Promoting financial stability for long-term success

Jarid Shipley, Director of Operations

NeighborWorks Western PA

What is the concern?

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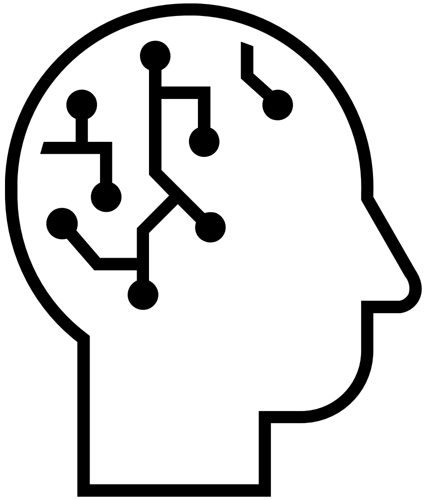
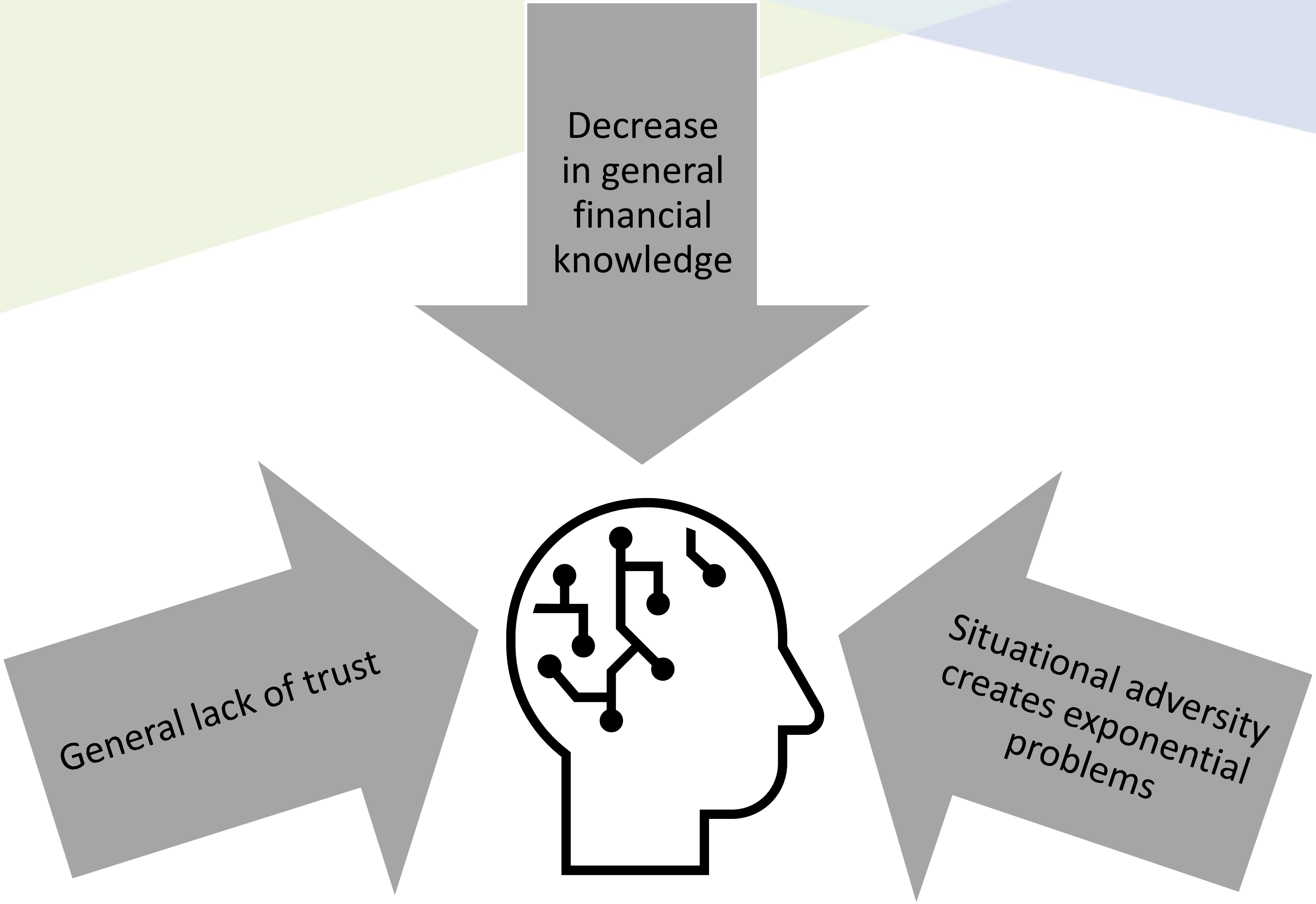
Decrease in general financial knowledge



