

**Benton Harbor, Michigan
Metropolitan Statistical Area**

MSA PROFILE AND INVESTMENT OPPORTUNITIES

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**Consumer and Community Affairs
Federal Reserve Bank of Chicago**

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This publication is available online at www.chicagofed.org or you may contact Barbara Sims-Shoulders at (312) 322-8232 for additional copies.

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PREFACE

The Community Reinvestment Act (CRA) of 1977 requires the Federal Reserve System and other supervisory agencies to encourage financial institutions to help meet the credit needs of their local communities, including low- and moderate-income neighborhoods, consistent with the institutions' safe and sound banking practices. In fact, financial institutions can choose from a wide array of options to meet the credit needs of their neighborhoods. For example, in addition to conventional mortgage, home improvement, and small business loans, lenders may provide technical and loan packaging assistance to nonprofit organizations and participate in a variety of state and local government programs designed to address the housing and business needs of low- and moderate-income neighborhoods.

To provide financial institutions with information on community development opportunities, the Consumer and Community Affairs (CCA) Division of the Federal Reserve Bank of Chicago has been developing profiles of the major metropolitan statistical areas (MSAs) in the Chicago Federal Reserve district, which includes Iowa and parts of Illinois, Indiana, Michigan, and Wisconsin. The purpose of these profiles is twofold: to highlight the economic and demographic characteristics of each MSA; and to identify the investment opportunities in the MSA to help financial institutions address the credit needs of their communities. The ultimate goal of this publication series, *MSA Profile and Investment Opportunities*, is to encourage community and economic development by promoting relationships and partnerships between financial institutions and local community organizations.

Thus far, CCA has developed profiles on the following MSAs:

- Ann Arbor, Michigan (December 2000)
- Chicago, Illinois (November 1999)
- Davenport - Moline - Rock Island, Illinois (December 2000)
- Detroit, Michigan (August 1998)
- Des Moines, Iowa (December 1999)
- Flint, Michigan (January 1999)
- Gary, Indiana (December 2001)
- Indianapolis, Indiana (December 1999)
- Milwaukee-Racine, Wisconsin (August 1997)
- Saginaw-Bay City-Midland, Michigan (March 1997)

Each profile has three major components: 1) a demographic and economic analysis of the MSA; 2) a summary of the potential needs for housing, services, and access to credit in low- and moderate-income neighborhoods in the MSA; and 3) a resource guide of the different community and economic development organizations in the MSA. This publication is not an evaluation of lenders' CRA performance nor is it intended to be a directive. The Federal Reserve Bank of Chicago does not endorse or support any one particular organization but recommends further investigation by the financial institutions to determine appropriate levels of involvement.

The documents are available online at www.chicagofed.org/publications/MSA/

ABOUT CONSUMER AND COMMUNITY AFFAIRS

The Consumer and Community Affairs Division of the Federal Reserve Bank of Chicago performs a variety of functions to assist consumers, small businesses, government entities, community organizations, and the financial community. The staff includes:

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EXECUTIVE SUMMARY

This Profile provides an overview of the demographic and socioeconomic characteristics of the Benton Harbor MSA, including analyses of the housing market, employment conditions, mortgage lending trends, and business lending patterns. In addition, we report the results from a survey we conducted in the Benton Harbor MSA to assess some of the needs of low-income neighborhoods. Finally, we provide a comprehensive listing of businesses, nonprofit organizations and government information, when available, about nonprofit organizations involved in community and economic development that participated in the Community Investment Opportunity Survey.

The following findings are highlighted from Section I of the Profile, *Demographic and Economic Analysis*:

- As illustrated in **Figure 1**, almost two-thirds of the Benton Harbor population resided in middle-income census tracts, 17 percent of the population resided in low- and moderate-income neighborhoods, and 19 percent in upper-income tracts. In 2000, the Benton Harbor MSA had a population of 162,453 people. From 1990 to 2000, the population was estimated to have increased by less than 1 percent (1,075 people).
- The MSA's minority population experienced a 17 percent growth between 1990 and 2000 (**Figure 2**). Hispanics were the fastest growing racial/ethnic group and reported a gain of over 80 percent. By comparison, Whites reported a

decline of almost 3 percent. Nevertheless, Whites remain largest ethnic group in the MSA in 2000, representing almost 80 percent of the population. By comparison, Blacks accounted for 16 percent, Hispanics represented 3 percent, and Asians – 1 percent of the MSA population.

- As illustrated in **Figure 3**, 63 percent of the housing units in the Benton Harbor MSA were owner-occupied, 24 percent were rental and 13 percent were reported as vacant. Eighty-three percent of householders were White, followed by 14 percent – Black, 1.6 percent – Hispanic, and under 1 percent – Asian.
- According to the 2000 Census, the Benton Harbor MSA had a median family income of \$50,400, which was well below the \$59,300 median family income reported for the state of Michigan (Table 1). The MSA also had a higher than average proportion of people living in poverty (14 percent versus 11.5 percent for the state of Michigan).
- Over the eleven-month period ending in October 2001, the MSA unemployment rate averaged 5.3 percent, which was above the 4.9 percent unemployment rate for Michigan (**Figure 4**). Overall, the unemployment rates in the MSA exceeded state averages for most of the decade, peaking in 1991.
- Between 1990 and 2000, the labor force in the Benton Harbor MSA increased by 4,112 people (a gain of roughly 5 percent). By comparison, in the state of Michigan, labor force grew by over 13 percent during the same time frame.

Figure 5 presents changes in employment by industry in the MSA. Between 1990 and 1999, construction was the fastest growing industry in the MSA in terms of employment, reporting a 27 percent growth rate. Farm employment, on the other hand, experienced a decline of almost 20 percent during the same period.

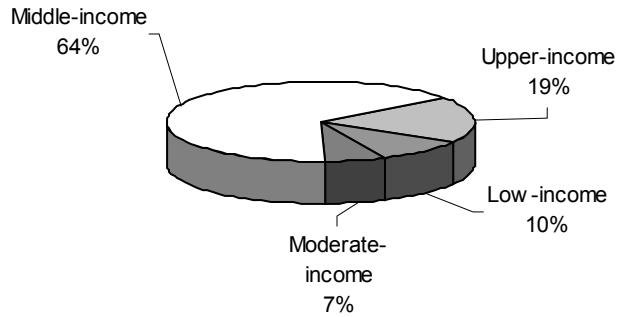
- Our analysis of small business lending data gathered under the Community Reinvestment Act (CRA) suggests that the number of small business loans in the Benton Harbor MSA decreased by 2 percent from 1999 to 2000, while the total dollar value of loans declined by over 12 percent. While the total number of loans decreased in low-, moderate-, and upper-income tracts by 32.1, 4.6 and 5.9 percent, respectively, it increased by 3.2 percent in middle-income tracts (**Figure 6**). However, the total dollar value of loans declined in middle-income tracts by 18 percent. The decline in the dollar value of loans was substantial in low-income tracts (over 40%).
- In general, our analysis of the home mortgage lending data for the MSA gathered under the Home Mortgage Disclosure Act (HMDA) shows that lending fell between 1999 and 2000 in the Benton Harbor MSA, driven in large part by a slowdown in refinance lending. As depicted in **Figure 7**, loan originations increased for both minority and non-minority tracts in the middle-income category. However, within the low- and moderate-income census tract category, non-minority tracts experienced an overall decline by 11 percent, while in minority tracts there was an 11 percent increase in lending.

In Section II of this Profile, *Investment Opportunities: Survey Results*, we summarize the results of our Community Investment Opportunity Survey conducted in the Benton Harbor MSA to identify the needs of low- and moderate-income areas for housing, infrastructure, services, and access to credit.

- In general, survey results indicated a need for additional affordable housing, both single- and multi-family units. Survey results also suggested a greater need for adequate public transportation, public recreational facilities, communication/bandwidth and schools. Although availability of infrastructure was reported to be good, on average, some responses indicated a greater need for day care centers, retail trade establishments, health care facilities, and financial counseling. More than half of the respondents were dissatisfied with credit availability to nonprofit organizations. On the other hand, a vast majority of respondents suggested that credit availability to individuals and businesses either met or exceeded their needs (**Figure 8**).

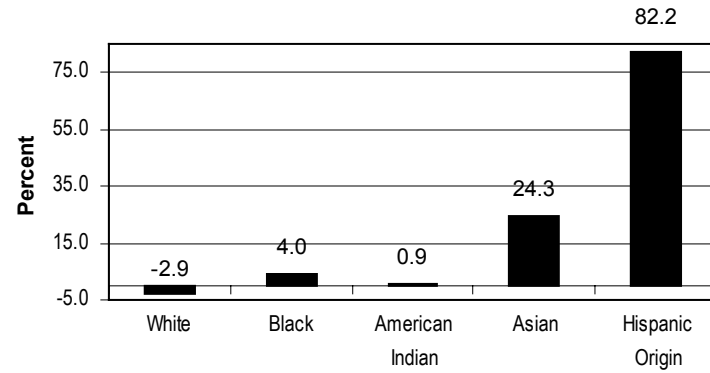
Finally, Section III of this Profile, *Investment Opportunities: Organizations and Government Agencies*, provides information on major businesses, nonprofit organizations and government agencies in the Benton Harbor MSA. For each organization, we provide the name of the contact person, the address, phone and fax numbers, when available.

Figure 1 - Percent of Population in Benton Harbor MSA (by Census Tract Income)



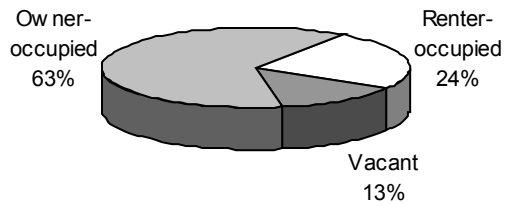
Source: 1990 Census of Population and Housing, U.S. Bureau of the Census.

Figure 2 - Change in Race/Ethnicity of Benton Harbor MSA Population: 1990-2000



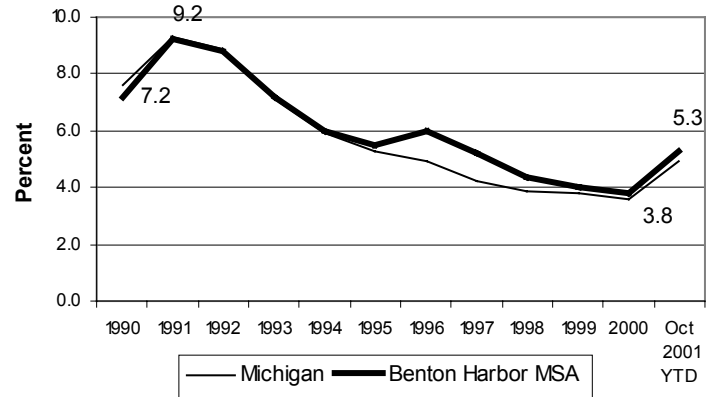
Source: 1990 and 2000 Census of Population and Housing U.S. Bureau of the Census.

Figure 3 - Housing Units by Occupancy in Benton Harbor MSA

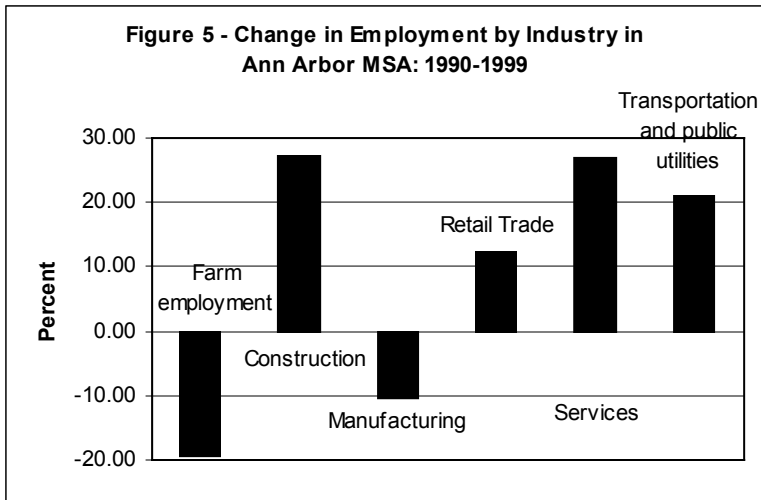


Source: 2000 Census of Population and Housing, U.S. Bureau of the Census.

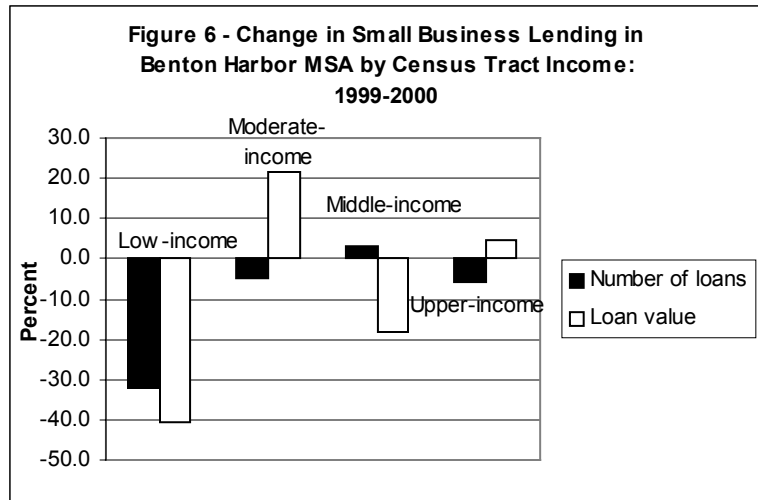
Figure 4. Trends in Unemployment Rates - Michigan and Benton Harbor MSA: 1990 - 2000



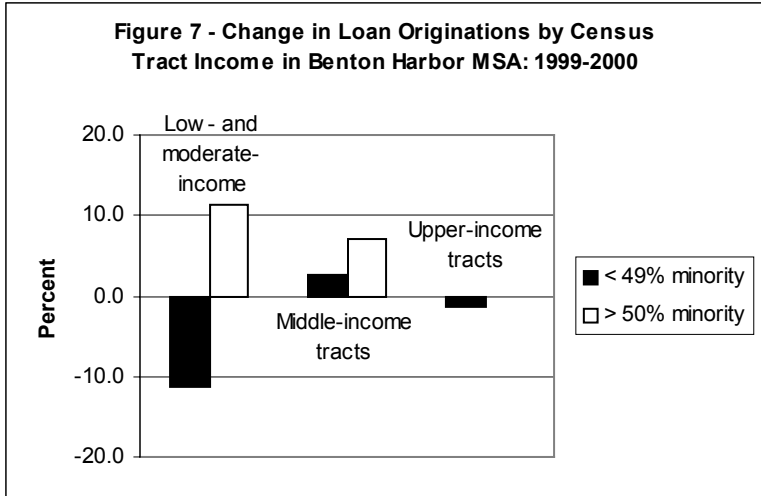
Source: Bureau of Labor Statistics.



