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Self-Reliance

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Community Reinvestment Act

Forcing Action on Local Credit Needs

For anti-redlining and reinvestment activists across the country, the Community Reinvestment Act of 1977 (CRA) is landmark legislation. Although it came into being with little fanfare as Title VIII of last year's Housing and Community Development Act, the law is now attracting much attention and concern both from community groups and from the financial industry. Both sides realize the significance of the legislation, which requires financial institutions to service the credit needs of, and to be accountable to, the communities in which they are chartered. And each side is actively trying to influence the regulations for implementation of the act—before they are issued this summer. For community groups, the Community Reinvestment Act could become an important organizing tool for forcing accountability in local lending institutions. Even now, before the regulations have been issued, community groups in several cities have put the legislation to the test.

The Provisions of the Act

Financial institutions have always been required to "serve the convenience and needs" of communities in which they were chartered to do business. Traditionally, this has referred only the the deposit needs of local residents. The importance of the Community Reinvestment Act is its insistence that "convenience and needs" includes the need for credit services as well. The law stipulates that regulated financial institutions (banks, savings and loan associations and mutual savings banks) have a "continuing and affirmative obligation to help meet local credit needs." It further specifies that lenders must serve "the entire community, including low and moderate income neighborhoods." Such services could include: loans to moderate income housing cooperatives; low interest second mortgages for home rehabilitation; availability of bilingual loan officers; and budget counseling for moderate income homebuyers. These are examples of lending policies and procedures that institutions could adopt to help meet previously ignored neighborhood credit needs.

The legislation has teeth: federal regulatory agencies (the Federal Home Loan Bank Board, the Comptroller of the Currency, the Federal Reserve Board and the Federal Deposit Insurance Corporation) are required to use their authority to encourage lenders to meet their obligations under the law. There are a variety of sanctions that these agencies could use, ranging from a supervisory recommendation to the board of directors of an institution to cease-and-desist orders. The specific sanction mentioned in the act is the power to deny a lender's application for a new branch, merger, or other "structural" change. The appropriate regulatory agency is required to give careful consideration to a lender's record of meeting local credit needs in its existing service areas, as part of the evaluation of any such application. A bank with a poor history of lending within its existing community could have its branch application denied.

Not only can the threat of this sanction be an impetus to improved lending policies, it can also provide a powerful lever for any community group actively fighting a local bank's policies. The impact can be far-reaching. For example, if the Bank of America applies for a new branch in San Francisco, residents of Watts can oppose the application

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Notes

National Neighborhoods Week—a tribute to community groups—can only take place if the Congress votes to support such a measure. National People's Action (NPA) urges interested people to write or call their Congressional representatives to ask them to co-sponsor or support a proclamation designating June 4-10 as "Neighborhoods Week." Whether Congress acts or not, **the Seventh National NPA Conference** will be held at Washington DC's Sheraton-Park Hotel on June 4-5. As in the past, representatives from neighborhood groups in over 100 cities will be in Washington demanding a "Neighborhoods First" policy from the federal government. Contact: **NPA, 1123 W. Washington Blvd., Chicago IL 60607.**

Circle Pines Center, a cooperative camp set up to "create, establish and maintain a center for cooperative culture in the Central US," offers many spring and summer programs for both adults and children. Located 25 miles north of Kalamazoo MI, Circle Pines Center (CPC) runs an adult camp from June 24 to September 4 (on a by-the-week basis), a family camp (June 25-July 1 and August 27-September 2), and three two week sessions for children. Other programs include a Youth Work camp, counselor and staff training sessions, an adult workshop in cooperative economics, and a child health education workshop. CPC is also available as a conference center. For more information on these and other programs and membership in CPC, write: **Circle Pines Center, Rt. No. 1, Box 312, Delton MI 49046.**

The True Seed Exchange is an organization of gardeners dedicated to finding and spreading heirloom vegetable varieties before they are lost. The Exchange publishes a newsletter in early February of each year that contains the names and addresses of its more than 300 members and a listing of the old, foreign or unusual vegetable varieties each has to offer. Members trade seeds for postage, while non-members must enclose $1.00 for each seed requested, plus a self-addressed, stamped envelope. To obtain a copy of the latest *True Seed Exchange* (which includes hundreds of seed listings and requests, a companion planting guide, instructions on how to save seeds, and a membership application), send $2.00 to: **True Seed Exchange, Kent Whealy, Rural Route 1, Princeton MO 64673.**

West Virginia University now offers a masters' degree in Appropriate Technology. The program explores technical and cultural elements of appropriate technology through both formal coursework and independent research. For more information, write: **Chairperson, Program for the Study of Technology, Suite 609 Allen Hall, West Virginia University, Morgantown WV 26506.**

Toward Tomorrow, the University of Massachusetts' annual "country fair of the future," will be held June 16-18 at UMass's Amherst campus. Last year's fair attracted 30,000 people and featured workshops, exhibits, demonstrations, speakers, debates, films and entertainment on topics ranging from energy to natural resources to human rights to food production to economic growth. This year's fair promises to be more of the same. For information, contact: **Toward Tomorrow, 102 C Hasbrouck Building, Amherst MA 01003.**

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The March of "Progress" . . .

Department of Energy Holds Back: "Energy Systems in California's Future" is the lastest study being suppressed by the Department of Energy. The report concludes that by the year 2025, the state could meet virtually all of its energy needs "using indigenous renewable resources for a population nearly twice the present size and an economy nearly four times the present size." Without requiring any major lifestyle changes, "soft" energy technologies could replace nuclear, coal, synfuels, and oil with consequent improvements in environmental quality. Though completed in September 1977, DOE has held up distribution for reasons that can only be guessed at. Some information can be obtained from one of the report's authors, Mark Christensen, at the University of California's Lawrence Livermore Lab in Berkeley; he can be reached at (415) 642-4210. *People and Energy*, March 1978.

Cutting Local Services in California: California, where innovative state and local programs abound, may have to cut both state and local services drastically, if the Jarvis-Gann Property Tax Initiative (Proposition 13) is passed in June. The proposal, reports Michael Berkowitz in the April 6 issue of *WIN*, would reduce property tax rates from four percent to one percent of assessed valuation, require a two-thirds majority of votes to pass a tax increase and require a two-thirds vote of the state legislature to increase any state taxes. If passed, this initiative can, in the words of one opponent, "ruin local government." For example, the city of Berkeley would ordinarily receive $14.8 million as its 1978-79 share of property tax revenues. If Proposition 13 is passed, Berkeley will receive only $3.2 million, or less than 25% its usual share. Berkeley City Manager Elijah Rogers has developed a contingency plan, in case the Proposition does pass. The city's entire Comprehensive Planning Department would be eliminated, as would all recreation programs, all city branch libraries, and the city's innovative program for funding grassroot community service organizations. Los Angeles has plans to cut back half its teaching staff. The passage of Proposition 13 would be a serious blow to local government fiscal autonomy across California. Services would have to be cut and cities and counties would be lining up to ask the state and federal government for relief. A coalition of unions, politicians, and business representatives have begun to form an alliance to combat the blow against local self-reliance the initiative would deliver. We can only hope that California voters will realize that much more is at stake here then property tax relief; a vote in favor of Proposition 13 is a vote to undercut the power and strength of cities and towns.

An Open Letter to Solid Waste Planners

The following is an open letter to solid waste and energy planning officials from Neil Seldman, Waste Utilization specialist for the Institute for Local Self-Reliance. Seldman discusses the value of source reduction and recycling versus garbage-to-energy/high technology solid waste systems.

Energy recovery systems are being pushed strongly by virgin material producers, beverage companies, packaging manufacturers, and engineering/consulting firms. Some people see the efforts to create "energy from garbage" as a way to circumvent the passage of container legislation and other source reduction measures and to halt the promotion of comprehensive recycling efforts. Many cities and counties working with the US Environmental Protection Agency, with the Department of Energy or with state agencies are installing, or thinking about installing, energy-from-garbage systems. Seldman's letter is a plea for local governments—and federal solid waste officials—to consider lower cost, environmentally-sound, resource-conserving solid waste systems—systems that can have a positive impact on urban economic development.

