

Assets and Neighborhoods: The Role of Individual Assets in Neighborhood Revitalization*

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Executive Summary

This report examines the relationship between individual asset-building strategies and neighborhood development, providing a model that illustrates how the benefits of assets might affect revitalization efforts. Asset-building strategies include individual development accounts (IDAs), microenterprise programs, employer-assisted housing, and other programs that seek to help low-income individuals accumulate wealth. A key premise of these strategies is that assets will produce individual benefits, such as wealth, improved household stability, and increased concern about the future.

Asset-building strategies have become increasingly popular in the past decade due to changes in welfare policy and the vitality of the housing and financial markets in the United States. Although not automatic, there is potential for individual assets to also produce benefits for communities. The model developed in this article identifies the critical “linking variables” that connect asset-building strategies to assets, wealth, individual effects, and neighborhood outcomes. Strategies to enhance the likelihood that a program will actually produce assets include:

- Helping participants avoid predatory lenders
- Ensuring there is an adequate supply of assets
- Recruiting people with whom the organization is currently working
- Having staff with prior expertise in housing, training and placement, or small business development administer the program
- Helping participants repair their credit
- Providing high-quality and sustained financial literacy training
- Helping participants access steady employment opportunities
- Making participants aware up front of the risks involved in asset ownership

Community-based organizations (CBOs) also have the ability to ensure that asset-building programs will have collective, place-based effects. Strategies to enhance neighborhood spillover aim to: (1) retain community benefits of the individual asset; (2) retain asset holders; (3) provide

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individuals reinvestment conduits; (4) track local purchasing power; and (5) create opportunities for collective action. The strategies vary, but generally aim to limit individual returns (e.g., limited annual appreciation on housing to prevent inflated values) and/or to expand community returns. The latter includes strategies that encourage purchasing goods through local business, that give people a range of housing options, and that help mitigate factors outside the neighborhood (e.g., tax policy) that might affect individual benefits and, in turn, produce a “spillover” effect.

Finally, although the current interest in asset building can create new opportunities for CBOs, these programs require careful consideration before adoption. CBOs must determine: (1) how these programs fit into the overall mission of the organization; (2) what costs they might incur; (3) the extent to which there is demand for each particular type of program; (4) how they can tailor programs to fit community conditions; and (5) how to monitor and evaluate programs as they are implemented.

Poor people, if they are to overcome their poverty—not only economically, but socially and psychologically—must accumulate a stake in the system.

Michael Sherraden, *Assets and the Poor* (1991)

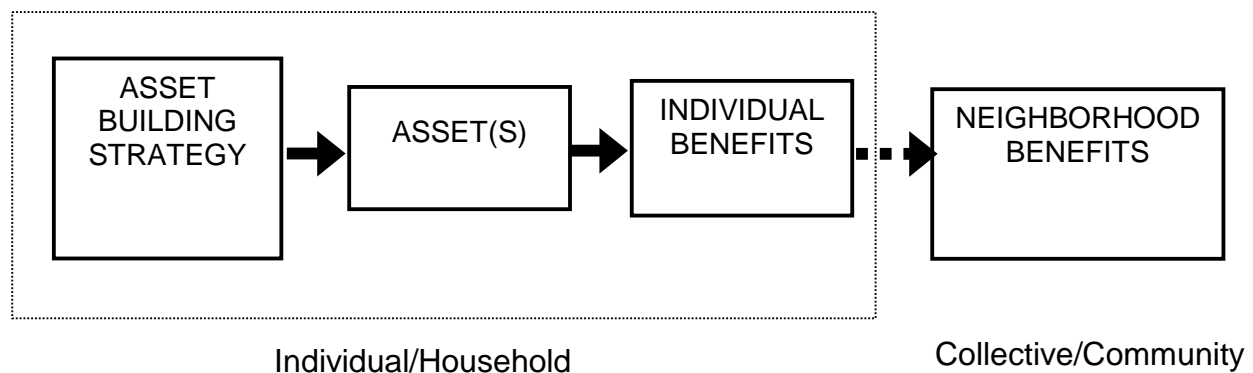
Introduction

Debates about poverty alleviation and neighborhood revitalization have revolved around whether policies should target *places* or *people*. After decades of research and practice, we know that neither can be isolated completely when considering how best to make investments in distressed neighborhoods. Any effort to transform urban neighborhoods must have as its goal improving both the neighborhood *and* the lives of individual residents.