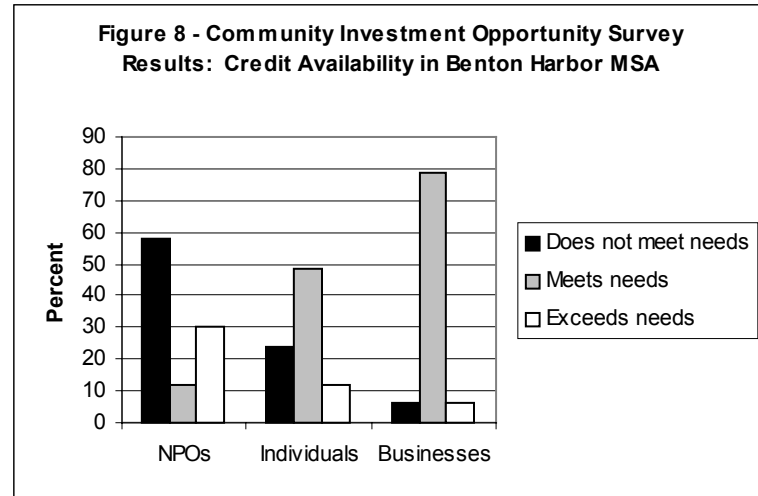
Source: Bureau of Labor Statistics.



Source: FFIEC, Dun & Bradstreet, and 1990 Census of Population and Housing.



Source: FFIEC, HMDA data on CD-ROM.



Source: Community Investment Opportunity Survey, Federal Reserve Bank of Chicago.

SECTION I

**DEMOGRAPHIC AND ECONOMIC
ANALYSIS**

In this section we provide a demographic and economic profile of the Benton Harbor MSA, including an overview of the housing market and employment conditions, and analyses of small business and mortgage lending trends in the Benton Harbor metropolitan area.¹

DEMOGRAPHIC AND SOCIOECONOMIC CHARACTERISTICS

The Benton Harbor MSA, comprised of Berrien County, is located in the Southwestern corner of the State of Michigan. On the west, it is bordered by 42 miles of Lake Michigan shoreline, and on the south – by the State of Indiana. Berrien County has a diversified economic base with its manufacturing, agriculture, tourism and service industries. With the Lake Michigan resource and 306 inland lakes and rivers, Benton Harbor MSA is a popular tourism destination. The MSA's central location (fifty-four percent of U.S. manufacturing and sixty-five percent of Canadian manufacturing are within 500 miles) is serviced by major highways, airports, rail and commercial ports, which contributes to the diversification of its economic base. More than 120 acres in the county are designated as a Renaissance Zone and are exempt from virtually all state and local taxes.

¹ The Office of Management and Budget (OMB) defines metropolitan areas (MAs) for statistical purposes in accordance with a set of official published standards. MAs include metropolitan statistical areas (MSAs), primary metropolitan statistical areas (PMSAs), and consolidated metropolitan statistical areas (CMSAs). MSAs are defined in terms of entire counties, except in the six New England States where they are defined in terms of cities and towns. Each MSA must include a city with a population of 50,000 or more, or a Census Bureau defined urbanized area with a population of at least 50,000, provided that the MSA's component county/counties has/have a total population of at least 100,000. If an area has more than 1 million in population and meets certain other requirements, it is termed CMSA, consisting of two or more major components recognized as PMSAs. (For additional information, see Federal Register 55, pp. 12154-12160, March 30, 1990.)

Overall, the Benton Harbor MSA is challenged by slow population growth, the inability to retain retail expenditures and a higher crime rate relative to the similar metropolitan communities.² Nevertheless, in terms of employment growth and per capita income, the MSA's economy has outperformed the comparison group and, as a result, enjoyed a lower unemployment rate in 2000.

We used several information sources to provide insight into the demographic and economic characteristics of the Benton Harbor MSA. We report the latest data available from the 2000 Census of Population and Housing, whenever available. For comparison purposes, we also report historical demographic information based on the Census Bureau's population estimates. We also provide income data from the Regional Economic Information System of the Bureau of Economic Analysis (REIS). Tables 1 through 3 provide demographic information about the Benton Harbor and the State of Michigan.

- According to the 2000 Census, the Benton Harbor MSA had a population of 162,453 people, compared to 161,378 in 1990 (Tables 1 and 2).
- From 1990 to 2000, the MSA's population was estimated to have increased by less than 1 percent (Table 2). Over the same period, Michigan's population grew by almost 7 percent.

Information on the MSA's racial/ethnic composition is reported in Tables 1 and 3 and is summarized as follows:

² The Benton Harbor Area Benchmarking Study, Sixth Edition. The Upjohn Institute for Urban Research, November 2001. The study takes a comparison analysis approach that contrasts Benton Harbor's performance with a set of similar metropolitan areas throughout the U.S.

- According to the 2000 Census, the MSA was predominately White (79.7 percent), with a minority population slightly above the State of Michigan level – 20.3 percent versus 19.8 percent (Table 1). Blacks represented the largest racial/ethnic minority group (15.9 percent).
- A comparison of the 1990 and 2000 Census figures for racial/ethnic categories, as shown in Table 3a, indicates that the White population in the MSA experienced a 3 percent decline. By comparison, Michigan’s White population grew by 2.7 percent.
- The total minority population in the MSA grew by 17.3 percent over the 1990 – 2000 period, with Hispanics reporting the largest gain of over 82 percent. Asians had the second largest percentage increase (24.3 percent), while Blacks and Native Americans had a population growth of 4 and 1 percent, respectively.
- Table 3b depicts changes in the racial/ethnic composition of the MSA and the state of Michigan. It indicates that the total White population declined to 79.7 percent in 2000 from 82.6 percent in 1990. The state of Michigan also lost a fraction of the White population, declining by approximately 3 percentage points. Hispanics accounted for 3 percent of the total population in 2000 (versus 1.7 percent in 1990) in the MSA. A similar trend for the Hispanic population is observed for the state.

Income information on the Benton Harbor MSA is reported in Tables 1 and 4:

- According to the 2000 Census, the MSA had a median family income of \$50,400, which was well below the \$59,300 median family income reported for the state (Table 1).
- Based on the 1997 estimates of the median household income, the Benton Harbor MSA also stood below the state level (\$35,846 for the MSA versus \$38,883 for Michigan).
- The Benton Harbor MSA also had a higher proportion of individuals below poverty. The 1997 estimates reported 14.1 % of persons below poverty line in the MSA, compared to 11.5 for the state as a whole.
- Annual per capita personal income is provided in Tables 4a and 4b. From 1990 to 1999, per capita personal income in the MSA grew at a nominal annual average of 4.5 percent (1.7 percent when adjusted for inflation), from \$16,450 to \$24,454, and remained below the per capita income level for the state as a whole of \$28,104 in 1999. In real terms, the total increase in per capita income was 16.4 percent between 1990 and 1999.

Next, we look at income by census tract to assess the geographic distribution of income within the MSA. The Bureau of the Census divides counties into smaller geographical areas, called census tracts, based on demographic information from the 1990 Census of Population and Housing.³ The MSA median family income is based on the 1990 Census of Population and Housing. For areas outside an MSA, the median family income of the non-metropolitan portion of the state should be used.

In Table 5, we report the number and proportions of census tracts by income category and the racial composition of the census tracts in the MSA:

- Over 22 percent of the 53 census tracts in the MSA are low- or moderate-income census tracts. According to the 1990 Census, roughly 16 percent of the total population in the MSA resided in low- or moderate-income census tracts.
- Fifty-six percent of all the census tracts in the MSA are middle-income census tracts. By comparison, 65 percent of the total population in the MSA is located in middle-income census tracts.

³ According to the Federal Reserve Board Regulation BB, Community Reinvestment (12 CFR 228), census tracts are classified by income as follows: low-income tracts are those in which the median family income is less than 50 percent of the median family income for the MSA. Moderate-income census tracts are those in which the median family income is at least 50 percent and less than 80 percent of the median family income for the MSA. Middle-income census tracts are those in which the median family income is at least 80 percent and less than 120 percent of the MSA median family income; whereas upper-income census tracts are those in which the median family income is 120 percent or more of the MSA median family income.

- The remaining 20.8 percent of the census tracts are upper-income areas. According to the 1990 Census, roughly 19 percent of the MSA's population resided in upper-income areas.

Table 1 - Population and income, 2000

	Michigan State	Benton Harbor MSA
Population	9,938,444	162,453
One race reported	9,746,028	159,796
<i>percent</i>	98.1	98.4
White	7,966,053	129,459
<i>percent</i>	80.2	79.7
Black	1,412,742	25,879
<i>percent</i>	14.2	15.9
American Indian	58,479	691
<i>percent</i>	0.6	0.4
Asian	176,510	1,849
<i>percent</i>	1.8	1.1
Native Hawaiian	2,692	73
<i>percent</i>	0.0	0.0
Some other race	129,552	1,845
<i>percent</i>	1.3	1.1
Two or more races reported	192,416	2,657
<i>percent</i>	1.9	1.6
Hispanic or Latino (of any race)	323,877	4,888
<i>percent</i>	3.3	3.0
Total Minority	1,972,391	32,994
<i>percent</i>	19.8	20.3
Income/Poverty		
Median Family Income (\$)		
- 2000 HUD estimate	59,300	50,400
Median Household Income (\$)		
- 1997 model-based estimate	38,883	35,846
Persons below poverty (%)		
- 1997 model-based estimate	11.5	14.1

Source: 2000 Census of Population and Housing, U. S. Bureau of the Census; and U.S. Department of Housing and Urban Development.

Table 2 - Population Trends, 1990 - 2000

	Michigan State	Benton Harbor MSA
1990*	9,295,297	161,378
1991	9,395,022	161,252
% change	1.07	-0.08
1992	9,470,323	161,329
% change	0.80	0.05
1993	9,529,240	161,317
% change	0.62	-0.01
1994	9,584,481	161,167
% change	0.58	-0.09
1995	9,659,871	161,546
% change	0.79	0.24
1996	9,739,184	161,132
% change	0.82	-0.26
1997	9,785,450	160,398
% change	0.48	-0.46
1998	9,820,231	159,831
% change	0.36	-0.35
1999	9,863,775	159,709
% change	0.44	-0.08
2000*	9,938,444	162,453
% change	0.76	1.72
Change (1990 - 2000)	643,147	1,075
% Change (1990 - 2000)	6.92	0.67

Source: 1990 and 2000 Census of Population and Housing; Population Estimates Program, Population Division, U.S. Bureau of the Census.

Notes: Population estimates at the county and state levels are revised periodically to reflect changes in methodology and data availability. The estimated population is the computed number of persons living in an area as of July 1 of a given year, and is calculated using information on natural population changes and net migration that have occurred in the area since April 1, 1990, the date of the 1990 Census.

Table 3a - Population by race and ethnicity, 1990 and 2000 Census

	Michigan State		Benton Harbor MSA	
	1990	2000	1990	2000
White % change	7,756,086	7,966,053 2.7	133,259	129,459 -2.9
Black % change	1,291,706	1,412,742 9.4	24,872	25,879 4.0
American Indian % change	55,638	58,479 5.1	685	691 0.9
Asian or Pacific Islander % change	104,983	176,510 68.1	1,487	1,849 24.3
Hispanic origin (any race) % change	201,596	323,877 60.7	2,683	4,888 82.2

Source: 1990 and 2000 Census of Population and Housing, U.S. Bureau of the Census.

Table 3b - Population composition by race and ethnicity, 1990 and 2000 Census (Percent)

	Michigan State		Benton Harbor MSA	
	1990	2000	1990	2000
White	83.4	80.2	82.6	79.7
Black	13.9	14.2	15.4	15.9
American Indian	0.6	0.6	0.4	0.4
Asian or Pacific Islander	1.1	1.8	0.9	1.1
Hispanic origin (any race)	2.2	3.3	1.7	3.0

Source: 1990 and 2000 Census of Population and Housing, U.S. Bureau of the Census.

Table 4a - Nominal per capita personal income, 1990 - 1999

	Michigan State	Benton Harbor
1990	19,022	16,450
1991	19,318	16,981
% change	1.6	3.2
1992	20,278	18,156
% change	5.0	6.9
1993	21,390	19,208
% change	5.5	5.8
1994	22,862	20,169
% change	6.9	5.0
1995	23,975	21,178
% change	4.9	5.0
1996	24,447	21,855
% change	2.0	3.2
1997	25,570	23,411
% change	4.6	7.1
1998	26,802	24,117
% change	4.8	3.0
1999	28,104	24,454
% change	4.9	1.4
Change 90-99	9,082	8,004
% change	47.7	48.7

Source: Regional Economic Information System (REIS), Bureau of Economic Analysis.

