



Incorporating Asset Building Strategies Into Neighborhood Revitalization



Housekeeping

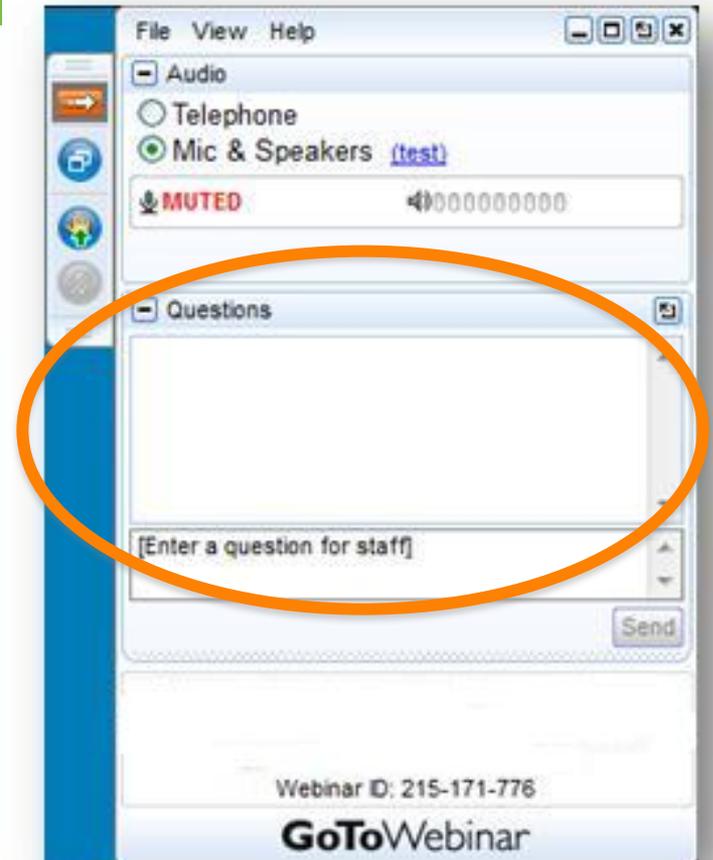
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Agenda

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
 - Education
 - Investments
 - Other property

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

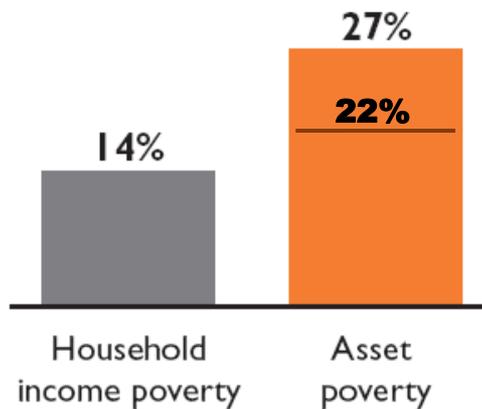
 - **“Assets are hope in concrete form.”**

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



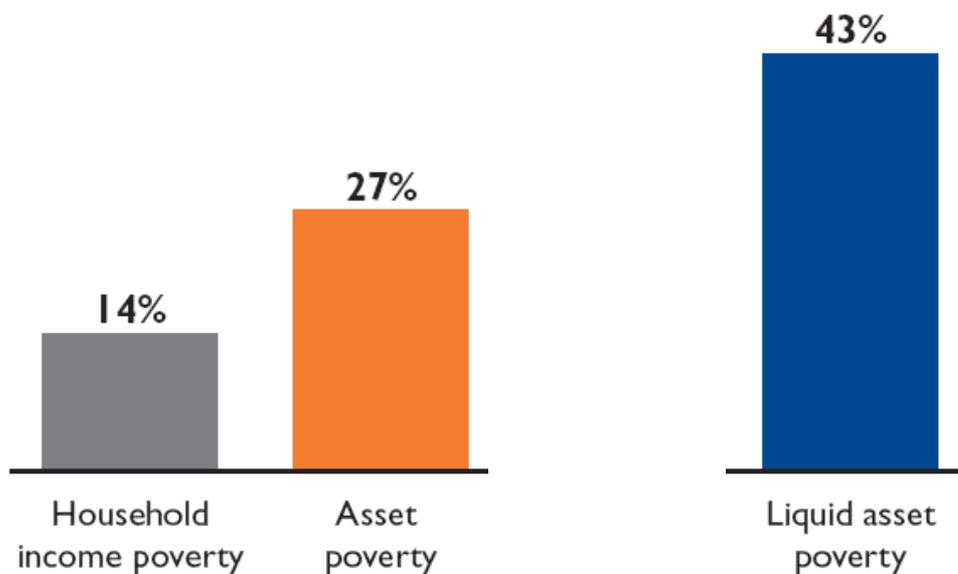
22% of households were asset poor in CFED's 2009 Assets & Opportunity Scorecard

