From Individual Development Accounts to Community Asset Building: An Exploration in Bridging People- and Place-Based Strategies

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Submitted to the Department of Urban Studies and Planning
in Partial Fulfillment of the Requirements for the Degree of

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ABSTRACT

Individual Development Accounts (IDAs) are matched saving accounts for low-income individuals to save for the purchase of an asset. As one of many national initiatives that encourage homeownership, this thesis explores how community-based organizations use this tool in concert with other community development efforts to not only help individuals purchase homes, but also help families maintain the asset. Unlike most research on IDAs, this thesis studies organizations, not individuals, as its unit of analysis because organizational capacity and decision-making greatly shapes the participant experience. Through the study of three community-based organizations that have IDAs as a component of their work, this thesis finds the ability to 1) quickly establish trust through developing relationships and reputation, 2) respond to local housing markets and participant demand, and 3) connect to resources and services puts these organizations at the forefront of using Individual Development Accounts as a versatile economic development tool that is part of a larger agenda of creating communities and neighborhoods that can sustain homeownership.

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Thesis Reader: Stephanie Boddie
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A year after graduating from college, I opened an Individual Development Account (IDA) which was run by a health clinic. I must admit that I was highly skeptical of the idea that an organization would match my $2,000 in savings and all I had to do was attend financial literacy classes. I completed the program and received my match, but not without much frustration and disappointment with the organization and its administration. High administrative turnover, changes in requirements, and restrictions on asset selection caused many people to leave before they reached their savings goal. I began to wonder: how many programs are like this one? How many participants experienced similar or worse situations? Upon reflection, I realized that IDAs as a concept are very novel and have tremendous potential. I came to understand that the negative parts of my experience could be attributed, in large part, to the level of organizational capacity. Effective organizations must be efficient and creative. Federal IDA policy itself does not determine the experience and the readiness of the IDA participants is a part of the equation; decisions and administration at the organizational level have the greatest influence on outcomes for these programs. This experience and exposure to more organizations running IDAs lead me to the focus of this research: what organizational capacities shape participant experience and enable people to purchase assets using IDAs?

I also wondered about the place-based effects (positive and negative) of several hundred people purchasing assets (particularly homes) in a city or neighborhood. This is especially relevant given the Bush administration's Ownership Society agenda that promotes individual consumer choice for healthcare, retirement investments, and increasing homeownership rates. “The president believes that homeownership is the cornerstone of America's vibrant communities and benefits individual families by building stability and long-term security.”

I believe that making in this mission inclusive of all income levels, two issues much be addressed: 1) homeownership is not a panacea for low-income communities and 2) this agenda must recognize that individual choice is a small part of ownership. There is little to no mention of the need for community participation and accountability. What is ignored is what Mark Winston Griffith refers to as "collective work and responsibility." The Ownership Society emphasizes individual consumer opportunity as a "higher form of citizenship." Conversations amongst IDA policy makers and practitioners are underway to

understand what role IDAs play in making this an inclusive agenda. This research also explores how the capacities and decisions of organizations running IDAs increase homeownership and contribute to creating healthy communities and neighborhoods that can sustain ownership.

**INTENT**

This paper is intended to encourage those organizations considering an IDA program (or already running one) to integrate IDAs into the core work of their organization. IDAs do not have to be run this way in order to be successful, but in the three cases that I present, the intentional enveloping of services and mission around IDAs serves the participants and the administration well. In a field where silos of services are rampant, integrated IDA programs are one way to start to bridge people- and place-based efforts on the ground level, a strategy that offers a demonstration for policy-level coordination.

With limited time and resources, interviewing many homeowners about their experiences was not possible or particularly illustrative because the longitudinal data about accountholders is limited. I thus chose to focus on how organizations are handling the constraints of typical IDAs to better suit their participants and their community contexts. The objective of this thesis is not to quantify and qualify the effects of these approaches on homeowners and communities; although this is worthy of further investigation, it is beyond the scope of this thesis.

While relevant to policymakers and IDA participants, this research also looks to provide practitioners with ideas about the potential of IDAs to do more than change
consumer behavior and spending habits. I argue that IDAs should and can address more than the early stages of the long-term process and commitment of homeownership. Homeowners must save for, find, finance and maintain a home, not to mention the process of possible refinancing. One may argue that the financial literacy classes foster human capital that helps families understand how to weather financial obstacles along the way – but IDAs can do more.

Investigating the ripple effects of this integrative approach is imperative to further demonstrating that IDAs are effective. Many studies demonstrate that IDAs help poor people save money; I am concerned with the next step of understanding what this means for families and communities trying to maintain and sustain homeownership. This thesis aims to clarify that the ‘individual’ in individual development account is misleading when we know that this tool, when used in singularity, does not always cover downpayment, never mind the preparation for entering a new community as an owner. Organizations and participants must use a host of other strategies and dedicate untold energy to preparing participants for a lifetime of responsible and rewarding homeownership in the context of healthy communities and neighborhoods.

When IDAs are integrated into other services, respond to participant demand, are tailored to housing markets and leverage inherent social capital of participants, an IDA becomes much more than an account, but a tool that is integral to changing people’s
DEFINITIONS

I do not use the terms community and neighborhood interchangeably. When I refer to community I refer to the networks of people that may or may not identify with a neighborhood. I am defining healthy communities as mutual supportive networks of generations of people that encourage participation and dialogue to improve and develop community resources to their maximum potential. High social capital and trust can run deeply through and broadly across networks of weak and strong ties. Authors Green and Haines elaborate by saying:

"Sustainable communities...prosper because people work together to produce a high quality of life that they want to sustain and constantly improve. They are communities that flourish because they build a mutually supportive, dynamic balance between social well being, economic opportunity and environmental quality."

In looking at the power of relationships and social networks, I occasionally use the term social capital. To be clear, I do not consider social capital to be something that individuals do or do not possess, but rather social capital is a product of social relationships between people and realized by individuals. I also do not limit social capital to forms of civic participation; characteristics of social capital are trust, cooperation, involvement in community and sharing. James Coleman refers to social capital as "a function...that is like human and physical capital in that it is not completely fungible." I define social capital as the ability to be productive by gaining support through established and weak social networks. Human capital is the ability to be economically productive, as determined by education, training and health care.

Neighborhoods refer to places with boundaries defined by communities, geography or political designation. Healthy neighborhoods/places are an interrelated set of physical and economic resources that sustain the dynamics of community through housing, jobs, and open and public spaces.

I am also using the definitions provided by Green and Haines to describe development and community development. Development is the systematic change in

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3 More community and neighborhood definitions can be found on the City of Burlington, Ontario's website at: http://www.burlington.ca/Planning/Official Plan/Part VII/


5 DeFilippis, p. 784.
how resources are used and the distribution of those resources. The goal is to "make communities less vulnerable to shifts in production shifts." Community development is considered as "a planned effort to build assets that increase the capacity of residents to improve their quality of life."\(^6\)

**METHODOLOGY**

There are currently over 500 different organizations running IDA programs across the country. This thesis investigates three organizations. Their experiences are the subject of three case studies. In order to understand more about these particular organizations, I conducted loosely guided interviews of IDA administrators at each organization and focused on issue of IDAs as they relate to homeownership. I interviewed a few participants to better understand their experiences. Sitting in on a board meeting, speaking with board members and founding members closely associated with the organizations provided insight into the organizations’ evolution and position in community.\(^7\) To understand more about IDAs themselves, I attended two IDA conferences and spoke to IDA practitioners and researchers from across the country. The sessions I attended and the people that I spoke with during these conferences helped me to understand more about the latest thinking and practice of IDAs. Much of my personal experience as an accountholder guides this work also.

To investigate the history and impact of IDAs, I referred to several reports, studies and publications from the IDA

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\(^6\) Green and Haines, p. 110.

\(^7\) A list of interviews, meetings and conferences is listed in the Appendix.
field. I juxtaposed this with an exploration of the discourse surrounding homeownership. This literature included texts on recent national homeownership trends, the social and economic effects of homeownership and consumer guides on the homeownership process.

Unlike most research on IDAs, this thesis uses organizations, not individuals, as its unit of analysis. Many previous studies show the beneficial individual effect of IDAs and demonstrate that poor people can save; however, organizational capacity and sustainability is of imminent concern. Organizations play a critical role in the development of future asset building strategies because they do so much work on the ground that can provide the most information about how to run IDAs effectively.

This research concentrates on how organizations operate IDAs with respect to homeownership and not small business development or education for several reasons. Owning a home is associated with several personal economic and psychological benefits that contribute to civic participation, personal development and family stability.

Moreover, homeownership is also a long-term commitment for individuals and as such can be extremely daunting. These issues, coupled with the fact that a house is a fixed asset that affects place, inspire me to concentrate on homeownership and not education and to a lesser degree entrepreneurship as an asset. Providing housing and improving homeownership rates is also one of the principal tenets of many community development organizations.

CASE SELECTION

IDAs are matched savings for low- to moderate-income individuals to purchase assets and create wealth. For nearly a decade, IDAs have provided thousands of low- to moderate-income people with money and financial education to purchase homes (and other types of assets). The three cases that I chose are, in my opinion, some of the few organizations creatively addressing the challenges of operating an IDA to the benefit of participants. Beyond addressing these barriers, they have added dimension to an economic development tool in order to address other social and place-based issues. They are using this basic tool as way to bring communities together; they incorporate what has been traditionally a strictly financial asset-building tool with a strategic approach to improving quality of life for individuals, families, communities and neighborhoods.
I based my case selection primarily on access to organizations and interviewees and previous knowledge of the organizations. They are organizations with mission statements that included language about strengthening community and increasing opportunity through resources. All three organizations in this investigation run IDAs, but are all purposefully different. They have run IDAs for one to four years and they work in different parts of the country. One is a non-profit, another a non-profit Community Development Corporation (CDC) and the last is a faith-based, non-profit CDC. These differences in the cases are important because they afford an opportunity for practitioners and policymakers to assess this spectrum of approaches and timeframes for using IDAs as a tool. I also find value in the diversity presented because it demonstrates that there is no one right way to package IDAs and make them successful.

The similarity between the cases is central to this research; they all demonstrate that IDAs can help people achieve their goal of purchasing an asset, but they also demonstrate that IDAs can produce much more than asset development if complemented and supplemented by other programming and approaches.

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<td>The Resurrection Project</td>
<td>Lawrence CommunityWorks</td>
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<td>1 year (2003)</td>
<td>3 years</td>
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<td>17 Individuals</td>
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Chapter 1, explains Individual Development Accounts, the concept, and legislative history. This chapter also explores the challenges of implementing IDAs and the difficulty in helping people prepare and sustain homeownership. Chapter 2 presents a framework for understanding the limits of typical IDAs as they relate to promoting healthy homeownership. This chapter also introduces how the three organizations generally address the challenges presented by the limitations. Each of the three following chapters describes how one organization approaches these IDA challenges by addressing issues of place, social capital and community development.

The case studies begin with the background, history and context of the organization, then go on to discuss the mission and the strategies employed. After looking at IDA administration, the case study explores how the approach specifically addresses the limits of traditional IDAs. Each study explains the measures that enhance the traditional IDA to achieve this outcome and the challenges that face the organization. The final chapter includes a case synthesis, which is a cross-case comparison of the approaches that address challenges and the enhancements that add dimension to the traditional IDA. Lastly, I make recommendations for practitioners, state and regional entities, and policymakers and concluding remarks present questions for further investigation.
WHAT IS AN INDIVIDUAL DEVELOPMENT ACCOUNT?

Anyone who avidly reads local newspapers or national magazines has undoubtedly seen at least one headline announcing increases in homeownership rates. The fact that homeownership rates are the highest they have ever been (69% nationwide as of the third quarter of 2004) is a consequence of several factors, most prominently low interest rates and federal homeownership policies. According to the Census, in the last ten years the rate of homeownership has risen 5%, the greatest increase over a ten-year period within the last 40 years.\(^8\) Individual Development Accounts are one of several recent initiatives that help support low- to moderate-income homebuyers achieve the American Dream.

Individual Development Accounts are a recent initiative incorporated into welfare policy as an asset-based approach to poverty alleviation. Individual Development Accounts are defined as a matched savings accounts established to include low-income people in asset-building policies on a large scale. The idea was to strengthen economic stability by providing incentives for saving for life-changing assets: homeownership, small-business start-up or post-secondary education. Today, over 500 federal and private sector organizations offer IDAs with nearly 20,000 account holders across the nation (CSD, 2003). In a recent national survey conducted by the Corporation for Enterprise Development (CFED), of organizations operating IDAs, 45% (138 respondents) consider themselves non-profit social service agencies. 39% are community action agencies, and 26% are community development corporations.

Most of these organizations are running on tight budgets. 44% of organizations listed an operating budget (for IDAs) of less than $25,000. Individual Development Accounts provide low-income\(^9\) individuals with opportunities to asset accumulation by matching participants’ savings at rates as high as five to one in some cases. Those organizations receiving federal monies must restrict the match money to the purposes of purchasing or repairing a home, establishing or maintaining a small business, or educational attainment. While the administration and design of many IDA programs is slightly different, generally all require financial literacy training, set savings goals with realistic scheduled monthly payments, and establish an

\(^8\) Data compiled from 2000 Census data found at: http://www.census.gov/hhes/www/housing/hvs/q304tab5.html

\(^9\) Low-income levels are in accordance with HUD guidelines.
asset for which to save. Once the individual completes the training and has reached his/her savings goal, the organization can release the match money to a third party to be applied to the designated asset.

**RECENT STATISTICS**

According to the Corporation For Enterprise Development (CFED) 2004 report, *Hidden in Plain Sight*, budgetary outlays and tax expenditures on homeownership policies total nearly $111 billion. The tax expenditures, such as the mortgage interest deduction, are 236 times greater than the direct budget outlays that targeted at low to moderate-income households. Budgetary outlays are funds allocated to initiatives like Individual Development Accounts (IDAs) that support homeownership. In 1998, under the Assets for Independence Act (AFIA), $25 million over a 5-year period was allotted to IDAs.

The following graphs are from two recent studies and show that the majority of participants save for and purchase a home. In a recent 2003 IDA program survey by CFED, 192 programs responded that of 7,931 assets purchased, 1,951 were homes. The 2003 IDA Program Survey found that IDA participants are mostly women and earn less than $30,000 per year. Of the organizations surveyed, only 12% of savers are earning less than $10,000, which shows that IDAs may not be reaching very low-income people. Given this trend, concentrating on the efforts to create healthy ownership opportunity with IDAs is important.

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10 CFED, *Hidden in Plain Sight: A Look at the $335 Billion Federal Asset-Building Budget*, p. 7.

11 Key Highlights from the 2003 IDA Survey, Directory Mailer, CFED.

A QUICK SCENARIO OF A TYPICAL IDA

THE MATCH FOR SAVING FOR THE PURCHASE OF A HOUSE IS TYPICALLY 2:1 AND USUALLY MATCHES A MAXIMUM OF $2,000. PARTICIPANTS ALSO AGREE TO ATTEND A NUMBER OF FINANCIAL LITERACY TRAININGS THAT COVER EVERYTHING FROM BUDGETING TO CONSUMER AWARENESS TO SPECIFIC ASSET TRAINING. AT THE END OF THE SAVINGS PERIOD (TYPICALLY 2 YEARS), THE INDIVIDUAL OR FAMILY HAS SAVED $2,000 (IDEALLY FROM REGULAR SAVING OF EARNED INCOME). THIS IS THEN MATCHED WITH $4,000 FROM THE ORGANIZATION. AS A RESULT, THE INDIVIDUAL IS EQUIPPED TO MAKE FINANCIAL DECISIONS, HAS CULTIVATED A HABIT OF SAVING, AND ACCUMULATED A TOTAL OF $6,000 TO USE TOWARDS A HOME.

