



**NATIONAL LEAGUE OF CITIES  
Institute for Youth, Education, and Families**

*Building Assets: What Cities Can Do to Help Low-Income Working Families*  
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*Speakers:*

**Wayne Tormala**, community initiatives coordinator, Phoenix, Ariz.  
**Jeff Wall**, housing and community development coordinator, Waco, Texas  
**Millicent Adu-H'Torah**, coordinator of Homeownership Tulsa, mayor's office, Tulsa, Okla.  
**Leila Kytta**, financial education coordinator, community action project, Tulsa County, Tulsa, Okla.

*HOLSCLAW:* Thank you. My name is Abby Hughes Holsclaw, and on behalf of the National League of Cities' Institute of Youth, Education and Families, welcome to today's conference call, "Building Assets: What Cities Can Do to Help Low Income Working Families."

The information that we will be discussing today is focused on municipal officials and the different strategies that they can take to help low and moderate income families build, maintain, and protect assets. I want to thank you all for your interest in this topic, and apologize that we're starting just a tad late. We have a great lineup today and you will be able to ask questions of today's speakers. At approximately 3:00 or 3:05, I will encourage you to send questions to Michael Karpman at [karpman@nlc.org](mailto:karpman@nlc.org). If you have questions any time during the call, feel free to send those to Michael, and we will open the lines for questions at about that time.

Today's topic is something that the National League of Cities has been spending more time focusing on and is very excited about. And as many of you know in your own communities, you have low income working families that are living on the edge of financial disaster. And despite many of the families' best efforts, they are struggling to make ends meet, barely have reserves to cover whatever costly crisis that could occur, such as a hospital stay or major repairs for a vehicle. And according to the New America Foundation, fully half of Americans have few or no assets. And researchers, as many of you may be aware, have found that assets do have a range of important positive effects on children and families. They have been found to be associated with household economic stability and other benefits, such as educational achievement, increased health, and decreased residential mobility.

Additionally, many families are too frequently falling prey or victims of predatory lending and other wealth-stripping practices that you all probably see day to day in your

communities. The prevalence of these practices has grown quite rapidly over the past 15 years, and continues to be a very serious concern that many of you are seeing in your communities. In fact, according to the Center for Responsible Lending, borrowers lose over \$25 billion annually to predatory mortgages, payday loans, and other lending abuses.

We at the National League of Cities want to applaud many of you that are on the call today, and certainly our speakers, for their efforts, and municipal leaders across the country that really see an opportunity to aid residents in building assets and ensuring that they have access to financial education and opportunities that, as I said before, help them protect their wealth and help them build future assets to pass on to their children. Part of our work in this area has been marked with an asset project that we launched last year, and towards the end of the call, I'm going to tell you more about that and certainly lead you to our website [[www.nlc.org/iyef](http://www.nlc.org/iyef)] to learn more about nine cities that have been engaged in asset-building efforts.

But for today's topic, I want to further explore the strategies that you will hear from the speakers that are on the call on how they are very specifically helping residents engage in asset-building practices through financial education and asset protection strategies.

Let me first introduce Wayne Tormala, Community Initiatives Coordinator for the City of Phoenix. Wayne has been working with the human services field for 34 years in both the public and private sectors, implementing and advocating for public policies affecting the lives of working families. So Wayne, say hello so our callers can hear your voice.

*TORMALA:* Hi, Abby, and greetings to all our callers.

*HOLSCLAW:* Thank you, Wayne. I also want to introduce Jeff Wall, the Housing and Community Development Coordinator for the City of Waco, Texas. Jeff comes to municipal government with an extensive background in banking, and he has been a senior vice president at several banks and has managed large consumer commercial loan portfolios. In addition, he brings his banking experience to the Department of Housing and Community Development, where he currently manages the funding and monitoring of over \$10 million of HUD money. In addition, he has started the City of Waco Housing Program. Jeff, if you're there, will you say hello?

*WALL:* Good afternoon.

*HOLSCLAW:* Thanks. Next I'd like to introduce Millicent Adu-H'Torah, the Home Ownership Tulsa coordinator in the Office of the Mayor in Tulsa, Oklahoma. Millicent is in charge of the city's promotion of home ownership in addition to the management of related programs such as Don't Borrow Trouble [[www.dontborrowtrouble.com](http://www.dontborrowtrouble.com)] and various infill and neighborhood enhancement initiatives. Millicent, would you like to say hello?

*ADU-H'TORAH:* Hello, everyone! Tulsa greeting!

*HOLSCLAW:* Thank you. Millicent is going to be joined today by Leila Kytta, the financial education coordinator at the Community Action Project of Tulsa County (CAPTC) [[www.captc.org](http://www.captc.org)]. Leila has eight years of banking experience. Six of them were as an assistant branch manager, and she has concluded neighborhood work on financial fitness training and credit counseling for maximum results. Leila and Millicent will be tag-teaming to tell you more

about what the City of Tulsa is doing. So Leila, would you like to say hello?

*KYTТА:* Hello, everyone.

*HOLSCLAW:* Great. Well, now that you've heard from all of our speakers, I want to get us started and kick off our conversation today talking about why asset building? Why is this a strategy that your city has decided to take on, to help residents, and what value do you see in it? Perhaps Wayne, Jeff, Millicent, you'd like to weigh in on this.