Dear Solid Waste and Energy Planning Official,

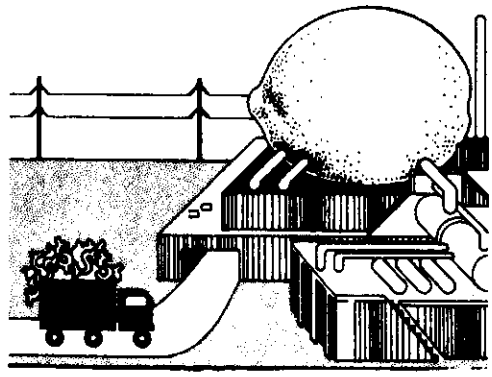
At first glance, the garbage-to-energy scenario is an attractive one: it proposes to turn costly "mixed" wastes into valuable energy or fuel. Some of these systems convert raw refuse, via incineration, into steam. Others take shredded wastes (after ferrous metals are removed) and turn them into refuse-derived fuels (RDF) which can be burned, as a supplement to coal, to produce steam. More complex systems create a low grade gas, alcohol, or oil fuel. Metals and glass are removed by sophisticated sorting systems and sold in the secondary materials market.

It sounds good. But what the proponents of such systems don't tell you—or the tax payers of your city or county—about are the costs, both monetary and environmental, of such systems.

Technological Problems

The major problem is a basic one—these systems demand a guaranteed supply of garbage in order to operate economically. This, of course, builds in and promotes throw-away consumption habits and the rapid depletion of virgin materials. In fact, some contracts between municipalities and privately-owned plants enforce penalties if the municipality fails to deliver its quota of garbage. In order to ensure garbage volumes, four cities have tried unsuccessfully to lay claim to all the garbage generated in their jurisdiction.

Garbage-to-energy plants appear cheaper on paper than they are in actuality. To be economical, some plants must be built to process about 1000 tons per day of solid waste. According to the US Environmental Protection Agency (EPA), if such plants operate at only 60 percent of capacity, capital costs per ton increase by 50 percent. Although capital costs on energy conversion plants are expected to run from $15,000 to $30,000 per daily ton of capacity, EPA engineers believe that actual costs may be two to three times this amount, since the technologies involved are not fully developed. Cost overruns on several plants have been about 300 percent. Adding to costs are debt service (borne by tax payers through public financing measures) and high operating expenses.



The Workbook/cpf

In addition, the popular argument that these plants "produce energy" is simply not true. As the Santa Rosa (California) Recycling Center's report, *Garbage-to-Energy: The False Panacea,* points out, "Proponents [of energy conversion] simply start with the garbage in the landfill and say burning it [as fuel] produces more energy than not burning it, assuming that there are not other alternatives." But there are alternatives: recycling and source separation are both viable options that most garbage-to-energy systems do not address and to which these systems are rarely compared.

Another problem is that much of the energy in the garbage is lost by the time processing is finished. As in any energy producing technology, the conversion of fuel into energy is not 100 percent efficient. Efficiencies for steam production—thus far, the only proven energy conversion technology—range from 23 to 48 percent. This efficiency is further reduced when steam is converted into electricity. At best, then, according to Santa Rosa estimates, less than one quarter of the energy in municipal solid waste is available after conversion.

A further drawback to current energy conversion systems is that the in-plant technology for sorting out certain materials (like glass and aluminum) from mixed wastes is not well developed. In many cases, the recovery processes actually use more energy than they create. Source separation prior to disposal is easier, cheaper and creates better secondary products. For instance, the Santa Rosa report states that recovering and recycling glass from mixed waste *uses more energy* than does landfilling the glass and making new bottles.

Separating aluminum from the solid waste stream is difficult and most people agree that the voluntary return of aluminum cans through industry pay-back systems is a better

*In contrast, container deposit legislation would conserve 7000 barrels of oil each year for every 1000 tons per day of glass in the waste stream.

way to retrieve aluminum. Nationally, over 25 percent of all aluminum cans are now returned; in California it is 40 percent. While RDF systems leave a fiber—mainly paper—residue, paper is worth more when source separated for recycling than as fuel. Unless paper is source separated out of the waste stream before it enters a conversion plant, the fibers become contaminated by other materials; such paper is difficult—if not impossible—to sell.

The most easily separated materials are ferrous metals, but even they are more easily source separated. The Santa Rosa report explains that the secondary metals industry does not like to use ferrous metals reclaimed from energy plants because they are "contaminated" by plastics and organic wastes. In other words, it is hard to obtain a product pure enough for industrial use.

It is time that solid waste officials make decisions that create jobs, preserve communities, lessen pollution, cut inflationary expenses, and conserve resources

Resource-derived fuel causes air pollution. Because its composition can change so drastically, depending upon the materials in the solid waste stream, it is hard to install effective pollution control equipment. Plants have trouble meeting national EPA standards and, in California, air pollution control officials are particularly worried about toxic gases from burning plastics. While proponents of RDF say it contains little sulphur, they fail to mention its particulate and heavy metal content, much higher than that of coal.

Energy conversion plants can also cause water pollution. Some conversion methods create a waste water effluent high in organic materials. Hazardous wastes—ash residues from the energy plants—also create landfill and disposal problems. The Santa Rosa report says that a proposed 1400 ton-per-day plant in San Francisco would produce 100 tons of ash residue every day, 30 times the weight of known hazardous wastes now produced in San Francisco.*

Economic Factors

If these technological problems are not enough to discourage investment in energy conversion plants, economic factors further tilt the scale away from garbage-to-energy facilities. First of all, garbage-to-energy technologies do nothing to reduce garbage collection costs which now account for two-thirds of municipal solid waste management budgets. These systems do not create many jobs, certainly an important consideration in any municipal spending program. "Garbage-to-energy is a highly capital-intensive system which employs a minimum of workers," explains the Santa Rosa Recycling Center study. The study says that reducing labor costs is a prime reason behind investment in energy conversion systems; conversion plants employ only 30-50 workers each, while cutting back on hauling and landfill jobs. The average capital investment per job is $1.8 million.

*One final concern is worthy of note. Dan Cotter, director of Sonoma County Environmental Center considers the greatest danger from centralized plants to be "the loss of an important environmental education media. If source separation and recycling programs are eliminated and the public is allowed to forget about the solid waste problem—in the belief that it is being taken care of for them—then a serious blow would result in the ethical issues being presented in regard to planned obsolescence, overconsumption, and overpackaging."

In contrast, source separation systems could provide one job for every $10,000 of capital investment. Revenues from sales of secondary materials would then support labor, rather than paying off capital investment loans. A 1000 ton-per-day recycling system could employ several hundred workers in jobs like trucking, equipment operation, quality control and warehousing. These jobs in collection and processing of materials at the community level provide economic and social multipliers.

Recycling also strengthens the secondary materials industry—providing more jobs and creating more national self-sufficiency in certain materials. (The U.S. now imports some 75 percent of its tin, 81 percent of its aluminum and 66 percent of its newsprint). These materials could be salvaged and reprocessed domestically.

There are materials markets for any city which can aggregate large amounts of secondary materials on a regular basis. Long term contracts with guaranteed floor prices are available and today over 200 cities have started source separation programs. Conversion costs from present systems to separation systems are small. Private haulers are also beginning source separation programs of their own and under contract to cities. Non-profit groups in many cities are operating recycling programs.

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A Report from Santa Rosa

The Santa Rosa Recycling Center's report, *Garbage to Energy: The False Panacea*, was distributed to every member of the California state legislature and the state Solid Waste Management Board in an attempt to stop the development of 12 energy conversion plants throughout the state. The Solid Waste Planning Board wants $66 million of an authorized $80 million in state solid waste management funds to be spent on garbage-to-energy facilities. Mike Anderson of the Santa Rosa Center hopes that the report and the center's efforts will result in amendments to the law that call for state-funded programs in source separation, materials re-use and recycling systems.

The Santa Rosa Recycling Center last year recycled three million pounds of materials and hopes to hit four million pounds this year. It operates 10 mobile centers so that both urban and rural residents of Sonoma County can recycle. The Center handles "everything," Mike Anderson says—including all kinds of paper, glass and metal as well as cooking grease and motor oil. It is a non-profit organization whose workers include members of a workshop for the mentally handicapped, Neighborhood Youth Corps workers and county offenders who, instead of serving jail sentences, work off their time at the recycling center.

The Center's sister organization, the Sonoma County Environmental Center, has developed an educational unit for fourth, fifth and sixth graders that uses recycling as a way to talk about ecology and environmental concerns. First used in Sonoma County last year, the educational unit is now being used statewide.

To obtain a copy of *Garbage to Energy: The False Panacea*, send $2.50 to: Research Department, Santa Rosa Recycling Center, P.O. Box 1375, Santa Rosa CA 95401.