OPERATING AN IDA

Funding is the first priority because, for better or for worse, funding guidelines often shape the program. Organizations require funding for match funds and for administration of the accounts. Securing non-dedicated, general funding allows organizations the flexibility to use those funds as the organization sees fit. Federal funding options are listed in detail in the appendix and more funding recommendations are described later.

Organizations interested in the IDA concept apply for federal funds or raise capital for both administrative costs and match money. Organizations must:

- set up an account in which to hold the match funds;
- work with community partners to provide approved curriculum and conduct trainings;
- establish a financial partner to hold the accounts.

The financial partner is eligible for Community Reinvestment Act credits.\(^2\) Depending on the organization and the relationship between the organization and the bank, some administrators accompany the participant to the financial institution to open the account. Participants agree to save a specific amount each month. Although account tracking and management is changing, for the most part, organizations keep records of account activity and mail each participant a monthly statement with their goal, their total deposits, and the match that they have earned. Some programs allow a match before the person has reached their savings goal, others grant the match only when the self-determined goal has been met. In both cases, the match money is kept separately from personal accounts.

\(^2\) The Community Reinvestment Act was passed in 1977 to prevent lending institutions from refusing to lend in low-income neighborhoods. Community involvement contributes to credits, which determines CRA rating.
Participants are required to attend a series of workshops about consumer behavior and saving. Administrators determine the length and frequency of these trainings depending on scheduling and the number of participants. There are many resources available to shape curriculum for these courses. Many organizations hire or ask volunteer professionals like realtors and bankers from the community to teach specialized courses. Asset-specific training, especially for homeownership, is typically available and required also. Many organizations have started to offer post-purchase counseling and seminars as follow-up. Although there is quite a bit of variety, the IDA fact sheet on the opposite page gives a quick overview of typical guidelines.
IDA FACTS

Only not-for-profit organizations with 501(c)(3) designation can apply for AFIA money and the following stipulations outlined the program*:

**Participant Eligibility:** Anyone who qualifies for state Temporary Assistance to Needy Families is eligible or if the net worth for the household is less than $10,000. This net worth does not include the primary residence and one vehicle. Participants must also show evidence of employment.

**Deposits:** Participants are required to make monthly deposits from earned income** into an account at a federally insured financial institution.

**Matching Funds:** Asset For Independence Act stipulates that not more then $2,000 will be matched at no greater a rate than $4 for every $1 of earned income. This match money is tax exempt for participants.

**Qualified Uses:** Postsecondary educational expenses including tuition, fees, books, supplies and equipment at a qualifying institution of higher education or vocational education. For qualified first-time homebuyers, any costs associated with first home purchase such as closing costs, acquisition, financing or downpayment are all eligible uses. In many cases home repair is also an eligible use. Lastly, participants can use their savings for business capitalization expenses within a proposed business plan. The plan must include services or goods to be sold and be approved by a financial institution, nonprofit loan fund or microenterprise development organization.

**Withdrawal:** Withdrawal during the program is heavily restricted and highly discouraged. Emergency withdrawals are allowed for medical care, to prevent eviction, or foreclosure on the mortgage for the principal residence or to meet living expenses after the loss of employment. Once the participant has reached his/her savings goal the participant is allowed to withdrawal her/his money and the match money. The match money is paid to a third party for the qualifying use.

*While these guidelines are the basis for most programs, those programs not sponsored by Federal money, can determine their own guidelines, which may or may not be more flexible than these.

**Some programs do not regulate the type of money deposited; direct deposit works to ensure that participants are dedicating earned income to their IDA. Money from Earned Income Tax Credits qualifies as earned income.
IDA CONCEPT

Asset building is not a particularly innovative public policy strategy. General asset-building programs like the Federal Thrift Savings Plan, Educational Savings Accounts and Medical Savings accounts and private asset accounts like 401(k)s, Roth IRAs, IRAs have gained prevalence since their introduction in the last thirty years.

Asset-building strategies specifically promoting homeownership have been in place since the New Deal era when the federal government introduced the G.I. Bill of 1944. After the industrial era, programs specific to home ownership such as mortgage interest tax deductions, property tax deductions, and exclusion of capital gains on the sale of a primary residence are all tax expenditures tended to favor those already with assets.

Even further back in history, the Homestead Act of 1862, promoted asset development through giving away 160-acre parcels to any US citizen who was either a military veteran, over 21 years of age or anyone who was head of a household. This Act provided precedent for inequality in asset-development, by not implementing the rights of Black Americans to own property. In her report, Asset-building Policy as a Response to Wealth Inequality: Drawing Implications from the Homestead Act, Trina Williams highlights several authors that describe this as the first policy that established much of the wealth inequality that persists today.

"Not providing public land to Blacks or allowing them to participate fully in the agricultural economy after the Civil War opened the door for a system of sharecropping, peonage, and violence that perpetuated racist systems for decades to come." 13

Recognizing the continuing demographic gaps present in the distribution of income and wealth, around the late 1980s Michael Sherraden, (founding director of the Center for Social Development at Washington University in St. Louis), began exploring the possibility of expanding asset-building opportunity to low and moderate-income individuals. 14 The thought being that wealth creation depends on assets and this helps break the cycle of poverty for many families. After talking with welfare recipients about the 'traps' of the welfare system, Sherraden's research and book, Assets and the Poor: A New American Welfare Policy, highlighted the fact that traditional policy

14 See Appendix for Charts on disparities in homeownership by ethnicity and race.
approaches to poverty alleviation only supplement income and consumption levels, and do not encourage building assets. Not only are assets important to breaking the cycle but they also change consumer behavior in a way that can sustain wealth.\textsuperscript{15}

With the financial support of foundations, Sherraden’s concept of Individual Development Accounts was piloted to over a dozen community-based organizations. The successes circulated to many academics and policy makers and after getting substantial press elected officials slowly began to pick up on the idea also. Policy institutions like the Center for Economic Development and Progressive Policy Institute were instrumental in garnering support from policy makers. As the concept continued to be refined, foundations, including the Joyce Foundation and later the Ford foundation, supported the first IDA programs as models for public policy.

\textbf{LEGISLATIVE HISTORY}

High profile proponents included Jack Kemp, then Secretary of Housing and Urban Development, Missouri Senator Jack Danforth (D), and New Jersey Senator Bill Bradley (D). Jack Kemp told Washington Post reporter William Raspberry, “Owning something changes behavior in ways that no amount of preaching middle-class values ever could. Democracy can’t work without the component that goes to the heart of what freedom is all about -- the chance to own a piece of property. That’s why I’m determined to do what I can to put assets in the hands of the poor.”\textsuperscript{16} In 1990 he introduced housing policy that that detailed the Home Ownership for People Everywhere (HOPE program) as part of his new ‘conservative war on poverty.’\textsuperscript{17} A large part of this program was Family Self-Sufficiency (FSS) in section 554 of the National Affordable Housing Act. FSS permits residents of subsidized federal housing to save and accumulate assets.\textsuperscript{18} Asset-building legislative discussion continued and in his 1992 budget proposal, President George H. Bush increased the welfare asset limits from $1,000 to $10,000. Sherraden notes this as ‘an important policy shift.’\textsuperscript{19}

On the Democratic side, Senator Danforth was interested in developing legislation in the Senate. Senator Bradley was also interested in the concept of IDAs and in 1990 introduced the companion bill to the Individual

\footnotesize{\textsuperscript{16} Kemp quoted in Raspberry, 1990. Sherraden, 2000.\textsuperscript{17} DeParle, 1991 as quoted in Scanlon, p. 2.\textsuperscript{18} Further descriptions of FSS and its relationship with IDAs are discussed in further detail in the last chapter.\textsuperscript{19} Scanlon, p. 9.}
Development Account Demonstration Act. This bill was included as an anti-poverty strategy by the Select Committee on Hunger in the House and written by Ray Boshara (head of the Committee), Bob Friedman of CFED and Michael Sherraden. Further, in 1996 as part of his welfare reform act (The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA)) President Clinton allowed states to include funding for IDAs with their TANF funding. (U.S. Congress 1996 (PRWORA). Sherraden highlights that the shift from Aid to Families with Dependent Children (AFDC) to Temporary Assistance For Needy Families (TANF) was important because TANF emphasizes time limits on assistance. This act also ensures that savings from an IDA is not to be included in the asset limits imposed by TANF and states are permitted to use TANF funds to match savings in IDAs. “In 1999, another federal ruling specified that IDA participation, including matching funds, would not be defined as “assistance” under TANF and thus would not run a participant’s “clock” of eligibility for TANF support. This removed a major concern and impediment to inclusion of IDAs in welfare reform in the states.”20 As mentioned earlier, IDAs qualify for fulfilling Community Reinvestment Act credits for financial institutions. For those programs not receiving TANF or AFIA money, the funds may not be exempt from eligibility and benefit determinations; this situation is worked out on a state-by-state case.

Bipartisan support for a second bill, the Assets for Independence Act (AFIA), which passed in Congress in 1998 (PL 105-285), allocated $125 million in federal funding for IDA demonstrations over 5 years. Non-profits applied for funding that was the lesser of the aggregate amount of non-federal contributions or $1 million. Once awarded, organizations are required to establish a reserve fund to hold all funds in association with the IDA program. Additionally, less than 10% of funding could be used for administration, evaluation research and financial trainings combined. State and local governments have complete authority over administration, leaving the legislation only as guideline. After being reauthorized for $24.9 million by both the House of Representatives and the Senate, the proposition to renew AFIA funding for 2006 is currently in conference committee to negotiate the differences between the House and Senate versions of the bill. The 2006 budget proposal also includes an IDA tax credit that provides a match for up to 900,000 accountholders. The Senate passed the budget, but it was not considered in the House. When revisited in 2005, the Administration will push to maintain tax credit funding for 900,000 accountholder instead of the Senate’s proposal for 300,000.

20 Sherraden, p. 11.
The legislative success of IDAs is a testament to its bipartisan appeal; the callout box on the next page is a deeper look at the traditional conservative and liberal viewpoints in regards to welfare reform and IDAs. This is important to note for organizations advocating for IDAs at state and national levels. The issue of political will is also important because Democrats and Republicans have different reasons for supporting IDAs. As mentioned before, the rhetoric of the Ownership Society that emphasizes the individual consumer choice does not fully acknowledge the infinite number of community, human and social capital assets involved in building a cycle of wealth. As it stands now, as a savings account for financial independence, the language and implementation of IDAs are attractive to those calling for a “pull yourself up by the bootstraps” agenda, to those forwarding a grassroots agenda and everything in between. This puts pressure on community organizations and state level advocates to support models and organizations that are more than just financial services, but also invested in holistic asset and community development. Federal support has been important and compelling, but local

IDAs HAVE BIPARTISAN APPEAL

SHERRADEN’S CONCEPT APPEALED TO SEVERAL POLITICAL PERSUASIONS. HE EXPLAINS THAT CONSERVATIVES that tend to view poverty as a result of individual behavior appreciate the idea that individuals are encouraged to become self-sufficient and change their spending behavior. This was also a welcome alternative because many conceived of the welfare bureaucracy as a system that does not empower people (through their own drive and thriftiness) to move out of the system.¹ States also have an active role in administering and regulating IDAs, which is attractive for conservative lawmakers.

LIBERALS typically look to welfare policy to mitigate some of the inequalities and discrepancies in the capitalist market. SHERRADEN describes this group as highly affected by the economic and social climate of the 80s, and were put on the defensive by conservatives who defined the welfare debate; they were lost to the left and right. This segment views the system of case management and close supervision as a way to address the situation of poverty and its affects: depression and lack of planning ahead. IDAs incorporate the high-touch approach of case management while encouraging participants to think toward future goals (83-86). Weber and Smith agree by adding that Liberals liked the aspect of collaborating with grassroots organizations, “many of which seek to give residents a hand up and out of poverty.”¹ SHERRADEN points out that neither of these ideologies consider the assets held by the individual or the fact that welfare remains a source of income supplement, which are significant oversights. Welfare narrowly provides income for individuals to consume at higher levels. While TANF is slowly evolving, traditionally recipients have been penalized for savings and assets, which creates an incentive to stay on welfare.
agencies and states have been responsible for designing and implementing IDAs. It is at these levels that Sherraden’s original vision of a universal asset-based policy is being implemented.

STATE POLICY

In 1993, Iowa was the first state to pass IDA policy as part of its welfare reform bill. As of 2001, 29 states and the District of Columbia have passed some form of IDA legislation and 32 states have included IDAs in welfare reform plans. Most have adopted policy that outlines which state department administers the IDA program and the allowable uses of IDAs. As of 2003, only ten states appropriated general revenue funds for IDAs and only three of those had line items in the state budget. Non-profits have been responsible for raising their own capital for operating expenses and matching funds. State legislation and political support play an integral role in advertising, coordinating and sustaining IDA efforts.

While the demonstration project proved that poor people could save, to some extent, it undermined the scale and sustainability that Sherraden intended. The policy was relegated to welfare reform instead of expanding traditional asset-based policy to include low- and moderate-income people, ‘reinforc[ing] the belief that policies for the poor must be separate.’ AFIA provided 5 year funding for organizations to do program evaluation, account monitoring, credit advice, financial education and recruitment which, according to Edwards, are invaluable services for successful delivery of IDAs. This approach is staff intensive and costly and not an attractive option for non-profits to take on without considerable financial backing. Understanding the legislative history, original concept and current implementation of IDAs gives the basis for exploring the limitations of typical IDAs as they relate to homeownership.

21 IDA State Policy Guide: Advancing Public Policies in Support of Individual Development Accounts. (3)

24 Ibid., 8.
CONCLUSION

The IDA tool provides access to assets for thousands of people across the country, but there are many challenges facing the IDA policy and practice today. Understanding the theory supporting this policy is important because it claims that assets change behavior, which generates wealth and can be transferred to future generations. This is a valid theory, but organizations face many challenges in administration and supporting asset purchase and retention that is beyond the simplicity of an account and financial literacy classes. IDAs have the potential to more adequately address the long-term process of homeownership. In thinking about the range of homeownership needs, organizations can incorporate a more complex homeownership scenario. Each of the three cases presented represent a part of what I consider an enhanced IDA. The next chapter looks at the limitations of IDAs, compares enhanced IDAs and typical IDAs, and presents the strategies layered with the IDA.
CHAPTER 2: Limits and Common Challenges of IDAs

As mentioned before, administering IDAs are expensive, but there are several other limits to IDAs as a tool to prepare homeowners and encourage healthy homeownership. Participants face many challenges before and after the IDA program and there exists a steep learning curve for many organizations tailoring the tool to their mission, financial constraints, and infrastructure. These issues, along with others, can be daunting for those considering starting IDAs and can be overwhelming for those unprepared organizations in the midst of operating an IDA program. The following are common limitations that may impede the efficacy of IDAs in serving participants and particularly potential homeowners.

PARTICIPANT SKEPTICISM

IDAs are still a new concept to many and the concept of match money seems too good to be true to many participants. Organizations must do a great deal of marketing and positioning in communities and neighborhoods to recruit, retain and successfully “graduate” participants.

TOOL OR PROGRAM: MORE THAN SEMANTICS

At the most recent nationwide IDA learning conference there was consistent mention of IDAs as a tool. Administratively, understanding IDAs as a program is much more robust because it implies that at some level, this is a process for not only the participants, but also for the organization. Furthermore, it is a dynamic process that can be stylized and tailored to the neighborhood and organizational context. IDAs do not have to be (and probably will not work at a substantial scale) as a standard tool for organizations to adopt blindly. Considering IDAs as a tool to build programming can encourage organizations to think beyond IDAs as a tool solely for economic development, but as an extension of asset-building infrastructure. The three organizations featured use both approaches, IDAs as a tool and IDAs as part of programming.