*TORMALA:* Sure, I can start. The whole community initiative section for the City of Phoenix aims at community capacity building. And the sort of self-help approach in asset building has been seen as a need from our city caseworkers, for one, who recognize that regardless of what kind of financial assistance they can render or what kind of counseling our case managers -- the job skill development they provide, they must now become more self-sufficient in terms of skills in budgeting, goal setting, using credit wisely, and generally developing the assets that they're less likely to sustain in their self-sufficiency status. And equally important is the fact that if they can't transfer assets to the next generation of those families, then the economic gap in the communities will continue to widen as people become trapped in chronic poverty.

*WALL:* Just to add on to that -- from our perspective, the City of Waco is pretty much home ownership geared due to the fact that our home ownership rate is so low. We feel that our borrowers and buyers need to be better informed and properly educated because they tend to get hit by the realtors or the home builders. Prior to getting any type of education, they've already locked into a deal before we can get the home buyers education and financial literacy to them. So we're making a big effort to reach out to the community before they go and lock in.

Another thing that we've researched -- and I think this is true in most cities -- is most of our targeted market, which is typically low-income, with the HUD funds at least, the credit issues are pretty poor. And we work hard -- one-on-one counseling and through our non-profit agencies -- to properly educate them to clear up their credit and get them better educated and ready to buy a house. So we feel like that the education is actually more important than anything else we do because, again, it's going to carry them far, not only to buy a house, but for everyday living.

*HOLSCLAW:* That makes a lot of sense, Jeff. And Millicent, why is asset building on Tulsa's radar screen?

*ADU-H'TORAH:* Well, as Waco pointed out, the pre-education is so critical. And we would guess there are issues of economic development for our residents and citizens and really feel it's important to address the predatory lending, and also credit worthiness and financial worthiness, because the financial fitness of our citizens will benefit the city.

*HOLSCLAW:* And I'm wondering -- before we go deeper -- and I want to pick up on the current issue of financial education -- at what level have your mayors or other elected officials in the community been involved in your asset building at any level?

*TORMALA:* Much of our marketing and our outreach efforts take kind of a grassroots,

decentralized model. The mayor and elected officials have been very visible at key moments of our campaigns every year. So for example, in our Earned Income Tax Credit kickoff for our financial education program, the mayor plays a really highly visible role. Any kind of recognition that we do in the community, the mayor is very present, very available to be there. We noticed that when the mayor got involved with our efforts that our media attention went up 500% because the cameras follow him around. And how we use our mayor and other officials is primarily for that public profile that gets more media attention to get more public awareness at that level.

*HOLSCLAW:* Millicent, what about in Tulsa?

*ADU-H'TORAH:* In Tulsa, we have had a new mayor elected, Mayor Kathy Taylor, and she has only been on less than 35 days. But her efforts have been to really address community improvement. And we have already positioned ourselves to promote June as Home Ownership Month. We're working with all partners to promote various activities, some education fairs. Partners like CAPTC, who we're working with and other partners throughout that month are really going to highlight home ownership and all the things related to it.

Our previous administrations, where we started in 2002 was receiving the grant from Freddie Mac to do the Don't Borrow Trouble campaign. And we'll talk about that later in the call. But that was one effort that the mayor was very visible in endorsing, as well as our city councilors, also our boards and authorities that involve the citizens who are involved in housing and planning implementation.

*HOLSCLAW:* And Jeff, down in Waco, what types of support have you seen from the mayor or some councilmen there?

*WALL:* We've had quite a bit of success. And that's the only reason our housing program has been somewhat successful. The mayor and city council have made housing and the education that goes along with it as a high priority and a goal. And one of them attends each ribbon cutting. Every time we have a house close, a city council or the mayor is there to speak, and typically we give a gift at that time. They attend our housing fairs. They also do interviews and we have our cable TV, in which they're also involved. So it's very well known in the City of Waco that our mayor and city council are very high on housing and the educational component of it.

*HOLSCLAW:* Great. And you know, Jeff, you mentioned a few minutes ago that regarding financial education, all three cities actually on the call, Tulsa, Phoenix, and Waco, have had some type of financial education class or workshops that are available to residents. And as you pointed out, this is really critical as a key first step in helping residents build assets.

I know that in the City of Phoenix, you ran a very expansive financial education program that includes not only classes for adults and teens, but also children -- tell us more about that, Wayne.

*TORMALA:* Well, we offered several different classes. Our core curriculum is a three-class series where we focus on first the credit, in terms of we help people get their credit ratings. We talk about it in non-judgmental terms. We talk about restoring it and keeping it and maintaining

it at a healthy level. And then we talk about budgeting and savings as follow-up to that. And our third class, we get more into the home ownership program, and continue off of that.

But in addition to that, we offer isolated classes. We have what we call "Credit II." We have a more in-depth class on credit. And we have a "Home Ownership II," which is more advanced. In addition to that core curriculum of credit and budgeting and home ownership, we offer isolated classes that are more advanced. But also we offer classes on car purchasing and identity theft and on predatory lending. And the car purchasing is rather unique in the sense, at least in the City of Phoenix because of the status of mass transit and the extreme temperatures that we get in Phoenix, that unless you have a reliable car, it's very hard to maintain job stability. And so car purchasing, or as I like to call it, "How to Buy a Used Car Without Getting Ripped Off," is a very important part of our asset-building education. So we run the core courses and we offer these sort of electives, if you will.

