

**The New Hampshire Community
Reinvestment Association**

Final Report

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**Arnold Alpert
RFD 8, Box 311
Concord NH 03301**

The Problem: Economic Illiteracy and Economic Powerlessness

New Hampshire's conservative reputation is well deserved. It is the only state which has refused to adopt a holiday honoring Martin Luther King, Jr. Its refusal to adopt taxes on sales or income prevents state action to reduce poverty or ameliorate its effects. It is the only state without mandatory public funding of kindergarten. For many of its residents, the state's "Live Free or Die" motto speaks of pride in selfishness, and of individual refusal to assume responsibility for social problems. Laissez-faire is the watchword for State economic policy; business interests often occupy the only seats at the tables where economic decisions are made.

At the same time, though, New Hampshire traditions of grassroots democracy foster an environment conducive to community organizing and community economic development. For example, most the state's small towns still have volunteer fire departments. Town committees are run by elected or appointed volunteers. Town meetings still perform an annual mud season ritual of local self-determination, albeit one whose power has eroded over the years. In short, New Hampshireites are accustomed to banding together with neighbors or like-minded people to look for solutions to community problems.

Within this environment of political conservatism and grassroots activism, the New Hampshire Program of the American Friends Service Committee has played an important role for twenty years. Basing its work on the parent organization's commitment to peace, social justice, and nonviolence, the AFSC-NH provides training and assistance to grassroots activists, links organizations with common goals, and provides information to the public. Over the years, AFSC-NH has developed projects that address deep-seated problems like racism, as well as others that respond to crises like the Persian Gulf war. The organization has also worked to incubate or support emerging organizations.

In the late 1980s, AFSC-NH began paying increased attention to local and global economic issues, including trade, employment, and housing. In its 1992 strategic planning process, AFSC-NH selected "economic literacy for economic justice" as one of its major program themes, and expressed its intention to develop a project to train activists to analyze banks' community reinvestment performance.

Strengths, Weaknesses, Threats, Opportunities

To develop projects to address the inter-related needs for economic literacy and economic justice, AFSC-NH would be able to draw on its strengths. As an outgrowth of social change activism within the Religious Society of Friends, AFSC draws on long-held Quaker principles of nonviolence, equality, and universal human dignity which help the organization to weather the storms of political crises and fads. The local office has built a solid reputation among activists, journalists, and public officials in its two decades of work on a wide range of issues. It has healthy working relations with a broad spectrum of progressive forces in the state, including feminist groups, labor unions, organizations representing people of color, religious groups, teachers and student activists, and groups involved with community economic development. In addition, it has a solid funding base

and a core group of active supporters (known as the “Support Committee”) which meets regularly to provide guidance. It also benefits from administrative and programmatic support from the organization’s regional and national offices.

While AFSC has history, experience, and connections, the local office is not richly endowed with resources. The staff normally consists of one full-time person (currently myself) working simultaneously on several organizing projects in addition to administrative tasks. Although AFSC-NH had dabbled in economic issues, it had never developed a major organizing project in the economic arena. As AFSC-NH waded into its community reinvestment project, it quickly realized it would need to mobilize other resources for the project to succeed.

As AFSC-NH staff and Support Committee members sized up the economic problems facing the state, they focused on the ways in which economic power is slipping away from communities. The world’s 200 largest corporations now control a quarter of the world’s economic activity.* Ownership of key employers gets traded like baseball cards. Dome, like Dover’s Clarostat, have been shut down by their transnational owners with the jobs moved to Mexico. Chain stores like Wal-Mart and McDonald’s displace locally-controlled businesses and doom the old business districts of New Hampshire’s cities to marginal roles in the local economy. The health of the local economy is increasingly determined by corporate decisions made in Dublin, New York, Hong Kong, and other faraway locales.

As the Support Committee described the threat in its 1992 planning document:

“The ability of people in New Hampshire to provide themselves and their families with food, housing, and health care is dependent on [the] web of transnational relationships and decisions. Yet few people in New Hampshire grasp the economic forces which have a profound effect on their lives. Without a basic understanding, they are hard-pressed to take effective action to reduce their own vulnerability and improve their capacity to meet their communities’ needs. Also, without understanding the forces at work, people may be influenced by racism, anti-Semitism, and xenophobia as they seek an explanation for their problems.”

As AFSC-NH surveyed economic conditions, the organization chose to develop a sectoral approach to community organizing/education focused on the banking industry, which, in the words of Willie Sutton, is “where the money is.” AFSC observed that banks play a key role in promoting or inhibiting constructive community development, and that banking power was concentrating in fewer hands in the wake of Reagan-era deregulation and the Bush-era banking crisis. In the economic collapse of the early 1990s, five of the state’s biggest banks went under. The number of state-chartered banks fell from 77 in 1988 to 52 in 1992. By 1993, when Boston and Hartford-based Shawmut National Corporation announced its plans to buy New Hampshire’s second biggest bank, New Dartmouth, the state’s three largest banks were owned by out-of-state interests. The largest, First NH, is a subsidiary of the Bank of Ireland and controls 20% of all bank assets in the state.

