBCU grants were identified in the strategic plans completed by the organization. The staff of the LOCCDC as well as the Board and the CAC informed these strategic plans, as discussed previously.

The LOCCDC primarily used HUD HBCU grant funds to enhance organizational capacity by funding staff and operational costs. LOCCDC staff indicated that this allowed them to aggressively pursue other sources of funds for programmatic activity since their staff and operational costs were already funded. As a result, the LOCCDC was able to secure dedicated funding sources for various programs and did not need to use the HUD HBCU grant to support those activities. For example, initially, HUD HBCU grants monies were used to capitalize the micro-lending pool. In 2002, the LOCCDC secured enough funding from other sources that it no longer needed to use the HUD HBCU grant for the loan pool.

Another characteristic of the activities proposed by LOCCDC in the HUD HBCU grant applications was the iterative nature of the work. For example, the LOCCDC included capacity building in each grant application, which was an on-going activity that did not have a finite end point. Another example is the development of the Towne Center, which was first specifically identified in the 2002 HUD HBCU grant application. The challenges associated with implementing this project meant that this activity was included in each subsequent grant application.

The next section of this report provides an in-depth look at how the LOCCDC carried out the objectives of its 2002 HUD HBCU grant – Project Renaissance III.

III. A Grant In-Depth – Project Renaissance III

HUD awarded LeMoyne-Owen College a 2002 HUD HBCU grant of \$549,062 for Project Renaissance III. Targeted to the Soulsville USA community, the project had five primary goals. First, the LOCCDC used the grant to build the capacity of the organization through staff development, partnership building, marketing, and education. Second, the organization provided financial and technical assistance to small businesses through their micro-lending pool and Center for Entrepreneurship. Third, the LOCCDC sought to strengthen families through youth programs. Fourth, the LOCCDC focused on revitalizing the housing stock and increasing employment opportunities through housing construction and rehabilitation and job training programs. Finally, the organization enhanced community stability and capacity through the creation of new businesses and fostering resident capacity to participate in revitalization activities.

The LOCCDC leveraged the \$549,062 HUD HBCU grant with \$1.97 million in in-kind and other funding support to carry out the activities identified. The LOCCDC closed out Project Renaissance III in June 2004.

In this section, the college's 2002 HUD HBCU grant activities are discussed in greater detail. This information, which reviews how the LOCCDC determined the goals and objectives for the specified grant, leveraged HUD HBCU grant funds, and carried out the grant goals and objectives through various activities, is intended to provide the reader with an in-depth look at how one HBCU carried out its community development activities as defined in their HUD HBCU grant.

Goal Identification and Selection

The goals identified by the LOCCDC in its 2002 HUD HBCU grant came from the organization's strategic plan. The strategic plan reflected input from LOCCDC staff, as well as the Board of Directors, the CAC, the City, and residents in the community. The 2002 HUD HBCU grant was also particularly reflective of the LOCCDC's iterative approach to community development, especially when compared with the 2000 and 2001 HUD HBCU grants submitted.

Many of the proposed activities were tasks performed during the course of the LOCCDC's daily operations. Other activities were a natural outgrowth from previously proposed activities, and some pointed towards the challenges faced by community development organizations in accomplishing their stated goals. The five goals of Project Renaissance III were:

- **Build Organizational Capacity** – This goal focused on the LOCCDC's ability to successfully implement community development activities through the strengthening of the organization's foundational core. Because of its fundamental organizational focus, the LOCCDC included this goal in all of its HUD HBCU grants.

Volume II – Case Study Reports

- Provide Financial and Technical Support to Businesses – This goal focused on the provision of technical assistance to small businesses and entrepreneurs and a micro-lending program. Started by the college in 1998, the LOCCDC assumed responsibility for these programs in 1999. As a core service, the LOCCDC included this goal in all of its HUD HBCU grants.
- Strengthen Families – This goal targeted at-risk youths in the community through after school programs. Through the Family Life Center, the LOCCDC worked with the local neighborhood elementary school to offer homework assistance, recreational activities, and personal development to students and their families.
- Revitalize the Housing Stock and Increase Employment Opportunities – This goal addressed housing and workforce development – two core activities of the LOCCDC. Because of the high level of need and the time required to undertake housing construction, the LOCCDC included this goal in all of its HUD HBCU grants.
- Enhance Community Stability and Capacity – This goal focused on enhancing the livability of the community through retail and commercial development, expanded transportation options, and greater involvement of community stakeholders in funding and community development activities. As an on-going task, the LOCCDC included this goal in all of its HUD HBCU grants.

The activities proposed in the 2002 HUD HBCU grant were clearly aligned with the goals and objectives outlined in the City of Memphis' Consolidated Plan.⁴² The college hosted and participated in general and area specific meetings, and both the college and LOCCDC provided staff and resources toward the development of the Consolidated Plan. The LOCCDC received CDBG and HOME funds to support activities that addressed needs identified in the Consolidated Plan.

Implementation of Project Renaissance III

The LOCCDC took an iterative approach to the HUD HBCU grant program and requested funding for the same goals, objectives, and activities across grants and overlapping timeframes. The five goals were operationalized through ten objectives. The on-going nature of the funded activities and multiple grant awards presented a challenge to the LOCCDC and the research team to identify specific discrete activities and outcomes attributable to the 2002 HUD HBCU grant. Additionally, the LOCCDC completed the subject grant in June 2004, two and a half years prior to the study. The length of time that has past since the completion of the subject grant combined with staff

⁴² The U.S. Department of Housing and Urban Development (HUD) requires jurisdictions that receive funding from particular HUD programs to prepare a Consolidated Plan every five years, and submit an Annual Action Plan every year. The Consolidated Plan sets forth a community's community development plan based upon identified housing, homeless, and community development needs. For more information, please visit the HUD website: www.hud.gov/offices/cpd/about/conplan.

Volume II – Case Study Reports

changes and continual program evolution made it difficult for the LOCCDC to discern what proposed activities were implemented when the subject grant was active.

This section, therefore, discusses how the LOCCDC carried out the activities and programs identified in the 2002 HUD HBCU grant in general and not necessarily during the grant time period. Specific outcome information is provided, when available, from progress reports submitted by the LOCCDC to HUD for the subject grant.

Goal One: Build Organizational Capacity

The LOCCDC identified four objectives under the goal of building organizational capacity: building internal organization capacity, strengthening partnerships with residents and local government, creating a comprehensive marketing plan, and offering a community development curriculum. Each of these objectives, directly or indirectly, targeted activities that enhanced the LOCCDC's ability to positively affect change in the Soulsville USA community.

Objective One: Build Internal Organization Capacity

One of the main uses of the HUD HBCU grant program by the LOCCDC was for operational and staff costs. This enabled the LOCCDC staff to focus on programs and program development versus funding for basic organizational operations. The ability to devote staff attention to program development resulted in the LOCCDC being able to secure enough resources such that several programs had dedicated sources of funding at the time of the site visit.

During the subject grant period, according to the final progress report submitted by the LOCCDC, staff attended various conferences and trainings. The LOCCDC identified professional development opportunities based upon the strategic direction of the organization and what knowledge and skill sets were needed by staff.

Objective Two: Strengthen Partnerships with Residents and Local Government

The LOCCDC stressed the importance of being a "community" organization, and considered a significant part of their success attributable to the high level of community support they had for their activities. The main vehicle for community input was the Community Action Coalition (CAC). Prior to the reactivation of the LOCCDC, the CAC was an informal organization of community leaders, residents, and businesses that had assembled to advocate for change in the neighborhood. The LOCCDC saw what value a group like the CAC brought to the work of the LOCCDC in keeping the organization grounded in the community's needs. Also, the CAC could act as a conduit to the larger community in support of the LOCCDC's efforts. For example, the LOCCDC organized community cleanups utilizing volunteer support from local residents. The sites targeted for cleanup were identified by the CAC.

Using the HUD HBCU grant, the LOCCDC took a lead role in facilitating the CAC, and hosted regular meetings for the group including development of agenda items. Meetings were held on a monthly, bi-monthly, or quarterly basis depending upon level of community activity.

Volume II – Case Study Reports

Objective Three: Create a Comprehensive Marketing Plan for the Community

The decades of disinvestment and neglect in the LOCCDC target area left a distinct negative impression of the LeMoyne Gardens neighborhood in the minds of Memphis citizens. According to LOCCDC staff, even after the redevelopment of the LeMoyne Gardens public housing development into the mixed-income College Park and the opening of the Stax Museum and Music Academy, people would still state “they were not about to live in south Memphis/LeMoyne Gardens.”

Given the work of the LOCCDC and other private and public investments, the organization saw a need to re-brand the community and market the assets of the area. Using the 2000 and 2001 HUD HBCU grants, the LOCCDC collected community development data including health, population, and safety, which would serve as a basis for the marketing strategy.

In 2002, the Fannie Mae Foundation approached the LOCCDC about using the local community as a pilot site for a “best practice” resource guide for a marketing framework to be used by other non-profit organizations. This resulted in the development of the Community Assets Map (CAM) Tool as a first step in changing the perception of the community and promoting a new name for the community, “Soulsville USA.” In 2005, the LOCCDC hired Lokion, Inc., a local marketing firm, to facilitate the process of re-branding the community from south Memphis/LeMoyne Gardens to Soulsville USA.

Objective Four: Offer a Community Development Curriculum

Educating students in community development was one of the original impetuses for the creation of the LOCCDC by the college. The college envisioned that the LOCCDC would be a place where students could learn about social change and obtain real world experience and exposure. This would establish a lifelong foundation for involvement in community change.

This vision resulted in two educational tracks – one for LeMoyne-Owen College students and one for community stakeholders in the City. Starting in 2000, the LOCCDC received funding from the Memphis Division of Housing and Community Development (MHCD) to create a paid student internship program. The LOCCDC placed students with local organizations and community development corporations (CDCs) on a semester basis to assist with programmatic activities. Interns could work up to 20 hours per week, and compensation varied depending upon individual work experience and length of time in the program.

Initially, the internships were only a semester long. In evaluating the program, the LOCCDC recognized that to really build community development skills, a semester was not long enough. Subsequently, students had the opportunity to continue their internship beyond one semester with their current organization or another organization. Students in

Volume II – Case Study Reports

the Service-Learning program received credit for participating in the internship program. For others, professors would sometimes provide students with extra credit points.

To recruit students for the program, the LOCCDC issued campus-wide announcements via electronic mail to professors, staff, and students, asked professors to help identify interested students, posted posters across campus, and maintained a table at the student center with program information. The LOCCDC conducted interviews with students to identify interests so that they could be paired with an appropriate organization.

To identify placement options, the LOCCDC sent notices to all of the CDCs and local organizations informing them of the internship program and asking if they had any semester-long projects in which the intern could be involved. The LOCCDC reviewed the requests and gave priority to those that offered actual project experience versus only front office activity. According to progress reports submitted by the LOCCDC, 45 students participated in the internship program during the course of the 2002 HUD HBCU grant. The internship program proved to be valuable to the LOCCDC in finding new talent as two current employees, the housing director and economic development manager, were former interns.

The vision for the community development certificate program was to offer a series of short courses each semester that would improve the capacity of community development professionals in Memphis. A HUD Fellow developed the curriculum for the LOCCDC and topics included effective leadership, conflict resolution, communication skills, proposal review, navigating city government and zoning regulations, and comprehensive community revitalization.⁴³ Participants who completed all six courses would receive a Certificate of Community Development from LeMoyne-Owen College.

Unfortunately, the LOCCDC was unable to establish the certificate program through the college. The college wanted to concentrate on academic degree programs versus certificate programs and continuing education classes. Additionally, the approval process for such a certificate program would have been difficult and time consuming. As a result, the LOCCDC has only utilized the curriculum to provide some informal community training to churches and non-profits.

Recently, there has been interest in reviving the community development certificate program. A Professor of Sociology at the college offered a community development course in the Social Work program, which was well received by students. Based upon this interest, the LOCCDC considered resurrecting the certificate program. However, instead of being a college program, it would be offered through the LOCCDC. They were also considering revisiting the possibility of making it a certificate program at the college given the recent change in leadership, and using interest in the community development course as a demonstration of interest in the greater community.

⁴³ Optimal was unable to ascertain from which program the HUD fellow was made available to assist with the development of the community development certificate program.

Volume II – Case Study Reports

Goal Two: Provide Financial and Technical Support to Businesses

The LOCCDC's singular objective under this goal was the expansion of its small business training and micro-lending programs. These activities were a hallmark of the LOCCDC's contribution to the community. The programs were well respected both within and outside of the community and core strengths of the organization.

Objective Five: Expand the Small Business Training and Micro-Lending Programs

Providing training to small businesses and operating a micro-lending program were the primary community development activities of the college prior to the reactivation of the LOCCDC in 1999. Housed in the Center for Entrepreneurship, these activities were funded by the 1998 HUD HBCU grant received by the college. When the LOCCDC became active, the organization assumed management of the micro-lending program, and continued to provide small business training and technical assistance in conjunction with college faculty.⁴⁴

In 2001, the LOCCDC received a U.S. Small Business Administration (SBA) Program for Investment in Micro-Entrepreneurs (PRIME) grant to provide training and technical assistance to entrepreneurs.⁴⁵ The LOCCDC used the PRIME grant to establish the Business Development Institute (BDI) within the Center for Entrepreneurship. The BDI offered a 10-week training course for prospective entrepreneurs, covering topics such as business plan development, business taxes, and franchising. While the provision of technical assistance was an allowable use of the PRIME grant, 80 percent of the funds had to be used for training costs. Since 2001, the LOCCDC has received over \$2 million in PRIME grant funds and over 300 students have completed the BDI program.

The LOCCDC advertised the BDI program through newspapers, radio, and word of mouth. Because the program was free, there was a significant amount of community interest. While most of the participants were from the surrounding community, individuals from outside the community were also eligible for the program. Interested participants completed an application that included information such as type of business, work experience, and proof of low-income status. There were approximately 30 students per class, and the course was held at least once per quarter. The three-hour class was held one night a week for 10 weeks.

LOCCDC staff and college faculty taught the courses. Topics covered included: how to start a business, how to start a non-profit, financing for small businesses, taxes for small businesses, creating a marketable business plan, franchising 101, financial planning, E-commerce opportunities, and accessing resources for small businesses. Invited guest speakers received \$120 honorariums. Participants had to attend at least 80 percent of the

⁴⁴ After the reactivation of the LOCCDC, the micro-loan funds continued to be held in the College's accounts until they were transferred to SunTrust Bank in 2002.

⁴⁵ The U.S. Small Business Administration (SBA) established the Program for Investment in Microentrepreneurs (PRIME) in 2001. Targeted to the smallest of small businesses (five or fewer employees), PRIME provided funds to community-based, regional, and national organizations to provide training and technical assistance to low- and very-low income entrepreneurs. For more information about the PRIME grant, please visit the SBA website:

www.sba.gov/tools/resourcelibrary/lawsandregulations/SBA_010217.html.

Volume II – Case Study Reports

classes in order to receive a Certificate of Completion. According to the LOCCDC, out of a class of 30 students, approximately 20 graduated.

The LOCCDC continually sought ways to improve the program and remain relevant to the needs of new entrepreneurs. For example, the LOCCDC saw an increase in women entrepreneurs participating in the BDI. As a result, they secured funding from the Women’s Foundation for a Greater Memphis in 2004 and 2005 to offer a women’s only program. For one BDI course in 2006, the LOCCDC held a small business plan competition for students, and two students were selected to receive accelerated technical assistance, Peachtree® accounting software, and laptops donated by Hewlett-Packard that college staff refurbished. The total value of the package was approximately \$25,000. The LOCCDC continued to seek more opportunities to jump start the businesses of BDI program graduates.

The college initially capitalized the micro-loan fund with \$100,000 from the 1998 HUD HBCU grant. Under the LOCCDC, the micro-loan fund grew tremendously and as of February 2007, 33 loans had been made valued at approximately \$830,000. In their 2000 and 2001 HUD HBCU grants, the LOCCDC requested participation funding for the micro-loan fund. Starting in 2002, the LOCCDC was able to tap into enough other resources to cease using HUD HBCU grant funds to capitalize the loan fund. This was possible because of two factors. First, in 2001, the LOCCDC became a SBA micro-lending intermediary, giving them access to SBA resources to make loans to small businesses. Second, in 2002, LOCCDC received \$478,000 from the Memphis Enterprise Community (EC) to make small business loans to entities located within EC boundaries.^{46,47}

Also 2002, the LOCCDC established Tennessee Capital and Development, LLC (TN Capital) to allow them to become a CDFI.⁴⁸ To be certified as a CDFI, lending had to be an organization’s primary activity. While the LOCCDC had a very successful loan fund, lending accounted for less than one-third of their activity. Therefore, TN Capital was an entity dedicated solely to financing. In 2003, TN Capital was certified as a CDFI by the U.S. Department of Treasury. At that time, the LOCCDC transferred all of its micro-loans to TN Capital.

Through the micro-loan pool, TN Capital offered loans from \$5,000 to \$35,000 to qualified businesses that met their collateral and business plan requirements. Loans for less than \$15,000 had three-year terms, and loans from \$15,000 up to \$35,000 had five-

⁴⁶ When loans made using EC funds were paid back, they became unrestricted funds and TN Capital could use these funds to make other loans regardless of geography.

⁴⁷ For more information about the Memphis Enterprise Community program, please refer to the appendix.

⁴⁸ Community Development Financial Institutions (CDFI) are private-sector financial intermediaries with a focus on community development. Locally controlled and market-driven, CDFIs can have different structures and development lending goals. CDFIs provide tools to enable economically disadvantaged individuals or businesses to become self-sufficient. These tools may include financial services, loans, and investments, and training and technical assistance. For more information about CDFIs, please visit the Coalition of Community Development Financial Institutions website: www.cdfi.org.

Volume II – Case Study Reports

year terms. The interest rate was set at two percent over the cost of the capital. For example, if the SBA provided funds to TN Capital at five percent, TN Capital would loan those funds at seven percent. TN Capital worked with small businesses as needed to set up flexible payment structures, such as deferring loan payments until other loans had been paid off. For businesses requiring loans in excess of \$35,000, TN Capital was willing to take a second position and allow the business to obtain the remaining funding above \$35,000 from another source.

To advertise the loan pool, the LOCCDC attended trade shows, spoke at the Memphis Business Renaissance Center, participated in SBA “meet and greet” forums, posted literature on the Renaissance Center’s board, and went to the Memphis Community Foundation’s banker forum. Interested applicants could download an application from the LOCCDC’s website, receive the application via electronic mail, or pick it up from the LOCCDC’s office. Most applicants came to the LOCCDC’s office where they would talk with a staff person about their lending needs. Staff worked with applicants through the application process and set up site visits. Upon successful completion of these items, staff wrote a one-page summary of the loan and submitted the information to the loan committee for their review.

The loan committee consisted of eight members including the executive director and chief financial officer from the LOCCDC and two college faculty members. Other members at the time of the site visit were a business owner in the community, two non-profit executive directors, and the current LOCCDC Board Chair. Staff provided information on loans to be reviewed one month prior to the meeting of the committee. Typically, staff waited until approximately \$70,000 in loan funds was available before convening the loan committee. As of February 2007, TN Capital had approximately \$190,000 in outstanding loans and no additional loan capacity.

Fannie Mae recently selected TN Capital as a borrowing partner to provide bridge loans to CHDOs, CDCs, and affordable housing producers.⁴⁹ Frequently, small affordable housing developers do not have the initial capital necessary to start construction. Through this housing loan fund, TN Capital would make interest-only loans for up to 90 days to these housing developers to bridge this initial financing gap. Borrowers had the option of paying the interest up front or making traditional payments on the bridge loan. There was a maximum of three loans per organization. TN Capital was to have \$500,000 available to lend through this program. This was not a revolving loan fund, but Fannie Mae stated it would renew the loan amount every three years.

Fees and interest received by TN Capital were placed into a separate account. The LOCCDC utilized this program income to either make other small business loans or to fund other organizational activities.

⁴⁹ Community Housing Development Organizations (CHDOs) are non-profit organizations with a mission to provide affordable housing. To become a CHDO, a non-profit organization must meet specific federal statutory requirements, and are certified as meeting those requirements by their local jurisdiction. For more information about CHDOs, please refer to the HUD website:

www.hud.gov/offices/cpd/affordablehousing/programs/home/index.cfm.

Volume II – Case Study Reports

Goal Three: Strengthen Families

This goal continued LOCCDC's focus on youths and offering programs that boosted the achievement potential of local children through educational, recreational, and self-development activities.

Objective Six: Develop Programs for Youths

The LOCCDC identified a need to strengthen families and believed that this contributed to a safe and economically viable community. In 2002, the LOCCDC submitted a grant to the U.S. Department of Health and Human Services' Office of Minority Health (OMH) Family Violence Prevention program for a Family Life Center (FLC). In partnership with the Praise of Zion Baptist Church and its Youth Development Foundation, the FLC offered after school programs and social services for youths and families.

The OMH awarded a \$750,000 grant to the LOCCDC for the FLC in 2003. The FLC evolved into a partnership between the FLC, Memphis City Schools, Youth Development Foundation, Memphis Police Department, Stax Museum, Youth Opportunities Memphis, and the Goodwill Boys and Girls Club. Through the FLC, youths and families received educational and cultural programming including safety, financial planning, entrepreneurship training, homeownership counseling, GED preparation, tutoring, and mentoring. The LOCCDC operated the FLC out of the renovated J.E. Walker House (discussed later in this report).

The primary focus of the FLC was 3rd, 4th, and 5th grade boys (LEAPS program) with behavioral problems and/or a C-average or below at Cummings Elementary. Each participant had a mentor that followed the child through their participation at the FLC and beyond. The FLC recruited mentors from college staff, faculty, and students, along with neighborhood residents and others from the broader community. Student outcomes for the LEAPS program were impressive. Of the 30 students participating in the LEAPS program as of February 2007, 23 percent earned all As or made the Honor Roll for the first six weeks of the current semester and 36 percent earned As, Bs, and Cs.

In the fall of 2005, the LOCCDC created another program at the FLC targeted to teenage mothers. In response to the teen pregnancy rate and the incidence of repeat pregnancies, the LOCCDC established Project Second Chance. This program was a 12-week Saturday Academy offered to teen mothers aged 15 to 18 who attended one of five schools in the community and focused on helping them complete high school and becoming self-sufficient after high school. Topics included life skills, enhancing parenting skills, financial literacy, and economic empowerment. Outcomes from this program were equally impressive. Of the 30 teen mothers in Project Second Chance as of February 2007, 53 percent made the Honor Roll for the first two six-week sessions of the semester, and 46 percent earned As, Bs, and Cs. Additionally, two of the seven seniors in the program were preparing to attend LeMoyné-Owen College in fall 2007.