*HOLSCLAW:* And Wayne, tell our callers just a little bit about why you thought it was important to offer curriculum that touched on all age levels, not just adults?

*TORMALA:* There are a couple reasons. One is because we feel it's important to get these basic educational tools into the hands of young people. We have many families in Phoenix that are third generation poverty, and there just has been no access or way for young people to start thinking in those terms.

But also a second, and I think equally important, reason is that we offer classes for kids concurrent with the adult classes that enable the adults to attend the classes in the evening. So if you're a hard-working single mom and you might be holding two jobs and you have limited time with your child, you're not going to come to an evening class unless, of course, there is something there for your child to do. So we offer age-appropriate classes. We have coloring books -- you know, Sammy the Saving Rabbit, and that kind of thing. So really from ages four right through to adults, every night we offer classes, we have people of all ages in those classes.

*HOLSCLAW:* And Leila, the City of Tulsa gives CAPTC CDBG dollars to help it operate. And I know you all run financial education classes for residents. Tell us a little bit about how you're doing that.

*KYTТА:* What we're doing is -- we've actually got three different things that we are doing. We're using FDIC's Money Smart curriculum right now. And we are holding classes here at CAP offices for the general public. We are also going out into the public and holding classes at local businesses and schools. We have held a couple classes out in correctional facilities. And another focus that we have right now is with our Head Start families. What we're doing is we believe that it starts with the children. So the children who are in the Head Start program, they're on the right track. So what we're doing is we're teaching the parents, and a lot of them are attending classes at the schools while their children are attending Head Start. And we're able to give them the financial education from how to handle a checking account to how to purchase their own homes.

*HOLSCLAW:* That's great, Leila. And Jeff, you mentioned earlier that you all underscore the importance of these financial education classes. Both in Tulsa and in Phoenix, and also in Waco,

what populations are you targeting? Leila, you just mentioned Head Start. Jeff and Wayne, are there particular populations in your community that you're reaching out to?

*WALL:* Well, in Waco, again, we're pretty much pushing home ownership for the most part, and it's typically first-time homebuyers, but we don't limit that. We deal with the below 80% median income, and also above 80%. But the majority of the folks, depending on the income group, are usually first-time homebuyers. But our programs are open to anybody, but that's who we pretty much target -- first-time homebuyers.

*HOLSCLAW:* And Wayne?

*TORMALA:* Yes, in Phoenix, our programs are open to anybody. But our marketing, our outreach efforts specifically target low and moderate income families -- pretty much coinciding with EITC eligibility. In addition to just the general population, we work with community agencies and faith-based groups to provide classes to their constituencies. And then we have six target populations that we look at. We look at monolingual Spanish-speaking people, people with disabilities, Native Americans living in the urban setting, U.S. veterans, refugees, and homeless people. So we've got some isolated efforts that zero in on specific groups that are particularly at risk among low and moderate income people.

*HOLSCLAW:* I want to move our conversation to connections around asset building and the Earned Income Tax Credit. I know that there are so many cities across the country that have either launched or expanded their Earned Income Tax Credit outreach efforts to include asset-building strategies. Some of that may be warning residents about predatory practices or connecting to these types of financial education classes. I'm interested in hearing more, because I know that all three cities on the line have extensive EITC outreach efforts and are connecting. So Wayne, Jeff, Leila, and Millicent, how are you connecting your asset-building work to the Earned Income Tax Credit outreach work that you've already done and the free tax preparation services that you might be involved with?

*WALL:* I'll go first. In Waco, basically we have a coalition, which probably most cities do, which handles approximately 50 different agencies and foundations, etc., that work together each year, and they provide -- I think last time it was 20-some locations of free income tax preparation. And when the person enters that to get the assistance, they are provided with programs that other community organizations have, be it anywhere from low-income projects to home ownership to rentals, etc. -- it covers all the programs. And then on top of that, they will also talk to you about owning a home and about our individual development accounts programs that we have. So they're encouraged and educated to not just take the money and go blow it on, like, a TV. But let's look at your situation. Think about the bills that you really need to pay off. Do you want to own a home? Potentially put that money toward a down payment and get a matching individual development account. Or do you need a car? -- just whatever the reason is.

And the other thing that I'll mention real quickly that is kind of neat. We have one of our elementary schools that has actually taken this on in the last couple years. And they have it at the school. They also have a site, and their students actually maintain that site, and have done that for years. And they do a lot of outreach and advertising through the other schools to get the word out.

*HOLSCLAW:* And that's a tax preparation site that you have.

*WALL:* Yes.

*HOLSCLAW:* And Jeff, you mentioned individual development accounts. And for our callers, in case you're not aware, those are matched savings programs, and there are many at the federal level that often cities and others have developed partnerships to build a capacity of these accounts in these programs. And Leila, I know that in Tulsa, you also have an individual development account program. Do you want to talk about how you've linked that to the EITC work that you're doing?

*KYTТА:* Actually, the program that we have linked to the EITC is we have been offering refund splitting. And the IDA program has been retired for a little bit. But we are doing a program where we are doing refund splitting right now.

*HOLSCLAW:* Talk about that, Leila. What is refund splitting?