Table 4b - Real per capita personal income, 1990 - 1999

	Michigan State	Benton Harbor
1990	25,129	21,731
1991	24,556	21,585
% change	-2.3	-0.7
1992	25,076	22,452
% change	2.1	4.0
1993	25,714	23,091
% change	2.5	2.8
1994	26,720	23,573
% change	3.9	2.1
1995	27,190	24,018
% change	1.8	1.9
1996	26,892	24,041
% change	-1.1	0.1
1997	27,463	25,144
% change	2.1	4.6
1998	28,316	25,480
% change	3.1	1.3
1999	29,071	25,296
% change	2.7	-0.7
Change 90-99	3,943	3,565
% change	15.7	16.4

Source: Regional Economic Information System (REIS), Bureau of Economic Analysis.

Note: Per capita personal income figures are deflated using the 1999 CPI for Midwest Urban Region.

Table 5 - Population by census tract income in the Benton Harbor MSA - 1990 Census

	Low-income tracts	Moderate-income tracts	Middle-income tracts	Upper-income tracts	All tracts
Number of tracts	8	4	30	11	53
% of tracts	15.09	7.55	56.60	20.75	100.00
Total Population	15,716	10,543	105,210	29,909	161,378
% of all tracts	9.74	6.53	65.19	18.53	100.00
White	1,286	7,169	95,362	28,251	132,068
percent	8.18	68.00	90.64	94.46	81.84
Black	14,291	3,067	6,466	882	24,706
percent	90.93	29.09	6.15	2.95	15.31
Asian	7	5	1,115	266	1,393
percent	0.04	0.05	1.06	0.89	0.86
Native American	43	38	596	125	802
percent	0.27	0.36	0.57	0.42	0.50
Hispanic origin	89	240	1,589	370	2,288
percent	0.57	2.28	1.51	1.24	1.42
Other	0	24	82	15	121
percent	0.00	0.23	0.08	0.05	0.07
Total minority	14,430	3,374	9,848	1,658	29,310
percent	91.82	32.00	9.36	5.54	18.16

Source: 1990 Census of Population and Housing, U.S. Bureau of the Census, and Federal Reserve Board Regulation BB.

HOUSING CONDITIONS

To assess the general housing conditions in the Benton Harbor MSA, we look at the 2000 Census data and the data on residential housing units authorized by building permits in the MSA. The information reported in Tables 6 through 8 is summarized as follows:

- According to the 2000 Census data shown in Table 6, 13.4 percent of all housing units in the MSA were vacant, compared to 10.6 percent in the state of Michigan. Of those, the largest fraction (over 53 percent) were for seasonal, recreational or occasional use. Almost 16 percent of all vacant units were for rent, and over 9 percent were for sale. The findings are comparable to the state.
- Table 6 also shows that 72.3 percent of all occupied units in the Benton Harbor MSA were owner-occupied housing units, 1.5 percent lower than the state estimate. Of all householders who owned their homes, 83 percent were White, 14 percent were Black, 1.6 percent were Hispanic or Latino, and 3 percent were Other race.
- Finally, Table 6 presents age distribution of householder in occupied housing units. Almost 20 percent of householders are under 34 years of age. A similar fraction of householders (21.4 percent) is in the 35 to 44 age bracket.

Almost 35 percent are between the ages of 45 and 64, while 24 percent are over 65. A similar pattern is observed in the state of Michigan.

- Table 7 provides the number of new residential housing units authorized by building permits in the Benton Harbor MSA. An annual average of about 616 building permits was issued in the metropolitan area over the last five years (1996 through 2000), with building permits for single-family dwellings representing almost 80 percent of the total number of building permits issued over this period.
- As suggested by Table 8, the average real value of residential housing units authorized by building permits was around \$84.4 million dollars per year in the MSA. The total dollar value of new residential housing units authorized by building permits changed widely over the decade, experiencing the largest dip in 1997 (-11.8 percent) and the largest increase in 1992 (over 26 percent).
- Notably, as shown in Table 8, multi-family housing units have had substantial changes in the total dollar amount invested. In fact, while the total dollar value increased from \$1.2 to \$3.9 million, the number fell to \$1.8 million in real terms in 2000. The highest value in the decade was observed in 1998.

To provide insight into house price trends over the last 10 years, we use the House Price Index data published by the Office of Federal Housing Enterprise Oversight (OFHEO). OFHEO's House Price Index (HPI) is a measure designed to capture changes

in the value of single-family homes in the U.S. as a whole, in various regions of the country, and in the individual states and MSAs. The HPI is published by OFHEO using data provided by Fannie Mae and Freddie Mac. The HPI is a broad measure of the movement of single-family housing prices. Because of the breadth of the sample, it provides more information than is available in other housing price indexes. The HPI serves as a timely, accurate indicator of housing price trends at various geographic levels. It also provides housing economists with an improved analytical tool that is useful for estimating changes in the rates of mortgage defaults, prepayments and housing affordability in specific geographic areas.

Table 9 provides annual changes in the value of the HPI on the quarter-to-quarter basis. For instance, the 1991 Q1 figure is obtained by computing the percent change in HPI in the first quarter of 1991 over the first quarter in the prior year. Figure 9 graphs the data to provide a comparative picture of overall housing price trends in the Benton Harbor MSA, the state of Michigan and the nation. The graph reveals several patterns. First, overall trends in price movements have been similar across all three geographies, with state and MSA growth rates exceeding national growth rates during most of the decade. The only exception was observed in 1999, when Benton Harbor's price growth rates dipped to only 3 percent in the third quarter. Second, housing price movements in the Benton Harbor MSA paralleled quite closely to those of the state. Finally, Benton Harbor's housing price growth reached an all-decade high of over 10 percent by the end of 2000.

Table 6 - General Housing Characteristics, 2000 Census

	Michigan		Benton Harbor MSA	
	Number	Percent	Number	Percent
Occupancy Status				
Total Housing Units	4,234,279	100.0	73,445	100.0
Occupied Housing Units	3,785,661	89.4	63,569	86.6
Vacant Housing Units	448,618	10.6	9,876	13.4
Tenure				
Occupied Housing Units	3,785,661	100.0	63,569	100.0
Owner-Occupied Housing Units	2,793,124	73.8	45,938	72.3
Renter-Occupied Housing Units	992,537	26.2	17,631	27.7
Vacancy Status				
Vacant Housing Units	448,618	100.0	9,876	100.0
For Rent	72,805	16.2	1,550	15.7
For Sale Only	44,250	9.9	908	9.2
Rented or Sold, not Occupied	27,161	6.1	563	5.7
For Seasonal, Recreational, or Occasional Use	233,922	52.1	5,259	53.3
For Migratory Workers	1,449	0.3	159	1.6
Other Vacant	69,031	15.4	1,437	14.6
Race Of Householder				
Occupied Housing Units	3,785,661	100.0	63,569	100.0
One Race	3,736,437	98.7	62,903	99.0
White	3,133,686	82.8	52,835	83.1
Black Or African American	493,690	13.0	8,835	13.9
American Indian and Alaska Native	16,543	0.4	249	0.4
Asian	55,192	1.5	544	0.9
Native Hawaiian and othe Pacific Islander	694	0.0	20	0.0
Some other race	33,632	0.9	420	0.7
Two or more races	49,224	1.3	666	1.0
Hispanic or Latino Householder and Race of Householder				
Occupied Housing Units	3,785,661	100.0	63,569	100.0
Hispanic or Latino (of any race)	83,544	2.2	1,015	1.6
Not Hispanic or Latino	3,702,117	97.8	62,554	98.4
White Alone	3,091,051	81.7	52,336	82.3
Age of Householder				
Occupied Housing Units	3,785,661	100.0	63,569	100.0
15 to 24 years	190,143	5.0	2,921	4.6
25 to 34 years	648,232	17.1	9,571	15.1
35 to 44 years	856,962	22.6	13,586	21.4
45 to 54 years	779,515	20.6	12,916	20.3
55 to 64 years	515,226	13.6	9,276	14.6
65 years and over	795,583	21.0	15,299	24.1
65 to 74 years	410,861	10.9	7,734	12.2
75 to 84 years	298,154	7.9	5,862	9.2
85 years and over	86,568	2.3	1,703	2.7

Source: 2000 Census of Population and Housing, U.S. Bureau of the Census.

Table 7 - New residential housing units authorized by building permits in the Benton Harbor MSA

	Total units	Single-family units	Multi-family units
1990	554	458	96
1991	472	408	64
change (%)	-14.8	-10.9	-33.3
1992	496	488	8
change (%)	5.1	19.6	-87.5
1993	539	495	44
change (%)	8.7	1.4	450.0
1994	604	551	55
change (%)	12.1	11.3	25.0
1995	547	513	34
change (%)	-9.4	-6.9	-38.2
1996	698	579	119
change (%)	27.6	12.9	250.0
1997	547	461	86
change (%)	-21.6	-20.4	-27.7
1998	669	447	222
change (%)	22.3	-3.0	158.1
1999	658	487	171
change (%)	-1.6	8.9	-23.0
2000	507	485	22
change (%)	-22.9	-0.4	-87.1
August 2000 YTD	38	38	0
August 2001 YTD	112	112	0

Source: 2000 Census of Population and Housing, U.S. Bureau of the Census

Table 8 - Dollar value (in thousands) of new residential housing units authorized by building permits in the Benton Harbor MSA

	Total units		Single-family		Multi-family	
	Nominal \$	Real \$	Nominal \$	Real \$	Nominal \$	Real \$
1990	45,889	62,529	38,754	52,807	7,135	9,722
1991	40,550	53,362	36,939	48,610	3,611	4,752
<i>change (%)</i>	-11.6	-14.7	-4.7	-7.9	-49.4	-51.1
1992	51,132	65,454	50,182	64,238	950	1,216
<i>change (%)</i>	26.1	22.7	35.9	32.1	-73.7	-74.4
1993	52,824	65,777	49,655	61,831	3,169	3,946
<i>change (%)</i>	3.3	0.5	-1.1	-3.7	233.6	224.5
1994	64,803	78,723	61,788	75,060	3,015	3,663
<i>change (%)</i>	22.7	19.7	24.4	21.4	-4.9	-7.2
1995	61,804	73,033	59,594	70,422	2,210	2,612
<i>change (%)</i>	-4.6	-7.2	-3.6	-6.2	-26.7	-28.7
1996	76,707	87,762	72,948	83,461	3,759	4,301
<i>change (%)</i>	24.1	20.2	22.4	18.5	70.1	64.7
1997	67,661	75,322	62,639	69,732	5,022	5,591
<i>change (%)</i>	-11.8	-14.2	-14.1	-16.4	33.6	16.8
1998	74,434	80,944	62,691	68,174	11,743	12,770
<i>change (%)</i>	10.0	-1.2	0.1	-2.2	133.8	133.8
1999	85,886	91,746	76,954	82,204	8,932	9,541
<i>change (%)</i>	15.4	23.3	22.8	20.6	-23.9	-18.7
2000	84,030	86,696	82,240	84,849	1,790	1,847
<i>change (%)</i>	-2.2	-5.5	6.9	3.2	-80.0	-80.6
August 2000 YTD	4,847	5,001	4,847	5,001	0	0
August 2001 YTD	19,691	19,691	19,691	19,691	0	0

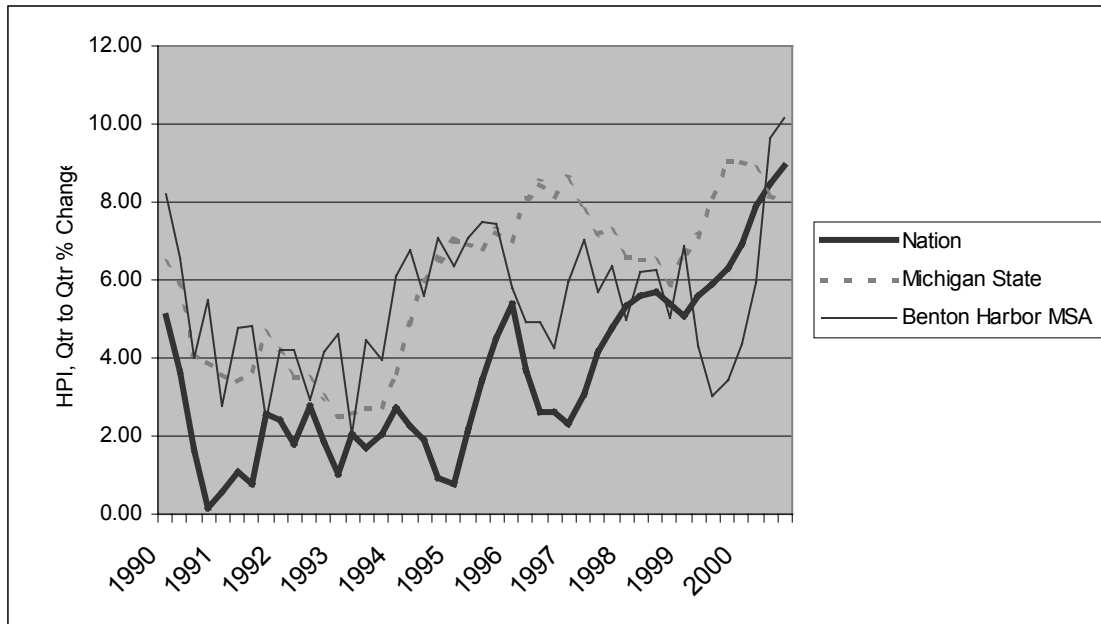
Source: U.S. Bureau of the Census.

