

Creating Sustainable Rural Communities through Collaboration

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History

Palatka, Florida, a town in Putnam County, was once known as the Gem of the St. Johns. It is in northeast Florida—east of Gainesville and south of Jacksonville. The name Palatka comes from the Timucuan Indian word *pilotakata*, which means “crossing.” Palatka was a prosperous town with world-class hotels and was known for its timber and citrus, as well as its natural beauty. The town relied on its majestic river to be an economic catalyst for attracting manufacturing companies, like Georgia-Pacific and a furniture manufacturing company, which created thousands of jobs. However, by the early 2000s, many of those manufacturing companies had either reduced their labor forces because of advances in automation, or closed their doors completely due to a more competitive global economy. In 2003, the furniture manufacturing company closed, and about 650 employees lost their jobs.

The town of Palatka has faced challenges similar to those of many rural communities. The loss of manufacturing businesses left Palatka with vacant buildings and high unemployment rates. While companies like Georgia-Pacific remain, they have reduced their labor forces significantly. Along with unemployment, Palatka has also been impacted by high rates of poverty, diminishing economic opportunities and an opioid epidemic. An expert hired in 2013 by the Florida League of Cities identified Palatka as the state’s only “dying city,” because the town was recording more deaths than births, and because more people were leaving Palatka than moving there.

Persistent poverty is a challenge in Palatka. Since 1990, more than 20% of the population has lived in poverty, and the U.S. Census Bureau’s American Community Survey five-year estimates for 2015-19 indicated that the poverty rate was a staggering 35.7%. Historically, the unemployment rate in Palatka has been the highest in the state of Florida. Indeed, in December 2020, according to the U.S. Bureau of Labor Statistics, Palatka’s unemployment rate was 7.2%, while the unemployment rate for Florida was 6.1%. Poor-performing schools and a diminishing workforce have created the need for additional investments in workforce development.

Hope and Action for a Brighter Future

While this description of any other town would imply doom and gloom, leadership within the town sees opportunities. In 2015, Wealth Watchers was invited to a series of meetings with Palatka's local government leaders to discuss a possible relationship and to help them identify and begin implementing promising strategies for promoting growth and opportunity in Palatka.

Wealth Watchers Inc., a NeighborWorks Chartered Member, is a comprehensive housing counseling and community development organization located in Jacksonville, Florida. Its mission is to build viable communities by expanding the education and knowledge of individuals, families and neighborhoods for the purpose of their understanding and applying essential financial strategies that lead to the accumulation of generational wealth. Wealth Watchers achieves its mission by providing education, lending, neighborhood stabilization, community revitalization strategies and small-business development.

Created in 2001, Wealth Watchers expanded its programs and services to rural areas because of the housing crisis of 2007 and the demand for Wealth Watchers' housing preservation services. Rural communities were hit hard as a result of the economic downfall caused by the housing crisis. Companies went out of business, causing increased unemployment, foreclosures and the loss of farmland. Wealth Watchers has been able to work with towns like Palatka through its Comprehensive Rural Opportunities Program (C.R.O.P.). Through C.R.O.P., the Wealth Watchers team works with stakeholders in rural communities to develop and implement economic and community development strategies focused on improving the quality of life for residents and the economic viability of small businesses.

During the course of its initial meetings with the town, the Wealth Watchers team learned that Palatka had a redevelopment plan. In 1983, Palatka established a Community Redevelopment Agency (CRA) to manage redevelopment in the downtown area, which included crafting a redevelopment plan and overseeing three tax increment financing (TIF) districts that make up the economic and cultural core of the town. The plan had been updated several times over the years, and in 2012, the CRA was extended for 30 years.

Palatka had also started working on a housing plan, which included (1) utilizing TIF, alongside funds from the county, to provide owner-occupied



Housing in need of rehabilitation, Palatka, Florida. Photo courtesy of Christian Reis.

housing rehabilitation; and (2) creating nuisance and abatement legislation that would allow the town to address properties that had been neglected and abandoned by the owners.