* Richard J. Barnet, “Lords of the Global Economy,” *The Nation*, Dec. 19, 1994, p. 754.

In the context of the threat posed by the concentration of economic power and the weak capacity of poor people and social justice advocates to affect economic trends, AFSC-NH spotted an opportunity in the Community Reinvestment Act, a federal law designed to halt urban redlining. According to the Community Reinvestment Act, or C.R.A. as it is commonly known, federally regulated banks are required to help meet the credit needs of areas in which they do business, including low income communities. C.R.A. mandates that federal regulators rate each bank on its performance and further states that regulators must take C.R.A. performance into account when ruling on bank applications for permission to merge with or acquire other banks, or open new branches. Moreover, the C.R.A. states that each bank must maintain a file for public comments and that regulators must solicit comments when applications are being considered. In other parts of the country, community activists have successfully used the leverage made available by C.R.A. to pressure banks for increased investment in poor neighborhoods.

In New Hampshire, however, no one was making use of C.R.A. to make banks more responsive to the needs of low income consumers, groups developing affordable housing, small business, or members of groups which have been subject to discrimination. From the perspective of AFSC-NH, C.R.A. presented an opportunity to train and mobilize grassroots activists to influence the way economic power is wielded. A project in which activists used the C.R.A. would increase their own power and provide financial resources to poor people and those working for community economic development.

The Objectives of AFSC's Banking and Community Reinvestment Project - Coalition Building and Capacity Building

Realizing that it could not by itself have a significant impact on the multi-billion dollar banking industry, AFSC-NH sought to develop a coalition of diverse New Hampshire organizations that will organize to encourage/pressure New Hampshire financial institutions to make more capital available for affordable housing, job creation, and other needs of low and moderate income people.

Another objective would be increased capacity of New Hampshire grassroots activists to analyze bank performance, develop campaigns to affect bank performance, and negotiate directly with bankers.

Together, the two components--coalition building and capacity building--would raise the level of economic security for lower income New Hampshire residents and also increase the ability of grassroots groups to organize effectively for other economic justice objectives in the long-term.

In the Project Contract developed for the NH College Community Economic Development program, the twin objectives were expressed as:

- 1. Creation of a New Hampshire Community Reinvestment Association, made up of social justice advocacy groups, capable of negotiating C.R.A. agreements with New Hampshire banks. This "output" will include clearly understood membership criteria, formal bylaws or less formal but agreed upon practices,*

procedures for choosing its own goals and objectives, and incorporation if founding members so choose.”

2. *Development of an education/training program to build the skills of New Hampshire activists who are interested in banking, community reinvestment, affordable housing, fair lending, and economic justice. This will include identification of interested individuals, training or recruitment of trainers, and development of appropriate curriculum and educational resources.*

In the Project Contract I projected that NHCRA would be “in operation with clearly understood ways of operating and track record of accomplishments” by the end of 1994.

Methods Used by the NH Community Reinvestment Association

Fundraising

As mentioned above, one of AFSC-NH’s weaknesses as we began the project was limited resources. We were able to expand our resources through foundation fundraising. In April, 1993, as we launched the project by initiating an intervention in the Shawmut-New Dartmouth takeover, we approached the Public Welfare Foundation, a Washington-based foundation which supports community economic development and civil rights initiatives. They requested a proposal, which was submitted in late April. In August, Public Welfare informed us they would grant us \$25,000 for the Bank project. This grant enabled us to move forward with confidence and hire a second staff person, Martha Yager, to work on a part-time basis. We also sought and received \$1200 from the Ella Anderson Trust for purchase of a new printer.

In 1994, we applied to the Haymarket Peoples Fund for a grant in their “20/20” cycle, to fund the project for the 1995 fiscal year. To celebrate its 20th birthday, Haymarket announced it would give out grants of \$20,000, more than it had ever given. The foundation’s New Hampshire funding board was authorized to give out \$20,000 to one group, and to split another \$20,000 among other organizations. In a tough competition, which pitted worthy social change groups against each other, Haymarket chose the AFSC Banking project as the recipient of the \$20,000 grant. This grant gave us further confidence and enabled us to securely plan for continued work.

Coalition building

Another method used to increase available resources and enhance the project’s potential impact was coalition building. In October, 1993 AFSC sent a letter to representatives of 20 organizations inviting them to a November meeting to discuss forming the NH Community Reinvestment Association. Since then, we have continued to

see outreach to other organizations as a key part of NHCRA's program and organizational development. Outreach has required NHCRA to explain what it is, which in turn has prompted the organization to develop greater clarity about its mission and to identify who is involved in the organization.