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

www.cfed.org
202.408.9788

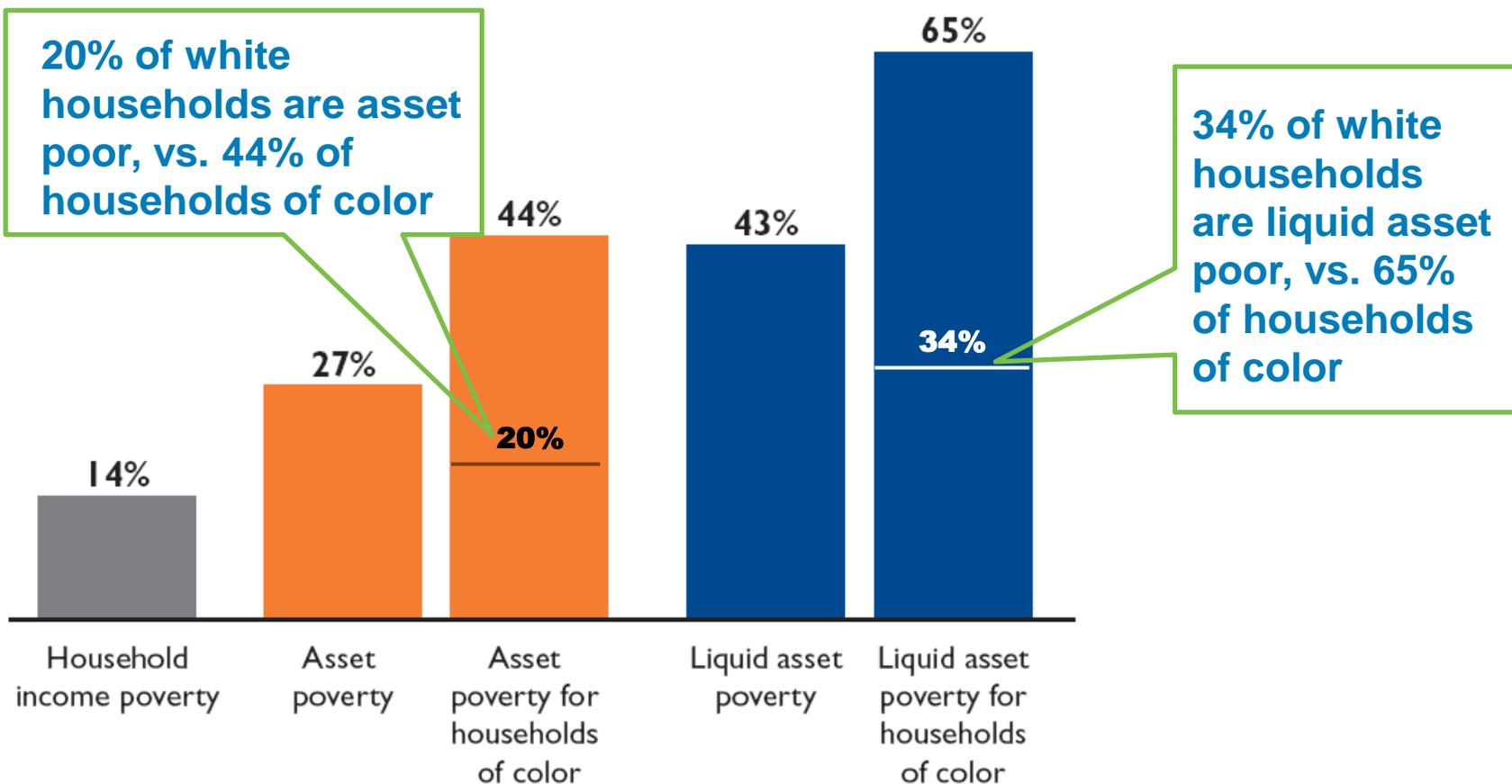
Rising Asset Poverty, Diminishing Financial Security



