



Asset Builders of Southwest Louisiana

AN ASSETS FOR INDEPENDENCE DEMONSTRATION PROGRAM

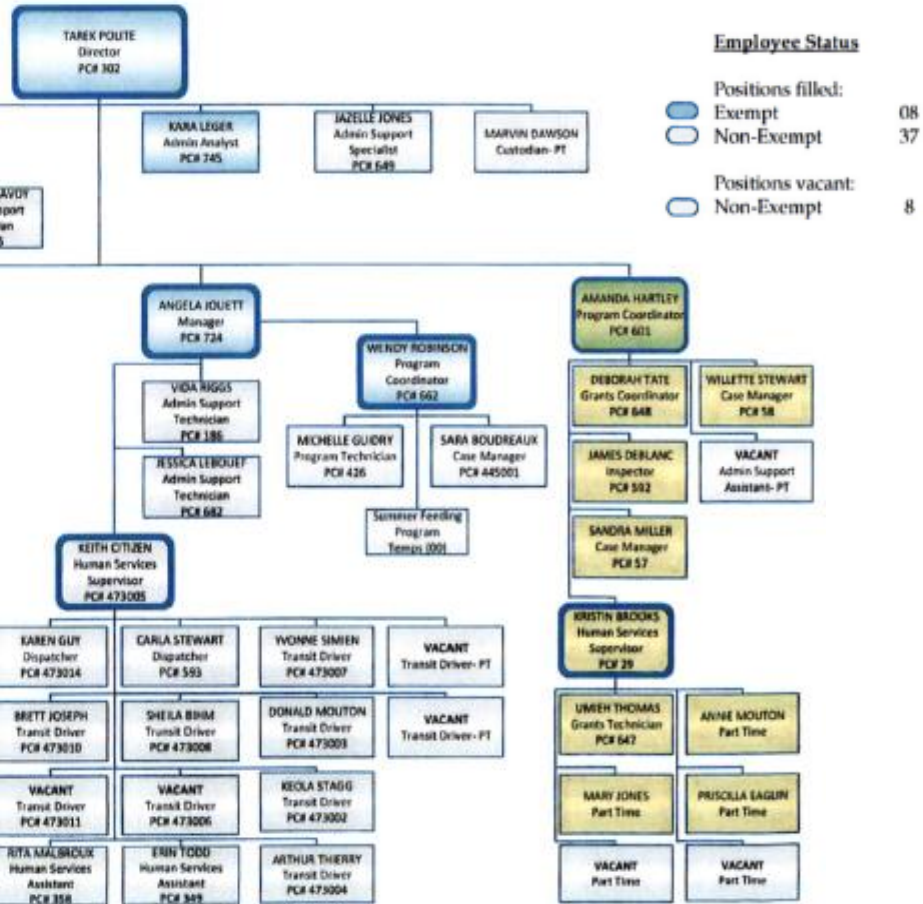
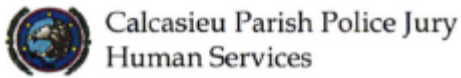
Calcasieu Parish, Louisiana: Location & Community Profile



- ▶ **Population:**
202,506 (as of July 2017)
- ▶ **Unemployment:**
3.3% (as of March 2018)
- ▶ **Average Home Price:**
\$158,000
- ▶ **Economic Development:**
\$112 Billion +
 - ▶ For a breakdown of this figure:
<http://www.portlc.com/site-selection-magazine-boasts-swla/>
 - ▶ Some estimates are as high as \$117 Billion.

- ▶ **Average Rental Rates:**
 - ▶ **HUD FMR:**
 - ▶ 1 BR: \$638
 - ▶ 2 BR: \$791
 - ▶ 3 BR: \$1,017
 - ▶ 4 BR: \$1,160
 - ▶ **Community Rates:**
 - ▶ 1 BR: \$1,000
 - ▶ 2 BR: \$1,200
 - ▶ 3 BR: \$1,500
 - ▶ 4 BR: \$1,700

Calcasieu Parish Police Jury: Organizational Profile



February 01, 2018

- ▶ **Departmental Budget:**
\$11,315,442
- ▶ **Community Health Initiatives & Strategic Partnerships:**
\$796,705
- ▶ **Community Services & Economic Support:** \$2,258,820
- ▶ **Transit:** \$1,002,290
- ▶ **Housing & Community Development:** \$4,130,485
- ▶ **Workforce Development & Self-Sufficiency:** \$2,535,599