In 2005, the OMH grant was not renewed due to a change in funders. The LOCCDC had to seek other sources of funding to keep the program running. The LOCCDC received a

Volume II – Case Study Reports

grant from the Tennessee Department of Education (\$117,750), \$25,000 from the City of Memphis, and \$25,000 from the Cummings Foundation to continue the program. Each of these funding streams was renewable on a yearly basis and the LOCCDC had been successful in continuing to receive these funds. The ability to continue the FLC was the result of the impressive program outcomes. Further evidence of the LOCCDC's commitment to the program was the fact that they were the only organization that was able to sustain the FLC when the original funding for the program was terminated.

Goal Four: Revitalize the Housing Stock and Increase Employment Opportunities

Grounded in the LOCCDC's focus on housing and economic development, the two objectives of increasing and improving housing and employment opportunities involved activities seen as fundamental to the rebirth of the Soulsville USA community.

Objective Seven: Increase and Improve Housing Opportunities in the Community

A significant component of the LOCCDC's work was housing development. The two main challenges associated with this work were property acquisition and construction and acquisition financing. The first task of the LOCCDC was to identify potential properties. LOCCDC staff researched all of the properties surrounding the college to determine property ownership, occupancy status, tax appraised value, and interest in selling. The LOCCDC also approached the city about their "Build-a-Block" concept. Through Build-a-Block, the LOCCDC concentrated their housing efforts on one block versus a general area. LOCCDC felt that this would allow them to have a greater impact on the neighborhood. The city provided support for this effort.

In 2000, three things happened that set the stage for LOCCDC's entry into housing development. First, the organization applied to the Tennessee Housing Development Authority (THDA) for their Bicentennial Neighborhood Initiative (BNI). BNI was an owner-occupied rehabilitation grant program targeted to specific areas across the State. LOCCDC was awarded a \$300,000 contract with THDA for rehabilitations in the southern region of the State. Second, LOCCDC contracted with SEEDCO, a national community development intermediary, to assist them with becoming a certified CHDO in the City.⁵⁰ This would make the LOCCDC eligible to receive HOME funds for housing development and



First home completed by the LOCCDC.

⁵⁰ SEEDCO is a national community development intermediary founded in 1987 to provide financial and technical assistance to their network of neighborhood-based partners. For more information about SEEDCO, please visit their website: www.seedco.org.

Volume II – Case Study Reports

operations.⁵¹ Third, the LOCCDC acquired their first property, located at 1063 College Avenue, from the city for \$1.

In 2001, the LOCCDC began construction on their first house, became certified as a CHDO, and started home rehabilitations through the BNI program. Funding for the new home came from a line of credit with NBC Bank. The LOCCDC completed this home and sold it for \$69,900 in 2002.

As an entity new to housing development, the LOCCDC learned several lessons after they had completed their first few homes and costs exceeded the sale prices. First, one primary reason the LOCCDC lost money on the first few homes was due to cash flow issues. The lack of available funding to pay for work throughout the construction process resulted in delays. The LOCCDC needed to generate enough cash flow or have a high enough line of credit so that construction could proceed in a timely manner.

Second, to control construction costs, the LOCCDC recognized that it was in their best interest to serve as their own general contractor. When collecting bids for construction, the first question asked by general contractors was, “How much money do you have to spend?” By serving as their own general contractor, the LOCCDC could obtain building and zoning permits on their own behalf, collect a fee for doing the work, and hire their own subcontractors. In 2001, the LOCCDC formed Tennessee Construction, LLC (TN Construction), a separate non-profit entity with a long-term contract with the LOCCDC to serve as their general contractor. The LOCCDC created a separate LLC for liability reasons. There is considerable risk involved with construction, and the LOCCDC did not want their organization to be affected by this risk. TN Construction received their general contractor’s license from the State of Tennessee in 2002.



New homes constructed by the LOCCDC.

Third, the LOCCDC found rehabilitation work to be too uncertain and very risky. Because the amount of work needed to rehabilitate a home was often unknown until the work began, the LOCCDC frequently expended more funds on these projects than originally anticipated. As a result, the LOCCDC made a decision to focus on new construction whenever possible.

Through June 2004, the end of the 2002 HUD HBCU grant, the LOCCDC completed 13 new homes and rehabilitated 6 homes. As of February

⁵¹ The HOME Investment Partnerships program (HOME) administered by HUD provides monetary resources to address housing needs identified by states and local governments. For more information about the HOME program, please refer to, “Expanding the Nation’s Supply of Affordable Housing: An Evaluation of the HOME Investment Partnership Program,” The Urban Institute, October 1998.

Volume II – Case Study Reports

2007, the LOCCDC continued to operate their Build-A-Block program and was working on Saxon Street after having completed College Avenue. The primary sources of funding were lines of credits from NBC Bank, CHDO funds, and program income from the sale of other homes.

According to the LOCCDC, they usually had no difficulty in finding buyers for their homes. In an effort to build in-house capacity and cultivate buyers for their homes, the LOCCDC became a HUD-approved housing counseling agency in 2002. Participants in their homebuyer counseling program came primarily from one of three sources, community financial literacy courses, BDI, or the LOCCDC's Home Expos.

The LOCCDC started the Home Expo program to generate interest in their homes in the Soulsville USA area. During the Home Expo, the LOCCDC conducted mini-home buying classes at the college and obtained credit reports on attendees. Participants then took a bus tour of the new and planned homes in the area. Next, the LOCCDC separated attendees into three groups based upon readiness to proceed with the home buying process. Those requiring longer term counseling and credit repair worked with the LOCCDC to prepare for homeownership. The Home Expos were advertised over the radio and conducted jointly with SunTrust Bank. Between 40 to 100 attendees participated in the Home Expos.

The LOCCDC worked with their counselees through closing to make sure that the documents needed to purchase a home were up to date and correct, and connected them to down payment and closing cost assistance programs available through area banks and the city. In 2004, one LOCCDC staff member became a certified realtor, allowing the organization to serve in all roles associated with the housing process.

The other main activity engaged in by the LOCCDC since 2000 was the rehabilitation of the J.E. Walker House located on Mississippi Boulevard in the heart of the community into the Soulsville Community Resource Center.⁵² This house, which was once the home of the first African-American banker in Memphis, was vacant and owned by the college. Community residents wanted the Walker House to be rehabilitated because it was of historical significance for the African-American community. The college transferred ownership of the Walker



Walker House

⁵² In the 2000 and 2001 HUD HBCU grant applications, the J.E. Walker House is called the South Memphis Homeownership Center. In the 2002 and 2003 grant applications, the name changed to South Memphis Resource Center. When the Center opened in 2005, it was called Soulsville Community Resource Center.

Volume II – Case Study Reports

House to the LOCCDC in 2000 so it could be revitalized into a center benefiting the community. The Walker House was officially opened in 2005 and cost approximately \$190,000 to rehabilitate. Sources of funds included the 2002 and 2003 HUD HBCU grants and CDBG funds from the City of Memphis. The delay in opening this facility was due to the time it took to secure the necessary funding for the project.

At the time of the site visit, residents called the Center a “beacon of light” in the community. The Center housed the FLC, workforce development programs, and the Shelby County Code Enforcement office; provided computer training and homebuyer training classes, and tax preparation assistance; had a computer lab open to the public; and offered space for community activities such as weddings, college luncheons, and support groups.

The positive impact of the LOCCDC’s housing work, along with the other economic development and marketing activities, generated a significant amount of market interest in the community. While continuing to focus on their Build-A-Block program, the organization was preparing to start their first market-rate homeownership development located adjacent to the new Towne Center, discussed below, and across the street from the Stax Museum. The Villas at Soulsville, consisting of 15 three- and four-bedroom single family homes with two baths, were to be sold for between \$190,000 and \$250,000. The model home had already been sold for \$250,000 despite the fact that it had not yet been constructed. The LOCCDC anticipated breaking ground on the project in March 2007. TN Construction would prepare the site and build the model home. After that, purchasers of the prepared lots could either use TN Construction as the builder or select their own. Site preparation was to be financed with funds from Fannie Mae, the Economic Development Authority, and the city.

Objective Eight: Increase Job Training Opportunities

Another main objective of the LOCCDC was to increase the employability of local residents. The primary focus of their efforts since 1999 was job training in construction-related skills because of the strong home building market in Memphis. Through the Future Utilization Targeting Urban Revitalization and Entrepreneurial Services (FUTURES) program, the LOCCDC provided job readiness, basic skills, entrepreneurial, and on-the-job training to participants. The organization had an agreement with Environmental Technical Services (ETS) to provide on-the-job training regarding lead paint inspection and assessment.

In the beginning, the FUTURES program was relatively informal, and the LOCCDC worked with contractors to encourage them to hire graduates of the program. The LOCCDC tried to build upon the synergy of the new home construction occurring as part of the LeMoyne Gardens HOPE VI and was able to link one class of FUTURES students with Beazer Homes, the builder of the HOPE VI, to allow them to observe the entire homebuilding process.

Volume II – Case Study Reports

In 2000, the LOCCDC signed a contract with the Home Builders Institute (HBI) to provide job development and placement services for the FUTURES program.⁵³ The relationship was initially positive, but the contract was terminated a year later because of an institutional mismatch of goals between the LOCCDC and the HBI. The LOCCDC wanted the program to be flexible to meet the needs of the participants, while the HBI, as a national program, was not flexible in their program or expectations. For example, if a trainee was late to a session, the HBI wanted to terminate that individual while the LOCCDC wanted to continue working with the individual. After LOCCDC terminated the HBI contract, they resumed providing the job development and placement services in house. Between 2002 and 2004, the LOCCDC partnered with Youth Opportunities! Memphis who referred participants to the FUTURES program. According to the progress report for the 2002 HUD HBCU grant, 75 participants completed the FUTURES program and 52 of those participants were employed in the construction field.

In 2005, the Tennessee Department of Transportation (TDOT) issued a Request for Proposals (RFP) to HBCUs in the State to conduct a workforce development training program statewide for the highway construction industry. TDOT wanted their workforce to be representative of the communities that they were working in, including minorities, ex-offenders, and the unemployed. The college passed along the RFP to LOCCDC who was subsequently selected by TDOT. The program involved an intensive 16-week training course – ten weeks in the classroom and six weeks of hands-on experience – at four different sites across the State. There were 16 participants at each site. LOCCDC started the contract work in March 2006 and, as of February 2007, the organization was about to begin the training program at their final site.

The LOCCDC saw the TDOT program as a natural outgrowth of the workforce development training they had been providing. Additionally, the TDOT contract provided two significant benefits to the organization. First, it established them as a workforce development trainer in the State. Second, it provided an opportunity for the LOCCDC to potentially work with the community college on another statewide workforce development initiative.

Goal Five: Enhance Community Stability and Capacity

The two objectives of creating new businesses and increasing community capacity looked beyond what the LOCCDC alone could achieve, and focused on getting other entities, whether businesses or community groups, involved in investing and buying into the future of the neighborhood.

Objective Nine: Create New Businesses in the Community

In addition to housing and workforce development, the LOCCDC recognized the commercial corridors in the community needed to be reinvigorated with new retail stores and businesses to complete the rebirth of Soulsville USA. LOCCDC surveyed the community's commercial zones in 1999, and found that 40 percent of the businesses were

⁵³ The Home Builders Institute (HBI) is the workforce development arm of the National Association of Home Builders. The HBI trains skilled workers in residential construction to assist their members with finding qualified employees. For more information about HBI, please visit their website: www.hbi.org.

Volume II – Case Study Reports

vacant. The organization's first success in this area was, after two years of discussion and negotiation, the opening of a full-service NBC Bank branch in 2001. In the HUD HBCU grants, the LOCCDC concentrated their efforts in two areas, the creation of a community-based transportation system (LOC Transportation, Inc.) and the development of the Towne Center at Soulsville, a major commercial and retail center located across the street from the Stax Museum.

The formation of LOC Transportation, Inc. was to accomplish two goals. First, it would create job opportunities for residents as drivers. Second, it would establish a revenue stream for the LOCCDC that would aid in its bid for sustainability. A side benefit was that LOC Transportation would provide a service needed in the community. The LOCCDC envisioned that the clientele would be the college, local churches, YWCA, YMCA, and residents who worked non-traditional hours and/or did not have access to public transportation.

In 2000, the Memphis Area Transit Authority donated a 45-passenger bus to the college, which the LOCCDC managed and maintained. The LOCCDC then purchased a 29-passenger van in 2001 using funds from their 2001 HUD HBCU grant. LOC Transportation began operations in 2002. The LOCCDC established a fee schedule based upon fuel usage, driver time, and clean-up costs. Drivers were paid \$60 for engagements up to four hours long and \$15 per hour after four hours. For long-distance trips, drivers received \$0.35 per mile and a per diem payment based upon federal rates. LOC Transportation also offered a discounted rate to their community partners.



LOC Transportation's 29-passenger van

Unfortunately, LOC Transportation did not become the revenue generator anticipated. According to the LOCCDC, the two primary factors were expenses and ability of the clientele to pay for the service. LOCCDC found that the need for the services of LOC Transportation by the community far outweighed the use of the service by the college and other local organizations. Because people in the community did not necessarily have the resources available to pay the stated rates, the LOCCDC offered the service pro bono. Additionally, expenses associated with operating the vans were significantly higher than anticipated, including maintenance and vehicle storage costs. As a result, the LOCCDC stated that they might break even on the business. However, it provided a beneficial service to the community, so they would continue to operate the program.

Volume II – Case Study Reports

The LOCCDC was considering purchasing a smaller vehicle (5 to 10 person capacity). They would make this decision when the organization conducted its next strategic planning process, but it was not a high priority at the time of the site visit.

In the 2002 HUD HBCU grant, LOCCDC proposed the development of a Towne Center, a community-based residential, retail, and training facility located immediately across the street from the Stax Museum. The LOCCDC and its Board viewed the Towne Center as complementing the Stax Museum, a source of employment opportunities for local residents and a major economic boost to the Soulsville USA area.

The development of the \$10 million Towne Center elevated the work of the LOCCDC to an entirely new level of sophistication. To make the Towne Center a reality, the LOCCDC had to learn an entirely new language when interacting with banks, financiers, and retail stores to sell the feasibility of the project. To assist them with this complex effort, the LOCCDC relied upon the services of an outside consultant and the knowledge of the then director of economic development who was a former banker.

At the time of the site visit, the LOCCDC was finalizing the financing terms for the Towne Center. The facility was to be financed through the New Market Tax Credits (NMTC) program, a U.S. Economic Development Administration grant, City and County funds, and conventional debt.⁵⁴ Ninety-two percent of the space had been leased, the residential component had been eliminated, and a business incubator was now part of the facility.⁵⁵ Planned establishments include a grocery store, bank, restaurant, food court, post office, Athlete's Foot shoe store, call center, doctor's office, and a women's clothing store. The LOCCDC reserved the remaining eight percent of retail space for community businesses/business incubator.



Architectural design of the Towne Center project

⁵⁴ Signed into law as part of the Community Renewal Tax Relief Act of 2000, the NMTC program is the largest federal economic development initiative launched in 20 years. To address the lack of capital in low income communities for business development and economic development initiatives, the program provides NMTCs to entities that invest in low-income communities. These community development entities sell the tax credits to investors, and the funding raised is then invested in business and economic development ventures in low-income areas. For more information about the NMTC program, please refer to the New Markets Tax Credit Coalition website: www.newmarketstaxcreditcoalition.org.

⁵⁵ The residential component was the Villas at Soulsville. As discussed previously, these new homeownership units were to be located adjacent to the Towne Center, rather than above the retail space as originally envisioned. Additionally, the business incubator, which was proposed in the LOCCDC's 2005 HUD HBCU grant, was moved from a site adjacent to the J. E. Walker House to the Towne Center. The structure that was to house the business incubator was too dilapidated to be renovated, so the LOCCDC demolished the structure.

Volume II – Case Study Reports

The LOCCDC anticipated that the financial closing would occur in June, 2007. The LOCCDC utilized funds from their 2002, 2003 and 2005 HUD HBCU grants to pay for planning costs associated with the Towne Center. When complete, the Towne Center will be a cornerstone in the rebirth of the Soulsville USA community.

Objective Ten: Increase the Community’s Capacity to Participate in Revitalization Activities

Under this objective, the LOCCDC understood that they alone could not bring about the rebirth of Soulsville USA. The community itself had to engage in the redevelopment process. The LOCCDC provided technical and financial assistance, including staff development, financial management, and strategic planning assistance to area non-profits, churches, and community organizations to build their capacity to support the revitalization of the community. Additionally, the LOCCDC facilitated the creation of two merchant associations in the area.

In 2005, the LOCCDC facilitated the formation of the Soulsville USA Collaborative, an informal group of community partners focused on working together to address community and economic development in the neighborhood through education. Because of the different groups working in the community, the LOCCDC wanted to ensure that they were communicating with one another about their plans and interests, and not competing against one another.

Leveraging and Budget

According to the grant application, LeMoyne-Owen College planned to leverage the \$549,062 2002 HUD HBCU grant with an additional \$1.74 million in in-kind and financial support, making the leverage ratio for the grant equal to 3.17 to 1. The total projected cost for Project Renaissance III was \$2,289,548.⁵⁶ Upon grant close out in June 2004, the LOCCDC was actually able to leverage the 2002 HUD HBCU grant with \$1.97 million in other funds, almost \$230,000 more than originally anticipated. Exhibit 14 shows the proposed and actual leveraging sources for the subject grant, including in-kind and cash donations.

Exhibit 14: Project Renaissance III Grant – Proposed Leveraging Sources

Source of Leveraged Funds	Primary Activity	Proposed Value	Actual Value
In-Kind			
LeMoyne-Owen College	General Operating	\$35,486	\$35,486
Youth Foundation, Inc.	Youth Programs	25,000	30,000
Stax Museum	Community Capacity	100,000	100,000
Cash			
Tennessee Valley Authority	Micro-Lending Program	97,000	0
SBA Micro-Lending	Micro-Lending Program	75,000	250,000
Memphis Enterprise Community Loan	Micro-Lending Program	478,000	478,000

⁵⁶ Source: LeMoyne-Owen College’s 2002 HUD HBCU grant application.

Volume II – Case Study Reports

Source of Leveraged Funds	Primary Activity	Proposed Value	Actual Value
Fund			
THDA Bicentennial Neighborhood Initiative	Housing Development	300,000	0
City of Memphis CHDO	Housing Development	180,000	180,000
NBC Bank Line of Credit	Housing Development	150,000	150,000
Youth Opportunity Memphis	Youth Programs	50,000	50,000
City of Memphis Family Resource Center	Youth Programs	150,000	150,000
Memphis Community Development Partnership	Capacity Building	25,000	100,000
U.S. HHS Office of Community Services	Housing Development	75,000	350,000
Black United Fund of Tennessee	Community Capacity	0	16,186
SBA PRIME	Micro-Lending Program	0	76,353
Total		\$1,740,486	1,966,025
Leverage Ratio		3.17	3.58

Source: LeMoyne-Owen College’s 2002 HUD HBCU grant application, additional information provided by LOCCDC on July 6, 2007.

The difference between the actual and proposed leveraging amounts is not unusual for organizations pursuing grant funding to support their activities. As community development work exists within a dynamic environment, pledged financial support does not always materialize or remain the same amount, while other opportunities for funding may appear after the grant application has been submitted.

A summary of the overall budget associated with actual activities conducted as a part of the subject grant is provided in exhibit 15.

Exhibit 15: Project Renaissance III Grant – Summary Budget

Budget Category	HUD HBCU Grant	In-Kind/Other Support	Total	Percent of Total Costs
Capacity Building	\$390,187	\$74,059	\$464,246	55%
Financial and Technical Support for Businesses and Strengthening Families	26,000	45,789	71,789	8%
Revitalize Housing and Increase Employment Opportunities	37,500	107,071	144,571	17%
Community Stability and Capacity	95,375	76,200	171,575	20%
Total	\$549,062	\$303,119	\$852,181.00	100%

Source: LeMoyne-Owen College’s 2002 HUD HBCU grant application.

Performance Measurement

In the 2002 HUD HBCU grant, the LOCCDC discussed their performance protocol to monitor the progress of programs and projects. They recognized that the strategic plan upon which the grant application was based was grounded in a dynamic environment and

Volume II – Case Study Reports

that not all programs proposed would work equally well, if at all. The LOCCDC outlined a six-step performance measure protocol (PMP) that would be used to provide continuous feedback to assess the appropriateness and success of different programs. A summary of the PMP is provided in exhibit 16.

Exhibit 16: LOCCDC Performance Measure Protocol

1.	Community Assessment (Strength, Weaknesses, Opportunities, Threats)
a.	What are our problems?
b.	What do we plan to accomplish? (short-term outputs, long-term outcomes)
2.	Visioning, Goal Setting
a.	What is the overall vision? What will the community resemble at fulfillment of the vision?
b.	How will we reach the vision? (mission statement)
c.	What steps will be taken toward achieving the vision? (goals)
3.	Objectives Development
a.	What specific programs and projects will allow us to satisfy our goals?
4.	Process Assessment
a.	Were the objectives achieved, program/services delivered or project completed efficiently?
b.	If process problems are discovered, adjustments are made accordingly.
5.	Output Assessment
a.	What were the outputs?
b.	If process problems are discovered, adjustments are made accordingly.
6.	Outcome Assessment
a.	What were the outcomes? Did they improve the baseline data?
b.	If process problems are discovered, adjustments are made accordingly.

Source: LeMoyné-Owen College 2002 HUD HBCU grant application.

Based upon how the LOCCDC's programs and activities changed over time, it appeared that they utilized the PMP to modify their projects to improve their impact.

Overall, the LOCCDC utilized simple measures in determining the outputs and outcomes of their projects, such as the number of people who completed a program, the number of businesses requesting financial assistance, and the number of individuals served. With respect to changes in baseline data, the LOCCDC only performed limited reviews. According to the organization, the only program with robust information about outcomes was the FLC because it was easier to measure change here than in other programs. Occasionally, the LOCCDC would receive periodic updates on crime statistics to provide one measure of change in the community. Generally, the LOCCDC relied upon qualitative feedback from the CAC to act as a barometer as to the impact and effectiveness of their programs. The LOCCDC did not maintain a tracking or reporting system that provided information about where the community was and where they were today as a result of the LOCCDC's efforts.

IV. Program Lessons

LeMoyne-Owen College, through the LOCCDC, has been extremely successful in achieving their community development vision and goals. A significant reason for this high level of success can be attributable to the LOCCDC's ability to obtain funding through the HUD HBCU grant program. The replacement of vacant lots and dilapidated structures with new affordable homeownership opportunities, the rehabilitation of the historic J. E. Walker House into a community resource center, and the imminent construction of the Towne Center at Soulsville as a new retail/commercial hub are visible examples of the efforts of the LOCCDC to revitalize the Soulsville USA community. The transformation of the former LeMoyne Gardens community into a thriving, marketable, and inclusive destination is well underway, as evidenced by the recent pre-sale of a new home for over \$250,000 in a neighborhood where the average sales price was \$32,733 in 2000.⁵⁷

Supporting the LOCCDC's efforts were the complementary investments being made in the community, including the LeMoyne Gardens and Lamar Terrace HOPE VI projects, and the Stax Museum and Music Academy. Resident pride in the rebirth of their community is clearly evident in the passionate way both lifelong residents and people who were born and raised in the area speak about the changes that are occurring.

