



# HOW HOUSING MATTERS 2016 CONFERENCE



## **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

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**The MacArthur Foundation's How Housing Matters to Families and Communities initiative explores the notion that affordable housing may be an essential "platform" that promotes a wide array of positive human outcomes in education, employment, and physical and mental health, among other areas. The National Housing Conference is the host of the 2016 How Housing Matters Conference and produced this and other case studies that will form the basis of discussion at that event.**

## PARTNERS

**Family Independence Initiative (FII)** is a nonprofit organization founded in 2001 by Mauricio Lim Miller, an experienced community developer in Oakland, California, to take a fundamentally different approach in supporting low-income families' efforts to achieve financial security and promote economic mobility. While different from programs focusing on financial literacy or homeownership counseling, FII is based on a documented practice of family-centered asset-based social work that has been utilized for decades. Instead of creating a program with a top-down approach focused on helping low-income families by addressing their shortcomings, FII is a resource for families who organize and direct themselves as cohorts by focusing on their strengths and relying on a community support system. FII invests in families' efforts to achieve their financial goals directly by making credit and grants accessible to households who typically are not eligible for traditional lending products.

**National Community Renaissance (CORE)** is a nonprofit affordable housing developer and property manager with over 10,000 rental homes in Arkansas, California, Florida, and Texas. CORE is focused on providing residents with resources and services that promote health and education while supporting them in their journey to economic self-sufficiency. CORE is also dedicated to creating affordable housing developments that foster and sustain community revitalization in communities that have suffered from lack of investment.

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





debt, etc. 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 they 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.



**Low-income families have the necessary creativity to develop their own pathways to economic security and mobility.**

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

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Photos courtesy of Family Independence Initiative.



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to thoughtfully engage with the FII cohorts without getting too involved in the process. Ultimately, the role taken on by CORE staff was to advertise the opportunity to join a cohort among residents and to explain what FII was. CORE also provides free space in their developments for cohorts to use for their meetings. According to PonTell, CORE has seen successes with the residents who participated but is still assessing how they might scale up this model to reach more residents while also staying within their budget.

Overall, PonTell believes the FII model is a better fit for affordable housing providers than other comprehensive case management approaches, and can make a significant impact on families' financial stability at a lower program cost. PonTell feels there is a role for affordable housing providers to play as conveners and promoters of FII cohorts. This role can be filled even by those with limited budgets when they make community space available for free as a way to promote the natural progression of families from stability to financial success. And as housing providers, organizations like CORE are in frequent contact with residents and can effectively spread the word to promote FII and other programs.

**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.**

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