

REPORT TO THE
COMMUNITY
on
RECENT SEEDCO
ACTIVITIES IN
ALABAMA

Presented under the auspices of
THE ALABAMA POLICY
ADVISORY BOARD

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Introduction

Over the past 20 years, Seedco has developed close partnerships with a wide range of public and private organizations in Alabama. Our work has supported 75 nonprofit organizations including faith-based and community organizations (FBCOs) and community housing development organizations (CHDOs). We have also worked closely with federal, state, county, and city agencies and nonprofit organizations across the state.

Seedco intensified its partnership-building efforts with the Ford Foundation-sponsored Historically Black Colleges and Universities (HBCU) initiative in Alabama in 1996, hosting workshops and conferences to provide a series of strategies and tools for HBCUs to engage in community and economic development strategies. Our early work resulted in a strong foundation to expand programmatic activities in Alabama. Seedco's HBCU partners have included Alabama A&M University, Tuskegee University, and Stillman College.

In February 2001, the Governor's Commission on HBCUs co-hosted, with Seedco and the Alabama Association of CDCs, a summit that brought together representatives from Alabama's HBCUs, FBCOs, CDCs, financial community and state and federal agencies to discuss the community development needs of the state. The commitment of Alabama's HBCUs, CDCs, and community partners to community development, and our experience working in Alabama over the several years prior, led Seedco to the decision to expand its role and increase the intensity to which it supported local initiatives throughout the state of Alabama.

We opened an office in Birmingham in 1999 and, in November 2001, laid out a comprehensive three-year strategic plan for working with community development organizations and anchor institutions statewide, with particular focus on: **(1) promoting economic development** by encouraging entrepreneurial activity to bolster small business and create jobs in the state's depressed rural communities; **(2) developing customized workforce programs** building community and faith based organizational capacity and targeted to employers in key high-growth sectors critical to the region's economic competitiveness; and **(3) promoting affordable homeownership** by (a) implementing a comprehensive supply-and-demand strategy to build the capacity of community housing development organizations (supply side) and of housing counseling FBCOs (demand side) and (b) creating a comprehensive, statewide homeownership network.

To streamline and strengthen its statewide efforts in service of these program areas, Seedco established the Alabama Policy Advisory Board in October 2002. Dr. Carl Harris Marbury, past President of Alabama A&M University and currently on faculty at Alabama State University, is the Chairman of the Policy Advisory Board, and Catherine Sloss Crenshaw, President and CEO of Sloss Development, Inc., serves as Vice Chairman. The Policy Board also includes other leaders of Alabama's colleges, private sector, and community groups . A

list of Board members is attached. The Board is crucial to Seedco's mission to create jobs, bolster small business, and build the capacity of faith-based and community organizations in Alabama. It is central to Seedco's partnership-building efforts with Alabama's major employers, educational institutions, government agencies, and community partners, and plays a key role in shaping Seedco's programmatic activity in the state.

This report sets forth major activities in the three program areas highlighted above since the establishment of the Board, as well as projections for future initiatives.

I. ECONOMIC DEVELOPMENT

Goal: Promote economic development by encouraging entrepreneurial activity to bolster small business and create jobs in the state's depressed rural communities.

Resources that Seedco has made available toward its Alabama economic development goals include technical assistance, planning grants, gap financing, and the capitalization of a microlending fund.

Microlending

On April 25, 2005, Seedco closed its second loan to the Birmingham Business Resource Center (BBRC) to set up a microlending fund for disadvantaged entrepreneurs. Seedco has partnered with BBRC, a one-stop center for small business finance and related technical assistance, since 2002 to provide microloans to small businesses in underserved areas. Seedco's commitment to this BBRC initiative now totals \$150,000.

The new financing increases BBRC's capacity to reach clients in markets that have shown great need and to build on other partnership opportunities for microlending and community economic development activities, especially in the Montgomery, Selma, and Huntsville areas. To date, BBRC has used these resources to make four small business loans ranging from \$5,000 to \$10,000. Seedco also has a proposal pending at SBA to expand its microlending capacity in several Alabama counties.

Business Incubation

In September 2004 Seedco signed on with an initial small grant (\$7,500) to support West Birmingham Enterprise Community, Inc.'s West Birmingham Business Incubator. This mixed-use incubator, currently undergoing second-phase feasibility assessment, is expected to support about 40 early-stage businesses that will create hundreds of new job opportunities for Jefferson County residents. The grant supported the hiring of a consultant to assist in the development and implementation of a business services curriculum and a marketing strategy for the incubator. Seedco has also been discussing the possibility of providing technical assistance for the microlending program of an incubator in Tuskegee, which would be established in conjunction with the National Tuskegee Airmen Memorial to support small businesses in the Black Belt's growing tourism sector.