NeighborWorks®
WESTERN PENNSYLVANIA

Decrease in general financial knowledge

General lack of trust



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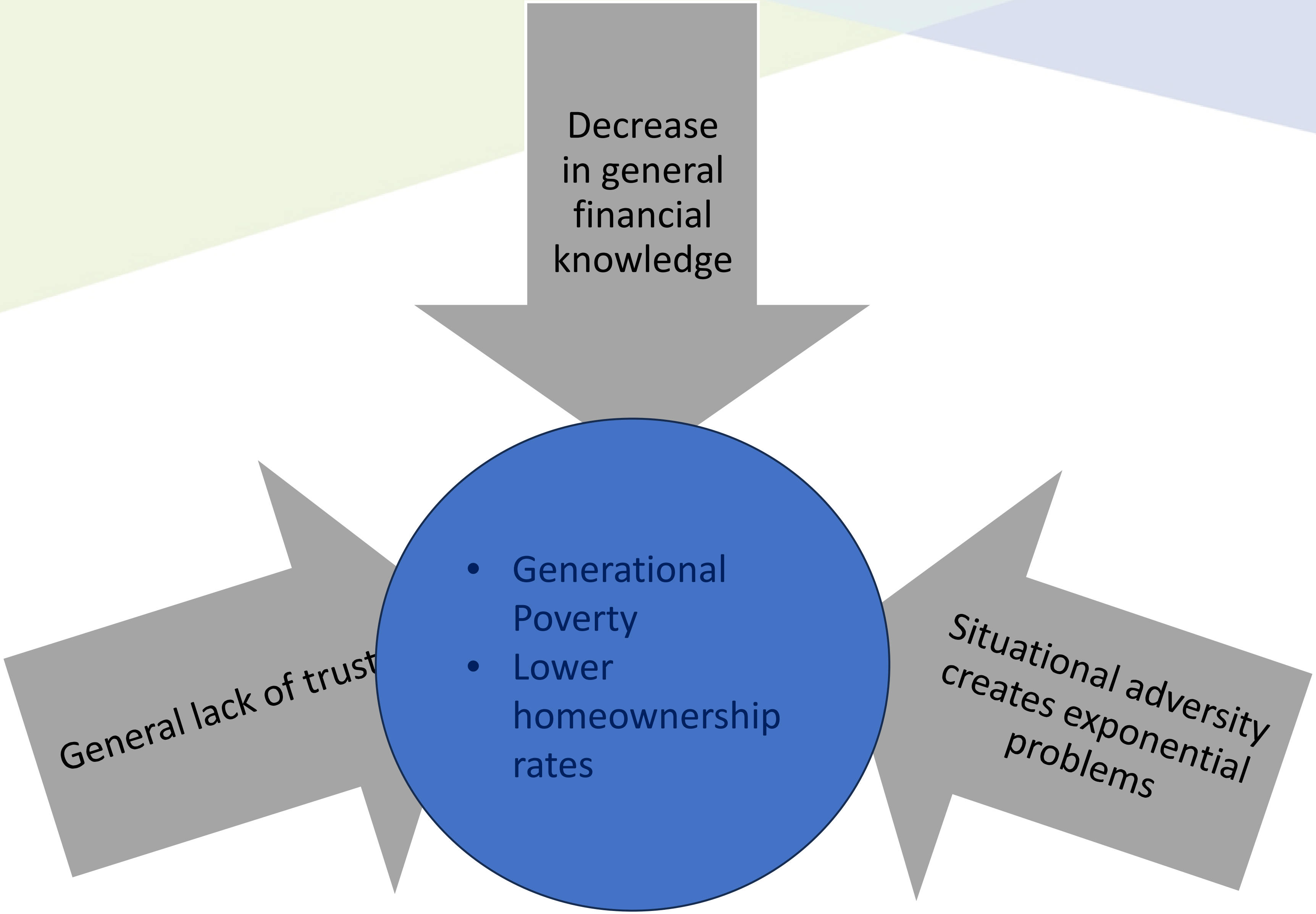

NeighborWorks®
WESTERN PENNSYLVANIA

What steps can we take?

