



Best Practices in Latino Asset Building



NALCAB
National Association
for Latino Community
Asset Builders



**Northwest Area
Foundation**

*Helping communities
reduce poverty*

With the generous support of the Northwest Area Foundation, NALCAB – The National Association for Latino Asset Builders – has developed this publication to highlight the work of community-based institutions that build neighborhood assets and family wealth in low-income, predominately Latino communities throughout the United States. We hope that these organizational profiles are inspiring to community leaders, useful to asset building practitioners and enlightening to philanthropists and policy makers.

NALCAB views asset building broadly, including traditional community and economic development, consumer education related to the financial services and real estate markets, and family wealth building strategies. The organizations profiled in this publication have successfully implemented diverse community asset building projects and programs, which in some cases cross the boundaries between strictly defined fields of practice.

More than presenting successful projects, these profiles attempt to illustrate some of the factors that have contributed to the overall success of

these organizations – making them important community assets in and of themselves. Common themes include strong leaders, long-term capacity-building partnerships and unflagging focus on clearly identified community needs and market conditions.

None of the featured projects could have been accomplished without the ability to access capital from a wide range of sources. Indeed, access to capital is the primary limiting factor on the enormous potential of these accomplished, non-profit institutions to create public benefit. Having demonstrated best practices that stimulate local economies, support small businesses and build family wealth, these organizations, and their peers around the country, are proven vehicles for building asset and wealth in our nation's rapidly growing low-income Latino communities.

NALCAB appreciates the cooperation of each of the organizations profiled in this publication. We also want to recognize the contributions of Ms. Analisa Nazareno, who is the primary author of the organizational profiles, and Ms. Rebecca Lemos, who developed the graphic design of this publication.

Hacienda Community Development Corporation

Portland, OR
Creating affordable rental housing

Latino Economic Development

Minneapolis, MN

Developing cooperatively-owned mercados

El Paso Affordable Housing

El Paso, TX

Providing integrated financial education and homeownership counseling

Latino Community Credit Union

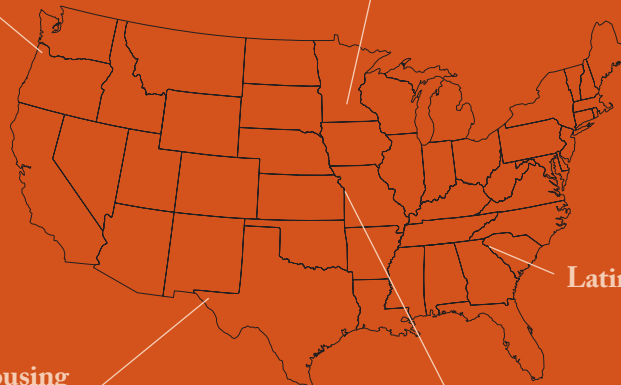
North Carolina - statewide

Providing financial services and savings products

Guadalupe Centers, Inc.

Kansas City, MO

Developing community facilities and community leaders





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Most Latinos understand that old saying, “Home is where the heart is.” But many low-income Americans have yet to understand how to buy a home or that the home is also a means of financing an education or achieving financial security. In and around El Paso, Texas, El Paso Affordable Housing Credit Union Service Organization (AHCUSO) has been helping Latinos bridge that gap in understanding through home-buyer counseling and financial literacy classes that teach them how to leverage resources to buy a home and how to use their homes as a wealth-building tool. “Being Hispanic, everybody wants to own a home. It’s a cultural thing,” said Larry Garcia, CEO of El Paso AHCUSO. “Even though a lot of people don’t know what they can do with a home – leverage it for education, or for business loans, etc. All that, we teach them. The driver is that they want a home.”

With a current staff of just four full-time workers, El Paso AHCUSO has maximized funds, partnerships and volunteers, to become a fully integrated, grass-roots financial education institution in the few short years since incorporation as a non-profit organization in 2003. “We try to teach our clients how to access what is available and how to use the resources available around them to help themselves,” Garcia said. “What we’re doing is connecting the dots.”

El Paso AHCUSO has held hundreds of financial literacy classes and educated thousands of low- and moderate-income Latinos – 5,170 from 2003 to 2006, to be exact – on how to avoid predatory high-interest loans, save money, access low cost financial services, and become homeowners. Through its service as a

Volunteer Income Tax Assistance (VITA) site and as managing partner of the Coalition for Family Economic Progress, it has taught low-income taxpayers how to leverage refunds for the purchase of a home – for use as a down payment, to cover closing costs, or to improve credit worthiness. Additionally, through its sister limited liability corporation, El Paso AHCUSO has used its \$3.1 million revolving line of credit to make possible approximately 400 home loans worth \$20 million for the poorest of poor families in the region.