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

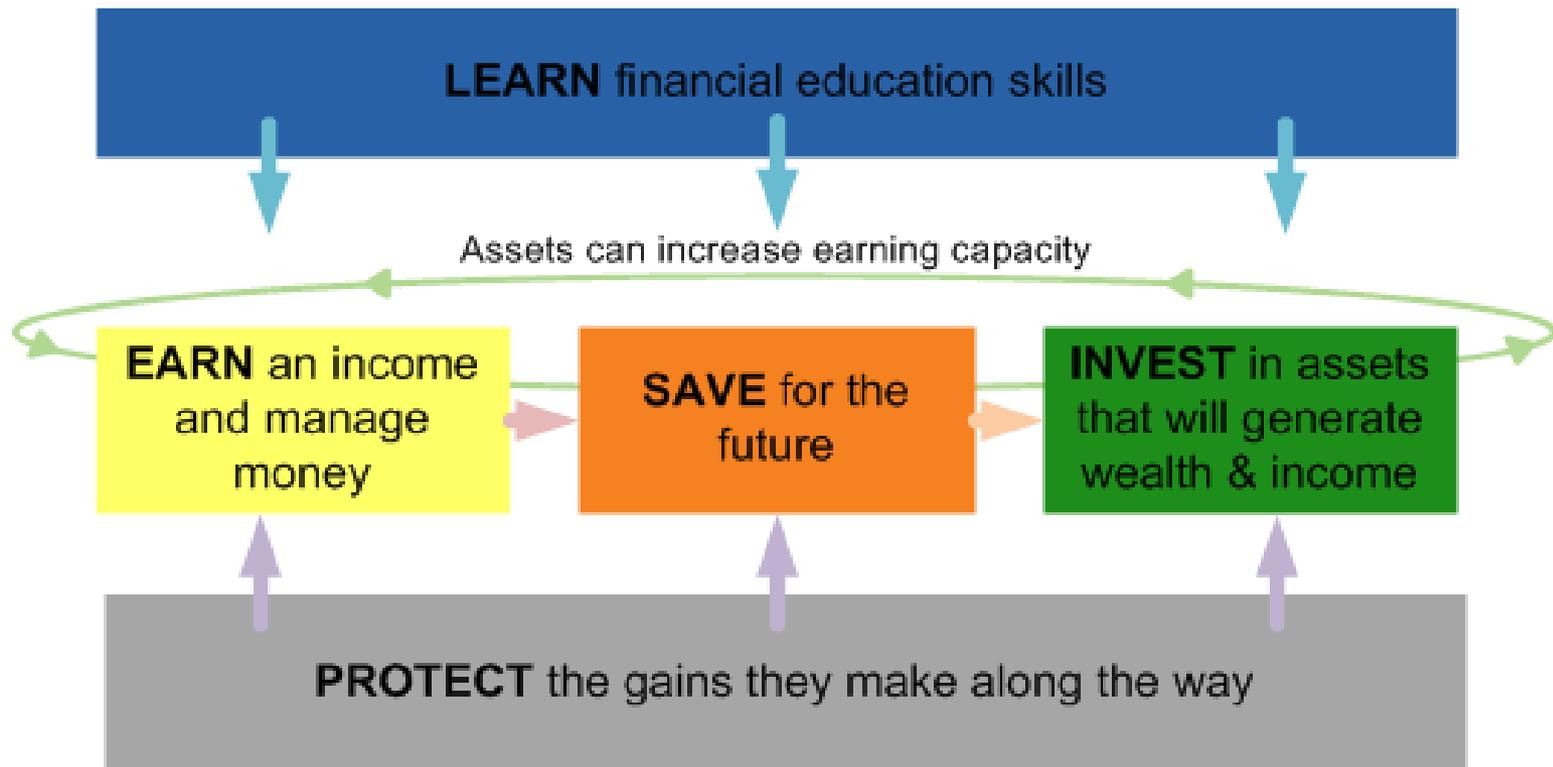
Rising Asset Poverty, Diminishing Financial Security



The Financial Security Pathway



Household Financial Security Framework



Examples of Asset-Building Tools

LEARN

Financial education & coaching; credit counseling & debt management; asset-specific education and training

EARN

Free tax prep; EITC/other tax credits; access to benefits

SAVE

Affordable, accessible financial services; savings incentives; removal of disincentives

INVEST

Matched savings programs (IDAs, CSAs); home purchase subsidies; small business capital; college subsidies

PROTECT

Insurance; consumer financial protection; foreclosure prevention

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”.

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.

Starting Points for Making the Most of Tax Time

- 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

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

www.cfed.org
202.408.9788

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