



## Allan Penwell

*"Initially when the CRA Act was passed, banks probably did more lip service to it than anything...it's not that they didn't address the issues, but they weren't as proactive as they could be and I think probably in the last ten years it's been stepped up a notch so that banks have to be more and more proactive as far as lending to the minorities and the Afro-American community."*

*"The CRA does not affect personal loans like the*

*Jackson's...it's harder to track that sort of thing and secondly it only addresses where people would live, either in a single-family residential or multi-family, I mean that's all it does...the CRA just speaks to housing mostly."*

*"We have an ownership in the CDC, the Champaign County Community Development Corporation, and there are [about] eight or ten banks which have ownership in it."*

*"When we organized the CDC, we had two members, community members on the Board, as it was their role was not very active, one was black. I really think they kind of got bored with the process...here's a bunch of bankers talking banker's language, that sort of thing, they were really kind of observers, they didn't have a vote and they just kind of drifted away."*

*"One of the things that we were really concerned about was, with the Jackson's, they had no capital to put into the business, and while they'd had some experience in food preparation, they had no experience in running a business...and like it or not, all of us have a learning curve to go through with all of us lenders realize because we've done it for years, and we're really concerned that we made very sure that this was something that would work and not get someone in trouble."*

*"Running your own business is tough, my family had their own business in a little town in Illinois and I remember my dad working six and a half days a week and it is hard, it just takes a lot of time, but people do have this dream, thank goodness or I wouldn't be a lender if they hadn't this dream that they wanted to have their own business and run it."*

*"And you know the difficult thing about a minority community is that unfortunately they haven't had the advantages of being able to get in the marketplace, to have that kind of experience to work some place and build up some kind of capital so they can go off on their own and start a business...And the Afro-American community, for some reason, for whatever it is, those stars just haven't been aligned right to really make those businesses develop like they wanted to."*

*"Most new start-up retail owners don't own the building they're in they lease it, and so if you look at all these businesses in downtown Urbana, most of them don't own the building, they lease it from someone because retail tends to kind of move around."*

*"See, what would really help would be, and we've talked about this before with the City, is if you get a developer to go in there to build like a strip center or something like that that where there are several different buildings, then you can lease it out because it's much easier to lease than to own one obviously, especially if you're a new business and you don't have a lot of capital."*

## Allan Penwell: On Dreams Deferred

Allan Penwell has been in the banking business for over thirty-two years. He is an ex-Vietnam vet and has a Master of Business Administration from Eastern Illinois University. By birth, Allan is from Pana -a small town in central Illinois. 2000 data from the U.S. Census Bureau indicates that Pana has a total population of 5,614 (percent black is .1%). For about several years he worked with Harris Bank in Chicago, and has been with Busey Bank for more than sixteen years. Allan is currently the Senior Vice President at Busey Bank in downtown Urbana and was the president of the Champaign County Community Development Corporation in 2000. This interview was taken because of Allan Penwell's involvement with the Jackson's loan request. While Allan was president, the CDC denied the Jackson's loan request several times, four times to be exact. As a member of the CDC and Busey Bank executive, Allan has been a party to these denials and final acceptance of the Jackson's business loan. Most of Allan's responses during the interview were typical, very matter of fact. However, during the interview Allan revealed, "I wouldn't be a lender if people didn't have [dreams of opening their own businesses]." This commitment to helping people achieve their dreams goes a ways back for Allan; his father owned his own business. As an experienced banker, Allan has seen countless business proposals. His experience in banking and first-hand knowledge of how hard it is to startup a business undoubtedly informs his perspective on the redevelopment of North First Street. In banker's terms, the approval of the Jackson's loan was "a risk." In many ways, however, the approval of the Jackson's loan was in the words of Langston Hughes, a dream deferred.<sup>1</sup>

