Incorporating Asset Building Strategies Into Neighborhood Revitalization

May 10, 2012
Housekeeping

Having trouble dialing in? Just listen on your computer!

Connect your speakers or a headset to your computer.

- The webinar recording and other resources will be available online after the webinar.
- If you are experiencing any technical issues during the webinar, please contact webinars@cfed.org.
Housekeeping

- All webinar attendees are muted to ensure sound quality.

- Use the question box in your webinar Control Panel to ask questions at any time.
Agenda

Introduction and Framing
Dina Lehmann-Kim, Grant Manager, U.S. Dept. of Housing and Urban Development

Making Asset Building Work: Tools and Strategies for Housing Providers
Rick Haughey and Leigh Tivol, Directors, CFED
Michael Mirra, Executive Director, Tacoma Housing Authority

Program Guidance / Q & A
Mindy Turbov, Director, Choice Neighborhoods, U.S. Dept. of Housing and Urban Development
Introduction and Framing

- First, thanks to all those who are on this webinar!
- Snapshot of public housing residents:
  - 71% at or below extremely low income
  - Average gross income: $13,427
  - 1.2 million households in public housing; additional 2.2 million have Housing Choice Vouchers
- HUD doesn’t have statistics on the number of unbanked individuals, but number is high
- CFED: We want your information!!
About CFED

CFED (Corporation for Enterprise Development) empowers individuals and families to build and preserve assets by advancing policies and strategies that help them go to college, buy a home, start a business, and save for now and for the future.

We combine the vision of a think tank with real-world experience to:

**Identify Good Ideas:** CFED’s research finds ideas with potential for making the economy work for everyone, particularly those on the margins.

**Develop partnerships:** CFED works in partnership with diverse organizations across the country to promote lasting change.

**Bring Them to Scale:** CFED brings together community practice, public policy and private markets to achieve the greatest economic impact.
About the Tacoma Housing Authority

- THA serves Tacoma, Washington.
- THA provides housing, housing assistance and supportive services to about 5,500 households.
- THA is completing a HOPE VI redevelopment of Salishan, a neighborhood of 200 urban acres.
- THA is a Moving to Work (MTW) public housing authority. It is also a Public Development Authority (PDA).
- Learn more at www.tacomahousing.org
Presentation Objectives

- Learn about...
  - Assets as a way to build financial stability for residents of affordable housing communities
  - Asset-building tools and resources
  - Specific steps you can take to include asset-building strategies in housing programs
Why Assets?

- Income alone does not create financial stability.

  “With income we get by, but with financial assets we get ahead.”

  --Ray Boshara, New America Foundation

  “Few people have ever spent their way out of poverty. Those who escape do so through saving and investing for the long-term…”

  “Income may feed people’s stomachs, but assets change their heads.”

  --Michael Sherraden, Center for Social Development, Washington University
Assets, Defined…

Traditionally:
- Bank accounts
- Savings
- Real estate
- Businesses

But also…
- Access to quality financial services
- Financial education and “savvy”

- Education
- Investments
- Other property
- Good credit
- Social capital
The Power of Assets

- Asset ownership...
  - Moves families beyond “paycheck to paycheck”
  - Creates a financial buffer to weather emergencies
  - Enhances the well-being and life chances of children
  - Is linked to lower rates of divorce and domestic violence

- “Assets are hope in concrete form.”
A Sample of Research Findings

- **Assets & Economic Mobility:** Having parents with a higher level of savings significantly increases chances of making the climb up the income ladder – especially for low-income individuals and families.¹

- **Assets & Marriage:** Even small amounts of wealth can have a significant impact on closing the marriage gap between African-American and white males.²

- **Assets & College Success:** Asset ownership is associated with increased aspirations and higher rates of college attendance and completion.³

¹ (Cooper and Luengo-Prado, 2010); ² Schneider 2010, dissertation research; ³ Elliott, 2010
Income Poverty vs. Asset Poverty

22% of households were asset poor in CFED’s 2009 Assets & Opportunity Scorecard.

A household is considered asset poor if it does not have sufficient net worth (total assets minus total liabilities) to live at the poverty level for three months in the absence of income.

Source: CFED 2012-2013 Assets & Opportunity Scorecard
Rising Asset Poverty, Diminishing Financial Security

A household is considered **liquid asset poor** if it does not have sufficient liquid assets (e.g., bank accounts and other financial assets) to live at the poverty level for three months in the absence of income.

43% is **127.5 million** people
Rising Asset Poverty, Diminishing Financial Security

20% of white households are asset poor, vs. 44% of households of color

34% of white households are liquid asset poor, vs. 65% of households of color
The Financial Security Pathway

Household Financial Security Framework

LEARN financial education skills

Assets can increase earning capacity

EARN an income and manage money

SAVE for the future

INVEST in assets that will generate wealth & income

PROTECT the gains they make along the way
### Examples of Asset-Building Tools

<table>
<thead>
<tr>
<th>LEARN</th>
<th>Financial education &amp; coaching; credit counseling &amp; debt management; asset-specific education and training</th>
</tr>
</thead>
<tbody>
<tr>
<td>EARN</td>
<td>Free tax prep; EITC/other tax credits; access to benefits</td>
</tr>
<tr>
<td>SAVE</td>
<td>Affordable, accessible financial services; savings incentives; removal of disincentives</td>
</tr>
<tr>
<td>INVEST</td>
<td>Matched savings programs (IDAs, CSAs); home purchase subsidies; small business capital; college subsidies</td>
</tr>
<tr>
<td>PROTECT</td>
<td>Insurance; consumer financial protection; foreclosure prevention</td>
</tr>
</tbody>
</table>
Asset Building Initiatives: First Steps

