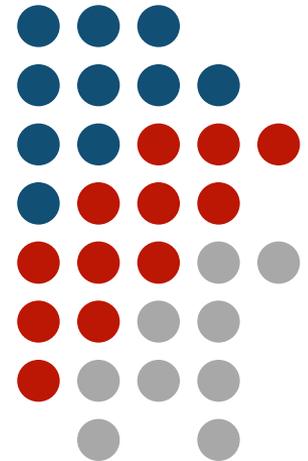
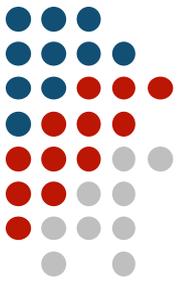


# BUILDING RESIDENTS' ECONOMIC OPPORTUNITIES, MEETING YOUR HOUSING GOALS

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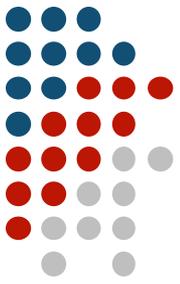


# Low-Income Residents Want & Need Greater Economic Security



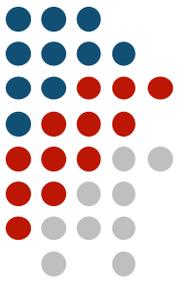
- Most non-elderly, non-disabled HUD-assisted households have employment income
- Average income for HUD-assisted households = <\$13,000/year
- Financial coaches report residents' aspirations in conflict with fear of losing their safety net

# Boosting Residents' Economic Standing Helps Housing Providers



- Better household budgeting skills and increased savings/earnings → less bad debt
- Reduced reliance on housing assistance → more families on the waiting list can be served
- Culture of aspiration → increased pride among residents

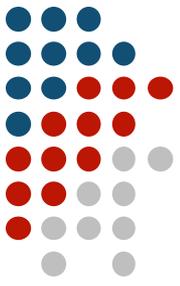
# Four Economic Security Programs to Explore



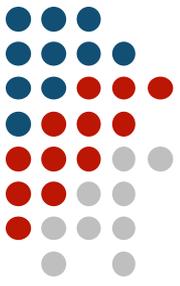
- Individual Development Accounts (IDAs)
- Earned Income Tax Credit assistance or outreach
- Family Self-Sufficiency (FSS) Program\*
- Voucher Homeownership\*

\*Only available through public housing authorities

# The Nuts & Bolts of Implementation



- Create win-win partnerships to provide services
- Keep alert for funding opportunities and use partners to increase eligibility
- Learn from your peers who have made it work
- Maximize efforts on a fixed cost with layered programming



# Keep Learning...

*More than a Roof: Case Studies of Public Housing Agency Initiatives to Increase Residents' Economic Security*

- Additional info on economic security initiatives
- Case studies from PHAs in KY, CA, MA, MD, and OR
- Available at [www.nhc.org](http://www.nhc.org)



# Financial Education and Matched Savings for Affordable Housing Residents

- Emily Appel-Newby, Assets for Independence (AFI) Resource Center
- Maya Abood, California Coalition for Rural Housing



Office of Community Services  
Administration for Children and Families  
U.S. Department of Health and Human Services

## Financial Assets Matter

- Savings (3-6 months) to protect against loss of income
- Move past paycheck-to-paycheck to long-term financial stability
- Nest egg for investment
- Stronger, healthier families
- Enhanced self-esteem
- Long-term thinking and planning
- Higher levels of community involvement



## Assets for Independence

Provides 5-year grants to organizations that enable accountholders to ...

- **Learn** about financial and consumer issues
- **Save** in special matched savings accounts

In order to ...

