The Effects of Holistic, Values-Based Financial Literacy on Housing Stability

A Case Study from North Minneapolis
Family Stabilization Plan at Build Wealth Minnesota

Mission
To strengthen underserved communities by empowering families to build sustainable social and economic wealth
Family Stabilization Plan at Build Wealth Minnesota

- Culturally sensitive financial products and services
- Financial literacy, budgeting, and counseling programs
- Sustainable affordable housing
- Residential and community development
What makes it holistic?

- Individual, family, and community focused.
- Mixed teaching methods.
- A long-term reciprocal commitment between participants and staff.
- Partnerships with other nonprofits.
- Social and economic issues affecting urban poverty addressed.
What makes it values-based?

• Knowing the values of your clients.
  – “In my community, you find money here and there. A lot of times I think—and I tell my kids—that’s impoverished thinking. You have to have order.”

• Using that knowledge to inform programming.
  – “[This program] encourages you to get your kids involved. You get them to start budgeting and saving so that they will have money when they retire or go to college. They will have the resources they need and won’t have to work so hard to be successful.”
Value Propositions

✓ Trust
✓ Communication
✓ Access
✓ Information
✓ Unity
✓ Family
...and it accomplishes...

• Building a sense of belonging.
  – “When I came to the first meeting and they talked about 10% for tithes [or other giving], I was like, ‘Okay, now I know I belong here.’”

• Improving initial trust.
  – “When the people instructing you also have that faith-based background, you know they are giving you the actual facts and can help you get through a situation.”
Program Statistics

- Mean credit score increase: 58 pts
- Mean decrease in family stress: 27%
- Families with homeownership goal: 55%
- Families who started savings: 68%
- Families working on budgets: 93%
- Families counseled in foreclosure prevention: 23%
- Families helped with housing: 28%
The “Why” Behind the Evaluation
• Financial knowledge gap
• Controlling for income, African Americans donate more (Payne & Hamdi, 2009; Shapiro, 2009)
• Cultural values influence how communities of color interact in financial literacy programs
• Previous studies used a deficit-based approach
Evaluation Questions

• How do participants perceive the current program?
• How have current participants benefited from the program?
• How do participants think the program can be improved?
• What summative evaluation tools work best for this program?
• To what extent could this program be replicated?
Methods Used

- Participant Observation
- Content Analysis
  - Intake forms (101)
  - Post-curriculum surveys (76)
  - Engagement questionnaires (54)
- In-depth Interviews
  - Program administrators (2)
- Focus Groups
  - Program staff (1)
  - Program participants (5)
Map of Incoming Participants

- Participant demographics
  - Pre-assessment (intake) surveys (101)
  - Post-curriculum surveys (76)
Program Demographics (N=101)

- Age: Range 19-63, Mean 39
- 70% women
- 87% Black or African American

- Mean household size: 3.5
- 49% single income earner households
- Mean household income: $39,000

- 61% renters
- 39% owners
Program Demographics
(N=101)

- 53% highest degree earned was a HS Diploma
- 27% higher education degree
- 21% previously attended financial lit classes
- 23% with previous foreclosure
- 34% with previous bankruptcy
Program Demographics (N=76)

- 90% U.S. born
- 53% married
- 13% divorced
- 12% neither rented nor owned
- 100% referrals
“I signed up because I was interested in improving my credit so I could buy a home, then I found out it was well-rounded for stability in different areas.”
Participant Perceptions—Overall

- Welcoming and comfortable
- Accessed for many reasons through referrals
- Strong leaders + determined clients = success
- Workshops: basic, early, ongoing, practical
- Coaching: accountability, personalization, support
- Most felt the two-year length was ideal
“It’s one thing to get you into a house. A lot of programs can get you to the closing—but afterwards? That piece is so important. Being able to budget, know to pay the bills and when to pay the bills. One thing Build Wealth did, for me anyway, is really help me with the basics.”
Program Benefits—Overall