After learning about the town's priorities and strategies through this initial set of meetings, the Wealth Watchers team convened a meeting with representatives from the U.S. Department of Housing and Urban Development (HUD) and the U.S. Department of Agriculture (USDA), along with key personnel from Palatka. The representative from HUD discussed several resources that could assist Palatka with its redevelopment efforts. These resources included the Small Cities Community Development Block Grant (CDBG), funds which can be used for commercial revitalization, economic development, housing rehabilitation and neighborhood revitalization programs.

The HUD representative also discussed funding for which the Palatka Housing Authority could apply. As a result of these conversations, in 2017 Palatka applied for and was awarded \$750,000 through HUD's Small Cities CDBG program to fund its neighborhood revitalization efforts, and in 2018 Putnam County received \$750,000 for its housing rehabilitation efforts.

Another positive outcome from these meetings was that representatives from the state and national USDA Rural Development offices provided information on additional programs that Palatka was eligible for, including those related to supporting housing and community facilities, businesses and utilities. As a result of having this new information, between 2018 and

early 2021, Palatka and Putnam County applied for and received almost \$1,000,000 in funding for business programs, distance learning and telemedicine, community facilities and utilities.

In addition to the funding received by the town and county, in 2020 the USDA awarded Wealth Watchers a \$126,000 Housing Preservation Grant to rehabilitate owner-occupied housing in Palatka. Wealth Watchers also received funding from the USDA's Rural Microentrepreneur Assistance Program to help microenterprises—generally rural sole proprietorships with fewer than 10 employees—in towns like Palatka by starting and growing a Rural Microloan Revolving Fund. In addition to providing capital, Wealth Watchers also provides training and technical assistance to microloan borrowers and microentrepreneurs.

As the above examples illustrate, this convening became the catalyst for change that the town needed.

Beyond this partnership with these key federal partners, the town of Palatka continued to focus on developing its economic and redevelopment strategies. For example, in August of 2015, Putnam County, which includes Palatka, applied for and was selected by the Florida Department of Economic Opportunity to receive funding as a Competitive Florida Partnership community. This funding, and the support that comes with it, helps communities utilize their unique assets to advance their economic development visions through the setting of realistic goals and the restructuring of their local economic development approach and infrastructure. The Competitive Florida Partnership encourages participants to develop a plan flexible enough to be adaptable to the unexpected.

As part of the Competitive Florida Partnership grant, Putnam County initiated a strategic planning process that included creating a SWOT

Tailored

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analysis, as well as an asset mapping exercise. Following are a few of the negative and positive takeaways from these analyses:

- Putnam County has a higher share of small businesses than both the state and the nation on average.
- Despite a high quality of life, Putnam County continues to have a steady decrease in population and jobs.
- An above-average number of Putnam residents own their homes; however, because of lower-than-average household incomes, many residents are struggling to meet their housing expenses.
- Natural resources, which include agriculture, represent the most concentrated industry in Putnam County.
- Manufacturing is the third-largest private-sector industry locally.

This process also included community representatives' touring and documenting Putnam County's assets. In Palatka, they visited the Historic District, the Municipal Airport, the Ravine Gardens State Park and the St. Johns River Center on the riverfront. The consulting firm that facilitated the process created an economic development plan that included goals, objectives and an implementation timetable. Early advocates for the plan—including the town manager, county administrator, and city and county commissioners—have aligned their activities with the goals and objectives in the plan.

The Wealth Watchers team determined it could best assist local government officials in Palatka with implementing the goals of the plan by focusing on two objectives—housing, and business climates and entrepreneurship—which included the following:

- Conduct an inventory of Palatka's existing housing stock in underserved areas
- Develop plans to construct infill housing
- Utilize new homes as a marketing tool to recruit businesses and new talents
- Invest in resources and programs that support small businesses

Wealth Watchers began by focusing on the first of these objectives, with a particular focus on existing owner-occupied homes.

The organization held a series of educational workshops for homeowners to educate them about options available to prevent foreclosure and preserve the equity in their homes. Next, it conducted a series of roundtables with other nonprofits and county administrators to learn what current owner-occupied housing rehabilitation programs existed, what were the gaps in services, and what were the unmet owner-occupied housing needs. The overarching consensus from the group was that the cost of rehabilitating homes in Palatka was significantly more than any one agency could commit to funding because of the age and substandard conditions of the homes.