Starting a Community-based Manufacturing Venture

The rising cost of energy has made energy conservation not only a high priority for consumers but also an enticing field for new energy-related manufacturing ventures. The annual sales of storm window manufacturers have risen significantly since 1973. Insulation sales have also soared. The Institute for Local Self-Reliance sees this growing market as one which lends itself to entry by community-based organizations, such as CAA's and CDC's. In our latest publication, *Starting Your Own Energy Business* (see box), we recommend a number of modest energy-related service and manufacturing ventures. However, for those groups that already have some experience in energy conservation or that would like to move beyond retail and service companies, the possibility of cellulose insulation fabrication should be considered carefully. The following article summarizes the findings of a comprehensive study of the cellulose industry recently completed by the Institute staff under contract to the Community Services Administration. Copies of this article are being sent to all Community Action Agencies and Community Development Corporations. The Institute staff is eager to assist community-based organizations in the establishment of cellulose insulation plants as economic development ventures.

Various types of insulation are manufactured in this country, including fiberglass, rock wool and cellulose. We recommend cellulose insulation manufacturing as a potentially good economic development venture for community organizations for these reasons:

- *Cellulose manufacturing can be done on a relatively small scale.* A plant can be opened with only $450,000 in start-up capital; and new financing mechanisms available to organizations in low-income areas of the country make it possible to get involved with as little as 10 percent of that equity upfront.
- *Cellulose insulation uses recycled newspaper as its basic material.* Thus, cellulose manufacture is both energy conserving and resource conserving. Also, the raw materials for its manufacture are available locally and can be the basis for new and related economic ventures in the collection and processing of newsprint.
- *Cellulose insulation is the most rapidly expanding segment of the insulation market.* Its thermal characteristics are as good as, if not better than, those of fiberglass insulation.

But no venture is without its risks and drawbacks—and cellulose is no exception. All potential new manufacturers should be aware of the problems associated with cellulose fabrication. A major concern is market saturation. The number of manufacturers has increased from about 100 in 1976 to over 800 today. Any corporation planning to enter the field will need to do so quickly and will need to have firm contracts from both purchasers and raw material suppliers.

Until quite recently, there were no fixed specifications whatsoever for cellulose manufacture. Now, because of serious fire hazards posed by poorly-treated cellulose, the government has stepped in. Initially, the new specifications on fire retardant chemicals will apply only to federally- purchased insulation. By the fall of 1978, though, these specifications might well be applicable for all cellulose insulation sold nationwide. On the local level, various jurisdictions, such as Denver County, have begun to enforce strict safety specifications for cellulose insulation even without the federal mandate. Other localities may be expected to follow suit. These specifications and standards will force all manufacturers to seek out the same relatively scarce chemical supplies, increasing cost and possibly exhausting available chemical supplies.

The rising cost of energy has made conservation an enticing field for community-based manufacturing ventures.

Thus, a new business will have to face several problems: a rapidly growing competitive sector, new federal specifications for chemicals, and the need for strict quality control in product manufacture.

The lure remains, however: with an upfront investment of as little as $25,000-50,000, one can enter the market. Our study concluded that, barring unforseen circumstances, a cellulose manufacturer can generate a profit of $150,000 a year after taxes by its second year of operation. It can produce $250,000 in payroll by its second year and can purchase about $500,000

Starting Your Own Energy Business

The latest publication from the Institute, *Starting Your Own Energy Business* is a careful analysis of four energy-related businesses in terms of their economic development and job creation potential. The informative 50-page publication examines an energy audit service and the manufacture and installation of storm doors and windows, cellulose insulation, and solar hot water heating. The appropriate point of entry into each business is discussed as are start-up and operating costs, markets, and employment opportunities. Katherine Parkes, librarian at the National Economic Development Law Project, called the book "a most timely addition to our library." *Starting Your Own Energy Business* is available for $4.00 from: Institute for Local Self-Reliance, 1717 18th St. NW, Washington DC 20009.

in newspapers (thereby creating a stable market for neighborhood-based recycling enterprises).

The Manufacturing Process

Cellulose insulation is made from shredded newspaper treated with fire-retardant chemicals (see box). It is possible to use corrugated paper, as at least one manufacturer is now doing. It is imperative that the newspaper supply be clean: plastics, magazine paper that has high starch content, metals and other contaminants must be separated out by hand.

All manufacturers should have sizeable warehouse space so that they can take advantage of bulk paper shipments. Adequate inside storage space will allow manufacturers to save considerably by buying when the price of paper is low and stockpiling the supply.

The steps in the manufacturing process include: cleaning the paper, shredding the clean paper, mixing the chemicals into the paper, and bagging the finished cellulose. The survey conducted by Institute staff leads us to recommend a process using two hammermills for pulverizing and shredding and metered feed for both chemicals and paper so as to ensure a uniform product. The first-stage, hammermill pulverizes the clean paper, which is then blown into a bulk holding tank. The paper is then metered by means of a variable speed augur into the finish (or second-stage) hammermill. At this point, chemicals are added in a similar fashion. The product bagger compacts and bags the finished cellulose in 20, 30 and 40 pound bags. Cyclone-type dust collectors and bag houses are necessary to decontaminate the air and remove valuable paper and chemical dust before the air is finally discharged from the factory.

There are two types of equipment suppliers for cellulose manufacturers. Fifteen or more firms sell "turnkey plants," complete plant packages. There are another dozen or so manufacturers of hammermills for general industrial use. As part of our study for the Community Services Administration, we evaluated the existing machinery as of January 1978 in terms of both dependability and cost. Our conclusions were based on the following criteria:

- Production of a uniform, safe, saleable product
- Minimum downtime
- Equipment that could withstand continuous industrial service
- Environmental and occupational health and safety standards
- Proper handling of air movement through the production process

Cost varies greatly from one equipment supplier to the next. In part, the variations are a function of what is and what is not included in the price. Does the supplier guarantee a source of chemicals? Is optional equipment available? Who pays installation costs? And maintenance costs? New manufacterers must evaluate *total* costs in deciding which equipment best suits their needs.

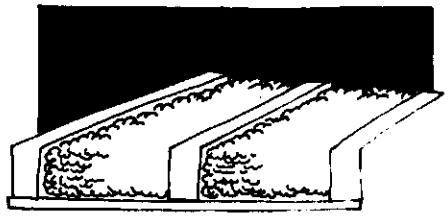
The Question of Chemicals

The key to safe and saleable cellulose are the fire-retardant chemicals. At present, the best combination, one that can meet all existing federal specifications, is that of boric acid and borax mixed in a 1:1 ratio. The boric acid works to stop low temperature burning. Borax, on the other hand, prevents high temperature ignition. One advantage of borates over sulfates, the most common substitute, is that boric acid does not leach out. Aluminum sulfate absorbs water and leaches out a very corrosive sulphoric acid which has been known to eat away at attic fixtures and steel beams in warehouses.

The problem with borates is that supply is short and price is high. For customers who do not have long-term contracts, U.S. Borax's price for borates has jumped from $300 a ton in 1976 to almost $900 a ton today. For this reason, new manufacturers look to the cheaper, but more corrosive sulfates. They should not do so, though, unless the new chemical substitutes being developed can also meet federal specifications and U.L. laboratory tests. The production of unsafe insulation is not worth the money saved.

Market and Financing Considerations

Clearly, financing is the key to any business success. To get financing, a corporation must convince lenders that: 1) the business enterprise is well-conceived and potentially profitable and 2) that the corporation has the capability to manage such an enterprise. In the case of cellulose insulation, lenders will want to know that there is an experienced plant manager on-staff, that the organization has guaranteed access to raw materials (in the form of letters of intent from chemical and paper suppliers), and that the market is neither saturated nor non-existent.



For a community organization entering the field, an adequate market can be secured from two major sources: Community Action Agencies and other public sector procurement programs. CAAs received over $100 million this year in federal weatherization monies. This will be increased to $200 million next year. A CAA can set up a 100%-owned subsidiary cellulose plant and purchase all its insulation from that plant (provided the price and quality are competitive). In some cases, this demand alone is enough to approach the break-even point for the enterprise, with revenues covering expenses and debt service. In New York City, for example, the weatherization program could generate enough demand to meet 80-90% of break-even requirements for a three-ton-per-hour cellulose plant.

The second source of guaranteed demand would be the public agencies. A community organization can qualify under the Section 8(a) Small Business Administration program to gain priority in procurement from federal programs. As a result, for example, the Economic Development Administration's energy conservation monies for public buildings could be a source of sizeable minority-preference cellulose contracts. The city could decide to adopt the policy of buying locally-produced cellulose (and other supplies), even if the price were higher than "imported" cellulose.

