

Pumping Up Your IDA Performance with Public Housing Partners

Is it possible to find an IDA partner who can provide a large pool of AFI-eligible applicants, conduct financial education and asset training, and insure ongoing supportive services and case management for clients? A partner who can also multiply AFI accountholder capital many times over? *And* do this with little or no direct cost to AFI?

The answer is yes, but, like most things worth having, it does take some work. One promising partner may be your local public housing authority. Some are already implementing AFI Projects themselves in Alabama, Kentucky, New York, Ohio, Pennsylvania, and Tennessee. Many more are working with community-based grantees to help housing agency-run Family Self-Sufficiency (FSS) programs and IDA programs blend together. Both FSS and IDA programs focus on achieving self-sufficiency by accumulating assets.¹ In this situation, participants get the benefit of both opportunities. Together, the two approaches may increase the pace and percentage of successful graduates who are truly on the road to long-term asset building.

Outlined below are basic FSS parameters, followed by a brief illustration of one FSS-IDA partnership among members of the Valley Individual Development Account (VIDA), as managed by CASA of Oregon (Community Shelter and Assistance Corporation), a multi-year AFI Project.

What Family Self-Sufficiency Programs Do

Many housing authorities operate housing voucher choice programs, which allow residents to choose private sector housing that accepts Section 8 vouchers as full or partial rent. The “choice” programs are required to offer FSS services to their participants with the goal of helping the individual think ahead and work toward self-sufficiency. Under an FSS plan, the participant enters into an agreement with the housing agency to implement a long-term (up to five years) Individual Training and Services Plan (ITSP). The plan is based on an analysis of the participant’s barriers to economic self-sufficiency, such as low education, high debt, lack of transportation, weak employment history, and the like. The participant and housing agency staff agree on steps the participant will take to increase household earnings over the long run. Options may include securing a GED if necessary or other training, paying off debts, getting or keeping a job, or advancing in a career path.

Under FSS, the housing agency provides direct support through ongoing case management and requires, or at least offers, financial education, homeownership counseling and training, and

¹ Many housing agency grantees or partners may be identified by searching the CFED program survey list on www.cfed.org, or the project locator on the AFI website: www.acf.hhs.gov/assetbuilding.

sometimes small business training or other services. If unable to provide these directly, the housing agency refers FSS participants to partners who can fill the gap.

As the participant progresses in education and employment, earnings are likely to go up. As earnings rise, so does rent (30% of household income), but the housing agency establishes an escrow account for the participant and deposits a percentage of the rent increase monthly. Upon successful completion of the ITSP, the participant is “refunded” the balance in the escrow account to be used for any purpose. Further, interim draw downs on the accumulated balance may be used (if approved and in the ITSP) for education, job training, business start up, auto purchase for transportation to work, or home purchase. All agreements require the individual to maintain consistent employment and to become independent of welfare cash assistance for at least a year in order to receive FSS funds.

How IDA and Family Self-Sufficiency Programs Can Work Together

While this FSS summary leaves out many details, it is easy to see parallels and potential areas of synergy between IDAs and FSS. An AFI grantee’s work with public housing residents participating in an FSS can take many forms, from simply receiving referrals of likely candidates to the IDA program to more integrated efforts. Integration might entail the IDA provider and housing agency each taking on a service component required for IDAs, such as financial education or asset training, as well as maintaining close coordination and communication about the status of participants in the IDA. The closer the partners work together, the better the results and the more efficient the use of the limited resources of both.

Valley Individual Accounts (VIDA)

Valley Individual Accounts (VIDA), run by Community and Shelter Assistance [<http://www.casaoforegon.org/who.html>], an AFI Project in Oregon, is one example of an effort to embrace coordination with public housing FSS plans. This coordination began in 1998, when a number of organizations in the Willamette Valley of Oregon—community development corporations, community action agencies, affordable housing organizations and others—sought to merge resources and offer IDAs to residents. The group evolved into VIDA, which, in 2005, has 19 members, eight of them housing authorities, along with eight cooperating financial institutions. While members continue their individual missions and programs, all participate in the IDA initiative, with CASA as the administrator and fiscal agent. Following are a few features of how VIDA works.