Through its 27 community, government and social services partners, El Paso AHCUSO draws El Paso residents to home ownership workshops or to its free tax return services, and in the process also educates them about the financial resources available in the community. “We do everything grassroots,” Garcia said. “Our best form of advertising and marketing is grassroots marketing through our partners.” In the process of educating clients about home-buying and finances, El Paso AHCUSO has also convinced 9,802 previously un-banked individuals to open up bank or credit union accounts to start saving money, establish credit and gain access to low-interest personal loans. “Our ultimate mission is to provide financial education for the community, not just to get them into a home, but also to get them out of predatory lending practices,” Garcia said. “To me, that’s bigger than just owning a home. We teach them to avoid predatory lenders so they don’t get their equity stripped away.”



The key ingredients to the organization's productivity and accomplishments to-date have been a carefully planned founding, operation by knowledgeable and competent financial leaders in the region, leveraging of capital and human resources, and partnerships with several dozen grass-roots and governmental entities. El Paso AHCUSO came to life in 2001 after eight credit unions in the region partnered in response to a National Credit Union Foundation study determining the need for alternative mortgage financing strategies for low- to moderate-income El Paso residents. The study revealed that more than 19,000 potential homeowners in El Paso were able to service mortgages between \$41,000 and \$55,000, but were unable to obtain conventional loans because they lacked credit standing or had insufficient savings. The eight participating credit unions contributed \$5,000, with \$281,250 in seed money over a three-year period coming from the National Credit Union Foundation and the Texas Credit Union Foundation, to form El Paso AHCUSO and hire Larry Garcia as its CEO.

“what we're doing is connecting the dots”

Rufino Carbajal, one of the founding board members of El Paso AHCUSO, said the selection of a competent director with a background in finance and a familiarity with the needs of El Paso residents was essential to the success of the organization. “We ended up hiring Larry because he had the best qualifications,” said Carbajal, CEO of West Texas Credit Union. “He knows about mortgages and he knows how to serve the underserved. He's well-rounded. And he's a licensed Realtor and Mortgage Broker and he brings all



those things that come from that.” Prior to taking on the AHCUSO CEO position, Larry Garcia had been president of a mortgage company. He has a business degree and an MBA from the University of Texas at El Paso.

In its first year, the organization funded more than 28 affordable housing mortgages totaling \$900,000. But it wasn't until 2003, when El Paso AHCUSO became a 501(c)(3) organization, and it was able to apply for grants, that the organization truly came to life. “This did not change our mission, but it has enhanced what we do,” Carbajal said. “Now we do a lot of financial literacy. We get individuals ready and help them build their credit so they can purchase a home.”

Garcia said to fulfill El Paso AHCUSO's mission statement to “empower members of the financially underserved community with the ability to develop family wealth and economic and financial stability,” the organization must utilize volunteers and take advantage of partnership opportunities. “You have to partner and leverage all your resources and everything you do,” Garcia said. “You have to kill two birds with one stone with everything you do.” El Paso AHCUSO contracts with three bilingual trainers to provide much of the financial education and housing counseling. But its credit union partners also contribute five volunteer trainers for the financial literacy programs. During tax season, up to 150 individuals through

the credit unions and other partners volunteer for the El Paso AHCUSO managed free tax preparation services to those qualifying for the Earned Income Tax Credit. “Finding volunteers is not a problem,” Carbajal said. “Our volunteers do it with pride, knowing that they’re going to help someone get into the mainstream banking system, help them build their credit and savings and get them out of the predatory lending market. It’s not hard to sell that to volunteers.”

Carbajal said as the organization moves from its infancy to maturity, El Paso AHCUSO is seeing fewer dollars in the form of grants from foundations. As the organization continues to seek funds from foundations, board members are also making plans to become more financially independent. “When you have to depend on grants, it’s going to be here and gone tomorrow,” said Carbajal, treasurer of the El Paso AHCUSO board. “You can’t always depend on grants.” To keep the organization operating at its high-level, AHCUSO’s credit union members are devising a plan to establish an endowment through Southwest Corporate Credit Union. “We have made a tremendous impact here in the short period of time we’ve been around,” Carbajal said. “One of the major issues we’re facing is becoming more self-sustaining. That has been an issue and the credit unions are going to step up to plate. We have been talking about that because we don’t want El Paso AHCUSO and all the good things it has done to go away.” ●



The organization’s operating budget is roughly \$400,000 for fiscal year 2007. With that, El Paso AHCUSO does the following:

- Operates financial literacy and housing counseling programs;
- Leads a social marketing campaign with the Consumer Federation of America, its credit union members and other partners to encourage El Paso residents to save money by opening savings accounts or using their current savings accounts;
- Is managing partner for the Coalition for Family Economic Progress the El Paso Earned Income Tax Credit coalition;
- Operates homeownership initiatives in the Tornillo, Sparks, and San Elizario Colonias;
- Leverages AHCUSO, HOPE VI program funds, and El Paso Empowerment Zone Corp. down-payment assistance funds to move housing authority residents into homes; and El Paso Empowerment Zone loans to move people into urban areas being revitalized.
- Operates a lease-purchase program with Fannie Mae, Rural Development Finance Corp., and Artemis Builders;
- Works with Fannie Mae and the Housing Authority of the City of El Paso to provide home loans for recipients of Section 8 HUD housing assistance payment vouchers;
- And recruits hundreds of low-income families for the City of El Paso Down Payment Assistance Program.