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Resources

Do-It-Yourself Insulation:

Do-it-yourself (DIY) home weatherization is one of the easiest ways for homeowners to cut energy consumption and save money. As a result, home energy conservation books have become one of the hottest selling items at hardware and book stores. A number of good publications are also available from the federal government, local extension services and—surprisingly enough—electric and gas utilities. Some of these books are more readable than others, some more complete, some more reliable. The following chart is an attempt to give readers a sense of the variety of books, their scope and relative quality. We have rated the books—Excellent, Good, and Fair—on a number of topics that we feel should be included in home conservation guides for do-it-yourselfers. As readers will note, it may be necessary to read several of these books in order to cover all issues adequately.

Complete Do-it-yourself Manual. Reader's Digest Association, Pleasantville NY 10570. 1973.

Consumer Guide to Insulation. Washington Gas Light Company, Washington DC 20080. 1977.

Do-it-yourself Home Insulation Guide. Pacific Power, Portland OR 97204. 1977.

Energy Savers Catalog. Publications International, 3841 West Oakton Street, Skokie IL 60076. 1977.

Home Energy Savers' Workbook. (Federal Energy Administration). Government Printing Office, Washington DC 20402. 1976.

Home Weatherization. Housing Development Corporation of Arkansas, First National Bank—Suite 900, Little Rock AR 72901. 1977.

How to Cut Your Energy Bills, by Ronald Derven and Carol Nichols, Structures Publishing Company, Farmington MI 48024. 1976.

In the Bank . . . Or Up the Chimney? (Dept. of Housing and Urban Development). Government Printing Office, Washington DC 20402. 1975.

Low-Cost, Energy-Efficient Shelter, edited by Eugene Eccli. Rodale Press, Emmaus PA 18049. 1976.

Maintenance in the First Degree. Washington Gas Light Company, Washington DC 20080. 1977.

Making the Most of Your Energy Dollars. (Dept. of Commerce). Government Printing Office, Washington DC 20402. 1975.

Save Energy, Save Dollars. Cooperative Extension, Cornell University, Ithaca NY 14853. 1977.

Save Energy, Save Money (Community Services Administration). Government Printing Office, Washington DC 20402. 1977.

Saving Home Energy, by Richard Nunn. Oxmoor House, Box 2463, Birmingham AL 35202. 1975.

Windows, Doors, Security and Insulation. Peterson Publishing Company, 8490 Sunset Blvd., Los Angeles CA 90069. 1977.

	PRICE	D.I.Y. INSTRUCTIONS	GRAPHICS & PICTURES	Regional INSULATION REGIONAL FACTORS	INSULATION ECONOMICS	WEATHERSTRIP & CAULK SELECTION	D.I.Y. STORM WINDOWS	THERMAL SHUTTERS & DRAPES	FURNACE TUNE-UP	APPLIANCE EFFICIENCY	HOT WATER HEATERS	AUTOMOBILES & ENERGY	HOME LIGHTING	CELLULOSE PROBLEMS	FIREPLACES & WOOD STOVES
Complete Do-It-Yourself	16.95	G	E	-	-	G	E	-	E	-	-	-	-	-	-
Consumer Guide	FREE	E	E	-	-	-	-	-	-	-	-	-	-	G	-
D.I.Y. Home Insulation	FREE	E	E	(1)	-	-	-	-	-	-	-	-	-	-	-
Energy Savers Catalog	6.95	E	E	E	-	E	E	E	E	E	E	E	E	E	F
Home Energy Savers	.35	F	F	E	E	F	-	-	-	-	-	-	-	-	-
Home Weatherization	FREE	G	G	-	-	G	G	F	F	-	F	-	-	-	F
How to Cut Your Energy	4.95	G	E	E	-	E	F	-	E	E	F	-	E	-	E
In the Bank or Up . . .	1.70	E	E	E	E	E	E	-	F	-	F	-	-	G	-
Low-Cost Shelter	5.95	F	G	-	-	F	G	E	F	G	G	-	G	-	G
Maintenance in the 1st Degree	FREE	E	E	-	-	E	E	-	-	-	-	-	-	-	-
Making the Most . . .	.70	-	F	E	E	-	-	-	-	-	-	-	-	-	-
Save Energy—Save Dollars	1.50	G	G	-	-	F	F	G	F	G	G	E	F	G	F
Save Energy, Save Money	FREE	G	F	-	-	F	E	G	F	-	F	-	-	-	G
Saving Home Energy	1.95	G	E	-	F	E	-	-	E	G	F	G	F	-	-
Windows, Doors . . .	2.95	G	G	-	-	G	F	-	-	-	-	-	-	-	-

(1) For Pacific Northwest only

Progress Reports

Cooperation in Canada

We try to keep readers informed of innovative programs initiated by our neighbors to the north. In past issues, we have discussed Vancouver's neighborhood planning program and the Montreal Citizen's Movement. We have recently become aware (through NASCO—the North American Student Cooperative Organization, Box 1301, Ann Arbor MI 48106) of the following promising developments:

The city of Toronto has leased four of the five parcels of land in its St. Lawrence Land Bank to co-op housing development projects. The precedent-setting action is the largest disposal of land to co-op housing in the city's history. The four different projects will provide over 500 units of co-op housing to city residents.

Also in Toronto, Bain Apartments Cooperative, a 260-unit apartment complex downtown, has finally been sold by the city of Toronto to a cooperative corporation made up of its residents. The city originally bought the property in 1974 at the residents' request, to save it from condominium conversion and to give residents time to gather resources to purchase the complex themselves. Purchase was completed in December. Bain is the first government-owned housing in Canada to be converted to resident-cooperative ownership.

Community Cannery in Oklahoma

The Krebs Nutrition Center, outside McAllister OK, is a community cannery that provides jobs for 25 formerly "hard-core" unemployed workers. The cannery also creates a market for small fruit and vegetable growers in the area and sells low cost, high quality food to local non-profit food programs, like federally-funded senior citizens' and day care centers. The center is a project of the Kibois Community Action Foundation in southeastern Oklahoma.

The Krebs Center uses a metal canning system and puts up only gallon-sized containers, suitable for institutional use. "We thought at first we would do custom canning for poor families, but the economics are such that we have to stay with the larger containers," she says. The cannery hopes to work with buyers' co-ops in the future and will do custom canning for a local Choctaw Indian tribe involved in a gardening/self-sufficiency project.

The cannery employs five managerial staff, four of whom were certified as canners through their work at the center, and 20 more workers who come in on an as-needed basis. Some of the workers' salaries are provided by CETA and Community Services Administration funds.

For more information, contact: **Joy Roy, Kibois Community Action Foundation, 410 NE Sixth Street, P.O. Box 488, Stigler OK 74462.**

Dayton Offers Seed Money to Cooperatives

Dayton, Ohio's City-Wide Development Corporation has set up a $50,000 Cooperative Enterprise Program to provide seed money for cooperatives of all kinds. The revolving loan fund will make money available to any cooperative three-fourths of whose members are Dayton residents.

The program is the result of a year long effort by Dayton Commissioner Patricia Roach. Roach says her goal is to see five new co-ops start up in Dayton over the next year, particularly among low-income people. Although there are already some 30 co-ops in the area, including a film cooperative, response to the new program has been limited. This may be due in part to inadequate publicity—a situation Commissioner Roach hopes to correct soon.

One drawback to the program may be the somewhat stringent application requirements which demand detailed management plans and an economic feasibility study. Because neither the city government nor the City Wide Development Corporation have the expertise to help people new to business enterprise prepare such information, these demands may discourage applicants. Participation in the loan program also requires that cooperative members personally guarantee the loan. This requirement was included to make sure that all loan applications are "serious," Barry Conley of the City Wide Development Corporation said.

For more information on the Cooperative Enterprise Program, contact: **Barry Conley, City Wide Development Corporation, Grant Deneau Tower, Suite 910, 40 West Fourth St., Dayton OH 45402.**

A.T. on the Lower East Side

The Loisaida Environmental Action Coalition (LEAC), a coalition of several grassroot groups on the Lower East Side of Manhattan, has recently received a $96,500 grant from the National Center for Appropriate Technology for work on several neighborhood environmental and economic development projects.