Table 9 - House Price Trends: House Price Index, Annual Percent Change

Year	Quarter	Nation	Michigan State	Benton Harbor MSA
1990	1	5.10	6.39	8.21
1990	2	3.63	5.91	6.54
1990	3	1.62	4.10	3.98
1990	4	0.16	3.90	5.48
1991	1	0.57	3.61	2.78
1991	2	1.05	3.41	4.76
1991	3	0.75	3.63	4.82
1991	4	2.58	4.64	2.42
1992	1	2.43	4.23	4.18
1992	2	1.79	3.50	4.19
1992	3	2.78	3.44	2.95
1992	4	1.86	3.00	4.13
1993	1	1.05	2.54	4.60
1993	2	2.06	2.58	2.07
1993	3	1.71	2.72	4.47
1993	4	2.06	2.73	3.97
1994	1	2.72	3.57	6.09
1994	2	2.23	4.85	6.75
1994	3	1.88	5.98	5.59
1994	4	0.91	6.50	7.09
1995	1	0.78	6.95	6.38
1995	2	2.17	6.93	7.06
1995	3	3.43	6.81	7.48
1995	4	4.51	7.23	7.43
1996	1	5.38	6.98	5.80
1996	2	3.71	8.08	4.92
1996	3	2.59	8.48	4.93
1996	4	2.60	8.16	4.27
1997	1	2.32	8.58	5.95
1997	2	3.08	7.72	7.04
1997	3	4.15	7.18	5.71
1997	4	4.78	7.28	6.36
1998	1	5.35	6.56	5.00
1998	2	5.61	6.52	6.22
1998	3	5.67	6.44	6.27
1998	4	5.39	5.86	5.04
1999	1	5.10	6.71	6.88
1999	2	5.60	7.08	4.29
1999	3	5.88	8.13	3.03
1999	4	6.32	9.05	3.42
2000	1	6.94	9.03	4.37
2000	2	7.88	8.85	5.93
2000	3	8.44	8.18	9.63
2000	4	8.91	7.99	10.15
1990 - 2000 % Change		47.53	82.88	69.29

Source: Office of Federal Housing Enterprise Oversight.

Figure 9 - House Price Trends: House Price Index, Annual Percent Change



Source: Office of Federal Housing Enterprise Oversight.

HMDA DATA ANALYSIS

In this section, we analyze home mortgage data for the Benton Harbor MSA gathered under the Home Mortgage Disclosure Act (HMDA).^{4,5} We look at mortgage loan originations in 1999 and 2000 by loan type (government-insured, conventional, refinance, and home improvement) and census tract income in the Benton Harbor MSA (Tables 10 and 11).⁶ We also report trends in loan originations by census tract income and racial composition of the census tract, as defined by the 1990 Census. Consistent with the Community Reinvestment Act (CRA) which encourages lenders to help meet the credit needs of their communities, including low- and moderate-income neighborhoods, we focus our analysis on the mortgage lending trends in low- and moderate-income census tracts.

In general, our analysis in Tables 10a and 11a indicates that the 2000 mortgage lending was down from 1999 in the Benton Harbor MSA. In particular, total loan originations in the Benton Harbor MSA declined by over 23 percent from 1999 to 2000 in dollar terms (Table 11a), driven primarily by a slowdown in refinance lending. Conversely, both home improvement and government-insured loans [loans insured by the

⁴ HMDA data are available to the public through the Federal Financial Institutions Examination Council's (FFIEC) Web site at www.ffiec.gov. The HMDA data are also available in the form of disclosure statements at the home office of individual lending institutions and at a central depository within each MSA. The data order forms and the location of central depositories are available at the FFIEC Web site. The order forms can be obtained also by calling the HMDA assistance line at (202) 452-2016.

⁵ See [2000 HMDA Profile](#), December 2000, Federal Reserve Bank of Chicago, for information on mortgage lending in major MSAs in the Chicago Federal Reserve Bank district (available online at www.chicagofed.org).

⁶ Census tracts are classified by income as follows: low-income tracts are those in which the median family income is less than 50 percent of the median family income for the MSA. Moderate-income census tracts are those in which the median family income is at least 50 percent and less than 80 percent of the median family income for the MSA. Middle-income census tracts are those in which the median family income is at least 80 percent and less than 120 percent of the MSA median family income; whereas upper-income census tracts are those in which the median family income is 120 percent or more of the MSA median family income.

Federal Housing Administration (FHA and the Veterans Administration (VA)] increased over 10 percent during the same time frame (Table 11a). Tables 10a and 11a also show that conventional lending decreased slightly in both number and dollar terms between 1999 and 2000.

Benton Harbor has over 22 percent of its tracts and 16 percent of its population in low- and moderate-income areas (Table 10b). The share of loans extended in these low- and moderate-income areas approximate 11 percent. Middle- and upper-income census tracts tend to have a share of mortgage lending activity closer to or higher than their population and census tract shares. For example, middle- and upper-income census tracts represent 77.4 percent of the MSA's total tracts, have 83.7 percent of the MSA's population, and receive roughly 90 percent of the MSA's mortgage lending in 1999 and 2000. This comparison is more pronounced when the dollar value of loans are compared to population. Specifically, in 2000, 95 percent of total dollar value of home mortgage lending occurred in middle- and upper-income tracts, compared to only 5 percent in low- and moderate-income tracts (Table 11b).

Finally, Appendices II and III provides a geographical representation of the census tract income categories and minority composition in the Benton Harbor MSA. The yellow areas represent low- and moderate-income census tracts with a minority population of 50 percent or less; the red areas are low- and moderate-income census tracts with a minority population greater than 50 percent; and the gray areas represent all other census tracts. Appendix II has the census tract numbers and census tract income and minority classifications, while Appendix III shows 2000 home purchase loan originations by census tract income and minority classifications.

NOTE

HMDA requires lenders to report information about home mortgage loans. Originally, HMDA (1975) applied only to depository institutions with assets exceeding \$10 million and a home branch or office in the MSA. The 1988 amendment, which took effect in August 19, 1988, extended coverage to include certain non-depository lenders that offer home loans such as savings and loan service corporations and the mortgage banking subsidiaries of bank and thrift holding companies. The 1989 amendment to HMDA (included in the 1989 Financial Institutions Reform, Recovery, and Enforcement Act), which took effect in 1990, extended coverage to include independent mortgage companies with assets of \$10 million and over. Also, for the first time institutions started reporting information about loan applicants (race or national origin, gender, and annual income), and could elect to report the reason for loan denial. The 1991 amendment to HMDA (included in the 1991 Federal Deposit Insurance Corporation Improvement Act), which took effect January 1, 1993, extended coverage to include independent mortgage companies (or their parents) with at least \$10 million in assets or 100 or more home loan applications received during the year. Finally, amendments to HMDA contained in the Economic Growth and Regulatory Paperwork Reduction Act of 1996 increased the asset-size exemption threshold for depository institutions from \$10 million to \$28 million effective January 1, 1997. This threshold may change from year to year based on changes in the consumer price index for urban wage earners and clerical workers. For data collection in 1999 and 2000, depository institutions with assets of \$29 million or less are exempt from data collection.

Table 10a - Home Mortgage Loan Originations (Number) by Tract Income and Racial Composition

	1999	2000	Percent Change
GRAND TOTAL	7,178	5,622	-21.7
Low-income tracts	337	318	-5.6
Less than 49% minority	0	0	-
Greater than 50% minority	337	318	-5.6
Moderate-income tracts	310	320	3.2
Less than 49% minority	310	320	3.2
Greater than 50% minority	0	0	-
Middle-income tracts	4,873	3,767	-22.7
Less than 49% minority	4,717	3,650	-22.6
Greater than 50% minority	156	117	-25.0
Upper-income tracts	1,658	1,217	-26.6
Less than 49% minority	1,658	1,217	-26.6
Greater than 50% minority	0	0	-
FHA, VA HOME PURCHASE LOANS	280	297	6.1
Low-income tracts	13	10	-23.1
Less than 49% minority	0	0	-
Greater than 50% minority	13	10	-23.1
Moderate-income tracts	23	23	0.0
Less than 49% minority	23	23	0.0
Greater than 50% minority	0	0	-
Middle-income tracts	200	207	3.5
Less than 49% minority	178	199	11.8
Greater than 50% minority	22	8	-63.6
Upper-income tracts	44	57	29.5
Less than 49% minority	44	57	29.5
Greater than 50% minority	0	0	-
CONVENTIONAL HOME PURCHASE LOANS	2,295	2,150	-6.3
Low-income tracts	59	61	3.4
Less than 49% minority	0	0	-
Greater than 50% minority	59	61	3.4
Moderate-income tracts	65	99	52.3
Less than 49% minority	65	99	52.3
Greater than 50% minority	0	0	-
Middle-income tracts	1,564	1,514	-3.2
Less than 49% minority	1,529	1,481	-3.1
Greater than 50% minority	35	33	-5.7
Upper-income tracts	607	476	-21.6
Less than 49% minority	607	476	-21.6
Greater than 50% minority	0	0	-

Source: FFIEC HMDA data.

Table 10a - Continued

	1999	2000	Percent Change
REFINANCE LOANS	3,460	2,052	-40.7
Low-income tracts	220	193	-12.3
Less than 49% minority	0	0	-
Greater than 50% minority	220	193	-12.3
Moderate-income tracts	174	145	-16.7
Less than 49% minority	174	145	-16.7
Greater than 50% minority	0	0	-
Middle-income tracts	2,351	1,338	-43.1
Less than 49% minority	2,274	1,287	-43.4
Greater than 50% minority	77	51	-33.8
Upper-income tracts	715	376	-47.4
Less than 49% minority	715	376	-47.4
Greater than 50% minority	0	0	-
HOME IMPROVEMENT LOANS	1,143	1,123	-1.7
Low-income tracts	45	54	20.0
Less than 49% minority	0	0	-
Greater than 50% minority	45	54	20.0
Moderate-income tracts	48	53	10.4
Less than 49% minority	48	53	10.4
Greater than 50% minority	0	0	-
Middle-income tracts	758	708	-6.6
Less than 49% minority	736	683	-7.2
Greater then 50% minority	22	25	13.6
Upper-income tracts	292	308	5.5
Less than 49% minority	292	308	5.5
Greater than 50% minority	0	0	-

Source: FFIEC HMDA data.

Table 10b – Share of Census Tracts, Population and Home Mortgage Loan Originations (Number of Loans)

	Census Tract Share	Population Share	Loan Share	
	1990 Census	1990 Census	1999	2000
Low-income tracts	15.1	9.7	4.7	5.7
Moderate-income tracts	7.6	6.5	4.3	5.7
Middle-income tracts	56.6	65.2	67.9	67.0
Upper-income tracts	20.8	18.5	23.1	21.6

Source: FFIEC HMDA data.

Table 11a - Home Mortgage Loan Originations (\$000s) by Tract Income and Racial Composition

	1999	2000	Percent Change
GRAND TOTAL	580,656	445,822	-23.2
Low-income tracts	12,012	10,822	-9.9
Less than 49% minority	0	0	-
Greater than 50% minority	12,012	10,822	-9.9
Moderate-income tracts	13,012	13,435	3.3
Less than 49% minority	13,012	13,435	3.3
Greater than 50% minority	0	0	-
Middle-income tracts	401,794	311,221	-22.5
Less than 49% minority	393,404	305,635	-22.3
Greater than 50% minority	8,390	5,586	-33.4
Upper-income tracts	153,838	110,344	-28.3
Less than 49% minority	153,838	110,344	-28.3
Greater than 50% minority	0	0	-
FHA, VA HOME PURCHASE LOANS	21,607	24,214	12.1
Low-income tracts	598	421	-29.6
Less than 49% minority	0	0	-
Greater than 50% minority	598	421	-29.6
Moderate-income tracts	1,233	1,230	-0.2
Less than 49% minority	1,233	1,230	-0.2
Greater than 50% minority	0	0	-
Middle-income tracts	15,381	16,790	9.2
Less than 49% minority	13,879	16,209	16.8
Greater than 50% minority	1,502	581	-61.3
Upper-income tracts	4,395	5,773	31.4
Less than 49% minority	4,395	5,773	31.4
Greater than 50% minority	0	0	-
CONVENTIONAL HOME PURCHASE LOANS	242,636	235,846	-2.8
Low-income tracts	2,677	2,112	-21.1
Less than 49% minority	0	0	-
Greater than 50% minority	2,677	2,112	-21.1
Moderate-income tracts	3,160	4,841	53.2
Less than 49% minority	3,160	4,841	53.2
Greater than 50% minority	0	0	-
Middle-income tracts	165,009	168,678	2.2
Less than 49% minority	162,868	166,818	2.4
Greater than 50% minority	2,141	1,860	-13.1
Upper-income tracts	71,790	60,215	-16.1
Less than 49% minority	71,790	60,215	-16.1
Greater than 50% minority	0	0	-

Source: FFIEC HMDA data.

Table 11a - Continued

	1999	2000	Percent Change
REFINANCE LOANS	294,147	161,225	-45.2
Low-income tracts	8,068	7,426	-8.0
Less than 49% minority	0	0	-
Greater than 50% minority	8,068	7,426	-8.0
Moderate-income tracts	8,000	6,419	-19.8
Less than 49% minority	8,000	6,419	-19.8
Greater than 50% minority	0	0	-
Middle-income tracts	206,890	111,335	-46.2
Less than 49% minority	202,419	108,600	-46.3
Greater than 50% minority	4,471	2,735	-38.8
Upper-income tracts	71,189	36,045	-49.4
Less than 49% minority	71,189	36,045	-49.4
Greater than 50% minority	0	0	-
HOME IMPROVEMENT LOANS	22,266	24,537	10.2
Low-income tracts	669	863	29.0
Less than 49% minority	0	0	-
Greater than 50% minority	669	863	29.0
Moderate-income tracts	619	945	52.7
Less than 49% minority	619	945	52.7
Greater than 50% minority	0	0	-
Middle-income tracts	14,514	14,418	-0.7
Less than 49% minority	14,238	14,008	-1.6
Greater then 50% minority	276	410	48.6
Upper-income tracts	6,464	8,311	28.6
Less than 49% minority	6,464	8,311	28.6
Greater than 50% minority	0	0	-

Source: FFIEC HMDA data.