This section describes the larger community's perspective of the LOCCDC's community development efforts, challenges and obstacles to carrying out these activities, as well as key features of the community development program at LOCCDC that contributed to the successes achieved. This information is intended to provide the reader with one HBCU's approach and philosophy towards addressing the realities associated with community development.

Perceptions

Residents, community stakeholders, and City officials spoke in unqualified terms of the tremendously positive impact the LOCCDC's work had on the Soulsville USA community. Interviewees described the LOCCDC as being committed to the renewal of the area and as an organization that was truly a "community" organization. The LOCCDC's efforts to facilitate CAC meetings, to unite other key investors and stakeholders under one community-wide vision, and to be involved in other local grassroots organizations contributed to the community's sentiment that the LOCCDC was firmly grounded in the community and understood and responded to their needs, wants, and dreams.

Two particular actions by the LOCCDC seemed to solidify the community's perception of the organization. The first was the focus on homeownership versus rental housing. Early on in the LOCCDC's activities, they were focused on developing affordable rental

⁵⁷ Source: U.S. Census Bureau, 2000.

Volume II – Case Study Reports

housing using low-income housing tax credits. Through the CAC, the community clearly stated that they did not want more rental housing in the neighborhood and wanted to see homeownership opportunities instead. The LOCCDC heeded this request and since then, has focused solely on developing homeownership units.

Second, the successful rehabilitation of the J. E. Walker House into the Soulsville Community Resource Center was considered to be a major victory for the community. For this visible and historic landmark to be transformed from a vacant, dilapidated structure into a modern resource center for the community, and that the LOCCDC remained dedicated to the project despite setbacks and delays, was extremely important in bolstering the residents' pride and establishing the LOCCDC as a steward of the community.

The LOCCDC used a significant portion of each grant to support the fundamental core of the organization, however, the community could not necessarily identify the HUD HBCU grant as being a key funding source in making a particular project or program possible. Yet, the HUD HBCU grant was the reason why so many projects and programs were feasible. It provided the LOCCDC with a level of organizational stability that allowed the staff to nurture and focus on developing programmatic activities and obtaining the necessary financial support for their operation.

Problems/Obstacles

As a non-profit organization focused on community development, the LOCCDC was extremely adaptive and responsive to the environment in which it operated. Essentially, starting as a new organization when reactivated by the college in 1999, the LOCCDC adjusted their business model as necessary in the early years to maximize the organization's competitiveness and effectiveness in achieving its mission. For example, having HUD HBCU grant funds flow through the college to get to the LOCCDC negatively impacted the organization's cash flow. When this was discovered, the LOCCDC and the college worked quickly to allow funds to be deposited directly into the LOCCDC's accounts. This was made possible because the LOCCDC had a very supportive Board and the college was willing to remove itself from the process.

The ability to adapt and respond to challenges meant that the LOCCDC was frequently able to make adjustments as needed to address problems and obstacles. Therefore, the primary challenge faced by the LOCCDC was related to funding, which had a secondary impact on organizational capacity.

Funding

The LOCCDC was extremely successful in securing funding from local, state, and federal sources to support diverse programs and projects. This was especially critical since the college did not provide any cash support to the LOCCDC (with the exception of the provision of office space, utilities, telephones, and information technology support, and faculty involvement in some programs). However, because there was no other source of funds aside from grants and lines of credit, the organization had to rely upon its own cash

Volume II – Case Study Reports

reserves to cover costs in between reimbursements. At the time of the site visit, the LOCCDC had about \$1 million in grant receivables.

For most of their activities, this was not a problem with the exception of housing development and organization capacity. In construction, a large amount of costs can be incurred in a very short period of time. Since the LOCCDC preferred to use small, minority contractors, timely payment for work performed was a necessity. This strained the organization's cash flow. According to the LOCCDC, they would delay paying their own bills sometimes to ensure the livelihood of their contractors. While the LOCCDC no longer had to halt construction because of a lack of funds, they relied heavily on their line of credit and cash reserves to continue the work.

Cash flow issues also impacted the organizational capacity of the LOCCDC. At the time of the site visit, the executive director indicated that the organization probably needed four additional staff persons. However, they were unable to hire additional staff for the last several months because of financial constraints due to cash flow. The LOCCDC had sufficient funding for the positions, but because of the delays in reimbursement, there was no cash flow available to pay the new staff. This, in turn, impacted the operation of the LOCCDC since existing staff were already at capacity. It was a challenge for the staff to cover the additional work beyond their current responsibilities.

LeMoyne-Owen College's Formula for Success

Based upon the interviews conducted and participant observation, five key themes emerged as being foundational elements for the successes achieved by LeMoyne-Owen College and LOCCDC in their community development work.

1) Community Involvement

Interviewees cited community involvement and approval as the number one reason for the LOCCDC's success in the community. Because the organization had the support of residents and stakeholders, the community looked out for the LOCCDC throughout all facets of their activity. For example, when the LOCCDC was trying to obtain zoning approval from the city for the new Towne Center, the CAC and community residents attended the City Council meeting to support the project. In another instance, the LOCCDC experienced theft of building supplies on their second new home construction. The LOCCDC hired some residents from the community to work construction in order to demonstrate that everyone could benefit from this investment. Since then, the LOCCDC has not experienced any theft of their materials because residents recognize the demonstrated commitment of the organization to improving their community.

To obtain this high level of community support, the LOCCDC has consciously cultivated these relationships. One of the first tasks of the executive director when he was hired was to spend the first few weeks out in the neighborhood meeting people and making connections. Through the HUD HBCU grant, the LOCCDC supported the continuation of the CAC as a gateway to the community. Most importantly, when residents came to the LOCCDC about an issue or need, the LOCCDC listened and determined a way to

Volume II – Case Study Reports

make it happen. According to the executive director, “Doing what you say you are going to do,” has gone a long way towards solidifying this relationship between the LOCCDC and the community.

2) Create Partnerships

Collaboration is key. The LOCCDC prides itself on being a convener of partners and being willing to work with everyone for the betterment of the community. A number of organizations may be operating in the same target area, and whether because of differences or similarities in mission, there are frequently divisions between the different groups. The LOCCDC took the approach that it should create partnerships with everyone – banks, local government, foundations, non-profit organizations, community groups – regardless of their specific focus. This approach stems from the philosophy that the whole is greater than the sum of its parts. Maintaining an open dialogue can avoid duplication of efforts and reveal areas of collaboration that can magnify the impact of an investment or program. The creation of the Soulsville USA Collaborative is one example of LOCCDC’s belief in the value added through partnerships.

3) Quality Staff

According to the LOCCDC’s executive director, the most important characteristic that staff should have is passion – passion for community development and the work it entails. Regardless of the skill set possessed by an employee, passion for the work if the organization was a critical factor in elevating the work of the LOCCDC to the next level. Staff were committed and interested in the work, and thought carefully and creatively about what they did, and how it could be done better.

The executive director of the LOCCDC was viewed by staff and the Board as being particularly adept at training staff and allowing them to grow into their positions. In some ways, the programs at the LOCCDC were built around the people and their interests and skill sets versus establishing a program and finding someone to implement it. The executive director did not micromanage his staff but instead, provided a learning environment where they had the freedom to be themselves and do their job. This working environment created a sense of employee loyalty to the organization, which was evident by the minimal turnover in senior staff since the LOCCDC was reinvigorated in 1999.

4) Organizational Focus

Since 1999, the LOCCDC has kept their activities focused on one of three areas – housing development, economic development, and community services. Maintaining a well defined organizational focus has been important to LOCCDC for two reasons. First, as the organization matured, it helped to rein in its programs and activities. The LOCCDC reviewed potential programs to see if it fit within one of their three core areas. If it was not considered to be a programmatic strength and focus for the organization, the LOCCDC did not pursue the program. Second, by keeping a consistent focus, the LOCCDC was able to provide a consistent message to the community about who they were and what they did.

Volume II – Case Study Reports

Regular strategic planning was a major factor in assisting the LOCCDC to maintain its focus. This document helped to clarify the direction of the organization. The HUD HBCU grant has also played a vital role in allowing the LOCCDC to sustain their organizational focus. Because grant funds were primarily used to support staff costs, this freed up the organization to concentrate on program development and funding.

5) Organizational Autonomy

Since the reactivation of the LOCCDC in 1999, the administration of LeMoyne-Owen College has not significantly influenced the operation of the LOCCDC. Even though four LOCCDC Board members are from the college, and college faculty are an important partner of the LOCCDC in several of their programs, the college administration has not interacted with the LOCCDC with a heavy hand. Overall, the LOCCDC operated autonomously. This was possible because of the high level of trust between the college and the LOCCDC, and the knowledge that the LOCCDC would positively represent the college in its interactions.

This autonomy, both operationally and financially, allowed the LOCCDC to be nimble and quick in carrying out their activities and making changes as needed to be more effective and responsive. For example, as their own fiscal agent, the LOCCDC had complete control over the timing of payments, which may have allowed them to negotiate better prices and build vendor confidence in the organization. Similarly, the LOCCDC could manage their funding streams as necessary to cover their obligations.

Texas Southern University

I. Introduction

This case study describes the U.S. Department of Housing and Urban Development (HUD) Historically Black Colleges and Universities (HBCU) grant program as designed and executed by Texas Southern University in Houston, Texas. The purposes of this case study are to present (i) the integration of community development into the overall mission of Texas Southern University's School of Business, (ii) how Texas Southern University's School of Business has carried out one aspect of its community development work through the Economic Development Center (EDC), (iii) an in-depth look at how the activities of the 2003 HUD HBCU grant awarded to Texas Southern University (i.e., the subject grant) were executed, and (iv) a summary of what features have contributed to Texas Southern University's success in community development and the HUD HBCU grant program.

Texas Southern University is a public institution located in the Third Ward community in Houston, Texas. In 2006, Texas Southern University was the second largest HBCU in the United States with a full-time undergraduate population of over 11,200 students. The university was very active in the HUD HBCU grant program, having received seven grants since 1992 with the most recent awarded in 2005.

Economic development became a primary component of the university's overall mission in 1981, with the creation of the Economic Development Center (EDC), the first of four outreach centers housed within the School of Business. The EDC is the unit of the university that implemented the HUD HBCU grant activities. The work facilitated between 1992 and 2007 via the HUD HBCU grant program at Texas Southern University primarily focused on building human capital in the surrounding area through providing skills training, educational opportunities, and business development assistance.

The university contributed a significant amount of its own resources towards these activities through in-kind donations of faculty time and physical space. The EDC also successfully partnered with local community stakeholders to enhance their courses, seminars, and workshops.

Structurally, the EDC was closely linked to the executive administration of the School of Business through its status as an outreach center and the university provided support services to the EDC. The size of the EDC's staff fluxuated slightly over time depending on the availability of grant funds and the programmatic needs. In January 2007, the EDC had a staff of two full-time employees and one part-time employee. The EDC's executive director and one of the two full-time employees had been with the organization since its inception.

Volume II – Case Study Reports

The objectives identified in the 2003 HUD HBCU subject grant, entitled “Homeownership Opportunities and Computerized Technology with Technical Assistance,” reflected the university’s consistent approach to community economic development, and building upon prior accomplishments and activities in the Third Ward community. The subject grant supported four goals: the creation of partnerships with local stakeholders, the preparation of low- and moderate-income persons for homeownership and rental opportunities, the provision of skills training to local residents, and the creation and expansion of small ethnic and minority businesses through the provision of technical assistance. In January 2007, Texas Southern University was in the final year of the 2003 subject grant and was actively carrying out the final elements of the grant program. Activities completed under this grant were expected to conclude in June 2007 having covered a period of four years.

Interviews with staff from Texas Southern University, the Jesse H. Jones School of Business, the EDC, local stakeholders, community residents, and program participants revealed that the challenges and obstacles faced by the university and the EDC were similar to those faced by other not-for-profit and educational institutions engaged in community development work. The university and EDC continually confronted issues regarding limited funding sources and limited organizational capacity. Despite these challenges and obstacles, the university had an unmistakably positive impact on many of the residents of the Third Ward community. Community stakeholders interviewed were unanimous and unqualified in their praise and support for the university’s work.

Texas Southern University’s success in its community economic development efforts was grounded in four foundational elements:

- (i) the commitment of time, understanding that change does not happen overnight;
- (ii) the leveraging of university resources to supplement grant funding;
- (iii) the focused approach to community economic development with activities building on previous successes and building on one another; and
- (iv) the presence of consistent, dedicated leadership at the Economic Development Center.

This case study of Texas Southern University’s community development work and participation in the HUD HBCU grant program is structured as follows. **Section II** describes how community development was incorporated into the university’s institutional structure, the relationship between the EDC and the university, the EDC’s organizational and operational structure, and the history of the university’s HUD HBCU grant program participation. **Section III** provides an in-depth look at the subject grant and how grant objectives have been operationalized and implemented by the EDC. **Section IV** concludes with a discussion of the impact of the university’s community and economic development work including problems, obstacles encountered, and what

Volume II – Case Study Reports

factors contributed to the university's successes. Additional background information on the university, key facts about the local community, and a in-depth history of the HUD HBCU grants carried out by the EDC can be found in appendix C of this report.

The information and findings presented in this case study are based upon primary and secondary data sources collected by Optimal Solutions Group (Optimal) at multiple points in time. First, a one-day reconnaissance site visit was conducted at TSU on April 24, 2006. Then, a second in-depth site visit was conducted from January 16 to 18, 2007. During the second trip to TSU, Optimal gathered detailed information and conducted interviews with a wide-range of key informants. The information provided in this case study is based upon data obtained during the site visits as well as additional secondary sources of information identified subsequent to the visits.

II. Implementation of HUD HBCU Grants – Economic Development Center

Texas Southern University (TSU) is an HBCU located in the Third Ward neighborhood of Houston, Texas. The involvement of the university in community development activities was facilitated by numerous individuals and campus groups at varying levels of complexity. The Jesse H. Jones School of Business was at the forefront of these efforts, establishing four outreach centers to facilitate their work. Across the four centers, the School's community development efforts primarily focused on the building of human and social capital of students and residents, and on creating strong local businesses and entrepreneurs.

The Economic Development Center (EDC) was established to carry out community economic development work with residents in the Third Ward community. Both the local community and the School of Business' administration guided the work of the EDC. The EDC received significant support from the university for its programs and operations through both indirect and in-kind contributions. The EDC also relied heavily on the School of Business administration to help guide their strategic planning and on the School of Business faculty to help plan and facilitate workshops and seminars. The university administration served a key role as well, providing accounting and financial management services to the EDC. The HUD HBCU grant program played a critical role in supporting the EDC's community economic development work, serving as the core funding for the EDC's staff and operations.

This section presents an overview of the community development framework at the university; describes the external oversight and internal organizational structure of the EDC, including the organization's relationship to the School of Business and the university; and briefly reviews the university's participation in the HUD HBCU grant program. This information provides the reader with an understanding of the community development approach adopted by the university and the vision and functionality of the EDC.

Community Development at Texas Southern University

Recognizing the university's growth, academic programs, and location, the Texas Legislature designated TSU as 'a special purpose institution for urban programming' in 1973. This designation formalized TSU's existing commitment to providing educational services targeted to an urban population, as well as the university's role as an anchor in a blighted area of downtown Houston.

Since that time, the university has made numerous improvements and expansions to its campus, a key resource for the surrounding community. These included the construction of apartment style housing for students, parking garages, and numerous other new, state of the art buildings on campus. The university is currently engaged in the construction of a new parking garage, which will include first-floor retail space and will bring much

Volume II – Case Study Reports

needed amenities to the Third Ward community. The university reached out to its neighbors through various service and outreach activities. These include a partnership between the College of Education and the Houston Independent School District to create a laboratory school at Cuney Homes, a nearby public housing complex, and a series of legal aide clinics administered by the Thurgood Marshall School of Law.

Jesse H. Jones School of Business

While community and economic development outreach activities were implemented through multiple areas of the university, the Jesse H. Jones School of Business took the strongest step forward in formalizing these activities. The full mission of the School is listed in exhibit 17. As the third part of the School's three-pronged mission, four outreach centers were created to support and partner with local government and organizations on tackling economic and metropolitan issues. These centers were housed within the School of Business and are – the Center for Financial Education, the Center for International Trade and Development, the Center for Entrepreneurship and Executive Development, and the Economic Development Center.

Exhibit 17: Jesse H. Jones School of Business – Mission Statement

“The mission of the School of Business as a major HBCU located in a leading global business environment is to provide quality education for employment in a globally diverse job market through innovative, active and experiential teaching and disciplined student learning.

Research is seen as complementary to effective and innovative teaching as well as appropriate to faculty development.

The school, especially through its outreach centers, is also committed to and focused on support and partnerships with corporate executives, business, government, and other institutions and organizations whose work emphasizes – economic and metropolitan issues.”

Source: <http://www.tsu.edu/academics/business/SBabout/mission.asp>

The Economic Development Center (EDC) was the venue through which the HUD HBCU grant program was administered at TSU. The School of Business' outreach centers received funding from a combination of alumni donations, other grant funding, and the School of Business itself. While the administration of the School of Business anticipated that these outreach centers would one day be self-sufficient, they understood the need to provide start-up and bridge funding, as well as some operational support in the meantime.

Overview of the Economic Development Center (EDC)

Established in 1981 with the core mission of providing economic development programs and services to residents and businesses within the City of Houston and the surrounding areas, the EDC was the first of four formal outreach centers created by the School of Business. The full mission of the EDC is listed in exhibit 18.

Exhibit 18: Mission of the EDC

The mission of the Texas Southern University Economic Development Center is to contribute to the continued growth and development within the City of Houston and surrounding communities by providing technical assistance in the areas of community revitalization, economic development, education and training needs for the education, training, and technical assistance needs of individuals, businesses, and communities.

Source: Economic Development Center Marketing Materials

The EDC categorized its work into two main activity areas, which were in support of their mission.⁵⁸ The first type of activities that the EDC engaged in focused on the provision of skills-training programs. These programs were targeted at unskilled, unemployed, or low-to-moderate income individuals, and were aimed at helping these individuals to attain long-term self-sufficiency. The second type of activities undertaken by the EDC focused on the local business community. EDC programs were created to provide education, training, and technical assistance for economically disadvantaged business owners as a means of helping them to become more competitive.

Relationship Between the EDC, the Jesse H. Jones School of Business, and Texas Southern University

In 2007, the EDC was an outreach center housed within the Jesse H. Jones School of Business at Texas Southern University. As a result of its being embedded within the university's hierarchical structure, the organization was able to obtain some financial support via in-kind donations of space and services. The organization was also able to utilize faculty and students in developing and implementing its programs.

Financial and In-kind Support

Since the EDC's inception, the School of Business and the university's administration have provided substantial in-kind support to the organization.⁵⁹ While data on the exact amount of in-kind donations to the EDC over its history were not available, interviews with EDC staff, discussions with the School of Business administration, and reviews of grant files, suggested that the contributions were extensive. The School of Business provided the EDC with office space and paid the overhead costs associated with operating the space. Additionally, the School of Business provided free usage of the business computer lab and classroom space, as well as services from administration, faculty, support staff, and students. Finally, while the School of Business did not provide direct cash contributions to the EDC, both the School of Business and the university itself

⁵⁸ <http://www.tsu.edu/academics/business/program/edcabout.asp>

⁵⁹ Frequently, public, private, and non-profit grant making and funding organizations require recipients to provide an "in-kind" contribution as a condition of receipt of assistance. The term "in-kind" contribution typically refers to a non-monetary contribution of property, services, materials, or equipment by the recipient organization toward supporting the effort that is being funded.

Volume II – Case Study Reports

often advanced money for the EDC's use while the EDC waited on reimbursements of grant funds from HUD.

Involvement of Texas Southern University Faculty

School of Business faculty members were utilized extensively by the EDC in conceptualizing, developing, and executing grant activities. During the early stages of project conceptualization, faculty and administration of the School of Business assisted by reviewing grant applications and providing input on how to implement the activities selected by the EDC. Later, School of Business faculty worked with the EDC staff to develop workshop and seminar content, often serving as facilitators of sessions in their expertise areas. These are examples of how the university contributed to grant activities without expending additional funds. These faculty contributions allowed the EDC to leverage existing expertise which was already present in the university's network for the enhancement of the EDC's programs. The commitment of faculty to EDC activities is listed in grant commitment letters as part of the "in-kind" contribution by the university.

Involvement of Texas Southern University Students

Texas Southern University's student body had opportunities to be involved in EDC activities and operations in a number of ways. First, students were targeted as program participants. Second, TSU students could apply for an internship with the EDC, or could offer their time as a volunteer. Finally, students who were already employed as interns by the School of Business often had the opportunity to assist the EDC as a part of their job. While there were already many venues for student involvement with the EDC, the administration of the School of Business indicated that they plan to encourage additional student involvement in the future.

EDC Organizational and Operational Structure

Local Input and Involvement

While the EDC did not convene regular community meetings, the EDC felt strongly that local feedback and involvement were important to their success. The organization solicited local input for their projects in a number of other ways.

Because the projects implemented by the EDC included workshops, seminars, and trainings, attended primarily by local residents and businesses, local input was often garnered through both formal and informal feedback during these events. Community meetings and telephone surveys were occasionally utilized to solicit feedback on specific ideas or on community needs.

EDC staff also obtained informal local input through their extensive networks with local residents, businesses, and other neighborhood stakeholders. Finally, the EDC staff was involved in various local organizations, which provided a venue for gauging the community. These organizations included social service providers, churches, and non-profits.

Volume II – Case Study Reports

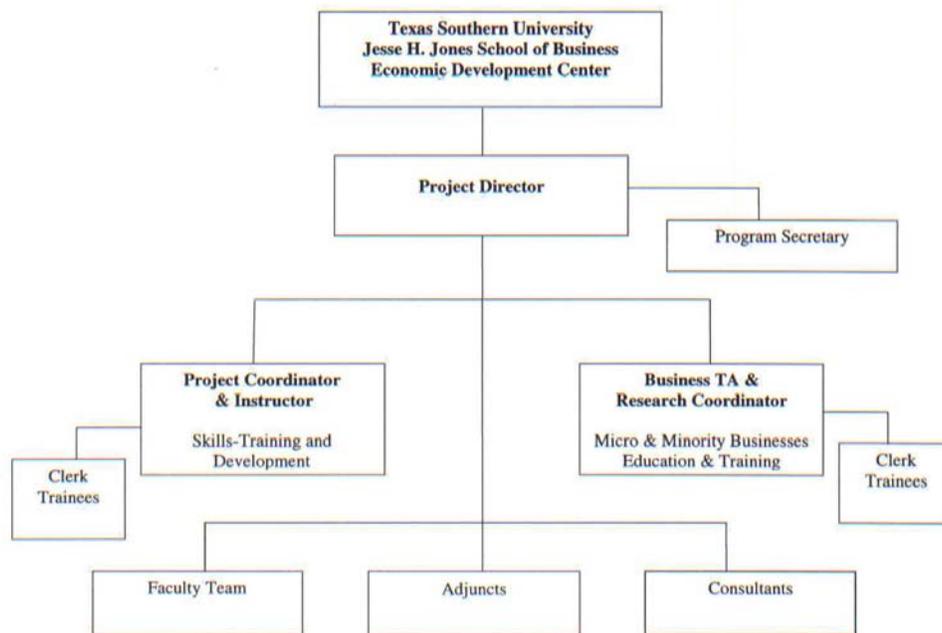
EDC Staff

The staffing of the EDC remained relatively consistent during the years they participated in the HUD HBCU grant program. At inception, the organization had only one employee, the director, but as of January 2007 the EDC employed two full-time staff members and one part-time employee. At times, the staff was larger, as evidenced by the vacant positions of program secretary and business technical assistance and research coordinator. EDC utilized those staff positions on an as-needed basis. During the period of EDC's 2003 HUD HBCU grant, the business technical assistance and research coordinator position was filled and proved crucial to the completion of the grant's early activities.

