Utilizing a New Approach
to Supporting the Economic Mobility
of Affordable Housing Residents

A profile of the Family Independence Initiative and its partnership
with National Community Renaissance

BY JANET VIVEIROS National Housing Conference
Access to affordable housing plays an important role in low-income households’ ability to achieve and maintain the stability necessary to pursue their financial goals and escape poverty. The stability provided by affordable housing can help households secure and maintain employment, increase their savings, and take steps to become self-sufficient. In addition to a secure and affordable home, many low-income households also benefit from the guidance and support of other households who face similar challenges in pursuing economic opportunities. This profile examines the work of an innovative organization dedicated to investing in the success of low-income households with an approach that can be integrated into affordable housing to create a platform for opportunity for residents.

Fostering Economic Security and Mobility through Direct Investment and Peer Support

FII currently works with about 2,000 households in 7 different cities and has plans to expand to 20 cities in the coming years. Participating families form groups or cohorts of about 6-7 families that meet in person at least monthly to offer advice and support to each other as they work toward their individual financial goals. The cohort participants lead and direct the meetings; FII liaisons do not intervene or advise the families. FII trusts families to make the best decisions for themselves when it comes to accomplishing their goals. While the cohorts are small groups, according to Jesús Gerena, managing partner of FII, “each family that FII works with has a ripple effect on their community” by fostering a strength-based approach to pursuing goals with advice and support from peers with similar experiences.

One important tool FII provides is an online data system called UpTogether, where each month participants log and track their progress toward their goals, and access resources and information that promotes their progress. Families are given access to UpTogether after 6 months of participating in a cohort. The data entered is wide-ranging and comprehensive, encompassing the actions families take in order to make progress in a variety of areas, including personal finances, children’s school grades, utilization of health services, reduction of...
In exchange for reporting this information and verifying it with FII, families receive small monthly payments, up to $1,200 per year, from FII that in turn can use to pursue their goals. The data allows families to measure their progress on self-identified goals and make adjustments based on what they see in their own data. FII compiles the data to identify trends and demonstrate the ability of low-income families to succeed through their own initiative with peer support. FII also populates the sites with resources such as homebuyer education classes and information on how to improve credit scores.

In addition, FII directly invests an average of $600 per family in participants’ efforts by offering loans and matching grants. FII invests in people who often are not eligible for conventional lending. It uses different standards for qualification, such as relying on a person’s character, social supports, and payment history for rent, cell phone, and other similar bills. After 6 months of participating, families can seek loans from FII’s resource HUB and create savings accounts in which FII will match a portion of the savings. These loans and savings have been used by participants to achieve a variety of goals, including starting or expanding a business, purchasing a car for transportation to work, pursuing education, and other strategies identified by the family. Evaluations of FII cohorts in various cities have found that participation in the program has led to significant increases in the average income of participants, often achieved at lower cost levels than other programs focused on supporting economic self-sufficiency. According to Gerena, low-income families have the necessary creativity to develop their own pathways to economic security and mobility. What they lack—and what FII tries to provide—is access to capital to invest in their own success, and community support.

FII often partners with local organizations and affordable housing providers to bring the FII approach to various low-income communities. Upon accepting the position of president and CEO at CORE, Steve PonTell began evaluating how CORE was supporting its residents to become financially self-sufficient. PonTell believes it is important that CORE help families work to increase their incomes to a point where they no longer needed housing assistance and can exercise choice about where they want to live. This successful transition also frees up more affordable units for the many households on the very long wait lists that exist today. However, at CORE, and numerous other affordable housing providers, budgetary constraints limit supportive services for residents. Commonly used models for comprehensive, wrap-around economic support services are just too costly for CORE to be able to offer the services to all their residents.

PonTell knew FII founder Mauricio Lim Miller and found the philosophy of FII’s approach compelling. He approached Lim Miller about bringing FII into CORE's developments as a service to CORE residents. PonTell views FII's approach as “the anti-program which recognizes that historically, families have escaped poverty as a community, not as individuals.” He was also very interested in FII's data gathering since according to PonTell, “things which you measure, you move.” PonTell worked with Lim Miller to start two FII cohorts in CORE's Rancho Verde Village; these were open to the entire community, not just residents, in keeping with the FII philosophy of community support. One of the cohorts, which consists of three CORE resident families and two families from the community, is still meeting and several members have sought low-interest loans to pay off high interest debt and pursue higher education. CORE is planning to expand its collaboration with FII to all CORE communities in California and Texas in 2017.

Overcoming Challenges

Employing a non-standard approach. According to Gerena, one challenge for the FII approach is that “it is messy; the progress of families is not linear.” FII has found that even though some families make U-turns and detours in their journey, they typically do the right things to accomplish their goals. Not everyone’s path to economic mobility looks the same.

Determining the role of housing providers. Given their participant-driven model and the highly individualized strategies employed by families, PonTell and his team initially struggled to determine how...
CORE also provides free space in their developments for cohorts to use for their meetings.

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Photos courtesy of Family Independence Initiative.

Incentivizing and funding programming to support economic mobility. A continuing challenge, however, is that beyond their individual missions, affordable housing providers do not have an incentive to seriously engage in promoting the economic mobility of residents. In fact, when residents are able to increase their income enough, they are no longer eligible for the units in affordable housing developments and must move. Resident turnover has a real cost for affordable housing developments, as vacant units do not earn rent. Although affordable housing providers want their residents to be successful and stable, a paradigm shift is needed both in the sector and within funding sources for affordable housing. Funding for affordable housing development does not typically support or measure the efforts of housing providers to promote the economic success of their residents. Instead, funding sources are typically output oriented rather than outcome oriented. If sources of affordable housing funding begin to consider and fund the efforts of affordable housing providers to support the economic mobility of residents, housing providers will have incentives to engage with organizations like FII to become an active part of helping low-income families pursue economic mobility.

The strength-based, self-directed approach of FII offers an opportunity for affordable housing providers to provide their residents with access to peer support and funds to pursue their personal financial goals. Partnership with FII and similar organizations can be an effective way to support the economic mobility of low-income households and communities.