[Linn-Benton Public Housing Connections](#)

VIDA’s housing authority members offer FSS programs of varying size and approach. Typical is the IDA-FSS partnership with the Linn-Benton Public Housing Authority in Albany, Oregon.



There, an FSS participant may become an IDA participant early on. Many FSS programs refer clients for enrollment into the IDA option only after they achieve some of their ITSP benchmarks.

- **Case Management Services.** In the FSS program, one of the two Linn-Benton FSS coordinators has primary responsibility for case management and contacts participants at least monthly, if not more often. Linda Woods, interim IDA manager for CASA, says that, like other early IDA implementers, “We learned that successful graduates are the ones with case management throughout.” Yet case management is difficult to fund given the administrative spending cap under AFI. It is not easy for housing agencies either, but the Department of Housing and Urban Development does provide limited coordinator or case manager support for FSS programs with 50 or more participants.

In fact, this is one of the criteria that housing agencies wishing to join VIDA must meet: having the staff and expertise to provide strong case management. Other criteria include successful histories with previous resident self-sufficiency services and with other partnerships in the community. These application criteria have not dampened housing agency interest. In January 2005, Woods said there were three additional applications under review, which would bring the number of VIDA’s housing agencies to eight.

Gina Reynolds, one of two FSS coordinators at Linn-Benton, says, “We do all the case management together, for FSS and IDA.” The FSS coordinators/case managers also collect and forward all the necessary documentation when a participant is referred for IDA enrollment or to demonstrate achievement of IDA requirements and benchmarks. Linn-Benton also provides financial education, taught by Wendy Younger, the other FSS coordinator, or through other VIDA members, such as Corvallis Neighborhood Housing Services. For education advising, they work closely with Linn-Benton Community College. Reynolds says, “Often the client has just gotten the GED” and is ready to move forward to higher education.

- **Training Staff.** Exploiting any relationship between housing agencies and IDA programs, however, does require training. FSS and AFI are generous but complex to administer. To maximize positive results for participants and minimize frustration and confusion for staff, training must be frequent and regularly updated. Woods says that VIDA offers training twice a year for all members and has detailed operating manuals and materials for members and participants.
- **Sequencing: Leading Up to an IDA.** The Linn-Benton model illustrates “sequencing,” where various services to move toward self-sufficiency under an FSS could result in opening an IDA. To illustrate: an individual could earn a GED, secure a job or a better job as a result,



and then enroll for an IDA and begin saving some of the increased earnings. Concurrently, the participant would also be benefiting from a growing escrow account set up under FSS. Added to the client's skill base is the substantial financial education component of their ITSP.

At Linn-Benton, financial education typically includes not only classes but also "homework" and ongoing communication with case managers/coordinators about progress in managing household finances. Reynolds says Linn-Benton plans to put more support into education through monthly advising and "sequencing of education and home ownership." Further, because the ITSP plan may be active up to five years, and VIDA's usual term of IDA participation is three years, it makes sense to have participants progress under FSS before being referred for IDA enrollment.

Reynolds says that acceptance into FSS itself requires applicants to establish a savings account on their own and make at least three deposits to show their commitment to the concept. While these savings cannot be carried over to the IDA account, they demonstrate the participant's ability to save.

- **Eligibility.** The typical FSS participant, once steadily employed, is very likely to be AFI eligible on the basis of income and assets, although there are differences in how the income threshold is defined under AFI and FSS. Rather than defining income using a fixed dollar amount, HUD uses a percentage of local median income. Further, having the FSS savings does not affect eligibility determination for TANF, so participants may remain TANF eligible while building their FSS escrow, and thus remain eligible for AFI. At Linn-Benton, Reynolds says that most participants are "single mothers on Section 8. Their kids are older so that they can go back to school and get jobs." Thus, FSS often tracks AFI's priority for households with children as well.
- **Benefit of Extra Assets.** Coordinating FSS and IDAs may also mean that participants can secure multiple assets, or secure them more rapidly. For example, the first leg could be entry-level vocational preparation under FSS and more advanced postsecondary training with the IDA, or homeownership under FSS and business development with the IDA. FSS participants may accumulate quite large sums, as the amounts grow throughout the life of the ITSP. FSS program surveys have shown five-figure amounts in escrow, with an average payout of over \$7,000.² Adding several thousand dollars to the capped AFI matches considerably increases participant options, especially in the areas of home ownership and business. It could also considerably decrease the amount of a mortgage or business loan