- Become more **self-sufficient** and plan for the future
- **Invest** in assets
  - First home
  - Higher education or training
  - Small business

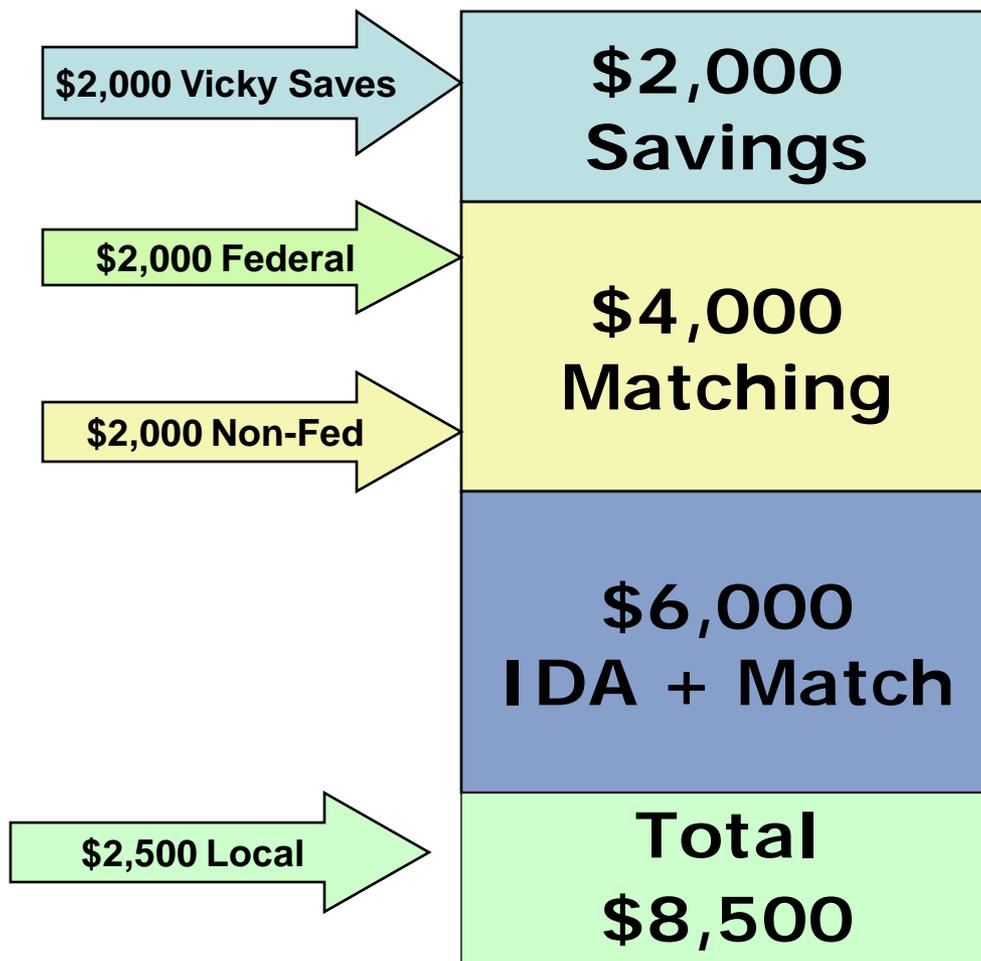
# AFI Projects

- More than 350 organizations throughout the nation
  - 501(c)(3) non-profits
  - State, local, and tribal government agencies
  - Community Development Financial Institutions
  - Low-income designated credit unions
  - Consortia of organizations and agencies that target multiple service areas (network projects)



# Homeownership Example: “Vicky”

- Vicky, a single mother, dreams of owning her own home
- Agency is part of an affordable housing coalition
- Match rate is \$2 for every \$1 saved in her IDA
- Vicky saves \$2,000: \$55/month over 3 years
- Program partners provide financial counseling, financial savings classes, and special homebuyers’ clubs.
- Vicky receives additional \$2,500 from other local city and county resources



## Training and Support

- Financial education
- Asset-specific training
- Case management
- Asset building tools:
  - Financial education
  - Getting banked
  - Managing credit and debt
  - Tax credits and filing assistance
  - Accessing Federal and State benefits

## Does it work?

- Low-income people can and do save
- Over 80,000 people have saved \$76.4 million
- More than 30,000 have purchased assets
- Many single parent households
- IDA is first savings account for about half
- On-going research on long-term impact



## Which programs are the most successful?

- Asset-specific mission
- Case management
- Asset building services
  - Financial education
  - Getting banked
  - Managing credit and debt
  - Tax credits and filing assistance
  - Accessing Federal and State benefits
- Alignment with savers' needs