Work	Work with strong community partners
Engage	Engage populations early
Leverage	Leverage our greatest resource – our team

NeighborWorks®
WESTERN PENNSYLVANIA

What steps can we take?

Work with strong community partners

FSS program with Allegheny County Housing Authority

Engage populations early

Youth Financial Experience program with local high schools

National Service Literacy program

Utilize our greatest resource – our team

Trauma-informed counseling

Situational and motivational understanding/training

NeighborWorks®
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Thank You

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CLARIFI

Who we are…

Clarifi is the largest provider of financial empowerment and affordable housing services for residents of the Philadelphia region. We believe that everyone—regardless of income or zip code—deserves access to financial guidance tailored to their unique situation and needs.

CLARIFI

FINANCIAL EMPOWERMENT

A relationship-based approach to counseling, coaching, and asset-building activities that helps clients achieve their self-set goals.

HOUSING SUCCESS

Targeted interventions and case-management style counseling that helps clients find and stay in a safe, secure, and sustainable home.

DIRECT ASSISTANCE

Cash empowers families to achieve a range of positive outcomes that coaching alone cannot, including resolving a crisis and securing a foundation for building wealth.

2023 Client Snapshot

- 3,149 unique clients served
- 2,417 clients in Philadelphia country
- 1,025 housing stabilization appointments
- 84% People of Color
- 65% women
- 48% extremely low income; 22% very low income, 22% low income, 8% moderate income

Racial Inequity

- 45% of Philadelphia renters are Black
- Black renters are twice as likely to face eviction than White renters
- 2/3 of eviction filings in Philadelphia were against Black renters
- Historic credit score discrepancy between Black (677 avg) and White (734 avg) Americans
- $3 trillion wealth gap between Black and White Americans – 50% attributed to housing disparities

Wealth = what you own less what you owe

CLARIFI

Solutions in Action

Fortune bought and renovated a home for her family and reached new financial milestones.

“I don’t know if I would have been able to purchase if I hadn’t gone to Clarifi.”

Jiciana built wealth and ensured the first home she purchased was safe, warm and dry.

“Restore, Repair, Renew has helped me a lot in my goals that I want to have for my future and my life.”

Akeem stabilized his finances and living situation and became homeownership-ready.

“Receiving that $1,000 afforded me the opportunity to pay my rent. Those funds came at a very crucial time for me.”

Compass FSS Program: Asset Building for Affordable Housing Residents

PHFA Housing Forum
May 1, 2024

COMPASS
WORKING CAPITAL

Who is Compass Working Capital?

Compass Working Capital is working to **end asset poverty** for families with low incomes and to **narrow the racial and gender wealth divides**.

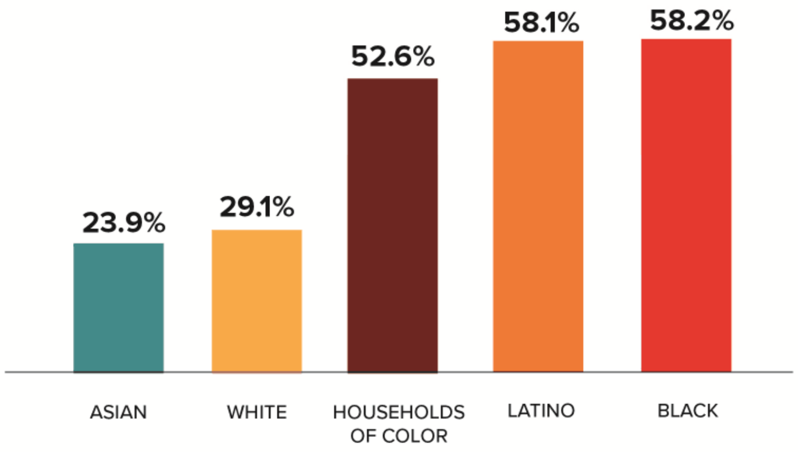
Our mission is to **partner with families** with low incomes to **build assets** as a pathway out of poverty. We focus on reaching families led by Black and/or Latina women.