In this report, we look at asset building, a specific kind of people-based strategy that may also help revitalize neighborhoods. Asset-building programs can include IDAs, homeownership assistance, cooperative housing, job training, and microenterprise. As defined here, assets are stocks of wealth—savings; equity held in homes, businesses, or financial securities; and human capital—that produce additional income.

In the context of neighborhood revitalization and community development, individual assets are presumed to have benefits for the neighborhood as well as the individual. As figure 1 illustrates, the individual benefits of an asset can “spill over” to produce neighborhood benefits, which might include such outcomes as improved infrastructure, rising home values, increased citizen participation, expanded commercial activity, and greater political power. For example, having an interest-bearing savings account, gives the owner more wealth (i.e., individual benefit) that can then be spent in the community (i.e., neighborhood benefits: potential for job creation and business attraction).

Figure 1. Potential Benefits of Asset-Building Strategies



A general test for any revitalization effort should be its ability to increase residents' individual economic status, while simultaneously giving them reasons to stay in the neighborhood. In other words, existing households *choose* to remain there even though they have other options. Asset-building strategies geared toward producing individual benefits are presumed to make this happen by complementing and expanding on place-based revitalization strategies, including housing and economic development. Increasing wealth may not only give people the resources to invest in their neighborhood, but also harness the collective economic power to attract other private investment, such as retail services, and make the neighborhood a better place to live.

The recent emphasis on asset building is a welcome change from the narrow focus on income maintenance of the past, and there is certainly an intuitive connection between assets and neighborhood revitalization. These connections, however, are not automatic and can be problematic. Asset accumulation, in the form of a retirement account for example, may provide a foundation for individual risk-taking (i.e., individual benefit) but this risk-taking may lead to a move out of the neighborhood (i.e., neighborhood cost). Similarly, once a CBO helps a low-income family purchase a home, there is no guarantee that the family will maintain the home, become long-term community residents, or get involved in local political issues. In such a case, no or few neighborhood spillovers may result from the individual asset accumulation.

Individual financial assets do not have to sit in vaults; they can be put to work in the neighborhood if certain conditions are met and CBOs take certain steps. Our report helps clarify what factors encourage and discourage the transfer of benefits from individuals to neighborhoods. The first section describes different asset-building strategies and explains the recent interest in using such strategies in lower-income communities. The second section reviews what we know about asset-building strategies in terms of the potential individual and neighborhood benefits, and discusses specific issues that are likely to be of interest to CBOs. The third section presents a model of how these strategies might work in conjunction with different community-based revitalization activities and identifies the critical "linking variables" that connect asset-building strategies to assets, wealth, individual effects, and neighborhood outcomes. CBOs have the opportunity to influence these variables so they can make existing asset-building programs more effective and more likely to have collective, local effects. The final section concludes with insights and suggestions for practice.

Asset-Building Strategies

The Growing Popularity of Asset-Building Programs

Long before Michael Sherraden published his landmark book, *Assets and the Poor* (1991), asset-building strategies had been proposed to alleviate poverty and revitalize neighborhoods. The federal government has been promoting property ownership since the colonial era, with the distribution of land to war veterans. However, Sherraden's book and subsequent research completed by the Center on Social Development at Washington University in St. Louis catalyzed a movement in the 1990s, giving us a language in which to articulate the benefits of assets and reform policy.

“Income may feed people’s stomachs, but assets change their heads,” writes Sherraden (1991 6). Asset building made sense to those in both the community development and social work professions. For poor individuals whose income often comes in uncertain spurts, assets provide a potential stock of wealth to get people through hard times. Building assets helps turn people who often have borrowed all their lives and struggled with constant debt into investors who can watch their money make money. Government income-maintenance subsidies, such as Temporary Assistance for Needy Families (TANF), and menial work do not necessarily empower people or give them a sense of control over their lives, the logic goes. In contrast, assets can help smooth short-term fluctuations in income while encouraging a more future-focused orientation.