# Allowable Uses of IDA Funds

Asset	Home Purchase
<p><i>Primary Guidelines</i></p>	<ul style="list-style-type: none"> <li>• IDA and match funds may be used for costs of acquiring, constructing, or reconstructing a residence, including reasonable settlement, financing, or other closing costs</li> <li>• Must be first home: no ownership interest by the participant for 3 years prior to contract for sale</li> <li>• Sale price may not exceed 120 percent of average area price</li> <li>• <i>IDA and match fund checks must be paid to the lender or others handling settlement process</i></li> </ul>
<p><i>Practice</i></p>	<ul style="list-style-type: none"> <li>• AFI project may require copy of sale contract or documentation from lender of the dollar amount needed for closing prior to closing</li> <li>• AFI project usually receives a copy of the settlement statement to document purchase price and distribution of funds</li> </ul>

# Allowable Uses of IDA Funds

Asset	Postsecondary Education/Training
<p><i>Primary Guidelines</i></p>	<ul style="list-style-type: none"> <li>• IDA and match funds may be used for tuition and fees, books, supplies, and equipment required to attend or for courses at an eligible educational institution</li> <li>• ‘Eligible educational institution’ means either it is accredited by the Department of Education or verified as an eligible institution under the Perkins Vocational and Applied Technology Education Act</li> <li>• <i>IDA and match funds must be paid directly to the eligible educational institution</i></li> </ul>
<p><i>Practice</i></p>	<ul style="list-style-type: none"> <li>• Develop career and education plan</li> <li>• Books, supplies, equipment, such as computers, may be acquired from any eligible institution, not just the school of attendance</li> <li>• Often involves multiple matched withdrawals over time, up to the maximum set by the AFI project</li> <li>• For degree, certificate, or stand-alone courses</li> <li>• May not be used to pay back previous loans</li> </ul>

# Allowable Uses of IDA Funds

Asset	Small Business
<i>Primary Guidelines</i>	<ul style="list-style-type: none"> <li>• May use match funds for any business expense included in the approved business plan, such as capital, plant, equipment, working capital, and inventory</li> <li>• Must have business plan approved by financial institution, microenterprise development organization, or nonprofit loan fund having demonstrated fiduciary integrity and that includes description of services or goods to be sold, marketing plan, and projected financial statements</li> <li>• Business must be legal</li> <li>• <i>IDA and match funds must be paid into the business capitalization account or to vendors</i></li> </ul>
<i>Practice</i>	<ul style="list-style-type: none"> <li>• Often involves multiple matched withdrawals over time, up to the maximum set by the AFI project</li> <li>• May not be used to pay back previous loans</li> </ul>

## Benefits of IDAs for Housing Providers

- Mission alignment – self-sufficiency
- Financial skills for employment
- Break the cycle of intergenerational poverty - children learn the value of savings and long-term planning
- Individuals' asset purchases strengthen the local economy
- Pipeline of low-income buyers for affordable housing projects

# Combining Low-Income Owner Building with Asset Saving

**Mutual Self-Help Housing and IDAs**



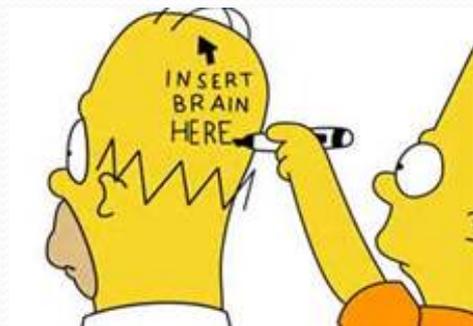
# Background



- **Commitment to providing economic and social opportunities for low-income families**
- **Realization that most rural areas did not have IDA or asset building programs**
- **CCRH applied for and received two AFI grants totaling \$625,000**
  - **AFI I allowed for any asset purchase**
  - **AFI II focused on down payment assistance and hoped to leverage local HOME and CDBG \$\$**

# Who should be interested in setting up an IDA program?

- **Organizations working on housing improvement in small towns and rural communities**
- **Organizations working on affordable home ownership**
- **Mutual Self-Help Housing Organizations and Habitats for Humanity**



# The Partners



- **California Coalition for Rural Housing**

*Formed in 1976, statewide association of nonprofit developers and advocates that support production and preservation of affordable rural housing.*