*KYTТА:* As you know, if you've had your taxes done, when you're going and there's a refund, you have the opportunity to have that direct deposited into a checking account. What we have done is we have worked with a non-profit called "Doorway to Dreams," and we have done three years of research out of our pretax site where we have offered our clients the option of splitting their refunds between checking and savings. And we've had Bank of Oklahoma onsite at the tax sites to open up free savings accounts with no fees. And we have found that a majority of the clients when given the option will save some of their money. So right now there is going in with the IRS to get that changed so that next year, you are given the option to split your refund between checking and savings.

*HOLSCLAW:* That's a fascinating new program, and one that may be available to more cities as we move forward. So we can certainly follow up with cities that are interested with more details on that.

Wayne, did you want to mention how you're connecting your EITC efforts to your broader asset-building agenda there in Phoenix?

*TORMALA:* Sure. In the past year we had 25 free tax sites in operation. And simply put, you really can't go there and get your taxes done without receiving some of our propaganda about our financial education classes, as well as some educational material right there. We realize that not everybody is ready or has time to maybe go to a class. And so we do want them to walk away with some tips on how to use that refund or how to maximize it. But if you go get your taxes done for free, you're going to hear about the financial education programs. If you attend a financial education class, you're going to hear about EITC. So either door you go through, there is sort of no escaping it, at least in terms of hearing about the other opportunities.

*HOLSCLAW:* There is a lot of cross-referencing that's happening there in Phoenix.

*TORMALA:* Right. In addition to that, we do a lot of financial education work at the EITC

locations.

*HOLSCLAW:* That's great, Wayne. And I know that some cities have tried that and been somewhat successful and others have encouraged that those classes are held separately. Wayne, what have you seen in Phoenix? The folks that are on the line that maybe are thinking about offering classes onsite -- is that a good idea? Has it worked?

*TORMALA:* You mean, while people are getting their taxes done? We have decided not to do that. We offer them on separate tracks only because we don't find that people are that interested in waiting around sometimes to do that. And we do have a banking presence in most of our sites, so we do offer some opportunities like that. But no, our EITC sites pretty much operate on a kind of get-them-through basis and provide as much information and extra opportunities as you can, but to really keep the line going so they can do as many refunds as possible.

*HOLSCLAW:* It is now a couple minutes after the hour, and I want to encourage you, if you have a question, we would enjoy having you send that to Michael Karpman at [karpman@nlc.org](mailto:karpman@nlc.org). Certainly feel free to send those. And in a few minutes, I'll ask Heidi to see if we have any questions. But before we answer a few questions, I want to talk a little bit more about predatory lending. I know that there is perhaps no community in the country that does not have payday loans or check cashing places popping up in rapid form around their cities. And I know that many city officials are increasingly becoming very alarmed at the number of individuals that are paying exorbitant fees to cash their checks and falling prey to these high-priced places. And in some cases, these may be the only institutions in certain neighborhoods.

I'd really like to hear from my speakers today about what Tulsa, Phoenix, and Waco are doing to help curb some of these practices, and quite frankly, connect families to mainstream financial services that they're able to access and utilize in a way that cuts down on the costs. So perhaps I'll turn to Millicent, because I know that Tulsa has a "Don't Borrow Trouble" campaign. Tell us, Millicent, what that's about.

*ADU-H'TORAH:* The Don't Borrow Trouble campaign is a Freddie Mac initiative that we've been involved in since about 2002. And we all know there are unscrupulous lenders that often are stripping homeowners of their equity and creating situations where they're increasing their debt, which of course, will culminate in some type of foreclosure or bankruptcy. So we have looked at the majority of sub-prime mortgage lenders, even though not all will be predatory, but oftentimes tend to be, and look at their involvement in the types of loans that they are making to low-income borrowers, who often have imperfect credit scores.

So in relation to Tulsa and the Home Ownership Tulsa program [[www.cityoftulsa.org/Community/HOT](http://www.cityoftulsa.org/Community/HOT)], we in Oklahoma were spurred into action based on a legal settlement in 2001, where a mortgage lender -- they were required to have to pay over \$6 million in restitution to over 7,000 of our Oklahoma borrowers. So in that settlement, we were able then to partner with the Community Action Project and work to provide this program called "Don't Borrow Trouble." And it is a predatory lending-focused program that uses the brochures, mailings, posters, public service announcements, transit ads, and of course, education. And we have the seminars and the workshops that deal with the dangers of predatory lending.

The campaign operates through a phone hotline that is administered through Home Ownership Tulsa, and the borrowers call in seeking information. They are then referred to

Community Action Project or additional partners that we work with, like Housing Partners of Tulsa or HUD, to be able to address the person's call and hopefully address their questions.

*HOLSCLAW:* So that's if perhaps they've already "borrowed trouble."

*ADU-H'TORAH:* Exactly. And in that instance, we also have legal aid assistance with one of our partners, who would then offer adequate counseling and administrative support to assist those individuals in the campaign. And we also have found in Don't Borrow Trouble, we end up finding them when they've already borrowed trouble. They've already called in and they're already too far gone. And we're looking at trying to establish ways where we can have rescue-type loans and other ways to definitely do some pre-purchase education. And we're partnering with CAPs to be able to do that.

Leila, did you want to pick up on that?

*KYTТА:* Yeah, we have two programs. We have our financial education program, which I head up. And in that we talk about predatory lending and we talk about how to spot predatory lending. But we also do education to encourage the clients to go to the bank, to not use the payday lenders. We show them examples of how much interest they're actually paying, how much their \$100 loan will cost them in the end. Education is the most powerful tool that we can give them.