Assets for Independence: General Information

- ▶ **Federal grant from the US Department of Health and Human Services.**
- ▶ **Matched savings program locally branded as Asset Builders of Southwest Louisiana.**
- ▶ **Three allowable asset types:**
 - ▶ (1) Homeownership
 - ▶ (2) Business Capitalization
 - ▶ (3) Education
- ▶ **Match rates = 1:1 to 8:1**
- ▶ **Savings period typically ranges from 6-24 months.**

Assets for Independence: General Information

- ▶ **Matching funds are 50% local & 50% Federal.**
- ▶ **Savings accounts (known as IDAs) cannot be opened unless the matching funds are available.**
- ▶ **Local program focuses on two asset types:**
 - ▶ Homeownership
 - ▶ Business Capitalization
- ▶ **Federal funding plus local match covers 73 slots + 15% admin**
 - ▶ 38 Homeownership
 - ▶ 31 Business Capitalization
 - ▶ 4 Unassigned

Eligibility Criteria

- ▶ In order to be eligible for Asset Builders, applicants must meet **both** of the following criteria:

- ▶ 200% of the Federal Poverty Guideline (income must be at or below this threshold)

OR

Eligible for the Earned Income Tax Credit (based on family size and filing status)

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- ▶ Net worth less than \$10,000

- ▶ Value of all assets is determined (savings, retirement, checking accounts, etc). **Primary dwelling and 1st vehicle don't count toward assets even if they are paid off.**
- ▶ All debt is subtracted from the sum of all assets (including mortgage, car note, student loans, credit cards, collections, etc)

- ▶ TANF recipients are automatically qualified for this program.
- ▶ Income/net worth increases during the course of program participation does **NOT** disqualify the individual.
- ▶ Eligibility criteria above is based on Federal guidelines which are updated annually.

Federal Poverty Guidelines & EITC Limits

2018 Federal Poverty Guidelines

<u>Family Size</u>	<u>200%</u>
1	\$24,280
2	\$32,920
3	\$41,560
4	\$50,200
5	\$58,840
6	\$67,480
7	\$76,120
8	\$84,760

For each additional household member, add \$8,640.

Tax Year 2017: EITC Income Limits

<u>Number of Qualifying Children Claimed</u>	<u>Married Filing Jointly</u>	<u>Single, HOH, or Widowed</u>
0	\$21,000	\$15,310
1	\$46,102	\$40,402
2	\$51,598	\$45,898
3+	\$54,998	\$49,298

Investment income must be \$3,400 or less for the year.

- ▶ Based on either criteria, a family of 4 would have a total annual income of \approx \$50,000 in order to be eligible.

Local Program Design: Homeownership

- ▶ **Match rate = 4:1**
 - ▶ Participant saves \$1000, receives \$4000 in match.
- ▶ **Savings period = 6 months to 2 years**
- ▶ **Participants attend Financial Literacy classes.**
- ▶ **Savings are matched after participants reach their \$1000 savings goal.**
- ▶ **Program requirements:**
 - ▶ Eligibility criteria verified with tax returns or check stubs.
 - ▶ Complete all required financial education components.
 - ▶ Attend one-on-one homeownership counseling.
 - ▶ Savings & matched funds **MUST** go toward expenses required to purchase a home:
 - ▶ \$1000 Participant savings: Closing costs/down payment OR
Required Reports: Inspection/Appraisal/Termite/Flood/etc.
 - ▶ \$4000 Matching funds: Closing costs/down payment ONLY

Local Program Design: Business Capitalization

- ▶ **Match rate = 8:1**
 - ▶ Participant saves \$500, receives \$4000 in match.
- ▶ **Savings period = 6 months to 1 year**
- ▶ **Participants receive entrepreneurial training:**
- ▶ **Savings are matched after participants reach their \$500 savings goal.**
- ▶ **Program requirements:**
 - ▶ Eligibility criteria verified with tax returns or check stubs.
 - ▶ Complete the required entrepreneurial education components.
 - ▶ Participant must have an approved business plan prior to receiving match.
 - ▶ Plan must outline how they will expend the funds.
 - ▶ Savings & match **MUST** be deposited into Small Business Account prior to use.