- **Self-Help Enterprises**

*Formed in 1965, nonprofit developer dedicated to self-help housing, sewer and water development, housing rehabilitation, multifamily housing and homebuyer programs in the San Joaquin Valley of California.*

# What is Mutual Self-Help Housing?

- **Started in mid-1960s in San Joaquin Valley**
- **Groups of 8-12 low-income families supervised by nonprofit**
- **Work 10-12 months, 40 hours/week, 1400 hours**
- **Perform 65% of labor**
- **Sweat Equity = Downpayment**
- **USDA Section 502 Direct Loan**
  - ✓ **33 years**
  - ✓ **interest as low as 1%**



# Self-Help Housing and IDAs: A Perfect Fit

## Overview: How it Works

- **CCRH passes HHS AFI funds to SHE**
- **SHE matches with non-federal funds and creates Project Reserve Account**
- **Participant saves up to \$1,000**
- **Program matches up to \$3,000:**
  - ✓ **\$1,500 from CCRH/HHS Funds**
  - ✓ **\$1,500 from SHE/Local Governments**
- **Local governments commit CDBG, redevelopment, general funds**



# Self Help Housing and IDAs: A Perfect Fit

## Eligibility:

- **Resident of SHE's 8-County Area**
- **Be First-Time Homebuyer**
- **Be 18 or Over**
- **Have Valid SS# or ITIN**
- **Have Earned Income (next slide)**
- **Complete at least 6 hours of Financial Fitness Education prior to opening an account**



# Income Limits

**1) Eligible for Temporary Assistance for Needy Families (TANF), or 2) household assets not exceeding \$10,000 in value (excluding residence and one car) and a) either eligible for Earned Income Tax Credit, or b) total household income less than two times federal poverty line.**

2012/13 POVERTY GUIDELINES FOR THE 48 CONTIGUOUS STATES AND THE DISTRICT OF COLUMBIA			2013 EITC Annual Income Limits	
Persons in family	Poverty Guideline	200%	<i>Family makeup</i>	<i>Earned income &amp; AGI must be less than:</i>
1 .....	\$ 11,170	<b>\$22,340</b>	Individual/ couple <b>0</b> qualifying children	\$ 14,340
2 .....	\$ 15,130	<b>\$30,260</b>	Married filing jointly - <b>0</b> qualifying children	\$ 19,680
3 .....	\$ 19,090	<b>\$38,180</b>	Individual/couple <b>1</b> qualifying child	\$ 37,870
4 .....	\$ 23,050	<b>\$46,100</b>	Married filing jointly - <b>1</b> qualifying child	\$ 43,210
5 .....	\$ 27,010	<b>\$54,020</b>	Individual/couple <b>2</b> qualifying children	\$ 43,038
6 .....	\$ 30,970	<b>\$61,940</b>	Married filing jointly - <b>2</b> qualifying children	\$ 48,378
7 .....	\$ 34,930	<b>\$69,860</b>	Individual/couple <b>3</b> OR MORE qualifying children	\$ 46,227
8 .....	\$ 38,890	<b>\$77,780</b>	Married filing jointly - <b>3 OR MORE</b> qualifying children	\$ 51,567
For families with more than 8 persons, add \$3,960 for each additional person.				

Page 1

# The IDA Program and Self Help Housing: A Perfect Fit

## Post-Enrollment Obligations:

- **Complete Homebuyer Education within 6 months of opening account**
- **Complete visit with Banker at selected Financial Institution**
  - ✓ **Education regarding bank products/services**
- **Make regular monthly deposits, missing no more than 3 deposits in 12-month period**
- **Maintain savings pattern for minimum of 6 months**



# Goals for working with Self-Help Housing Participants

- **Entry to program within first 90 days of Self-Help Housing process, thus allowing for longer savings period.**
- **Ensure all building group members receive identical information in order to avoid feeling of unfairness.**
- **Encourage as many group members as possible use direct deposit due to work and building time constraints (typical work week of 30-50 hours PLUS 40-hour building requirement).**
- **Hold training and information sessions on savings and budget issues at weekly/monthly group meetings eliminating need for additional participant time/travel.**