During key informant interviews, the administration of the School of Business indicated that they recognized the need to create a strategic plan for the eventual retirement of the EDC's director of 26 years.

The EDC's organizational structure is illustrated in exhibit 19. Descriptions of each staff member and their responsibilities are included in appendix C of this report.

Exhibit 19: EDC Organizational Structure



EDC Activities

Historically, the EDC's activities have been focused on community development through economic empowerment. Skills training, education, and business development have been the key focus areas for the organization since its inception. By structuring their grant activities to focus in these areas, the EDC has helped to empower people who are then able to be self-sufficient.

Volume II – Case Study Reports

Over the years, the EDC has not been particularly involved in physical redevelopment projects in the Third Ward. The EDC recognized that their staff was best qualified to engage in skills training and business development services and that the provision of these services to local community members would help residents to help themselves. Additionally, during the 1990's, the EDC was involved in the creation of housing for homeless men and women who were participating in job training programs. The EDC and its contractors constructed the facility used to house the women participating in the program. The site, now called the Nunn House after the EDC's director, is still in operation. It serves as a transitional housing complex for women with children who are enrolled in job training and/or GED preparation classes. Lessons learned by the EDC when constructing this site reaffirmed to the organization that this type of work was very costly and unpredictable, hence, not where they wanted to focus their efforts. During interviews, the Dean of the School of Business did, however, note the need for the university to become more involved in construction-related projects in the community and for the city and other stakeholders to work together to create a detailed plan for these types of projects.

Over the years, the EDC has worked extensively with local business owners and potential entrepreneurs in an attempt to build a strong business community in the Third Ward. The EDC has conducted one-on-one counseling and technical assistance, workshops, and seminars on a host of business related topics. These events have been free and open to the public. As an outreach center in the School of Business, the EDC has been able to capitalize on the services of experienced faculty to offer a wide-range of seminars and workshops.

Skills training and GED preparation opportunities have been developed by the EDC and are available for local residents. Houston Community College offers GED preparation courses at the TSU campus. The EDC developed a thorough curriculum for computer training to compliment the GED preparation and has offered the course frequently. The course was developed in part by Agnes Connor, a GED course graduate, who is now a full-time employee at the EDC. Students in the computer training courses who exhibit potential are often offered the opportunity to gain employment skills by working in the EDC offices.

When possible, the EDC has worked to create opportunities for local residents to access this technology separate from the TSU campus. HUD HBCU grant funds were allocated to two public housing technology centers and one senior citizen computer lab. When needed, training was also provided to the users of these centers.

EDC Operating Budget and Funding

The EDC operating budget fluctuated over time and was dependent upon HUD HBCU grant monies and in-kind contributions by the university and other partners. The EDC did not have any other outside funding sources to draw upon. Thus, the HUD HBCU grant funds were used in large part to cover staffing costs and operational expenses. Neither the university, School of Business, nor the EDC maintained exact records on the

Volume II – Case Study Reports

values of in-kind contributions, but estimates of these amounts were included in HUD HBCU grant applications. These donations were substantial.

Because the EDC staff salaries were tied to grant funding, the size and types of staff employed by the organization were directly dependent on the funded activities. The administration of the School of Business indicated during interviews, a desire to locate and obtain additional funds from other sources in the future. The administration also stated during key informant interviews that they were interested in expanding the organization's staff size and the types of activities conducted.

Procurement and Financial Management

The university's Grants and Contracts Department was responsible for all financial management and accounting activities for the EDC. The director of the Department and a grants accountant oversaw the obligation and expenditure of grant funds and the set-up of separate internal budgets for each grant. The internal budget identified specific expense categories (e.g., salaries, consultant services) which were pre-defined by the State of Texas and entered into the university's BANNER accounting software system. The TSU accounting office did a "cross-walk" which links the State line item codes to the codes used by the EDC in their grant budgets. For accounting purposes, the grant funds were considered to be part of the general operating fund, since this fund advanced the grant monies for expenses incurred prior to HUD's reimbursement.

The EDC adhered to the university's procurement policy when purchasing goods or services. This policy stated that if a good or service was estimated to cost \$5,000 or more, bids must be solicited from a minimum of three contractors. If the estimated cost of the good or service was less than \$5,000, no bid process was required. A diagram showing the process is included in appendix C of this report.

Requisition forms submitted by the EDC required four different signatures by university personnel. The first signature was an approval by the director of the EDC, the second an approval by the Dean of the School of Business, the third from the grant accountant, and the fourth from the director of the Grants and Accounting Department. After all four signatures were obtained, the form was sent to purchasing for issuance of the purchase order. This process, from submission of the requisition form to the issuance of a purchase order, took on average one to two days, an improvement over the university's previous system, which required many more signatures and took an average of two weeks.

In implementing HUD HBCU grant activities, the university made payments on costs incurred in advance of being reimbursed by HUD. At certain times, this caused financial hardship because the university, like many other higher education institutions, operated on narrow margins and did not have large stores of cash available to front program-related expenditures. Staff from the university's Grants and Accounting Department estimated they oversaw approximately 225 grants, and similarly to the HUD HBCU grant program, almost all of these grants required the university to advance funds. The university managed a careful balance in their operating fund to allot for the advance of

Volume II – Case Study Reports

these grant funds and the other expenditures incurred on an on-going basis by the university. Grants and Accounting Department staff did indicate that they generally received the reimbursement from HUD within a few days of entering the draw-down request. They also noted, however, that if they needed to submit multiple drawdown requests, they would have had to wait approximately three days between the requests.

HUD HBCU Grant Program Participation

The HUD HBCU grant program served a pivotal role for the EDC. Without funds from the grant program, the EDC may not have been able to sustain its activities, as the grant funds support the salaries of EDC staff and are the main source for funding community economic development activities implemented by the organization. Between 1999 and 2005, Texas Southern University received three HUD HBCU grants.⁶⁰ An overview of each of the three HUD HBCU grants awarded to Texas Southern University is provided in exhibit 20. More specific information about each of these grants can be found in appendix C of this report.

Exhibit 20: HUD HBCU Grants Received Between 1999 and 2005

<i>Year of Grant</i>	<i>Title</i>	<i>Dates of Performance</i>	<i>Award Amount</i>
2001	Skills-Training in Automatized Technology and Small Business Technical Assistance	January 2002 - March 2006	\$500,000
2003	Homeownership Opportunities and Computerized Technology with Technical Assistance	October 2003 - December 2007	\$550,000
2005	Revitalization and Economic Development Empowerment for Eliminating Community Blight	August 2005 - August 2008	\$600,000

A review of the 2001, 2003, and 2005 HUD HBCU grants, determined that the goals, objectives, and activities of each grant clearly reflected the vision of the EDC. Through implementing and achieving success with activities such as GED preparation, skills training, financial management, homeownership preparation, and small-business development, the EDC staff has developed a strong curriculum of inter-related services that promote capacity-building among Third Ward residents and businesses.

HUD HBCU grant funds were primarily used by the EDC as the catalyst for organizational sustainability and therefore, programmatic operations. These funds supported the staff salaries and benefits of EDC employees who planned, recruited for, developed the curriculums of, and administered various grant activities. HUD HBCU grant funds were also used to contract with partners to implement small-scale physical community development projects, such as the design and equipping of neighborhood computer centers, which served as a complement to the EDC's other activities. Engaging

⁶⁰ Texas Southern University also received four other HUD HBCU grants outside of this time period in 1992, 1994, 1996, and 1998. As written by HUD, the scope of work for this study only included grants received between 1999 and 2005.

Volume II – Case Study Reports

in these types of projects enabled the EDC to respond to other perceived needs in the community.

While the university was technically the recipient of the HUD HBCU grant funds, the EDC implemented and executed grant activities on behalf of the university. The next section of this report provides an in-depth look at how the EDC carried out the objectives of one HUD HBCU grant, hereafter referred to as the subject grant. The subject grant was awarded to the EDC in 2003, and is entitled “Homeownership Opportunities and Computerized Technology with Technical Assistance.”

III. A Grant In-Depth – The Homeownership Opportunities and Computerized Technology with Technical Assistance Program

HUD awarded Texas Southern University a 2003 HUD HBCU grant of \$550,000 for their “Homeownership Opportunities and Computerized Technology with Technical Assistance” program. Targeted to the Third Ward neighborhood surrounding the university, the subject grant had four primary goals. First, the subject grant aimed to create partnerships with local stakeholders for the benefit of the community. Second, the subject grant aimed to prepare low- to moderate-income persons for homeownership and rental housing opportunities. Third, the subject grant aimed to provide skills training to local residents. Finally, the subject grant aimed to help to create or expand small, ethnic/minority businesses through the provision of technical assistance. The EDC planned to leverage the \$550,000 HUD HBCU grant with \$182,700 in in-kind and indirect support to carry out these activities.

In January 2007, the university was in the last year of the four-year grant.⁶¹ The EDC, the implementing organization, was actively in the process of executing the subject grant’s activities.

In this section of the report, the university’s 2003 HUD HBCU subject grant activities are discussed in greater detail. This information is intended to provide the reader with an in-depth look at how one HBCU implements its community development activities as defined through a single HUD HBCU grant. It reviews how the EDC and the School of Business determined the goals and objectives for the subject grant, leveraged HBCU grant funds, and carried out the grant goals and objectives through various activities.

Goal Identification and Selection

The goals laid out in Texas Southern University’s subject grant, and described in exhibit 21, reflected the continued dedication of the EDC to building human capital, providing skills training opportunities, and assisting in the development of local small businesses. As discussed previously, this approach has been the focus of the EDC throughout the organization’s history and is consistent with the organization’s mission and targeted activity areas. Many of the objectives for this grant built upon prior EDC accomplishments and activities in the Third Ward.

To determine what would be included in the grant application, Ms. Nunn considered the known needs of local residents and businesses, as well as the resources at her disposal.

⁶¹ The original term of the grant was from October 2003 through October 2006, but the EDC requested numerous extensions, pushing the expiration date to December 2007. These extensions were requested in part because the EDC started the grant later than anticipated, due to the need to complete previous grant activities. Similarly, some activities comprising the subject grant took slightly longer to execute than anticipated.

Volume II – Case Study Reports

When necessary resources or partnerships were not available, she would go into the community and find them. After drafting a list of ideas, Ms. Nunn consulted the administration of the School of Business, who helped refine the list and ensure the feasibility of the specified activities.

Exhibit 21: Homeownership Opportunities and Computerized Technology with Technical Assistance Grant– Goals, Objectives, and Activities

<i>Goal</i>	<i>Objective</i>	<i>Activities</i>
Create partnerships with local stakeholders.	Execute letters of understanding with local partners.	<ul style="list-style-type: none"> ▪ Identify each party's responsibilities. ▪ Prepare the LOU for each agency/individual. ▪ Obtain signature(s).
Prepare low- to moderate-income persons for homeownership and rental opportunities.	Prepare and present workshops which detail the home buying and/or renting process.	<ul style="list-style-type: none"> ▪ Meet with partners to discuss activities, roles, and responsibilities. ▪ Discuss and prepare agendas for seminars. ▪ Recruit, enroll, and orient participants. ▪ Conduct special seminars.
Provide skills training to local residents.	Assist a grass-roots, faith-based organization to develop a computer technology center.	<ul style="list-style-type: none"> ▪ Meet with organization representatives to create plans for the space. ▪ Provide budgeted funds to the organization. ▪ Plan dates for special training of organization's senior staff and tenants, if needed.
	Provide financial literacy, computer technology, and office administrative skills training for various types of disadvantaged local residents and students.	<ul style="list-style-type: none"> ▪ Recruit, enroll, and orient participants. ▪ Provide group technical assistance training in computer technology through classroom lectures. ▪ Provide one-on-one technical assistance in office administrative duties and work performance. ▪ Conduct training and/or seminars on financial literacy.
Create/expand small, ethnic/minority businesses through the provision of technical assistance.	Provide technical assistance to selected small ethnic/minority business program participants.	<ul style="list-style-type: none"> ▪ Enroll and orient participants. ▪ Conduct special seminars. ▪ Provide one-on-one technical assistance. ▪ Provide grants for small business revitalization.

Source: Texas Southern University 2003 HUD HBCU grant application.

The EDC has focused throughout its history on partnering with local community stakeholders to develop and implement its activities. Often these local partners contribute in-kind resources to the work. The EDC's partners included the Houston Community College System, the Martin Luther King Jr. Community Center, the Neighborhood Networks, Inc., Southeast Keller Corporation, and the Houston Small Business Development Center.

Volume II – Case Study Reports

Technology and skills training for local residents has been highly successful in past grants, and many graduates of these courses and workshops have been able to find better employment as a result. The EDC's Computer Training Course and GED Preparation Courses have been in existence for many years, graduating hundreds of students. The EDC has also provided extensive technical assistance to local businesses, both in one-on-one settings and through workshops. This continues in the 2003 HUD HBCU grant activities.

All of these activities had a long history of success and were supported by the local community, making their inclusion in the grant activities a sensible proven choice. Additionally, new partnerships like the one with the William A. Lawson Institute for Peace and Prosperity (WALIPP) helped the EDC to respond to other known community needs.

Leveraging and Budget

According to the grant application, Texas Southern University planned to leverage the \$550,000 2003 HUD HBCU grant with an additional \$182,700 in in-kind and indirect support, making the leverage ratio for the grant equal to 0.332 to 1. The total projected cost for Homeownership Opportunities and Computerized Technology with Technical Assistance was \$732,700.⁶² In addition to HUD HBCU grant funds, other anticipated sources of funds included in-kind donations from Texas Southern University (\$107,700), the Martin Luther King Jr. Transitional Housing Center (\$15,000), Womack Development and Investment Realtors (\$21,000), and the Wheeler Avenue Baptist Church (\$3,000). Additionally, an indirect contribution of staff time was made by Houston Community College (\$36,000).⁶³ These can be seen in exhibit 22.

Exhibit 22: Homeownership Opportunities and Computerized Technology with Technical Assistance Grant – Anticipated Leveraging Sources

Source of Leveraged Funds	Value
Houston Community College (HCC)	\$36,000
Martin Luther King Jr. Transitional Housing Center	\$15,000
Jesse H. Jones School of Business (TSU)	\$107,700
Womack Development and Investment Realtors	\$21,000
Wheeler Avenue Baptist Church	\$3,000
Total	\$182,700
Leverage Ratio	0.332

Source: Texas Southern University's 2003 HUD HBCU grant application.

⁶² Source: Texas Southern University's 2003 HUD HBCU grant application.

⁶³ These funds are listed as an indirect contribution instead of an in-kind contribution because HCC would have paid the staff member's salary to conduct the GED courses, regardless of the location of the courses. The EDC/TSU provided facilities and helped recruit participants for the GED courses taught by the HCC faculty on TSU's campus, thus making the GED courses available to local residents.

Volume II – Case Study Reports

A summary of the overall budget is provided below and in exhibit 23 as follows:

- Personnel – EDC personnel were funded with grant dollars and their compensation rates were based on information provided in the State of Texas' Personnel Manual for State Universities and Colleges. The EDC's grant application packet listed personnel costs at \$262,394. Additionally, the School of Business provided an in-kind donation of faculty, staff, and student time valued at \$60,000.
- Fringe Benefits – Similarly to compensation rates, the costs associated with fringe benefits were determined by the State. Fringe benefits included employee health benefits, paid time off, and other insurances. The EDC listed those costs as \$64,302 for the 2003 HUD HBCU grant. This represented a fringe rate of approximately 24.5%.
- Travel – Travel funds were reserved in this grant for the EDC's director to attend the annual HUD HBCU conference. The amount of these travel funds was \$5,000.
- Supplies – Postage, office supplies, and printing necessary for the implementation of grant activities were estimated by the EDC at about \$6,000.
- Contractual – Funds allocated to this line item were used for hiring consultants to assist with specialized computer training, one-on-one business technical assistance, GED preparation, and skills training. The EDC contributed \$71,668 from the HUD HBCU grant to these tasks, and partners contributed in-kind donations of \$75,000 to these tasks, for a total allocation of \$146,668.
- Other Direct Costs – The EDC allotted \$48,055 for miscellaneous costs, such as participating in the events of other neighborhood stakeholders. An in-kind donation of \$47,700 was made by the School of Business also to cover the EDC's space in the building, use of the business computer lab, and use of classroom space.
- Indirect Costs – Indirect costs, which represent the costs of doing business not associated with one particular activity (financial/book keeping services, electrical costs, etc.), were calculated by TSU at a rate of 24%, and totaled \$92,581 over the duration of the grant.

Exhibit 23: Homeownership Opportunities and Computerized Technology with Technical Assistance Grant – Summary Budget

Budget Category	HUD HBCU Grant	In-Kind/Other Support	Total	Percent of Total Costs
Personnel	\$262,394	\$60,000	\$322,394	44%
Fringe Benefits	\$64,302		\$64,302	9%
Travel	\$5,000		\$5,000	1%
Supplies	\$6,000		\$6,000	1%
Contractual	\$71,668	\$75,000	\$146,668	20%
Other Direct Costs	\$48,055	\$47,700	\$95,755	13%
Indirect Costs	\$92,581		\$92,581	13%
Total	\$550,000	\$182,700	\$732,700	100%

Source: Texas Southern University's 2003 HUD HBCU grant application.

Implementation of the Homeownership Opportunities and Computerized Technology with Technical Assistance Program

The EDC and the School of Business developed and implemented the Homeownership Opportunities and Computerized Technology with Technical Assistance program on behalf of the university. This section describes in detail how the EDC carried out the activities of the subject grant and the challenges, obstacles, and accomplishments along the way.

Objective One: Execute Letters of Agreement With Local Partners

Recognizing the importance of partnering with local stakeholders and utilizing their existing expertise, the EDC nurtured relationships with many groups. By constantly maintaining these relationships, the EDC had a solid list of expert consultants who could be brought in as a resource when needed on specific projects. This allowed the EDC not to support a large number of staff positions with very specific expertise.

To implement the activities associated with the Homeownership Opportunities and Computerized Technology with Technical Assistance grant, the EDC formalized partnerships with five organizations through Letters of Agreement and/or formal contracts:

- Womack Development and Investment Realtors
- Hollins Financial Group/Hollins Homebuyer Enterprise
- Houston Community College System (HCC)
- William A. Lawson Institute for Peace and Prosperity (WALIPP)
- Martin Luther King Jr. Transitional Housing Center (MLK-THC)

These partnerships were pivotal to the success of grant activities. Securing the partnerships was the EDC's first step in grant implementation.

Volume II – Case Study Reports

Objective Two: Prepare and Present Workshops which Detail the Home Buying and/or Renting Process

Under the 2003 HUD HBCU grant, the EDC and its partners, Hollins Financial Group, Hollins Homebuyer Enterprise, and Womack Development & Investment Realtors, conducted three workshops covering topics related to home buying and home rentals.

The three workshops were held on October 5, 2005; October 18, 2005; and May 10, 2006 at the Jesse H. Jones School of Business on the TSU campus. Two of the workshops were held during the day and the third was held at night in order to accommodate the varying schedules of participants. The 2005 workshops were approximately two hours in length, while the 2006 workshop was four hours in length due to additional information being provided.

Agenda

Prior to the workshops, EDC staff met with the partners to determine what would be included in the curriculum and to develop a draft agenda. The agendas for the two workshops held in 2005 included sessions entitled Mechanics and Requirements of Homeownership Opportunities; Buying, Leasing, and Rental Opportunities in the Third Ward; and How to Become an Investor/Realtor or Buying and Rehabbing Homes for the Low Income. The workshop held in 2006 included an additional session about financial literacy.

Participants

The EDC recruited participants for these workshops in a number of ways, including campus print advertisement, public service announcements, email, and word of mouth. Flyers were posted on campus advertising the event to students and staff, and asking them to contact the EDC to register. Emails were sent out to previous program participants, GED students, and others through a staff member from Houston Community College. Finally, word of mouth contact between EDC staff and partners generated additional participants for the three workshops. In total, 87 participants were recruited for the three workshops, 66 of which attended and completed the training.

Objective Three: Assist a Grass-Roots, Faith-Based Organization to Develop a Computer Technology Center

The EDC partnered with the William A. Lawson Institute for Peace and Prosperity (WALIPP) to create a computer technology center for senior citizens at the organization's Senior Residence Center, located in the core of the Third Ward. Many of the residents of WALIPP's facility did not have access to a computer. Under the terms of the agreement between the two parties, the EDC provided \$10,000 of



The Computer Technology Center at WALIPP's Senior Residence Center

Volume II – Case Study Reports

HUD HBCU grant funds to WALIPP. These funds were then used for the purchase of equipment, software, and supplies for the center. In return, WALIPP allocated the room in the building for the center and took responsibility for the management, operation, and overall care of the technology center.

In January 2005, WALIPP submitted cost estimates for the use of the \$10,000. Items purchased for the computer center included four new computers, three desks, three chairs, two printers, and other miscellaneous items needed to connect the electronic equipment. The computer technology center was completed by April of 2005.

Since the Center's completion, residents of the facility have used it extensively. WALIPP staff members indicated residents utilize the computer center daily; primarily using the Internet and word processing software. Additionally, after Hurricane Katrina, the Senior Residence Center became home to about 30 evacuees, and the computer center proved a critical resource to help them contact friends and family, and to work to put their lives back together by completing required paperwork quickly over the Internet.

By January 2007, the facility had proven useful, but was starting to show signs of wear and tear. Two of the four computers were broken and, already on a tight budget, WALIPP could not afford to repair them. The staff also recognized the need for an additional printer and a print server which would connect the printers, allowing users to print to the same printer from any machine in the room. WALIPP did not have funds to make these improvements either. The organization's lack of funds to do maintenance on the facility will continue to be a problem in the future since WALIPP staff were unsure of how to address the issue.

Objective Four: Provide Financial Literacy, Computer Technology, and Office Administrative Skills Training for Various Types of Disadvantaged Local Residents and Students

The activities in this objective were targeted to youth, unskilled, and homeless residents of the Third Ward. The EDC along with its partners – Houston Community College and the Martin Luther King Jr. Transitional Housing Center – developed a comprehensive program to refer local residents in need of assistance into courses teaching employment and life skills. Participants showing particularly strong promise were selected for the EDC's clerk trainee positions, in order to give the participants experience working in an office setting.