² There is, at present, no formal database on FSS programs and participants. These figures come from research by FSS Partnerships. See resource notes.



taken on by a participant in conjunction with the asset purchase. The FSS funds may be used for any purpose, including retirement and investment, flexibility that AFI cannot offer.

Results to Date

Coordination with housing authorities is challenging but definitely rewarding, Woods and Reynolds agree. Since activating their IDA linkage in 2002, Linn-Benton has enrolled 33 participants and graduated six by early 2005. Reynolds says they are still refining the process and have waiting lists for both programs. She doesn't anticipate increasing the dual enrollment above 40 at any one time, to allow for the sequencing and case management limitations. Since its first AFI award in 2001, VIDA, collectively, has graduated 89 participants, who have used their IDAs to purchase homes, start or expand small businesses, or access education and training. VIDA currently has 216 active savers. Another 183 are actively saving.

Other Housing Authority Linkages

There are other ways for IDA programs to benefit from existing housing authority resources:

- Housing authorities often have staff assigned to preparing residents for homeownership. They may provide homebuyers' clubs as well as homeownership training that allows participants to meet requirements for soft second mortgages and other gap financing options from public funds, local, state, or Federal. They may assist residents in locating homes and are eager to refer eligible residents to IDA programs.
- Some housing authorities also offer small business training to residents, and a few have their own microloan funds.
- Housing authorities that have HOPE VI projects, which aim to completely rework developments and create mixed-income communities, also offer homeownership training and home buyers' clubs, financial education, and other services designed to prepare residents to buy in the revamped developments, or elsewhere in the market.
- Resident organizations, such as tenant councils and resident management corporations, may have Resident Opportunity and Self-Sufficiency (ROSS) funds to support services like those above, as well as vocational training that may lead to higher household incomes. All, of course, could make eligible referrals to IDA programs.

Caveats

Working with housing authorities may not be easy. The FSS regulations, as well as other Housing Assistance Programs (HAP), are complex. Not all residents are eligible for HAP or for AFI, and the number of FSS slots per housing authority is limited. Further, housing authorities have uneven track records in the level of participation, progress, and completion in their FSS programs. Historically, not all FSS programs have required or provided financial education, directly or through a third party. Yet, financial education is a key component of any asset-



building initiative. As noted above, limited staff and the need for expertise may lead the housing authority to rely on external partners for substantial services, diluting or canceling benefits to a potential IDA partner. While HUD has offered funding for FSS coordinators on a competitive basis, case management in general is not fully or sufficiently funded across the board. In particular, FSS is an unlikely option for small or rural agencies, because HUD requires a large number of units for participation. However, exploring such relationships with the local housing agency may be well worth the time of an IDA program director.

Additional Resources

- For a housing authority perspective, contact the Linn-Benton Housing Authority in Albany, Oregon: FSS coordinators Gina Reynolds, (541) 926-4497, ext. 213; or Wendy Younger, ext., 217; www.l-bha.org
- For a summary comparison of FSS and IDA programs, contact Jeff Lubbell at www.fsspartnerships.org, or (202) 270-5251. The Web site includes or links to a wealth of information on how FSS operates and how housing agencies are succeeding with them, with or without IDA partnerships.
- The U.S. Department of Housing and Urban Development offers information and FSS guidelines on its website: www.hud.gov. Search for Family Self-Sufficiency under the Housing Choice Voucher Program, or reach the site via www.fsspartnerships.org link.