Oversight and decision-making

From the fall of 1993 onward, a two-track oversight structure developed. One track is the AFSC, including the New Hampshire Support Committee and other AFSC administrative and program committees. As part of AFSC, the Banking and Community Reinvestment Project must abide by AFSC budget, personnel, and planning procedures.

The other track is the NH Community Reinvestment Association, which began to develop in November, 1993. Since then, meetings have taken place every month or two attended by representatives of several organizations plus interested individuals. Meetings have focused on discussion of ongoing programmatic activities, and on development of statements describing the mission, procedures, and plans for the NHCRA (see below).

There is significant overlap between the two bodies. Martha Yager, who has worked as a consultant and staff person for NHCRA, has also been a member of the Support Committee. Frances Potter, a retired minister, represents Concord Friends Meeting on the Support Committee and attends NHCRA meetings. Nury Marquez is Executive Director of the Alliance for Progress of Hispanic Americans, a Manchester community organization which is active in NHCRA, and is also co-clerk (co-chair) of the Support Committee. Rev. Jeff Brown, who represents the Unitarian Universalists at NHCRA, is a former member of the Support Committee. These "interlocking" relationships between the two organizations promote continuity and will help resolve potential conflicts as NHCRA moves toward a position of greater independence from AFSC.

Training and education

Since the project is a vehicle for economic literacy as much as one to win concrete improvements in people's lives, training and education of community activists have always been vital to the project. Although we found the idea of grassroots training easier to express than execute, we have found several ways to bring information and skills to a wider group. These methods have included self-education, arranging for guest speakers at meetings of the NHCRA, organizing community workshops, articles in AFSC publications, and use of the mass media.

We have found the development of a training program to be much more challenging than initially anticipated. First, there is a need to create a demand for training through outreach activities which make potential "trainees" aware of what their communities can gain from C.R.A. work. Second, the distinct needs of different communities necessitate a flexible approach to training. Together, these factors have moved NHCRA toward a model based more on participatory research and community organizing than on technical assistance.

Results of the New Hampshire C.R.A. Project

In any successful group, organizational development and program development are closely inter-linked. For the purposes of this report, however, I will treat the two objectives separately.

Coalition Building: Development of the NH Community Reinvestment Association

It is easiest to describe the NHCRA's development in a chronological framework, from its first meetings to the present. Most of the key points in this process occurred at meetings.

When Shawmut announced its intention to acquire New Dartmouth in March of 1993, the NH Community Loan Fund convened a meeting of groups which might have C.R.A.-related concerns. At that time, AFSC agreed to contact Shawmut. When Shawmut officials, who had little New Hampshire experience, expressed interest in learning what they could do to help meet community needs, AFSC convened a series of meetings of New Hampshire community activists during the summer of 1993. At three sets of meetings, activists identified needs in the areas of affordable housing, small business, and low income consumer services. These needs were presented to Shawmut as proposals and formed the basis for discussions with bank representatives.

The origins of NHCRA lie in the relationships developed between AFSC and other organizations during the Shawmut intervention in the spring and summer of 1993 (see Table 1). In October, 1993, AFSC invited representatives of those groups and others to a meeting to be held November 16 at the NH Council of Churches office in Concord. The letter reported that AFSC had been working with Shawmut, New Dartmouth, and other organizations, and said "Our experience so far has re-enforced our belief that the Community Reinvestment Act (C.R.A.) can be effectively used as a tool to support the financing of affordable housing and business development, to encourage fair banking

Table 1 - Organizations Involved in Shawmut Intervention

American Friends Service Committee
Concord Area Trust for Community Housing
Families in Transition
Manchester Neighborhood Housing Services
Manchester Security Deposit Loan Fund
NH College-Community Economic Development
NH Community Development Finance Authority
NH Community Loan Fund
NH Council of Churches
NH Legal Assistance
Tri-County Community Action Program

practices, and to push for other banking services which meet the needs of low income people." The letter said the meeting would include:

- an update on discussions with Shawmut/New Dartmouth
- a report on development of a C.R.A. data base for New Hampshire

- discussion of action priorities, and
- creation of the NHCRA

At that time, AFSC had already enrolled the NHCRA as a member of the National Community Reinvestment Coalition, but program work carried out to that point had all been done in the name of AFSC.

The Nov. 16 meeting was attended by representatives of five organizations, plus several individuals. Discussion centered mostly on Shawmut, whose acquisition of New Dartmouth had been surprisingly rejected the previous day by the Federal Reserve Board. According to the minutes, "There was agreement that we should form a New Hampshire Community Reinvestment Association to unify and coordinate our efforts.... Several comments about legal structure and mission were made, but there was no time for discussion." A task force to discuss structure was formed.