Computer Technology Training

Participants

Participant recruitment for the EDC's computer training course took a multifaceted approach. Similar to the recruitment for other EDC workshops and seminars, traditional advertising methods were used, including print signs, email, and public service announcements. Word of mouth was also a powerful advertising method. But, perhaps the most successful advertising came via two of the EDC's partners – Houston

Volume II – Case Study Reports

Community College (HCC) and the Martin Luther King Jr. Transitional Housing Center (MLK-THC).

Houston Community College worked with the EDC to offer GED preparation courses at the TSU campus for many years. According to the terms of HCC's contractual agreement with the EDC, HCC provides the teacher, the supplies, and assists with recruitment of the participants. In return, the EDC provides the physical space in the School of Business building and refers and recruits course participants. According to data provided by HCC, the participants were predominantly African-American and were between the ages of 16 and 59. The students generally performed well in the courses, making significant gains in language, math, and reading.

The GED preparation courses were offered at TSU four times per year. HCC and the EDC worked together to carefully plan the starting dates for the GED preparation and computer training courses so the computer training started approximately two weeks after the GED preparation courses began. This allows the EDC to recruit participants from the GED course for the computer training course, which for the participants' convenience, are scheduled back-to-back.

The Martin Luther King Jr. Transitional Housing Center, a temporary home for single mothers with children, also helps to recruit computer training course participants. As detailed in the MLK-THC's commitment letter, the organization referred new residents who did not have a GED to the EDC for assistance. The EDC reviewed the individual's circumstances and barring any problems, enrolled them into the next offering of the HCC course.



After registering, the interested individuals were invited to an orientation session, during which Ms. Connor described the content of the course, the required commitment of the participants, and what the students can hope to get out of the course. This orientation served two purposes. First, it helped the potential participants know what to expect. Second, it helped the EDC weed out people who were not serious and not really willing to make the necessary commitment.

Course Content

On average, each offering of the training course lasted about ten weeks. The topics covered in the courses started with the basics. The first week was spent learning about the 'Concept of a Computer.' Students then moved to learning about basic word processing functions, creating presentations, using the Internet, navigating basic spreadsheets, and finally developing simple databases. By the end of the course, students

Volume II – Case Study Reports

presented their course project to the class. This project involved creating a business plan – for a real business or an imaginary one – using their new computer skills.

The class split its time between a traditional classroom setting and one of the School of Business' computer labs. Ms. Connor taught both sessions, utilizing special presenters as needed. Ms. Connor described periodic challenges with staffing. She often needed assistance in the computer lab to answer questions and help students individually.

Results

Between September 2004 and November 2006, the EDC had held seven offerings of the computer training course using funds from the 2003 HUD HBCU grant. A total of 242 people were recruited for the course, and 221 of those individuals actually enrolled in and completed the course. The majority of participants (145) came from the GED courses taught at TSU by HCC. These students were able to dually attain their high school equivalency and gain skills that would be of use to them in the workplace.

Technical Assistance in Office Administration

Participants in the GED classes and computer training courses who showed strong promise and/or who were in serious need of assistance were offered positions with the EDC as clerk trainees. As of January 2007, the EDC had referred 24 candidates to the clerk trainee program, eight of which were employed by the EDC or another office on the TSU campus. Those who chose to decline the EDC's offer cited a variety of reasons for their decision, including taking another job or returning to school full-time. According to the EDC director, others chose not to take the position because they were not ready to handle the responsibility associated with it.

The salary paid to the clerk trainees varied, and was partially dependent upon how much money the EDC had in the grant, how many trainees they decided to hire, and for how long the person was employed. On average, the EDC employed the trainee for six to twelve weeks. The stipend averaged between \$300 and \$1,000.

During the course of their employment, trainees performed primarily administrative office duties such as answering the phone, sorting mail, filing, making copies, and doing other light work on the computer. The trainees also worked with EDC on preparing for workshops and seminars, which gave them an opportunity to understand about the scope of the organization's activities. Over the course of their employment the trainees gained specific office skills, became accustomed to working in a professional environment, and received a reference to use on their resume when applying for future employment.

Financial Literacy Education

In January 2007, 61 participants had been educated in financial literacy by the EDC using funds from the EDC's 2003 HUD HBCU grant. David Hollins Sr. from Hollins Financial Group taught the course, which was held three times – once in the fall of 2004, once in the fall of 2005, and once in the spring of 2006. The times and days on which the course was offered varied accommodate the schedules of potential participants. It also coincided with the EDC's computer training classes. Topics covered during the seminars included

Volume II – Case Study Reports

how to save money, different types of investments, credit management, and skills for the general managing of one's finances. The seminars' participants were primarily from the computer training courses and GED classes, but others from campus and the surrounding community were welcomed to attend.

Objective Five: Provide Technical Assistance to Selected Small Ethnic/Minority Business Program Participants

This activity was comprised of three forms of technical assistance, which served to support new and existing small businesses in the Third Ward and surrounding area. These forms of assistance were seminars on small business planning and business finances, one-on-one technical assistance, and business revitalization grants to businesses that have been in existence for an extended period of time.

Participants for these activities were recruited in the same manner as the participants for homebuyer and rental counseling activities, with the addition of public service announcements on local public radio. Potential participants were pre-screened by EDC staff to evaluate their needs and ensure that the technical assistance available would meet their needs.

Conduct Special Seminars

Under the 2003 HUD HBCU grant, the EDC conducted two Small Business Planning and Financial Management seminars. The first seminar was conducted from September 13, 2005 to November 15, 2005. The second was held from September 12, 2006 to November 9, 2006. Sessions were generally held twice per week in the evening for two hours. The instructors included university faculty, outside consultants, and volunteers.

Topics covered during the seminars included:

- Organizing Small Business and the Legal Structure
- The Business Plan
- Financial Planning and Management
- The Business Loan Package
- Tax Education for Small Business Owners
- Integrating Technology for Business Enhancement

Sixty-nine participants were enrolled in the seminars, 21 of whom completed the course, receiving a graduation certificate. Another 15 participants were considered trained in some aspects, but did not attend all of the sessions and could not qualify for the certification. Thirty-eight of the participants were educated specifically in finance. A review of documentation provided to the EDC indicated that 47 of the participants, or 68 percent, identified their business as a "start-up" business.

One-on-One Technical Assistance

The EDC and its faculty and consultants provided one-on-one technical assistance to local businesses on an as-needed basis. As of January 2007, the EDC had worked with approximately 91 businesses or business owners. These individuals were recruited from three main areas: (i) existing area businesses, (ii) participants in the Small Business

Volume II – Case Study Reports

Planning and Financial Management Workshops, and (iii) local businesses in business for an extended period of time (15 years or more). By the end of the grant period, the EDC estimated it would provide technical assistance to over 100 businesses or individuals.

Business Revitalization Grants

In an effort to help sustain small ethnic/minority businesses who have been in business for an extended period of time, the EDC awarded small grants for business revitalization efforts. The total grant funds allotted for this totaled \$44,000, which was split over eight grantees. The grantees were selected by EDC staff based on need, business history, business potential, and other additional factors.

Funds were awarded to the grantees at the “Decades of Prosperity Achievement and Recognition Awards Gala” in October 2006. This Gala was planned and hosted by the EDC and the School of Business in order to both honor and advertise for ethnic and minority businesses in the Third Ward and surrounding areas of Houston.

Evaluation

The final component of the 2003 HUD HBCU grant was the development and implementation of an evaluation strategy for the grant activities. In the grant application, the EDC proposed a three-pronged process:

1. Monitor and record participation in programmatic activities.
2. Evaluate each program’s processes.
3. Conduct an impact analysis.

At the time of the site visit, the Homeownership Opportunities and Computerized Technology with Technical Assistance grant was still underway with just less than one year remaining in the grant term. Because the grant was not yet complete, no formal evaluation report had been prepared. The EDC, however, was actively working to implement the first two parts of its evaluation strategy for the activities conducted to date. As the EDC conducted programs, they maintained attendance listings of those participating. EDC staff also acquired feedback from program participants on session content, teaching methods, location of the session, and time of the session.

IV. Program Lessons

Through their participation in the HUD HBCU grant program, Texas Southern University has been successful in reaching out to local residents and business owners in the Third Ward through economic development efforts centered in the areas of skills training, education, and business development. Specifically, the EDC created a small transitional housing program for single-women with children, helped develop computer centers for the Third Ward's disadvantaged population, provided access to GED courses, trained local residents to use computers, and taught financial literacy and business development skills to local residents and business owners. In all of these activities, the HUD HBCU grant program was the primary financial and administrative vehicle through which these accomplishments were possible.

This section describes the larger community's perspective of the university's community economic development efforts, the challenges and obstacles to carrying out these activities, and the key features of the community and economic development program at Texas Southern University that contributed to the successes achieved. This information is intended to provide the reader with an example of one HBCU's approach and philosophy towards addressing the realities associated with community development.

Perceptions

When interviewed, local community residents and program participants were extremely positive about the work of the EDC through the HUD HBCU grant program. By choosing to build human capital among its least empowered residents, the EDC is giving residents an opportunity they may not have otherwise. Changes that have occurred in the Third Ward as a direct result of these activities are difficult to quantify. Measuring opportunity, and what individuals choose to make or not make out of that opportunity, is difficult without detailed case management processes in place. Given its staffing level, the EDC could only engage in informal tracking of participants.

Interviews with program participants demonstrated the positive results of the EDC's programs. Training received in the computer technology course enabled a participant to earn a promotion at work because of her new computer skills. A small business loan received by a local tire shop owner enabled him to save his business after a fire destroyed his equipment. Entrepreneurial training received by a TSU student through workshops and seminars gave him the skills necessary to develop a strong business plan, secure a loan, and open a used textbook shop adjacent to the TSU campus. Subsequent grant funds later assisted him in expanding his business. Perhaps the largest indicator of the EDC's success is that demand for their programs has increased. One-time participants are coming back for further assistance, while others are hearing about the positive results attained by other EDC program participants and coming to the EDC for the first time.

Although the EDC did not regularly solicit input from residents to determine local needs and interests, the EDC did provide opportunities to include formal public input when

Volume II – Case Study Reports

feasible. Given that their programs largely involved working directly with residents, there were frequent opportunities for informal participant feedback. Overall, the community was very positive about the EDC and its activities, likely a direct result of the EDC staff being actively engaged with local resident and businesses networks. In addition to their grant activities with local residents and businesses, the EDC staff were involved in local community groups outside of work hours.

Problems/Obstacles

The problems and obstacles faced by Texas Southern University and the EDC were not unique to these organizations and were many of the same issues faced by other non-profit and educational institutions involved in community development work. A lack of funding, limited organizational capacity and staffing issues, and competition affected the university's and EDC's ability to carry out their stated goals and objectives.

Funding

While the EDC has been a repeated awardee of HUD HBCU grant funds and has successfully leverage those funds with in-kind donations from numerous partners, the EDC has not obtained funding dollars from other sources. During interviews, the administration of the School of Business indicated a desire to grow the EDC and its programs. Additionally, EDC staff and past program participants indicated that the need and desire for additional programs, such as an advanced computer training course, exists within the community. For the EDC to add programs and staff, however, the organization requires other sources of funds. Ms. Connor is working to complete the EDC's transition from a paper record system to a digital system. This will enhance the organization's ability to demonstrate the high success rate of their programs and therefore, compete for additional funding.

Organizational Capacity and Staffing

By using HUD HBCU grant funds as the main source of staffing dollars, little opportunity existed to grow the EDC's staff, as the amounts of the grants awarded by HUD have remained relatively consistent over time. Additionally, by utilizing in-kind donations of time by local organizations and university faculty, the EDC has been able to largely operate its programs without additional staffing. As noted in the section above, to expand programs or to create new programs, the EDC would have to address its staffing constraints.

Another issue related to staffing revolves around the EDC's executive director. During key informant interviews, administration of the School of Business expressed concern over what would happen when the director decides to retire or leave the job. Ms. Nunn has been extremely dedicated to her position over the last 26 years, but as the reality of her eventual departure is considered, concern abounds. With little permanent staff, Ms. Nunn is the institutional knowledge relating to the EDC, its activities, and relationships to the surrounding community. The administration expressed the need to develop a strategic plan for the organization's future, including the search for a new director, should the need arise. Ms. Connor has been with the organization since 1996, is growing in her

Volume II – Case Study Reports

knowledge of the organization and the community, and may eventually be considered by the administration as the best candidate for the position.

Competition on Campus

While the EDC's relationships with local community members and community groups were very positive and strong, the relationships with other parts of the TSU campus community were not. Various parts of the university were doing community development work, but the groups were not sharing the knowledge of these activities with each other. Instead of partnering, they have been competing for the university's resources. The EDC and the other campus groups could share lessons learned and work together on activities benefiting from each others' strengths, especially if there were a stronger effort by the administration to bring these groups together.

Texas Southern University's Formula for Success

Based upon the interviews conducted during the site visit and participant observation, four key themes emerged as foundational elements for the successes achieved by Texas Southern University and EDC in their community development work.

1) Commitment

Texas Southern University was committed to the vision and goal of community economic development not just in spirit, but financially. This support was being provided long-term. The university was willing to commit their own funds to support community development work because they understood the pool of resources was limited, the need was high, and the work was important.

Texas Southern University also understood that their commitment had to be sustained because seeing a project through from start to finish often required a multi-year effort, and frequently took longer than anticipated. The university recognized that one project will not transform a community that has experienced a decline over a long period of time and they must make a long-term investment in the surrounding community in order to empower residents and businesses towards self-improvement.

2) Leveraging University and Community Resources

The ability to leverage university resources to stretch grant dollars further is a key component for success. TSU and the School of Business have been willing to provide faculty and staff time, facilities, and accounting services to the EDC at no-cost. This has allowed the EDC to stretch the grant dollars further and do more work with the grant by helping the EDC to avoid hiring additional, specialized staff such as an accountant.

Additionally, the EDC has built strong relationships with local community groups, schools, churches, and non-profit institutions. The strength of these relationships has allowed the EDC to form partnerships that have proven beneficial to the development and execution of grant activities. Through these partnerships, the EDC has been able to leverage its resources with those of their partners to offer a wider variety of services to local residents and business owners.

3) Focused Approach

The School of Business and the EDC recognized the fact that one group alone can not fix all of a community's problems. By determining early what their focus would be and sticking to it, the EDC has been able to develop an interrelated set of programs for the residents and businesses of the Third Ward. When someone completes one program, they can move to another program. The system keeps participants involved and on-track towards a continuous improvement, hopefully resulting in higher levels of success for each participant.

4) Consistent Leadership

It is crucial to recognize that the consistent leadership of the EDC's executive director, Ms. Ella Nunn, has allowed the EDC to accomplish so much. Consistent leadership is a pivotal factor for any organization, particularly one as small as the EDC. Having this consistent leadership has allowed the organization to abide by its mission by focusing on the targeted activities. The director has carefully guided the EDC through developing interrelated and executable programs, responding to the community's needs, and as a consequence has impacted residents, businesses, and the overall quality of life in the Third Ward community.

Appendix A – Benedict College Supplemental Information

This appendix contains more detailed information about Benedict College and the programs it offers, background information on the Waverly/Read Street community, organizational and operational features of the BACDC, and the college's participation in the HUD HBCU program.

History of Benedict College

Mrs. Bathsheba A. Benedict of Pawtucket, Rhode Island founded Benedict College (originally called Benedict Institute) in 1870 during the post-Civil War Reconstruction period. Under the auspices of the American Baptist Home Mission Society, Mrs. Benedict purchased an 80-acre plantation in the City of Columbia, South Carolina for \$13,000. This land was used to establish Benedict Institute specifically for the purpose of educating recently emancipated people of African descent.

The South Carolina Legislature chartered Benedict Institute as a liberal arts college in 1894. At that time, the name was officially changed to Benedict College. In 1930, Benedict College appointed its first African-American president, Reverend John J. Starks, who was an 1891 alumnus of the institution. Since Reverend Starks, five African-American presidents have succeeded him, including Dr. David Swinton, the current President and Chief Executive Officer (CEO) of the college.

Current Status of the College

In August 2006, Benedict College remained a private, liberal-arts-based institution, accredited by the Southern Association of Colleges and Schools (SACS) since 1946. The college employed 137 full-time and 28 part-time faculty members as of August 2005. In the fall of 2005, 2,552 students were enrolled at Benedict College, 98 percent of whom were enrolled full-time. Of these students, 68 percent resided in on-campus housing and 71 percent were from the State of South Carolina.

Academically, Benedict College was organized into five schools that encompassed 12 academic departments offering 29 majors.⁶⁴ A summary of the schools, departments, and majors offered at Benedict College is provided in exhibit 1. The college awarded Bachelor of Arts, Bachelor of Science, and Bachelor of Social Work degrees to its graduates.

⁶⁴ Source: Benedict College Catalogue 2005-2007, Volume 75.

Volume II – Case Study Reports

Exhibit A - 1: Summary of Schools, Departments, and Majors at Benedict College

Schools	Departments	Majors
Humanities, Arts, and Social Sciences	English, Foreign Languages, and Mass Communication	<ul style="list-style-type: none"> • English • Mass Communication
	Fine Arts	<ul style="list-style-type: none"> • Studio Art • Music Education • Fine Arts
	Social Sciences and Criminal Justice	<ul style="list-style-type: none"> • Criminal Justice • History • Political Science • Psychology • Religion and Philosophy • Sociology
Science, Technology, Engineering, and Mathematics	Biology, Chemistry, and Environmental Health Science	<ul style="list-style-type: none"> • Biology • Chemistry • Environmental Health Science
	Physics and Engineering	<ul style="list-style-type: none"> • Computer Engineering • Electrical Engineering • Physics
	Mathematics and Computer Science	<ul style="list-style-type: none"> • Mathematics • Computer Science • Computer Information Science
Business and Economics	Business Administration, Management, and Marketing	<ul style="list-style-type: none"> • Business Administration
	Economics, Finance, and Accounting	<ul style="list-style-type: none"> • Economics • Accounting
Education	Education, Child, and Family Studies	<ul style="list-style-type: none"> • Early Childhood Education • Elementary Education • Child and Family Development
	Health, Physical Education, and Recreation	<ul style="list-style-type: none"> • Recreation • Public Health
	Social Work	<ul style="list-style-type: none"> • Social Work
	Military Science	No specific major
Honors	Spans all 12 departments	No specific major

From one dilapidated building in 1870, Benedict College was now comprised of more than 30 buildings that spanned beyond the original campus footprint. At the time of the site visit, the college was in the middle of an extensive campus improvement plan, including the construction of the 61-acre Leroy T. Walker Health and Wellness Center, student dormitories, and a community park in the surrounding community. The campus expanded as the student population and the number of academic and recreational programs offered by the college increased. Under the current college president student enrollment has grown nearly 20 percent since 1996.

Overview of the Community Context

Columbia, South Carolina and the Waverly/Read Street Community

Benedict College, situated at the intersection of the Waverly and Read Street communities, resides approximately four blocks from the heart of downtown Columbia. According to the U.S. Census Bureau, Columbia, the capital of South Carolina, was one of the fastest growing southeastern cities in the United States. In 2000, Columbia's total population was 116,278, an increase of almost 20 percent from 1990.

In addition to Benedict College, ten other colleges and universities were located in Columbia, including the University of South Carolina, Allen University, and Midlands Technical College.⁶⁵ Columbia was home to the South Carolina State Fair, two airports, and numerous other cultural amenities. The health care and social assistance sector (14%) and retail trade sector (14%) employed the largest number of employees in the Columbia metropolitan area. Other large employment sectors included manufacturing (11.3%) and accommodation/food services (9.5%).⁶⁶

A review of socioeconomic indicators for Columbia and the Waverly/Read Street community from the 2000 Census illustrated two very different social environments.⁶⁷ As demonstrated in exhibit 2, the Waverly/Read Street community had many characteristics exemplary of blighted, inner-city neighborhoods. While the population of the City of Columbia increased from 1990 to 2000, the Waverly/Read Street community experienced a decrease in population. Unlike the City, which was racially balanced overall, the Waverly/Read Street community was predominantly African-American. The Waverly/Read Street community also fell below the city with respect to educational attainment, unemployment and poverty rates, and median household income.

The Waverly/Read Street community was the focus of the majority of Benedict College's local community development efforts. Prior to the college's engagement with the immediate community, the Waverly/Read Street area was a community in decline. According to interviews with community stakeholders, high crime rates, abandoned and dilapidated homes, absentee landlords, vacant and overgrown lots, and loitering characterized the area. This community of predominantly single-family homes with an eclectic mix of Victorian architecture and bungalows was home to one of the most notorious drug and prostitution infested areas in the city, Read Street.⁶⁸ As discussed in Section III, Benedict College's local community development efforts were a significant catalyst in transforming the Waverly/Read Street community.

⁶⁵ <http://www.uscollegesearch.org/columbia-south-carolina-colleges.html>

⁶⁶ Source: 2004 MSA Business Patterns, U.S. Census Bureau.

⁶⁷ Benedict College defined the Waverly/Read Street community as encompassing Census Tracts 9, 10, and 13 in their HUD HBCU grant applications.

⁶⁸ For a discussion of architectural styles of housing found in the Waverly neighborhood, please see <http://www.columbiasc.net/index.php?pageid=306>

Volume II – Case Study Reports

Exhibit A - 2: Demographic and Economic Indicators, Columbia, SC and Waverly/Read Street Community, 2000

	Columbia, SC	Waverly/Read Street Community
Population, 2000	116,278	10,132
Percent Change, 1990-2000	+ 18.6%	- 13.3%
Race/Ethnicity		
Percent White, 2000	49.2%	4.3%
Percent Black or African-American, 2000	46.0%	94.2%
Percent Hispanic or Latino, 2000	3.0%	1.2%
Educational Attainment, Population Aged 25 Years and Older		
Percent High School Diploma, 2000	82.3%	58.5%
Percent Bachelor Degree, 2000	35.7%	11.2%
Economic Indicators		
Unemployment Rate, 2000	6%	11%
Poverty Rate, 1999	22.1%	45.8%
Average Median Household Income, 1999	\$31,141	\$14,678

Source: U.S. Census Bureau.

Local Community Investment

Up until 1995, the Waverly/Read Street community experienced very limited new investment. The two most significant investments were Church Place and House of Prayer. Church Place was a new 28-unit affordable homeownership development completed in 1994 by the City of Columbia and a city-sponsored community development corporation, the Columbia Housing Development Corporation (CHDC). The House of Prayer, a local church, constructed 20 new affordable rental units for the elderly in 1995. Since then, a number of housing and economic initiatives have been undertaken, in addition to the efforts of Benedict College. These initiatives, the majority of which Benedict College played a major or minor supporting role, included the following:

- Celia Saxon – In 1999, HUD awarded the Columbia Housing Authority (CHA) a \$25.8 million HOPE VI grant to redevelop Saxon Homes, a 400-unit public housing development.⁶⁹ Renamed Celia Saxon, this redevelopment effort involved the new construction of 215 rental units, 225 homeownership units, and



An entrance to the Celia Saxon Hope VI community.