To achieve our mission, we operate **client-centered savings and financial coaching programs**, deliver **training and technical assistance** to other practitioners, and **shape policy solutions** that dismantle barriers to asset building.

What is Asset Poverty?

- A household's inability to access resources sufficient to provide its basic needs for a period of 3 months.
- Asset poverty level income for 3 months for a single household is $3,100 and $5,757 for a household of three
- Income poverty rate is 12%
- 24% of Americans are asset poor

* LIQUID ASSET POVERTY RATE BY RACE



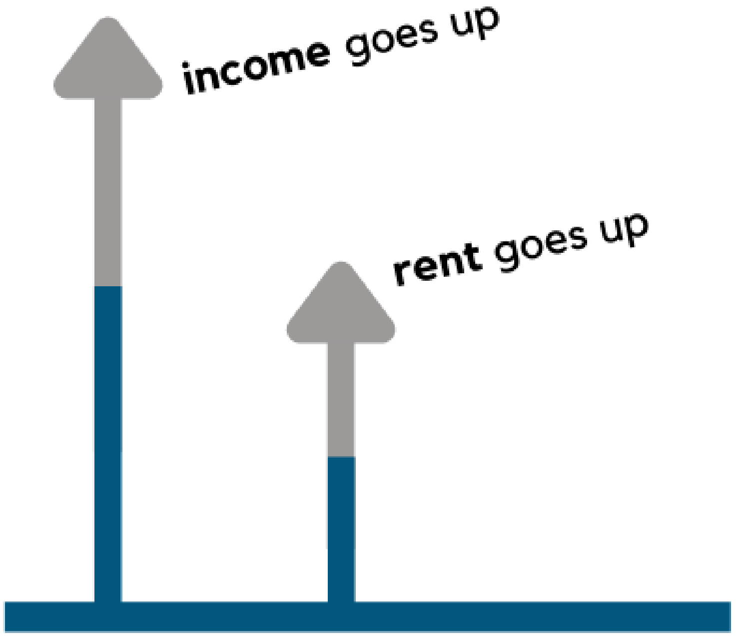
*Prosperity Now Scorecard: https://scorecard.prosperitynow.org/main-findings

A Solution - The Family Self-Sufficiency Program

- Dept. of Housing & Urban Development (HUD) program created in 1990 to support residents in subsidized housing to increase work
- Available to families in public housing, with housing choice vouchers (Section 8), or in project based rental assistance (publicly or privately owned)
- To graduate requires working, the household not receiving cash assistance, and participant to set and achieve goals
- Many HUD-assisted households are led by Black and/or Latina women