Lending Activity in the Black Belt

Seedco and its local partners are pursuing a comprehensive strategy to support minority-owned startups in key sectors in the Black Belt through a combination of financial and technical assistance:

- **High-tech manufacturing**

In January 2005 Seedco initiated lending activity in the **high-tech manufacturing** sector with loans for working capital to two minority entrepreneurial enterprises—Graytronix Systems Corporation and Bartronics Company. The Black Belt has several

important competitive advantages in this sector. First, the state has a rich research and design infrastructure through its strong research universities—the University of Alabama at Birmingham, the University of Alabama at Tuscaloosa, and Auburn University—each well respected for research in biotechnology, electronics, and medical technology. Second, the Black Belt region is an attractive place to do business, with affordable capital and labor costs, a strong supply of affordable energy, and a well-developed highway infrastructure connecting major metropolitan centers and transportation hubs throughout the South.

Graytronix, opening a new manufacturing operation in Butler County that will initially employ about 20 area residents, received financing of \$250,000. Bartronics, located in Marion County—one of the Black Belt’s lowest-income areas, which currently has no major employer—received a \$205,000 Seedco loan for marketing and startup costs and to retire outstanding debt. Bartronics expects to initially employ six local community residents, growing to 15 employees within five years.

Seedco will also provide Graytronix and Bartronics with intensive technical assistance and business planning support, and hopes to work with the Alabama Department of Industrial Relations and local community colleges to train displaced and other potential workers to be job-ready for this sector.

Additionally, Seedco is in the early stages of developing strategies to encourage the growth of two other sectors in the Black Belt:

- **Tourism-driven retail**

The Black Belt has many competitive advantages to develop new businesses within the tourism-driven retail sector, including proximity to several civil-rights tourism destinations and the Tuskegee Airmen Museum, which draws 150,000 visitors a year. Krupp Oil Company, operating through B&L Industries of Birmingham, plans to develop up to 10 shopping plazas in high-traffic areas along a planned tourism route in the Black Belt. In January 2005 Krupp Oil received \$100,000 in Seedco financing toward the construction of the first of these plazas, a service station and convenience store with bays for eight to ten additional retail shops, in northwest Lowndes County between Selma and Montgomery. To date, five retailers have expressed preliminary interest in leasing the retail bays. This plaza is expected to generate about 20 new jobs and over \$140,000 in income in 12 months of operation.

- **Agri-business**

The Black Belt has been the traditional agricultural center of Alabama’s economy. However, from 1950 to 2000, the number of farms in rural Alabama dropped from 220,000 to 47,000, at a loss of 123 million acres of agricultural land.¹ While family farms have suffered, Seedco sees and will be exploring opportunities for businesses to

¹ *Crossroads and Connections: Strategies for Rural Alabama*, Joe A. Summers and Larry Lee, October 2004

reap the benefits of the fertile soil and meet demand for fresh produce and other agricultural products in nearby cities including Birmingham, Tuscaloosa, Montgomery, Jackson, and Atlanta.

Resources leveraged for Seedco's Alabama economic development initiatives to date:

<u>Source</u>	<u>Amount</u>	<u>Purpose</u>
Private Support		
Local	\$ 220,000	Lending and technical assistance
AmSouth Bank		Statewide
Regions Bank		
National	\$ 570,000	Lending and technical assistance
Ford Foundation,		Statewide
Mizuho Bank, Bank of Tokyo,		
National Community		
Capital Association, and		
HSBC Bank		
Federal Government	\$ 1,004,000	Loans to small businesses and
U.S. Department of Treasury's		startups, technical assistance and
CDFI Fund		business incubation
HUD-CDBG		
SBA		
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TOTAL:	\$1,794,000	

II. WORKFORCE DEVELOPMENT

Goal: Develop customized workforce programs targeted to employers in key high-growth sectors critical to the region's economic competitiveness.