And in our home ownership classes, we have a video that we have them watch, and we encourage them to attend the home ownership classes before they take any other steps in purchasing their home, because there are so many people who are what they call A-paper credit that are victims of predatory lending because they think that a broker just because they're a nice guy is going to give them the best deal in town, when actually someone may be giving them a deal that is the best deal for the best broker in town. So we just basically go over -- and we do this in two different forms, in our financial education classes and in our home ownership seminars.

*HOLSCLAW:* That makes a lot of sense, Leila, and I know you just touched upon an important point, and that is that in Tulsa, you're trying to connect families to banks. And when you mention that you have banks at the free tax preparation site that set up savings or checking accounts for people who don't have banks -- Jeff, in Waco, what is the city doing to help avoid predatory lenders?

*WALL:* Again, as I mentioned, we try to do as much as we can in the pre-education part. We have six non-profits that all do these different programs. Each one has their own program. They're all certified, etc. But they also have post-purchase education, in which they, after they've bought the home, they talk to them about the potential for refinancing down the road, and to be careful. And most of our -- in fact, I think all of them now -- require that before they can bring them the deal, they have to have three quotes and the terms that we have, all of them, for down payment assistance, etc. -- pretty much block predatory lending. We don't allow balloon payments. We require fixed-rate deals and documents must be reviewed by staff prior to anybody signing them.

And I think the other thing that you might keep in mind, too -- typically the refinances that we're seeing right now, where folks have run out and got refinances. And we

will not subordinate our second lien positions on a refinance if it appears in any way, shape or form predatory. That's one way we can block them from getting a predatory loan doing a refinance deal.

*HOLSCLAW:* Jeff, you bring up a really great point, because I think many of the cities on the call offer home ownership counseling and incentives and can utilize the power of this program to mandate, as I know the City of Baltimore does, pre-home counseling prior to purchase. But then also consider requiring post-purchase counseling to mitigate some of the problems that you're bringing up.

Heidi, do we have questions?

*HEIDI:* Yes, we do, actually. We have a few questions. The first question -- actually there were a couple of listeners who were interested in knowing more about the IDA programs. For the cities that have IDA programs connected with their EITC programs, the listeners want to know more about that. What is the match? How are these programs funded? And how successful are they?

*WALL:* Okay, Waco -- I'll do it real quickly. We have a two-to-one match. The City of Waco uses our CDBG funds and provides a faith-based non-profit with some operational funds and the matching funds so they can save. The homebuyer is required to go through three to four months of educational courses, from budgeting to homebuyer's education to maintenance, etc. And during that time, they are putting money every month into a savings account with the bank. If they go through everything, qualify and they buy a house, at closing we will double whatever they've saved up to \$1,000 of theirs, and we'll put up to \$2,000. So it's a two-to-one match, so most of our folks will walk away with \$3,000, and that's in a grant form. And then they on top of that can access our down payment assistance programs on top of it. So it gives them a little more incentive to go through the education. That's really the whole point of the IDA, in our perspective, to get the folks to do the proper education and learn how to save. Because when you go from rental to home ownership, it's quite a shock. You know, you've got maintenance and taxes and insurance and they're not used to mortgage payments.

We've had this for several years and have had 250 people go through it. I think 16 have actually become homeowners, and there are about 24 or 25 now who are close to finishing up their program. So I would say it's very successful. It's a very difficult program to run for a non-profit who does not have other income, because again, they're not generating any real fee income. So they're pretty much relying on grants and the city. But we feel so strongly about it that we're willing to continue to fund it, and it's a very popular program.

*HOLSCLAW:* You said the city puts up the match, Jeff?

*WALL:* Yes, we put up the double match. Now, we'll say that the non-profit has gone out and gotten businesses such as banks and even individuals to also put up matches to go along with our money. So they're learning this, instead of relying just on us, to reach out into the community to get two-to-one matches from other sources. Churches have been a real good source for them.

*HOLSCLAW:* Are those general fund dollars, Jeff?

*WALL:* No, CDBG funds.

*HOLSCLAW:* Oh, they are CDBG, okay. And then, Leila, did you want to mention, or Wayne, anything about Individual Development Accounts? I know, Leila, that you said you had a program that's been retired for the moment.

*KYTТА:* Yes, I think that what has happened is that we lost our person that was hoping to match the funds. And they have not started the program back up.

*HOLSCLAW:* And Wayne, does the City of Phoenix have an Individual Development Account program?

*TORMALA:* No, the City of Phoenix basically has opted out of that for many of the reasons that we're hearing right now. We do build community capacity. We work with local agencies who want to target a specific neighborhood with IDAs to try to bring that program to scale. But the IDA program -- the difficulty we have in a market like Phoenix is the price of housing has increased so dramatically over the last several years that there really isn't an IDA program that can keep up with it.

So we do work through our self-sufficiency program and putting money in escrow accounts, for example, for people living in public housing. We've generated maybe 100 homeowners in the last four years through that program. But our primary focus of IDAs is working with local groups and development corporations that want to get into that. And we work to help them build the organization and capacity to do that. But we as a city government have stayed away from it.