Table 11b – Share of Census Tracts, Population and Home Mortgage Loan Originations (Dollar Value)

	Census Tract Share	Population Share	Loan Share	
	1990 Census	1990 Census	1999	2000
Low-income tracts	15.1	9.7	2.1	2.4
Moderate-income tracts	7.6	6.5	2.2	3.0
Middle-income tracts	56.6	65.2	69.2	69.8
Upper-income tracts	20.8	18.5	26.5	24.8

Source: FFIEC HMDA data.

EMPLOYMENT TRENDS

Between 1990 and 2000, the labor force in the Benton Harbor MSA increased by 4,112 people (a gain of 5 percent). By comparison, in the state of Michigan, the labor force grew by over 13 percent during the same time frame (Table 12). As shown in Table 14, wage and salary employment increased by 6.7 percent between 1990 and 1999.

During the decade, the service sector reported the largest gain of 5,546 people or 26.7 percent (Table 14). Among the fastest growing sectors were construction (873 people, 27.2 percent gain), transportation and public utilities (644 people, 21 percent), and retail trade (1,734 people, 12.4 percent). By contrast, several sectors experienced substantial decline in employment. Specifically, manufacturing lost 2,314 jobs, reflecting an employment drop of over 10 percent. Similarly, mining experienced a 31.3 percent decline in employment, representing a loss of 70 jobs. The federal (civilian) government sector declined by over 14 percent, while the military sector declined by over 40 percent. On the other hand, the state government sector gained employment by 6.5 percent.

Among the largest employers in the Benton Harbor MSA, Whirlpool Corporation (2,300 employees), American Electric Power Company (1,450 employees), and Gast Manufacturing Corporation (600 employees) are based in the city of Benton Harbor. Some other large employers, including Lakeland Regional Health Systems (1,910 employees) and Bosch Brake Systems (1,300 employees) are based in the city of St. Joseph.

Table 15 provides additional employment information for the Benton Harbor MSA through 1999 (the most recent year for which employment data by major industry

categories are available). Several general trends can be highlighted. In 1999 employment in the manufacturing industry represented 22 percent in the MSA (down from over 26 percent in 1990 when manufacturing was the largest sector in the MSA). The service sector experienced robust growth over the decade becoming the largest in 1999, when it represented 29 percent of total employment in the MSA. The share of employment in construction, wholesale and retail trade increased by less than a percentage point. However, retail trade remained one of the largest sectors in 1999 (following services and manufacturing). The share of employment in the finance, insurance, and real estate sector (FIRE) decreased to 5.3 percent of total employment from 5.5 percent in 1990.

Finally, Table 16 documents unemployment rates in the Benton Harbor MSA and Michigan over the decade. The MSA's average unemployment rate stood at 5.3 percent as of October 2001, which was above the unemployment rate for the state, 4.9 percent. Overall, the MSA unemployment rates have exceeded the state average since 1993.

Table 12 - Labor force in the Benton Harbor MSA

	Michigan State	Benton Harbor MSA
1990	4,598,398	80,960
1991	4,592,224	80,554
% change	-0.13	-0.50
1992	4,690,294	81,865
% change	2.14	1.63
1993	4,753,351	83,197
% change	1.34	1.63
1994	4,823,232	84,497
% change	1.47	1.56
1995	4,813,858	82,984
% change	-0.19	-1.79
1996	4,897,383	83,490
% change	1.74	0.61
1997	4,960,908	83,096
% change	1.30	-0.47
1998	5,031,208	82,793
% change	1.42	-0.36
1999	5,144,356	84,248
% change	2.25	1.76
2000	5,201,404	85,072
% change	1.11	0.98
October 2001 (YTD Avg)	5,204,089	85,148

Source: Bureau of Labor Statistics.

Table 13 - Employment by industry in the Benton Harbor MSA

	1991	1992	1993	1994	1995	1996	1997	1998	1999
Total full- and part-time employment	81,845	81,742	82,194	85,896	88,665	89,077	89,264	90,874	89,907
Wage and salary employment	69,037	68,945	69,761	72,734	74,924	75,060	74,993	76,342	75,051
Proprietors' employment	12,808	12,797	12,433	13,162	13,741	14,017	14,271	14,532	14,856
Farm proprietors' employment	1,568	1,553	1,556	1,525	1,509	1,450	1,416	1,410	1,439
Nonfarm proprietors' employment	11,240	11,244	10,877	11,637	12,232	12,567	12,855	13,122	13,417
Farm employment	2,888	2,720	2,617	2,631	2,595	2,391	2,305	2,217	2,332
Nonfarm employment	78,957	79,022	79,577	83,265	86,070	86,686	86,959	88,657	87,575
Private employment	69,745	69,627	70,258	74,063	76,863	77,954	78,142	79,555	78,233
Agricultural services	646	635	680	722	702	779	816	827	859
Mining	202	182	167	186	112	84	154	156	154
Construction	3,110	3,284	3,168	3,448	3,539	3,612	3,708	4,047	4,078
Manufacturing	21,237	20,554	20,340	21,249	22,042	21,072	20,321	20,079	19,675
Transportation and public utilities	3,107	3,152	3,279	3,388	3,450	3,399	3,541	3,520	3,716
Wholesale trade	2,498	2,474	2,474	2,592	2,806	2,723	2,603	2,691	3,024
Retail trade	13,930	14,053	14,450	15,461	16,172	16,811	16,075	15,949	15,774
Finance, insurance and real estate	4,427	4,242	4,149	4,672	4,673	4,739	4,760	4,788	4,756
Services	20,588	21,051	21,551	22,345	23,367	24,735	26,164	27,498	26,197
Government	9,212	9,395	9,319	9,202	9,207	8,732	8,817	9,102	9,342
Federal, civilian	454	456	442	454	462	449	430	441	439
Military	551	532	483	426	405	384	362	335	332
State and local	8,207	8,407	8,394	8,322	8,340	7,899	8,025	8,326	8,571

Source: *Regional Economic Information System (REIS), Bureau of Economic Analysis, U.S. Department of Commerce.*

Table 14 - Employment change by industry in the Benton Harbor MSA

	1990-1991	1991-1992	1992-1993	1993-1994	1994-1995	1995-1996	1996-1997	1997-1998	1998-1999	1990-1999 Change	1990-1999 % Change
Total full- and part-time employment	-1,323	-103	452	3,702	2,769	412	187	1,610	-967	6,739	8.10
Wage and salary employment	-1,310	-92	816	2,973	2,190	136	-67	1,349	-1,291	4,704	6.69
Proprietors' employment	-13	-11	-364	729	579	276	254	261	324	2,035	15.87
Farm proprietors' employment	-23	-15	3	-31	-16	-59	-34	-6	29	-152	-9.55
Nonfarm proprietors' employment	10	4	-367	760	595	335	288	267	295	2,187	19.47
Farm employment	-1	-168	-103	14	-36	-204	-86	-88	115	-557	-19.28
Nonfarm employment	-1,322	65	555	3,688	2,805	616	273	1,698	-1,082	7,296	9.09
Private employment	-1,409	-118	631	3,805	2,800	1,091	188	1,413	-1,322	7,079	9.95
Agricultural services	31	-11	45	42	-20	77	37	11	32	244	39.67
Mining	-22	-20	-15	19	-74	-28	70	2	-2	-70	-31.25
Construction	-95	174	-116	280	91	73	96	339	31	873	27.24
Manufacturing	-752	-683	-214	909	793	-970	-751	-242	-404	-2,314	-10.52
Transportation and public utilities	35	45	127	109	62	-51	142	-21	196	644	20.96
Wholesale trade	-283	-24	0	118	214	-83	-120	88	333	243	8.74
Retail trade	-110	123	397	1,011	711	639	-736	-126	-175	1,734	12.35
Finance, insurance and real estate	-150	-185	-93	523	1	66	21	28	-32	179	3.91
Services	-63	463	500	794	1,022	1,368	1,429	1,334	-1,301	5,546	26.86
Government	87	183	-76	-117	5	-475	85	285	240	217	2.38
Federal, civilian	-58	2	-14	12	8	-13	-19	11	-2	-73	-14.26
Military	-13	-19	-49	-57	-21	-21	-22	-27	-3	-232	-41.13
State and local	158	200	-13	-72	18	-441	126	301	245	522	6.49

Source: *Regional Economic Information System (REIS), Bureau of Economic Analysis, U.S. Department of Commerce.*

Table 15 - Employment by industry as a percent of total in the Benton Harbor MSA

	1980	1990	1999
Farm employment	4.9	3.5	2.6
Agricultural services	0.6	0.7	1.0
Mining	0.4	0.3	0.2
Construction	4.1	3.9	4.5
Manufacturing	28.3	26.4	21.9
Transportation and public utilities	3.5	3.7	4.1
Wholesale trade	3.4	3.3	3.4
Retail trade	16.4	16.9	17.5
Finance, insurance, and real estate	4.8	5.5	5.3
Services	21.6	24.8	29.1
Government	12.0	11.0	10.4

Source: Regional Economic Information System (REIS), Bureau of Economic Analysis, U.S. Department of Commerce

**Table 16 - Unemployment rates in the Benton Harbor MSA and State of Michigan
(in percent)**

	Michigan State	Benton Harbor MSA
1990	7.6	7.2
1991	9.3	9.2
1992	8.9	8.8
1993	7.1	7.2
1994	5.9	6.0
1995	5.3	5.5
1996	4.9	6.0
1997	4.2	5.2
1998	3.9	4.4
1999	3.8	4.0
2000	3.6	3.8
October 2001 (YTD Avg)	4.9	5.3

Source: Bureau of Labor Statistics.

SMALL BUSINESS LENDING DATA ANALYSIS

In this section, we report small business loan originations for the Benton Harbor MSA gathered under the Community Reinvestment Act (CRA).^{7,8} The 1995 revisions to CRA regulations require lenders to report the number, loan amount, and census tract location of the small business and small farm loans that they originate or purchase.

Small business loans are defined as loans of up to \$1 million that either are secured by non-farm or non-residential real estate or are for commercial and industrial purposes. A bank or thrift is required to report these loans if the institution has assets of \$250 million or more or if it is part of a holding company with assets of \$1 billion or more. Small business and small farm loan data have been collected and released by the Federal Financial Institutions Examination Council (FFIEC) since 1996.

Trends in small business lending: 1999 - 2000

As Table 17 indicates, the number of small business loans in the entire Benton Harbor MSA decreased by 2 percent from 1999 to 2000, with the total dollar value of loans declining by over 12 percent.

Noticeably, while the total number of loans decreased in low-, moderate-, and upper-income tracts by 32.1, 4.6 and 5.9 percent, respectively, it increased by 3.2 percent in middle-income census tracts. However, the total dollar value of loans declined in

⁷ The CRA small business and small farm lending data are available to the public via the Federal Financial Institutions Examination Council (FFIEC) Web site at www.ffiec.gov. The lending data are also available through the home office of the individual lending institutions and the FFIEC. The data order forms are available at the FFIEC Web site. The order forms can also be obtained by calling the FFIEC CRA assistance line at (202) 872-7584.

⁸ See 2000 CRA Small Business Lending Profile, November 2000, Federal Reserve Bank of Chicago, for information on small business lending in major MSAs in the Chicago Federal Reserve Bank district (available online at www.chicagofed.org).

middle-income tracts by a substantial 18 percent. The decline in the dollar value of loans was also quite dramatic in low-income tracts (over 40%). By comparison, moderate- and upper-income tracts experienced an increase of 21.3 and 4.5, respectively, in the total dollar value of loans made between 1999 and 2000. While low- and middle-income areas saw substantial declines in the average dollar value of loans (12.6 percent and 20.5 percent, respectively), the opposite effect was experienced in moderate and upper-income tracts (increases of 27.2 percent and 11 percent, respectively).

Distribution of small business lending: 2000

The distribution of loans relative to the number of businesses across census tract income categories in the Benton Harbor MSA is presented in Table 18. The number of loans tends to be larger in middle- and upper-income areas than in low- and moderate-income tracts. This is to be expected, however, because more people and businesses are located in middle- and upper-income areas, as indicated by the shares of population and businesses reported in Table 18.

For example, in 2000, upper-income census tracts had 17.8 percent of the total number of businesses in the MSA, 18.5 percent of the MSA's total population, and 21.4 percent of the total number of loans made in the MSA. By comparison, low-income areas accounted for 6.5 percent of the businesses, 9.7 percent of the population and 4.8 percent of the total number of loans made in the MSA. Moderate-income areas had 8.8 percent of the total number of businesses and 8.7 percent of the total number of loans. In the upper-income tracts, the share of loans was higher than the respective share of businesses and share of population.

To better understand how loans are distributed by census tract income, we look at the number of loans made for every 100 businesses. Table 18 indicates that almost 22 loans were made for every 100 businesses in the Benton Harbor MSA. Within the MSA, moderate- and middle-income tracts received roughly the average number of loans (between 21.4 and 21.2 loans). However, low-income tracts received a substantially lower number loans per 100 of businesses (under 16 loans), while upper-income tracts exceeded the MSA average (over 26 loans).