- Determine whether and why asset building fits within the organization’s mission and strategic objectives
  - THA’s mission and strategic objectives and how asset building fits
  - Strategic performance measures
- Determine if and how asset building fits within a particular property or development
- Advantages of place-based asset building programs
What Works: Financial Education and Credit Repair

- A quality financial education curriculum covers budgeting, credit and debt management, saving and investing, and consumer protection
- May also include one-on-one counseling and credit repair
- Can help families examine budgets and learn how to make ends meet
- But – financial education on its own won’t solve every problem
Starting Points for Financial Education and Credit Repair

- Identify and **connect with providers** of quality financial education
  - Can they deliver financial education to groups of residents?
  - Can they provide “train the trainer” sessions for staff?

- Encourage housing staff to **refer residents to financial education providers**

- Offer financial education to **staff as well as residents**
What Works: Getting Families Banked

- On average, more than 1 in 4 households nationally is unbanked.
- Getting families banked can save hundreds or thousands of dollars a year in check-cashing fees, money orders, etc – and is the first step on the path to the financial mainstream.
- A simple savings account gives families a place to start building a “rainy day fund”.

www.cfed.org 202.408.9788
Starting Points for Getting Families Banked

- Connect with Bank On or other savings initiatives.
  - Coalitions of local government, financial institutions, and community organizations – offering unbanked families free or low-cost bank accounts and access to financial education
  - Replicating in more than 70 cities/states; 30+ already launched
  - For more information: www.joinbankon.org
What Works: Making the Most of Tax Time

- Tax time is an ideal opportunity to start families moving toward financial security.

- It’s a chance to…
  - Provide access to free tax preparation sites, which help families avoid high-cost tax prep services.
  - Help working families access the Earned Income Tax Credit, which supplements earnings of workers by reducing their tax burden.
  - Help tax filers save by helping them open accounts right there at the tax center.
Identify and connect with local free tax prep sites, such as Volunteer Income Tax Assistance (VITA) and Tax Counseling for the Elderly (TCE).

- Can housing providers create referral partnerships?
- Could housing communities host tax prep sites?

Promote information on free tax prep and the Earned Income Tax Credit to staff and residents.

- Could housing providers/community managers distribute flyers/brochures to their residents?
What Works: Individual Development Accounts (IDAs)

- Matched savings accounts, used for homeownership, business start-up and/or postsecondary education/training
- Participant savings are matched from public and private sources, at rates ranging from 1:1 to 8:1 (most typical: 1:1 or 2:1)
- Includes mandatory financial education
A Federal Resource: Assets for Independence (AFI)

About AFI:
- Federal IDA program, launched in 1999
- Largest source of IDA funding nationally
- Requires dollar-for-dollar non-federal match

Outcomes:
- 400 projects nationwide
- Nearly 75,000 savers have deposited $66 million
- 80% of IDA savers are women
- IDA is first savings account for many
Starting Points for IDAs

- Identify and **connect with existing local IDA providers**.
  - Can affordable housing agencies create a referral partnership?
  - Can they help existing IDA providers identify additional non-federal match opportunities to leverage more AFI funds?

- **Identify prospective new AFI applicants** and refer them to the AFI Resource Center: [www.idaresources.org](http://www.idaresources.org)
Emerging Practice: Children’s Savings Accounts (CSAs)

- CSAs are:
  - Similar to IDAs, but with important additional features
  - Opportunity for children to learn to save early; financial education offered for both kids and parents
  - May involve an initial deposit to “seed” the account, as well as matching funds
  - Deposits can be made by family, friends, and the children themselves
  - SEED Initiative was first large-scale test of CSAs: 1,200 accountholders accumulated almost $1.8 million over 3.5 years, with an average balance of more than $1,500
  - Growing momentum to take CSAs to scale
Resources

- scorecard.cfed.org
- idaresources.org
- economicinclusion.gov
- joinbankon.org
- d2dfund.org
- tax-coalition.org
- fdic.gov/consumers/consumer/moneysmart
- eitcplatform.org
Q & A

Guidance from HUD on Incorporating Asset Building Into Choice Neighborhoods and HOPE VI Communities
Contacts

Rick Haughey
Director, Affordable Housing Initiatives, CFED
rhaughey@cfed.org

Leigh Tivol
Director, Savings & Financial Security, CFED
ltivol@cfed.org

Michael Mirra
Executive Director, Tacoma Housing Authority
mmirra@tacomahousing.org
Contacts

**HUD contacts:**
Mindy Turbov, Director, Choice Neighborhoods
Mindy.W.Turbov@hud.gov

Ron Ashford, Director, Public Housing Supportive Services
Ronald.T.Ashford@hud.gov

Dina Lehmann-Kim, Grant Manager
Dina.Lehmann-Kim@hud.gov