

## Executive Summary

# Asset-Building Strategies for Families in Social Housing: Options for Social Housing Providers in BC

Deborah Kraus, J.D., M.P.P.

Numerous studies conclude that social housing provides a stable platform for economically disadvantaged families to rebuild their lives. While social housing may be key in assisting families to achieve stability, housing alone does not guarantee economic independence, self-sufficiency, or an escape from poverty.

This study explores two asset-building approaches that social housing providers in BC could use to help their tenants move out of poverty and become more self-sufficient. The two approaches are: the Family Self-Sufficiency (FSS) program developed in the United States and a program of Individual Development Accounts (IDAs). These approaches are used widely in the United States and are supported by government funding.

The FSS program is the only asset-building program specifically targeted to families in public housing. This program helps families accumulate savings as their rents increase due to an increase in their earned income. As participants' rents increase due to higher earnings, they pay the higher rent, and an amount equal to the difference between their increased rent and original rent is deposited into an escrow account. Individuals who successfully complete the FSS program receive their accrued savings at the end of the program.

IDAs are savings accounts that encourage low-income families, including public housing tenants, to save money and build assets through matching funds. Program participants make regular deposits to these accounts and, as an incentive, receive a matching grant or credit - often 3 dollars for every dollar they deposit. At the end of the program, participants must use their savings for a long-term asset, such as their first home, a small business, or post-secondary education.

Research on poverty identifies the importance of assets in helping individuals to address poverty and social exclusion. Proponents of asset-building policies argue that traditional welfare-based approaches, which attempt to address poverty through monthly allowances,

promote long-term dependency and undermine self-sufficiency. They believe that while income is necessary for “short-term consumption”, assets are necessary for “long-term goals”, and that assets, including human, physical, social, personal and financial, are necessary to produce income.

This study addresses three research questions: (1) What are the advantages and disadvantages of the FSS and IDA programs; (2) Which is more effective in helping families in social housing increase their financial assets, the FSS, IDA or both; and (3) Which approach has the most potential to be implemented by social housing providers in BC?

To address these questions, I conducted a case study of the GOALS program delivered by Home Forward in Portland, Oregon, which provides both the FSS program and IDAs. I also conducted interviews with social housing and agency professionals in British Columbia and other parts of Canada. I analyzed the programs using criteria and measures, including effectiveness, stakeholder acceptability, cost, administrative feasibility, and political feasibility.

The study concludes that both the FSS program and IDAs are effective and complementary. Implementing both in British Columbia would provide the maximum benefit to families with low incomes. This approach would enable families to access both employment support and financial literacy training. Employment support provided in the FSS program may help families increase their incomes and ability to save for their IDAs. The potential to accumulate savings in an IDA may provide an additional incentive to seek employment.

Based on the findings in this study, I recommend that BC Housing, in partnership with BC Government ministries and the BC Non-Profit Housing Association implement a pilot project to test new approaches to deliver the FSS and IDA programs, and that the pilot project be designed to include a complete evaluation to determine program impacts. I also recommend that BC Housing and BC Government ministries work with the BC Asset Building Collaborative to increase asset-building opportunities for low-income families.

This study recognizes that the FSS program and IDAs are only one small part of a range of initiatives necessary to end poverty. Other approaches are needed to promote education, increase jobs that pay a living wage, support families and children, increase work incentives, increase incomes for individuals unable to work, reduce welfare clawbacks, and reduce high marginal effective tax rates for low and middle-income families. Nevertheless, these programs are within the scope of what social housing providers could do to help their tenants, and provide a potential new role for social housing providers in addressing poverty.