*HOLSCLAW:* For our callers that are on the line, I would say that the experiences that you're hearing from the cities in this call and our broader experience has been that most cities are not administering an Individual Development Account program out of their own shop, but rather supporting community-based organization and others outside of the city that are operating, as these programs do tend to be administratively heavy. But there are a few examples where cities are actually administering those successfully.

Heidi, did you say that we have another question?

*HEIDI:* Yes, the next question is about the financial education classes. And this could be directed at Wayne or anyone that offers financial education. This listener wants to know how to conduct outreach. How do you market and advertise financial education classes? And how many people attend?

*TORMALA:* In Phoenix, most of our marketing is done at a decentralized grassroots model. So for example, we will work with a specific faith-based organization to market our classes in a surrounding neighborhood or a specific area of Phoenix. Or we'll work with a non-profit agency to go directly to their participants. We have found that what we call a "quality referral" -- if we get referrals into our classes from, say, a faith-based group or an agency that already has cultivated a trusted relationship with people that we get a very high turnout, and that when we do a lot of general public appeals, we get high signups, but low turnouts. And so the no-show issue

comes into play. So for example, if we do a general marketing just across the city about a series of classes, we might double book the class and end up with a full house. If we work with a local group and specifically go to people that have already had some kind of working relationship with families, then we generally get about 100% turnout.

*HOLSCLAW:* Now Wayne, will you also tell the callers how it wasn't this wonderful one year, and you made some changes? And how did you figure out what wasn't working before you figured out how to make something work?

*TORMALA:* Well, in our first year, we had the experience that we had witnessed a lot of financial education programs across the country where we had a good curriculum and we felt really great about it, but nobody was turning up for the classes. You know, we had very low turnout. And so when we started interviewing people about why did they come or calling people about why didn't they come, we retooled our program. And basically, we used a combination of the marketing techniques I just talked about. But probably more important is the package of incentives that we provide to participants and programs. So we try to make it as appealing as we can. So we have local funders that will work with us to -- for example, we have drawings, and we give away at every class three or four \$50 U.S. Savings Bonds. We have the children's classes that I talked about earlier that are big incentives. We always provide meals -- so we have pizza and soda and water and various things going on like that. And we also work with an insurance company program that provides free life insurance for people if they qualify. And that's an incentive. So we just package it as much as we can up front with reasons to be there and the reasons to give you that extra initiative if you've gotten home after a long day of work and you're worried about your bills and you just have a lot of reasons not to want to go back out, that we give you a lot of positive reasons, besides the content of our classes, to get out there and go to the classes.

*HOLSCLAW:* Jeff, did you want to weigh in on this on how you're getting people to the financial education classes?

*WALL:* Well, the one thing I think we do is we have some incentives similar to that. But the main reason -- we require it if you're going to receive any assistance through our programs or through any of our non-profits, that you're required to go through pre-purchase counseling and pre-purchase courses. If your credit is somewhat suspect, it's a close deal, then you have to go into more extensive training, which usually takes several months. But everybody is required to go through the homebuyer's education and the financial literacy.

And one of the ways that we've attracted folks is through word of mouth. But we started out with the churches, and actually on a Thursday night or Wednesday, whichever night, they would actually let us present our programs. And we usually have a lot of advertisement from the churches. And we've had pretty good crowds -- anywhere from 50 to 70 people from these smaller churches. And then we're constantly having various types of housing fairs throughout the city. And again, our city pretty much facilitates most of these activities other than the down payment assistance. We facilitate through our non-profits, we build their capacity and they do all the work. And so when I say "the city", we're typically relying on our non-profits, and some of our for-profits actually do it.

But besides the requirement, we do a lot of outreach through churches and civic

groups and housing fairs, and typically have real good success. A few of our non-profits are also offering Spanish courses at the same time, so that's helped pick up in that particular market.

*HOLSCLAW:* Jeff, you bring up a really important point, and that is partnerships and capacity. And I'd like to hear from all three cities -- all four of you -- who are you partnering with to make these initiatives or programs work? I mean, we obviously have a partnership happening between CAPTC and the City of Tulsa. And Jeff, you're mentioning partnerships with faith-based groups. And Wayne, I know in Phoenix, you have a very extensive grassroots connection to a lot of community-based organizations. Are there partners that our callers on the line should not ignore or pay particular attention to in thinking how to expand asset-building work?

*ADU-H'TORAH:* This is Millicent in Tulsa. With regards to the community housing and development organizations, they have been so critical to how we've been able to improve our home ownership. We also work with HUD, and we also have a partnership with the Human Rights Commission, and they have a Tulsa Fair Housing partnership. And there are over 20 different organizations that contribute to that who help us address predatory lending. So definitely at the grassroots level, we look at any organizations that are involved in the education portion that we can help facilitate and increase knowledge.

The faith-based organizations have been equally as important. We partner with them on different initiatives. They're doing home ownership fairs and trying to actually do that grassroots approach that Jeff mentioned for Waco, where we're able to get into the churches. We've had Home Ownership Sundays, where we've written scripts to provide to pastors and church leaders so that they can really stress that the wealth of their congregation is equal to the wealth of the church, and the spillover in regards to how the overall community can benefit.