When the structure task force met prior to the Dec. 16 meeting, I was prepared to propose a model based on that of the Granite State Coalition, a political action organization formed to unite progressive groups. It was clear at the meeting, though, that any specific proposals were premature. Discussion centered on how NHCRA's structure would enhance its clout with banks. Questions were raised, such as: Would formal membership in a coalition or a loose association be preferable? Is legal incorporation necessary to negotiate formal agreements with banks? Can a formal structure inhibit the ability of NHCRA to move quickly? One attender, from a Hispanic community organization, stressed the importance of having a structure which facilitates input from communities we were seeking to serve. She also reminded the group that our clout comes not only from who we are but from what we do. The meeting ended inconclusively.

At the regular meeting which followed the minutes report that "The group engaged in a broad discussion of NHCRA's mission and structure with a consensus emerging that decisions on structure should await greater clarity with respect to the organization's mission." As form should follow function, the group was in agreement that decisions about structure needed to wait. Although I was anxious about potential pitfalls of long-term dependence on AFSC, "the group agreed for the present that it would remain an initiative of AFSC, with Arnie speaking for the group, rather than seek a separate corporate identity."

The January 1994 meeting was canceled due to an ice storm. The February meeting (attended by representatives of six organizations) featured a lengthy brainstorm and discussion of the purpose of NHCRA. A task force with four members volunteered to distill the discussion into a mission statement. The task force brought a proposal to the March meeting where it was discussed at length. A revised mission statement was approved *as a proposal* and mailed out for consideration and further discussion. The proposed mission statement was revised slightly and adopted at the April 20, 1994 meeting (See Appendix One.)

The April meeting also included a fascinating discussion with two visitors from the Rhode Island Community Reinvestment Association, Ray Neirinckx and Asata T. Gray. RICRA grew out of C.R.A. protests against Fleet Bank in 1986. It is loosely structured with 36 member organizations, mostly tenant and nonprofit housing groups. RICRA is funded as a project of Project Basic, which in turn is a program of the John Hope

Settlement House. RICRA has no Board and no dues. It is not incorporated, which does not appear to have impaired its ability to negotiate C.R.A. agreements with Rhode Island banks.

In April, we also discussed developments of the statewide bank consortium being developed for affordable housing lending. This group will call itself the NH Community Reinvestment Corporation (NHCRC), which could lead to confusion. We knew that the consultant hired to develop the consortium was tightly wedded to the name, and that they had already filed incorporation papers with the State. While we agreed this posed a problem, the group went along with my suggestion that it would be unproductive to challenge the consortium on its name, given that we had not filed our name with the Secretary of State, and that we would be likely to want to contest with NHCRC over more substantive issues. If need be, we recognized we might call ourselves the "Community Reinvestment Association of New Hampshire," "Granite State CRA," or some other variant close enough to our current name to avoid an identity crisis.

There was a lengthy discussion of NHCRA's structure at the May meeting. Those who attended were generally content with the existing, loose structure, in which AFSC played the coordinating role. There was also a suggestion that I develop a specific work plan for the following six month period.

I brought a work plan to the next meeting, July 20, hoping for discussion as well as establishment of priorities and timelines for the various items. Due mostly to the season, only four people attended, which limited how much could be accomplished. Discussion affirmed local organizing/education as the action priority. In terms of organizational development, the work plan suggested we settle the question of our name, develop a set of procedures or operating principles, and solicit groups to publicly associate themselves with NHCRA. As long as there was no formal structure for NHCRA, there could be no concept of membership. On the other hand, I was finding it necessary to be able to say *who* is the NHCRA, not just *what*. The work plan also called for production of literature describing the group's purpose.

In a narrow sense, it was a desire for handouts that drove the need for groups to associate themselves publicly with NHCRA. It was clear, perhaps to me most of all, that bankers, journalists, public officials, and community activists would respond better to a broad-based group than to a project of the AFSC. Any literature describing the NHCRA would have to say something about what organizations were part of it. That list would have to be long and diverse enough to convey that we were, in fact, a broad based group with "clout." Privately, I considered we would need to have representation, at least, from religious groups, low income advocacy groups, and groups of people of color in order to convey breadth.

The announcement of the next meeting, to take place in September, included the work plan and also asked groups to bring the question to their own governing bodies of their participation in NHCRA. While we were not asking them to become members, as there was no such thing as membership, we asked them to agree that NHCRA could state in literature or in other ways that their organization was part of NHCRA.

By the time of the September meeting, affirmative responses to the affiliation question had been received from: AFSC, the Alliance for Progress of Hispanic Americans (ALPHA), the NH Council of Churches, the Social Responsibility Committee of the

Unitarian Universalist Association (New Hampshire-Vermont District), and the Human Needs Consortium of the Episcopal Diocese of New Hampshire. The Mobile Home Owners and Tenants Association (MOTA) and the Affordable Housing Network reported the question was on the agenda for upcoming meetings.

