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Little-Known Federal Program Boosts Work of Boston Anti-Poverty Group

By Nicole Wallace

Compass Working Capital, a nonprofit in Boston, is using a little-known federal program to help residents of public housing improve their financial well-being.

Rent for residents of public housing is set at 30 percent of monthly income, so a new job, a raise, or extra hours at work means they pay more.

“The reality and the perception—it’s a mix—is that work doesn’t pay,” says Sherry Riva, founder of Compass Working Capital.

The Department of Housing and Urban Development’s Family Self-Sufficiency program tries to create an incentive by putting the extra money participants pay in higher rent into escrow accounts.

Participants graduate from the program and get the money once they have a job, meet the financial goals they set for themselves, and have been off of welfare for a year. Along the way, residents can use money in their accounts for specific purposes, such as repaying debt or paying for education.

The Family Self-Sufficiency program has had strong bipartisan support since it was created in the early 1990s, and Ms. Riva thinks the approach her charity is pioneering has the potential to make an important difference in the lives of the 4 million people who live in subsidized housing.

“People who know me will say I’m obsessed with the Family Self-Sufficiency model,” she says. “But the more we got into it, we thought, ‘Why aren’t more asset-building nonprofits taking this up?’”

Financial Coaching

Compass Working Capital teamed up with the Lynn Housing Authority and Neighborhood Development to combine the Family Self-Sufficiency program with the charity’s financial education and coaching to improve results for participants.

Working with the housing authority on the project also helps solve a tough problem Compass faced as it tried to expand its services to more people.

The nonprofit’s flagship program matches every dollar low-income working parents save toward buying a house, starting a business, or going back to school with \$3 that come from a combination of private and government sources.

Raising money for the matches is a constant struggle, which limits the number of people the charity can help, says Ms. Riva. But with the Family Self-Sufficiency program, the escrow account becomes the catalyst for clients making changes in their financial lives.

“HUD brings that financial incentive to the table,” she says. “And we get to bring all the things we know how to do well: how to help people save, how to help people budget, how to help them repair credit, pay off debt, become homeowners, become business owners.”

The program in Lynn, a city north of Boston, started in September 2010, and the early results are promising. Nearly two-thirds of participants increased their income by an average of \$8,225 in the program’s first year. And 65 percent of participants paid down their debt by an average of \$4,871. About 64 percent of participants saw their credit scores rise by an average of 45 points.

Small Things Count

In September, Compass took the program to a second location, working with the nearby Cambridge Housing Authority.

Too often when people think about their financial goals, they only think about the big things, says Tracey Carter, a single mother of two, who is taking part in the Cambridge program. She says the importance of making small changes is one of the most valuable lessons she learned from the financial-education workshops that are a prerequisite for joining the program.

One thing she learned, she says, is the benefit of putting aside “the \$2 I spend on Dunkin’ Donuts a day. You don’t realize how that little bit of money adds up at the end of the year, if you just bring in your own tea or bring your own coffee.”

Ms. Carter met with a Compass financial coach to review her finances and create a plan to reduce debt and save for her children’s education. Being part of the program, she says, has changed her outlook and given her hope.

Before it would be “so depressing” to get a raise, she says: “I’d say, ‘Yeah, you can give me a raise, but I ain’t gonna see it.’ But now I can get a raise, I can go get another job, and I know it’s going to go toward savings.”

Hopes and Dreams

Appealing to public-housing residents’ hopes and dreams has been the key to recruiting participants.

One-quarter of eligible families in Lynn have joined the program, compared with an average enrollment of 3 to 4 percent nationwide, according to Compass Working Capital.

Once a month the charity mails inspirational postcards to public-housing residents who qualify for the program. One postcard features a child’s drawing of a house and the message: “Every dream worth building takes effort.”

“There was nothing in the postcard about the rules, would I lose my voucher, how do I get terminated,” says Ms. Riva, of Compass Working Capital. “We had none of that in there. All we said was, ‘What’s your dream? What’s your aspiration?’ We had families who came in to orientation sessions with six postcards in their pocketbooks.”