LIMITED ADMINISTRATIVE CAPACITY AND FUNDING

IDAs are administratively very expensive compared to other homeownership programs that give a direct subsidy. The difference is the significant number of man hours that IDAs require. In many organizations, accounts and
financial literacy are accompanied with “high-touch”\textsuperscript{25} case management. This level of engagement is expensive and also has the tendency to set a typical caseworker/client dynamic that is based on the professional providing the knowledge and the expertise to guide a person in need. This approach does not rely on the resources and capacities that the client brings to the situation and can foster dependency on the part of the client and lack of creativity on the part of the professional.

Designing the program, managing accounts, coordinating financial literacy trainings and determining other specifics of IDAs can be a large task for a few staff people, especially if the organization has little to no infrastructure or space to support this activity. As mentioned earlier, less than 10\% of funding can be used for administration, evaluation research and financial trainings combined. With such a new concept, tremendous administrative responsibility and little funding, high staff turnover is not surprising.

For organizations interested in improving the quality of life for those living in a particular place, starting an IDA program can be discouraging. The reality is that IDAs often help people move to better neighborhoods and this can put a strain on the neighborhoods that organizations are working to improve. This is not to say that IDAs should restrict location of asset purchase or discourage motivated individuals from building assets, but without the resources to convince participants to stay, IDAs can be perceived as a tool to help people to move away from the neighborhoods that these organizations are trying to maintain and improve. There is little talk of how to combine IDAs as a largely demand-side effort with supply-side tactics, especially for those concentrating on housing. I think this is because an IDA is a people-based strategy that, in and of itself, is challenging to administer and design without thinking of the place-based housing supply that potential homebuyers will face.

From a participant perspective, changing behavior and spending patterns is a process that can often take longer than two years. The process of investigating and researching an asset could take two years before ever thinking about purchasing. Also, many participants purchase assets, like homes, that require continued support, especially considering that the wealth building opportunities occur much later in the homeownership process.

The National Foundation for Credit Counseling publishes one of the hundreds of homebuying manuals in publication. Simplifying their suggestions just a bit, they

\textsuperscript{25} High touch and low touch are terms to describe the level of interaction and personal attention that case workers and administrators spend on participants.
outline the homeownership process as preparation for homeownership, finding a house, financing, and maintenance.

**Figure 3**: Author's diagram of homeownership process with the addition of remodeling and refinancing as critical steps.

The Figure 3 illustrates the limited role that Individual Development Accounts and financial literacy play in helping participants to capitalize on the greatest value of homeownership. Admittedly, there are other programs to address different points along the process, but organizations and potential homebuyers must take advantage of these opportunities in addition to IDAs. Also, these homeownership steps compound on one another, helping to determine long-term value; so, the financial literacy training can be extremely useful in the later stages when having a sound financial management plan is critical. Intrinsically, this entire process requires significant social and human capital. Knack and Keefer refer to Kenneth Arrow when describing that every commercial transaction “has within itself an element of trust, certainly any transaction conducted over a period of time.”

Achieving the steps outlined require time, trust, information, access to resources and people. Finding reliable lenders, brokers, and the right house is often a matter of word of mouth. The quality of these services may differ depending on connections and previous relationships.

At the same time, those two years can seem very difficult without mental preparation and support. Some participants are reluctant to spend the savings that they worked so diligently to save. Finding homeownership too complicated, or in some way unattainable, recent trends show that many participants switch their savings goal to education. Others say that many participants find that the prospect of improving employment opportunity through attaining an education is more attractive than other options. Further study is needed to understand how

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26 Knack and Keefer, p. 1252.
people use the education they purchase, but the issue of limited choice presents challenges to purchasing the ideal asset for participants.

**TYPICAL IDA V. ENHANCED MODEL**

After all is said and done, the typical IDA tool looks fairly simple; any non-profit can adopt this tool that may or may not complement its core mission; an account and training helps a person buy a home. Individuals are at the center of this work, with minimal acknowledgment of how family members participate in a household. The saving and classes must be completed within two years time and most programs stipulate that an asset must be purchased by a certain deadline. Asset choice is restricted to homeownership, entrepreneurship, and education (recent changes allow for homeownership or car purchase. There is usually a 2:1 limit for the match and the match money must be made out to a third party. In concept, most consider IDAs as a tool that is a service to low-income people.

Much of the literature, research, and consumer guides about homeownership describe homeownership as a complex, long-term commitment that has tremendous effects on individuals, families, neighborhoods, and communities. Maintaining an asset and creating wealth is highly dependent on the character of families, neighborhoods, and communities.

**FIGURE 4:** Denton's diagram of creating and benefiting from the values of homeownership.
Figure 4 depicts this dynamic well by showing that once an individual gets access (capital and knowledge) to homeownership, they most obviously benefit from shelter and financial return. Denton and others describe social status, autonomy, independence are also associated with ownership. Lastly, Denton describes neighborhood value as “services and benefits that are defined spatially: the quality of the school district, the location of jobs and public transportation, taxes and other locally controlled services.” In return, these values are determinants of the house value which is an integral part of equity and developing wealth and assets for future generations.

I think that the three organizations (described in detail later) are using IDAs to positively affect the neighborhoods, individuals and communities that determine wealth and assets. As it stands, IDAs are concentrating on the access of the individual owner, but through their operations and attitude, these organizations are showing that the effects of IDAs can be filtered down and throughout this homeownership process.

ENHANCING THE TYPICAL IDA

As depicted in Figure 5, the organizations highlighted in this thesis address the complexity of homeownership partly by layering the social capital inherent in communities and families and the needs and resources of neighborhoods onto IDAs. This results in a model that I depict in Figure 6 as the multi-dimensional homeownership environment that exists in healthy neighborhoods that support communities with strong social networks. Organizations have the potential to cull

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the social capital of communities and the productivity of neighborhood(s) to support homeowners. At the same time, the overall, collective work of the organization is affecting the neighborhood and community. The arrows represent a reciprocating dynamic between the community and neighborhood and the organization. As the community and neighborhood grow stronger as a result of the organization’s work, the organization becomes a part of the community and neighborhood, further supporting the homeowners that are no longer disparate individuals. They are not homeowners moving to an unfamiliar neighborhood, but may have decided to stay near family. They are not homeowners disconnected from the mission and vision of the organization, but, to some extent, appreciate their role as an individual homeowner in the context of their community and neighborhood. They are homeowners that are confident because they have cultivated their consumer behavior. More importantly, they take comfort in knowing that they are investing in a community of people and a neighborhood that will support them as homeowners.

CONCLUSION:

The relationship between IDAs and healthy homeownership is a tenuous one given the limits of the IDA to address the many steps of homeownership. The 3 community-based organizations described in the next three chapters are not only addressing these challenges, but also adding dimension to an otherwise flat tool. Each of the organizations in the following chapters highlights a component of this enhanced model. The next chapter looks at one organization in Oakland, California that is working with communities to challenge the perception and type of service provided to low-income families in the pursuit of family self-sufficiency.
CHAPTER 3: Relationships, Responsibility, and Revolution

The Family Independence Initiative (FII) in Oakland, CA is an organization that has taken the concept of matched savings as an incentive for families trying to move into self-sufficiency. They emphasize that choice and responsibility is critical to this process. For example, an attractive smile is indeed an asset in making a positive impression on a potential employer. The Family Independence Initiative agreed and matched a woman’s asset goal of dental work one to one. A group of families purchased a van for transporting youth and elderly to and from a local community center. Another group opened an organic food cooperative to improve nutrition within their community. FII supporting these type of efforts have had tremendous effect: average net worth for families involved in the first two years, increased by 95% and average savings increased by 141%.

The Family Independence Initiative is challenging the very foundation of social service provision for low-income people. Upon completion of an IDA, most participants express an improved self-esteem, confidence and sense of independence. How can administrators, from the beginning and throughout, believe in this capacity and foster it to grow? What happens when administrators rely on the clients’ sense of responsibility and support clients’ creativity to mould their own pathway out of poverty? The Family Independence Initiative (FII) is exemplary of a strength-based approach to self-sufficiency; this case study looks at how FII uses IDAs as part of its strategy to develop relationships and partnerships with groups of families to navigate pathways out of poverty.

FII works with groups of families to use the social capital inherent in their networks in concert with financial and human capital to devise a community asset goal and family asset goals. The figure above represents the community aspect of the enhanced IDA model that is the focus of FII’s work. FII uses IDAs as a part of its anti-poverty strategy that is committed to facilitating the connections and relationships between individuals, families, and groups of families.

HISTORY

In 2001, Oakland Mayor Jerry Brown approached several elected officials and social service providers; including, then Asian Neighborhood Design executive director Maurice Lim-Miller, to start a commission to address what he called ‘poverty pimping’: the practice of depending on and benefiting from the cycle of poverty to provide jobs for service providers. The coalition made up of elected officials, private sector individuals and philanthropic
representatives met frequently and decided to start an initiative based on researching what low-income families demand, not what is assumed that they need.

Established as a 2-year pilot to explore a strengths-based model of anti-poverty programming, FII has developed into a flexible, demand-driven organization that rebukes the idea that service provision must be top-down. Incorporated as a non-profit, 501(c)3, FII is aiming to collect research and data by working in partnership with low-income families to better address the concerns they determine.

**Vision:** The Family Independence Initiative envisions a powerful, expanding network of poor and formerly poor people that assume a growing responsibility for helping one another reach sustained independence.

**Mission:** Working with families to achieve self-sufficiency through reinforcing strong and supportive community, encouraging leaders and role models and providing access to funds and new resources. FII works to show that welfare can be a springboard, not just a safety net. FII's mission is to "break the cycle of poverty by: investing directly low-income families' and communities' strengths and initiative as they develop self-defined and culturally relevant pathways to self-sufficiency; and changing social and economic systems to acknowledge and encourage community initiative and self-determination".

STRATEGIES FOR SELF-SUFFICIENCY

FII works with groups of families with a direct goal in mind to help their community. Anything that they choose is acceptable, but they are responsible for following through. Because of funding pressures, the first families were informed that this project was being studied and they had one year to get something, anything done in order to keep the funding going.

FII works with groups of families to demonstrate its commitment to "leveraging the power of affinity communities and build stronger networks and social assets."28 Termed 'affinity groups,' the groups of families decide where and when to meet once a month with FII staff present. FII currently has approximately 12 groups of families. Once enrolled, each participating family meets quarterly with staff to discuss progress and review data they have collected. All families are compensated for each instance they provide personal information about their financial and personal goals. FII records this data to track how the families are doing and to show the families their quantitative and qualitative progress. Families are enrolled in FII for two years, but are always part of the network and continue to be compensated for monthly reports that they share.

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28 Pathways Out of Poverty, p. 2.
Each accepted FII family is eligible for:

- A home computer was originally to help families maintain their monthly reports, but families have expressed that this has been a tremendous asset for all family members for various activities. Homework for parents and children, job search, communication and other internet resources for all.

- Several awards totaling up to $3,000 for participation and progress toward six areas of self-sufficiency: income and assets, gaining employment, education, maintaining health, resourcefulness/leadership and making connections. FII also compensates families who participate in surveys and submit monthly reports even after they have purchased their asset.

- Access to pools of money for the group project. One group saved for a van for transportation to and from a local community center; another group is starting a group fund that will work similar to a revolving loan fund.

- An IDA account with 2:1 match for appreciating assets and 1:1 for non-appreciating assets.

In the beginning, FII used the means test that other service providers used to determine eligibility. Currently, they are accepting only CalWorks\textsuperscript{29} recipients. There are no subjective qualifications, but all families agree to pursue their individual and group goals. There are no punitive measures for not participating. The Executive Director reasoned because FII is not a program, but an effort based on relationships, there are no situations (with extreme exceptions) that could disqualify a family from participating once accepted. She likens it to an alumni network where once you’re in, you’re always in.

**IDAs AT FII**

FII is currently working with over 50 families. 9 of the first 25 families are homeowners and several have purchased homes in the last couple of years. For families, the match is 2:1 up to $2000 over one year. And access to $5,000 is available for group projects. Families can also earn up to $3,000 a year for making progress toward established goals and reporting accomplishments to FII.

\textsuperscript{29} CalWorks (California Work Opportunity and Responsibility to Kids) is the California welfare program that gives cash aid and provides services.
IDAs are set up to give the families the most flexibility and responsibility possible. Families can set up their accounts online so the staff does not have to accompany them to the bank to make arrangements. FII runs an escrow account that has subaccounts for each family. This allows the FII to oversee the accounts. FII works closely with the depository to ensure that families are not being charged unnecessary fees; especially in light of the recent transition to a new bank. The bank issues monthly statements and has a minimum balance required. Deposits and withdrawals are not closely monitored and there is not a minimum balance required to withdraw the match money. Families can apply for match money at any point in the course of saving and FII assesses if the purchase is an appreciating or non-appreciating asset. Appreciating assets are matched 2:1 and non-appreciating 1:1.

LATEST DEVELOPMENTS

In the Office
In February and March, FII brought on 18 new families. This is a significant change to the scale of the program, the asset development director described that emphasizing the responsibility of the families becomes increasingly important as numbers grow. FII added a communications and development associate to the staff who is responsible for, among many things, quarterly newsletters, publications, grant writing and implementing ways for families to communicate their strategies, resources and stories to each other.30

Through previous personal connections, FII initiated a new group in Hawaii. To understand more about cultural implications for asset development they brought on a cultural anthropologist and worked closely with potential families to understand their spending and savings habits. They found that class divisions continue to be central to economic disparities, but racial conflicts are a bit different. Hawaiians are more inclined to save for the group goal first because working to benefit the community takes priority above individual benefit. Hawaii had a $100 million surplus of TANF funds that they dedicated a portion of to FII to start a program there.

Family Developments
Recently, a group started a revolving loan fund at a local bank. This is a self-motivated step toward providing more capital to their underserved community.

Policy Innovation
FII is looking to influence national policy through its approach—not providing a model to be replicated, but instead “dissemination of innovation.” FII is a mechanism to demonstrate the possibility of de-restricting the money

30 FII Communications and Development Job Description, January, 2005.
that is spent on anti-poverty and make it more accessible to poor families.

While they are looking for similar approaches, FII is adamant that they do not know what this model is supposed to look like because it is truly shaped by the demand and circumstances of the families, making any attempt to generalize and develop programming difficult and at worst futile. They emphasize that because they leave most decisions to the families, the families are encouraged to take more responsibility for their success and failure, and failure is not always a bad outcome.

**Outreach to Traditional Service Providers**

Bringing service providers into this strengths-based approach is an eminent challenge for FII. Figure 7 shows how FII conceives of the stakeholders involved in addressing poverty. FII is now turning to the public sector of service providers to “recognize and reward initiative and leadership of low-income families.” This is easier said than actually implemented. Both programming and attitude must change to enact this behavior. How can department heads change attitudes and programming so that it’s more efficient and less patriarchal?

**ADDRESSING THE CHALLENGES OF TYPICAL IDAs**

FII is very different from most IDA programs across the country. The following are ways that FII’s work addresses challenges common to the IDA field.

**Participant Skepticism**

There was a situation where a group admitted that they were not honest in saying they were based in Oakland
because they thought disclosing this information would disqualify them from joining FII. The staff person that was working with the group took great personal offense and decided to stop working with this group, but another staff person agreed to continue to work with them. Once FII understood why the group was dishonest, FII simply changed their scope to Alameda County so that the group qualified. The FII staff recognizes that many people receiving services are familiar with ways to “work the system,” because they do not trust that the system as it is, is fair or beneficial to them.

FII works to build trust and convince participating families that FII is what they make of it, not a program that requires people to jump through hoops, hide assets or beg for assistance. Establishing this trust is difficult at first especially because FII provides support through what could be seen as services, but does not act like other service providers in that it is based on relationships. The idea of FII can be difficult to comprehend and explain to others, but FII is finding that relying on families to tell other families is the most effective method of recruitment and outreach.

Staff Commitment to Relationships
The importance of a caring staff may seem like a trivial point, or one that is common to most organizations. The FII staff is dedicated to creating relationships based on responsibility and encouragement, not dependence and patriarchy. In the early days of FII, the founder warned the staff that they should not act with the distance and ‘expertise’ of professionals and that they should not anticipate what they think the participants needed by designing programs. This attitude pervades FII’s daily operations and increases administrative capacity.

