

The Boston Globe

THURSDAY, NOVEMBER 29, 2012



JOSH REYNOLDS FOR THE BOSTON GLOBE

The Compass Financial Stability and Savings Program has helped Meg Alcantara (left) of Lynn raise her credit score nearly 100 points and save \$5,200 toward a down payment on her dream of purchasing a home of her own.

A ROAD TO STABILITY

Program combines federal aid and education to help poor build savings, credit

By Laura Finaldi
GLOBE CORRESPONDENT

Meg Alcantara, a single mother of three, was working two jobs, but never getting ahead. She had no savings, lots of overdue bills, and hardly any hope getting a credit card, let alone ever owning a home.

Two years later, Alcantara, 49, of Lynn, is working just one job and earning 63 percent more after recently gaining a promotion to office manager at a physical therapy practice.

Her credit score has jumped nearly 100 points and she has put away about \$5,200 toward a down payment and her dream of owning a home.

Alcantara's journey to financial stability

4.3% Portion of the 1.08 million families nationally with Section 8 vouchers enrolled in the Family Self-Sufficiency program

20% Portion of Lynn's eligible population currently enrolled in the program

Results after one year in the program:

56% saw increases in income; **65%** reduced debt; **67%** increased credit scores; **66%** saved an average of \$1,087

was aided by a partnership of the Lynn Housing Authority and Neighborhood Development and a Boston nonprofit that combined an overlooked federal housing program with the financial literacy initiatives of the nonprofit, Compass Working Capital.

Known as the Compass Financial Stability and Savings Program, the joint venture pro-

vides the tools for subsidy receivers like Alcantara to earn more, save more, build assets, and better their lives.

Under the federal Section 8 voucher program, which makes market-rate apartments affordable to low-income families, the tenants' subsidies decline and their rent in-

COMPASS, Page B9



JOSH REYNOLDS FOR THE BOSTON GLOBE

Meg Alcantara and her mother-in-law, Digna Peguero. Before joining the Compass program, Alcantara had no savings.

Program teaches pathway to stability

► **COMPASS**
Continued from Page B5

creases as their earnings grow — removing an incentive to work and advance. The federal Family Self-Sufficiency program, the cornerstone of Lynn initiative, restores that incentive; when earnings grow, any increase in rent is matched and deposited in an escrow account that can be used to buy a home, start a business, or advance education.

To qualify for this Lynn program, participants must enroll in classes conducted by Compass that teach them to budget, save, and build their credit. The participants also meet with a coach to devise individual financial plans to meet their goals.

In Lynn, the program has operated for more than two years and serves about 110 people. After just one year, 56 percent of participants increased incomes, and about two-thirds reduced debts and improved credit scores, according to Compass.

"In the public welfare system, we create this disincentive for people," said Sherry Riva, the Compass founder and executive director. "Every raise or

promotion you get, your rent goes up. You might be losing your other benefits. [The self-sufficiency program] aligns the incentives in a way that's like, 'Work pays, savings pays.'"

The Lynn program has been so successful that Compass recently expanded in Cambridge, enrolling 30 families in its classes so far. Among them are Tracey Carter, 36, who lives in a small Cambridge apartment where her two daughters share a room — something she would like to change.

She is hoping her financial literacy classes will help her to buy a home and pay for college for herself and her daughters, 15 and 17.

"I want to have a little bit of a nest, so I'm not each year living check by check," said Carter, who works for a Cambridge nonprofit.

Nationally, the average income of someone enrolled in the self-sufficiency program increases by nearly 70 percent for graduates over the course of the program, from \$19,902 to \$33,390, according an external evaluation by the US Department of Housing and Urban Development.

But the program, which

costs the government about \$60 million a year, is historically underused.

Only about 4 percent of nearly 1.1 million families with Section 8 vouchers participated in the program as of March 2011, according to Jeff Lubell, executive director of the Center for Housing Policy, a Washington think tank.

The problem, said Len Albright, professor of sociology and public policy at Northeastern University, is that many housing authorities stopped offering the program after Congress stopped requiring them to do so in 1998.

Of the 3,200 housing authorities in the United States, about 1,100 have the self-sufficiency program, according to HUD.

"Housing authorities don't have the resources to market the program," Albright said. "They depend on partnerships to make up for that lack of funding."

Riva, the Compass founder, came across the self-sufficiency program in 2009 and recognized that combined with her organization's resources and expertise in financial literacy, it could help families climb the

economic ladder.

She approached the Lynn Housing Authority, which was attracted by the idea of a public-private partnership, said Norm Cole, the authority's director of planning and development.

"We had always put the bar pretty high and stressed homeownership," Cole said. "Some of her people that she's been working with are on that path."

Compass is not the only nonprofit helping the working poor to build assets and gain financial independence. Jamaica Plain's Urban Edge provides asset-building coaching while Metropolitan Boston Housing Partnership in Boston has been running its own Family Self-Sufficiency program since the 1990s.

Riva said these programs work for a simple reason: The participants want to better their lives.

"The families we work with want [to get] off benefits," she said. "They want opportunities to move forward."