The coalition includes the 11th Street Movement, Charas, and CUANDO, three local community organizations. The grant appropriates start-up capital for a fuel oil co-op and for a cottage industry for window greenhouse construction. The rest of the funding is primarily for research work on the feasibility of projects like a neighborhood recycling center, a trout aquaculture system, intensive gardening and composting, and a demonstration of energy conservation and solar utilization focused around the winterization and weatherization of a gymnasium owned by CUANDO. The grant also provides for the creation of an energy resource library, a co-op workshop, and a tool lending library.

LEAC considers this grant to be only one piece of their larger program. The group is currently negotiating for CETA slots for project employees and is wait-

ing on a grant proposal submitted to the Community Services Administration for a large-scale rooftop solar greenhouse. The cornerstones of the coalition's plans, according to their proposal, are "neighborhood improvement, technology and youth." For more information, contact: **Loisaida Environmental Action Coalition, 177 East 3rd Street, New York NY 10009.** *Community Planning Report,* 13 March 1978.

Montana Puts Coal Tax to Good Use

Montana's Alternative Renewable Energy Source Program has given out more than $1 million in grants over the past three years. Grants have funded everything from small-scale hydro-electric projects to energy education programs to a program to measure the amount of available sunlight in Montana. Money for the program comes from the state's Coal Severance Tax, levied on strip mine operators.

Program Director Gerry Knudson says the only requirement of potential grantees is that they be Montana residents and request no more than $100,000 for a project. Grant size has ranged from $1500 to about $100,000. Since the program began in 1975, some 108 grants have been awarded, totaling more than $1.3 million. About 15 of these projects have been completed and Knudson says that his office will now solicit grants to monitor the performance of the completed systems, most of which are solar energy projects. Comprehensive performance reports will be issued by the state.

While all past grants have been unsolicited, the program will now begin to explore particular areas—such as agricultural uses of renewable energy sources—and to refine technologies developed in earlier grant projects.

Among on-going projects are a study of biomass (methane from manure), a program helping low income people to install solar water and space heating in mobile homes, the geo-thermal heating of a bank building and a home in Helena, a wind monitoring system and a home totally powered and heated hydro-electrically. Several solar-heated greenhouses have been funded, including a commercial-sized greenhouse in the eastern part of the state. The greenhouse is entirely independent of outside energy sources and features passive and active solar systems, compost heating and a wind unit.

Gerry Knudson can't decide which of the more than 100 state projects are most exciting. "They all are," he says. For more information about the Montana Renewable Energy Source Program, contact: **Gerry Knudson, Montana Department of Natural Resources and Conservation, 32 S. Ewing, Helena MT 59601.**

People United for Self Help

Since August 1977, **the PUSH Energy Conservation Demonstration House** has been operating as a demonstration project in a low-income neighborhood in South Phoenix AZ. PUSH—People United for Self Help—began seven years ago as a program of the Phoenix City Housing Resources Agency to help disabled area residents to take advantage of available government services. Begun as a project of PUSH, the Energy House now employs twice as many people (nine) as the disabled persons' program and is growing rapidly, according to staff member Stephanie Newberry.

"Phoenix is the perfect spot to demonstrate the uses of solar energy," Newberry says. Though the house now demonstrates only conservation techniques like insulation and caulking, the "real dream" of staff members is to build and demonstrate energy production methods, including solar water and space heating. They hope to find funding for a project aimed at teaching these skills to local residents for use in their homes and in cottage industries. The House's funding now comes from the Community Services Administration and from CETA.

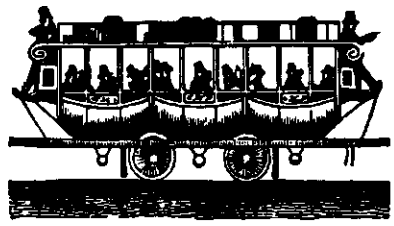
The Energy House also sponsors a five-acre garden project, operated on city-owned land and run by an area farmer and two trainees who teach gardening skills to young people in the South Phoenix area. The project distributes free seeds to children interested in starting their own gardens at home.

"About 50 people a month stop by to see what we are doing," Stephanie Newberry says. "Children come by and tell their parents what's going on here. Then the parents come by, too." The biggest problem the PUSH Energy House must solve now is where to find funding for the demonstration and training work it hopes to do.

For more information, contact: **Stephanie Newberry, PUSH Energy House, 5208 S. 13th Place, Phoenix AZ 85040.**

Recycling, French Style

A household waste reutilization division was set up in June 1977 in a waste treatment plant in the French region of Tournan (100,000 inhabitants). Created with the support of the Delegation aux Economies de Matieres Premieres and the Delegation Generale a la Recherche Scientifique et Technique, the plant treats 90 to 95 tons of waste per day. The facility has succeeded in producing a high-quality compost for agricultural use, divested of non-putrescible elements, and daily recovers 12 to 14 tons or paper, 4 tons of iron, 1 ton of sheet plastic and 1 ton of plastic bottles. *Ecodevelopment News #4,* February 1978.



When writing to any of the contacts mentioned in SELF-RELIANCE, please send a self-addressed stamped envelope. It will speed the reply and will save these folks some money.

Off the Shelf

Received and Recommended:

Mary Lee Coe
Growing with Community Gardening
The Countryman Press,
Taftsville VT, 1978.

Although this is the first book to be written on community gardening and should be commended as such, the definitive work remains to be written. The author is clearly in love with community gardening, but that love often translates into a pollyanna-like belief in the power of gardening to save society. Gardening is seen as too much of an end, too little of an organizing beginning. Other problems reflect the author's rural bias. Some of her suggestions are not applicable in urban areas where space is at a premium. Also, Coe's emphasis on sponsors and funding underestimate just how much can be done by volunteer labor with found and donated materials—if the community is eager.

Paul Goodman
Drawing the Line: Political Essays
Free Life Editions,
New York, 1977. $11.95

One of three newly published volumes of Goodman's essays (the other two cover literary and psychological topics), this collection reminds us of both the creativity and the clarity that characterized Paul Goodman and his writings. *Drawing the Line* includes early essays from the 1940's, moving statements from the 1960's and several excellent articles on decentralization and anarchism. Goodman was never predictable, but he was always engaging, challenging and inspiring. Free Life Editions and editor Taylor Stoehr have done us all an important service with the publication of these essays.

Hazel Henderson
Creating Alternative Futures
Berkley Windhover Books,
New York, 1978. $4.95

Hazel Henderson has been in the forefront of the environmental movement for many years, creating organizations and publicizing issues and ideas with an indefatigable energy. This collection of essays reflects the breadth of Henderson's knowledge and understanding of economic realities in this era of dwindling natural resources. The book is divided into two parts: the first, a critique of prevailing economic theory and the second, a schematic set of suggestions on new directions for the "emerging counter-economy." The key to each essay is the realization that, if our society is to move toward a decentralized order, our social and economic theory must be able to encourage and justify the necessary changes. Although some of the essays require background knowledge if they are to be understood, the book is a good survey of the development of a new economics.

Paul Hogan
Playgrounds for Free
MIT Press, Cambridge MA, 1974. $9.95

Playgrounds for Free is a wonderful introduction and guide to building playgrounds for very little money from used surplus materials. Meant as a handbook for community groups wanting to build for themselves, this book benefits from the author's extensive travel and experience. Cable reels, concrete pipes, utility poles, railroad ties, tires, and other discards are discussed. Photographs and diagrams of creative structures fill each page. But Hogan is not content to stop with construction tips. Construction is half the battle; maintenance and nurturing the playground is the other. This beautiful book is available from: Paul Hogan, Playground Clearinghouse, Inc., 26 Buckwalter Road, Phoenixville PA 19460.

David F. Noble
American by Design
Alfred A. Knopf, New York, 1977. $12.95

Subtitled "Science, technology and the rise of corporate capitalism," this impressive work is a history of engineering in America. Noble traces the harnessing of post-Civil War scientific creativity to the needs and development of giant chemical and electric corporations as they grew between 1880-1930, examining in detail the process by which technology and its mystification became a cornerstone of corporate operations and control. He discusses the development of the patent system, the growth of industrial research laboratories, and the interaction of industry and universities, all in terms of how these developments reinforced and spurred industrial monopoly. A fascinating and well-documented study, *America by Design* succeeds in lifting a part of the "technological veil" that prevents a full understanding of the roots of inequity.