Allan and I began this interview discussing the Community Redevelopment Act (CRA) passed by Congress in 1977. Redevelopment tools such as the CRA have origins in the post World War II era. The CRA and tax increment financing functioned to provide "better" housing for soldiers who had returned from the war.<sup>2</sup> Allan remembers that when the CRA was first passed in 1977, "...banks probably did more lip service to it than anything, but...banks where given the charge that they had to in some way prove that they were serving all parts of the community." In summary, the CRA Act is primarily concerned with equalizing and/or spreading the distribution of bank funds for home ownership. Each bank has its own CRA officer and policy, but, as Allan points out, there is no way to track commercial lending to African American borrowers with the CRA. Unfortunately, the CRA only tracks lending for housing. The same is true for the 1975 Home Mortgage Disclosure Act (HMDA).<sup>3</sup> This is a problem that policy makers in Illinois are aware of. For instance, in 1999, the Illinois Minority Business Development

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<sup>1</sup> "Dream Deferred" is a reference to the Langston Hughes' poem, "A Dream Deferred." See full poem provided on the final page of this summary.

<sup>2</sup> [http://www.fostercity.org/city\\_hall/Community-Development-Agency-Origins.cfm](http://www.fostercity.org/city_hall/Community-Development-Agency-Origins.cfm). This website provides information that the federal Community Redevelopment Act was adopted in 1945, and in 1951 was recodified and named the Community Redevelopment Law – in 1952 the tax increment financing authority was added. California was one of the first states to be using these tools of redevelopment. Available May 2, 2002.

<sup>3</sup> For more information see, <http://www.ffiec.gov/hmda/history.htm>.

Task Force published a report entitled "An Illinois Minority Business Agenda."<sup>4</sup> To address the lack of reporting services, the Task Force proposed the following:

The Illinois State Board of Higher Education and the Illinois Department of Commerce and Community Affairs should support a *Minority Business Institute* under appropriate university leadership to provide research, investigations, databases and advanced training in various minority business development disciplines.<sup>5</sup>

In addition to the recommendation to form a Minority Business Institute, the proposal also delineates how and why this might be done:

*Appropriate university leadership to provide research, investigations, databases and training in various minority business disciplines will greatly enhance minority business in Illinois. Faculty, jointly with professional staff and administrative support, will provide academically oriented assistance to businesses and professionals in a technically integrated and specialty service environment. Such an Institute funded with private and public-sector resources could provide invaluable services to the minority business community and bring together professionals, owners, academics and students to address the current and future goals of minority business.*

In addition, the Task Force recommended "a state Executive Order, annual report or other appropriate means" to establish "more extensive governmental program accountability and reporting for MBE/WBE programs."<sup>6</sup> These recommendations underscore the problems that Illinois MBE's encounter.<sup>7</sup>

Champaign, on the other hand, has its share of problems with lending to African Americans. Outside of the North First Street area, there are very few businesses *owned* by local African Americans. There are several businesses *operated* by African Americans, included a strip of businesses in the North End at Fourth and Tremont, but in comparison to the *visible* number of businesses owned and operated by whites, black business owners in Champaign, and even in Urbana, are almost invisible. Nevertheless, Allan Penwell contends that for first-time business owners leasing, not ownership, is the most desirable option. The Jackson's, however, inherited their property/building, so to speak. Perhaps Rose & Taylor could have explored options for physical improvement without buying the building/property, i.e., using the grant monies to make physical improvements to the property at 202 North First Street, but the Jackson's were in a situation where they *had* to do something with their property, such as selling, leasing or

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<sup>4</sup> This unpublished report was convened by the Illinois Department of Commerce and Community Affairs, Small Business Development Center Network, and the Office of Minority Business Development.

<sup>5</sup> Ibid., 19. (italics added)

<sup>6</sup> Task Force Report, 19. MBE – Minority Business Enterprise; WBE – Women Business Enterprise.