Adjacent to crisscrossing twists of rail lines, just a few blocks west of the historic Union Station, the Guadalupe Centers' Spanish mission-style headquarters has stood as the heart of the Latino Community in Kansas City, Missouri since 1936. Like the unique building it occupies, Guadalupe Centers Inc. holds a special place in the history. It is the oldest continuously run community organization serving the needs of Latinos in the United States, having formed in 1919. For as long as Kansas City has needed workers to build and work the railroads that are its lifeline, Latinos have been there to fill that need.

In recent decades, the Latino community in Kansas City has been growing and maturing; adding to the population of hard-working laborers, a generation of educated community leaders. Along with the Latino community it serves, Guadalupe Centers Inc. has grown and become more sophisticated, developing organizational and civic leaders from an early age and leveraging its resources and property to gain more independence and strength in the community. Today, the Guadalupe Centers owns \$10 million in assets, including a 24,000 square-foot state-of-the-art cultural and culinary arts facility. The organization employs 100 full-time and part-time workers, and utilizes 200 volunteers to serve its community through its charter school and childcare

programs, elderly services, health care and substance abuse counseling, emergency social services, English language classes, and now its profit-generating culinary arts program.

“We’ve had a lot of staff that grew up here at the center,” said Cris Medina, who has been executive director for the Guadalupe Centers since 1980. “When I first came to the center as a participant, I was six years old. Like me, we have a lot of staff members who were participants at the center. And now a lot of the kids I worked with are on boards in the community. They are young Latino professionals who are now in high positions in the private and public sector here in Kansas City.” Medina said one of the guiding philosophies of the Guadalupe Centers is to promote self-sufficiency and competence in various areas, while also serving the needs of those in the community who are in need. “One of the nicest compliments that I’ve received from my colleagues in the not-for-profit arena is they say our staff and young people are always on top of the issues, they’re always asking the right questions,” Medina said. “We don’t have a set curriculum for that, but we do cross-train and develop our young people. The reason we do that is because they are the ones who are going to be more loyal to you and they are the ones that will be there for you in the long run. We have been very successful in developing people from our community.” The organization supported and helped one of its staff members, Gilbert Guerrero, as he was earning his masters degree in education. Today, Guerrero is the superintendent of the Guadalupe Centers’ schools program and is an associate director. In working with young people through its various programs and volunteer opportunities, Guadalupe Centers has also been able to leverage its human resources development for the growth and advancement of the organization. Medina said many of the group’s former clients and volunteers have ad-

vanced in Kansas City's private and public sectors. Most notably, one of the group's Ballet Folklórico instructors, Jean-Paul Chaurand, is currently senior vice president of community investment at the Greater Kansas City Community Foundation. "The young people you have worked with support you and know what your mission is about and they alert you as to the funding opportunities," Medina said.

The Guadalupe Centers leveraged those human resources during its \$5.6 million capital campaign to renovate its headquarters and construct its 24,000 square-foot cultural and culinary arts and events facility. In the late 1980s, the organization's staff and board members began discussing the need to construct a culinary facility to serve three purposes: first, to train and certify workers in food preparation; second, to maximize program dollars by eliminating outside food vendor costs; and third, to generate revenue for its other programs through a catering program. "We had just opened a high school and preschool and we said 'Let's start our own catering service. We don't need to pay outside vendors. We can do this ourselves,'" said Medina, about the motivation for building a large-scale commercial kitchen and events venue. The organization hired the consulting firm of Hartsook and Associates to conduct a capital campaign assessment in 1998. "We said, 'We not only want you to help us run this campaign, but we want you to teach us how to do it. So the next time, we won't need you,'" Medina said. "And that's where we've learned a lot.

Medina said the Guadalupe Centers utilized Census and school district enrollment data to document the rapid growth of Latinos in the Kan-

sas City area – up 106 percent from 1990 to 2006 for an estimated 175,000 Latinos in Metropolitan Kansas City. The organization then invited civic leaders to join the capital campaign committee, a move that garnered commitments from corporations, foundations and working capital from governments, as well. One of the organization's volunteers – a former employer of Medina's and a retired manufacturing company CEO – served as a key liaison to corporate donors for the Guadalupe Centers. This volunteer had been teaching English as a second language for 10 years at the Guadalupe Centers before he became involved in

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the capital campaign. "He knew what our needs were. He saw the facilities and said

"What can I do to help?" Medina said. "I said, 'You can open doors for us.' I couldn't go in to see the CEO of a corporation to get some major corporate donations for the campaign, but he could. He made some phone calls for us and he got us through the door. And once we were in, it was my job making our case."