Norma Skurka and Jon Naar
Design for a Limited Planet
Ballatine Books, New York, 1976. $5.95

This book about solar homes—and the people who build and live in them—is a pleasant change from the sterile Department of Energy assessments of solar energy and the many technical handbooks that are now flourishing. Some 40 homes are pictured and described. The inhabitants comment on the special features of their homes and on how they have adapted to solar living. Readers should not be misled, though: this is not a how-to book and it is not very applicable for urban solar retrofit work. Most of the homes are new, single-family dwellings. Most are in rural areas. The notable exception is the inclusion of Manhattan's 519 East 11th Street at the end of the book. What makes this book interesting is not the design information as much as the handsome photographs and the glimpses of the lives and values of these various solar pioneers.

Forcing Action on Local Credit Needs continued from p. 1

before the Comptroller of the Currency on the grounds that the Bank of America's Watts Branch is failing to meet the credit needs of that community. The fact that the two branches would be 500 miles apart is irrelevant; lenders are required by law to serve the credit needs of *all* communities in which they do business.

The Fight over the Regulations

For the past few months, industry and community spokespeople have been slugging it out over the way the act's regulations should read. The fact that the regulations are such a heated issue indicates the significance both sides attribute to the legislation. And justifiably so: for the first time in their histories, many financial institutions will be required to examine carefully and to address concretely the credit opportunities available in previously redlined communities. How actively they will be required to do so depends upon the toughness of the regulations.

Until the Community Reinvestment Act, there were hardly any legal mechanisms for forcing accountability in local financial institutions

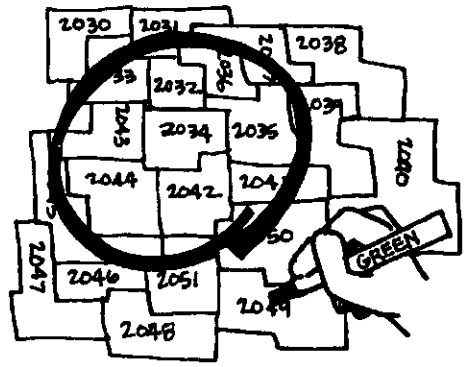
Because of the innovative and ground-breaking nature of the Community Reinvestment Act, some terms in the legislation—such as "community" and "meeting credit needs"— remain to be defined in the regulations. The financial industry hopes that the regulations—which may be issued for comment as early as June 1—will be flexible (read "vague") so that the impact of the legislation will be weak. The industry would like to see the law implemented only in exceptional cases. Some segments of the financial community, such as the National Association of Mutual Banks, have even called for repeal of the legislation.

Community activists, on the other hand, have urged the strongest possible regulations as a guarantee that the law will be implemented as Congress intended. Robert Corletta of the National Center for Urban Ethnic Affairs has recommended the inclusion of "a community credit needs audit" in federal regulations examinations. This would enable regulators to quantify and compare the records of different institutions in meeting local credit needs. Gale Cincotta, of the Chicago-based National People's Action, has made detailed recommendations for regulatory actions, including: cease-and-desist orders against lenders who redline; a new, specially-trained staff of bank examiners to monitor lending practices; affirmative marketing by lenders; disclosure of an institution's entire lending portfolio; and a review of lenders' systems for recruiting and promoting staff, especially loan officers and appraisers.

Response at the Community Level

Even as the fight over the regulations is still going on, several community groups have begun to use the legislation as the basis for bank branch challenges. In St. Louis, Missouri ACORN (Association of Community Organizations for Reform Now) had been trying for two years to force Manchester Bank to stop redlining. Only 19% of the bank's loans were being made within St. Louis city limits and an even smaller percentage within the Manchester-Tower Grove neighborhood.

Until the Community Reinvestment Act, there were hardly any legal mechanisms for forcing accountability. But when an application to buy the bank was submitted to the Federal Reserve Board by the Kansas City-based Commerce Bancshares, Inc., ACORN seized the opportunity. After a month of research on property transactions and mortgage disclosure data and extensive interviews with local small business people, the group filed a challenge. Contending that the merger agreement should not be granted until the community residents were insured that Manchester Bank would meet its "affirmative obligation," ACORN proposed an affirmative lending program to be agreed to by the new owners before their challenge would be dropped. They were granted a public hearing in their community by the Federal Reserve Board, which—as this issue goes to press—has yet to rule on the challenge.



The precedent for the St. Louis challenge was an agreement worked out between the Perpetual Federal Savings and Loan Association and community groups in Washington DC's Adams-Morgan neighborhood. The community groups had argued before the Federal Home Loan Bank Board that a new Perpetual branch in the neighborhood would, if its loan policy were consistent with that of other Perpetual offices, encourage the displacement of low- to moderate-income residents, since loans would be granted to incoming wealthy homebuyers and not to the less affluent people already residing in Adams-Morgan. As a condition for opening the new branch, Perpetual agreed to incorporate the community's demands in its branch application and by accepting the modified application, the Bank Board, in effect, ratified the agreement. The detailed six-page document provided for new conventional loan policies for moderate income borrowers, a commitment to make FHA/VA loans, establishment of a citizens' advisory commission to monitor the Association's compliance to the agreement plus other major changes in the institution's conventional mortgage loan policy.

Community groups in other cities, such as Boston, New York City and Gary, Indiana are currently preparing bank challenges under the new law. The procedure, however, is not a simple one. For example, New York Public Interest Research Group (NYPIRG) has organized bank challenges and anti-redlining actions in Brooklyn. They have had to research the target bank's lending record from mortgage disclosure data and evaluate the neighborhood's deposit base from the Real Estate Register. They have also had to help organize enough community support to be able to confront and make demands of bank officials. Missouri ACORN also did its homework before filing its challenge. They received helpful technical assistance in their challenge from the Nader-

affiliated National Public Interest Research Group (PIRG) and the Center for Community Change (CCC). CCC is monitoring all savings institution applications covered by the Act and is soliciting from community groups the names of the least responsive financial institutions in their neighborhoods. The Center will then be able to inform them when their target institutions have submitted applications for a merger or a new branch. If a group wishes to mount a challenge, the Center will provide technical assistance. If your community group is interested in pursuing this issue, contact: Jeff Zinsmeyer, Center for Community Change, 1000 Wisconsin Avenue NW, Washington DC 20007 (202/338-8920); or Jon Brown, Public Interest Research Group, 1346 Connecticut Avenue NW, Suite 419a, Washington DC 20036 (202/833-3931).

—Richard Kazis and Jeff Zinsmeyer

This article (or a variation of it) will appear in several different newsletters and magazines in May and June. It is our hope that wide publication of the article will help make branch challenges an organizing strategy in neighborhoods across the country. Business Week, *in a recent article on the law concluded, "The St. Louis case may be the shape of things to come." We would hate for* Business Week *to be proven wrong.*

Help Your Local Library!

You can help the library (or hospital, school or other non-profit institution) of your choice and help *Self-Reliance* at the same time. We are launching a library subscription campaign among our readers in the hope of expanding the audience for our information and analysis. It works like this: you send us the name and address of the library and a check for a subscription; the library gets a subscription to *Self-Reliance*; we get new readers; and you get a *tax deduction* for the amount of your gift subscription. Everyone benefits! The *Texas Observer* initiated a library subscription campaign earlier this year and received over 100 new subscriptions. One generous person even contributed $1,000 to be used for high school library subscriptions.

Please consider this request seriously. We think this is a good opportunity for readers to show their support for our work. Subscription rates for institutions are $12 for one year, $22 for two years. Send your gift subscriptions to: **Library Campaign, ILSR, 1717 18th Street, N.W., Washington, DC 20009.** *Thank you for your support!*

Starting a Community-based Manufacturing Venture continued from p. 6

The question of which funding sources to approach for a community-based economic development venture of this type—and how to approach them—is, of course, the point where many good plans are frustrated. Our survey has provided us with considerable information on public and private financing mechanisms, programs and strategies. In the next issue of *Self-Reliance* (complimentary copies of which will also be sent to all CAA's and CDC's) we will devote an entire article to the topic of financing. There are many new programs that community-based organizations and corporations should know about—and should use.

Cellulose manufacturing does *not* have long-term marketability. At present, cellulose is used primarily in the booming retrofit market. When the retrofit market dries up, which should be within ten years, the new home construction market for cellulose will not be able to support one-third of the manufacturers now in business. Thus, the time to act is now—or not at all. The profitability of these ventures is proven and the manufacturing process is not very complicated. Community-based organizations considering cellulose fabrication as a viable economic development venture for the next few years—and eager to begin manufacture—should contact David Morris or Jack Nelson at the Institute for Local Self-Reliance. We stand ready to help with advice or design, planning, equipment, marketing and financing.