Also at the September meeting, the work plan was approved with an amendment that we should add a legislative component to the program work. In addition, one attender (not me) volunteered to convene a task force to consider NHCRA's internal procedures. Three others (including me) volunteered to serve on this task force.

In October, the representative of the Affordable Housing Network, who has been one of the most faithful and helpful participants in NHCRA meetings, reported that affiliation with NHCRA was controversial within his group. While some members were in favor, others felt it would compromise their relations with banks, on whom they are dependent for financing.

The procedures task force finally met in November, and came up with the following simple proposal:

- 1. The framework of NHCRA's priorities will be established at the regular business meetings of NHCRA, with decisions made by consensus.*
- 2. Within that framework of priorities, decisions about specific actions may be made by the coordinator and other staff, in consultation with other NHCRA members as needed.*
- 3. Decisions about C.R.A. challenges and agreements must be made at a NHCRA meeting, which could be a regular or specially called meeting.*
- 4. Announcements of upcoming meetings will include information on the proposed agenda.*

The task force also discussed the possibility that NHCRA will evolve from its status as a project of the American Friends Service Committee to a coalition made up of member organizations and governed by a board of organizational representatives and at-large members.

The procedural proposal was adopted at the December meeting. Attenders acknowledged the need for further discussion of the relationship between AFSC and NHCRA. Affiliation by the Twin Pines Housing Trust and the NH Association for the Elderly was also reported. An interest was expressed in re-visiting the mission statement, to determine if it is "gratuitously provocative," in the words of one attender. Discussion of the mission statement has been placed on the agenda for the next meeting, set for February.

Conclusion

Thirteen months after its first meeting, the New Hampshire Community Reinvestment Association has made significant strides in organizational development.

- NHCRA has a mission statement, which also describes four areas of program activity.
- There are eight organizations, representing diverse constituencies, which have formally affiliated. I am confident that others will join up as soon as NHCRA devotes attention to another phase of outreach. (See Appendix Two.)

- There are no formal bylaws, but there is a year of experience to draw on and a simple statement of organizational procedures.
- There is understanding that regular meetings of NHCRA, which take place every month or two, are used for setting action priorities and discussing organizational matters.
- There is clearer understanding of the advantages and disadvantages of existing as an AFSC project.

In the coming months, NHCRA and AFSC-NH will both discuss the organization's future structure. AFSC will probably be amenable to a transition period in which it continues to give administrative and perhaps financial support to NHCRA as it becomes an independent organization. In AFSC-speak, this process is known as "devolvement."

If NHCRA does not choose to move toward independence, its future ability to function will be dependent on AFSC's willingness to continue its staffing and funding role. This willingness will be affected by AFSC's own planning process which will take into account its significant commitment to NHCRA but weigh that against other issue and organizational priorities.

Capacity Building: the Development of a Training and Education Program

As mentioned above, we have used a variety of approaches to providing activists with skills to analyze bank practices and negotiate with banks for changes. These methods have been directed at different target groups, and have included:

- bringing guest speakers to NHCRA meetings to provide information and insights to core activists;
- organizing community workshops to attract and inform new C.R.A. activists;
- publishing articles in AFSC publications to reach AFSC's core constituency; and
- use of the mass media to reach the broader public.

In addition, Martha Yager and I, as staff for the project, have done a lot of self-education. I enrolled in the C.E.D. program at NH College. Martha took several courses at the 1994 Management and Community Development Institute at Tufts University. Both of us, as well as Mike LaFontaine of the Affordable Housing Network, attended the 1994 convention of the National Community Reinvestment Coalition. In retrospect, it is clear we did not have the capacity to develop an effective training/education program at the time we launched the project.

In addition, we have assembled a data file at the AFSC office containing C.R.A. information about all New Hampshire banks, including financial information, official C.R.A. statements and performance evaluations, and newspaper clippings. The "C.R.A. Library" has become a vital resource for informing people about the performance of New Hampshire banks.

Guest Speakers

As mentioned above, Ray Neirinckx and Asata T. Gray of the Rhode Island Community Reinvestment Association attended the April, 1994 NHCRA meeting. Their description of RICRA's structure and approach to organizing was highly informative.

In November, 1994, NHCRA invited ex-bankers Bob Mulligan and Charlie MacVeagh to a forum on "C.R.A. and the Culture of Banking in New Hampshire," moderated by Michael Swack. Fifteen activists attended.

We are now organizing a third program on the potential impact of the recently passed interstate bank branching bill. This program will take place at the Legislative Office Building in Concord on Jan. 19. We will bring an economist who has worked with C.R.A. groups in Massachusetts, and have also invited the President of the NH Bankers Association to participate. The meeting will be moderated by the Chair of the House Commerce Committee, which handles banking legislation.