NOTE: SIGNIFICANT CHANGES IN REPORTED SMALL BUSINESS LENDING

Beginning in 2000, institutions that extended credit card loans were required to report data under the CRA for the first time. Increased reporting of credit card loans contributed to a significant increase in the number of reported small business loans in 2000 over the number of loans reported for 1999, while the dollar value of these loans increased modestly. Most of the increase in the number of small business loans occurred in loans of \$100,000 or less. Increased reporting of credit card loans is consistent with the modest change in the total dollar amount of small business loans from 1999 to 2000. Credit card loans are significantly smaller on average than all other types of small-business lending. Given the change in the 2000 CRA reporting requirements, caution should be exercised when making comparisons of lending trends between 1999 and 2000.

Table 17 - Trends in small business lending in the Benton Harbor MSA, 1999-2000

	Census tract income category				MSA
	Low	Moderate	Middle	Upper	
Number of loans (1999)	84	109	755	272	1,220
Number of loans (2000)	57	104	779	256	1,196
change (%)	-32.1	-4.6	3.2	-5.9	-2.0
Total loan amount (1999) (\$000)	6,694	5,088	52,722	17,929	82,433
Total loan amount (2000) (\$000)	3,971	6,174	43,222	18,730	72,097
change (%)	-40.7	21.3	-18.0	4.5	-12.5
Average loan value (1999) (\$000)	79.7	46.7	69.8	65.9	67.6
Average loan value (2000) (\$000)	69.7	59.4	55.5	73.2	60.3
change (\$000)	-12.6	27.2	-20.5	11.0	-10.8

Source: FFIEC and Dun & Bradstreet.

Note: Census tracts are classified by income as follows: low-income tracts are those in which the median family income is less than 50 percent of the median family income for the MSA. Moderate-income census tracts are those in which the median family income is at least 50 percent and less than 80 percent of the median family income for the MSA. Middle-income tracts are those in which the median family income is at least 80 percent and less than 120 percent of the MSA median family income; whereas upper-income census tracts are those in which the median family income is 120 percent or more of the MSA median family income. Census tracts where income was not reported by the Bureau of the Census and loans for which census tracts were not available were excluded from the analysis.

Table 18 - Distribution of small business lending in the Benton Harbor MSA, 2000

	Census tract income category				MSA
	Low	Moderate	Middle	Upper	
Number of loans	57	104	779	256	1,196
Number of businesses	358	485	3,683	980	5,506
Number of loans per 100 businesses	15.9	21.4	21.2	26.1	21.7
Share of loans (%)	4.8	8.7	65.1	21.4	100.0
Share of businesses (%)	6.5	8.8	66.9	17.8	100.0
Share of population (%)	9.7	6.5	65.2	18.5	100.0

Source: FFIEC, Dun & Bradstreet, and 1990 Census of Population and Housing, U.S. Bureau of the Census.

SECTION II

INVESTMENT OPPORTUNITIES: SURVEY RESULTS

This section reports results from a survey conducted in the Benton Harbor MSA. The purpose of the survey is to identify the needs of low- and moderate-income neighborhoods for housing, infrastructure, services, and access to credit. The credit needs, if any, are addressed as opportunities for financial institutions to invest in, lend to, and serve the community.

NEEDS ASSESSMENT

We surveyed 150 nonprofit organizations in the Benton Harbor MSA involved in community and economic development and affordable housing. The survey is organized in two parts.

In Part I of the survey, we asked respondents to include information about the organization, its activities, and communities served. This information, along with a detailed business directory in the Benton Harbor MSA, is presented in Section III of this Profile, *Investment Opportunities: Businesses, Nonprofit Organizations and Government Agencies*.

In Part II, we asked the survey respondents to identify the needs of low- and moderate-income neighborhoods in their communities. We asked respondents to rate the availability of affordable housing, infrastructure, and services according to the four following categories: (1) does not meet needs, (2) meets needs, (3) exceeds needs, or (4) not applicable. We define affordable housing as single- and multi-family dwellings, both owner- and renter-occupied for low- and moderate-income individuals. Infrastructure includes streets, public transportation, schools, libraries, public recreational facilities, police/fire departments, and communication/bandwidth. Services include banking,

financial counseling, job training/education, day care centers, health care facilities, and retail trade.

In Part II, we also asked respondents to rate availability of credit to nonprofit organizations, businesses, and individuals. To determine access to credit by nonprofit organizations, we asked respondents to rate credit availability for the following purposes: 1) affordable housing; 2) small business development; 3) social services and 4) operating expenses.⁹ To determine access to credit for individuals, we asked respondents to rate availability of home purchase loans, refinance loans, home improvement loans, home equity loans, and consumer credit (personal loans, auto loans, and credit cards) and business startup loans. Finally, we asked respondents to rate credit availability to businesses for short- and long-term loans, lines of credit, microloans, small business loans, minority-owned and women-owned business loans.

The main purpose of this survey is to identify the credit needs of low- and moderate-income neighborhoods in the MSA. The survey results, reported in Table 19, are based on 48 responses from organizations located in the Benton Harbor MSA, with 80 percent of the organizations serving low- and moderate-income neighborhoods.¹⁰ These findings reflect the comments and views of only a small sample of the total population in the area. Also, results are based on opinions and not on a market analysis of supply and demand conditions. Hence, due to these limitations, the findings should

⁹ These are services in low- and moderate-income areas or targeted to low- and moderate-income individuals, and other activities that revitalize and stabilize low- and moderate-income areas.

¹⁰ Since all of the survey respondents are non-profit organizations, care should be taken in interpreting the findings. Given the survey respondents' focus on community and economic development and affordable housing, they may be particularly likely to identify the need for housing, infrastructure, services, and access to credit. However, these organizations also have substantial expertise in serving low- and moderate-income neighborhoods. Therefore, they may be especially aware of opportunities for financial institutions to invest in the community. The reader is cautioned to interpret the results as suggestive rather than as a definitive measure of access to credit in the Benton Harbor MSA.

not be considered exhaustive or conclusive. However, the survey results allow us to identify areas of concern and explore possible solutions.

Of the respondents in the Benton Harbor MSA, 27 percent (13 of 48) were private nonprofit organizations, 19 percent (9 of 48) were public nonprofit organizations, and 47 percent (22 of 48) were faith-based nonprofit organizations. More than 26 percent of the survey participants (13 of 48) reported community development as their primary activity; over 12 percent (6 of 48) reported government services and poverty assistance. All but two organizations surveyed reported having a relationship with a commercial bank.

With regard to affordable housing, 32 respondents indicated that the availability of owner-occupied single family units did not meet their needs. Thirty-four respondents rated the availability of rental single-family units as not meeting their needs; fourteen percent said availability meets their needs, and no one reported that availability of rental units exceeded their needs. Availability of multifamily dwellings (owner-occupied and rental units) received similar ratings, with 38 respondents indicating that the availability of owner-occupied housing did not meet their needs and 36 stating that rental units did not meet their needs. Once again, no respondents rated the availability of multi-family units as exceeding their expectations.

In general, the availability of infrastructure including schools, libraries police/fire departments, streets and sidewalks in the Benton Harbor MSA was reported to have met the respondents' expectations. In contrast, over 50 percent or 24 respondents reported dissatisfaction with the adequacy of public transportation. Similarly, almost half of respondents answered that the availability of public recreational facilities and the adequacy of communication/bandwidth did not meet their expectations.

The availability of services varied among the different categories reported. The majority of survey respondents indicated that the availability of banking and job training met their expectations. In contrast, 70 percent (35 of 48) felt that the day care center services did not meet the needs of their community. Similarly, over 40 percent (20 of 48) of the respondents stated that the availability of financial counseling, health care facilities and retail trade establishments did not meet their needs. Only around 6 percent (3 respondents) indicated that banking, financial counseling, health care facilities and retail trade establishments exceeded their needs.

Nineteen of those surveyed responded that credit availability to nonprofit organizations either met or exceeded their needs, whereas 27 said it did not meet the needs of their community. As for access to credit by nonprofit organizations for affordable housing, only 4 of 48 rated it as not meeting their needs. Availability of credit to nonprofit organizations for small business development was classified as “meets needs” or “exceeds needs” by 8 percent and 50 percent of respondents, respectively. In contrast, over 40 percent of the respondents indicated that access to credit to NPOs for small business development did not meet the needs of their community. A similar distribution of ratings can be observed in responses to the credit availability for social services. Specifically, 29 percent of the respondents fell into the “does not meet needs” category, while 8 percent and 63 percent were classified as “meets needs” or “exceeds needs,” respectively. Finally, less than half of the NPO respondents suggested that their access to credit for the purposes of covering their operating costs either meets or exceeds expectations.

With regard to credit availability to individuals, 29 respondents felt that it either met or exceeded their needs, with 12 respondents saying credit availability did not meet

their needs. However, answers varied across the different loan products. Over 40 percent of survey respondents (20 of 48) suggested that availability of home purchase and business startup loans did not meet their needs. Thirty-five percent (17 of 48) answered similarly about personal loans, and almost 30 (14 of 48) percent said availability of refinance and home improvement loans did not meet their needs. Over 19 percent (10 of 48) reported that home equity and auto loans did not meet their needs. In contrast, more than 80 percent of survey respondents (39 of 48) were satisfied with credit card availability.

Finally, 38 out of 48 respondents indicated that access to credit for businesses met their needs, with 3 respondents suggesting it exceeded their needs. Specifically, 29 out of 48 survey participants indicated that the credit availability to businesses for short-term loans met their needs. Similarly, half of the respondents were satisfied with the credit availability to businesses for long-term loans, lines of credit and microloans. The percentage of respondents who were satisfied with access to credit for small business owners, minority-owned businesses and women-owned business was 50 percent, 40 percent, and 60 percent, respectively. However, 35 percent felt that credit availability to minority business owners did not meet their needs, while 15 percent responded similarly regarding women-owned businesses. One out of every four of those who responded, suggested that long-term loans and lines of credit did not meet their needs, while 15 percent were not satisfied with the credit availability of short-term loans and microloans.

In summary, our survey results for Berrien County (Benton Harbor MSA) suggest a need for additional affordable housing, both single-family and multi-family units. Similarly, some responses indicated a greater need for adequate streets and sidewalks, schools, public transportation, public recreational facilities and communication resources.

Although availability of infrastructure and services seemed to be good on average, some responses indicated a greater need for day care centers, retail trade establishments, health care facilities, financial counseling and job training services. Finally, over one-half of the respondents were dissatisfied with credit availability to nonprofit organizations, while about one-quarter indicated a greater need for individual credit. Since all of the survey respondents are non-profit organizations, they might be particularly likely to identify the need for housing, infrastructure, services, and access to credit. However, these organizations also have substantial expertise in serving low- and moderate-income neighborhoods. Therefore, they may be especially aware of opportunities for financial institutions to invest in the community. The reader is again cautioned to interpret the results as suggestive rather than as a definitive measure of access to credit in the Benton Harbor MSA.

Table 19. Community Investment Opportunity Survey Results in the Benton Harbor MSA (in percent)

	Does not meet needs (1)	Meets needs (2)	Exceeds needs (3)	N/A (4)
How would you rate availability of affordable housing units in your community?				
One-to-four family dwellings				
Owner-occupied	67.7	26.5	5.9	-
Rental units	70.6	29.4	-	-
Multifamily dwellings				
Owner-occupied	81.3	12.5	-	6.3
Rental units	75.0	25.0	-	-
How would you rate availability of the following infrastructures?				
Streets, sidewalks, etc.	22.6	70.9	6.5	-
Public transportation	51.6	25.8	-	22.6
Schools	35.3	52.9	11.8	-
Libraries	8.8	76.5	14.7	-
Public recreational facilities	47.1	47.1	5.9	-
Police/fire departments	20.6	73.6	5.9	-
Communication/bandwidth	48.3	20.7	6.9	24.1
How would you rate availability of the following services in your community?				
Banking	23.5	70.6	5.9	-
Financial counseling	41.2	50.0	8.8	-
Job training/education	40.6	59.4	-	-
Day care centers	73.5	26.5	-	-
Health care facilities	44.1	44.1	5.9	5.9
Retail trade	48.4	45.2	6.5	-
How would you rate credit availability to the following entities?				
NPOs	57.6	12.1	30.3	-
Individuals	24.2	48.5	12.1	15.2
Businesses	6.1	78.8	6.1	9.1

Source: Community Investment Opportunity Survey, Benton Harbor MSA; Federal Reserve Bank of Chicago, 2001.

Note: Numbers reported represent percentages of respondents in each category.

Percentages may not add up to 100 due to rounding.

Table 19 (Continued)

	Does not meet needs (1)	Meets needs (2)	Exceeds needs (3)	N/A (4)
<i>How would you rate credit availability to NPOs for the following purposes?</i>				
Affordable housing	8.3	33.3	8.3	50.1
Small business development	41.7	8.33	50.0	-
Social services	29.2	8.3	62.5	-
Operating expenses	-	37.5	8.3	54.2
<i>How would you rate credit availability to individuals for the following purposes?</i>				
Home purchase loans	41.9	41.9	6.5	9.7
Refinance loans	29.0	54.8	6.5	9.7
Home improvement loans	29.0	48.4	12.9	9.7
Home equity loans	19.4	58.1	12.9	9.7
Personal loans	35.5	35.5	19.4	9.7
Auto loans	19.4	51.6	19.4	9.7
Credit cards	9.7	41.9	38.7	9.7
Business startup loans	41.7	37.5	20.8	-
<i>How would you rate credit availability to businesses for the following purposes?</i>				
Short-term loans	15.0	60.0	-	25.0
Long-term loans	25.0	50.0	-	25.0
Lines of credit	25.0	50.0	-	25.0
Microloans	15.0	50.0	-	35.0
Loans to small business owners	25.0	50.0	-	25.0
Loans to minority-owned businesses	35.0	40.0	-	25.0
Loans to women-owned businesses	15.0	60.0	-	25.0

Source: Community Investment Opportunity Survey, Benton Harbor MSA; Federal Reserve Bank of Chicago, 2001.