Medina said welcoming members outside of the Latino community to volunteer and to celebrate the Latino culture helps people understand

the needs of the community and helps them understand the group's mission. "If you can find people like that, and they are out there, you have to ask them and you need to bring them in," Medina said. "Show your abilities, show them what you do and they believe your mission and know what you're trying to accomplish. They can be some powerful friends."

The Hall Family and Hallmark Cards made the first major contribution in 1998, with a \$750,000 commitment. That offer later increased to \$1.1 million. In 2001, the group was able to obtain a

\$2 million grant from the U.S. Department of Labor, through the assistance of Missouri Sen. Christopher “Kit” Bond, which went towards the purchase of kitchen equipment, the hiring of culinary instructors, books and supplies. With mariachis playing and powerful friends listening, the cultural and culinary arts opened to the public in August 2003. Since its opening, students and staff have been preparing 700 to 900 meals a day for the center’s charter school, senior services program and for other non-profit organizations in the area.

Additionally, they’ve prepared meals for wedding receptions, corporate meetings and other groups, renting out the facility’s banquet and meeting rooms to outside groups for events. The endeavor netted the group more than \$100,000 in sales from events and catering services last year. “This helps us subsidize our programs that aren’t making money,” Medina said. “The elderly program isn’t a self-sufficient program, so we take some of those profits and send them over there. Our emergency assistance services needs some help or our preschool needs more subsidies for our families. Or one of our buses needs some repair. These monies are unrestricted dollars and we can move them as we need.” Having this additional revenue source helps diversify the group’s funding stream, which Medina said every organization should strive to do when they are able.

The group’s ability to leverage human and capital resources came with time and help from key partners, such as the National Council of La Raza, which has provided extensive leadership training and technical assistance over the past couple of decades. NCLR provided GCI with support and encouragement after the Guadalupe Centers gained independence from the Catholic Diocese in 1974. At that point, the Guadalupe Centers briefly lost ownership of the historic headquarters

that one of the organization’s previous directors had built. The organization then set-up shop in a shopping center which they later bought. They leveraged the equity on that facility to construct a senior center. Guadalupe Centers now owns a total of six buildings, totaling more than 60,000 square-feet throughout Kansas City’s West Side. “You want to have an organization build equity and assets because that gives them the ability to borrow money if you encounter some rough spots,” Raul Yzaguirre, former long-time director of NCLR. “If you run into a funding crisis, you can borrow against your assets like you borrow against your own equity and you can sustain yourself over the rough spots and the crisis.” And while ownership is an important strategy for developing more autonomy, he said organizations should first concentrate on the quality of its programming, leadership development, and transparency in accounting. These are all key elements that investors in both the public and private sector like to see in place before providing funds.

The most important of those elements, Yzaguirre said, is having a strong leader at the helm. “The Guadalupe Centers has had stability of leadership. And that’s a very important ingredient for success,” Yzaguirre said. “We know that successful organizations thrive with the stability of leadership. If you have a lot of turnover at the top, then things don’t go very well. Funders and other supporters and stakeholders have a difficult time investing in the organization if the CEO is likely to leave or there’s a lot of turnover.” Because of that stability in leadership, Yzaguirre said, the organization has been able to keep its staff, nurture talent and skills within the organization, and build upon its programming. “As they say in the sports world,” Yzaguirre said, “They have a lot of bench strength.” ●



The fastest growing credit union in the nation – the Latino Community Credit Union – came to life as a response to the robberies, home invasions and murders that were wreaking havoc in Durham, North Carolina’s immigrant community. “It’s Friday night and we work hard. We get paid and there’s no place for us to deposit our money,” said Luis Pastor, the credit union’s CEO. “There was a criminal element that knew that immigrants kept their money at home, under their mattresses, in coffee cans in the freezer or in boxes in a closet,” said John Herrera, a Latino activist in the community at the time. “And they found that it was very easy to invade their homes and rob them... They knew that immigrants, because they feared the police, did not report these crimes to the police.” In some cases, immigrants were shot, killed or paralyzed over a few hundred dollars.

This storyline changed dramatically after the LCCU – known by its Spanish speaking customers as the Cooperativa Comunitaria Latina de Crédito – opened its first branch on June 26, 2000 in Durham. Since then, the Cooperativa opened four more branches – in Charlotte, Raleigh, Greensboro, and Fayetteville. Today, the credit union has more than 50,000 members with more than \$52 million in deposits. “The word has gotten out that we have 50,000 people who don’t carry cash with them anymore,” said Herrera, who is now chairman of the Cooperativa’s board of directors. More than that, Herrera said, Latinos and other immigrants in North Carolina now have access to affordable financial services and tools to help them improve their economic well-being. “Our mission is to build wealth and to promote the culture of savings, not just to provide a safe place to keep your money and to save at a good price,” Herrera said.