NHCRA has adopted a model of having its monthly meetings alternate between business meetings and educational programs. The educational programs will be geared toward a broader audience than we expect to attend business meetings.

Community Workshops

From the time AFSC conceptualized the project in the fall of 1992, we intended to center the project on training workshops. Because the project was jump-started in response to the Shawmut/New Dartmouth takeover, we did not get back to the original concept until Spring 1994. By that time, we had realized creating a training program would not be as easy as we had originally thought.

First, if we were correct that community activists, especially poor people, did not know much about banking and finance, we could not reasonably expect people to sign up for a C.R.A. training workshop sponsored by people they probably didn't know. Second, we saw that community needs in one part of the state or for one constituency might not be the same as needs for another. It would, therefore, not work well to develop a generic training agenda that was not based on the needs and interests of the group of people who would be trained. With those insights, we saw the need for a more participatory approach to training that would look more like community organizing than technical assistance.

At this point, we have started two major grassroots training projects, one in northern New Hampshire and one in the Rochester area.

North Country

The North Country--a region consisting of Coos County and the northern parts of Grafton and Carroll Counties--is geographically, politically, and economically isolated from the rest of the state. Funded by the Public Welfare Foundation grant, Martha Yager met with three North Country Human Service Councils, local discussion groups of staff from nonprofit human service agencies which meet monthly. Martha described C.R.A. to them and the potential to change banking practices in ways which would improve the lives of low income people.

Based on her discussions, she organized a workshop held in Lancaster on June 17, which at the request of local community activists included representatives of all the North Country banks. Forty-five people, half from banks and half from community agencies,

spent a morning learning about C.R.A. and discussing the region's credit needs in housing, small business, and other banking services. At the workshop it was apparent that bankers were not aware of what services (e.g. credit counseling) are available from human service agencies which might be helpful to potential banking consumers. At the same time, agency people were unaware of what products (e.g. low cost checking accounts) were offered by different banks that might be of use to their clients.

Since the forum, a committee has been formed to compile information about finance-related services offered by North Country agencies. Another is researching the products and services offered by the different North Country banks. Martha continues to work with these committees as they compile their information, and will assist them to determine how to make the information available to the public.

In the course of her work, Martha has also become aware of what appears to be a capital drain from the North Country, especially from Berlin, the region's largest municipality. She is now in dialogue with business and community leaders about ways in which this might be remedied.

Martha is also meeting with groups in Claremont, a depressed small city in western New Hampshire. As the North Country project winds down, she intends to devote more attention to the Claremont area.

Rochester Area

Working with funds from the Haymarket grant, Ellen Gershun has been meeting for 3 months with staff and members of community organizations and agencies in the Rochester-Dover area. Rochester and Dover are old industrial cities which have grown rapidly in recent years in part because of lower housing costs than in nearby Portsmouth. Initially using an approach like the one Martha employed in the North Country, Ellen made contact with local housing groups, CAP directors, municipal officials, small business leaders, and others who would have a sense of community economic needs. In Rochester, she learned of the existence of a coalition of six low income neighborhood organizations, and a loose association of four mobile home cooperatives.

Neighborhood organizations made up of low income people are rare in New Hampshire. Because the C.R.A. is more easily adaptable to geographic areas like neighborhoods or cities, and because we preferred to work directly with a low income constituency rather than with agencies, we decided to focus attention on these groups. After giving a presentation to the "Joint Coalition" of neighborhood groups, Ellen arranged to attend meetings in several neighborhoods and with the mobile home co-ops. Her plan is to interest enough people in C.R.A. to conduct a training session in the spring of 1995. Only then--after C.R.A. training and an opportunity to collectively identify community needs--will local activists be encouraged to meet and negotiate directly with bankers.

First NH Mortgage Co.

A third approach was used with regard to First NH, the state's largest bank. When we learned that First NH Mortgage Company had made no loans at all to African Americans in the state in 1992, and only one loan to Hispanics that year, we convened a meeting between First NH executives and about 20 leaders of the Black and Hispanic

communities from Manchester and Nashua. At a meeting in Manchester on July 20, community leaders had an opportunity to hear and critique First NH's plans to improve its record. In this case, a meeting with bankers was held without any training at all (although some attenders had participated in other NHCRA activities).

We are now working on setting up a meeting with the community leaders to prepare for a follow-up session with First NH, to which the bank has already agreed. These meetings may generate demand for some kind of C.R.A. training, which will help the community deal with First NH and other banks on a continuing basis.

AFSC Publications

AFSC-NH publishes a newsletter, *Quaker Witness*, three or four times a year and mails it to 2600 households. Each issue since spring, 1993 has included articles about the C.R.A. project. The newsletter is the main way AFSC-NH communicates with its core supporters. Articles have outlined the rationale of the project, described the process of C.R.A. reform going on in Washington, analyzed the consolidation of the banking industry, discussed the Shawmut/New Dartmouth merger, reported on the meeting of First NH and community leaders, and described the evolution of NHCRA. One article, on banking consolidation, was also revised and published in *Peacework*, a monthly put out by the AFSC office in Cambridge. (See Attachments.)