Note: Numbers reported represent percentages of respondents in each category.

Percentages may not add up to 100 due to rounding.

COMMUNITY AND ECONOMIC DEVELOPMENT

Increasingly, financial institutions can choose from a wide array of options to meet the credit needs of their local communities and satisfy CRA requirements. Community development activities under CRA include lending, services, and investments that satisfy the definition of community development under CRA. The four community development categories under CRA are:

- 1) affordable housing for low- or moderate-income individuals;
- 2) community services targeted to low- or moderate-income individuals;
- 3) activities that promote economic development by financing small businesses or small farms;
- 4) activities that revitalize or stabilize low- or moderate-income geographies.

Examples of eligible community development services under CRA include credit counseling, financial services whose primary purpose is community development, homeownership counseling for low- or moderate-income individuals, and financial planning or other technical assistance for small businesses.

In addition to conventional mortgage, home improvement, and small business loans, lenders may undertake other options specifically designed to address the housing and business development needs of low- or moderate-income neighborhoods and individuals. For example, financial institutions may purchase community development loans from other lenders, provide technical and loan packaging assistance to nonprofit organizations, originate specialized government-guaranteed loans, and participate in a variety of state and local government programs designed to address the housing and business needs of economically disadvantaged communities.

Also, banks and bank holding company subsidiaries may participate in alternative equity investment arrangements to expand their role in community development. For example, with some limitations, banks and bank holding company subsidiaries may engage in the following community development investment activities:

- Create wholly-owned community development corporation (CDC) subsidiaries which invest in low- and moderate-income housing, commercial and industrial projects and community services facilities;
- Participate in a multi-investor, consortium CDC or equity pool that, in turn, invests in one or more community development projects and business ventures;
- Invest in limited partnerships formed to invest in one or more community development projects.

Furthermore, financial institutions may wish to participate in qualified investments as an avenue for meeting their CRA obligations. For example, qualified investments for CRA purposes include, but are not limited to, investments, grants, deposits or shares in or to:

- Financial intermediaries (including Community Development Financial Institutions [CDFIs], Community Development Corporations [CDCs], minority- and women-owned financial institutions, community loan funds, and low-income or community development credit unions) that primarily lend or facilitate lending in low- and moderate-income areas or to low- and moderate-income individuals in order to promote community development, such as a CDFI that promotes economic development on an Indian reservation;
- Organizations engaged in affordable housing rehabilitation and construction, including multifamily rental housing;
- Organizations, including, for example, Small Business Investment Companies (SBICs) that promote economic development by financing small businesses;
- Projects eligible for low-income housing tax credits;
- State and municipal obligations, such as revenue bonds, that specifically support affordable housing or other community development;

- Not-for-profit organizations serving low- and moderate-income housing or other community development needs, such as counseling for credit, home-ownership, home maintenance, and other financial services education; and
- Organizations supporting activities which enable low- and moderate-income individuals or geographies to utilize credit or sustain economic development, such as, for example, day care operations and job training programs that enable people to work.

These are only a few of the many options available to financial institutions that want to increase their role in community development. The Federal Reserve Bank of Chicago encourages financial institutions to consult with their district Reserve Bank or other regulatory agencies to obtain additional information on community development investment options. For further assistance, write or call the Community Affairs office at one of the twelve Federal Reserve Banks listed on the following page.

Federal Reserve Bank of Boston
600 Atlantic Avenue
Boston, Massachusetts 02106-2076
(617) 973-3227
www.std.com/frbbos

Federal Reserve Bank of Minneapolis
90 Hennepin Avenue
Minneapolis, Minnesota 55480-0291
(612) 204-5075
woodrow.mpls.frb.fed.us

Federal Reserve Bank of New York
33 Liberty Street
New York, New York 10045-0001
(212) 720-5215
www.ny.frb.org

Federal Reserve Bank of Kansas City
925 Grand Avenue
Kansas City, Missouri 64198-0001
(816) 881-2687
www.frbkc.org

Federal Reserve Bank of Philadelphia
Ten Independence Mall
Philadelphia, Pennsylvania 19106-1574
(215) 574-6458
www.phil.frb.org

Federal Reserve Bank of Dallas
2200 N. Pearl Street
Dallas, Texas 75201-2216
(214) 922-5286
www.dallasfed.org

Federal Reserve Bank of Cleveland
1455 E. Sixth Street
Cleveland, Ohio 44114-2566
(216) 579-2846
www.clev.frb.org

Federal Reserve Bank of San Francisco
101 Market Street
San Francisco, California 94105-1579
(415) 974-2978
www.frbsf.org

Federal Reserve Bank of Richmond
701 E. Byrd Street
Richmond, Virginia 23261-7622
(804) 697-8447
www.rich.frb.org

Federal Reserve Bank of Atlanta
104 Marietta Street NW
Atlanta, Georgia 30303-2713
(404) 589-7200
www.frbatlanta.org

Federal Reserve Bank of Chicago
230 South LaSalle Street
Chicago, Illinois 60604-1413
(312) 322-8232
www.chi.frb.org

Federal Reserve Bank of St. Louis
411 Locust Street
St. Louis, Missouri 63102-2034
(314) 444-8646
www.stls.frb.org

SECTION III

**INVESTMENT OPPORTUNITIES:
BUSINESSES, NONPROFIT ORGANIZATIONS
AND GOVERNMENT AGENCIES**

This section provides a detailed list of businesses, nonprofit organizations, and government agencies in the Benton Harbor MSA area. In addition, we provide information on organizations that participated in our Community Investment Opportunities survey on the Benton Harbor MSA. Most of these organizations are involved in activities that fall under one or more of the following community development categories:

- affordable housing for low- or moderate-income individuals;
- community services targeted to low- or moderate-income individuals;
- activities that promote economic development by financing small businesses or small farms;
- activities that revitalize or stabilize low- or moderate-income geographies.

For each organization, we provide the name of the contact person, the address, the phone and fax numbers when available. The information is presented by primary activity of the organizations. This section is a resource guide of some of the community and economic development groups in the MSA and is meant to encourage partnerships between financial institutions and local community organizations. The Federal Reserve Bank of Chicago does not support or endorse any one particular organization, but recommends further investigation by the financial institutions to determine appropriate levels of involvement.

ACCOUNTANTS

Plante & Moran, LLP
777-C Riverview Dr.
Benton Harbor, MI 49022
(616) 927-4434

AIRPORT

**Southwest Michigan
Regional Airport**
1123 Territorial Rd.
Benton Harbor, MI 49022
(616) 927-3194

ARCHITECTURAL SERVICES

ADL Architecture
9046 US Highway 31
Berrien Springs, MI 49022
(616) 471-1725

Abonmarche Consultants, Inc.
95 W. Main St.
Benton Harbor, MI 49022
(616) 927-2295

Inocencio-Flynn Design, Inc.
465 E. Main St.
Benton Harbor, MI 49022
(616) 927-0027
(616) 927-0057 fax

ASSISTED LIVING

Bay-Spirit Acres Homes
2060 W. John Beers Rd.
Stevensville, MI 49127
(616) 429-9947

Caretel Inns of Royalton
3900 Niles Rd.
St. Joseph, MI 49085
(616) 428-1400

Golden Homes Management Inc.
3507 Hollywood Rd.
St. Joseph, MI 49085
(616) 428-0715

ATTORNEYS

Fisher Law Office
811 Ship St.
St. Joseph, MI 49085
(616) 983-5511

K. Morris Gavin
505 East Empire
Benton Harbor, MI 49022
(616) 926-4173

Charlette Pugh Tall
107 Water Street
Benton Harbor, MI 49022
(616) 934-7750

BANKS

Bank One
400 Riverview Dr.
Benton Harbor, MI 49022
(616) 926-4727

Civitas Bank
830 Pleasant, P.O. Box 48
St. Joseph, MI 49085
(616) 983-6311

LaSalle Federal Savings Bank
321 Main St.
St. Joseph, MI 49085
(616) 982-4175

Shoreline Bank
823 Riverview, P.O. Box 1248
Benton Harbor, MI 49023
(616) 927-2251

BUILDING CONTRACTORS

Champion Housing

580 Territorial Road
Benton Harbor, MI 49022
(616) 925-2711

Eddy Robinson Construction

631 Colfax
Benton Harbor, MI 49022
(616) 926-6582

McAffe Construction

1627 Broadway St.
Benton Harbor, MI 49022
(616) 925-8448

BUILDING MATERIALS

Glenlord Home Center

2312 W. Glenlord Rd.
PO Box 179
Stevensville, MI 49127
(616) 428-1600

BUSINESS CONSULTANTS

Cornerstone Alliance

Mr. Jeff Noel, President
(Economic Development)
Mr. Greg Vaughn
(Small Business Development)
38 W. Wall Street
P.O. Box 428
Benton Harbor, MI 49022
(616) 925-6100

Northside Business Association

C/O Cornerstone Alliance
Mr. Sam Hudson, President
38 W. Wall Street
P.O. Box 428
Benton Harbor, Michigan 49022
(616) 925-6100

BUSINESS LOANS

Bank One

Gloria Shurn
400 Riverview Drive
Benton Harbor, MI 49022
(616) 926-4771

Cornerstone Alliance

Gregory C. Vaughn
38 W. Wall Street
P.O. Box 428
Benton Harbor, MI 49022
(616) 925-6100

CHILD & FAMILY COUNSELORS

Barfield & Associates

1745 Fairplain Avenue
Benton Harbor, MI 49022
(616) 925-0077

COMMUNICATIONS

Sunset Coast Paging

276 Colfax Ave.
Benton Harbor, MI 49022
(616) 926-4414

COMPUTER CONSULTATION, SALES & SERVICE

Anykey Computers

1604 Mall Drive
Benton Harbor, MI 49022
(616) 934-0597

Shurn's Computer Service

101 E. Empire
Benton Harbor, MI 49022
(616) 934-0574

**CONTRACT ASSEMBLY
SERVICES**

Nellson Specialties Co.
211 Hilltop Rd.
St. Joseph, MI 49085
(616) 983-1878

EDUCATION

Lake Michigan College
2755 E. Napier Ave.
Benton Harbor, MI 49022
(616) 927-8111

**Western Michigan University -
Southwest Regional Center**
2510 Lakeview Ave.
St. Joseph, MI 49085
(616) 983-1968

ELECTRIC SERVICE

IBID County Electric
1523 Norton St.
Benton Harbor, MI 49022
(616) 925-0647

EMPLOYMENT SERVICES

Manpower
1000 Main St.
St. Joseph, MI 49085
(616) 983-1155

Williamson Employment Service
213 Hilltop Rd.
St. Joseph, MI 49085
(616) 983-0142

ENGINEERING/ARCHITECTURE

Wightman & Associates, Inc.
920 Broad St.
St. Joseph, MI 49085
(616) 983-1531

**ENGINEERING/SURVEYING/
CONSULTING**

Abonmarche Consultants, Inc.
95 W. Main St.
Benton Harbor, MI 49022
(616) 927-2295

ENTERTAINMENT

Berrien County Youth Fair
9122 Old U.S. 31
Berrien Springs, MI 49103
(616) 473-4251

**ENVIRONMENTAL
CONSULTANTS**

Abonmarche Environmental, Inc.
95 W. Main St.
Benton Harbor, MI 49022
(616) 927-2295

ENVIRONMENTAL SERVICES

Abonmarche Environmental Inc.
95 W. Main St.
Benton Harbor, MI 19022
(616) 927-2295

ENVIRONMENTAL TESTING

Wightman & Associates, Inc.
4050 S. Pipestone Rd.
Sodus, MI 49126-0095
(616) 934-7707

GOVERNMENT AGENCIES

Benton Charter Township
Mr. Paul Harvey, Township Supervisor
1725 Territorial Road
Benton Harbor, MI 49022
(616) 925-0616
(616) 925-7134 fax

Berrien County Board of Commissioners
Richard Bartz, Chairman of the Board
701 Main Street
Saint Joseph, MI 49085
(616) 983-7111

Benton Township Housing Commission
Ms. Sharon Hester, Director
1216 Blossom Lane
Benton Harbor, MI 49022

Berrien County Economic Development Department
Ms. Callie Bert
701 Main Street
Saint Joseph, MI 49085
(616) 983-7111

City of Benton Harbor
Mr. Alex Little, City Manager
Mr. Joel Patterson, Economic Development Director
200 E. Wall Street
Benton Harbor, MI 49022
(616) 927-8400
(616) 927-8470 fax

City of St. Joseph
620 Broad Street
St. Joseph, MI 49085
(616) 983-5541
(616) 983-7755 fax

Cornerstone Alliance
38 W. Wall Street, P.O. Box 428
Benton Harbor, MI 49023-0428
(616) 925-6100
(616) 925-4471 fax

GENERAL CONTRACTORS

Fiskars, Inc.
1000 Miners Rd.
St. Joseph, MI 49085
(616) 428-7400

Shelton Construction Co.
1440 E. Empire Ave.
Benton Harbor, MI 49022
(616) 927-3600

HEALTHCARE

All Cities Occupational & Environmental Medicine
2900 S. State St., Ste. 4
St. Joseph, MI 49085
(616) 982-1000

Cedarwood Medical Center
820 Lester Ave.
St. Joseph, MI 49085
(616) 983-0571

Lakeland Regional Health Care
1234 Napier Ave.
St. Joseph, MI 49085
(616) 983-8300

HOME BUILDERS

Hagar Shore Cedar Homes, Inc.
P.O. Box 567
Riverside, MI 49084
(616) 849-1500

INSURANCE

Alberts Insurance Agency, Inc.
645 Riverview Dr.
Benton Harbor, MI 49022
(616) 925-8878

Eldon M. Smith Agency
4630 Territorial
Benton Harbor, MI 49023
(616) 944-1424

Goodenough Insurance
804 Michigan Ave.
St. Joseph, MI 49085
(616) 983-4467

Insurance Management Service

501 Main St., P.O. Box 88
St. Joseph, MI 49085
(616) 983-7101

LODGING**Park Inn International**

4290 Red Arrow Hwy.
Stevensville, MI 49127
(616) 429-3218

The Boulevard Inn & Bistro

521 Lake Blvd.
St. Joseph, MI 49085
(616) 983-6600

MANUFACTURED HOMES**Meeks-Harper Housing Development**

326 East Main St.
Benton Harbor, MI 49022
(616) 925-8445

MANUFACTURING**Bosch Braking Systems**

3737 Red Arrow Hwy.
St. Joseph, MI 49085
(616) 428-6430

Great Lakes Metal Stamping

3430 Leroy
St. Joseph, MI 49805
(616) 982-4035

K.I.W.O.T.O.