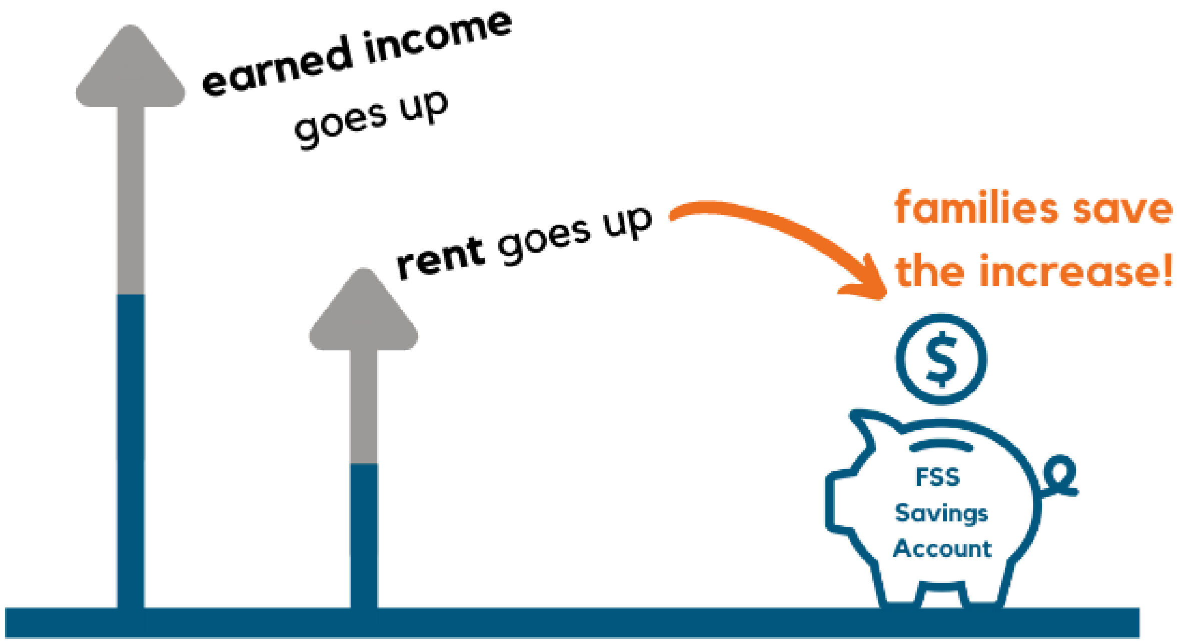
How FSS Escrow Works

In subsidized housing, your rent is typically about 30% of your income.



Without FSS

But when families enroll in the FSS program...



With FSS

Compass FSS Program

FSS
Savings
Account

Culturally-
Competent
Financial Coaching

Financial Tools,
Information, &
Resources

Coaching Philosophy

- We believe our clients are the experts in their own lives and goals.
- We partner with clients to achieve their identified goals.
- We center client voice and experience in program design.
- We use a coaching approach which is participant-led and driven. Depending on the client's questions and needs, we use various methods:
  - **teaching** (providing information in an accessible way, defining novel concepts and terms),
  - **connecting** (facilitating access to personally relevant action steps and resources),
  - and **coaching** (utilizing a client's own strengths and resources to guide change).

Goal Setting

- Start with long term aspirational goals
- Break down big goals into an action plan
- Flexibility to change goals throughout the program

Compass FSS model's impact

5,000	Families served to date
$19M	Total savings to date

SAVINGS	**$9,000** avg. savings per graduate	**90%** graduate with savings
INCOME	**$20,000** avg. increase in earned income	**70%** employed full-time
CREDIT	**75 pts** avg. credit score increase	**665** avg. credit score

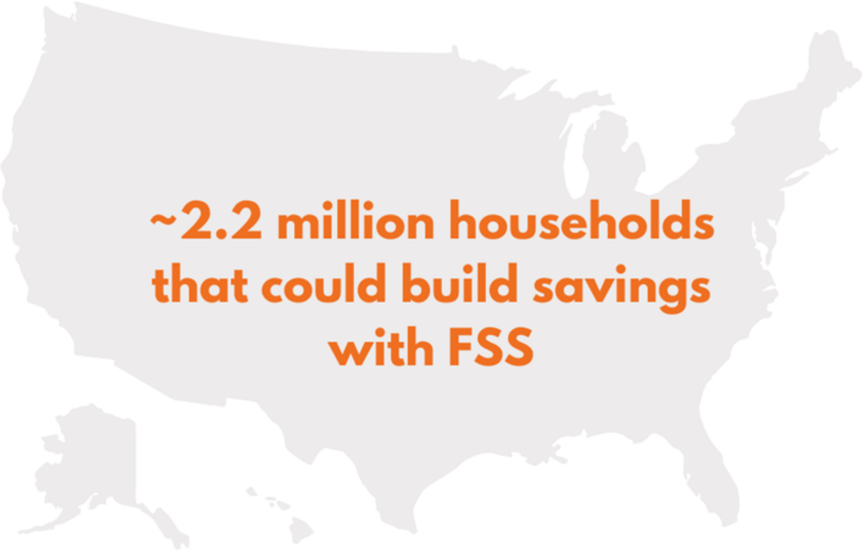
Client Highlight

"I worked really hard with my coach. She was always there for me. We worked on my debt, how to save money, how to manage my money. She was always someone I could talk to, about what I was going through and my ideas, my dreams for the future. I called her my guardian angel."

- Marta & daughter Erika, Multifamily FSS program clients

The Landscape

Nationwide Eligibility



- 75-83% households are led **by women**
- 51-68% households **of color**

Offered by:

