
Building Assets While Building Communities

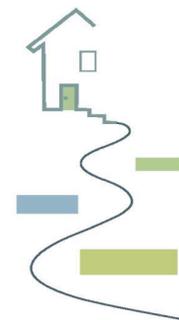
Presentation by Heather McCulloch

Principal/Asset Building Strategies

Asset Building: New Directions for Addressing Poverty

Council on Foundations – Family Foundations Conference

February 27th, 2007



What are assets and why do they matter?

- Financial assets – cash savings, stocks, bonds, home, business and real estate equity
- Income enables families to get by. Assets enable them to:
 - Weather economic crises
 - Build their long-term financial security
 - Invest in themselves, their children and their community
 - Pass resources on to future generations



The Asset Building Movement

- Started with a national demonstration around Individual Development Accounts (IDAs)
- Showed that low-income individuals will save and invest if given appropriate incentives
- Movement now includes a broad array of strategies to support families to save, invest and preserve financial assets
- Growing in response to several factors



National Wealth Data

- In '80s and '90s, 91% of the total growth in net worth accrued to the top 20% of U.S. households
- Financial wealth of the top 1% of U.S. households exceeds combined financial wealth of bottom 95%
- Today,
 - 1 in 5 households owes more than it owns
 - 1 in 4 households is asset poor



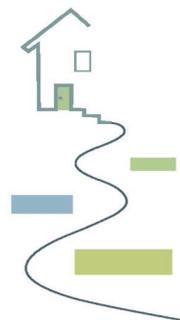
Assets and Race

- The average family of color owns less than 10 cents for every dollar held by a white family
- 2 of 5 American children are being raised in asset-poor households, including
 - 1 of every 2 Latino children
 - 1 of every 2 African American children

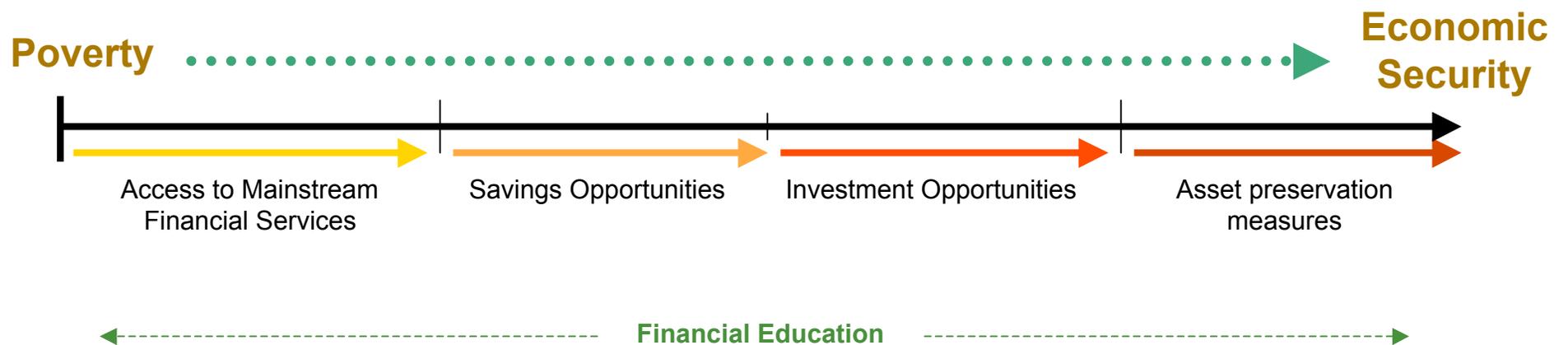


Public Policy and Wealth Inequality

- Federal asset-building policies help families to build assets
- But lower-income families are often unable to access these benefits
- Of over \$335 billion in federal tax expenditures that support families to save and invest—the bottom 60% of families receive *less than 5%* of the benefits



Continuum of Asset-Building Opportunities



Building Assets While Building Communities

- The report explores the continuum of asset-building opportunities in communities across the country
- Designed to serve as a resource for foundations, public, private and nonprofits sector leaders
- Targets a Bay Area audience, but is relevant to communities across the country



Expanding Savings Opportunities

- Individual Development Accounts
- Employer Supported Savings
- Family Self-Sufficiency (FSS) Program
- Federal Home Loan Bank Programs
- Earned Income Tax Credit
- Children's Savings Accounts



Expanding Investment Opportunities

- Accumulating savings is one step towards building assets
- Investment opportunities enable families to go the next step
- The report explores a menu of strategies to expand investment opportunities that are accessible to low-income families



Expanding Opportunities to Build Home Equity

- Housing Cooperatives
- Self-Help Housing
- Community Land Trusts
- Manufactured Housing
- Shared Equity Homeownership
- Lease Purchase/Rent-to-Own
- Section 8 Homeownership
- Employer-Assisted Housing



Expanding Opportunities to Build Business Equity

- Microenterprise
- Resident Franchise Opportunities
- Worker Owned Cooperatives
- Employee Stock Ownership Plans
- Employee Wealth Sharing Strategies
- Collective Resident Ownership of Businesses



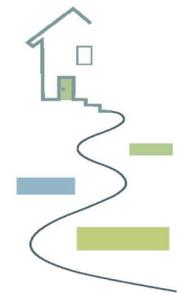
Innovations in commercial real estate: Market Creek Plaza

- Real estate development has not been widely perceived as an area of asset-building opportunity
- But new strategies are emerging...
 - Market Creek Plaza in San Diego
 - Community Development IPO
 - Recently approved by California Department of Corporations



Connecting Individual & Community Wealth: The Mission Asset Fund

- Sale of former Levi Strauss & Co. factory catalyzed community planning
- Menu of strategies guided neighborhood-level assessment of savings and investment opportunities
- Research identified asset-building gaps and opportunities
- Fund design: supports individual, family and community wealth-building opportunities



Strengthening Families and Communities

- Asset-building strategies are critical to building the economic strength of families and communities
- They help to ensure that people benefit as places improve—and that places benefit as people's lives improve



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Principal, Asset Building Strategies
heathermcc@sbcglobal.net
(415) 378-6703