On a national level, look definitely to organizations like Freddie Mac that provides the Don't Borrow Trouble program. We were fortunate to be able to be involved in the pilot program. But it's a program that any city can participate in if you can make your own infrastructure to support it, because it's going to be three-pronged -- a hotline, education, and counseling support. And a lot of organizations and cities can provide that to an organization to make it work. And Freddie Mac -- I'd encourage them to go to that website and look at it and get the Don't Borrow Trouble toolkit.

In regards to non-profits -- any non-profits we have that are able to get CDBG funds, encourage them to apply for that and specifically look at gearing education towards home ownership, pre and post. You know, the city is facilitating a way for non-profits to be able to help educate people.

*HOLSCLAW:* Those are great points, Millicent. Others -- Wayne or Jeff, Leila -- want to mention partners that folks should be careful to pay attention to?

*WALL:* I might say in Waco, real quickly -- no particular partners, because each city will have different ones. You know, you have the Neighbor Works and you have your Habitats, etc. But one thing that was real critical to us is -- you know, we're called a medium size -- we're 100-some-thousand population. But we found the thing that's real key to us was working together. When we first started these programs, everybody did their own thing. And now we have a housing coalition that meets monthly of all the non-profits and the for-profits in the housing realm, and we discuss issues such as education, home ownership, predatory lending, defaults,

foreclosures, etc. And we put programs together that we bring forward to the city, the city council as a group. So anything I take to city council, I've already gotten the blessing from all the different groups involved. So we all work as a unit. And because of that, even though we have six or seven groups doing this education, we're all using basically the same curriculum. We all have the same certifications, the same outreach. And they typically group together when they have housing fairs -- they'll work together and just cut expenses. But the key is collaboration, I think, to make this all work.

*HOLSCLAW:* Just to touch upon a point about your housing coalition and those meetings, don't elected officials always attend those meetings?

*WALL:* Yes, we have to have two. We have the Housing Coalition, which the mayor and typically one of the council people attend, which is an informal meeting, once a month, where all the groups meet and we discuss issues that we want to bring forward. But then we also have a city council housing committee, which is chaired by actually three of the six city council members on that committee. So that's where we bring the issues forward to that committee and discussed in detail in an informal basis, and then it goes forward to city council from there. So we have a way of keeping all of our partners on the same page, but at the same time filtering the information to the city council before it gets to the formal vote, and we get their buy-in way before this thing makes it to vote. So I'm not sure I can remember any time we've been turned down for anything because we get the buy-in early on.

*HOLSCLAW:* Wayne, did you have advice for callers about people or organizations or institutions that they should certainly involve in asset-building work?

*TORMALA:* Well, we sort of take the approach that any organization that has the concern about human suffering or poverty should probably get in the loop on the financial education and the Earned Income Tax Credits because there probably isn't anything in the country that can rival those programs in terms of lifting people out of poverty. So we sort of start there. We put a lot of emphasis on our work with faith-based communities. Part of my job, in addition to EITC and financial education is to spearhead the city's faith-based initiative. So we have a monthly meeting with a wide range of faith leaders and we have some quarterly summits and we have all kinds of tracks going in the faith-based community, and a lot of those around capacity building. A lot of faith communities already have the compassion for the issue, and we find many of them are eager to increase their ability to be effective in following their compassion. So we're putting a lot of emphasis on these faith-based communities now.

*HOLSCLAW:* I would also want to underscore for callers to not forget financial institutions in your community that are eager to find a role that they can play in this work, and certainly have advantages to drawing new account holders.

*TORMALA:* And if I could add real quickly, too, we have found in Phoenix that actually the financial institutions, the banks and credit unions, you progress in your efforts to have some results. I think you find that financial institutions become very aggressive in wanting to be a partner because there is a lot of interest there in getting the unbanked into their rolls. A lot of that work comes to you I think once these programs get off the ground.

*HOLSCLAW:* I want to come back to your comment about results, but I want to pick up on something that Millicent said, and that is national and local resources like the Don't Borrow Trouble campaign. And I want to underscore that the National League of Cities' Institute for Youth, Education and Families hopes you read our research at our website. And I wanted the speakers on our line to mention any other resources that they think would be helpful for callers.

I want to pick up on your comment about results, Wayne, and ask Millicent, Leila, Jeff and Wayne, do you think this is having an impact on your city? Are residents' financial situations getting better? What are you seeing happen because of your efforts?

*WALL:* In Waco, real quickly I'll just state that in the beginning of the program that we had a lot of different mortgage brokers and lenders, etc., in the program, and city council was also more inclined to let us do business with whoever to get them approved. Once we started pushing the education component and the predatory lending component, post-education -- once that all kicked into gear about a year and a half after we had really gotten going, we noticed that the delinquencies and the foreclosures went down dramatically. We also saw through our surveys and through interviews that we do, when they're buying a house or after, the education always comes up in the comments, that it was very valuable to them, it's helped them in other parts of their lives. So I think it's changed our borrowers to the point where they're better going into the houses, there is a much better chance they're going to keep that house and not end up being a victim of a foreclosure. So for that reason, if nothing else, it's been a success.

*KYTТА:* I agree with that. The financial education, we've just started, so we really can't say anything about measurable successes. That was our home ownership classes, using Don't Borrow Trouble. And we have had several clients who have had the education, may have potentially gone into a predatory situation, realized what they were doing, been able to step back, get some advice, get a second opinion -- and getting back to what I said -- education is everything. If they had the education, they had the knowledge to move forward without becoming a victim.