Public Housing Authorities

Private owners with Project-Based Section 8 contracts

Current FSS Participation

HUD reports only 57,000 households currently participate in FSS

COMPASS
WORKING CAPITAL

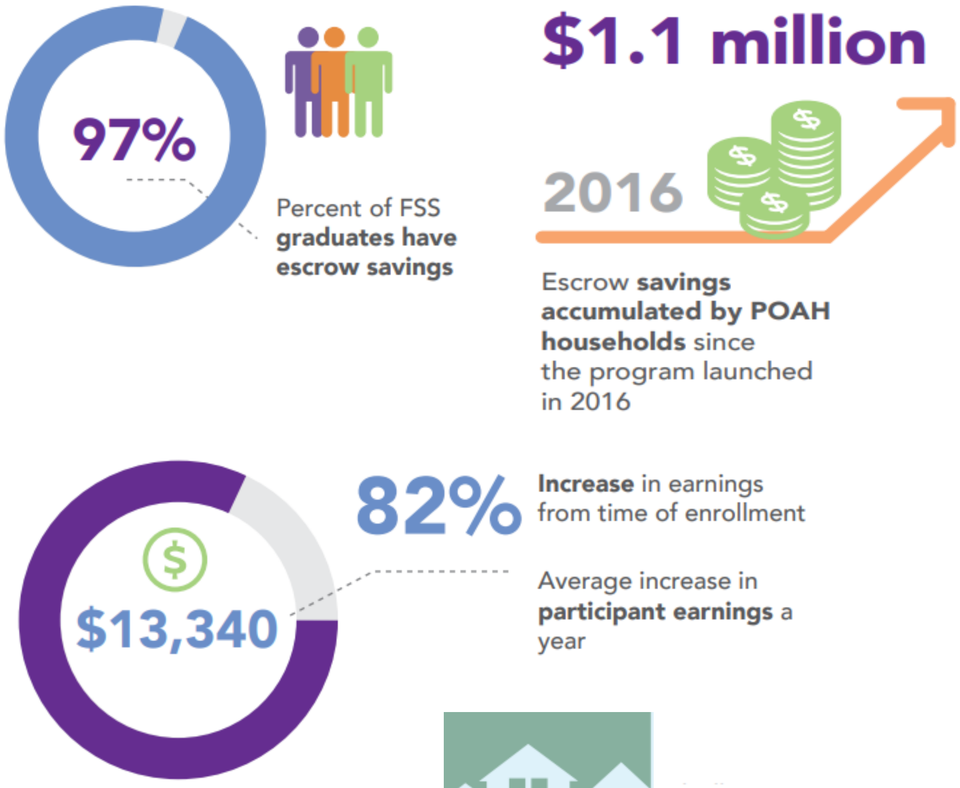
Partner Outcomes

In 2015**, Preservation of Affordable Housing (POAH)** a non-profit developer, owner based in Boston, MA partnered with Compass and was the first private owner to offer FSS after Congress extended eligibility to Section 8 assisted properties that same year.

Among graduates of POAH's first FSS programs, **97% exit the program with savings**

Unemployment rates among graduates decreased from **30% to just 3%**, while **full time employment** rates **increased by 40%.**

Since launching the program in 2016, POAH residents have saved well **over $1.1 million**.



POAH
COMMUNITIES
PRESERVATION OF AFFORDABLE HOUSING

What our partners say:

BOSTON HOUSING AUTHORITY

PRESERVATION OF AFFORDABLE HOUSING

WinnCompanies

RELATED

PHILADELPHIA HOUSING AUTHORITY
OPENING DOORS TO OPPORTUNITIES

mercy HOUSING

CHA
Cambridge Housing Authority

URBAN EDGE
Building Community

LENA PARK
COMMUNITY DEVELOPMENT CORPORATION

THE Caleb GROUP

Dorchester Bay
Economic Development Corporation

CODMAN SQUARE NDC

MPDC
Madison Park Development Corporation

“It (FSS) makes me feel less authoritarian and that I now have a real opportunity to offer to my residents that can really help.

"I think that is the biggest impact on the manager. Property management who is often seen as a ‘policeman’ or ‘authoritarian’ can be more of an ally that wants to see and support the resident to get ahead.”
- Property Manager, POAH Communities

Go Further Together

Compass **partners directly** with large public housing authorities and multifamily owners to launch and administer the FSS program.

We also offer a variety of **field-building, training, and technical assistance** services to current and potential providers nationally.

Compass FSS Link **is an online learning platform** for housing providers with over 2,400 FSS practitioners across the country. It provides trainings, webinars, and best practices for marketing, financial coaching, and program management. It is free to join.