The staff is very clear in communicating to the families that “FII could be gone in six months,” and that they should be prepared to keep moving forward if that should happen. For the organization, this work is as much about changing the behavior from spending to saving as it is changing the culture of “service delivery.” FII depends on the motivation and energy of the groups and families to do most of the coordination, agenda-setting and follow through of their meetings. The approach gives responsibility to the participants, but also lowers administrative costs. FII is adamant in trying to pass along as much of their funding on to the families as possible. The table below shows FII’s costs per participating family per year to traditional services; the costs are significantly lower than services like case management and job training.31

31 Costs for single issue services are on page 15 of the FII report and are based on proposals made to foundations and service providers. This table along with a table calculating the economic value of social capital can be found in the Appendix.
Family Engagement and Support

The costs per year of engaging and supporting one family are outlined below.

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<th>Year One</th>
<th>Year Two</th>
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<tr>
<td>Awards</td>
<td>$3,000</td>
<td>$3,000**</td>
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<tr>
<td>Computer</td>
<td>$ 800</td>
<td>$ 0</td>
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<tr>
<td>Staff/Training</td>
<td>$1,200</td>
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<tr>
<td><strong>Total</strong></td>
<td>$5,000</td>
<td>$4,000 (per family)</td>
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**Made directly to families

Figure 8: Pathways Out of Poverty, p. 14

Flexible Funding

Very critical to the success and flexibility of FII is its funding sources. FII does not use AFIA funds, and so does not require the families to save for any particular asset. Also, it receives funding for general support which confers much trust on the part of philanthropies and foundations, but also gives FII flexibility to respond to needs that families express. Annie E. Casey, Firedoll Foundation, the San Francisco Foundation are a few of the major funders. As a result, FII does not qualify what kind of assets families can purchase.

Retention and Asset Purchase

The staff at FII is very clear in explaining that because they focus so much on relationships, there has not been an issue with retention. This is not because families didn’t have difficulty, but because the idea of retention does not applicable to relationships. No one has quit participating in FII. Asset purchase has been successful and FII attributes this mostly to the fact that families have a choice of asset.

ENHANCING THE TYPICAL IDA

Among many things, FII works to make connections, measure families’ efforts, and create leadership positions for individuals. These efforts add much dimension to the IDA.

Deep Network

FII also has the advantage of being well connected to a network of bipartisan elected officials, philanthropists and foundations interested in innovative approaches to alleviating poverty. This is beneficial for supporting the organization, but also means that participating families have weak ties to state, local, and city officials. Because this reinforces the idea that participants’ experiences are being heard and have potential to affect decision-making, individuals are more likely to continue participating. For politicians and participants this type of interaction also demystifies the process and the people involved.
Well-Defined Target Demographic

FII is clear to state that they are most interested in working with the estimated 80% of families who are prepared to commit to making life changes but need access to money and other people. The diagram in Figure 9 from their 2-year report shows that they do not attempt to help those in crisis or those who could break the cycle of poverty without much intervention. This helps them understand how a specific segment of the population finds self-sufficiency. In being clear, they can avoid creaming those that would do well without FII, while also recognizing that this model is not meant for those needing other more immediate services such as shelter, food, or rehabilitation.

Figure 9: FII Model from Pathways Out of Poverty, 2 year report, 7.
Measurements of Self-Sufficiency and Organizational Efficiency

FII uses six measurements of self-sufficiency that are measured on a scale from -2 to +2 as strengths or weaknesses for the families:

- Income and economic assets
- Education and skills
- Housing and surroundings
- Access to healthcare and other needed social services
- Close as well as bridging ties of networks to others and
- Personal resourcefulness and leadership abilities

There are also a number of quantitative measurements:

- Income (both formal and informal)
- Savings
- Net worth
- Credit rating
- Ratio of housing rent or mortgage to income

FII began as a pilot and was designed by people with years of experience working with low-income groups. Measurement of family progress was an integral part of FII from the beginning. Figure 10 is a sample of charts that measure quantitative and qualitative change. Organizationally, one of the most helpful measurements is the ability to compare man hours of this approach as opposed to the traditional case management style. FII has a staff of 6 people working with 50 families, exemplifying efficiency and effectiveness. As described later, they are able to do this because much of the logistics are left to the groups to decide and facilitate.

Waivers

Working with the California Department of Social Services, FII obtained a waiver for each family that allows those assets accumulated while in FII to not disqualify them for welfare or food stamp benefits. This is the first non-legislatively mandated waiver issued by the State of California DSS. They are currently working with the housing authority to do the same with housing vouchers.
SELF-SUFFICIENCY TRACKING CHARTS: A SAMPLE

Charts track progress by every family.
These charts are shared with each family quarterly to substantiate data and to help the family self-assess their progress.

Rent to income: 37%
Credit rating: 720

Figure 10: Sample Self-Sufficiency Charts. Pathways Out of Poverty, p. 14
Community Leaders Fellowship Opportunity

FII developed 5 positions for “experienced FII participants” interested in working with the staff to identify other leaders, recruit and mentor new families. This has been a successful strategy for expanding the FII network and also for providing the fellows with training, technical and financial resources for their individual and community goals.

In speaking with a person affiliated with FII, he explained that there is a spectrum of participation and FII is not attempting to convince everyone on that spectrum to make change in their community. Instead they are interested in surfacing the leaders because, in a community, the ripple effect of a few recognized leaders who really understand the entirety of the philosophy of change can be large. This is also an efficient and grassroots way to build scale.

CHALLENGES

Recruitment and Spreading the Word

Destroying the professional/client dynamic will always be an issue to overcome and I think is complicated by the fact that FII is not rooted in a neighborhood or within a community. Breaking down the barriers to trust and developing a partnership that builds upon social networks of the staff and the families is an everyday challenge. For this reason, recruiting through families who are already familiar with FII is the best strategy for overcoming this hurdle. In a long-term sense, relinquishing control of the message, and the outcome to some extent, is a challenge that will face anyone involved with FII, whether it be families or staff. Surfacing the leaders in the community who have a thorough understanding of the FII approach and how it applies to their community, is the current response to this issue.

FII acknowledges the danger that this work could also be co-opted by those hoping to generalize this work into programming. FII is clear in saying that this is not a program or anything to develop programming on. In a less benevolent approach, it could also be co-opted by those wanting to show that indeed poor people can ‘pick themselves up by their bootstraps,” without support of others.

Working with Service Providers

FII dedicates a lot of energy working with families to change their lives and spends a great amount of time connecting with philanthropists, foundations, and politicians to gain support. On the immediate horizon is the challenge of working with service providers to change departmental bureaucracies, case management styles and general dynamic of the professional/client relationship of those who work closely with low-income families.
When is FII done?

Staff roles are continually evolving to judge just how to empower families. The two-year report outlines that in the very beginning of FII, the staff led and facilitated the trainings while the groups waited for staff to make suggestions. As the families oriented themselves to the organization, they began to take more initiative by interviewing their own trainers and doing outreach. Now, families view the staff’s role more as a peer support where families approach the staff for advice as partners, not as leaders. Along this continuum is the idea that families are completely in charge of FII eventually and even further along is a time when FII no longer exists. FII tries to prepare families for a time when FII is a different organization or no longer in existence. I imagine that a big challenge is being sensitive enough to recognize when FII needs to become something completely different altogether or when there is no need for it any longer. In the current capitalist system, it seems that there will always be a middle 80% that need access to money and connections, if not a 20% who need case management. Their call for revolution and not reform is astute, but what will signal that FII is outmoded?

Understand Spatial Relationships and Connection to place

FII is not a place-based organization. There has been question as to whether or not it needs a physical location. While it is not the purpose of FII to look at neighborhoods, I think using place as a way to show development is a powerful tool for motivation and excitement. In recognition of the power of visualization, the new communications director provides a key link to displaying the achievements of the families, but is this enough? As part of its Annie E. Casey work on social networks, FII worked with two graduate students from the Kennedy School of Government, to facilitate mapping sessions for FII participants. Figure 11 is a map of where the families of the first ten groups live in relationship to each other. This helped people visualize where other FII families lived, went to school and worked. Encouraging groups to hold meetings in their neighborhood may generate buzz in the neighborhood and increase recruitment.
FIGURE 11: FII Families across Oakland. SOURCE: Michael Weisner and Lauren Leikin

CONCLUSION

A person closely affiliated with FII shared the experience of the first FII family to buy a home. They saved, found a home and a mortgage. After keeping in touch, FII soon found out that the family was spending nearly 65% of their income to pay their sub-prime mortgage. Although, a strain on the budget, the family worked with other families in their community to put sweat equity in to their home and looked for another mortgage with less fees and better rates. Upon request, an FII staff person accompanied them to review the terms of the second mortgage and they are paying much less of their income. The happy ending is that the family had full responsibility for their decision and found ways to resolve their issues that the organization may not have overlooked. FII staff emphasize that they are always available to support their goals, but at the same time families are encouraged to take ownership of their success and their shortcomings. Falling short of a goal is not owned by the organization if the families are the decision makers. “By allowing people to fail and being there to support them, that another way of saying ‘I trust you.’” The FII affiliate further explained that although families give FII credit for making a real difference in their lives, they also realize that FII did “everything and nothing.”
This case is presented first because it adds to broader conversations about the current efficacy of restricting asset purchase to really address poverty, the extent to which IDAs do or do not contribute to measures of self-sufficiency, and how these messages and efforts can be brought to scale. For CDCs interested in place, this approach is a strong compliment to traditionally place-based work.
Hundreds of parishioners flock to the Pilsen neighborhood on Sundays for much more than mass. They attend because they also receive training to be homebuyers. In 1990, when parishioners were asked what they wanted to change about Pilsen, the most manageable issue was housing. In response, the parish councils of six churches coordinated The Resurrection Project (TRP) and began purchasing neighborhood parcels. Soon after completing development, TRP ran a lottery for those eligible to purchase and discovered that only half of those who entered (about 800 people) qualified for loans. Soon after, TRP began seminars after mass for those interested learning the details of how to purchase a home. Over the years, TRP has completed substantial physical development while continuing to pre-qualify hundreds of people for loans. In working to increase homeownership and the supply of housing, TRP saw IDAs as a natural complement to their previous work. This is a story of an organization working to invest in community (people) and Pilsen (place), as depicted in the graphic above.

HISTORY

One of the few neighborhoods to survive the Great Chicago Fire of 1871, much of the large industry in Chicago moved to the Pilsen neighborhood. Pilsen quickly became a hub for labor activism and a considerable seat of political muscle. By the 1980s, the Lower West Side Chicago neighborhood of Pilsen had fallen on hard times because of declining population and industry drain. Fortunately, as a port of entry for immigrants, this neighborhood has always been infused with a strong ethnic community. With rapid industrialization and railroad construction in the late 19th century, it was home to many Czechs, Germans, Poles, Croatian, Lithuanians, Italians and more. The resilience displayed by early immigrants is apparent and continues today with a thriving Mexican community. Still a port of

entry for many Mexicans, the first influx arrived in the 1950s as a result of being displaced by the University of Illinois Chicago. Today, Pilsen is over 80% Hispanic and this is a case of a community that is determined to ensure that their neighborhood continues to reflect this tradition of ownership of place.  

In the late 1980s a group of 6 parish councils of large Catholic churches, concerned with the state of Pilsen,

FIGURE 12: Community Areas. Compiled from University of Chicago and City of Chicago data.

FIGURE 13: Member Parishes Listed on the TRP website

33 http://www.geocities.com/jonathanandreas/hist_pilsen.html
began with a mission to change their community. The Pilsen neighborhood was riddled with youth and gang violence, crime and vacant lots and parishioners were tired of being neglected by the city. Representatives from the parish council of each church met every Sunday and asked themselves and their parishes 1) what does the community need? and 2) what is the most manageable first step? Each parish donated $5,000 to the initiative.

The parish councils incorporated a non-profit in 1990 called The Resurrection Project (TRP) and the members identified inadequate affordable housing as a very tangible, voiced concern that could be addressed with the organizational capacity available. After a short battle with the City of Chicago, they gained rights to 24 lots.

Mission: The Resurrection Project is an institution-based neighborhood organization whose mission is to build relationships and challenge people to act on their faith and values to create healthy communities through education, organizing and community development.

Vision: To create the cornerstone of a new, mixed income, predominantly Mexican community with strong cultural identity, faith and values that will be "vibrant, colorful, folkloric, beautiful" and serve as the cultural center of the Mexican population in the Midwest.

people applied for the homes built on those lots and about 400 of those qualified for a mortgage. TRP realized that there was not only a demand for more housing, but for getting people qualified for mortgages. Although TRP offers a range of services and has started many initiatives, they remain focused on housing.

STRATEGIES FOR NEIGHBORHOOD REVITALIZATION

TRP schedules pre-approval sessions every Sunday in several of the churches and started an education and counseling session in response to overwhelming interest. They have walked hundreds of people through the pre-approval process. The homeownership education and counseling services include pre- and post-purchase workshop curriculum. Also a HUD certified counseling agency, TRP decided to start a pilot Individual Development Account program.

TRP facilitates advocacy and community organizing around issues of education and youth, leadership, immigration, housing, health and safety. They also promote economic development through a revolving loan fund, commercial development and a construction cooperative.

One of the latest campaigns aims to improve overall quality of life through developing housing for local college
students, expanding their facilities, and renovating much of the surrounding property.

**TRP'S IDA PROGRAM**

In 2002 TRP started an IDA program dedicated solely to homeownership. TRP worked with the Federal Home Loan Bank of Chicago and Chicago Community Bank to provide a 2:1 match for IDA participants. IDAs were a new concept to TRP and it experienced common administrative challenges of paperwork and scheduling and recruiting. Even though about 15-17 families dropped out, 17 families bought homes through this program that included 22 hours of coursework over the course of 2 years. This included an 8-hour class that HUD required. Peer organizations work with TRP to help with real estate and posting of homes. TRP refers people to Neighborhood Housing Services if they express having trouble after purchase, but the post-purchase workshops that TRP offers are well attended. The Figure 14 shows where people purchased homes.

**Successes**

Overall, as of 2002, TRP had leveraged over $66 million dollars in community investment from its initial $30,000 in 1990. Currently, a coalition with 13 member parishes, TRP has initiated 2 childcare centers serving 400 children and assisted 86 local contractors to begin, develop and expand their own construction businesses. In the first ten years, TRP developed over 100 units of housing and now

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34 A listing of courses is included in the Appendix.
has built 147 single-family units for ownership and 156 affordable rental units. Of the 510 people that have gone through the education and counseling, 100 have closed on loans and several hundred have taken out other home-related loans. TRP's work has generated over $20 million in mortgage activity. Over a dozen IDA participants purchased homes and invested $2,317,110.

LATEST DEVELOPMENTS

Since TRP aims to run their IDA in conjunction with housing development, the continuation of the program is on hold. They are thinking about ways to reorganize the IDA, but as of yet most of the developments are responses to the changing neighborhood. These are discussed more extensively in the following sections.

ADDRESSING THE CHALLENGES OF TYPICAL IDAs

TRP has earned dozens of awards for its outstanding commitment to community. The following are a few (non-prioritized) points that I think are keys to its success overall and particularly with IDAs.

Administrative Capacity

Dedication to place and responsiveness to people
From it's beginning, TRP has been dedicated to the Pilsen neighborhood, which has helped to concentrate and quantify much of its place-based and people-based efforts. Its tenure in the neighborhood and reputation confers a lot of trust from prospective clients. There is also visual ripple effect created when focusing on the physical character of a neighborhood.