Federally sponsored Faith and Community-based initiatives and the Jefferson County WIA Career Center

Beginning with Corporation for National Community Service Awards in 1999 to provide Vista and AmeriCorps volunteers to assist community agencies developing welfare-to-work strategies, Seedco has pioneered innovative workforce development initiatives in Alabama communities. A subsequent U.S. Department of Labor grant allowed Seedco to provide capacity building and technical assistance to FBCOs in Alabama from 2002 to 2004 to help them plan and coordinate employment- and training-related projects with their local Workforce Investment Boards (WIBs) and to integrate them into their local One-Stop system. In Alabama, we collaborated with the WIBs in Jefferson and Mobile Counties and worked intensively with seven FBCOs in those counties (Family Action Network [Heritage Center], Imani New Life Drug Recovery Program, Lighthouse Community Development Corporation, Mt. Hebron Community Development Corporation, New Covenant Christian Center, Save the Youth, and Second Chance Outreach Ministries) to help them develop youth programs, create a resource development plan, and integrate their services and participants with the One-Stop system. Through this program, Seedco increased its organizational understanding of the needs of Alabama's jobseekers and employers, and built the capacity of FBCOs to do this work.

In 2004, Seedco applied and was competitively selected to provide Title 1 Work Force Investment Act (WIA) Intensive Services at the Jefferson County WIA Career Center. Following pre-operational planning beginning October 2004, we began operating the Intensive Services division of the Career Center in January 2005. Through this contract, which extends through June 30, 2005, Seedco provides employment services to Jefferson County residents, working in close partnership with the county, five local FBCOs (Seedco's Jefferson County FBCO Alliance), and local employers.

Seedco's emphasis in its operations at the Jefferson County Career Center is twofold: (1) To more effectively link the Birmingham FBCO service network directly to the One Stop system, so that clients have the maximum support possible within their communities. We are currently working with a network of five FBCOs (Jefferson County Committee for Economic Opportunity, The Heritage Center for Human and Community Development, P.E.T.R.A. Community Development Corporation (Pooling Economics Together to Revitalize Areas), Straight Paths, Inc., and Bread & Roses) to initially perform this function. (2) To reach out to the city's small business community to provide greater linkages to the WIA system and better meet their employment needs. Seedco has served 928 Jefferson County residents to date. We anticipate providing services to 1,200 jobseekers over the duration of the contract and placing 128 in jobs.

Additionally, Seedco itself has become a growing regional employer in Birmingham, now employing 18 area residents at the Career Center and its Southeast Regional Office in Birmingham.

Sectoral Initiatives in Alabama

In partnership with the Jefferson County Center for Workforce Development, Seedco is working to develop a customized workforce program targeted to employers in the healthcare and biotechnology industries, two key sectors critical to the County's economic competitiveness. With the support of Congressman Artur Davis, we are in the process of seeking a federal earmark for this initiative.

The Jefferson County Industry Cluster Coalition (JCICC), for example, is an innovative employment solution that was an outgrowth of a larger economic and workforce development initiative called the Jefferson County Industry Cluster Committee for Healthcare and Biotechnology, begun in summer 2003 by the County and the Jefferson County Center for Workforce Development. Seedco brought its extensive experience developing sectoral employment initiatives in the IT sector to this initiative, taking a lead role in program development and serving as lead agency for the project. The Committee aims to facilitate the creation of public/private partnerships to improve the economic competitiveness of the county's two most important industries:

- Jefferson County's thriving and mature **healthcare industry** holds a strong position in the regional economy, attracts customers both locally and regionally, and consists of a wide range of employers. The healthcare and social assistance sector employed 52,320 individuals in 2002, approximately 12 percent of the total county workforce. Health-related employment, including practitioner, clinical and support occupations, is projected to increase 29 percent between 2002 and 2012.
- The county's **biotechnology sector** is another emerging industry with great potential. The sector is a recognized leader in research and development, biodefense initiatives, genomics, and medical devices. Ten years ago, there were virtually no biotechnology firms in the area; five years ago, sales revenues were under \$40 million. Today, 55 biotechnology-related companies are located in state, primarily concentrated in Jefferson County, and sales revenues exceed \$200 million.

Resources leveraged for Seedco's Alabama workforce development initiatives to date:

<u>Source</u>	<u>Amount</u>	<u>Purpose</u>
Private Support		
Local		
Alabama Power, Independent Presbyterian Church Foundation	\$30,000	Capacity building and technical assistance to FBCOs
National		
Seedco core resources	\$184,000	Technical assistance
Federal Government		
Corporation for National Service, U.S. Department of Labor	\$341,000	Capacity building and technical assistance to FBCOs
Local Government		
Jefferson County Center for Workforce Development	\$749,000	Jefferson County WIA Career Center Operations
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TOTAL:	\$1,304,000	

III. AFFORDABLE HOMEOWNERSHIP

Goal: Promote affordable homeownership by (a) implementing a comprehensive supply-and-demand strategy to build the capacity of community housing development organizations (supply side) and of housing counseling FBCOs (demand side) and (b) creating a comprehensive, statewide homeownership network.