<sup>7</sup> 1992 data from the Illinois Department of Commerce and Community Affairs indicates that there were 18% MBE's in Champaign County. MBE includes non-black owners. <http://govinfo.library.orst.edu/cgi-bin/>. Available 3/07/01.

improving it. Thus, for the Jackson's this "use it or lose it" predicament was the motivation behind the Planning Department's proposal for the "Request for Proposal" option went to the Champaign City Council. Under this option, which was in fact approved by City Council and is currently being considered for the remaining buildings on North First Street, the Jackson's would have sold their property to the City and subsequently entered into a lease-to-purchase agreement with a private developer all in efforts to achieve their goal to reopen their father's business. Under this option, had a developer been successful in bidding for their property, the Jackson's would have been "deferred" the ownership of their property. For the Jackson's, this was not the best option, but they were willing to go along with it, more importantly, they admit to feeling desperate. Fortunately, the Jackson's were able to, with the help of John Lee Johnson, reduce their initial loan request by parceling their loan and requesting monies from more than one lender including the CDC, the Champaign County Small Business Revolving Loan Committee, the Department of Economic and Community Affairs (DECA) and the City of Champaign. Although the Jackson's did not have to go with this option, deferring the re-ownership of their land, it is important to examine the implications this options would have had. In contrast, the idea of leasing the property is a difficult pill for many black business owners to swallow. African Americans have historically been denied land ownership making the acquisition of land a priority for black entrepreneurs, communities and organizations. To discuss these implications here would be far too lengthy, but, it is a critical issue that deserves further and adequate consideration.

Allan Penwell and I also discussed the financial assistance available or not available to the Jackson's for a great part of the interview. Following the first loan denial, the Jackson's received four, the Jackson's filed a formal complaint with the Comptroller of the Currency for discriminatory lending practices. This complaint was subsequently dropped when the Jackson's finally received loan approval from the CDC. From a critical perspective, it is difficult, almost impossible to say whether the threat of investigation from the Comptroller of the Currency influenced the approval of the Jackson's loan; however, it is an important piece of this puzzle. Without the complaint, it is uncertain whether the Jackson's would have received approval for the loan if they applied again. But, a little pressure makes the bleeding, stop so to speak, and legitimately engaging the powers is a critical aspect of social and urban change. Furthermore, the threat of legal or regulatory intervention is significant because most institutions want to avoid negative publicity and/or potential regulatory mandates that come as a result of a complaint and/or grievance. In Richmond, for example, Charles Betsey claims that the 1989 Supreme Court decision, *City of Richmond v. J.A. Croson* provides some hope for local MBE's. The Croson case established a two-pronged test for state and local governments that implement MBE programs. The test is outlined in the following way:

1. they demonstrate a compelling government interest (i.e., present effects of past discrimination in the marketplace);

2. they be 'narrowly tailored' to remedy the discrimination identified (including some evidence that the least intrusive measure has been used, i.e., that race-neutral strategies have not worked).<sup>8</sup>

There are, of course critics to Betsey's claim that going the legal route makes things better for MBE's, but the critics logic tends to affirm the need for an increase in legal action and tighter regulations that make it difficult for the powers that be to weasel their way out of charges of discrimination. Nevertheless, critics of the Croson case note that some jurisdictions have actually reduced their MBE programs as a result of the Supreme Court's ruling, and others have conducted more studies, i.e., disparity studies, which have only led to the delay and reduction of MBE programs and/or initiatives.<sup>9</sup> On the other hand, it cannot be denied that the Croson case has set a legal precedent and it has succeeded in generating more public scrutiny and debate over the issue. This, says the author, is a progressive step in the right direction that could potentially lead to the drafting of race-specific policies and further empirical research.<sup>10</sup> And I agree, though the initial outcome of legal decisions may be *de facto*, it is important to rock the boat with the help of the courts. Yet an important thought to keep in mind is that the courts are merely a starting point, not an ending point. What the Jackson's show us is that the actions that take place once legal action has been made are of critical importance. It is not acceptable or ethical planning to wait on the legal authorities to determine the fate of cities and buildings. This is planning by default. Rather planners must, in effect plan creatively and strategically anticipating what to do when dreams are deferred.

What happens to a dream deferred?

Does it dry up

Like a raisin in the sun?

Or fester like a sore--

And then run?

Does it stink like rotten meat?

Or crust and sugar over--

like a syrupy sweet?

Maybe it just sags

like a heavy load.

Or does it explode?

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<sup>8</sup> Charles L. Betsey, "NEA Presidential Address: The Role of Race Conscious Policies in Addressing Past and Present Discrimination," in *The Review of Black Political Economy*, Fall 2000, 13.

<sup>9</sup> Ibid.

<sup>10</sup> Ibid., 28-29.