P.O. Box 1526
Benton Harbor, MI
49023-1526
(616) 926-4444

Lindberg/MPH

3827 Riverside Rd.
Riverside, MI 49084
(616) 849-5213

Vail Rubber Works

521 Langley Ave.
St. Joseph, MI 49085
(616) 983-1595

Whirlpool Corporation

VeLois Bowers
Director Office of Diversity
Human Resources - MD 8523
2000 M-63 North
Benton Harbor, MI 49022
(616) 923-5000

MORTGAGE LOANS**Cornerstone Alliance**

Gregory C. Vaughn
38 W. Wall Street
Benton Harbor, MI 49022
(616) 925-6100

Michiana Paradigm Group

James Turner
74 W. Wall Street
Benton Harbor, MI 49022
(616) 926-1970

Civitas Bank

Michael Green
830 Pleasant St.
St. Joseph, MI 49085
(616) 982-7567

Bank One

Ethel Murphy
400 Riverview Dr.
Benton Harbor, MI 49022
(616) 926-7166

Shoreline Bank

Don Mitchell
823 Riverview Drive
Benton Harbor, MI 49022
(616) 934-1067

MORTGAGE BROKER

Carter-Wallace Mortgage
420 Main St.
St. Joseph, MI 49085
(616) 982-5626

PLUMBING/HEATING

City Plumbing & Heating
407 State St.
St. Joseph, MI 49085
(616) 983-6595

PRINT/TURNKEY FULFILLMENT

IPC Communication Services, Inc.
501 Colonial Dr.
St. Joseph, MI 49085
(616) 983-7105

PRINTERS

Hi-Speed Business Forms, Inc.
1586 Paw Paw Ave., P.O. Box 987
Benton Harbor, MI 49023-0987
(616) 927-3191

PUBLISHING

Village Profile
P.O. Box 354
Bloomington, IL 60108
(630) 582-8888

REAL ESTATE

American Preferred Realtors
117 Main St.
St. Joseph, MI 49085
(616) 982-8550

Weko Dunes Development Co. Inc.
5000 Lake St., P.O. Box 785
Bridgman, MI 49127
(616) 465-5708

REAL ESTATE AGENTS

Active Realtors
Jeanette Allen
1949 Mall Drive
Benton Harbor, MI 49022
(616) 927-4993

Active Realtors
Tonni Ellis
1949 Mall Drive
Benton Harbor, MI 49022
(616) 927-4993

Century 21
Joan Bedney
2610 N. Trail Lane
St. Joseph, MI 49085
(616) 428-0202

Active Realtors
Debra Patterson
1949 Mall Drive
Benton Harbor, MI 49022
(616) 927-4993

Birmingham Donnellan
Dorothy Steward
807 Myrtle St.
St. Joseph, MI 49085
(616) 982-4112

REMODELING CONTRACTORS

Champion Housing
580 Territorial Road
Benton Harbor, MI 49022
(616) 925-2711

Christ Construction Co.
188 Bridgman St.
Benton Harbor, MI 49022
(616) 926-1785

CRB Home Builders

845 Warwick St.
Benton Harbor, MI 49022
(616) 927-9980

Eddy Robinson Construction

631 Colfax Ave.
Benton Harbor, MI 49022
(616) 926-6582

Hum Construction

P.O. Box 678
St. Joseph, MI 49085
(616) 927-1076

James Lee Jr. Construction

830 Mineral Ave.
Benton Harbor, MI 49022

L&L Construction

711 E. Main St.
Benton Harbor, MI 49022
(616) 927-1998

McAffe Construction

1627 Broadway St.
Benton Harbor, MI 49022
(616) 925-8448

Roger's Construction

808 McAllister St.
Benton Harbor, MI 49022
(616) 927-3294

Tynes Construction

2944 S. Bluffwood Tr.
St. Joseph, MI 49085
(616) 429-3377

RETIREMENT COMMUNITY**The Whitcomb**

509 Ship St.
St. Joseph, MI 49085
(616) 983-2513

ROOFING CONTRACTORS**Champion Housing**

580 Territorial Road
Benton Harbor, MI 49022
(616) 925-2711

Hum Construction

P.O. Box 678
St. Joseph, MI 49085
(616) 927-1076

SECURITY SERVICES**Security Systems**

52 W. Wall St.
Benton Harbor, MI 49022
(616) 927-3578

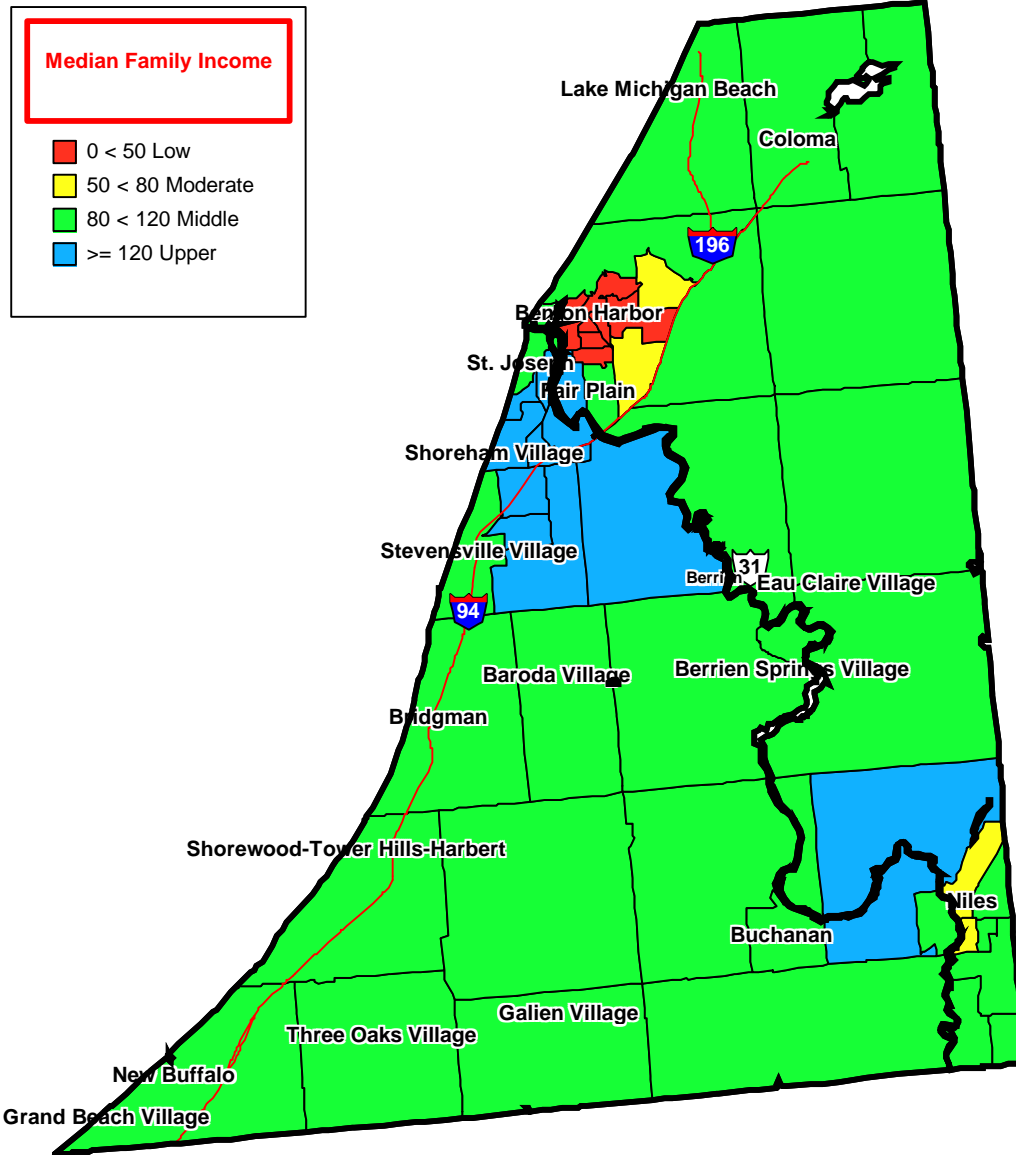
SHOPPING**The Orchards Mall**

1800 Pipestone Rd.
Benton Harbor, MI 49022
(616) 927-4467

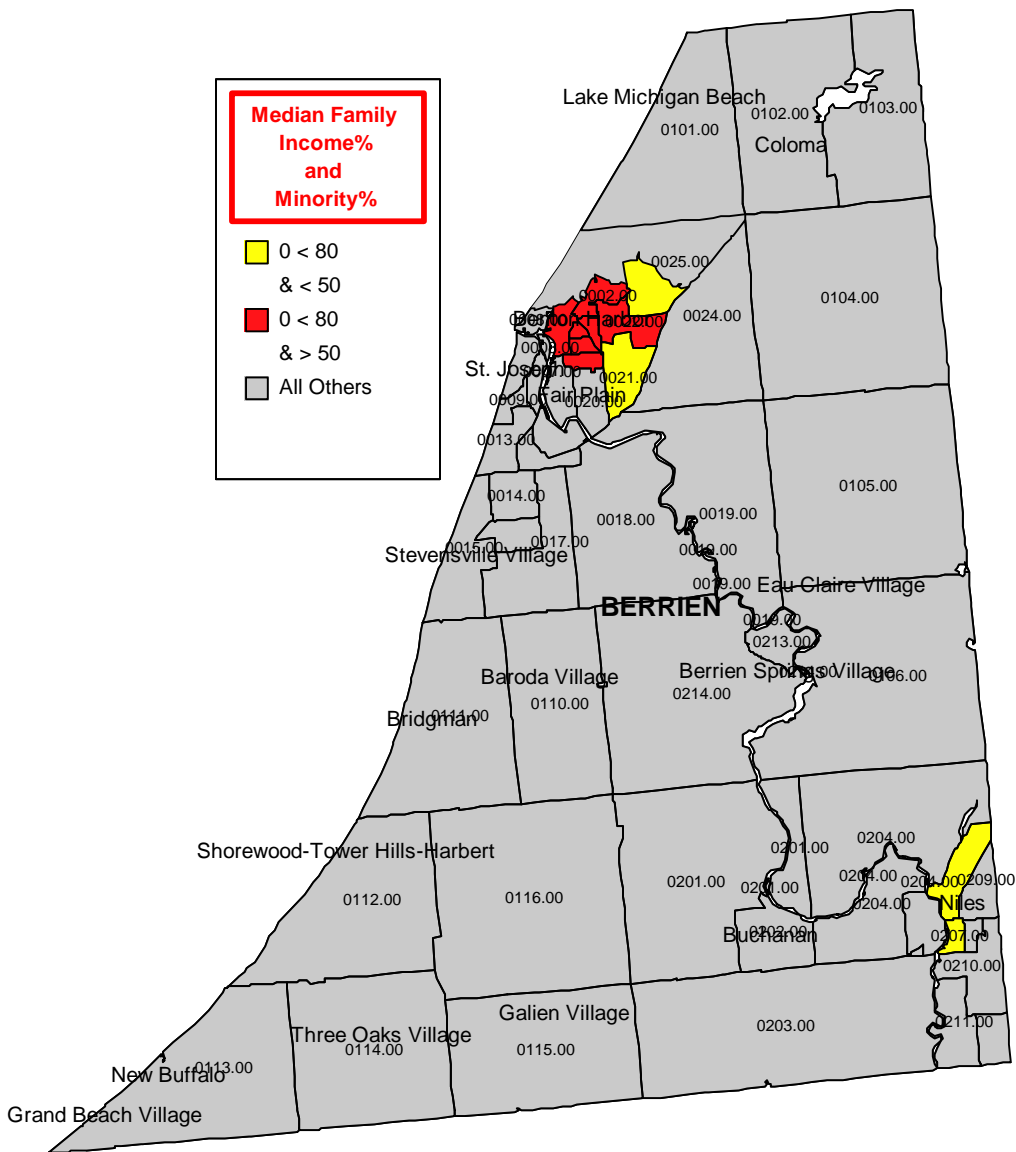
TRAVEL AGENCY**Signal Travel & Tours, Inc.**

219 E. Main St.
Niles, MI 49120
(616) 684-2880

Appendix I. Benton Harbor MSA



Appendix II. Low-moderate income census tracts by minority composition in Benton Harbor MSA (Berrien County)



Appendix III. 2000 Home purchase loan originations in the Benton Harbor MSA (Berrien County)