Technical Assistance for Community Housing Development Organizations

With two grants from the U.S. Department of Housing and Urban Development (HUD), Seedco is providing technical assistance to 10 Alabama CHDOs working to create affordable housing in Birmingham, Huntsville, Mobile, Montgomery, and areas of the Black Belt.

Homeownership rates in Alabama's low-income and high-minority communities are still significantly below the national average, and the lack of quality affordable units is one of the primary culprits. Just as resources are strained for the many households that reside within these neighborhoods, resources of the nonprofits working to develop housing for these community residents are also limited. To overcome the many capacity barriers, Seedco's approach to technical assistance for its Alabama CHDOs focuses on engaging organizations working in these disadvantaged communities and providing them with the tools and resources needed to increase their affordable housing production.

Seedco's Affordable Homeownership Institute is administered as a series of workshop training sessions and follow-up direct assistance. During the delivery of single workshops, Seedco has the capacity to work with numerous individual participants, assuming two to three representatives attend from organizations across the state. Because training sessions are primarily conducted as group workshops, institute costs are minimized, allowing for a cost-effective delivery approach that builds a sense of shared purpose and encourages peer learning among the participants.

Seedco's Housing Counseling Network

Since 2003, Seedco has provided anti-predatory lending and comprehensive homeownership counseling technical assistance to increase the capacity of six Alabama FBCOs providing would-be homebuyers with housing counseling services to avoid predatory lending schemes and achieve mortgage-readiness.

Seedco's strategy is to link these FBCOs in a network that provides them with opportunities for peer learning and support and builds their capacity to effectively reach out to their communities and provide counseling services that are responsive to local needs. Seedco's technical assistance requires the organizations to regularly collect data on their performance, setting them on a path to achieving measurable outcomes. Seedco also shares aggregated outcome data with all affiliates so each can view its own performance against the backdrop of trends across the network of FBCOs—an effective method not only to identify problems, but to identify best practices that can lead to program enhancements.

Since 2004, Seedco’s Alabama counseling network partners have:

- Provided **one-on-one housing counseling** to **1,045 individuals**
- Provided **group counseling** to **1,745 individuals**
- Brought **316 homebuyers** to mortgage-readiness
- Assisted in the purchase of **78 homes**

New Tools for Housing Organizations

Additionally, Seedco is currently developing new financing products that make it easier for nonprofits to develop affordable housing units and to bring housing initiatives to scale. A new lending program under development in Alabama would provide revolving lines of credit to nonprofit housing developers. This credit could be used to cover short term working capital to help support the organizations’ cash flow needs as they complete city and county construction and rehab contracts.

The initial parameters of the Seedco program would involve a commitment to work with up to 10 non-profit housing groups to provide a four-component program:

- A revolving working capital line of credit
- Facilitating a better matching of supply-and-demand information
- Technical assistance and cash flow counseling
- Access to microloans for key contractors and subcontractors

Resources leveraged for Seedco’s Alabama affordable homeownership initiatives to date:

<u>Source</u>	<u>Amount</u>	<u>Purpose</u>
Private Support		
Local Regions Bank AmSouth Bank	\$150,000	Financing and technical assistance
National Ford Foundation	\$250,000	Development of a comprehensive homeownership network
Federal Government		
U.S. Department of Treasury’s CDFI Fund	\$1,224,000	Loans to housing counseling organizations
U.S. Department of Housing and Urban Development CHDO Housing Counseling		Technical assistance to CHDOs Loans to housing counseling organizations
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TOTAL	\$1,624,000	

Members of Seedco's Alabama Policy Advisory Board

Dr. Carl Marbury, Chairman
Former President, Alabama A&M University

Catherine Sloss-Crenshaw, Vice Chairman
President and CEO, Sloss Development, Inc.

Robin Barnes
Senior Vice President, Seedco

Louis Barnett, Jr.
Executive Director, Westside CDC

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Vice President, AmSouth Bank Regional Comm. Dev.

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Peter Oliver
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Henry Ponder, Ph.D.
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Ex Officio

Malcolm Thomas
Director, Governor's Commission on Historically Black Colleges and Universities
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