



**MUNICIPAL ASSET
BUILDING STRATEGIES**

Ida Rademacher
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Michigan Conference on Affordable Housing
Lansing, Michigan
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"Local elected officials have a largely untapped, but powerful role they can play to financially empower and protect their residents by promoting financial education, asset building and easy and safe access to mainstream banking. By strategically leveraging the unique opportunities inherent in municipal government, including its many enforcement powers, city halls across the country can broadly, swiftly and effectively help move large numbers of people toward financial stability."

*Jonathan Mintz, Commissioner,
Department of Consumer Affairs, New York City
and Co-Chair, Cities for Financial Empowerment*



Overview of Municipal Assets Project

- Project evolved from rising demand for local data to compliment state Assets & Opportunity Scorecard
- 3 parts to project:
 - Create Household Financial Security Framework to inform data collection and policy cataloging work
 - Develop municipal assets & opportunity data profile on household financial security
 - Document the municipal-level powers, policies and practices that city leaders are utilizing to educate, empower and protect vulnerable populations



Strategies

- CFED conducted interviews and reviewed city documents to catalogue municipal interventions and identify trends
- Focus on programs/policies that were identified by staff as part of asset building and financial empowerment work
- Strategies are often linked with other city and community programs and "access points"
- Strategies are organized here in relation to how they address aspects of household financial security. Note that many cities categorize this work differently



Strategies to Maximize Income

Maximizing income: For most cities this takes the form of helping people to access public benefits (health insurance, Basic Food, child care subsidies, preschool, utility/energy assistance, etc.), free tax preparation and the Earned Income Tax Credit (EITC) and other tax credits.

- Free community tax-prep services and campaign
- Local EITC
- Access to public benefits
- Workforce development
- Transportation assistance
- Public utility assistance



Strategies to Facilitate Savings

Facilitating savings: Cities are working with community based organizations and financial institutions to help underserved residents access affordable, non-exploitive financial services including checking and savings accounts as well as credit, loan, direct deposit and matched savings/investment opportunities.

- Low-cost, convenient banking products and campaign
- Incentivized (matched) savings products
- Financial education and credit counseling opportunities
- Linking savings opportunities to existing programs
- Linking savings opportunities to employers



Unique Roles & Opportunities

Value Added Roles of Municipal Leadership	
Connect	Pilot
Convene	Sustain
Coordinate	Advocate
Communicate	Legitimate
Regulate	Evaluate



Next Steps for Local Asset Building

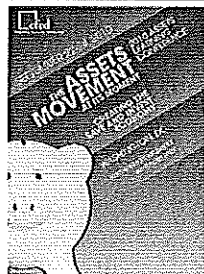
- Release of white paper and data profiles in late May/June with Cities for Financial Empowerment
- Development of a local assets policy agenda and resources
- National Bank On convening in summer (convened by Dept. of Treasury)
- Municipal Assets Track at CFED's Assets Learning Conference.



Join us at the Assets Learning Conference!

Largest convening of asset-building representatives in the nation scheduled for September 22-24, 2010 in Washington, DC

www.assetsconference.org



Contact

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Household Asset-Building Framework



Assets increase earning capacity



EARN

- Wage Income
- + Investment Income
- + Business Income
- + Public Benefits

= **Earnings**

Ability to earn depends on skills, available job and business opportunities, assets, availability of public benefits, and access to **reliable Basic Goods and Services**

Basic Goods and Services:

- Housing
- Transportation
- Medical care
- Child care
- Food
- Short term/emergency credit

Potential Municipal Interventions

- Support for free community tax-preparation services and campaign (e.g. VITA)
- Support for a local EITC
- Help residents access public benefits
- Workforce development/skills training
- Public transportation, vehicle assistance
- Public utility assistance
- Emergency credit products (e.g. aRALS, alternative payday loans)

SAVE

Earnings

- Consumption
- Debt Payments

= **Savings**

Ability to save depends on access to **affordable Basic Goods and Services** AND access to convenient, low-cost financial products and structures:

- **Products:** Affordable transaction and savings vehicles (e.g. checking, savings, IDA, CDA, IRA, 401(k), 529)
- **Structures:** Convenient, affordable financial infrastructure (e.g. direct deposit, automatic enrollment, online banking, bank location)
- **Financial education on:**
 - >> Budgeting and money management
 - >> Financial products
 - >> Credit repair

Potential Municipal Interventions

- Facilitate production of low-cost, convenient savings and transaction products and campaign (e.g. Bank On)
- Support for incentivized (matched) savings accounts
- Expanded access to quality financial education and credit counseling opportunities
- Linking savings opportunities to existing programs
- Linking savings opportunities to employers

INVEST

Savings

- + Borrowing
- + Public Incentives

= **Assets**

Ability to build assets (home, business, higher education, retirement and other investments) depends on:

- Cost of assets
- Credit score
- Access to affordable financing
- Access to public incentives (e.g. downpayment assistance, gov't loan guarantees, Pell Grants, IDA/CDA match)
- Asset-specific training:
 - >> Homeownership counseling
 - >> Business training
 - >> Academic preparation
 - >> Investment advising and financial coaching

Potential Municipal Interventions

- City-supported IDA program
- Home purchase subsidies and shared equity programs
- Expanded access to small business capital and training
- Expanded access to quality homeownership counseling, college counseling and financial coaching
- College incentives and subsidies

PROTECT

Insurance and Consumer Protections

Insurance (public and private) protects against loss of income or assets as well as against extraordinary costs:

- Unemployment
 - Disability
 - Life
 - Health/medical
 - Property
- Consumer Protections:**
- Protection from deceptive and/or predatory practices (e.g. predatory mortgage lending, payday lending, identity theft)
 - Foreclosure prevention and counseling

Potential Municipal Interventions

- Consumer protection regulation and enforcement at municipal level (e.g. legislation, zoning, licensing authority)
- Public awareness campaigns about payday lending, predatory mortgage lending, foreclosure prevention, identity theft and other deceptive practices
- Foreclosure Prevention strategies