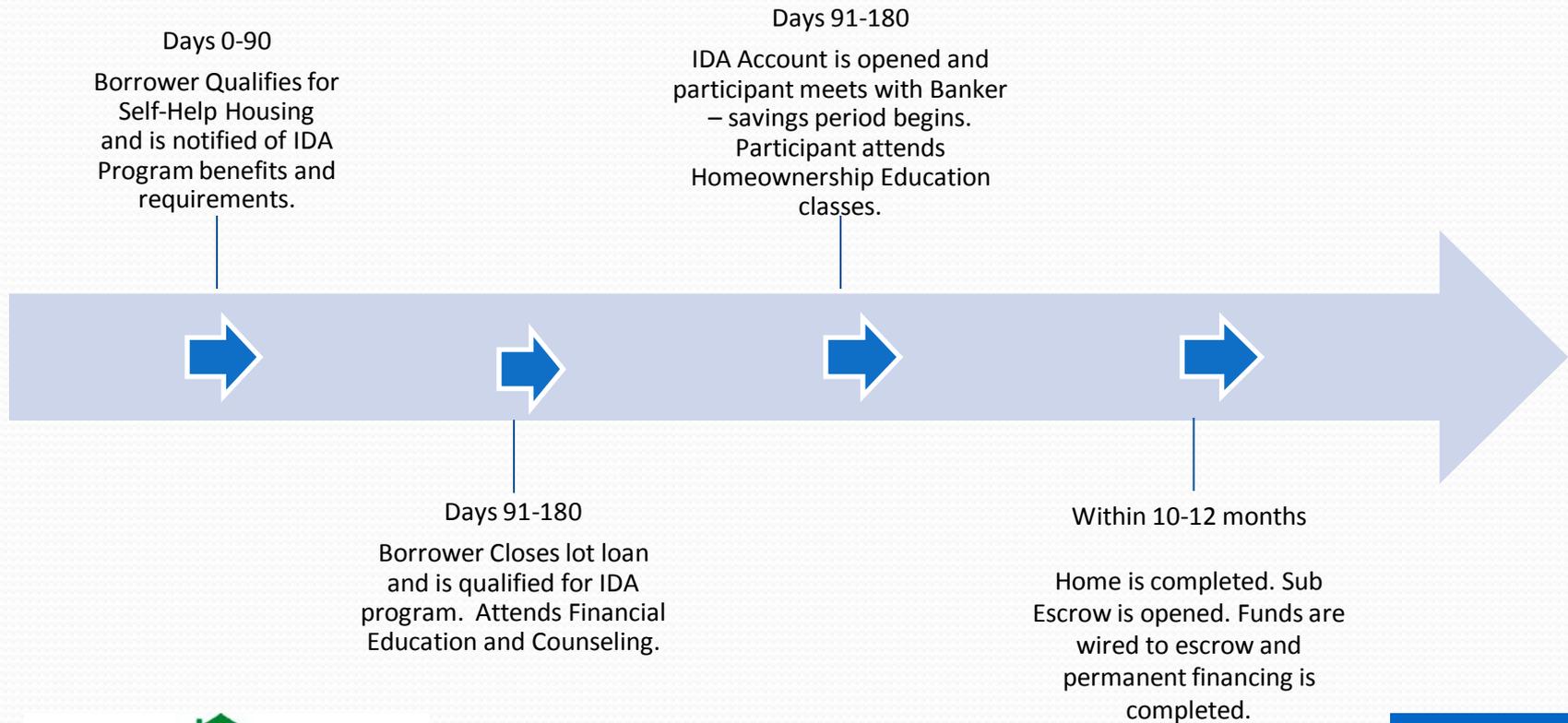


# Goals for working with Self-Help Housing Participants

- **During savings period, expected that following occurs:**
  - ✓ **Regular communication with Financial Counselor**
  - ✓ **Monthly statement review and communication**
  - ✓ **Quarterly savings and match statements**
- **Meet savings goal within 6-10 months (typical home completion occurs within 10 months of ground-breaking).**
- **Encourage use of Tax Refunds as building-block to savings.**
- **Save enough to cover all “closing costs” at time permanent financing takes effect.**