COMPASS FSS LINK

Join Compass FSS Link

www.compassfsslink.org

- FSS Community of Practice / Resources
- *FSS Readiness Guidelines for Multifamily*

www.compassfsslink.org/fss-readiness-guidelines-multifamily

Online Learning Community: FSS Link

Program Management

Client-centered practices are a key factor to program success. Learn more about our approach and explore our templates and tools here.

Find Program Resources ›

Financial Coaching

Compass' approach to financial coaching combines a strong foundational knowledge in personal finance with a fundamental belief in clients. Learn about our philosophy and access our client-ready financial resources here.

Find Coaching Resources ›

Offerings include:

- Library of financial coaching and program management resources
- Ability to connect with other practitioners
- Work with Compass FSS experts to better understand your program data.

PHFA
PA HOUSING FINANCE AGENCY

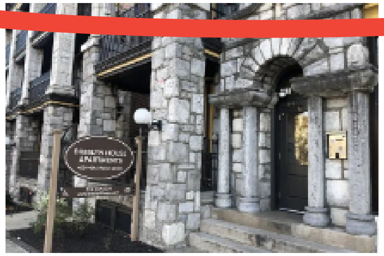
PHFA ASSET BUILDING INITIATIVE

The Philadelphia Inquirer

REAL ESTATE › HOUSING

Pennsylvania is leading the way in expanding a savings program that families with rent subsidies can use to buy a home

The Pennsylvania Housing Finance Agency is devoting $2 million to help tenants in private subsidized housing grow their savings. It's the first agency of its kind in the country to do this.



by Michaelle Bond
Published Nov. 21, 2023, 11:00 a.m. ET

Jozette Brown has wanted to buy a house for years.

Her two-bedroom apartment in West Philadelphia is too small for her and her daughters, 16 and 10. But building her savings has been a struggle. She constantly has to dip into them for bills or food and other things the family needs. And her oldest will be in college soon.

The 36-year-old now works two jobs — in nursing and with the Internal Revenue Service — and her government job promises regular raises. But since Brown's rent is subsidized and tied to her income, any raise means that her rent goes up.

So to help her grow her savings and meet her long-term goals, Brown enrolled this summer in a program that puts the money she would pay in rent increases into a savings account. Her plan is to use that money to buy her first home within the next couple of years — "hopefully," she said.

» READ MORE: PHA renters can divert rent increases to a savings account to buy a house. But few do.

The Pennsylvania Housing Finance Agency plans to start a $2 million pilot program in the first quarter of 2024 to work with private owners and operators of multifamily housing to enroll more tenants like Brown in the federal Family Self-Sufficiency Program.

The agency is the first of its kind nationally to devote funds to expanding the asset-building program beyond public housing, according to the National Council of State Housing Agencies, a professional trade organization for state housing finance agencies.

The Pennsylvania Housing Finance Agency is devoting $2 million to help tenants in private subsidized housing grow their savings. It's the first agency of its kind in the country to do this.

PHFA'S NEW ASSET BUILDING INITIATIVE

Our program leverages resources of HUD's FSS Program and provides coordination of local, community-based resources that promote economic independence for families living in assisted housing.

PHFA has set aside $2 million to support this effort!

CRITICAL COMPONENTS OF PROGRAM:

*Incentives to increase earnings
*Build Savings
*Provide access to needed services and provide consistent and ongoing coaching, case management services
*Supportive services to tenants in a multi-family dwelling over a three-to-fiveyear period
*To graduate from the program, all family members need to be OFF cash assistance, employed, and achieve their goals

PHFA ASSET BUILDING INITIATIVE: ELEMENTS OF PROGRAM DESIGN

HUD FSS Program

- HUD Funded
- FSS Program Coordinator position funded via the grant process
- Escrow contributions based on tenant rent increases
- Partnerships up to the discretion of the owner
- Opt-In Program

- Case Management/Coaching Provided by Program Coordinator Position
- Program Funds Escrow Accounts and Staff Salaries/Benefits
- Voluntary Program
- Annual Reporting Requirements

PHFA Asset Building

- PHFA Funded – RFI to determine pilot sites
- Must be awarded funding from HUD’s FSS Program
- Property Owner must have or agree to fund a Resident Service Coordinator
- FSS Coordinator Position funded 100%
- Escrow contributions based on tenant rent increases PLUS additional incentives
- Formal partnership with PHFA Counseling Network
- Access to 3rd Party Technical Assistance and Training Provider
- Access to virtual collaboration platform
- Opt-Out Program