⁶⁹ HUD launched the HOPE VI program in 1992 to enable public housing authorities to revitalize obsolete public housing sites and provide supportive services to public housing residents affected by the revitalization. For more information about the HOPE VI program, please refer to “A Decade of HOPE VI: Research Findings and Policy Challenges,” The Urban Institute and The Brookings Institution, May 2004.

Volume II – Case Study Reports

a commercial center. Construction of the housing units was nearly complete in August 2006, and the CHA planned to hold a ground breaking ceremony for the commercial center on October 16, 2006. Benedict College was a strong supporter of this program and was closely involved in the planning process.

- East Central City Consortium (ECCC) – The ECCC was a non-profit development organization encompassing 12 neighborhood groups working in partnership with local governmental, educational, and private institutions. Initiated in 2002, Benedict College was instrumental in launching the ECCC. The college secured a \$25,000 grant from the Fannie Mae Foundation to fund the development of a master plan for the East Central City area, and the ECCC coordinated the input of various community stakeholders. In August 2006, the ECCC announced its first “catalyst” project, which was to be located in the Lower Waverly neighborhood.⁷⁰ The Benedict-Allen Community Development Corporation (discussed in section III of this report) was one of the selected pre-approved contractors to do development at the catalyst site.
- Two Notch Road – In 1995 the City of Columbia and the State of South Carolina financed a \$5 million infrastructure improvement project along a two-mile stretch of Two Notch Road (also known as U.S. Highway 1), a major north-south thoroughfare located to the west of Benedict College. Between Taylor Street to Beltline Boulevard, improvements made included widening Two Notch Road from two to five lanes; installing new sidewalks, gutters, and a drainage system; and placing utilities underground. These improvements bolstered the economic development potential of the area. Along the improved stretch of Two Notch Road, several college facilities were located or planned to be located, including the 61-acre Leroy T. Walker Health and Wellness Center, the Business Development Center, the “Shoppes at Read” retail/commercial complex, and the Community Education and Training Resources Center.^{71,72,73} Other planned investments included a hotel at the intersection of Read Street and Two Notch Road by a private consortium of investors, and the construction of a \$1.2 million road by the City to extend Read Street from Two Notch Road to the Leroy T. Walker Health and Wellness Center.
- Sumter-Columbia Empowerment Zone (SCEZ) – Established in 1998, the SCEZ was a federal Empowerment Zone that targeted several economically distressed

⁷⁰ The East Central Redevelopment Plan called for the redevelopment of approximately 1,000 acres in the east central part of Columbia. The Plan separated the redevelopment into six phases or “catalyst” projects. The first catalyst project targeted 30 vacant and blighted acres in the Lower Waverly community. The catalyst project proposed to redevelop the site with an unspecified number of single-family homes, condos, senior housing, and some retail. For more information about the East Central City Consortium and the East Central Redevelopment Plan, please visit <http://www.fajohnsondevelopmentgroup.com/reports.htm>.

⁷¹ Benedict College proposed the Business Development Center in their 1998 HUD HBCU grant application.

⁷² Benedict College proposed the Shoppes at Read in their 2002 HUD HBCU grant application.

⁷³ Benedict College proposed the Community Education and Training Resources Center in their 2006 HUD HBCU grant application.

Volume II – Case Study Reports

communities in the cities of Sumter and Columbia, which included Benedict College and the Waverly/Read Street community.⁷⁴ To date, the SCEZ distributed more than \$176 million in tax incentives, and \$25.6 million in grants and loans to spur locally determined revitalization efforts.⁷⁵ Benedict College's Business Development Center (BDC) was one of the key initiatives of the SCEZ. The college received a \$125,000 grant from the SCEZ in 2002 to support the construction of the BDC and to pay for some technical assistance to businesses.



The Allen-Benedict Court public housing complex.

- City of Columbia Community Development Department and CHDC – Since 2002, the city of Columbia and the CHDC constructed or rehabilitated approximately 15 for-sale homes in the Waverly/Read Street community. This work utilized approximately \$1.5 million in Community Development Block Grant (CDBG) and general revenue funds from the City.⁷⁶
- Allen-Benedict Court – The CHA submitted a 2006 HOPE VI grant application to HUD to revitalize the 244-unit Allen-Benedict Court public housing development situated directly across from Benedict College's main campus. Benedict College participated in the planning process for the grant application and was a key partner in the operation of a proposed technology center. Unfortunately, CHA did not receive HOPE VI grant for this development. Benedict College planned to continue working with the CHA on potential future revitalization approaches for Allen-Benedict Court.

At the time of this report, there were also four active neighborhood groups in the immediate community – Waverly Neighborhood Improvement and Protection Association, Eva. P. Trezevant Neighborhood Council, Edgewood-Read Street Community Council, and the Jones McDonald Club. These neighborhood groups primarily acted as advocacy organizations for local residents, and a few conducted some level of community programming. However, none of these organizations engaged in

⁷⁴ The City of Sumter is a town of 100,000 people located approximately 45 miles west of Columbia.

⁷⁵ For more information about the Sumter-Columbia Empowerment Zone, please visit its website: www.sumtercolumbiazone.com.

⁷⁶ The Community Development Block Grant program (CDBG) administered by HUD provides communities with resources that can be used to address a wide range of community development needs. For more information about the CDBG program, please visit the HUD website: www.hud.gov/offices/cpd/communitydevelopment/programs.

Volume II – Case Study Reports

physical revitalization or economic development work. When Benedict College began working in the Waverly/Read Street Community, they invited these neighborhood groups to play an active role in shaping the redevelopment agenda for the community.

BACDC Personnel

The positions and personnel were as follows:

- Executive Director - Larry K. Salley. Mr. Salley joined the BACDC in July 1998. Trained as a social worker and a Benedict College graduate, Mr. Salley had a Masters Degree in Public Administration and Business Administration. Prior to joining BACDC, Mr. Salley worked for a number of years with Community Action Agencies in South Carolina and other non-profits doing planning, development, and implementation of agency programs.⁷⁷ Mr. Salley had extensive experience with grant writing, fundraising, and operating service-focused organizations. Mr. Salley reported directly to the BACDC Board of Directors and Dr. Simama, the Vice-President of the DCD.
- Administrative Secretary - Joyce L. Seabrook. Ms. Seabrook had been with Benedict College since 1968 and had worked in various departments as a secretary or an administrative secretary. She joined the BACDC as the administrative secretary to the executive director in 1995.
- Construction Manager - Douglas W. Edwards. Mr. Edwards was responsible for managing all construction programs undertaken by the BACDC. Mr. Edwards had worked in the construction industry in various capacities for over a decade. After Mr. Edwards joined the BACDC in August 2002, he became licensed to be a general contractor in South Carolina. A 2001 HUD HBCU grant provided the original funding for this position.
- Housing Program Coordinator – Selena M. Pickens. Ms. Pickens came to the BACDC in August 2002 with a background in education and mortgage lending. As the housing program coordinator, Ms. Pickens was in charge of all housing counseling services for both pre- and post-purchase clients of the agency. She was a certified credit counselor and received her certification through the North Carolina Association of Housing Counselors. Ms. Pickens also served as the assistant secretary for the Columbia Council of Neighborhoods.⁷⁸ A 2001 HUD HBCU grant also provided the original funding for this position.

⁷⁷ Community Action Agencies (CAAs) are non-profit and public organizations established by the Economic Opportunity Act of 1964 to provide services to low-income persons. There are approximately 1,000 CAAs in the United States serving 96% of the nation's counties. Governed locally, each CAA offered programs and services tailored to the needs of the local jurisdiction. For more information about CAAs, please refer to the Community Action Partnership website: www.communityactionpartnership.com.

⁷⁸ The Columbia Council of Neighborhoods (CCN) is a membership organization of neighborhood groups in the City of Columbia. The CCN acts as an intermediary between City Hall and neighborhood organizations.

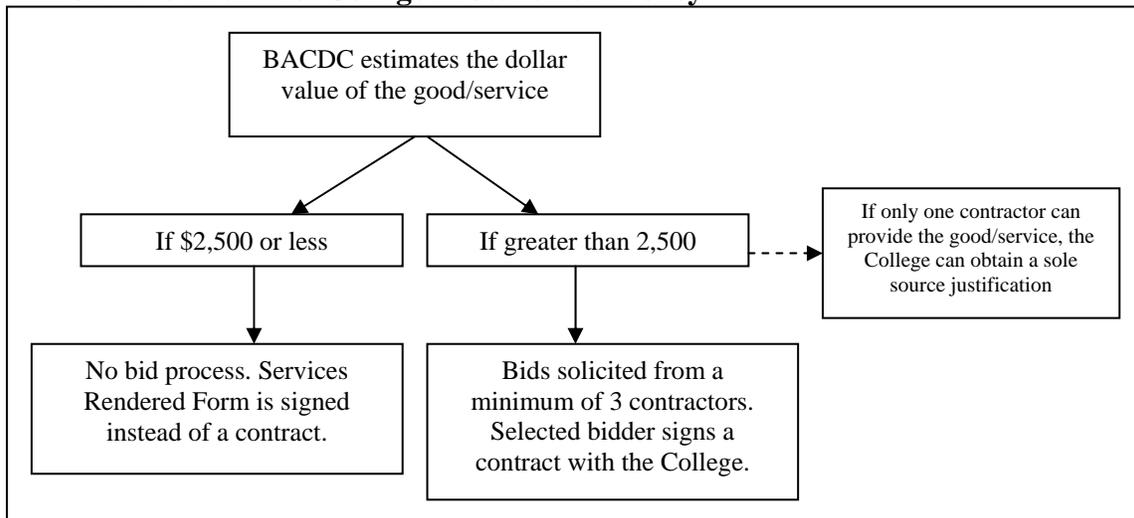
Volume II – Case Study Reports

- Program Assistants - Cleola J. Fennell and Courtney C. Cooper. Both Ms. Fennell and Ms. Cooper joined the BACDC in 2001. Each provided staffing to financial and workforce development programming offered by the BACDC.
- Program Coordinator – Vacant. The BACDC was seeking an individual to serve as an economic development coordinator. The Coordinator would be responsible for managing the BACDC's efforts at the Business Development Center and with wealth creation activities like the IDA program. The BACDC anticipated filling this position by the beginning of 2007.

BACDC Procurement and Financial Management

The BACDC adhered to the college's procurement policy when purchasing goods or services. The college's procurement policy is described in exhibit A - 3. The process followed by BACDC for the obligation and expenditure of grant funds is described in exhibit A - 4.

Exhibit A - 3: Benedict College Procurement Policy



Volume II – Case Study Reports

Exhibit A - 4: Process for Obligation and Expenditure of Grant Funds

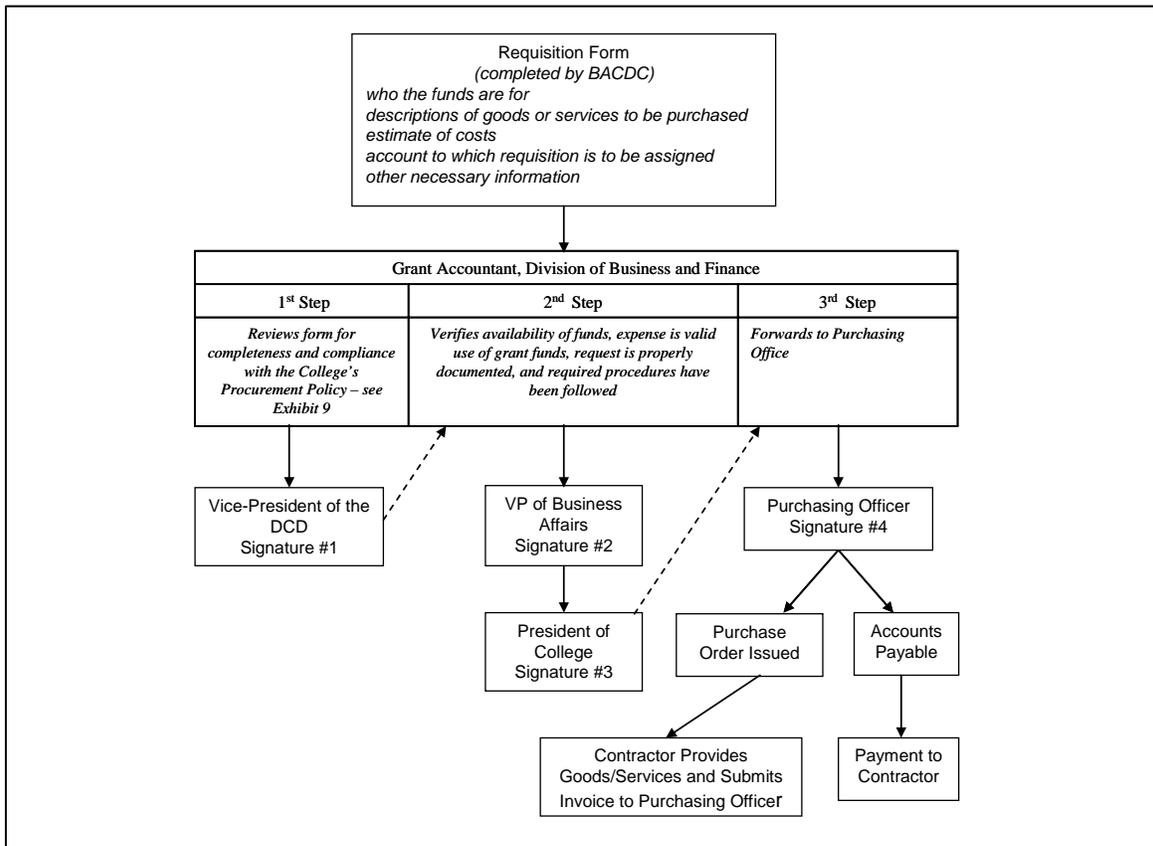


Exhibit A - 5: Goals, Objectives, and Activities of HUD HBCU Grants Received Between 1999 and 2006

<u>Year of Grant</u>	<u>Title</u>	<u>Goals</u>	<u>Objectives</u>	<u>Activities</u>
2000	Community Park Project	To remove blight and provide needed community recreational facilities in the community	To revitalize a three-quarter square block area that consisted of vacant land and two vacant houses.	<ul style="list-style-type: none"> ▪ Conduct community meetings to finalize a community supported plan. ▪ Acquire two vacant and sub-standard houses. ▪ Complete design of the recreational facility. ▪ Complete demolition of vacant houses and construction and equipping of recreational facility. ▪ Design and implement programs for college and community joint use of the recreational facility.
2001	Benedict’s Urban Initiative for Land Development (B.U.I.L.D. I)	To benefit low-income people by aiding in the prevention and elimination of slums and blight, and to meet the urgent needs of Empowerment Zone residents.	To use HUD HBCU monies as leverage to attract additional funding for housing acquisition and rehabilitation.	<ul style="list-style-type: none"> ▪ Rehabilitate two duplexes, resulting in four rental units for low-income families. ▪ Acquire a sub-standard house, and construct two new single-family housing units for low-income families on the site.
			To increase the capacity of Benedict College and the BACDC.	<ul style="list-style-type: none"> ▪ Pay for half the salary of a construction manager and a community outreach coordinator.
			To create small business and training opportunities for target area residents.	<ul style="list-style-type: none"> ▪ Coordinate training with Benedict College's Business Development Center. ▪ Create a micro-enterprise loan pool to assist trainees with purchasing tools and equipment. ▪ Provide training opportunities in residential construction for 10 area youth.
2002	The Shoppes at Read	To create an economic catalyst for the target area.	Create business development opportunities for minority and low-income individuals and create full-time permanent jobs that exceeded poverty guidelines.	<ul style="list-style-type: none"> ▪ Complete a marketing plan. ▪ Seek capital for construction. ▪ Develop a design and development plan. ▪ Develop a manufacturing and operations plan. ▪ Construct the Shoppes at Read.

Volume II – Case Study Reports

<u>Year of Grant</u>	<u>Title</u>	<u>Goals</u>	<u>Objectives</u>	<u>Activities</u>
2004	Benedict’s Urban Initiative for Land Development II (B.U.I.L.D. II)	To promote economic development and growth in the target area.	The construction of 8 to 13 business incubator spaces in the Business Development Center.	<ul style="list-style-type: none"> ▪ Select 8 to 13 minority entrepreneurs to expand existing or start new businesses in the Business Development Center ▪ Construct 9,000 square feet of commercial incubator space in the Business Development Center to provide below market space for these entrepreneurs ▪ Activate the Benedict Minority Revolving Loan Fund.
		To promote homeownership in the target area for low- and moderate-income persons.	The construction of 10 new affordable housing units on Read Street.	<ul style="list-style-type: none"> ▪ Acquire and demolish a substandard house. ▪ Conduct three homeownership training classes on home buying and fair housing. ▪ Recruit at least six low- to moderate-income homebuyers, and recruit up to four other buyers and sell houses.
2006	Sustainable Urban Services to Advance Independent Neighborhoods (Project SUSTAIN)	To create a catalyst for sustainable redevelopment activities in the impact area.	Rehabilitate a vacant structure in the Read Street/Waverly Neighborhood.	<ul style="list-style-type: none"> ▪ Rehabilitate the structure, incorporating sustainable design standards, making it energy efficient and cost effective. ▪ Create a multipurpose room to accommodate up to 40 individuals.
			Convert the refurbished structure into a community education and training resources center.	<ul style="list-style-type: none"> ▪ Conduct workshops and seminars to benefit 175 low and moderate income persons in the areas of homebuyer and credit counseling. ▪ Create the Sustainable Web Portal (SWP) to provide virtual access to up to 200 target area residents. ▪ Create a clearinghouse on sustainable development and energy conversation to benefit 100 individuals.

Source: HUD Grant Files and BACDC Staff

Appendix B – LeMoyne-Owen College Supplemental Information

This appendix contains more detailed information about LeMoyne-Owen College and the programs it offers, background information on the Soulsville USA community, organizational and operational features of the LOCCDC, and the college's participation in the HUD HBCU program.

History of LeMoyne-Owen College

In 1968, two private, church-related colleges that historically served African-American students merged to create LeMoyne-Owen College. LeMoyne College (originally called LeMoyne Normal and Commercial School) officially opened as an elementary and secondary school for prospective teachers in 1871. However, the School actually began in 1862 when the American Missionary Association, associated with the United Church of Christ, sent Lucinda Humphrey to Camp Shiloh to open an elementary school for freedmen and runaway slaves after the occupation of Memphis by federal troops under General Ulysses S. Grant. LeMoyne became a junior college in 1924 and a four-year college in 1930. The State of Tennessee chartered LeMoyne College in 1934. Owen Junior College, founded in 1947 by the Tennessee Baptist Missionary and Educational Convention, officially opened its doors in 1954.



LeMoyne-Owen College sign at the main entrance to campus.

Current Status of the College

In February 2007, LeMoyne-Owen College was a private, historically black liberal arts institution with a mission of preparing students, in a Christian setting, for professional careers through rigorous academic programs. LeMoyne-Owen has been accredited by the Southern Association of Colleges and Schools (SACS) since 1939.⁷⁹

⁷⁹ In December 2003, LeMoyne-Owen College was placed on Warning status by the SACS Commission on Colleges for failure to comply with comprehensive standards regarding financial and physical resources as required by the *Principles of Accreditation*. This meant that the College failed to demonstrate financial stability; to provide sufficient financial statements and reports; to properly audit financial aid programs; and to provide a safe, secure environment for the campus community, and adequate campus facilities. Reassessed annually, LeMoyne-Owen was placed on Warning status again in December 2004. Subsequently, the College was placed on Probation by SACS in December 2005 and again in December 2006. The College has been working to address the issues of non-compliance, and has been allowed to

Volume II – Case Study Reports

The college employed 55 full-time and 57 part-time faculty members during the 2005-06 academic year. In the fall of 2006, 714 students were enrolled at LeMoyne-Owen College, 94 percent of which were enrolled full-time. Historically, the overwhelming majority of students are from the State of Tennessee.

Academically, LeMoyne-Owen College had five academic divisions that offered 21 majors.⁸⁰ A summary of the divisions and majors offered at LeMoyne-Owen College is provided in exhibit B-1. The college awarded Bachelor of Arts, Bachelor of Science, and Bachelor of Business Administration degrees to its graduates.

Exhibit B-1: Summary of Academic Divisions and Majors at LeMoyne-Owen College

Divisions	Majors
Business and Economic Development	<ul style="list-style-type: none">• Business Administration
Education	<ul style="list-style-type: none">• Early Childhood Education• Special Education
Fine Arts & Humanities	<ul style="list-style-type: none">• Art• English• Humanities• Language Arts• Music
Natural Science, Mathematics & Computer Science	<ul style="list-style-type: none">• Biology• Chemistry• Computer Science• General Mathematics• General Science• Mathematics
Social & Behavioral Sciences	<ul style="list-style-type: none">• Criminal Justice• History• Political Science• Social Science• Social Studies• Sociology• Social Work

Located less than three miles from downtown Memphis, LeMoyne-Owen College has been situated at its current location since 1914. The campus has several historic buildings contained within a landscaped environment. At the time of the site visit, the

remain an accredited institution during this period of time. In December 2007, SACS will review the accreditation status of LeMoyne-Owen again, and either the College will have its accreditation reaffirmed and be removed from Probation without any additional monitoring, or the College will lose its accreditation. For more information about accreditation and the sanction process for non-compliance, please go to the SACS Commission on Colleges website: www.sacscoc.org.

⁸⁰ Source: LeMoyne-Owen College 2005-2006 Fact Book, Office of Institutional Research, Assessment and Effectiveness.

college had contracted for the construction of new student dormitories off-campus to expand its existing student housing capacity from 176 beds to 282 beds.⁸¹

Overview of the Community Context

Memphis, Tennessee and the Soulsville USA Community

LeMoyne-Owen College is located in the south Memphis community of Soulsville USA. Soulsville USA was formerly named LeMoyne Gardens after a large public housing development in the community. When LeMoyne Gardens was demolished in 1997, and a new mixed-income development, College Park, was constructed, the LOCCDC led a marketing effort to re-brand the area. This effort resulted in *Soulsville USA*, which is in honor of the rich Gospel, Soul, Blues, Jazz, and Rhythm & Blues musical heritage recorded at Stax Records in the 1960s and 1970s.

According to the U.S. Census Bureau, in 2000, Memphis' total population was 650,100, an increase of 6.5 percent from 1990. In addition to LeMoyne-Owen College, 12 other four-year colleges and universities were located in Memphis, including the University of Memphis, the University of Tennessee Health Science Center, and Rhodes College.⁸² As the home of the Blues and the Birthplace of Rock 'n' Roll, Memphis offers a rich array of cultural amenities associated with music including Graceland, the Gibson Guitar Factory, and the Stax Museum of American Soul Music. Of the employed population in the Memphis metropolitan area, the health care and social assistance (13%) and retail trade (13%) sectors employed the largest percentage of working individuals. Other large employment sectors included accommodation/food services (11%) and manufacturing (8%).⁸³ Three *Fortune 500* companies were headquartered in Memphis, including FedEx, AutoZone, and International Paper.