—David Morris

Open Letter to Solid Waste Officials continued from p. 4

But we—officials and the public alike—have to make a choice. Source separation, source reduction and recycling are basically incompatable with garbage-to-energy systems. Energy conversion plants demand a high volume of solid waste—impossible if source reduction strategies like container legislation and excess packaging laws are enacted on a national scale. Source separation could easily eliminate disposal of up to 50 percent of the current volume of solid waste. Organics (other than sewage) can be composted, and used as valuable soil conditioners, a far better use for them than as low grade fuel.

The time to choose is now. Proponents of garbage-to-energy systems realize this and have begun a heavy lobbying and advertising campaign. They also realize that high technology systems cannot co-exist with recycling systems. That is why they demand guaranteed flows of waste materials. It is time that solid waste and energy officials around the country formulate an integrated urban solid waste policy, that they decide to create jobs, preserve communities, cut inflationary expenses, lessen pollution, conserve resources, and consider the long-term interests of local residents. If you take this approach, you will agree that garbage-to-energy plants are *not* a wise investment. And you will begin to take seriously the successes and experience of source separation and recycling systems across the nation.

I hope that the facts have an impact. And I thank you for your time and consideration.

Sincerely,

Neil Seldman

Neil Seldman
Director of Waste Utilization
Institute for Local Self-Reliance

In a future issue of Self-Reliance, *Neil Seldman will continue the discussion with an article on the "state of the art" of recycling and source separation as it has developed in the past year.*

Anti-Redlining Activity in New York City

Anti-redlining groups have been very active in New York City, and particularly in Brooklyn. Several community groups have forced bank officials to negotiate with them and address their demands. Other have filed bank challenges along the lines suggested in the previous article. This report, submitted to *Self-Reliance* by Cathy Herman, a community planner with Brooklyn's Pratt Institute, describes some of the anti-redlining activities and strategies of New York City residents.

One year ago, the New York State Banking Department issued a study, *Mortgage Financing and Housing Markets in New York State: A Preliminary Report,* that analyzed the extent of disinvestment and redlining in New York. The report concluded that savings banks (the chief single source of residential mortgage loans with 45% of the total dollars invested) are "net exporters of capital to other parts of the country." In 1975, New York savings banks invested only 27% of their assets in state mortgage loans. When broken down further, the figures are even more revealing. In suburban Nassau and Suffolk Counties, 62% of residents' deposits were returned to the community in mortgage loans. For Brooklyn, mortgages averaged only 11.2% of resident deposits.

These are the statistics. But what do they mean in human terms? They mean that low-income Polish or Slavic families on the Northside cannot get rehabilitation or acquisition loans, simply because of their proximity to industry; that older Italian or Puerto Rican homeowners in Bushwick cannot find buyers or refinance loans for their homes; that young couples in Chelsea, Park Slope, Bay Ridge and Williamsburg seeking to buy four-family houses cannot even receive loan applications from local banks; and that families wanting to buy buildings with storefronts and upstairs apartments find out that banks are not accepting applications for loans on mixed-use buildings. As John Bunting of First Pennsylvania Bank and Trust stated, "We (the banks) determine who will succeed and who will fail."

In New York City, as elsewhere, banks have determined that some whole neighborhoods shall succeed—and that others shall not. By deciding that some geographic areas of the city and some building types are undesirable for mortgage loans, the banks have set in motion and reinforced a self-fulfilling prophecy which, because of the withdrawal of available mortgage money from the community, actually does lead to decline.

The Community Responds

Community groups in New York have responded with strong anti-redlining organizing and actions. One common strategy has been formal challenges to a bank's application for a new branch or a merger. From 1971 through 1976, fourteen of Brooklyn's major savings banks opened a total of 48 new offices. Forty-four of these were located outside of the bank's home county. Since both the New York State Banking Department and the Federal Deposit Insurance Corporation must approve any new branch or merger by savings banks, the rapid expansion of these banks provided anti-redlining organizations with some leverage. Every anti-redlining organization that has had a local bank commence the application process has collected data on the lending pattern of that institution and, along with other supporters, has submitted a formal challenge.

The key argument made by these organizations is that a banking institution which redlines should not be the recipient of a public benefit in the form of governmental approval for a new branch location. The Northwest Bronx Community and Clergy Coalition mounted a campaign against one of their local banks by not only compiling data to support their case but by their members also meeting with the FDIC in Washington. They successfully stopped the bank.

Other groups have forced banks to the negotiating table by backing up formal challenges with demonstrations and leafletting campaigns. The Greenpoint-Williamsburg Committee Against Redlining negotiated a commitment from one of their banks to affirmatively market $25 million of mortgage and home improvement loans to their community over the next five years. Crown Heights Bank on Brooklyn obtained the commitments they demanded when fifty people from the group threatened a challenge to the merger of the Metropolitan Savings Bank with Fulton Savings. The Dime Savings Bank (Brooklyn's largest) offered to meet terms proposed by the Flatbush Mortgage Committee when they realized that their expansion to Suffolk County was in jeopardy.

Although demands of the various anti-redlining groups differ, there are some common themes. The starting point for all campaigns is that banks give loans to all credit-worthy individuals and that each property be judged individually, not on the basis of geographical area, proximity to industry, or building use. Other demands usually include: a specific dollar amount of loans to the local community; affirmative marketing; disclosure of mortgage data; smaller downpayments and longer terms; more conventional (rather than VA and FHA) loans; and regular meeting with bank officials.

Developing a Strategy

These demands are often the basis for negotiations with bank officials that result from a threatened or actual bank challenge. But New York City activists have found that the bureaucratic procedure of a bank challenge is not sufficient. Local groups must use tactics which encourage mass participation, develop organizational and community cohension, and threaten a bank's "business as usual." This enables anti-redlining groups to avoid the pitfall of relying so much on professional assistance that they forget to build and demonstrate their own strength.

The case of two groups fighting the same institution is instructive. South Brooklyn Against Investment Discrimination, comprised of residents of a redlined brownstone neighborhood, decided to get people to

continued on p. 15

New England Electric: Planning in Whose Interest?

If you want to promote solar energy, don't let the utility company lay the groundwork. That seems to be the only conclusion that can be drawn from an experimental test project in solar electric hot water heating undertaken by the New England Electric System.

When early results of the experiment were announced in April 1977, eighteen months after the project was launched, the solar community was thrown for a loop. Results showed the cost of the systems to average $2000 and the energy savings to average only 20-25%, far lower than the initial estimates of 40-60%. Rather than a six or seven year payback period on solar hot water systems, New England Electric estimated paybacks of close to twenty years.

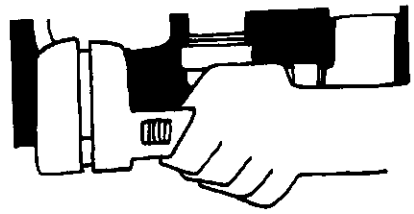
Now, a year after the initial report, solar experts are giving a long, hard look at the way NEE ran the experiment—and at the company's motives. They have made some serious criticisms of the project design, its execution, and its purpose. And they have called NEE's experimental results into question.

The Test Program

In September 1975, New England Electric solicited customer participation for the placement of 100 domestic solar hot water systems. Each customer was asked to contribute $200 toward the cost of the testing program. The companies that comprise NEE—Massachusetts Electric, Granite State Electricity and Narragansett Electric—paid the rest of the cost. Response to the public announcement was enthusiastic: within two weeks, over 5200 people volunteered their participation. NEE eliminated those applicants who would not pay $200, who were not owner-occupiers of single-family dwellings, who were not in NEE service areas and whose homes were not suitable for solar installations. Of the remaining 1200, 100 participants were chosen in public lotteries in the 22 NEE service districts.

New England Electric left to each supplier the decisions on: size and type of collector array, insulation material and thicknesses; make and model of controller, tank and heat exchangers; anti-freeze chemicals and concentrations; collector temperature sensor and location. Water meters and instruments for measuring water temperature and electric power usage and timing have been installed on all 100 systems.

Why did New England Electric undertake the project? In an article in the March issue of *Solar Age*, Roger Smith and John Meeker, both of whom had worked on the project, explained, "A solar water heater project offered the potential for gaining knowledge of load management, operational experience with solar equipment, diverse regional data, economic competitiveness, consumer benefits, and good public relations." That public relations was important is clear from the hype campaign that accompanied the experiment, going as far back as the May 1976 issue of *Solar Engineering*. And NEE had nothing to lose: the test program was funded from research and development money that comes out of the consumer's electric rates.