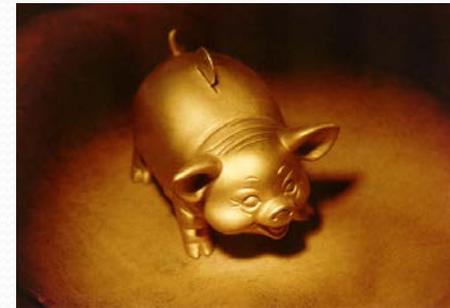


# The Process:



# The Results:

- **Average savings period: 8 months**
- **Average participant savings: \$874**
- **Average match: \$2,622**
- **Average amount applied to closing costs (insurance and property tax impounds, etc): \$3,496**
- **Aggregate closing costs: \$87,490**
- **Number of homes closed: 25**
- **Number of homes in next phase: 10**
- **Each participant gained understanding and respect for disciplined budgeting and savings.**



# The Requirements:

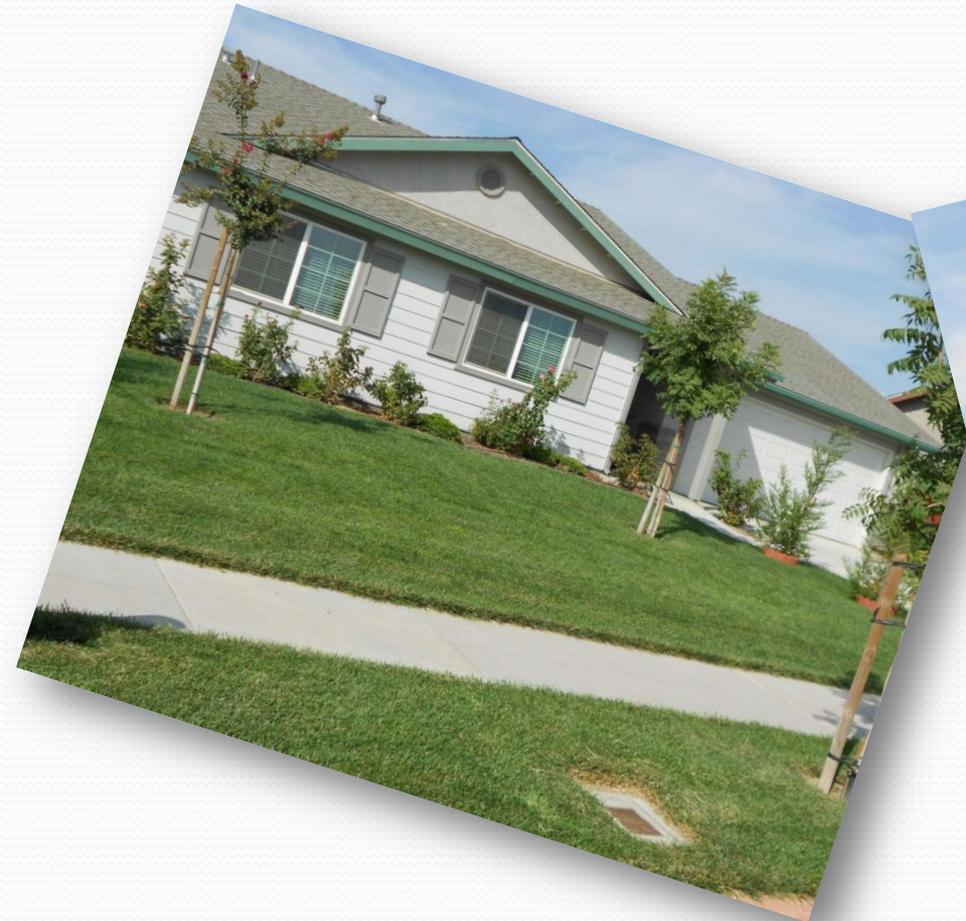
- **Time**
- **Matching funds**
- **Committed local partners**



# The Rewards....

**Homes for life.....**

**The skills to save and budget.....**



# The rewards...

**The knowledge to repair and maintain....**

**Pride in what has been accomplished!**





For more information contact:

Maya Abood  
California Coalition for Rural Housing

[maya@calruralhousing.org](mailto:maya@calruralhousing.org)