*HOLSCLAW:* And Leila, what about the refund splitting? What type of results did you all have with that?

*KYTТА:* Oh, the refund splitting -- that was pretty phenomenal. We had 53 clients that split their refunds. We had -- I'm trying to remember how many dollars -- we had several thousand dollars that were saved. But out of those 53 clients, we have had three-fourths of those accounts that are still open. And those clients were very pleased. It was amazing because I was at the tax site as the coordinator for it, and it was amazing that so many people were interested in the program. And they were given the opportunity. It was a nice, warm, fuzzy environment for them. Even if they had a problem with an account in the past, there was still a chance that they could open up an account. And it was just absolutely rewarding to see how many people were willing to put money back. They hadn't thought about it, but when they were given the option, they wanted to put some money back and save.

*HOLSCLAW:* That's great. Wayne, what type of impact are these efforts having on residents in Phoenix?

*TORMALA:* Well, certainly on the EITC side, it's pretty easy to track, just in terms of the infusion of money. The campaign that just ended, we're looking at over \$20 million in new EITC refunds coming into Phoenix. And you can only do one of three things with that money; you can spend it, save it, or invest it. And that comes back to the community. And we preach that year-round.

But also I think on the financial education side, we know that in our evaluations of our classes that we're getting people that have what the researchers would call "intended behavioral change." They certainly leave the classes thinking, having new ways of thinking about how to conduct their financial lives. But we also know through the agencies that partner with us that follow these families that we are seeing an upswing in things like home ownership, savings accounts and that kind of asset protection.

*ADU-H'TORAH:* And to add, for Tulsa we've seen some evaluations, definitely the qualitative results, everyone is thankful they're all able to make some changes and not going into predatory lending type situations. But in regards to quantitative data, we've really had issues with regards to how we can track that. The outcome measurement is a little fuzzy, even on a national level from Freddie Mac and Fannie Mae. It's hard to really gauge what difference we're making because we can't necessarily attribute foreclosure numbers going down or defaults not happening based on one program.

*HOLSCLAW:* Right, and I think a lot of cities struggle with how to appropriately evaluate or measure the impact, and I think you bring up some really good points, Millicent, that even on a national level, some of us have found that difficult.

I realize it's 3:30 -- I want to ask Heidi if there is one last burning question to pose to our speakers before I wrap our call up.

*HEIDI:* We have a lot of great questions, and I wish we could answer all of them. But for the last one, I'll ask this one that someone wanted to know. For those who work in partnership and coalition, what role does the city play in those coalitions with those other partners? Who is the lead organization in those coalitions?

*WALL:* Okay, in Waco, the city is a facilitator and often the lead agency in the sense that we typically set the meetings up and more or less facilitate the meetings. However, as the years have gone by, we have gradually relinquished that and let the non-profits take turns -- right now, Neighbor Works is the lead agency as far as running the Housing Coalition. The year before, it was Habitat. But the city had to pretty much do it at first until everyone was on board and happy. And I think one of the reasons it's good for the city to start out is we're pretty much -- we don't have our own agenda. We're looking out for the general good, where each non-profit has somewhat of its own little agenda. But again, we like to relinquish the control back to the community, but I think the city has to initially set the stage to get it going.

*HOLSCLAW:* That makes a lot of sense, Jeff. You're sort of the convener, the facilitator, pulling it all together. Wayne and Millicent, what about in Tulsa and in Phoenix?

*TORMALA:* In Phoenix, I would just echo Jeff's comments there, that we start the ball rolling.

We certainly can provide the role of convener and facilitator, and at some points, we're a trainer and communicator. But our end goal from Day 1 of any initiative we do is to get it back out in the community. So my job is basically not to build a city program, but to build community capacity. If I start coming back to City Hall with "We need more money for this," it's becoming a city program and I've basically failed in my mission.

*ADU-H'TORAH:* I would agree. In the City of Tulsa, we want the community to be just as vested as we are.

*HOLSCLAW:* That makes a lot of sense. Well, I want to say thank you to all of our speakers that are on the line. You've provided valuable knowledge, and I wish actually we could go for another hour, because I think that we probably have a lot more suggestions and certainly a lot more topics that we could cover related to asset building.

The folks that have dialed into this call and are interested in more about what the National League of Cities is doing on asset building, I encourage you to visit our website, [www.nlc.org/iyef](http://www.nlc.org/iyef) -- that's Institute for Youth, Education, and Families. There is actually under our program areas a link to our asset building work, and you'll see there that we have a project that we're working with nine cities to help them think at the local level how to develop action plans around asset building and implement some of their ideas.

In addition, Heidi has many of your questions, and will try our best to help facilitate the answers to some of these questions and connect you to the speakers that we have had on the call today. A transcript of this call will be posted to our website as well, so if you've heard something that you think is valuable that you want to pass on to others in your community to help you build capacity, I encourage you to do that.

And finally, I just want to underscore that as you move forward and think about this work, please let us hear from you. The ways that we find out about what cities are doing that are good, promising practices around asset building is to hear from you. So I know that you all join me in thanking Millicent, Leila, Wayne, and Jeff, and we appreciate your time today and hope that you'll plan on joining us next month for our next call. Please look for that announcement in *Nation's Cities Weekly*. And in fact it will be around early childhood success as a topic, specifically city efforts to support parents of young children.

So thank you, and I look forward to joining you again at a future date.