Faith
Capturing the undeniable bond that a common faith provides in energizing and mobilizing this group is difficult. Faith is the common denominator that brings together people from within and without the community, builds trust and social networks.
Delegation of services and programming

Today, TRP continues to respond to community demand by adding neighborhood services and collaborating with local organizations. Those interviewed emphasized that TRP encourages new development of additional services, but does not aim to maintain control of those initiatives. For example, TRP started a shelter for victims of domestic violence. This program is now its own non-profit with ownership of the residential units associated with it. Local Initiative Support Corporation (LISC) also approached TRP to expand its workforce development program, but TRP found that this program to be a better fit for another organization. TRP has a good sense of its organizational capacity, which is important to internal success, but also recognizing other potential capacity throughout the neighborhood and community.

Complementary Programming

Much of the work that TRP was doing with residents, savings clubs, homebuyer training, loan qualifications, etc. were a perfect setting to incorporate an IDA program. Getting people to understand the concept of IDAs was not difficult. Participants can also take advantage of TRP loans to help them with home purchase and repair.

Funding

New Homes for Chicago and Funding

The Chicago Department of Housing has a program for developers of affordable housing called New Homes for Chicago. This allows TRP to purchase city-owned land for $1, forego permitting and utility connection fees and provides up to $40,000 in subsidy. This program includes income restrictions and requires four years of occupancy. This allows TRP to significantly reduce total development costs. The IDA program is not funded by

\[35\] An additional $30,000 purchase price subsidy depending on homebuyer income.

\[36\] between 60% and 120% area median income
AFIA, but TRP also has substantial support from the LISC New Communities Program.

Participant Retention and Asset Purchase

Of the clients that made it through the program, all bought homes. Like many new IDA programs, TRP experienced had much trouble with retention and they are considering decreasing the number of hours required for the financial training. As illustrated in Figure 14, many families in the pilot chose not to move into TRP for sale housing or Pilsen for that matter. One homeowner mentioned that she was still concerned about neighborhood safety, but more so, the housing stock did not have what she was looking for. The map Figure 14 shows where the graduates bought homes in relationship to Pilsen and the member parishes.

ENHANCING IDAs

Combining People and Place-based Development

TRP is looking at running the IDA program again, but is interested in only offering it when there are houses online to purchase. Connecting physical development to the IDA is important because offering IDA participants an immediate opportunity to buy within the neighborhood is an assurance that the owner is prepared to some extent. "You can't just build new houses. You have to build a community," explains resource director Susana Vasquez. TRP's IDA administrator is in close conversation with the real estate department, which is an important first step for coordinating efforts for people and place. The staff has also considered decreasing the number of hours that are required of participants and limiting the number of participants to 20 people.

Quickly gentrifying

TRP is notably concerned with issues of gentrification from other developers, new populations and TRP's own development. There is an example of a TRP family buying a house for $100,000 and selling for more than twice that. While there is a minimum tenancy period of 5 years, this does not prevent turnover. In response to quickly rising prices and a limited number of development opportunities, TRP is considering deed restrictions, community land trusts and other mechanisms to preserve affordability. Interviews conveyed that TRP is pleased with the fact that housing values have increased, but they are very much concerned that their own work may price out future homeowners. Of note is the land bank proposed with the Viviendas Economicas Ahora campaign to improve quality of life. They project the land bank to help create 140 units of the 1,000-unit goal of the initiative.

CHALLENGES

I offer these recommendations in recognition that TRP ran IDAs only once and probably learned a great deal of information from that pilot that will influence their next steps.

Gentrification as an opportunity
Gentrification is one of the biggest challenges of doing place-based work, especially work focused on housing. Gentrification isn’t always a bad thing if it is to the benefit of individual homeowners, communities, and neighborhoods. Deed restrictions and other mechanisms could provide stability and affordability to the housing market. Community land trusts and land banking are mechanisms to recycle the original subsidies and help more residents over time and respond to highest and best use. Susana Vasquez echoes, "You can't see reinvestment as the enemy. You have to see it as an opportunity to create new jobs, homes and businesses."

Partnering with other organizations
There are 14 other IDA organizations in Illinois, 8 of which are in Chicago. TRP is registered with the IDA network and is in contact with the state agency: Financial Links for Low-Income People. As for all organizations, there is power in numbers especially with a tool laden with administration and requiring significant funding. Knowledge sharing, but also resource management, is helpful on a regional scale. Along the same lines, partnering with institutions and organizations can open opportunity for new sources of funding. Doing so makes linking people and place-based strategies easier.

Partnering may also be helpful in addressing the issue of a lack of affordable land to develop. TRP has recently expanded its target area to include 2 more neighborhoods: Little Village and Back of the Yards. This is critical to continuing development because there are very few larger swaths of land in the original target area. In addition, the city is reluctant to continue selling land at a discount because of the revenue that is lost. Losing this subsidy would mean significant acquisition costs.

Relationships to Retain Pilsen Residents
My impression was that this first attempt at IDAs was more about figuring out how it worked. Relationships and faith are most obviously central to the overall work of The Resurrection Project, but from my brief experience, the relationships did not seem central to making the IDAs work. It seemed that IDAs were not necessarily a space for residents and neighbors to come together, but simply an

account to help people buy a house. Working on this relationship aspect and inviting participants to become involved in the other great work of TRP will possibly encourage more participants to purchase homes in the neighborhood. The homeowner and the administrator expressed that there was a high attrition rate. The staff suggested that the number of hours and commitment required contributed, but using the IDA as a venue for mutual support could help mitigate this.

CONCLUSION

The TRP model, although young, shows the potential of combining the IDA program with the anticipated construction of new units. TRP’s reputation for doing great work in the neighborhood through commitment and faith demonstrates that the type of organization is just as important as the capacity of the organization. The next chapter looks at Lawrence CommunityWorks in Lawrence, Massachusetts as an organization that is beginning to pull together all of the concepts of social capital, human capital and IDAs to encourage homeownership in Lawrence for those in Lawrence.
CHAPTER 5: Opportunities to Bridge People and Place

This chapter tells the story of an IDA program that is much more than an account, much more than financial literacy, but a basis for peer support, leadership development and healthy homeownership. Late last year, Mary\(^\text{39}\) completed an IDA program and shortly after purchased a home in Lawrence. There was a time when she (and several others in her cohort) was reluctant to stay in Lawrence, and recently she spoke to an audience of local leaders telling her story about IDAs, her experience with Lawrence CommunityWorks, and how she had regained confidence in herself, her neighborhood and her family's future. The figure above depicts the combination of these elements.

\begin{figure}
\centering
\includegraphics[width=\textwidth]{figure15.png}
\caption{Lawrence in relationship to Boston, MIT Geodata}
\end{figure}

\textit{HISTORY}

Similar to the Pilsen neighborhood, Lawrence was home to large industry, concentrations of European immigrants and home to intense labor rights disputes. The decay of the textile manufacturing industry in the northeast and continual loss of a manufacturing base resulted in a rich building stock of vacant mills. Over the last 40 years or so, improved immigration laws, political, and economic factors increased previously dwindling numbers of immigrants to Lawrence. With a total population just over 72,000, today, Lawrence is home to the second largest population of Dominicans in the U.S.\(^\text{40}\)

In contrast with Boston, which is only 25 miles south of Lawrence, the median household income is nearly $28,000 and 20\% of families live in poverty.\(^\text{41}\) Twenty-

\(^{39}\) The participant's name has been changed to protect her identity.

\(^{40}\) Nearly 30\% of a population of 72,000 are Dominican. Census 2000.

\(^{41}\) Census 2000 reports that median household income in Boston was $55,183 with a poverty rate of 8.8\%. 
seven percent of owners in Lawrence are paying above 30% of their income for monthly owner costs. The Merrimack River marks a significant divide in socioeconomics and demographics. Lawrence CommunityWorks invites all residents of Lawrence, but focuses its energy on the North Common, a neighborhood on the north side of the river as highlighted in Figure 16.

**STRATEGIES FOR COMMUNITY DEVELOPMENT**

Lawrence CommunityWorks, originally founded in 1986, is a non-profit that does what could be considered traditional community development with a non-traditional approach based in social network theory. Thoroughly embedded in the community and invested in the neighborhood, CommunityWorks has over seven hundred members from across Lawrence. Each new member goes through an orientation, which includes an introduction to the staff, programs and ethos of CommunityWorks. Programming is broadly grouped into Community Organizing, Neighborhood Planning, Family Asset Building, and Youth Development. Members choose from a number of activities and committees according to their interests, without any attendance requirements, restrictions, or fees. It's important to note that LCW considers each new participant as a member, not as a client. Similar to FII, CommunityWorks fosters an environment that encourages each member to participate in this organization because it as much theirs as it is the staff's.

FIGURE 16: CommunityWorks is located in the North Common Neighborhood and focuses much of its attention to this neighborhood. SOURCE: MIT Geodata and Census 2000.

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43 Caufield, 44-47. Maps of population density, percent Hispanic/Latino, and Median Household Income by census tract illustrate this clearly.
The adult learning clubs in the Family Asset Building Department are probably the most popular and are of particular interest because of the diversity of opportunities presented. Clubs include a first-time homebuyer club, a savings club, an English club, computer skills, and a sewing club. Over 150 adults participate in one or more clubs every semester. The topic choices are largely driven by member interest. The variety and flexibility of programs facilitates members meeting one another and providing mutual support.

**Mission:** “We work to build a growing network of Lawrencians who are engaged in building family and community assets, providing each other with mutual support, and engagement in collective action to advance the revitalization of the City.”

**Vision:** Committed to equitable development that focuses on investing in people not just bricks and mortar for the revitalization of Lawrence.

**COMMUNITYWORKS’S IDA PROGRAM**

The IDA program is couched in the Family Asset Building (FAB) program and requires participants to have already been enrolled in the Savings Club. Members are well acquainted with the organization and the staff by the time they start the IDA program and begin to take ownership of their successes. Currently, the IDA program is only for women, which has provided a comfortable environment for the members to participate through trust and support. Recruitment for the IDA is run annually and, in order to serve more people, the Savings Club enrollment is changing to every 6 months instead of annually with groups of twenty instead of ten.

Monthly financial literacy classes cover basic savings and consumer strategies. Groups also meet once a month socially and less formally as peer support. As the groups get acclimated to the program and each other, the meetings are occasionally held at members’ homes. CommunityWorks offers asset-specific training also; the first-time homebuyer sessions are open to all members.

The current program manager recruited many of the first participants. The organization depends largely on word of mouth and radio advertisements. They have recently added a monthly event called “Networking Night.” This is an informal opportunity for those involved in different classes to meet each other. People participate in icebreakers, eat together and each class coordinator presents materials and makes a brief presentation about their class. Current members, prospective members, staff, and community representatives attend; originally intended to run for only three months, the events were so well
attended that CommunityWorks will continue them year round. Next month they will feature the youth classes as well.

CommunityWorks recently hired a full-time homebuying counselor, a part-time account manager, and an intern. This has increased capacity, but new programs and new members present increasing demand. The full-time housing counselor is responsible for facilitating the first time homebuyer seminar, credit counseling for the IDA members and the first-time homebuyers, and coordinates, what is now called, the housing advocacy group. The staff is trying to replicate the peer support model in the first-time homebuying seminar also because it’s brief, fairly technical, and open to large groups.

The match is a maximum of $3,600. Funding is 50% AFIA, 50% foundation and grant money, but CommunityWorks is looking for ways to increase private and individual contribution. The most recent group is sponsored by a local credit union, which will likely be a leading partner in an upcoming “Homeownership Expo.” CommunityWorks works with several banks and has had positive experiences with them all. Several homeowners took advantage of downpayment assistance from the city and a low-income homebuyers program through the Federal Home Loan Bank of Boston.  

CommunityWorks is a full member of the state IDA collaborative group: Massachusetts Individual Development Account Solutions (MIDAS). MIDAS has over a dozen community-based organization members across Massachusetts and advocates for state and national level IDA funding and legislation. The staff has expressed that the tremendous technical support that MIDAS provides especially given that MIDAS’s program coordinator has also had experience running an IDA program.

Successes
The first two cohorts of twelve members each have graduated and all but 6 have purchased their assets. There are currently a total of 24 participants in the third and fourth cohorts. CommunityWorks plans to bring on its fifth cohort in June. Within less than a year, 8 members purchased homes, 1 started a small business and 2 decided to invest in an education. All but one homeowner purchased homes in Lawrence. 70 members have graduated from the first-time homebuyer program.

44 Requires owner-occupancy for 5 years. The downpayment program provided $10,000 for one family and $8,500 for another. The FHLB program provided two families with $15,000 each and a third with $10,400.
45 State legislation for TANF recipients was introduced in the 2000-2001 session died.
Community organizing efforts include 4 neighborhoods and 150 families. CommunityWorks has completed 60 units of rental and 4 homes have been completed, with several developments in the planning phase. Planning for a community center and an additional recreational park is underway also.

Getting seven of eight homeowners to stay in Lawrence is quite an accomplishment given that in a workshop conducted just one year ago several participants expressed concern about purchasing a home in Lawrence. I suspect that a positive experience with IDAs and working with CommunityWorks convinced participants that Lawrence was a good place in which to invest.

LATEST DEVELOPMENTS

Linking People and Place
CommunityWorks is working with Reviviendo Gateway Initiative (RGI) to adopt recent zoning changes and amendments spurred by new Massachusetts Smart Growth zoning regulation, 40R. 40R is designed to encourage towns and developers to build affordable housing near transit. The legislation provides towns that pass Smart Growth zoning with an upfront allocation of up to $600,000 for planning more than 501 units of housing, and $3,000 for any unit within the zoned district that is given a construction permit.

CommunityWorks is working with the RGI committee to develop a plan for expanding the current Smart Growth zoning district and to create a linkage program that would use a percentage of these funds that are granted to the city for funding IDAs and workforce development. CommunityWorks and its members are advocating for RGI to expand their current focus area to include more of Lawrence and to increase the amount of funding that could be linked to people-based efforts. The combination of funding the construction of housing and investing in the people is a novel approach to addressing affordability with IDAs. Combining these efforts has incredible implications for increasing the scale and perpetuity of IDAs, helping maintain affordability and encourage partnerships, especially with the city government.

Expanding IDA Opportunity in Lawrence
CommunityWorks is actively working with the credit union of a local general hospital and a community college to sponsor new IDA groups. CommunityWorks and the hospital are finishing contract negotiations for what will be an IDA program solely for the employees of the hospital. CommunityWorks will continue to run the financial literacy and asset-specific trainings, the credit union will provide the match and possibly a meeting space.

These are institutions interested in providing financial and technical support to an IDA program because the people
that they serve or employ are potential account holders. This increases awareness within low-income populations but, more importantly, gets institutions to understand and promote the value of IDAs. The more advocates IDAs have, the more chance they have at success and sustainability.

The new employee-based IDA may include men, which means introducing a peer-support dynamic that is different than what CommunityWorks has facilitated thus far. CommunityWorks is also negotiating what additional assets that savers could purchase.

There are talks of starting a student-based IDA with a local college. These new opportunities present challenges in designing and tailoring an IDA program that is different than their typical model.

**ADDRESSING THE CHALLENGES OF TYPICAL IDAs**

After several years of running an IDA program, CommunityWorks is continually developing responses to the challenges presented by the traditional IDA and is very innovative in creating ways to leverage this tool for its greatest potential. The following are ways that CommunityWorks is addressing issues of participant skepticism, administrative capacity, funding and more.

**Participant Skepticism**

Encouraging the members to acclimate and familiarize themselves with the organization before starting the IDA program mitigates participant skepticism. This graduated process has several benefits, but works well to instill trust. Also, many IDA participants are familiar with the staff before joining. Each member attends an orientation that explains all of the programs and services at LCW, making clear the mission from the beginning even before joining the IDA program. Current members sharing their IDA experience with other LCW members (and prospective members) at the new monthly “Networking Night” events is an effective way of lending credibility to the program and the organization.