A review of socioeconomic indicators for Memphis and the Soulsville USA community from the 2000 Census illustrated two very different social environments.⁸⁴ As demonstrated in exhibit B-2, the Soulsville USA community had many social characteristics typically found in blighted, inner-city neighborhoods. While the population of the City of Memphis increased from 1990 to 2000, the Soulsville USA community experienced a decrease in population.⁸⁵ Unlike the city, which had a greater racial mix, the Soulsville USA community was predominantly Black or African-American. When compared to the city, the Soulsville USA community performed poorly

⁸¹ The existing 144-bed Saxon Dorm was planned for demolition, and a new 250-bed student dormitory was to be constructed. Thirty-two existing beds in other dormitory facilities were to remain.

⁸² Source: <http://www.uscollegesearch.org/memphis-tennessee-colleges.html>. This excludes non-degree granting institutions.

⁸³ Source: 2004 MSA Business Patterns, U.S. Census Bureau. The remaining 55% of the employed population are found among the other 16 employment sectors identified by the U.S. Census Bureau including construction, transportation and warehousing, and wholesale trade.

⁸⁴ LeMoyne-Owen College defined the Soulsville USA community as encompassing Census Tracts 45, 46, 47, and 48 in their HUD HBCU grant applications.

⁸⁵ Part of this population decrease was attributable to demolition of LeMoyne Gardens, an 842-unit public housing development, between 1990 and 2000. The new residential units constructed on the vacant site were not ready for occupancy until 2001.

Volume II – Case Study Reports

with respect to educational attainment, unemployment and poverty rates, and median household income.

Exhibit B-2: Demographic and Economic Indicators, Memphis, TN and Soulsville USA Community, 2000

	Memphis, TN	Soulsville USA Community
Population, 2000	650,100	6,560
Percent Change, 1990-2000	+ 6.5%	- 41.8%
Race/Ethnicity		
Percent White, 2000	34.4%	3.2%
Percent Black or African-American, 2000	61.4%	95.6%
Percent Hispanic or Latino, 2000	3.0%	0.6%
Educational Attainment, Population Aged 25 Years and Older		
Percent High School Diploma, 2000	76.4%	52.0%
Percent Bachelor Degree, 2000	20.9%	6.3%
Economic Indicators		
Unemployment Rate, 2000	5.4%	13.2%
Poverty Rate, 1999	20.6%	52.2%
Median Household Income, 1999	\$32,285	\$12,361 ⁸⁶

Source: U.S. Census Bureau.

Prior to 1997, the Soulsville USA community was dominated by the LeMoyne Gardens public housing development, which had a negative social and economic impact on the neighborhood. This 842-unit, barracks-style housing development stood in stark contrast to the modest single-family homes in the surrounding community. According to interviewees and documentation obtained, long-term disinvestment in Soulsville USA began after the assassination of Dr. Martin Luther King, Jr. at the Lorraine Motel in Memphis in 1968. Over the next 30 years, the community witnessed a steady decline, which was evident in the prevalence of vacant and dilapidated homes, shuttered businesses, and weedy and overgrown vacant lots. According to a survey of the commercial zones in the area conducted by the LeMoyne-Owen College Community Development Corporation (LOCCDC) in 1999, 40 percent of the businesses were vacant. As discussed in the next section, two major catalysts for change in the community occurred in 1997: the demolition of LeMoyne Gardens and the start of a local movement to construct the Stax Museum of American Soul Music.

Local Community Investment

The Soulsville USA community had been one the City of Memphis’ target neighborhoods for redevelopment since the 1970s. Despite this focus, a major turning point for the neighborhood did not occur until 1995 when the Memphis Housing Authority (MHA) was awarded a \$47.2 million HOPE VI grant to demolish and redevelop LeMoyne

⁸⁶ The median household income for the Soulsville USA community reflects the average median household income for the four census tracts that comprise the targeted area.

Volume II – Case Study Reports

Gardens.⁸⁷ Demolished in 1997, the LeMoyné Gardens site was reconfigured and rebuilt as College Park, a 411-unit mixed-income rental and homeownership community with a community center. MHA leveraged the HOPE VI funds with an additional \$19.9 million in public and private funds to complete the development. The first phase was completed in 2001, and the second and third phases were completed in 2004 and 2005, respectively.

Since the award of the HOPE VI grant in 1995, a number of housing and economic initiatives have been undertaken in the Soulsville USA community, in addition to the efforts of the LOCCDC. These initiatives, the majority in which the LOCCDC played a major or minor supporting role, included the following:

- Stax Museum of American Soul Music – The Stax Museum opened in 2003 as a tribute to Stax Records, a world renowned recording studio in the 1960s and 1970s, whose records continues to have a significant influence on music today. Isaac Hayes, Otis Redding, and Wilson Pickett were some of the soul legends who recorded at Stax Records until it closed in 1975. In 1989, the original Stax Records building was demolished and replaced with a parking lot. In 1997, Ewarton Museum, Inc., a non-profit corporation, set out to rebuild the Stax Records building as a museum and to also develop a Music Academy. The \$18.5 million project was made possible through support from local, county, and federal government resources, The Plough Foundation, MHA, the LOCCDC, and anonymous private donors. The LOCCDC worked with the Ewarton Museum to communicate with neighborhood residents and stakeholders throughout the planning and implementation process.



Single-family construction in the College Park Hope VI community.



Marquee entrance to the STAX Museum.

⁸⁷ HUD launched the HOPE VI program in 1992 to enable public housing authorities to revitalize obsolete public housing sites and provide supportive services to public housing residents affected by the revitalization. For more information about the HOPE VI program, please refer to “A Decade of HOPE VI: Research Findings and Policy Challenges,” The Urban Institute and The Brookings Institution, May 2004.

Volume II – Case Study Reports

- Memphis, TN Enterprise Community (EC) - Designated as a Round I Enterprise Community by HUD in 1994, the City of Memphis received \$3 million to address job training, social service support coordination, and housing construction in three communities covering 17 census tracts.⁸⁸ One of the targeted communities included the neighborhood surrounding LeMoyne-Owen College. The college and the LOCCDC were instrumental in carrying out elements of the EC strategic plan. The LOCCDC facilitated the creation of merchant associations in the EC, provided technical assistance and resource referrals for new and existing EC business owners, and made low-interest loans and equity financing to business owners to develop businesses in the EC. This program was replaced with a Renewal Community designation in 2001.
- Memphis, TN Renewal Community (RC) – The City of Memphis’ Enterprise Community program was replaced in 2001 with a Renewal Community (RC) designation in 2001.⁸⁹ The RC expanded the EC target area from 17 to 48 census tracts. In December 2005, the RC area was further expanded to include an additional 20 census tracts, making it one of the largest RCs in the country. The city estimated that the total impact of the eight-year designation to be in excess of \$300 million. The LOCCDC was a key partner during the city’s application for RC designation and actively worked with businesses in the RC area to utilize the available tax incentives.
- University Place – The MHA was awarded a \$20 million 2003 HOPE VI grant by HUD to revitalize the 478-unit Lamar Terrace public housing development into a 490-unit, mixed-income rental and homeownership community to be renamed University Place. MHA leveraged the HOPE VI grant with an additional \$72 million in public and private funds, including \$30 million from various city programs. Located in the northeastern portion of the LOCCDC’s service area, the LOCCDC participated in the planning process for the grant application, and worked on the technology plan for University Place using a Neighborhood Networks grant from the MHA.⁹⁰

⁸⁸ The Empowerment Zone/Enterprise Community (EZ/EC) Initiative was created during the Clinton administration to stimulate comprehensive renewal, both economic and social, in distressed urban communities and rural areas. Selected EZ/EC communities were provided grants that were to be leveraged with local resources to implement their strategic plans. This initiative was expanded and changed in 2001. For more information about the EZ/EC Initiative, please visit HUD’s website:

<http://www.hud.gov/offices/cpd/economicdevelopment/programs/rc/index.cfm>.

⁸⁹ The Renewal Community/Empowerment Zone (RC/EZ) Initiative was passed by Congress in December 2000 to facilitate community development in selected areas through an \$11 billion tax incentive package, including wage credits, tax deductions, and investment incentives. Designated RC/EZs were eligible to utilize these incentives from January 1, 2002 through December 31, 2009. For more information about the RC/EZ Initiative, please visit HUD’s website:

<http://www.hud.gov/offices/cpd/economicdevelopment/programs/rc/index.cfm>.

⁹⁰ The Public Housing Neighborhood Networks (NN) grant program was created in 2001 by Congress to establish computer learning centers on or near public housing developments. For more information about the NN program, please visit HUD’s website: <http://www.hud.gov/offices/hsg/mfh/nnw/nnwindex.cfm>.

Volume II – Case Study Reports

- Memphis Housing and Community Development Department (MHCD) – As a targeted community, the city has been actively investing in the Soulsville USA area over the last 30 years. In addition to supporting the two HOPE VI developments, the Stax Museum, and various EC and RC initiatives, the city invested \$100,000 in general funds for traffic calming/pedestrian walkways along Walker Avenue in front of the college. Throughout the years, the city also provided Community Development Block Grant (CDBG) funds for various activities including building demolition and general clean-up.⁹¹ Additionally, activity through programs available on a broader city basis, such as the Housing Assistance and Rehabilitation Program (HARP), lead-based paint hazard reduction, public service activities, and condemnations through the normal code enforcement process have occurred in the area.

At the time of this report, there was only one active neighborhood group in the immediate community – South Memphis Citizens United for Action (SMCUA). This neighborhood group primarily served as an advocacy organization for local residents, and did not actively engage in community or economic development work. Representatives from this organization were involved with the Community Action Coalition (CAC), which informed and shaped the activities of the LOCCDC.

LOCCDC Board Composition

According to the LOCCDC, two of the eleven Board positions were vacant. The following individuals held the other nine Board positions as of June 15, 2006:

- Johnnie B. Watson, President, LeMoyne-Owen College
- Shirley Hill, Senior Vice President, LeMoyne-Owen College
- Jim Dugger, Chief Financial Officer, LeMoyne-Owen College
- Michael O. Minor, Chair – Division of Business and Economic Development, LeMoyne-Owen College
- Lisa Woods, Community Resident and Business Owner
- Jennifer Stewart, Community Resident
- Toni Strong, Community Resident
- Brown McGhee, Community Resident
- Clemmie Lester, Community Business Owner

⁹¹ The Community Development Block Grant program (CDBG) administered by HUD provides communities with resources that can be used to address a wide range of community development needs. For more information about the CDBG program, please visit the HUD website: www.hud.gov/offices/cpd/communitydevelopment/programs.

LOCCDC Personnel

As of February 2007, the LOCCDC employed the following personnel:

- Executive Director – Jeffrey T. Higgs. Mr. Higgs was hired as the executive director by President Johnson when the LOCCDC was reinvigorated by the college. Trained as an accountant and a LeMoyne-Owen College graduate, Mr. Higgs had a Bachelors of Business Administration in Accounting and Economics. Prior to joining the LOCCDC, Mr. Higgs was the chief financial officer for Memphis Planned Parenthood and had his own firm providing management consulting services to non-profits and small businesses. Mr. Higgs reported directly to the LOCCDC Board of Directors.
- Associate Director – Patience Lewis. Ms. Lewis joined the LOCCDC in 2000 as the economic development manager, where she was responsible for developing the entrepreneurial training curriculum and managing the LOCCDC’s micro-lending fund. In 2004, she became the director of marketing and community development. In this position, Ms. Lewis directed the LOCCDC’s marketing and advertising strategies, and was the grant manager for the HUD HBCU grants. In 2006, she was promoted to associate director and director of the division of community services. Her position was originally partially funded by a 2000 HUD HBCU grant.
- Chief Financial Officer – Austin C. Emeagwai. Mr. Emeagwai was an assistant professor of accounting and co-director for the Center for Entrepreneurship at the college. Initially, Mr. Emeagwai directed the micro-lending fund and coordinated the activities of the center with the work of the LOCCDC. In 2002, Mr. Emeagwai officially joined the LOCCDC staff to serve as their chief financial officer, but the college continued to buy some of his time to teach two accounting courses.
- Director, Tennessee Capital and Development, LLC – Michael Massey. Mr. Massey joined the LOCCDC in 2002 as the director of economic development, which was partially funded by a 2001 HUD HBCU grant. In that position, he directed the micro-lending program at the LOCCDC, and was responsible for leading the New Towne Center initiative. With his banking background, Mr. Massey left the LOCCDC and became the director of Tennessee Capital and Development, an LOCCDC affiliate, in 2006 to oversee the development and implementation of a new lending program.
- Housing Director – Judith M. Maina. Ms. Maina, a graduate of LeMoyne-Owen College, started as a community development intern with the LOCCDC while she was in school. Upon graduation, Ms. Maina became the housing operations manager in 2003 and managed the development process while homes were under construction. The LOCCDC promoted her to her current position in 2006.
- Economic Development Manager – Eric Robertson. Mr. Robertson joined the LOCCDC as a community affairs coordinator in 2000. In this position, partially funded by a 2000 HUD HBCU grant, Mr. Robertson facilitated community

Volume II – Case Study Reports

involvement in LOCCDC activities and assisted with housing development activities. In 2003, he became the housing development manager where he was responsible for development, implementation, coordination, and evaluation of LOCCDC's housing work. He became the economic development manager in 2006.

- Accounts Payable Manager/Senior Loan Officer – Jeremy Sanders. Mr. Sanders joined the LOCCDC in 2003 from the National Bank of Commerce. He serves both as the accounts payable manager for the LOCCDC and as a senior loan officer for Tennessee Capital and Development.
- Director, Family Life Center – Felecia Walker. Ms. Walker, formerly a social worker with the Memphis City Schools, joined the LOCCDC as the director of the Family Life Center in 2005.
- Program Coordinator, Family Life Center – Consuela Turner. Ms. Turner, who joined the LOCCDC in 2006, worked with Ms. Walker in operating the programs through the Family Life Center.
- Construction Manager – Tillman Keaton. As the construction foreman and field supervisor, Mr. Tillman oversaw the housing construction work being undertaken by the LOCCDC in the Soulsville USA community. Mr. Tillman joined the LOCCDC in 2005.
- Program Associate, Community Services – Donna Kizer. Ms. Kizer joined the LOCCDC in 2006 on a part-time basis to provide administrative and grant writing services.

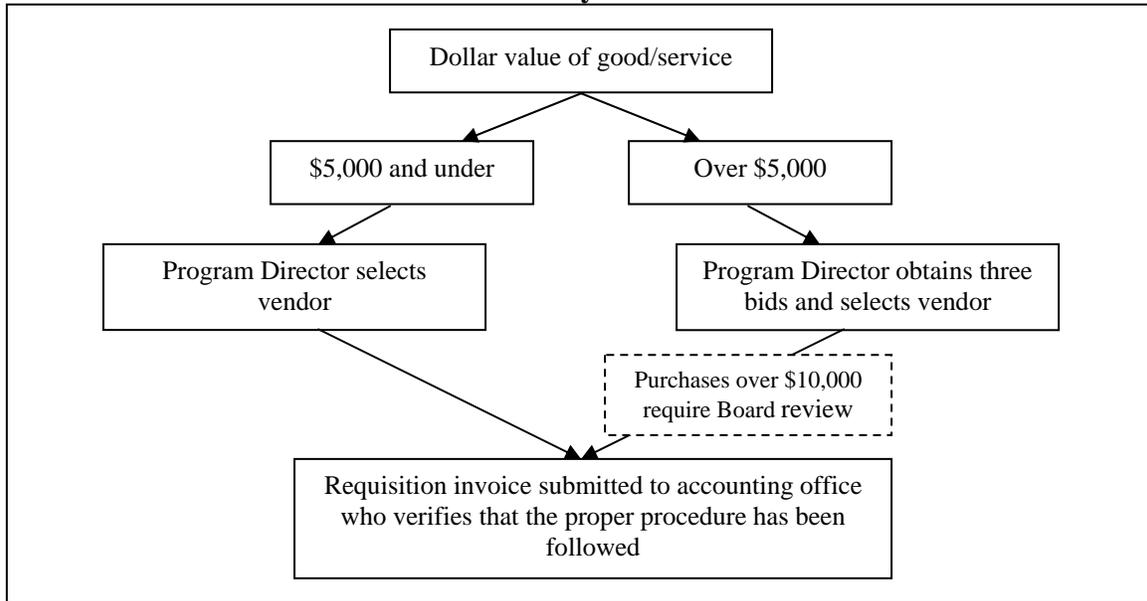
The LOCCDC also employed one part-time student intern from LeMoyne-Owen College through their community development student internship program. This paid intern performed a number of different functions at the LOCCDC including clerical support, database management, and project research.

LOCCDC Procurement and Financial Management

As trained accountants, both the executive director and the chief financial officer believed that Peachtree® accounting software offered good functionality for their needs, including a job costing function that allowed them to break down costs by job.

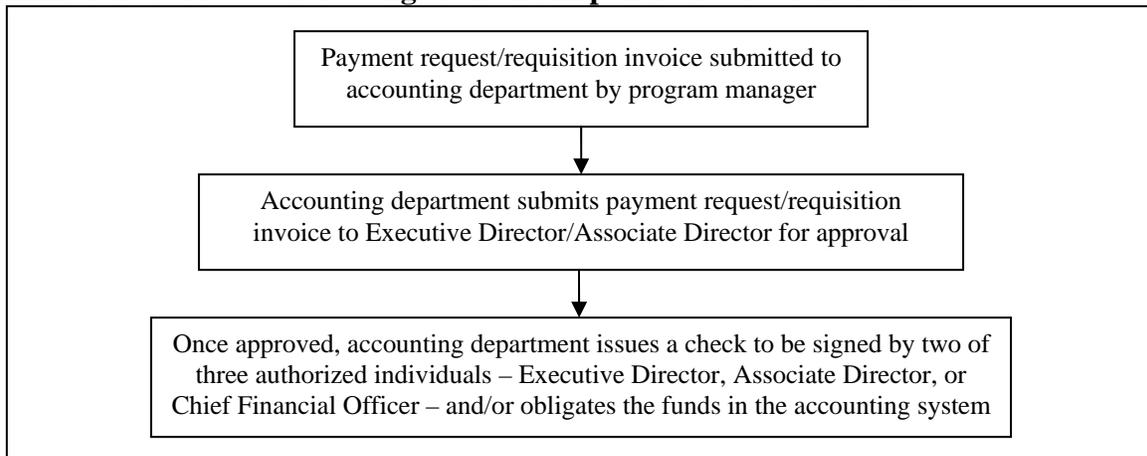
LOCCDC's procurement policy is described in exhibit B-3.

Exhibit B-3: LOCCDC Procurement Policy



The process for obligating and/or expending grant funds once a contractor or supplier had been selected is described in exhibit B-4.

Exhibit B-4: Process for Obligation and Expenditure of Grant Funds



For HUD HBCU grant funds, the program manager concurrently submitted a request to the executive director identifying the line item from which HUD HBCU funds should be drawn, and sent an electronic mail to the HUD HBCU program officer stating that a draw down request was forthcoming.⁹² The executive director approved the request and conducted the actual draw down via telephone. Since 2001, when the LOCCDC became its own fiscal agent, HUD HBCU funds go directly to LOCCDC versus the college. The timeframe to receive HUD HBCU reimbursements varied from a couple days to two

⁹² HUD grant recipients are only reimbursed for grant activities after they have been incurred because recipients are not allowed to earn interest on Federal funds.

Volume II – Case Study Reports

weeks. The availability of the HUD HBCU program officer to approve the request accounted for the variability in timing.

Previous HUD HBCU Grant Participation

The LOCCDC took an iterative approach to the activities supported by the HUD HBCU grants. Exhibit B-5 provides a summary of the goals and objectives of the HUD HBCU grants awarded to the LOCCDC between 1999 and 2005, and demonstrates the overlap in activities funded across different HUD HBCU grant awards.

Exhibit B-5: Goals, Objectives, and Activities of HUD HBCU Grants Received Between 1999 and 2005

<u>Goal</u>	<u>Objective</u>	<u>Grant Year</u>	<u>Sample Activities</u>
Build the capacity of the CDC.	Build internal organizational capacity.	2000, 2001, 2002, 2003, 2005	<ul style="list-style-type: none"> ▪ Hire a Director of Economic Development. ▪ Provide professional development opportunities for staff. ▪ Prepare and distribute a quarterly newsletter. ▪ Update the LOCCDC website on a monthly basis. ▪ Research funding opportunities and submit proposals on a monthly basis. ▪ Assess biannually organizational equipment and supplies.
	Strengthen partnerships with residents and local government.	2000, 2001, 2002, 2003, 2005	<ul style="list-style-type: none"> ▪ Coordinate and facilitate monthly community meetings. ▪ Coordinate and facilitate monthly community work days. ▪ Update and expand CAC members and participants on a monthly basis. ▪ Coordinate regular meetings with key government officials.
	Collect community level data.	2000, 2001	<ul style="list-style-type: none"> ▪ Compile recent community development data including health, population, and safety. ▪ Coordinate data collection with other city-wide efforts.
	Develop a community development curriculum.	2000	<ul style="list-style-type: none"> ▪ Establish a community development internship program. ▪ Recruit, train, and hire three community development interns from the college. ▪ Establish a certificate program in community development at the college.
	Offer a community development curriculum.	2001, 2002, 2003	<ul style="list-style-type: none"> ▪ Continue the community development internship program. ▪ Recruit, train, and hire community development interns from the college. ▪ Establish a certificate program in community development in partnership with the University of Memphis and the Memphis Community Development Partnership that offers short courses each semester.
	Create a comprehensive community marketing plan.	2002, 2003, 2005	<ul style="list-style-type: none"> ▪ Use qualitative and quantitative information collected to develop a marketing strategy. ▪ Implement the marketing strategy.