916-447-0458

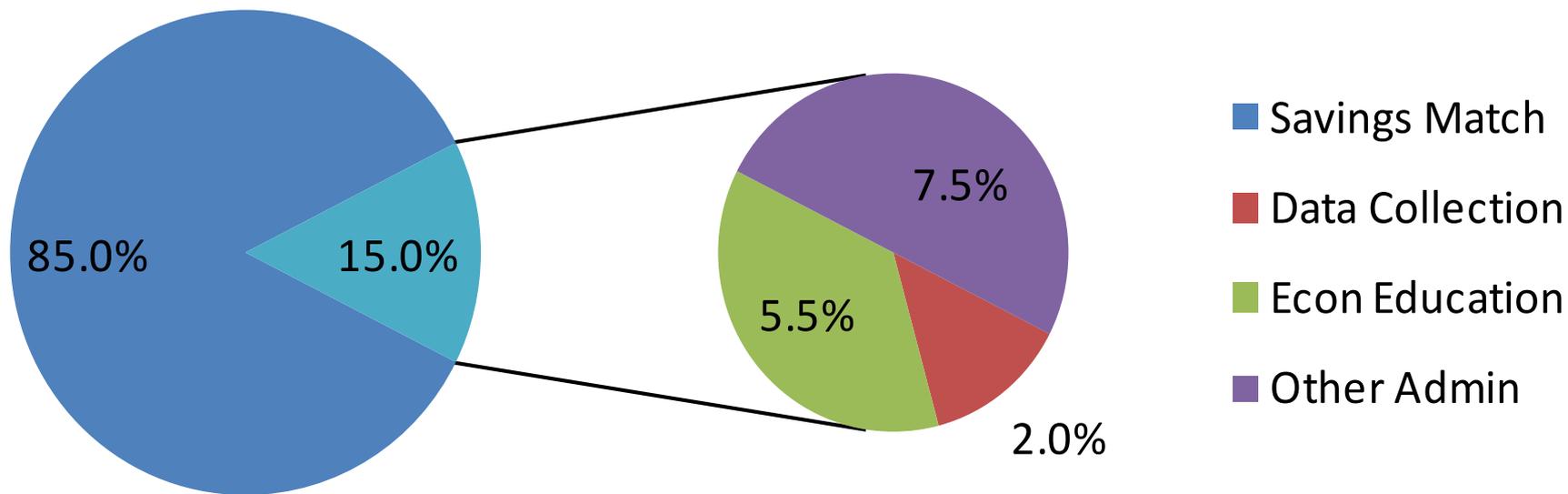
# Bringing Asset Building to Your Residents

## 1. Start your own AFI project

- Eligible applicants:
  - 501(c)3s
  - State, local, or Tribal government entities
  - CDFIs or low-income designated credit unions
  - Multi-site networks of organizations
- Up to \$1,000,000 (average \$280,000)
- Anticipated 2014 Application Due Dates:  
March, May
- 1:1 non-federal cash contribution required

## Uses of AFI Project Funds

- All AFI project funds are held in a Project Reserve Fund
- At least 85% set aside to match participant IDA savings
- A total of 15% can be spent on program operation costs



# Sources of Non-Federal Funds

- Financial institutions and their foundations
- State and local governments
- Tribal governments
- United Way
- Foundations (local, regional)
- State/Local tax credits
- Special needs funding opportunities (Mental Health, Youth Programs, Disability Programs, and other nonfederal funding streams that target specific populations)
- Locally-based corporations/employers
- Places of worship
- Individuals/online donations
- Sponsoring organization funds
- Federal Home Loan Banks
- Community Development Block Grants
- Native American Funds

Making the Business Case: [http://www.idaresources.org/IDA\\_Fundraising](http://www.idaresources.org/IDA_Fundraising)

# Bringing Asset Building to Your Residents

2. Partner with a project near you:  
<http://IDAresources.org/AFIgrantees>
  - Source of eligible participants
  - Case management
  - Financial support



# AFI Resource Center Contact Information

Phone: 1-866-778-6037

Email: [info@IDAresources.org](mailto:info@IDAresources.org)

Web: <http://IDAresources.acf.hhs.gov>