For the company, the primary reason for undertaking the project was the first reason given by Smith and Meeker—"the potential for gaining knowledge of load management." Understandably, NEE wants to know what effect the transition to a solar society will have on the need for new generating plants. This project was an attempt at monitoring and gathering that information. But because "consumer benefits" were so low on the list of priorities, the utility did not conduct the test in a way that was in the best interests of either the solar industry or solar consumers.

Problems With The Project

The problems were many—and they were serious. It is not surprising that the fledgling solar industry was plagued with malfunctions, misinstallations and the like. Both manufacturers and installers must learn from experience. For many, this was the first real test. George MacCormick of West Newbury, Massachusetts, explained that, initially, his system "wasn't worth a damn." Because of faulty wiring of the controller, the system pumped water heated by the back-up electric element through the collectors at night, thereby producing a negative efficiency. These horror stories were common. Half the companies were not servicing collectors after the first year. Twenty-six of the systems have been totally replaced.

What *is* surprising is the way New England Electric has dealt with the problems. On the one hand, they released early figures on solar contribution indicating that solar water heating was still an uneconomical, inefficient, and immature technology. On the other hand, NEE did little to flush out bad systems and bad installers. Performance guarantees were not pressed. No evaluations of manufacturers and installers—information that could have been helpful to consumers—were ever publicly disseminated.

The HUD demonstration solar projects provide an interesting contrast. They, too, have been plagued by malfunctions and poor installations. HUD, however, has made no pub-

lic scare statements about performance. They have, instead, set rigorous performance standards and criteria so that manufacturers and installers—if they want to survive—will have to improve.

The utility did not conduct the test in a way that benefited either the solar industry or solar consumers

And what of NEE's contention that 30-35 percent energy savings was the best that could be expected, judging from test results? This statistic has come under a good deal of fire. Monitoring procedures were low-cost, but they were not optimum. Initially, ten pieces of monitoring equipment were used at any one time on the 100 installations, on a rotating basis. Performance data were extrapolations from these partial readings. It is also open to question whether the meter readers performed their duties consistently and accurately.

The major criticism of NEE's statistic, though, is a telling one. The company made no provisions for water conservation and said nothing to customers about shower flow restrictors or other simple and effective devices and methods. If a household that gets 25% of its hot water from its solar system cuts its water usage in half, the same system under the same conditions will be providing 50% of the hot water used. That is a big difference. To install solar water heating without advocating water conservation is like installing solar space heating in an uninsulated home. New England Electric knew that, but made a conscious choice to evaluate the systems on the basis of present consumption. A program run in the consumer's rather than the utility's interest would have acted quite differently.

Now, one year after the initial results broke in the front page of the *Wall Street Journal*, many systems are performing at an annual solar contribution of 65 percent or better. George MacCormick's system is one of those. Once NEE fixed his system, he has been satisfied with its performance. Although he still doesn't know why the company was so eager to undertake the project, MacCormick is content: the 60 square foot system is supplying 65 percent of his 285 gallon weekly hot water needs. Sixty-five percent in April means 85-100 percent in the summer. That sounds much better than NEE's first findings—and better than the conclusions drawn by Smith and Meeker in their recent *Solar Age* article.

Change is needed: it is high time that the utilities give solar good press, instead of falling back on preliminary results and horror stories. And it is high time that experimental projects are structured so that consumers benefit, not simply so that utilities can answer their own questions.

—Richard Kazis

New ILSR publications

The Institute for Local Self-Reliance has added two new booklets to its ever-growing list of publications. Both are available from: ILSR, 1717 18th Street, N.W., Washington, D.C. 20009. As always, please add 25¢ for postage and handling.

Energy Self-Reliance: This collection of articles on energy issues reprinted from SELF-RELIANCE includes reports on: the economics of solar energy; job creation through energy self-reliance; the decentralizing potential of solar cells for electricity generation; and strategies for municipal and federal energy policies based upon the principles of self-reliance. A convenient guide to ILSR perspectives on energy. **16 pages $1.00**

Local Responses to Global Problems: Published as *Worldwatch Paper 17*, this report by Bruce Stokes of the Worldwatch Institute examines locally-based strategies for meeting basic human needs, both in the United States and around the world. The report focuses on local initiatives in food production, housing, health care, and energy development. **64 pages $2.00**

Anti-redlining Activities in New York City *continued from p. 13*

withdraw funds from the bank in protest. The largest impact came from a few large accounts being closed. East Flatbush Bank on Brooklyn, primarily residents of a nearby working-class community undergoing racial transition, kept a picket line going in front of the bank twice a week for several months. When the bank capitulated, it signed an agreement with Bank on Brooklyn and initially withdrew its commitment to AID. Although the bank eventually conceded to them, too, it is clear that the bank perceived the disruption as the more serious threat. As one organizer explained, "By having a picket line, we actually had a withdrawal campaign, since many people then switched banks. And we showed our strength."

The struggle in New York City continues and the movement is beginning to mature. The focus has expanded to encompass organizing to secure stiffer regulation of the industry so as to ensure increased lending in redlined areas. A coalition has been operating for several months to consolidate the strength of each neighborhood-based organization. It remains to be seen how far the disruptive strategy will take these organizations in the negotiations. But the various New York City anti-redlining groups intend to find out—and to continue building their local base.

—Cathy Herman

Cathy Herman is a community planner at the Pratt Institute Center for Community and Environmental Development, 275 Washington Avenue, Brooklyn NY 11205.

Anti-redlining Organizations in New York City

Bank on Brooklyn, 96 Hawthorne Street, Brooklyn NY 11225.

Flatbush Mortgage Commission, 741 Rugby Road, Brooklyn NY 11230.

Greenpoint-Williamsburg Committee against Redlining, 11-29 Catherine Street, Brooklyn NY 11211.

Northwest Bronx Redlining Committee, 2496 Marion Avenue, Bronx NY 10458.

South Brooklyn Against Investment Discrimination, 591 3rd Street, Brooklyn NY 11215.

Technical Assistance Groups in New York City

New York PIRG, 5 Beekman Place, New York NY 10038.

Pratt Institute Center for Community and Environmental Development, 275 Washington Avenue, Brooklyn NY 11205.

Notes

Shopping for Sewage Treatment: How to Get the Best Bargain for Your Community is a conference being held in Denver on June 2-4. Sponsored by the Clean Water Fund and funded by the National Science Foundation, the conference will look at scarce resources—tax monies, land, water energy and chemicals—and how they can be used more efficiently to create community sewage treatment systems that will work. For more information, contact: **Sophie Ann Aoki, Clean Water Fund, 1341 G Street NW, Suite 20 A, Washington DC 20005.**

The Office of Neighborhood Development, a new office at HUD, has the goal of assisting neighborhood groups and fostering neighborhood revitalization. The program will work through existing neighborhood development organizations, offering support, training, technical assistance, and informational materials in response to their needs. Successful organizations will provide training and consulting to other, less experienced groups. As the first step, the office wants to identify both neighborhood organizations and technical assistance groups. If interested, send your organization's name and address to: **Alice Shabecoff, Office of Neighborhood Development, Room 3172, HUD, Washington DC 20410.**

The Family Farm Development Act is a wide-ranging piece of agricultural legislation that would re-orient Department of Agriculture research to focus on energy-efficient, environmentally-sound farming methods. It would also tie good soil conversion practices to participation in USDA loan programs and create a family farm Development Service within USDA. Other sections of the bill would fund innovative marketing programs and low interest loans to new farmers. The bill (H.R. 10716) is co-authored by Reps. George Brown of California and Rick Nolan of Minnesota. Information on the bill is available from: **The National Family Farm Coalition, 1747 Connecticut Ave., NW, Washington DC 20009.**

Media Connection is the new Vocations for Social Change resource catalogue. The catalogue includes more than 500 listings of media projects and publications on topics like ecology, health, prisons, small presses, communities and children. Vocations for Social Change publishes catalogues twice a year and the subscription rate is $7.00/yr. To subscribe, or for more information, write: **Workforce, Vocations for Social Change, 5951 Canning Street, Oakland CA 94609.**

The Farallones Institute's Annual Report is a 40-page guide to the various projects undertaken last year by the organization's staff. Energy, food production, pest management, grey water and composting systems and other projects are described in detail in this handsome publication. A good way to learn about the activities of a good group. Available for $2.00 from: **Farallones Institute, 15290 Coleman Valley Road, Occidental CA 95465.**

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