Volume II – Case Study Reports

<u>Goal</u>	<u>Objective</u>	<u>Grant Year</u>	<u>Sample Activities</u>
Provide financial and technical support to businesses.	Expand the small business training and micro-lending programs.	2000, 2001, 2002, 2003, 2005	<ul style="list-style-type: none"> ▪ Provide technical assistance to a minimum of six small businesses and entrepreneurs every quarter. ▪ Award a minimum of eight loans over the next 12 months. ▪ Conduct loan fund committee meetings every four months or when three or more applications have been received.
	Support the revitalization of the LeMoyne-Owen Business District.	2000, 2001	<ul style="list-style-type: none"> ▪ Support the development of the Stax Museum and Stax Music Academy. ▪ Support the establishment of a NBC bank branch in the community. ▪ Participate in petitions to the Environmental Court of Shelby County for the demolition and renovation of commercial property on a monthly basis. ▪ Work with local government to enforce building codes on a monthly basis. ▪ Work with the Memphis Police Department to establish a mini-precinct in the community. ▪ Support the development of the Renaissance Center located at 752 McLemore into a commercial hub. ▪ Obtain funding to purchase the commercial building at 1136 Mississippi. ▪ Provide assistance to commercial property owners to develop their properties.
Strengthen families.	Develop programs for youths.	2002, 2003	<ul style="list-style-type: none"> ▪ Establish a Family Life Center. ▪ Establish links with other family life centers locally and nationally. ▪ Strengthen the partnership between the Youth Development Foundation and the LOCCDC
Revitalize the housing stock and increase employment opportunities.	Increase and improve the housing opportunities in the community.	2000, 2001, 2002, 2003	<ul style="list-style-type: none"> ▪ Renovate the J. E. Walker House into the South Memphis Homeownership Center. ▪ Construct new single-family homes. ▪ Rehabilitate single-family, owner-occupied homes, and complete minor repairs and renovations on owner-occupied homes. ▪ Acquire vacant homes and land in the community. ▪ Develop a multi-family development for low-income residents using low-income housing tax credits and funding from the Tennessee Bicentennial Neighborhood Initiative. ▪ Obtain funding to conduct home safety inspections for 500 homes in the community. ▪ Participate in the development of the LeMoyne Gardens HOPE VI.
	Increase job training opportunities.	2000, 2001, 2002, 2003	<ul style="list-style-type: none"> ▪ Expand the FUTURES program to train more individuals in the construction field. ▪ Expand the ETS training program to train more individuals in lead and environmental inspection and testing. ▪ Recruit qualified participants to both programs.
Revitalize the housing stock and economic environment.	Increase housing and economic opportunities in the community.	2005	<ul style="list-style-type: none"> ▪ Continue to develop plans for the new Towne Center, including land acquisition. ▪ Recruit new businesses to the community. ▪ Provide technical assistance to existing businesses in the community. ▪ Construct 16 single-family, owner-occupied homes adjacent to the Towne Center.

Volume II – Case Study Reports

<u>Goal</u>	<u>Objective</u>	<u>Grant Year</u>	<u>Sample Activities</u>
Enhance community stability and capacity.	Create new businesses in the community.	2000, 2001, 2002, 2003	<ul style="list-style-type: none"> ▪ Develop the business and marketing plan for LOC Transit, Inc. ▪ Operationalize LOC Transit by purchasing vans and hiring drivers. ▪ Recruit new businesses to the community ▪ Provide technical assistance to existing businesses in the community.
	Increase the community's capacity to participate in revitalization activities.	2000, 2001, 2002, 2003	<ul style="list-style-type: none"> ▪ Train residents on grant writing and plan implementation. ▪ Host a community-wide funding and resource workshop to bring various funders and resources to the community to discuss leveraging. ▪ Train LOCCDC staff on how to increase community partnership. ▪ Promote the South Memphis Alliance of CDC and community groups to work together to secure funding. ▪ Develop a community-shared vision.
Enhance community renewal.	Increase access to financing for community development activities.	2005	<ul style="list-style-type: none"> ▪ Establish a CHDO revolving loan fund. ▪ Identify CHDOs requiring financial and/or technical assistance. ▪ Provide technical assistance to CHDOs.

Appendix C – Texas Southern University Supplemental Information

This appendix contains more detailed information about Texas Southern University and the programs it offers, background information on the Third Ward community, organizational and operational features of the EDC, and the college’s participation in the HUD HBCU program.

History of Texas Southern University

The Texas State Legislature bought the property now known as TSU and its single original building from the Houston Independent School District in 1935. The Legislature approved the charter for a new school on the property, Texas State University for Negroes, on March 3, 1947. The primary purpose of this institution was to establish a creditable college for African-American students in the City of Houston.

The university’s name was officially changed to Texas Southern University in 1951. Upon recognizing that TSU’s academic programs and services were targeted to the special needs of urban residents, the legislature designated TSU as a “special purpose institution for urban programming” in 1973. Today, the university has grown to be one of the largest HBCUs in the country and one of the most ethnically diverse institutions in Houston.

Current Status of the University

In January 2007, Texas Southern University remained a public university, specializing in “urban programming.” The university has been fully accredited by the Southern Association of Colleges and Schools (SACS) since 1948. The university employed a total of 350 full-time and part-time faculty members. Seventy percent of the university’s full-time faculty possessed a doctoral degree.

In the fall of 2006, the college had a total enrollment of 11,224 students, 80 percent of which were enrolled full-time. Eighty-five percent of the university’s students were from the State of Texas. The majority of the university’s students commuted to campus; 1,200 of the full-time students (10.7%) resided on campus.



Gateway sign at the main entrance to the Texas Southern Campus.

Volume II – Case Study Reports

As shown in exhibit C - 1 below, Texas Southern University was organized into nine schools, with 30 academic departments. The university offered approximately 52 majors in a large variety of disciplines. Graduates of the university were awarded degrees at the baccalaureate and the graduate levels. Baccalaureate degrees included the Bachelor of Science, Bachelor of Arts, and Bachelor of Business Administration. Graduate-level degrees included the Master of Arts, Master of Science, Master of Business Administration, Master of Public Administration, Master of Education, Master of Urban Planning and Environmental Policy, Doctor of Philosophy, Doctor of Pharmacy, Doctor of Education, and the Doctor of Jurisprudence degrees.

Exhibit C - 1: Summary of Schools, Departments, and Majors at Texas Southern University

Schools	Departments	Majors
Jesse H. Jones School of Business	Accounting and Finance	<ul style="list-style-type: none"> • Business Administration • Accounting • Finance • Corporate Treasury Management
	Business Administration	
Thurgood Marshall School of Law	Law	<ul style="list-style-type: none"> • Law
College of Pharmacy and Health Sciences	Pharmaceutical Sciences	<ul style="list-style-type: none"> • Pharmacy • Environmental Health • Health Administration • Health Information Management • Respiratory Therapy • Clinical Laboratory Science • Health Care Administration
	Pharmacy Practice	
	Health Sciences	
College of Education	Curriculum and Instruction	<ul style="list-style-type: none"> • Interdisciplinary Studies • Curriculum and Instruction • Educational Administration • Health • Human Performance • Counseling • Counselor Education
	Health and Human Performance	
	Counselor Education	
	Education Administration and Foundations	
College of Science and Technology	Biology	<ul style="list-style-type: none"> • Biology • Chemistry • Computer Science • Engineering Technology • Industrial Technology • Mathematics • Physics • Transportation
	Chemistry	
	Computer Science	
	Engineering Technologies	
	Industrial Technologies	
	Mathematics	
	Physics	
Transportation Studies		
College of Liberal Arts and Behavioral Sciences	English	<ul style="list-style-type: none"> • English • English Education • Art
	Fine Arts	
	Foreign Languages	

Volume II – Case Study Reports

Schools	Departments	Majors
	History, Geography, and Economics	<ul style="list-style-type: none"> • Theatre • Music • French • Spanish • History • Economics • General Studies • Dietetics • Human Services and Consumer Sciences • Psychology • Social Work • Sociology
	Human Services and Consumer Sciences	
	Psychology	
	Social Work	
	Sociology	
Barbara Jordan – Mickey Leland (BJ – ML) School of Public Affairs	Administration of Justice	<ul style="list-style-type: none"> • Administration of Justice • Political Science • Public Affairs • Public Administration • Urban Planning and Environmental Policy
	Public Administration	
	Urban Planning and Environmental Policy	
Tavis Smiley School of Communications	Communications	<ul style="list-style-type: none"> • Speech Communications • Journalism • Telecommunications
The Graduate School	Spans all departments	<ul style="list-style-type: none"> • Spans most majors

Source: Texas Southern University website

In the 60 years since its founding, Texas Southern University has grown immensely. Comprised of only a single permanent building and several temporary structures in 1947; by early 2007 the campus was comprised of 45 buildings sitting on over 150 acres of land. Additionally, the university boasted an extensive library; state of the art music and theater facilities; a 7,200-seat arena; a radio station; an art gallery; and a campus history museum.

Overview of the Community Context

Houston, Texas and the Third Ward Neighborhood

Texas Southern University, located in one of the City’s six historic Wards, is just minutes from the center of downtown Houston. In the 1800s, the Ward system was a common political districting method, based on natural landmarks as opposed to equal representation of constituents. As the city grew, the Ward structure was discontinued, and the city’s Wards are



Volume II – Case Study Reports

no longer used as political designations. Today, they represent civic or neighborhood boundaries only.

In addition to Texas Southern University, 92 colleges, universities, and vocational schools were located in Houston, including TSU's neighbor in the Third Ward – The University of Houston – University Park.⁹³ Other recognized colleges and universities in Houston included Rice University, Baylor College of Medicine, and numerous other campuses of the University of Houston and the University of Texas. In addition to a plethora of educational institutions, Houston was home to two airports, Major League Baseball, the National Basketball Association, Major League Soccer, the National Football League, and numerous other cultural amenities. In 2004, Houston's population was employed in a large variety of sectors, the largest of which included health care and social assistance (11.5%); the retail trade (10.6%); manufacturing (9.2%); professional, scientific, and technical services (8.5%); accommodation and food services (8.4%); and construction (7.4%).⁹⁴

Socioeconomic data from the 2000 Decennial Census showed drastic differences between the Third Ward target area population and the city of Houston as a whole.⁹⁵ As detailed in exhibit C - 2, these differences clearly evidenced the fact that the Third Ward is a blighted, urban area. While the population of Houston grew 16.54 percent between 1990 and 2000, the population of the Third Ward decreased by 3.61 percent. In addition to losing residents, the area also showed much higher unemployment and poverty rates than the city. Racially and ethnically, the area was much less diverse than the city as a whole. While the city was approximately half White and one-fourth Black or African-American, the Third Ward was over three-quarters Black or African-American and less than seven percent White. And, while the city had a large Hispanic or Latino population (37.41%), the Hispanic or Latino population in the Third Ward was much smaller (7.45%).

Exhibit C - 2: Demographic and Economic Indicators, Houston, TX and the Third Ward Community, 2000

	Houston, TX	Third Ward Target Area
Population, 2000	1,953,631	9,793
Percent Change, 1990-2000	16.54%	-3.61%
Race/Ethnicity		
Percent White, 2000	49.27%	6.47%
Percent Black or African-American, 2000	25.31%	87.46%
Percent Hispanic or Latino, 2000	37.41%	7.45%
Educational Attainment, Population Aged 25 Years and Older		

⁹³ <http://www.uscollegesearch.org/houston-texas-colleges.html>

⁹⁴ Source: 2004 County Business Patterns, U.S. Census Bureau.

⁹⁵ Texas Southern University defined the Third Ward target area to include Census Tracts 3132, 3133, and 3137 in their HUD HBCU grant applications.

Volume II – Case Study Reports

	Houston, TX	Third Ward Target Area
Percent High School Diploma, 2000	20.42%	19.25%
Percent Bachelor Degree, 2000	17.30%	10.99%
Economic Indicators		
Unemployment Rate, 2000	8%	13%
Poverty Rate, 1999	20.41%	24.39%
Average Median Household Income, 1999	\$36,616	\$28,046

Source: U.S. Census Bureau.

Historically, the Third Ward was the center of Houston’s African-American community, and has been home to predominantly working class, working poor, and unemployed populations. In some parts of the Third Ward, there was a well-maintained and stable housing stock, but in other parts shacks and abandoned properties abounded. While the area was in close proximity to downtown, it was not served by the city’s METRORail light rail system. Limited bus transportation was the primary method for Third Ward residents to get into downtown or other parts of the city. According to interviews with community stakeholders, high crime rates, abandoned properties, trash in the streets, homelessness, and loitering characterized the area.

Local Community Investment

Although other areas of the city have seen redevelopment occur in recent years, this phenomenon had only just begun to occur in the Third Ward at the time of this report. Very little new housing or retail had been constructed in the Third Ward, and dilapidated buildings abounded. The minimal new construction and improvements that occurred were driven by the city of Houston’s Housing and Community Development Department/Housing Authority of the City of Houston, and by private investors.

During interviews with community stakeholders, interviewees indicated that, in comparison to other areas of Houston, both city and federal funds were used minimally in the Third Ward. While this area was in need of investment, there were other areas of Houston that had more severe problems and, as a result, the city targeted funds to those locations. Additionally, assisting with the recovery efforts from Hurricanes Katrina and Rita put much strain on the City’s resources during late 2005, 2006, and early 2007.



Entrance to Cuney Homes.

The projects that were initiated in the area surrounding the university included:

Volume II – Case Study Reports

- Cuney Homes Renovation – Originally occupied in 1939, Cuney Homes was a 564-unit, low-density public housing complex located across the street from Texas Southern University. The dilapidated complex was renovated at a cost of \$25,623,720 – \$25 million of which came to the Houston Public Housing Authority from Comprehensive Grant Program funds.⁹⁶ The remainder of the funds came from the City’s Community Development Block Grant (CDBG) funding. The completed renovations included energy-saving improvements, security gates and lighting, traffic engineering measures, and a resident identification card system. These changes were expected to extend the life of the property by 20 years or more.
- TSU/HISD Laboratory School – Located on the Cuney Homes property, the Laboratory School was a joint-venture between Texas Southern University and the Houston Independent School District (HISD). The school served students in grades K-3 who were residents of Cuney Homes.
- Third Ward to Main Street Connectivity Project – The project aimed to link the Third Ward to the Main Street Corridor and the light rail system. Numerous groups were collaborating to develop this project, with the goal of improving and expanding transit access. It was also hoped that this project would be a catalyst for the eventual redevelopment of the neighborhood.⁹⁷
- Martin Luther King Transitional Housing Center – This facility operated a program for homeless women with children. The two-year program provided housing and assisted women in obtaining their GED and/or enrolling in other skills training. If women entered the program already having their GED, they were required to seek (at minimum) part-time employment. Women who participated in this program were required to file for mainstream public assistance benefits to help defray some of their living costs.



Site of the TSU/HISD Laboratory School.

⁹⁶ The Comprehensive Grant Program funds are the main source of modernization funding for large public housing authorities in the United States. More information about the program can be found at <http://www.hud.gov/progdesc/pihcgpcfm>

⁹⁷ More information on the Third Ward to Main Street Connectivity Project can be found at http://www.houstontx.gov/planning/planning_studies/thirdward/3rd_home.htm

EDC Personnel

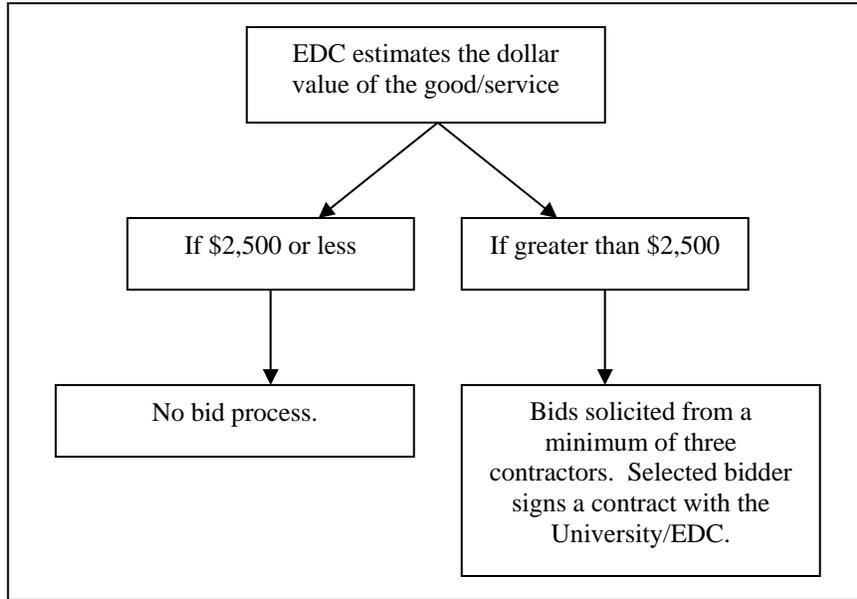
The current personnel and vacant positions were as follows:

- Director – Ella M. Nunn. Ms. Nunn was the EDC’s founding employee in 1981. Prior to this position, Ms. Nunn worked on TSU’s Model Cities Program and in the private sector doing mortgage and banking work. Ms. Nunn reported directly to the Dean and Associate Dean of the School of Business. Ms. Nunn was a life-long resident of the Houston metropolitan area.
- Program Secretary – Vacant. This position will be filled again should the need arise and funding be available. Often the clerk trainees can fill this role, by providing administrative support to the EDC staff.
- Project Coordinator and Instructor – Agnes Connor. Ms. Connor is a graduate of the EDC’s skills training program, where she was a trainee in the EDC office and a volunteer in the School of Business’ computer lab. In 1996, Ms. Connor earned her GED. Since that time, she has been employed by the EDC as a computer instructor. In her present position with the EDC, Ms. Connor continues to develop curriculum and instruct computer technology courses; her other responsibilities include overseeing all of the EDC’s skills training and development activities.
- Business Technical Assistance and Research Coordinator – Vacant. The responsibilities of this position center on providing one-on-one and group technical assistance to local businesses and hopeful entrepreneurs. This includes organizing and providing business education and training workshops and seminars. At the time of the site visit, this position was vacant and the EDC was waiting to see if their HUD HBCU grant work would warrant filling the position in the near future. During the first half of the subject grant period, Mary Harris occupied this position and was crucial to the execution of grant activities. Ms. Harris provided business technical assistance services, led the compilation of the African-American business directory, worked with EDC staff to organize the African-American Business Gala, and assisted in the selection of small business grant recipients.
- Clerk Trainee – Rosemary Young. A resident of the Martin Luther King Jr. Transitional Housing Center, Ms. Young was hired by the EDC in September 2006. The duties of her position included answering phones, providing office administrative support, assisting with the preparation of materials for workshops and seminars, and providing assistance to the EDC staff with other activities.
- Additional Clerk Trainees and Interns. The EDC employs additional trainees and interns to assist with the implementation of grant activities on an as-needed basis. Generally, these individuals were selected from those who have taken part in the EDC’s computer training workshops and/or GED preparation courses.

Procurement and Financial Management

Exhibit C-3 shows the procurement policy of the university. As shown in the exhibit, the decision whether or not to solicit bids was directly related to the estimated amount of the procurement.

Exhibit C - 3: Texas Southern University Procurement Policy



Volume II – Case Study Reports

Exhibit C - 4: Goals, Objectives, and Activities of HUD HBCU Grants Received Between 1999 and 2005

<u>Year of Grant</u>	<u>Title</u>	<u>Goals</u>	<u>Objectives</u>	<u>Activities</u>
2001	Skills Training in Automated Technology and Small Business Technical Assistance.	Develop partnerships with local stakeholders.	Execute letters of understanding (LOU) with project partners.	<ul style="list-style-type: none"> ▪ Identify each party's responsibilities. ▪ Prepare the LOU for each agency. ▪ Obtain signature(s).
		Provide skills training and technical assistance to local residents, new entrepreneurs, and existing businesses.	Provide training for self-employment and/or employment that will provide self-sufficiency.	<ul style="list-style-type: none"> ▪ Recruit/select participants for training program. ▪ Provide GED classroom training. ▪ Provide skills training in the classroom. ▪ Conduct special seminars and workshops. ▪ Provide job-readiness training/hands on training in the TSU lab. ▪ Assist with Neighborhood Networks Computer Learning Centers.
			Provide existing and potential business owners with technical assistance in business assessment, organization, development, management, and finance.	<ul style="list-style-type: none"> ▪ Recruit/select potential and existing business owners. ▪ Conduct workshops. ▪ Provide one-on-one TA.
2003	Homeownership Opportunities and Computerized Technology with Technical Assistance.	Create partnerships with local stakeholders.	Execute letters of understanding with local partners.	<ul style="list-style-type: none"> ▪ Identify each party's responsibilities. ▪ Prepare the LOU for each agency/individual. ▪ Obtain signature(s).
		Prepare low- to moderate-income persons for homeownership and rental opportunities.	Prepare and present workshops which detail the home buying and/or renting process.	<ul style="list-style-type: none"> ▪ Meet with partners to discuss activities, roles, and responsibilities. ▪ Discuss and prepare agendas for seminars. ▪ Recruit, enroll, and orient participants ▪ Conduct special seminars.

Volume II – Case Study Reports

		Provide skills training to local residents.	Assist a grass-roots, faith-based organization to develop a computer technology center.	<ul style="list-style-type: none"> ▪ Meet with organization representatives to create plans for the space. ▪ Provide budgeted funds to the organization. ▪ Plan dates for special training of organization's senior staff and tenants, if needed.
			Provide financial literacy, computer technology, and office administrative skills training for various types of disadvantaged local residents and students.	<ul style="list-style-type: none"> ▪ Recruit, enroll, and orient participants. ▪ Provide group technical assistance training in computer technology through classroom lectures. ▪ Provide one-on-one technical assistance in office administrative duties and work performance. ▪ Conduct training and/or seminars on financial literacy.
		Create/expand small, ethnic/minority businesses through the provision of technical assistance.	Provide technical assistance to selected small ethnic/minority business program participants.	<ul style="list-style-type: none"> ▪ Enroll and orient participants. ▪ Conduct special seminars. ▪ Provide one-on-one technical assistance. ▪ Provide grants for small business revitalization.
2005	Revitalization and Economic Development Empowerment for Eliminating Community Blight.	Create partnerships among agencies, educational organizations, and the business community to support, nurture, and sustain the family.	Execute letters of understanding with five local community organizations.	<ul style="list-style-type: none"> ▪ Identify each party's responsibilities. ▪ Prepare the LOU for each agency. ▪ Obtain signature(s).
		Assist with neighborhood revitalization and expansion.	Provide technical assistance to help expand Acres Homes' Multi-Service Center's computer technology center.	<ul style="list-style-type: none"> ▪ Meet with representatives of Acres Homes to discuss the details of the project. ▪ Provide budgeted funds to Acres Homes for the purchase of equipment, software, and supplies. ▪ Hold meeting with Acres Homes representatives to see completed expansion of the computer center.

Volume II – Case Study Reports

			Provide technical assistance to help restore a community theater center in the Third Ward of Houston.	<ul style="list-style-type: none"> ▪ Meet with partner groups who are assisting with the revitalization of the community theater center in the Third Ward. ▪ Conduct structural and environmental assessments. ▪ Review costs of restoring and issue bids. ▪ Acquire bids. ▪ Conduct Building Restoration.
	Create/expand micro enterprises, and planning and executing of business and computer technology workshops for micro businesses & minority businesses for college students, skills-trainees, seniors, and the homeless.		Provide technical assistance to small African-American enterprises in business 10 years or more, who have previously received a business expansion or revitalization grant from the EDC.	<ul style="list-style-type: none"> ▪ Conduct workshops/seminars in Business Planning, Development, and Financial Management for business revitalization and expansion. ▪ Provide specialized one-on-one technical assistance in Small Business Finance and Management to micro business enterprise owners.
			Provide technical assistance in computer, financial literacy, and office administration skills development for other groups and individuals.	<ul style="list-style-type: none"> ▪ Provide the knowledge of computer technology. ▪ Provide TA in office administrative procedure development. ▪ Provide TA in financial literacy education.