“Our mission is to build wealth and to promote the culture of savings...”

To that end, the Cooperativa’s bilingual staff offers the standard services of a credit union – checking, savings, consumer and home loans, credit cards, and money transfers – to all its members at one rate, regardless of credit standing. “Instead of different needs or different products, it’s the different approach,” Pastor said. “At the end of the day, the needs and products are the same. All of us need a checking account. All of us need a money market account. We need access to safe money and a mortgage and credit cards. The products are the same. What we do different is the approach.”

Pastor said the approach for the Latino market in North Carolina needs to be different because the members’ circumstances and perspectives are different. Most of the Cooperativa’s members – 95 percent – are immigrants. The majority – 75 percent – previously never held a savings account. The average age of members is 28. The

average level of education is no greater than 7th grade. Most speak only Spanish. The documentation and minimum deposit requirements are simplified: a minimum \$10 deposit, a \$20 membership fee to its sister organization – Latino Community Development Center, and a government-issued identity card from any country.

The members pay the same interest rates and earn the same interest rates on loans and deposits, regardless of credit standing, Pastor said, because members decided on this nondiscriminatory approach. “This is a great selling point for us, explaining to all our members, that it doesn’t matter your level of education, your economic level or your experience, you are going to be treated as a first class member,” Pastor said. “You’re going to pay the best

interest, our one interest rate for that type of loan. And we pay the same rate for all of our accounts. It doesn't matter if you start with \$500 or with \$50,000, it's the same rate for the money market. And everybody understands these terms."

All the workers at the Cooperativa must be able to speak both English and Spanish and understand the needs of immigrants, Pastor said. "Everybody working here needs to know what it's like not to be living in your environment," Pastor said. "If you know what it's like, it's easy to understand the fears that people have." If you live in daily fear of deportation, he said, "Do you open an account? Or do you put your money in your pockets? They have their money in their pockets, because they want to make sure that if something happens, they're able to go back to their country immediately. You want to feel this security, even if it means that at any moment, you could be robbed."

Activists concerned about the high rate of robberies against immigrants in the Durham community first sought the help of bankers, police officials and politicians in 1996. "Very little progress was made in the sense of coming up with a solution, in translating documents or in hiring bilingual tellers," Herrera said. "A lot of bankers did not jump on the wagon because they said: There's no market. These are low balance accounts. We're going to lose money on these folks," Herrera said. "They don't even speak English." Finally in May 1999, Latino community leaders met with credit

union activists with Self-Help, the State Employees' Credit Union (SECU), the North Carolina Minority Support Center and the North Carolina Credit Union Division to discuss the crisis. "We were just trying for a bilingual branch of any kind, just to get something started," Herrera said. "But they asked us what it was that we needed and wanted. And we said, 'We want to control our own financial future. We want our own financial institution. That would be the real solution to the problem.'"

Finding these key partners, reaching out to them and getting technical and financial assistance proved the key steps in finally developing a solution to the disenfranchisement of the immigrant community. "They said 'we don't know your community and your culture', but they offered us the rest," Herrera said. "They taught us the ropes of managing and developing a financial institution. They said, 'this is not going to be a hit-and-run relationship, but a long-term one.' And they have been with us every single day until we could do it on our own." With the help of SECU's CEO Jim Blaine, who currently sits on the Cooperativa's board of directors, the credit union's founders garnered \$5 million in deposits from other credit unions and institutions for initial capital. Many of the deposits were low-interest or zero-interest loans to build the credit union's assets during the first few years.

For the first year, the credit union's board set a goal of 500 members, with a growth rate of 500





members each year. At the end of the first year, the Durham branch exceeded that goal for a total membership of 1,139, with some members driving from as far away as Charlotte to apply for loans and make deposits. “Ever since, we haven’t stopped growing,” Herrera said. “We realized the need and the untapped market and opportunities there are for economic empowerment and building wealth for our community.” From day one, the credit union has spent no money on advertising and has relied on a network of churches, Latino leaders, and its patrons to recruit members. Nevertheless, the credit union has become renown throughout the state, getting invitations from police departments and civic leaders to open branches in those communities.

The Cooperativa board has plans to open five more branches throughout North Carolina. To fund the Cooperativa’s expansion, the credit union received \$1.85 million from the U.S Treasury through its First Accounts program. It also has received funding allocations from the state legislature through the North Carolina Minority Support Center. “We can say to the state Legislature, ‘You are promoting economic development through home ownership, and we will help with that,’” Herrera said. The largest single deposit to help fund the expansion of the Cooperativa throughout the state, though, is coming from Durham-based Duke University, which last year announced it would be depositing \$5 million over a five-year period. “We targeted Duke University,” Herrera said. “We said: Look, you are employing a lot of immigrants. And one way to support them and

help them, if you want a stable, loyal labor force, is to help them buy their own home. Help them become homeowners so they don’t have to rent. Their kids will do better in school. The more stable people are, the lower the crime rate, the less expensive it is to live in the city.”