Mass Media

We have had some success getting our message out through the mass media. During the Shawmut/New Dartmouth process, Martha and I gave testimony at a hearing of the NH Board of Trust Company Incorporation, the body which must approve acquisitions of New Hampshire banks by out-of-state holding companies. I alerted reporters, and the hearing was covered by the *Union Leader*, the *Nashua Telegraph*, and WMUR, the state's primary source of TV news. I was interviewed several other times in the course of the Shawmut/New Dartmouth process. (See Attachments.)

I approached a local journalist who often writes for *NH Business Review* with the idea of doing a piece about banks and C.R.A.. Once he realized he could write some good things about banks (the publisher wouldn't like it otherwise), he agreed. The result was two stories, one about the C.R.A. ratings of NH banks, focusing on two which had unsatisfactory ratings, and another about the potential impact of C.R.A. reform. I provided him with most of the data he used. (see attachments)

I have also published two columns in the *Concord Monitor*. One dealt with the Federal Reserve's initial rejection of Shawmut, the other dealt with the potential of C.R.A. to counter negative impacts of bank industry consolidation. (See Attachments.)

While these forays into the mass media have not been expected to achieve a high level of consciousness raising or C.R.A. training, they have helped NHCRA position itself as a credible alternative source of information on banking. In this way, we are breaking down the business monopoly of accepted opinion on business matters. I expect our upcoming forum on interstate branching will also gain attention from the newsmedia.

Conclusion

Community activists, especially those most involved with NHCRA, have gained considerable skills needed to monitor the banks. While we are by no means experts yet, we have located public and private sources of information about banks, we have learned to analyze and interpret banks' C.R.A. statements, and we have developed useful files and data bases. Through meetings of the Community Reinvestment Association and our other program events, we have begun to spread these skills to a wider circle of community activists. And, through newsletter articles and the mass media, we have started to penetrate a broader public consciousness with information and perspectives about banks and banking.

The development of a training and education program is taking a different shape than we had initially envisioned. We have found analysis of community needs and banks' C.R.A. performance to be more complex than we expected. With this realization, we have not sought to develop a generic C.R.A. training curriculum. Instead, we have shifted toward an approach based on local community organizing. With this slower-paced method, we will be able to develop training agendas that will help local activists respond more effectively to the distinct needs of their own communities.

Analysis and Conclusions

Because this report focuses on organizational development and capacity-building aspects of the broader C.R.A. project, I have not mentioned other aspects of our work, such as direct discussions with bank representatives, industry lobbyists, federal regulators, and state government officials. When it is all taken into account, we have learned a great deal about banking, community reinvestment, and the New Hampshire economy. We are well on the road to development of an organization and a strategy that can mobilize grassroots activists to make powerful financial interests more responsive to community needs.

Strategic presumptions

We have confirmed the validity of our initial strategic presumption that organizations engaged in economic and housing development activities would be unable (or unwilling) to exert direct pressure on banks because of their direct dependency on the banks, thereby opening up a role for an independent organization able to criticize unsatisfactory performance without fear of retaliation. The C.R.A. Project has generated a dynamic often labeled "good cop, bad cop" by housing and C.R.A. activists. Since our arrival on the scene, affordable housing groups have reported an increased interest from banks in supporting their programs. Comments like "you're so much easier to deal with than those C.R.A. people" are common. Although it can be disconcerting to be thought of as troublemakers rather than as reasonable people, the good cop-bad cop dynamic is exactly what we expected to happen, and is having the desired effect.

A reputation as "troublemakers"

We have found that it is quite easy to gain a reputation as a "troublemakers." For example, some bankers in the North Country resented being asked to attend a meeting

with community activists, and were even more resentful that their institutions were being scrutinized by outsiders. Our plan to take public information, such as rates for checking accounts and ATM transactions, and make it accessible to the public is provoking resistance. A column (considered surprisingly mild by the Bankers Association lobbyist) I published in the *Concord Monitor* analyzing developments in the banking industry was called a "bombshell" by a representative of the state's largest bank. Martha Yager's interviews with small business owners in Berlin "made some people unhappy," reported a banker. Another banker, reluctant to send us a copy of his bank's C.R.A. performance evaluation, called the FDIC to find out if he really had to give it to us.

As a final example, when I invited the President of the Bankers Association to participate in a forum on interstate branching, he told me we were "usurping the legislative process" by conducting a program on a matter which would be the subject of legislation. In this case, his organization had already determined its position on interstate branching, drafted legislation, and obtained co-sponsorship from key Senators and Representatives, some of whom had not read the bill and knew little about its substance. It is clear that what we are seeking to usurp is the Bankers Association's domination of discussion at the State House on matters related to banks.