**Administrative Capacity**

LCW recently added a few more staff to help with homebuying seminars and counseling, and general administration. In looking to scale up the program, the biggest challenge remains hiring staff that is committed to being available to participants not only as counselors and educators, but also as peers. This is a high-touch environment that requires many staff hours. LCW has hired IDA alumni and is in the process of training alumni to be facilitators for financial literacy trainings. Inviting alumni to return and participate can provide role models and another contact person for participants and relieve some pressure on staff.
Retention and Asset Purchase

In the beginning of the program, there were several women who did not complete the program. Today, there is a pronounced sense of peer support throughout the two years. There has been difficulty in getting a few participants to purchase. CommunityWorks must encourage the members to purchase their asset within a designated timeframe because the funding expires and they will lose their match. I speculate that this in part because for some, this is the first time they have had savings and they enjoy the comfort of savings. The staff is working closely with these members to find an asset that is within the three allowed by the government and is right for them.

Funding

As mentioned previously, LCW receives funding from the federal program AFIA and matches that with grants and private money. The organization is looking for ways to invite more individual donations from members and Lawrencians. The developing partnerships with institutions across Lawrence bode well for expanding funding sources.

ENHANCING THE TYPICAL IDAs

The power of the network

All efforts are built on the premise that building relationships and networks within the community is critical and intrinsic to all physical development. CommunityWorks is based on the mutual support model of community development. Most of the staff lives in Lawrence and are active outside of the organization. This is key for outreach, recruitment, building trust and general efficacy of CommunityWorks; they are not going anywhere and their commitment to place is apparent.

Efforts are invested in strengthening the ‘organic connections’ between people in the community for the betterment of the neighborhood. The network theory includes:

- Creating an interface for public engagement
- Connecting people to information and opportunity
- Emphasizing choice and market value of choice
- Surfacing strong ‘weavers’ in the network that are actively engaging and connecting people to the network.

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The external network in the community is just as important as the internal network constructed in the services, programming and departments within the organization. Healthy competition is created between the programs because members recognize that their time is valuable and clubs have to have a real perceived value for participants to continue attending. Also, involvement in one club is usually a lead in to another club or program, especially for youth. For example, women in the IDA program suggested and started a computer skills club.

CommunityWorks actively invites IDA alumni participation and incorporates their experience into the IDA program. An IDA graduate is currently working part-time to help with account management and paperwork. The IDA program director is working to develop training for IDA graduates to return and facilitate meetings for current IDA members. If they continue this trend of working through the depth and breadth of the network and providing opportunity for members to be decision-makers and facilitators, it’s likely that the energy will be recycled back into the organization with an even higher rates of success and efficiency.

**Defining assets**
A definition of asset that includes non-traditional skills like sewing and computer skills are important to self-sufficiency and the idea that people need more than direct financial support. Members have several venues for practicing financial independence in a meaningful and supporting way, beyond financial literacy training that is often detached from personal situations, interests and motivations.

**Member- and staff driven**
While there are many initiatives that are brought to the table by members, there are also projects that the staff recognizes as an issue affecting its members. The staff makes issues like zoning, redevelopment and planning accessible and relevant to their concerns. CommunityWorks strives to ensure that members understand the salience of these issues and garner support around these issues. Specific programming is often driven by the demand of members; the music and video production classes for youth are just one of many examples.

**Graduated services**
Every six months LCW offers a savers club for members to enroll in before the joining the IDA program. After one year in the Saver’s Club, members are eligible to join the IDA program through a lottery system. This system provides members the opportunity to develop saving habits without the restricted asset purchase associated with the IDA program. After completing the IDA program, there are many other classes and clubs which the members are
encouraged to join. Staff and administration are also very attentive to post-purchase needs. Support before and after the IDA program provides members with the opportunity to gradually work their way up a ladder of asset building.

**CHALLENGES**

*Measurement*

Walking into the open architecture of the CommunityWorks office, interacting with members, and walking around Lawrence, CommunityWorks significant impact on neighborhoods and communities through Network Organizing is palpable. The question is what kind of impact and how much? Each department is beginning to collect information along three dimensions to evaluate just how their efforts have changed Lawrence. All the departments will collect the information in different ways, but the final product will show the quantitative outcomes like number of members, dollars invested in the Lawrence, and dollars leveraged. Evaluation will include conducting interviews and persona testimonials of individual success stories. Lastly, the programs themselves will be evaluated. The IDA program is routinely evaluated and audited by the state agency, MIDAS.

*IDA Management*

CommunityWorks is currently trying to increase their IDA membership, but the high touch approach means dedicated staff spending many hours outside of normal business hours. The current program director is concerned about preserving the quality of the program at a larger scale. How will staffing accommodate the peer support, high touch model? The staff emphasize that in recruiting for new positions, they will look for people skills and tremendous dedication. They are confident that they can find those people.

MISIDA and account management has remained a challenge over the life of the IDA program. CommunityWorks is working with three databases to protect from losing data, but looks to phase down to one database with backed up data.

*Responding to Housing Markets*

“Lawrence homeowners have one of the highest rates for using ‘sub-prime’ lending companies.”47 In developing its homeownership center, CommunityWorks is contemplating whether or not to become lenders. Profits could be recycled into the organization, but this comes at

the cost of taking on considerable operations and a considerable investment in human capital.

Although very much in the preliminary stages, talks of starting a Latino community bank in Lawrence offers a great partnership opportunity with CommunityWorks and its members. This could be a strategic partnership opportunity to provide prime mortgages and loan products to IDA members.

Responding to Member Demand
CommunityWorks has an understanding of what type of housing members want. A major challenge is developing housing choice that is cognizant of demand and current supply in Lawrence. Offering a range of ownership options (cooperatives, deed restrictions, community land trusts, cohousing, Section 8 Homeownership vouchers) could not only make ownership more accessible for many, but have significant financial returns for neighborhoods and social returns for communities.48

CONCLUSION

On several fronts, LCW is doing a great deal to infuse the IDA experience with peer and administrative support, consumer and financial literacy, and community partnerships for the betterment of homeowners, community members and Lawrence in general. LCW continues to struggle with getting some members to purchase assets. Ultimately though, they are investing in not only healthy homeownership, but also supporting homeowners, and attractive and affordable housing opportunities; effectively bridging people and place, community and neighborhood using IDAs.

48 A 2001 PolicyLink report: Sharing the Wealth: Resident Ownership Mechanisms provides technical support for developing such models.
CHAPTER 6: Case Synthesis and Conclusions

The following is a synthesis and comparison of many of the strategies and approaches presented in the cases. The synthesis compares how the organizations respond to the limitations of typical IDAs mentioned earlier. An exploration into what the organizations add to the IDA tool is followed by recommendations and concluding remarks.

These cases represent a spectrum of approaches for IDAs. FII represents the idea of IDAs as part of an economic development strategy that improves not only the financial situation of participants, but also the attitudes and social networks of participants, peer groups and social service providers. TRP inherently considers social networks, but works to coordinate housing construction with offering an IDA program. LCW is an example of developing and capitalizing on social capital to energize members around ideas of individual self-sufficiency, community engagement, and neighborhood revitalization.

TYPICAL IDAS

As discussed earlier, running an IDA presents many challenges; the following is a synopsis of how the three organizations are responding to these challenges.

Prospective participant skepticism

Generally, full disclosure and building trust seem to be a large part of how LCW, TRP and FII build credibility, overcome skepticism, and retain participants. Specifically they:

• Mitigate skepticism by establishing long-term commitment and a positive reputation in order to develop trust between the organization and current and future participants. The issue of trust must be addressed before participants fully commit to changing their behavior and spending patterns.

• Ensure that the self-interest of the organization is not in conflict with the goals of the IDA program. For example, there may be a conflict of interest when a landlord runs an IDA program or a mortgage company sponsors an IDA program. They make clear the organization’s interests and why they are interested in the self-sufficiency of the participants. In my experience, I understood the abstract connection between IDAs and this health clinic, but it was never
stated clearly why the organization supported this approach for its patients and residents across the city.
• Make operations and meetings consistent and transparent helping them to seem dependable and legitimate.

**Funding**
Looking at new ways to bring in funds is one way to link people- and place-based efforts. The flexibility of general support funding for FII is extremely helpful in giving them the liberty to determine the highest and best use. CommunityWorks's work with the Reviviendo Gateway Initiative to create set-asides for IDAs from Smart Growth zoning initiatives is a stellar example of combing efforts. Working with other institutions around Lawrence will provide a great opportunity for additional funding. CommunityWorks also helped homebuyers secure funds from the Federal Home Loan Bank and the City of Lawrence downpayment assistance. These are substantial amounts that complemented the IDA money and made buying a home possible.

**Administrative Capacity**
• Leveraging political agency should not to be undervalued. FII provides a good example of how connections with decision makers can keep self-sufficiency for low-income people high on the agenda. Because the politicians were at wits end about poverty, this gave way to innovation and in turn meant flexibility for FII. Finding windows of opportunity to take advantage of political campaigns and political trends, can provide legislative and financial support from officials. LCW is also very adept at positioning itself and members on the political radar screen. Incorporating IDA funding opportunities into affordable housing zoning incentives is a great political strategy that few politicians will vehemently oppose. The strength of using political connections, either through the state IDA agencies or directly, is the ability to inform policy. Finding flexible funding has been key for FII to demonstrate how families are making their way out of poverty.

• Attending one conference session exposed me to an organization that focused on entrepreneurship that required an upfront fee to join its IDA program. They contended that they provide a service and information for which anyone in the private market would pay much more. They said the fee also gave participants a greater incentive to
attend the classes. This is one way to cover overhead, but I think that, as we see in the case studies, asking alumni to return and relying more on the capacity and energy (not finances) of the participants is effective and less conflicting with the core mission, at least superficially.

- Outsourcing services, like some parts of the financial literacy training, is common amongst IDA programs. While this requires staff time to facilitate, bringing in a professional to answer specific questions and to be a point of reference for future advice can be highly beneficial.

- Many organizations spend a significant amount of time recruiting new participants. FII and LCW are making concerted efforts to rely on people in the programs to recruit those they know. As mentioned earlier, this lends credibility, which mitigates some of the skepticism of prospective participants, but is also a way to get feedback about the quality of the program. If IDAs worked for them, they are more likely to tell others than if they had an unpleasant experience.

**Participant Retention and Asset Purchase**

The idea that these organizations are each, on some level, vested in building relationships, not just account balances, suggests that the two year limit is not in their best interest. It’s definitely not in the best interest of the IDA participants. They each work very diligently to keep in touch with homebuyers. During the two years and beyond, FII and LCW members are owners of the process of self-sufficiency just as much as they will be owners of an appreciating asset. This is an integral part of participant retention. As mentioned before, mutual peer support between members and from staff is also integral to participant retention.

**Demographic Targets**

Most IDAs are interested in offering this to as many eligible participants as possible and even in doing so, recent evaluations have shown that most participants are minorities and single mothers. Understanding this may provide insight into the ways that different clients may or may not require different services. With regard to case management, IDAs are flexible enough to adapt to need. In the case of asset purchase restrictions, further research is needed to evaluate whether or not IDA policy reflects the realities faced by this demographic. FII targets the middle 80% of people that are not in crisis or would likely succeed without FII. LCW offers IDAs only to women. These strategies not only affect outcomes, but the
participant experience during the IDA program. Many women at LCW expressed that an all female group provided a great deal of comfort.
<table>
<thead>
<tr>
<th>TYPICAL IDAS</th>
<th>FII</th>
<th>TRP</th>
<th>CommunityWorks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative Capacity</td>
<td>Reliant on client initiative to add to capacity of organization</td>
<td>IDA staff is in close contact with TRP real estate development dept.</td>
<td>High touch approach means adding highly qualified staff, and recruiting alumni</td>
</tr>
<tr>
<td>Approach</td>
<td>Develop strong relationships</td>
<td>Rely on previous reputation and continue to develop relationships with individuals and within community</td>
<td>Rely on previous reputation and continue to develop relationships with individuals and within community</td>
</tr>
<tr>
<td>Retention</td>
<td>Staff explained that the concept of retention is moot when working in communities and relationships.</td>
<td>15 individuals did not complete the program</td>
<td>Peer/mutual support is key for keeping members, but a few members did not complete the program.</td>
</tr>
<tr>
<td>Asset Choice</td>
<td>Flexibility to choose any asset</td>
<td>Only for purchasing a home or repair</td>
<td>Work closely with members to purchase a home or improvements, business, education</td>
</tr>
<tr>
<td>Funding</td>
<td>General support allows tremendous administrative and asset purchase flexibility</td>
<td>FHLB and banking institution was minimal and targeted for housing</td>
<td>AFIA and grants and possibly local institutions</td>
</tr>
</tbody>
</table>

**Table 2:** Comparing Responses to Challenges of Typical IDAs
ENHANCING TYPICAL IDAs

IDAs work, but they work differently (and arguably better) with certain elements that I observed in these organizations. The enhancements that I found can be broadly categorized into three categories: the addition of other services, the consideration of supply-side contexts and efforts to put relationships at the center of their work. IDAs are one tool, but when wrapped with services, context and relationships it becomes difficult to separate the toolbox. The enhancements mentioned make these IDAs more than a tool, but allow for more flexibility than a one-size-fits-all program. This section describes what I think, generally, the organizations add to IDAs and how they compare to one another. If we take another look at the homeownership process, Figure 17 depicts the suggestion that the IDA can have further implications than just financing.

Continuum of Services
All three organizations consider IDAs as more than a financial asset. For the most part, all three organizations have related the IDA to another component of their organization. The services wrapped around the IDA address other hurdles homeowners may face. TRP conducts housing seminars, and the IDA is used as a concept for families and groups in a host of incentives at FII. TRP offers post-purchase counseling and trainings. LCW includes its IDA in the Family Asset Building department, which works closely with the Real Estate Department and Community Organizing Department. CommunityWorks’ real estate department staff can consult members on where to look for houses, can attend closings for moral support and legal counsel and refer them to reputable mortgage companies. The involvement of several departments in the well being of one member means that CommunityWork’s members express that they feel completely supported throughout the entire process. This continuum of services prepares participants, has the

FIGURE 17: Potential for IDAs to address more of the homeownership process
potential to serve a group that may not be ready for IDAs, and familiarizes the participant to the mission and vision of the organization.

**Measuring Success**
As illustrated earlier in the FII case study, the measurements and detailed data collection for which FII compensates its members is valuable for understanding how families build assets and for demonstrating outcomes to funders. Both TRP and LCW have an idea of how many dollars IDAs have leveraged, understanding the participants' process and tremendous change in consumer behavior would be telling. Collecting this information does take time and money but FII staff expressed that this type of tracking is helpful for families to visualize their progress.

**Supply and demand**
CommunityWorks best exemplifies the model of an organization working to invest in people and place using IDAs as a tool that is part of a larger program. They have the capacity to be asset builders and place builders simultaneously, effectively addressing supply and demand. Although FII has been reluctant to be identified with a place the case study recommendations mentioned earlier suggest that there is merit to understanding more about the neighborhoods and places in which these communities are based to understand the spatial relationship between members and affinity groups.

**Context**
The organizations presented respond to context on three different levels. Responding to participant demands, considering the housing market for potential homebuyers, utilizing community and neighborhood resources are factors that change how each of these IDAs work and operate. The context that is embedded in the IDA allow participants to define what self-sufficiency means for their situation and ideally take into account housing market realities. CommunityWorks and FII are particularly successful at this. FII does a tremendous job of letting families decide how and when to spend their match money, which translates into full responsibility and trust on the part of the families. Occasionally, families make decisions that are not what the staff would recommend, but FII trusts that the families truly know their situation best. Unlike CommunityWorks, FII does not attempt to understand real estate markets. This is partly due to the scale of the service area and that FII puts this research responsibility in the hands of participants interested in buying a home. Because CommunityWorks is embedded in place and has an idea of the market, it is able, to some extent, measure the ripple effect in markets. FII is attempting to understand the ripple effect within social
networks and family net worth. There is merit to understanding both effects.