Though bankers in North Carolina initially balked at the idea of providing services specific to immigrants, large banks such as Wachovia and Bank of America now have deposits with the Cooperativa. “Why? Because they see what we see, which is that we are the first point of entry for consumers into the banking system,” Herrera said. “Our future will be that we will have to compete someday.” Bankers are just now learning through the Cooperativa what the credit union’s founders have always known, which is that immigrants make their loan payments on-time and consistently because they are motivated and hungry to achieve financial stability. The average home loan for the credit union is \$95,000, and the default rate is nearly zero percent. The overall loan portfolio default rate is 0.7 percent. “Banks salivate over this,” Herrera said. “But, how you do it is the tricky part. You have to be competent, bilingual, bi-cultural. You need a multilingual staff. It’s very expensive and that’s why not everybody is doing it.”

For now, Pastor said, there is little competition in North Carolina. “There is a huge need,” Pastor said. “And if you want to focus on a community that nobody wants to serve. It’s very easy. You’re going to find thousands.” ●

Not too long ago, the Latino immigrants of South Minneapolis toiled silently, barely noticed, rarely heard, and often abused by their employers. Few spoke out when crime hit their corners and social injustices occurred. All that started to change in the early 1990s when dozens of members of the Sagrado Corazón de Jesús congregation started meeting in the church basement to talk about social justice. Soon after, the congregation formed an economic development committee. “I knew the power of businesses and how they can be used for the benefit of the community,” said Ramón León, one of the few business owners at the time. “So I decided to join the group and to use it to fight social injustices.” It was a strategy that eventually transformed the lives of thousands, revitalized a blighted neighborhood commercial corridor, earned Latinos the respect and admiration of city leaders, and inspired other immigrant groups in the community to follow their lead.



With the help of organizers from Interfaith Action and community development specialists from the Neighborhood Development Center, the Whittier Community Development Corporation and Project for Pride in Living, members of this congregation renovated a dilapidated shopping center and created a business incubator cooperative called the Cooperativa Mercado Central. “There were

several items in place that helped make this happen,” said León, who is now executive director of the Latino Economic Development Center. “The Mercado Central, is in reality, many things. It is economic development. It is community organizing. It is housing development. It is leadership. It is all of these combined.” The Mercado opened in 1999 with 47 businesses. Soon, many of the start-ups in that incubator – such as Tortilleria La Perla, Taqueria La Hacienda, and Cafeteria La Loma – became million-dollar revenue generators. By 2002, Latinos in Minneapolis owned 602 businesses that took in more than \$85 million in annual sales, according to the 2002 Economic Census.

That was the year the leaders of the cooperative incorporated the Latino Economic Development Center to meet the growing demand for business development education, consultation and incubation among Latinos in the region. “Minneapolis did not have a Latino business community before 1995. In 1992, there were just four Latino businesses,” said John Flory, special projects director for LEDC. “And so, in a relatively short period of time, there was an explosion of small business development. The Mercado Central was the catalyst for that business development.”

Today, the LEDC has 225 members whose businesses span a wide range of goods and services – from crafts to cakes, from taxi driving to tax preparation. And leaders of the organization are juggling various projects throughout the state, seeking to replicate the success of the Mercado. In St. Paul, LEDC’s leaders started the community organizing activities that led to the creation of Plaza Latina, a smaller Mercado on that city’s East Side. Currently, LEDC is training four business development specialists to work with Latinos in rural communities surrounding Minneapolis and Saint Paul. One of those trainees is collaborating with Latinos and

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other immigrants in the nearby Willmar community to develop a project called the Willmar Area Multicultural Marketplace.

Perhaps the greatest monument to the young organization's activism is the 2006 opening of the Midtown Global Market, an international, food-oriented shopping center with about 60 businesses in the renovated former Sears tower, eight blocks from the Mercado Central. The LEDC is one of four partners – along with the African Development Center, the NDC and the Powderhorn Phillips Cultural Wellness Center – with a 25 percent ownership stake in the 65,000 square-foot, \$18 million Midtown Global Market. The story of the Midtown Global Market started with Latino immigrants organizing to protect the economic power that they had achieved through the Mercado Central.