In all of the cases listed above, we are being called troublemakers for making use of a legal, democratic system which had previously been ignored. While it is not our intent to cause trouble, it is certainly our objective to upset the status quo.

Adversaries or allies?

We have developed relationships with banks that are both adversarial and cooperative in nature. Within the bank bureaucracy, the Community Reinvestment Officer is often the person who makes sure regulators are satisfied, deals with community development groups, and looks out for the bank's public image. While the C.R.A. Officer may be the most vulnerable to public criticism, she/he also gains status in the institution if the bank's public image improves. For example, if a bank raises its C.R.A. rating from Satisfactory to Outstanding, the improvement reflects positively on the C.R.A. Officer.

This dynamic places us in a curious relationship with the C.R.A. Officer. As a group which makes demands on the bank and even criticizes it in public, we are adversaries. But as a group which outlines how the bank can improve its rating and reputation in the community, we can be the C.R.A. Officer's best ally.

The flip side of a constructive relationship with the banks is a danger of co-optation. For starters, it is much easier to arrange discussions or meetings with bankers than it is to organize community meetings which identify local needs and mobilize people for grassroots action. C.R.A. Officers, at least for the large banks, are more knowledgeable about issues like affordable housing, fair lending, and small business development than are most community activists. Because the banks look for "do-gooder" types to take on the C.R.A. responsibilities within the bureaucracy, C.R.A. Officers are usually sincerely committed to programs that assist poor people and low income communities. Therefore it can be tempting to work things out with the bankers ourselves, without a great deal of community input. Such an approach can lead to placing demands on the banks that are easy for them to meet but less than might be attained through a more aggressive style.

To examine the relationship between C.R.A. advocates and banks more closely, consider the most basic tool for C.R.A. analysis, the ratings given out by regulators. If the objective of C.R.A. advocacy is to get a bank to improve its performance, it should be considered a victory if a bank's rating improves following negotiations with the advocacy group. Of course, the rating improvement also reflects positively on the bank, and diminishes the leverage of the C.R.A. activists. If all the banks in a community gain "outstanding" C.R.A. ratings, does that indicate that C.R.A. activists have been successful or that the demands they made of the banks were too easy to meet? It is clear that just as good C.R.A. activism places the banks on the horns of a dilemma, we can skewer ourselves on the same horns if we are not careful.

Determining community needs

As indicated above, we have found that analysis of community credit needs--the heart of C.R.A.--is more complex than we anticipated. Official C.R.A. statements from the banks and performance evaluations from the regulatory agencies do not lend themselves to easy interpretation. With all the New Hampshire banks but one holding Satisfactory or Outstanding C.R.A. ratings, we have learned that the ratings themselves tell very little.

We have also realized that analyzing and explaining community needs is not as simple as we thought. It is not enough to document the need for affordable housing in a community if there are no housing developers ready to borrow money, or if the developers which exist are already overextended with projects in progress. It is not enough to cite statistics indicating a low rate of lending for small business if we are not able to sift through the statements of bankers, regulators, and business leaders to figure out what the problem is.

It is largely because of those complexities that we have steered toward an approach to community reinvestment relying on community organizing and participatory research. In our North Country project of the past six months and now in our outreach to the Rochester and Claremont areas, we are beginning our local C.R.A. work by making contacts with local activists, helping them analyze their community, and tailoring our C.R.A. training/education to meet their needs. Our intent with this approach is to enable local activists to continue working with each other on local community development priorities after we have moved on to another part of the state. This approach is slower than what we initially envisioned, but will have a deeper community impact in the long run.

The "project" and the project

In the context of this report, it is worth looking at the relationship between the degree requirements of New Hampshire College's Community Economic Development (C.E.D.) Program and the responsibilities of community development practitioners. The C.E.D. Program rightly emphasizes the importance of defining clear project goals and objectives, which are made explicit in a project contract. Once the contract is complete, the timeline for its fulfillment serves as a spur toward certain actions which may come into conflict with community dynamics in the "real world" where project work occurs.

In my case, because I emphasized the structure of the NHCRA in my C.E.D. contract and said we would have a structure in place by the end of 1994, I continually pushed the structure issue at NHCRA meetings. Others at meetings, however, suggested we needed to settle matters of mission and program before we could determine an appropriate structure.

By December, NHCRA had developed a statement describing how its decisions would be made, specifying that AFSC carried responsibility for coordination. Looking back over the past year, it is clear to me that the pace of organizational development of the NHCRA had to be determined by the people who were directly involved, rather than by my C.E.D. project contract. As the person who chairs the NHCRA meetings, I put my own desire to settle the structure question on the back burner in deference to the sentiments of others, whom I now believe to have been correct.