Another challenge voiced by a representative from the Northeast Florida Community Action Agency (NFCAA) was that the agency's funds were specific to weatherization, which meant that if other repairs were needed, such as to a roof or plumbing, NFCAA could not work with that homeowner because the agency could not pay for those repairs. The final challenge echoed by every representative at the table was the lack of construction companies in Palatka or Putnam County that could do the actual work.

As a result of these conversations, the group agreed that Wealth Watchers would hold housing resource workshops and fairs for homeowners. Representatives from USDA Rural Development, Putnam County and the local community action agency were on hand during the activities to provide information on owner-occupied housing rehabilitation programs. These programs included USDA's Section 504 program, which provides loans to very-low-income homeowners to repair, improve or modernize their homes,

Collaborative

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and grants to elderly very-low-income homeowners to abate health and safety hazards in their homes.

These workshops and housing fairs allowed the Wealth Watchers team to build trust with residents and the organizations that serve the Palatka community. This trust and coordination among housing service providers became critical after the landfall of Hurricane Irma in September 2017, which created significant damage to a housing infrastructure that was already weak. Wealth Watchers and its partners were able to assist homeowners with housing-related services during the disaster management and recovery phase of the hurricane in a collaborative manner that maximized limited resources.

In the aftermath of the hurricane, Florida's Department of Economic Opportunity and HUD launched a rebuilding effort called Rebuild Florida, which provided funding to local communities to support their long-term recovery efforts after the 2017 hurricane season. The Rebuild Florida Housing Repair and Replacement Program launched in September 2018 to assist Florida homeowners and property owners impacted by Hurricane Irma through the repair, reconstruction or replacement of their Irma-damaged homes. Wealth Watchers helped with the rebuilding efforts by bringing together local housing-focused organizations and disaster recovery case management organizations to guide homeowners through applying for housing assistance.

In 2020, Wealth Watchers was approved by the USDA to provide owner-occupied rehabilitation in Palatka through its Section 533 Housing

Resilient

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Preservation Grant program. Wealth Watchers is leveraging this grant to expand its construction training program to ensure the creation of local jobs with living wages, while addressing the need for more local construction tradespeople.

Next Steps

The town of Palatka is experiencing a boost to its local economy through reinvestment and the relocation of businesses to the area. This growth can be directly attributed to the time and effort the town's leaders and their partners have put into not only creating a comprehensive community and economic development plan, but implementing it by identifying and aligning resources that can advance its goals. New businesses are relocating to Palatka, and companies like Georgia-Pacific are expanding and increasing their workforces in the town. Palatka is currently upgrading its infrastructure through funding made available through the USDA Small Cities Community Development Block Grant and the Florida Rural Infrastructure Fund, as well as the Community Development Block Grant Disaster Recovery Program.

Additionally, in September of 2020, the town was awarded a grant from the USDA's Rural Business Development Grant program to finance a market analysis and business incubator feasibility study that will assess the business climate and identify the needs of entrepreneurs. The intent of the project is to determine the best way to assist and support small and emerging businesses.

Palatka continues to face barriers that will hinder its efforts to become a thriving rural community. It must find funding to address its aged and crumbling infrastructure. Palatka must also determine the best uses for its inventory of vacant and dilapidated commercial buildings and substandard housing. Meanwhile, minority residents continue to be negatively impacted by educational, wealth and health disparities.

Even in the face of these headwinds, however, the town's strong local leaders are striving to remove the label of "dying city," and, as outlined above, they are making progress. Businesses are opening and hotels are being constructed and rehabilitated. In January 2020, Mayor Terrill L. Hill was quoted in the Palatka Daily News as saying, "When you look at what's going on in this new decade, it's a decade of change. Hope has been restored in this community, and the gem of the St. Johns River has begun to shine again."



A sign welcoming visitors to Palatka. Photo courtesy of Christian Reis.



The Palatka riverfront. Photo courtesy of Christian Reis