In 2003, LEDC organizers learned that a national retailer seeking to open a Latino-goods grocery store in Minneapolis had plans to renovate the vacant Sears building, using government tax credits. By that time, in part due to the efforts of the Mercado merchants and the LEDC, Latinos in Minneapolis had an estimated buying power of more than \$300 million, according to Bruce P. Corrie, an economics professor at Concordia University in St. Paul. "We organized the Latino businesses and we told them what was happen-

ing," León said. "And they said, 'Well, wait. We revitalized this corridor and now this giant comes along and wants to take our customer base. That's not fair.'" So the LEDC embarked on a year-long campaign to educate the community about the success Latinos have had in economically revitalizing Lake Street and to persuade city council members to reconsider their plans. The LEDC, barely one year into its incorporation as a non-profit organization, reached out to old and new friends to devise a viable development plan for the property. "When I went to these community organization meetings, they asked us, 'Why should we support more Latino businesses. You have enough,'" León said. "And I said we should protect what we have right now, because if a giant comes through, those businesses are going to be killed and we will go back 10 years."

The LEDC succeeded in swaying city leaders to create a venue for locally owned independent businesses. "The city of Minneapolis has recognized the Latino community as an asset of the community rather than as a burden because of our economic development efforts," León said. "So, they passed an ordinance to protect immigrant families and to separate the police from federal immigration officers, even going against the governor on this issue. And that's because of economic development. They thank us for being here to revitalize the Lake Street Corridor. And while that is a success that can't be seen, it can be felt." ●

Developing the Mercado Central

The leaders of the Latino Economic Development Center embrace the asset-based community development principles espoused by Northwestern University professor, John McKnight. They relied on the curriculum to initially organize the members of the Sagrado Corazón de Jesús congregation and to devise the cooperative model for the Cooperativa Mercado Central. They also use the curriculum to train their business development specialists, and the concepts to guide prospective entrepreneurs in practicing socially responsible business development. The key concept in asset-based community development that proved most useful for LEDC organizers was the idea of focusing on a community's strengths rather than its weaknesses. "We did capacity and talent inventories [in the community]. And we learned that we had a lot of talent that we weren't taking advantage of because there were so many barriers that we didn't know how to overcome. Some of those barriers were language, not knowing the system and not knowing where the resources were," said Ramón León, founder and executive director of LEDC. "But after doing the capacity and talent inventories, we said, 'OK, let's stop complaining and let's get to work. Let's show what our strengths are.'"

To achieve their goals of creating economic power in the Latino community, organizers turned to partners for technical and financial assistance. First, they sought training to learn about the nuts and bolts of business creation. For that, they approached the Neighborhood Development Center, which offered its first Spanish-language entrepreneurship classes in 1996. The classes were held at facilities owned by the Whittier Community Development Corporation, also another key partner. Later as they envisioned the Mercado, they turned to NDC and the Whittier CDC for assistance. Together, they sought out a developer. A local housing organization, Project for Pride in Living, stepped up to lead the \$2.5 million renovation project. "If you are a group of

immigrant business people or prospective business people and you want to create a market that costs \$3 million to develop, you can't do it on your own," said John Flory, who until he helped form the LEDC in 2002 was a Whittier CDC business development specialist. "You have to have partners."

In creating the cooperative, Mercado leaders set membership criteria that would promote viable and socially responsible business development. "First of all, to be admitted into the Cooperativa and to have a business in the Mercado Central, you need to become a member and you have to buy shares. You have to go to micro-entrepreneur class and you need some money," León said. "You need some expertise in the business you want to run and you have to have some knowledge of how to run a business. And you have to at the very least acknowledge the vision of the Mercado Central, which is a social justice mission."

Initially, cooperative members relied on the NDC for its entrepreneur training. Since 1996, León estimates 2,000 Latinos have taken business education classes, either through the NDC or the LEDC. The group offers business development consultation, as well as loan package preparation services for members, acting as middlemen for the NDC and the Minnesota Consortium for Community Developers, which have business loan funds.

In addition to paying dues, LEDC members are asked to contribute to a fund, which awards \$3,000 scholarships to immigrant college students who may not have access to government funds for assistance. "We are focused on building a socially responsible business community," León said. "Some people have said, 'OK, you are helping people to get rich and that's it.' No. We are trying to prevent the abuses we were subject to in our home countries by educating them on how to become a good business owner."



In Portland, Oregon, where the price of land has nearly tripled in the past four years, service workers typically give up half their family earnings every month to cover housing. Home ownership isn't a dream for the working poor in this city. It's a fantasy. For Latino immigrants, who face additional language, institutional and cultural barriers, the high-priced real estate market also means settling in crumbling, decrepit, high crime areas, where their children might be exposed to prostitutes and drug dealers on the streets.

Since 1992, however, the Hacienda Community Development Corporation (CDC) has been working in Portland to renovate blighted slums and alleviate the rent burden faced by large numbers of low-income Latinos and others. By providing high quality rental housing at significantly lower rental rates, they are helping residents save more of the money they have earned to cover other basic necessities such as healthcare, food and education.

In recent years, Hacienda CDC has broadened its menu of services to include health education, home ownership services, after school programs, and micro-enterprise development assistance. "Housing is not the end itself," said Pietro Ferrari, Hacienda's Executive Director. "We see it as a stabilizing means to advance forward in life." Hacienda's mission is to provide Latinos with an affordable and enriching environment where their families can grow and build wealth. Hacienda houses at least 1,300 people at any given time in its 325 rental units, spread out in six multi-family properties that the organization has built or renovated in Northeast Portland's Cully neighborhood.