Local Program Design: Business Capitalization

- ▶ **Minimum requirements for business owners will consist of the following:**
 - ▶ Residency in the five-Parish region
 - ▶ 1 year active in business
 - ▶ Business banking account
 - ▶ EIN
 - ▶ Schedule C
(if applicable)
 - ▶ Occupational license
(if required by their local government)
 - ▶ Attendance at an orientation
 - ▶ *Appeals to explain missing requirements are handled on a case-by-case basis.*
- ▶ **Eligible business expenses:**
 - ▶ Equipment
 - ▶ Professional Services
 - ▶ Insurance
 - ▶ Licenses, Bonding, Certifications
 - ▶ Secured loan or credit card up to \$500
 - ▶ Other required expenses as identified in an approved business plan.

Progress Report: Homeownership & Business Capitalization

▶ **Homeownership:**

- ▶ 15 homes purchased
- ▶ Total value of homes = \$1,620,262
- ▶ 22 total projected closings by 12/31/2018

▶ **Business Capitalization:**

- ▶ 3 participants completed the program and received matching funds for their business (as of 5/31/18)
- ▶ 3 participants developed an approved business plan (as of 5/31/18)
- ▶ 20 total projected graduations by 2/31/2018
- ▶ 30 participants successfully completed CORE Four Entrepreneurial Training

- ▶ **Over \$55,000 saved by all participants over the life of the grant.**

Challenges

- ▶ **Federal eligibility criteria and timelines:**

- ▶ Difficult to find people who meet the criteria who can also afford a mortgage.
- ▶ Low credit scores or collections are common which requires extensive one-on-one homebuyer counseling.
- ▶ Resolving credit issues takes time, placing a strain on agencies who must remain mindful of Federal grant cycles.

- ▶ **Local housing market:**

- ▶ Affordable housing must be available through the local market or the building efforts of CHDOs.

- ▶ **Motivating participants:**

- ▶ Circumstances such as unexpected car repairs often discourage participants who wish to withdraw funds from the program to pay for unbudgeted expenses.

- ▶ **Tracking deposits:**

- ▶ Access to deposit information and accurate record keeping is essential in order to match participants' savings.

- ▶ **Uniformity of participant files:**

- ▶ Different housing counselors working within the same program may need a template for participant files to keep them uniform in the event of an audit.

Opportunities

▶ **Leveraging resources:**

- ▶ Create a larger impact by allowing participants to layer programs. (Must be approved by the grantors and the mortgage lenders.) Local examples include:
 - ▶ Mortgage Credit Certificates
 - ▶ FSS Escrow Funds
 - ▶ City of Lake Charles Down Payment and Closing Cost Assistance Program Funds
 - ▶ Asset Builders “Double Dipping”
 - ▶ Individuals limited to \$2,000 in Federal funds per grant cycle but a family may receive up to \$4,000. (i.e. A married couple pursuing the same housing asset OR one spouse pursuing homeownership with the other pursuing business capitalization.)

▶ **Strengthening communities:**

- ▶ Participants who invest through homeownership or business pursuits have a greater stake in their communities and are more likely to be engaged citizens.

Opportunities

▶ Develop strong, diverse networks:

- ▶ Collaborative partnerships among local agencies are essential to smooth program administration because partners can provide things such as:
 - ▶ Administrative support
 - ▶ Financial literacy or entrepreneurial classes
 - ▶ Local matching funds
 - ▶ Advertisement/outreach
- ▶ Agencies support one another's missions & strive toward the common good of local citizens and the communities in which they reside.
- ▶ Partners may include:
 - ▶ Municipalities
 - ▶ Service providers
 - ▶ Non-profits
 - ▶ Philanthropists
 - ▶ Bankers/Lenders
- ▶ **Mutually beneficial partnerships are vital because they increase the likelihood of being a highly sought-after community partner. This in turn increases the likelihood of extending grants beyond the availability of Federal funds.**



Local Partners

▶ **Asset Builders of Southwest Louisiana Team Members:**

- ▶ Calcasieu Parish Police Jury (*primary fiscal agent*)
- ▶ Project Build a Future
- ▶ Habitat for Humanity: Calcasieu Area
- ▶ United Way of Southwest Louisiana
- ▶ Lake Charles North Redevelopment Authority
- ▶ Southwest Louisiana Economic Development Alliance (*Chamber of Commerce*)
- ▶ Louisiana Small Business Development Center at McNeese State University
- ▶ Calcasieu Parish Public Trust Authority
- ▶ First Federal Bank of Louisiana
- ▶ JD Bank
- ▶ Southwest Louisiana Credit Union

Contact Information



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