TRP often contracts out market studies, but have found that the product usually does not highlight the characteristics of the housing market that they are most interested in. As a result, the IDA coordinator works closely with the real estate department to strategize about future development. In understanding the local housing market CommunityWorks and TRP begin to address some of the larger, systemic disparities in homeownership that exist in their neighborhoods like gentrification and predatory lending.

In a recent session, CommunityWorks staff and members met to talk about future housing choice and realized the tremendous disparities between the quality of housing available and member housing preferences and also disparities between the cost of housing and what most members could afford. While not a particularly pleasant reality, this mapping and workshop session did give CommunityWorks a better picture of where people want to live and what type of housing they prefer to incorporate into future development strategies.\(^{49}\) The Figure 18 is an example of the type of information collected; it shows where residents live and areas that they would prefer to buy homes in Lawrence. In talking with several participants, they expressed that their experiences (at FII and CommunityWorks) were much more about developing relationships and the process of saving, than the IDA account itself.

\[\text{Figure 18: The dots are where IDA participants resided before completing the IDA program. The orange areas are areas where they would prefer to buy homes. SOURCE: Census 2000, People and Place MIT report}\]

\[^{49}\text{People and Place: Individual Development Accounts, Technology and Community Revitalization in Lawrence, MA, 2004.}\]
Redefining ‘Asset’ and For Whom it Is Intended

FII and CommunityWorks have operations that are very much member-driven, which challenges the notion that important assets are a car, a house, education or a small business. The sewing club at CommunityWorks prepares members to make clothing and save money that they can then save for other things. FII approves dental work in the thought that it helps with job interviews. What makes these programs successful is that they realize that there are many steps in preparing to save for a traditional asset and there are a range of assets and skills that contribute to wealth generation.

There is also power in understanding that there is no such thing as “individual” asset building. Everyone requires cooperation and help from others along the way and FII has been successful in showing that the family unit is an important factor in asset development. CommunityWorks and TRP should consider the FII model of bringing in entire families (or even groups of families) into the process of saving and participation. FII is looking closely at the role that teenagers play in asset building. At CommunityWorks, the infrastructure of the Family Asset Building Department is already in place, the capacity to work with families is a matter of communicating that family teamwork is at the core building assets and sustaining them. It may not seem like much, but one recent IDA graduate recruited her son to paint the interior. He was able to be creative (with guidance from his mother) and help to take ownership of their home. Family members of all ages can pick and choose from a breadth of CommunityWorks classes and programs; making the connection between individual participation and family goals is a powerful mechanism for asset retention.

Relationships

The relationships that are created in the process of completing and administering an IDA support participants in their future involvement. For CommunityWorks, regular financial trainings are times for the members to come together, share stories, provide moral support, and learn together. This time is as much about learning to budget as it is about solidarity.

There are not many opportunities for families to meet each other outside of their affinity group at FII, but of the cases presented here, FII is the most relationship-based organization. There is an important distinction about their community work as opposed to the other cases in that FII is not of the community. It is not based in a target neighborhood or affiliated with a particular community. Unless already familiar with the model, families need proof that the staff and the organization can be trusted.

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50 Interview with person associated with FII.
CommunityWorks and TRP are more closely associated with the idea of a mutual association: a peer-based organization that is in and of the communities they work with and have an unstated commitment to be there long term. CommunityWorks and TRP are both embedded in community and invested in neighborhood, which conveys an immediate level of trust. Being grounded in place is not imperative, but this outward tangible display of commitment is powerful because it facilitates trust (within and outside of the organization), makes the staff accessible and accountable, and has the best opportunity for members to understand the mission and become involved.

**Leveraging Relationships: Partnerships and Political Positioning**
CommunityWorks has benefited tremendously from the advice and guidance of their state partner, MIDAS. Because of its noted success and involvement in the Reviviendo Gateway Initiative, CommunityWorks is also a high profile organization that has much pull with the governor. FII is in a similar position with elected officials. This helps with funding and achieving some of their goals for services coordination at the state-level.
RECOMMENDATIONS

The following are suggestions for organizations currently running IDAs, those organizations considering IDAs, and institutions thinking about IDAs on a national scale. The points are based on my experience with the organizations in the case studies and others, personal experience as a former accountholder, and previous proposals for the field.

Practice

Consider Relationships
All the cases presented rely on relationships to recruit, to reach more people and to contribute to their experience. The idea being that emphasizing relationships helps people realize their resources and possibly encourage others. Emphasizing strengths and capacity is a self-help approach to community development. This demands democratic skill on the part of participants and belief that their efforts will make change. Authors of Asset Building and Community Development describe that “community development efforts using the self-help approach tend to have a more long-lasting effect than some of the other approaches because residents have a greater ownership in the process.”

While this approach is best suited for those groups not in crisis and IDAs seem fairly restrictive in legislation, there is room in practice to incorporate this approach and CommunityWorks exemplifies this.

- Relationships add tremendous value to the assets of education, a small business or a home. Adopting practices like on-line financial literacy training can indeed cut staff hours. But measures that are supposed to make operations more efficient have their drawbacks in that they circumvent moments to take advantage of human capital and social capital. CommunityWorks demonstrates that the meetings for peer support and financial literacy present opportunity for people to interact. Although not measured, this adds significant value to the participant experience within the program and beyond as homeowners. I don’t think that efficiency should be at the sake of the time and energy it takes to build relationships and trust. IDAs should not be thought of as merely a service to needy people, but as an opportunity to bring people together around a common goal of self-sufficiency.

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51 Authors reference James Christenson. For more valuable information on the process of community development in relation to asset building, see Green G. and A. Haines, Asset Building and Community Development.
As mentioned earlier, leveraging political and local relationships for support can bring awareness to the issues facing low-income people and can rally additional funding sources.

“Those that are self-sufficient have control and choice over their lives. Having and keeping control and choice requires an accumulation of a critical mass of social and economic assets, which provide stability and access to opportunities.” (2 year report, p.33)

Affinity Matters

- Each of these cases works with groups that are ethnically or racially similar or in some way have already come together. This may not always encourage people to form trusting networks, but my observation of the cases presented, I think that this is a catalyst for making more out of the IDAs as a venue for strengthening social networks. All three cases demonstrate some geographic, gender or previously determined affinity. Defining a specific target population and knowledge of the community will “assist in determining how to better tailor a financial curriculum and program design to the unique needs of the community and its residents.” The Finance Project goes on to recommend that established organizations introduce the IDA concept to those already involved in or associated with the organization. (Financing IDAs, 8)

Evaluate Housing Contexts

- Organizations should thoroughly evaluate the homeownership context and appropriate priorities. To not think about the context in which IDAs is detrimental and not helpful to forwarding the asset-building agenda. “The only policy conclusion is that the evidence is mixed: the effects of home ownership will vary depending on the race of the low-income person and the neighborhood location of the home. It is also possible that for the poor, neighborhood location that improves their human capital through increased neighborhood use values will be important as home ownership itself.” Material in the appendix elaborates on the systematic disparities in homeownership and the complexity of promoting homeownership for low-income families. Green and Haines offer

“Because housing markets are dynamic – that is, the supply of housing fluctuates – at any given time, supply-side or demand-side programs may provide a more appropriate solution. Community-based organizations

52 Denton, p. 256
have an important role in neighborhoods in keeping pace with federal, state and local programs but also keeping tabs on national, regional and local economies to gauge what is happening to housing markets in their area.\(^5\)

In an environment of incredible rates of sub-prime lending and predatory lending, providing trustworthy and local financial knowledge is essential for potential homebuyers. Low-income communities are targeted for sub-prime loans that are loaded with fees and early repayment restrictions. A danger is that these types of loans lead to default or even foreclosure because families are paying too much of their income toward the mortgage.\(^4\) Having a catalogue of reputable lenders and lending products is a valuable resource for counseling IDA participants.

- Some organizations have programs to help homeowners make late payments or provide support through foreclosure. Supporting participants in this way is a complicated venture that is probably best implemented on an emergency, case-by-case basis. Incorporating this into policy or widespread practices could have the effect of entirely absolving homeowners from liability and responsibility, which is not desirable. On the other hand, investigating measures like offering loans or soft-second forgivable loans for the first 10 years of homeownership or until owners gain a certain amount of equity could help mitigate the cost of foreclosing. Although financing is very tight and restricted, establishing set-asides from housing development funding this type of revolving loan fund could support owners during the early years of homeownership. The idea is that foreclosure is much more costly for the neighborhoods and communities that the organization is working with than providing emergency support for otherwise responsible homeowners.

Measurement

- All the organizations presented have some notion about how much money is being leveraged by participant’s savings. Measures of tracking efforts are invaluable. These data are important to forwarding the national agenda but also understanding the macro effects of asset building. The Financing Project publishes reports advising groups on funding options. A recent publication recommended that “...evaluations can help produce greater benefits for participants as well as the community.”\(^5\)

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\(^{51}\) Green and Haines, p. 119.
\(^{54}\) See Appendix for graph of foreclosure rates.

\(^{55}\) Miller, p. 8.
Service Provision

- Organizations should take advantage of opportunities to integrate an IDA program into their other operations. Doing so is beneficial financially, socially and in terms of sustainability. IDAs are costly for organizations to administer, so thinking about IDAs in the context of community partnerships and organizational capacity can provide a unified front for delivering services for potential homeowners but also benefits the organizations and ultimately the community. Understanding how each program interacts and benefits from IDA participation and funding positively affects the participant experience and organizational capacity. FII shows it through their “Economics of Social Capital” table (in the Appendix), CommunityWorks has hired alumni and TRP takes advantage of the space and time provided by local churches for homebuying seminars and training. These are valuable returns for the organizations.

- There is a fine balance between letting participants decide their own course, encouraging them to own their successes and their shortcomings and sheltering them from failure. Empowerment means equipping people with adequate emotional support and information to make an informed decision. Typical service provision and policy errs toward fostering dependency, not self-sufficiency, but attitude is an important first step in enabling people to take responsibility while providing emotional encouragement.

- On a related note, organizations should consider opportunities to partner with another organization or bring real estate and financial services in-house. Doing so can create the supply of housing and financing options that participants need. IDA participants are the type of informed, qualified owners for which developers (non-profit and for profit) are looking to find. Investigating who is developing affordable housing, how they are recruiting, and examining a possible partnership can help IDA participants find ownership opportunities.
Local and Regional levels

- State level IDA organizations take on many shapes and sizes. Each have some combination of holding accounts, conducting legislative advocacy, and bringing together local IDA programs. The most obvious benefits to state level IDA agencies are notable capacity for making policy change and ability to strategize about coordinating state-level asset building efforts. Funds like Community Development Block Grant (CDBG), Temporary Assistance for Needy Families (TANF) and HOME Investment Partnership Program funds are disseminated at the state level. While there is competition for these funds and stipulations on use, the pot of money available is much larger. Access to this type of funding obviously increases scale, but advocates can also lobby to link these funds with IDAs and develop an asset-building ladder for all income levels.56

- State level IDA agencies and organizations should work together as often as possible. State agencies can advocate for legislation, funding but also help consolidate much of the back room management challenges facing smaller IDA programs. In return, organizations can provide state agencies with real numbers and on the ground experience to inform policy. State agencies can also provide organizations with opportunities to share knowledge and best practices.

- Policy makers and research institutions have thrown around the idea of creating a standard and evaluation for organizations that run IDAs as a measure of quality control. This may exclude some organizations that work in communities and neighborhoods of the most need. Currently, technical assistance and training are provided for the account tracking software, but this training or technical assistance for IDA start up could be just as useful. The Institute for Community Economics (ICE) has an analogous program for groups thinking about starting a Community Land Trust. Groups apply for technical assistance to understand more about potential stakeholders in the area, funding opportunities, and more about setting up legal structures.57 IDAs require less legal preparation but organizations should be prepared to identify sustainable funding sources, potential partners and design curriculum and program administration that are

56 The Finance Project’s report, Encouraging Savings; Financing Individual Development Account Programs gives a details and examples of the use of CDBG and HOME funds.

57 Funding is through a national cooperative agreement with HUD through the HOME program.
tailored to their capacity and mission, and dovetailed with their current programming. Technical assistance could also help with evaluation and collecting data.\textsuperscript{58}

\textbf{Federal policy level}

Federal programs target both the supply of affordable homes and the accessibility of ownership. Recently, federal initiatives have shifted support away from housing toward homeownership initiatives, away from public housing toward privatization. The following is a brief exploration into a few federally funded programs that have proven to work well in conjunction with IDAs. These initiatives and many more are being recognized as opportunities for organizations. Policy advocates should consider reform to any of these programs be juxtaposed with how they interact with other anti-poverty measures. Section 8 to Homeownership, Family Self Sufficiency, and Hope VI are all opportunities for combining policies that are targeted for low-income people and places in combination with each other.

\textit{Section 8 to Homeownership}

\textit{Section 8 to Homeownership Program (Housing Assistance Payment or HAP)}: Fannie Mae is partnering with Public Housing Authorities (PHAs) and lending institutions across the country to provide homeownership opportunities for those receiving Section 8 vouchers. Fannie Mae set underwriting guidelines (including counseling) and requirements for PHAs to facilitate secondary market participation in the loan process. Section 8 payments are put in an escrow account and PHAs apply additional work

\textsuperscript{58} Documented technical assistance for organizations operating IDAs is available at the Department of Health and Human Services website at: http://www.acf.hhs.gov/assetbuilding/AFIreportCAintro.html
and income requirements as they see fit. In its first four years the program helped 2,000 low-income families move into ownership. The program plans on assisting 5,000 families in 2006. This has been implemented with little success in large metropolitan areas because of expensive house prices. Singularly, this is not a strong tool, but in conjunction with an IDA program, it has much more potential to reach more low-income people who may be familiar with Section 8, but not IDAs. Public Housing Authorities could also partner with community-based organizations to build administrative capacity.

**Family Self-Sufficiency**

Family Supportive Services (FSS) is a program started in 1990 to promote asset building for low-income families with Section 8 vouchers or living in public housing. Family Self-Sufficiency (FSS) is meant to encourage economic independence for those earning less than 50% of area median income. The program ensures that one’s rent will not be increased if the earned income of the household increases. If the household income increases

the difference in increase is put in an escrow account; up to 50% can be put toward a down payment on a home and the balance can be used for repairs or replacement.

Public Housing Authorities (PHAs) administer and determine the number of participants for this program. FSS has two components: escrow accounts and case management. There are numerous exceptions and technicalities, but the escrow account allows residents to save (and earn interest) any earned income that exceeds the rent amount that was determined as 30% of income upon entry. Case managers work with families to determine interim goals and long-term plans for education, job training and homeownership that are included in a contract between the Public Housing Authority and the resident.

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59 Department of Housing and Urban Development major programs and budget as listed on the Office of Management and Budget website: http://www.whitehouse.gov/omb/budget/fy2006/hud.html

60 Family Self-Sufficiency Legislation: http://www.hudclips.org:80/sub_nonhud/cgi/nph-brs.cgi?d=UC42&s1=1437|ulno|$SECT1=NAVOFFHL&SECT5=UC42&u=&p=1&r=1&l=G. Increase in income must still be below 80% AMI.

