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MY KIND OF TOWN

Pittsburgh – The Birthplace of Resident Leadership

STORIES BY LOUANN ROSS

Pittsburgh is a city of firsts – the first steamboat, the first public library, the first motion picture theater, the first gas station, and the first Neighborhood Housing Services.

Nicknames that Pittsburgh has acquired over the years include the “City of Bridges,” the “City of Champions,” and the “Steel City.” There are 1,700 bridges in Allegheny County, which spans its three rivers, and 720 are in the city of Pittsburgh. According to the 2000 U.S. Census, the city’s population totals 369,879.

In this region, there are 29 colleges and universities, and as avid fans, we cheer for the Steelers (football), the Pirates (baseball), and until this winter, the Penguins (hockey).

Proud of its diverse culture and ethnicity, Pittsburgh claims more than 90 clearly identified neighborhoods, each with its own flavor. Also, Pittsburgh enjoys a rich tradition that has welcomed generations of immigrants. As a result, the city enjoys everything from assorted foods and music to ethnic festivals.

A Legendary Home

Pittsburgh residents also feel proud to belong to the home of everyone's favorite neighbor, Mister Rogers, and Pittsburgh NHS founder, Dorothy Richardson. If you are a NeighborWorks® network member, you've heard about the now legendary community organizer, Dorothy Richardson of Pittsburgh who lived on the north side of the city.

As the story goes, in 1968, a group of determined African-American housewives led by Richardson was armed with a vision for community revitalization. As a result of sharing their vision for homeownership and partnership with residents, businesses and local government, these housewives were able to procure \$750,000 in grants from two major community foundations and several area lending institutions that helped start Neighborhood Housing Services Inc., as it was known, and changed the community development world.

Affordable Housing

Generally, affordable housing can be found in Pittsburgh, and many Pittsburgh natives live in the same neighborhood for generations. If residents do leave, they don't seem to go very far. According to *Travel and Leisure* magazine, Pittsburgh is "a city where most people go home to their parents for Sunday dinner, a large community with strong neighborhoods and a lot more beauty than people imagine."

In an article in the *Pittsburgh Press* right before her death, Richardson explained why she never left her neighborhood. "I went to school there. I got married there. All my friends are there," she said. "I never wanted to move."

Wealth Gap, Other Challenges

One challenging issue in this region, however, relates to the tremendous disparity in wealth and homeownership. In Allegheny County, the homeownership statistics for African-Americans are discouraging. The rate of homeownership for whites is 71 percent, in line with the national average. However, homeownership for African-Americans hovers at 39 percent compared to the 50 percent national average. Additionally, whites' median household incomes are \$44,100, while African-Americans are \$29,470.

Another challenge is that low-income consumers must often overcome several barriers before developing a relationship with a mainstream financial institution. In a recent study completed by the Local Initiatives Support Corporation (LISC), it was reported that "40 percent of African-American renters whose income is under \$40,000 did not have any banking relationship at all." These individuals experience limited access, have inadequate forms of identification and experience difficulties related to credit ratings.

Compounding the situation, consumers with little credit, no credit or a slightly blemished credit record can be disqualified from opening a bank account. In addition, some banks require a ChexSystem review, which may prohibit some lower-income consumers from establishing a retail account. ChexSystem is a private-sector database of customers whose checking accounts have been closed due to fraudulent activity or overdrafts. The lack of a conventional financial relationship may lead to increased predatory lending.

But perhaps the most disconcerting of all challenges relates to the region's high foreclosure rate. The Pennsylvania Department of Banking recently released a study that showed that Allegheny County had experienced a record high foreclosure rate of 60 percent, and most foreclosures were concentrated in the poorest neighborhoods.

The study also pointed out that the majority of foreclosures was for loans generated by subprime lenders and because of widespread abuses by predatory lenders.

Therefore, it is vitally important that Pittsburgh NHS, and similar organizations, create programs that combat these challenges. ■

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Pittsburgh NHS

Honoring a Legacy, Meeting New Challenges

Resident leadership continues to be a driving force behind the planning and implementation of Pittsburgh NHS's programs and services.

NHS identifies the most distressed neighborhoods and works with community residents through outreach services that bring programs to those who would otherwise be disenfranchised.

Last year, 650 residents completed NHS's financial literacy and homebuyer seminar. This represents a 50 percent increase over the previous year. And while NHS continues to provide educational programs, counseling, and capital to individuals at fair and affordable terms, it has also created several new programs to address those critical issues that plague the Pittsburgh region.

Join the Club

In an effort to increase enhanced financial decision-making among low- to moderate-income young adults and to improve their relations with the banking community, NHS has implemented a series of financial literacy clubs throughout Allegheny County. The clubs, aimed at educating youth ages 16 to 19, focus on areas related to credit, saving, budgeting and investing, as well as the perils of check cashing stores and predatory lenders.

Upon completing the program, all participants receive a \$100 deposit into a fee-free checking or savings account provided by the Federal Home Loan Bank of Pittsburgh and eight area member banks, including one that offers an individual development account (IDA).

Checking In

NHS has developed the "Checking In" program to address the lack of relationship between low- to moderate-income communities and lending institutions. When adult participants complete NHS's homebuyer education or credit counseling program, they receive \$20 in a checking account with a local financial institution.

If an individual is unable to open an account due to a previous banking indiscretion, NHS requests its banking partners to consider making an exception, override ChexSystems and open an account. This action not only enables the participant to break the payday check-cashing cycle, but also helps develop a solid and trusting relationship with the reputable lender. To date, three local banking institutions have agreed to participate in this program.

Preventing Foreclosures

To address the foreclosure problems, NHS partnered with the Community and Economic Development (CED) Clinic of the University of Pittsburgh, School of Law. The CED now maintains an office at NHS to attend to the legal needs of homeowners and potential homeowners in the region.

Services include the review of financial documents; real estate purchase-and-sales agreements; title searches; foreclosure prevention rights under FHA, Freddie Mac and Fannie Mae; affordable payment plan assistance for taxpayers; and legacy instruments such as wills and trusts.

The CED also provides "equity protection" services comprised of financial document review to curtail predatory lending efforts, foreclosure prevention, and delinquent taxpayer

services. It provides free or affordable legal and financial counseling services to low- and moderate-income homeowners at risk of tax foreclosure. CED also assists homeowners with developing a comprehensive plan for managing property debt and advocates on their behalf with lien holders.

NHS of Pittsburgh continues to work in partnership with community residents, businesses and local elected officials to develop creative approaches to eliminate barriers to community and individual wealth and homeownership.

Continuing the Legacy

NHS hopes to honor Dorothy Richardson's legacy by continuing the tradition of firsts. These include the first housing counseling organization to establish a true partnership with a legal educational institution and provide free legal equity protection services; the first organization to create and implement a youth financial literacy program in partnership with area lending institutions; and it will not stop there.

Although Pittsburgh NHS has been around since 1968, the best is yet to come. ■