- Seeing examples of good money management
- Dealing with money in the context of a family
- Different goals, different outcomes
- Increased ownership of finances
- Coach-provided accountability and support while forming new habits
“I knew eventually home ownership would be a goal, but I had no idea I would own a home this soon after being in the program. Really, I was just trying to get myself prepared and get straight. But as of last month, I have a home again. And I’m ready. Absolutely.”
Potential Improvements—Overall

• Smoother transition between workshops and one-on-one coaching.
  – Strengthen relationships with coaches through group activities
  – Increase clarity in one-on-one discussions
• Add more alumni testimonials
• Expand program locations and times
• Stay flexible with participants
Potential Improvements—Housing-Related

“I would like to see an additional part to the program where homeowners get [renovations] they need to have done. I’m in a place where I need certain things done, but I don’t have the money to do it. They are helping us get the homes; maybe they could be helping us with the upkeep [too].”
Potential Replication

• Keep it open to everyone.
• Needs caring, compassionate staff.
• Consider the values of the new community.
  – “Christianity might not be the base in other community-centered programs, but I think the program would work the same way in those communities.”
Positive homebuyer education experience because...

- Over multiple weeks in 1-3 hour segments.
- Participant centered
  - Focused on more than money
  - Encourages camaraderie.
  - Does not make participants feel like numbers.
  - Is first and foremost about helping people.
A good homebuyer education course...

- Tests to ensure participants have all the knowledge they need.
- Instills enough information to keep vulnerable first-time homebuyers out of foreclosure later.
- Includes one-on-one coaching opportunities to personalize program content for each participant.
- Covers budgeting, money management, and credit holistically.
Social Return on Investment

• Online survey
• Distributed to 117 families
• 66 clients (46% of all clients in the program) completed the housing section of the survey
• Response rates went down as the survey went on to different sections—32% completed all sections
Social Return on Investment

- 92% of families claiming to benefit from new homeowner education and/or preparation for future ownership goals within the program
- $986,764 estimated dollars saved by averting foreclosures
- $3,240,911 estimated interest saved by families through mortgage modifications
Social Return on Investment

- $9,700 estimated monthly savings for families due to mortgage modifications
- $832 average monthly pre-program rent for a first-time homebuyer
- $734 average monthly mortgage payment for a first-time homebuyer
- $105 average decrease in monthly rent for renting families
Social Return on Investment

- 26% percent of homeowner families with adjustable rate mortgages upon enrollment
- 4% percent of homeowner families with adjustable rate mortgages currently
- $6,600 amount saved by partner, Urban Homeworks, per year when a family becomes mortgage ready and cycles out of their homeownership program
Since the Evaluation

- Attitude, behavior, and skill scales completed multiple times.
- Coaches engaging new families before classes end.
- Continued focus on practical ways of expressing knowledge rather than theoretical ones (i.e. reading credit reports together rather than stating that it is important to read your credit report every 4 months).
- Administrators working on an alumni strategy.
- Biannual calendar of events created, calendar sent out every 6 months (and soon online).
- Staff meets regularly to strategically plan engagement and re-engagement procedures.
Since the Evaluation

• Recruitment and marketing strategies developed in anticipation of future growth.
• Bank and policymaker engagement continues, future includes partnering with a bank in creating a financial services center.
• Employment readiness and small business development programs continue to be future program goals.
• Additional one-on-one sessions now announced and offered at several stages within workshop stage of program, especially for clients seeking pre-purchase, foreclosure, or credit repair counseling.
• Program expansion to churches began April 2010. The church requested continued services in 2011 and another church is soon joining as well.
Partners

• Urban Homeworaks
• TC Community Land Bank
• City of Lakes CLT
• Habitat for Humanity
• Stairstep Foundation
• Mpls Urban League
• PRG
• And many more...

Funders

• CURA
• Family Housing Fund
• McKnight Foundation
• Mpls Foundation
• Minnesota Housing
• Northwest Area Foundation
• Wells Fargo
• City of Minneapolis
• And more!