61 An example of FSS Calculation is in the Appendix
<table>
<thead>
<tr>
<th>Requirement for Participation</th>
<th>Growth of escrow account depends on:</th>
<th>Permissible uses of escrow funds:</th>
<th>Bank participation required?</th>
<th>Timeline</th>
<th>Funding needed for:</th>
<th>Services provided:</th>
</tr>
</thead>
<tbody>
<tr>
<td>IDAs</td>
<td>Employment and earned income must be deposited</td>
<td>The amount the participant saves, plus the amount of matching funds.</td>
<td>Limited to specific uses, generally: homeownership, post-secondary education or a new business. (Some IDAs also permit car purchases or other uses.)</td>
<td>Yes (to administer the accounts)</td>
<td>2 years</td>
<td>(a) matching funds for escrow account and (b) case management and supportive services.</td>
</tr>
<tr>
<td>FSS Program</td>
<td>Contract includes that head of household must become employed and each individual must become independent of TANF assistance 1 year before the end of the contract.</td>
<td>The amount by which the participant's rent increases, due to increases in earnings.</td>
<td>Upon graduation, any purpose. Many graduates use accounts for homeownership or education. Interim withdrawals available where needed to help meet goals of FSS participant's career development plan.</td>
<td>No. All funds are administered by the housing authority.</td>
<td>5 years</td>
<td>Case management and supportive services only. HUD covers cost of escrow accounts.</td>
</tr>
</tbody>
</table>

Table 3: Adapted from: Lubell, J. **HUD's FSS Program - A Promising Alternative Vehicle for Helping Low-Income Families Build Assets**
Lubell is the forefront researcher on the opportunities for getting Public Housing Authorities to work with community-based organizations; this is exciting for providing more asset-building opportunities but also connecting the tenure ladders provided by these organizations. As residents within the PHA system earn income and save through IDAs and FSS, the affiliated or partner community organization may have appropriate next-step housing to offer. Financially, the opportunity to have escrow funds matched through an IDA or other match funds is promising for those PHA residents living in expensive markets.

Two major challenges include lack of demonstrated institutional will for PHAs to start an FSS program, much less partner with community organizations. The second challenge is the way the program enforces the idea of the professional and client. The idea of case management is still top-down and while the managers work closely with the participant to outline a contract, connect them to resources, the idea of a contract is very formal, has rigid timelines and makes fairly strict demands. Participants lose the money saved in escrow if the terms of the contract are not fulfilled, which includes everyone in the household must be off of welfare within 4 years and sustain independence for one year. The timeline seems arbitrary and not necessarily appropriately flexible to the needs or goals of the family.

These challenges are not reasons to not pursue this type of partnership, but community organizations that are embedded in relationship building and tailored community development should be aware that Section 8 is entrenched in another bureaucracy. To its credit, there are currently over 67,000 individuals with housing vouchers enrolled and 7,000 individuals residing in public housing. FSS has demonstrated that it does help a majority of those enrolled obtain full time employment. Several PHAs (Boston, Alameda County, CA, and Los Angeles) across the country have had notable success in graduating its residents. Under the upcoming federal budget cuts for Section 8 Vouchers, FSS is in peril.

**HOPE VI**

HOPE VI incorporates Community Supportive Services with traditional housing provision as a way for local community groups to interface with residents and address issues of employment and education opportunities. Caseworkers work closely with qualified residents to place them in new HOPE VI development before physical development is underway. With minimal additional oversight, Community Supportive Services could also be a clearinghouse for local IDA programs, if not an IDA provider itself.
A recent study, from the Center for Social Development, featured a faith-based organization in Tennessee that started an IDA program and recruited families from 2 HOPE VI sites. HOPE VI funding, additional funding, resident supports (mentor/mentee programs) and services (youth and adult programming) provided by the organization was a winning combination for both those in the organization and the residents.

The cases presented are examples of organizations making these connections, but these are innovations that could be incorporated into policy decisions. The authors of *Family Saving and Community Assets* astutely recommend “coordinat[ing] strategies across government agencies (i.e. Department of Commerce, Department of Health and Human Services, Department of Housing and Urban Development).” This would facilitate graduates, long-term asset development for participants and take some of the burden off of community organizations to make connections through entrenched bureaucracies.

**Policy Reform**

With regard to IDA policy, the restrictions on qualified assets does not allow families to adapt and respond to their situations. Also, the requirement for all checks to be made out to a third party is a layer of bureaucracy that it is not efficient for many situations. For example, entrepreneurs often need services or inventory quickly, as do students and going through a third party can be time consuming. Lastly, the two year time limit and the limited time allotted for purchasing an asset is often not realistic for those needing to prepare their financial standing, look for a house and the right mortgage, let alone work full time and raise children. As it stands now, the IDA is not targeted to people that may have other significant barriers to homeownership, but several organizations have incorporated some sort of savings club to prepare people for the IDA. This may be something to incorporate into IDA policy in order to reach and prepare more potential participants. San Francisco Earned Assets Resource Network (SFEARN) offers a host of options that are variations of the IDA, but tailored to the needs of participants. Because not all working people are the same, they tailor their management according to the level of engagement the participant needs. They make a distinction between the established working poor, recent immigrants in transition, and immigrant working poor. In a recent report, Robert Zdenek and Beverly Stein support “market segmentation” throughout IDAs as a more cost effective measure.\(^{63}\)

\(^{62}\) Boddie, p. 24.

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\(^{63}\) Zdenek and Stein, 10 as found in *People and Place: Individual Development Accounts, Technology and Community Revitalization in Lawrence, MA, 41.*
CONCLUDING REMARKS

My thinking evolved over the course of conducting research and writing. I began with the thought that given that IDAs provide a modicum of preparation and have proven that poor people can save and purchase assets, can IDAs do more than provide financial literacy and a bank account to insure long-term value? Organizations can do this with a fair amount of success and I think that they are improving the participants’ experiences. This provides tremendous benefit for recruiting potential participants, encouraging participants to maintain their relationships with organization, and could potentially motivate them to participate in other facets of community.

Answering this lead me to investigate what happens when this expanded approach is applied in neighborhoods and communities? Bridging this people-based effort with place and other people-based initiatives makes the tool more effective. This is financially more viable from an organizational perspective and depending on relationships can help with participant retention, trust, and actually purchasing an asset. One FII staff person shared that their “retention strategy” is working within communities. This model also intrinsically increases the number of participants because not only are there place-based and people based funding to support IDAs, but positive experiences that spread through word of mouth is an extremely effective outreach and recruitment tool. “Our marketing is our success,” said a founding member of The Resurrection Project.

After understanding that IDAs have the potential to me more than an account, the question remains: Should organizations be responsible and accountable for expanding the notion of typical IDAs? Organizations should be accountable to some extent, and the field is considering establishing a measure for ‘licensing’ organizations to increase accountability and quality control. Writing policy or requirements for what is so grounded in personal relationships is nearly impossible and what works in Lawrence for Lawrencians may not work in Chicago for Chicaoons. The danger of institutionalizing this work into policy is the additional bureaucracy and the decreased flexibility. What seems to be most helpful is sharing experience and knowledge about what others are doing and how to adapt them to particular situations. In this case, technical assistance from a national clearinghouse (like Corporation for Enterprise Development, or Center for Social Development or Assets for All Alliance) to provide context-sensitive consultation that is grounded in nation-wide experience would be a tremendous asset to fledgling organizations. I think that organizations need the support to work with participants,
to use Individual Development Accounts creatively, and to accomplish the mutual beneficial effects of healthy homeowners in dynamic communities and sustainable neighborhoods.
VALUE OF HOMEOWNERSHIP


HOUSING POLICY AND RECENT TRENDS


**IDA HISTORY and ASSET-BUILDING POLICY**


IDA EVALUATIONS


**Neighborhood Revitalization and Community Development**


**FAMILY INDEPENDENCE INITIATIVE**

Organization website: http://www.fiinet.org/

THE RESURRECTION PROJECT
Organization website: http://www.resurrectionproject.org/


The Resurrection Project Video. Produced by The Chicago Video Project.

LAWRENCE COMMUNITYWORKS
Organization website: http://www.lawrencecommunityworks.org


RECOMMENDATIONS


http://www.fsspartnerships.org/publications.htm

APPENDIX A: Interviews, Meetings and Conferences Informing this Research

Interviews:

**FII**
Phone Interview with Executive Director, Oct. 29, 2004.
Interview with Executive Director, Jan. 28, 2005.
FII affiliate, Jan. 27, 2005 and March 18, 2005.
Staff Member, March 23, 2005.
Members, Jan. 29, 2005

**TRP**
IDA Staff Phone Interview, Nov. 2, 2004.
IDA Staff Interview, Jan. 4, 2005.
TRP founding member, Jan. 4, 2005.
TRP IDA participant, Jan. 4, 2005.

**CommunityWorks**
IDA Staff Member, April 14, 2005.
CommunityWorks Staff Members, Feb. 23, 2005.

Meetings and Conferences

**FII**
Board Meeting, Jan. 27, 2005.
Member Workshop/Focus Group, Jan. 29, 2005.
Housing Advocacy Group at Lawrence CommunityWorks, March 15, 2005.
Reviviendo Gateway Initiative Meeting, March 14, 2005.
APPENDIX B: Homeownership Rates by Race and Ethnicity

Homeownership Rates By Race and Ethnicity

SOURCE: US Census, compiled by author
APPENDIX C: Foreclosures Started 1986-Present

Foreclosures Started: 1986-Present

SOURCE: Mortgage Bankers Association of America, Washington, DC, National Delinquency Survey, quarterly
**COST OF SINGLE ISSUE SERVICES**

There are few, if any, programs against which to compare costs. Most programs focus on a single issue and if they want to be more comprehensive, they then include case management, etc. Costs of some of these types of programs are in the table below.²

<table>
<thead>
<tr>
<th>Type of Service</th>
<th>Period</th>
<th>Cost</th>
<th>Benefit</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment training with job retention (assistance for one year)</td>
<td>Over twelve to eighteen months</td>
<td>$8,000 to $15,000</td>
<td>Average wage improves 8% or $1,500 annually</td>
<td>The $15,000 spent could instead guarantee the 8% increase for ten years.</td>
</tr>
<tr>
<td>Case management (where case load is thirty families per social worker)</td>
<td>Over two years</td>
<td>$4,000</td>
<td>Help manage crisis and get re-employed, etc.</td>
<td>Some families report having two or more case managers from different programs.</td>
</tr>
<tr>
<td>Affordable housing development</td>
<td>Family may benefit over their lifetime.</td>
<td>Subsidy of $200,000+ in Bay Area</td>
<td>Affordable and safe housing</td>
<td>To benefit, a family must stay poor or face eviction.</td>
</tr>
<tr>
<td>Financial training &amp; support</td>
<td>Three to six months to deal with financial issues</td>
<td>$1,000 per individual assisted</td>
<td>Financial workshops, support to solve credit issues</td>
<td>Available if in an IDA program, some housing programs and/or resource centers, etc.</td>
</tr>
<tr>
<td>Homeownership counseling and workshops</td>
<td>Over one year</td>
<td>$1,500+</td>
<td>Counseling, training, support</td>
<td>Some programs give personal attention.</td>
</tr>
<tr>
<td>Crisis referral line</td>
<td>Anytime</td>
<td>$500 per person</td>
<td>Counseling and referral</td>
<td></td>
</tr>
</tbody>
</table>

² Cost estimates are from proposals made to local foundations and providers of these services.

THE ECONOMIC VALUE OF SOCIAL CAPITAL: AN ACTUAL CASE STUDY

The family data and household income used for this case study belong to an actual family living in Oakland (Alameda County), California. **Household size: 6 [Mother (32); Father (27); Grandmother (66); Son (9); Daughter (3)]**

<table>
<thead>
<tr>
<th>Expenses</th>
<th>Self-sufficiency standard*</th>
<th>Actual expenses</th>
<th>Explanation of difference between regional costs and actual numbers</th>
<th>Dollar value of social capital</th>
<th>Dollar value of government support</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing/Utilities</td>
<td>$1,263</td>
<td>$640</td>
<td>Same apartment for 8 years; friends with owner</td>
<td>$623</td>
<td>$0</td>
</tr>
<tr>
<td>Childcare</td>
<td>$1,587</td>
<td>$833</td>
<td>Grandmother provides some care</td>
<td>$754</td>
<td>$0</td>
</tr>
<tr>
<td>Food</td>
<td>$607</td>
<td>$400</td>
<td>Offset by WIC subsidy</td>
<td>$0</td>
<td>$50</td>
</tr>
<tr>
<td>Transportation</td>
<td>$98</td>
<td>$180</td>
<td>Gas, maintenance, car insurance</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Healthcare</td>
<td>$347</td>
<td>$50</td>
<td>Insured through Medi-Cal and Healthy Families</td>
<td>$0</td>
<td>$297</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>$390</td>
<td>$504</td>
<td></td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Total Monthly Expenses</strong></td>
<td>$4,292</td>
<td>$2,607</td>
<td></td>
<td><strong>1,377</strong></td>
<td><strong>347</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Income</th>
<th>Documented income</th>
<th>Total income</th>
<th>Explanation of difference between regional costs and actual numbers</th>
<th>Dollar value of social capital</th>
<th>Dollar value of government support</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female: Part-time housekeeping</td>
<td>$650</td>
<td>$800</td>
<td></td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Female: Part-time work for cash</td>
<td>$0</td>
<td>$700</td>
<td>Side jobs through professional connections</td>
<td>$700</td>
<td>$0</td>
</tr>
<tr>
<td>Male: Landscaping and gardening</td>
<td>$1,400</td>
<td>$1,400</td>
<td></td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Male: Part time work for cash</td>
<td>$0</td>
<td>$1,000</td>
<td>Side jobs through professional connections</td>
<td>$1,000</td>
<td>$0</td>
</tr>
<tr>
<td>Child support for oldest child</td>
<td>$400</td>
<td>$400</td>
<td></td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Earned income tax credit (EITC)</td>
<td>$300</td>
<td>$300</td>
<td>This family qualifies for an average of $3,600 per year</td>
<td>$0</td>
<td>$300</td>
</tr>
<tr>
<td><strong>Total monthly income</strong></td>
<td><strong>$2,050</strong></td>
<td><strong>$4,600</strong></td>
<td></td>
<td><strong>$1,700</strong></td>
<td><strong>$300</strong></td>
</tr>
<tr>
<td><strong>NET BALANCE</strong></td>
<td><strong>$ - (2,242)</strong></td>
<td><strong>$1,993</strong></td>
<td></td>
<td><strong>$3,077</strong></td>
<td><strong>$647</strong></td>
</tr>
</tbody>
</table>

* This case study compares a family's expenses and income against the regional cost of living index. This index, the "Self-Sufficiency Standard," is an alternative to the federal poverty line as a measurement for how much money a family will need in to meet minimum household expenses in specific geographic areas. This amount is often used as a measure for the monthly or yearly salary a family would need to be "self sufficient." Developed as a tool by Wider Opportunities for Women, the Standard accounts for different family sizes, and the varied costs a family would face in cities, rural areas, or counties nationwide.

The following courses are required, in order to successfully complete the IDA program and receive the match funds from UFSB and FHLBC.

Financial Literacy
8 hours
Choosing Wealth
Banking with Confidence
Budgeting & Debt management & Credit
High Risk loans

Homeownership
8 hours
ABC’s of Homeownership Part 1 & 2
*Individual Homeownership Counseling*

Post-purchase workshops, attend three of the following:

2 hours Planning & Financing Home Repairs
2 hours Understanding your Property taxes
2 hours Consumer Services
2 hours Preventing Delinquency & foreclosure
2 hours Long Term financial planning
2 hours Identifying and avoiding Risky Home loans

Total of 22 hours

Attend quarterly IDA “Saver’s Club” meetings until you purchase your home.
How the FSS Escrow Is Calculated

If an FSS participant receives $400 per month in TANF benefits when she enters the program, and after completing a training program gets a job that pays $1000 per month (and causes her to lose her TANF benefits), 30 percent of the increased income (i.e., 30 percent of $600, which is $180) is deposited in the FSS escrow account each subsequent month. If the participant’s earnings increase again during the FSS contract, the escrow deposit will increase as well. For example, if her earnings increase to $1,200 per month, the escrow deposit will increase to $240 per month (i.e., 30 percent of $800, the difference between her initial income and her total earnings). If this participant worked for 18 months at the initial salary and three years at the increased rate of pay before completing her FSS contract, she would accumulate a total of $11,880 in her escrow account (18 months at $180 per month plus 36 months at $240 per month).

From: “The Family Self-Sufficiency Program; HUD’s Best Kept Secret for Promoting Employment and Asset Growth” by Barbara Sard