Hacienda came to life in the 1990s after city officials became concerned with the high rate of crime in Killingsworth Street in the Cully neighborhood, which is located directly south of Portland International Airport. "There was one apartment building in particular, where there was prostitution and drugs, and it was pretty ramshackle,"

said Luis Ornelas, a long-time Hacienda board member. “The mayor at the time organized a group of Latino leaders to make this one site viable. That’s our genesis.”

Operating without an executive director for a few years, Latino volunteer leaders formed Hacienda CDC, taking over ownership of the apartment complex they now call Villa de Clara Vista. With the help of city officials, the group leveraged a total of \$3.5 million using low income tax credits and other funds to renovate the apartment complex, which is now comprised of 133 one- to four-bedroom units. To acquire land and build apartment complexes, Hacienda has continued to utilize federal low-income tax credits allocated through the State of Oregon. The funds from the tax credits typically cover about 60 percent of construction costs, and the organization leverages multiple other sources like conventional loans and grants.

Hacienda is currently building its first rural housing dedicated to farm workers in Molalla, a rural community that sits 30 miles south of Portland. It is also planning a 32-unit new construction complex in North Portland for 2008 to be called Miraflores. As soon as Miraflores is built and ready for occupancy, residents will move in almost immediately, as more than 300 families are on the organization’s waiting list for rental housing. “The number of people on our waiting list is growing as the price of homes in the area continues to rise and market rate rents have moved out of reach,” said Hacienda’s Housing Development Manager, Catherine Kes. The average rental rate for a one-bedroom apartment in Portland, according to various rental rate sur-

veys, is \$750 a month for the summer of 2007. Rental rates for Hacienda apartments typically run \$200 - \$300 below market rate.

Hacienda residents earn between 30 and 60 percent of the area’s median income, or between \$20,070 and \$40,140 for a family of four for fiscal year 2006. Most of Hacienda’s residents are Latino – 80 percent. Another 15 percent are Somali. Once a family has qualified for housing and moved into a Hacienda rental unit, they

are allowed to stay, even if their income goes up. “You can create wealth, you can build savings and you will not be forced to leave. As your income goes up, your rent is not going to increase as a result of your income rising,” Kes said. “The idea is to stabilize and be able

to build up. So you can build up a savings if you want to buy a home.” The unit itself remains a tax credit unit, and when a new family moves in, the new family must be income qualified.

To help maintain a safe environment, Hacienda’s residents at each development have formed neighborhood safety committees, working with local police officers. Community centers in each of the complexes provide children with an enriching environment, a computer station, and tutoring after classes at school have ended. Last year, Hacienda acquired the staff and programming of a sister non-profit organization – the Susannah Maria Gurule Foundation, which employs bilingual health educators, called “promotoras.” The merger allowed SMG staff workers to focus on program delivery, rather than on administration and it allowed Hacienda to integrate SMG’s mission of health education into its overall mission of improving the well

“Housing is not the end itself. We see it as a stabilizing means to advance life”

being of Latinos in the Cully neighborhood. “Our programs are designed to cover the wide landscape of community building by creating dignified affordable housing, economic development opportunities and culturally-specific social services that transform the livelihood of Oregon’s lower income Latinos and other people of color,” said Ferrari.

To help Latinos move from renting to becoming homeowners, Hacienda embarked on a homebuyer financial assistance program in 2006 – “Mi Nuevo Hogar.” The program takes 40 families annually – who earn 80 percent of Portland’s median income or less – and coaches them on the home buying process. In particular, it focuses on building savings, improving credit scores, qualifying for first mortgages, working with realtors, insurance and regulations. Lately, Hacienda has also focused its efforts to help those homeowners succeed in keeping their homes and prevent foreclosure. The city-funded program provided up to 12 families with zero-

percent loans for down payment assistance. Last year, half of the 12 families who received down payment assistance bought homes through other affordable housing developers. The rest bought homes on the open market.

Though Hacienda promotes the idea of home ownership to its residents so it can provide new families with the opportunity to rent from its complexes, home ownership is becoming increasingly expensive. The median home price in Portland was \$270,500 in 2006, compared with \$172,000 in 2001, according to the Regional Multiple Listing Service. “In spite of the recent slowdown in home prices, Portland is still expensive for many families who don’t make enough income to jump from renters to homeownership,” Ferrari said. “This is particularly challenging for minorities who face other barriers to homeownership.” Hacienda CDC is working to address all of these issues in a comprehensive way. ●





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NALCAB - The National Association for Latino Community Asset Builders is the national voice for a geographically and ethnically diverse membership of community-based organizations that focus on building neighborhood assets and family wealth in predominately low-income, Latino communities.

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