Newfound interest in assets in the 1990s can be attributed to the recognition of three failures.

1. The crisis in federal welfare policy
2. The effects of historical discrimination against people of color
3. The subsidization of asset accumulation for the non-poor

Welfare Policy. Welfare policy in the United States has been seen as contributing to poverty through stringent asset guidelines that force recipients to exhaust financial resources in order to qualify for aid and then prohibit recipients of aid from building the resources needed to leave and stay off welfare. Asset-building programs are being promoted at a time when there is declining federal support for “entitlements,” a push to reduce welfare rolls, and a devolution of financial assistance from the federal level to progressively lower levels of government. The new block grant program, TANF, gives states much greater flexibility in designing their own welfare programs, and many states have targeted asset building as a new and improved approach to poverty alleviation.

Discrimination. Despite laws aimed at reducing housing and employment discrimination, policy has not been able to completely undo the legacy of discrimination in the United States. Predatory financial services in poor communities; lending discrimination; low-paid, non-union employment (without pensions); and white flight compounded the marginalization of the urban poor, denying them access to assets. These historic injustices have led to the concentration of assets among a privileged few. Although discrimination cannot be resolved by asset-building programs alone, these programs can help individuals become property and business owners, which in turn can give people more control over key aspects of their lives. These programs can also be an incentive for institutions to enter or expand business in communities, particularly financial institutions, bringing new services and opportunities for residents to transform income into wealth.

Public Sector (Dis)Incentives for Wealth Accumulation. Rather than rectify wealth inequities, public policies in the United States have historically subsidized asset accumulation for middle- and upper-income households. For example, federal tax deductions for homeownership and retirement accounts, which often are not recognized as government assistance, are of minimal value to lower-income households, many of whom pay little income tax or do not itemize deductions. As Rist and Grossman (1998, 2) point out: “National policy reinforces asset inequality. In 1996, the federal government spent more than \$200 billion to subsidize asset acquisition for the non-poor in the form of home mortgage deductions, preferential capital gains,

and pension fund exclusions. Meanwhile, the federal government penalizes asset acquisition by the poor by denying eligibility to welfare recipients who exceed the \$1,000 asset limitation.”

Institutional barriers, such as the dearth of traditional banking services in low-income communities, deter asset building. Lacking access to mainstream financing services, residents are vulnerable to asset-sapping enterprises such as check-cashing outlets, credit cards, and predatory lenders that charge unjustified fees for standard transactions. As one asset advocate noted, “Compound interest makes rich people richer and poor people poorer—in their sleep!” These barriers have led to significant difference in wealth accumulation between African-American and white households (Oliver and Shapiro 1995).

The popularity of these asset-building programs grew dramatically in the 1990s. In many ways, the environment was ripe for a new wave of anti-poverty strategies. These programs are popular with policy makers and advocates on both sides of the political spectrum because they are expected to help move low- and moderate-income individuals toward economic self-sufficiency and trigger a host of other socially beneficial behaviors. On the left, they are seen by many as an attempt to increase the economic power of the poor and marginalized. They give funding and administrative power to neighborhood and grassroots organizations. On the right, they are viewed as a means of discouraging the state from providing social safety nets and, at the same time, encouraging low-income families to become more invested in the system (e.g., participating in mainstream banking). The programs’ emphasis on promoting “opportunity and responsibility” through participant savings contributions, mandatory financial literacy training, and limitations on how the accounts can be spent is appealing to those opposed to handouts.

Community-Based Programs

Asset-building strategies for low-income individuals range from programs that reduce the down payment necessary for home purchase to those that provide marketable employment skills. Some, like first-time home-buyer assistance, have existed for decades while others, such as IDAs, are relatively new inventions. These strategies have in common the goal of helping low-income individuals make an investment that is likely to generate a longer term payoff rather than fill an immediate need or desire.

Because these programs require participants to take an active role in managing and maintaining the asset, most include some sort of financial literacy training and education geared toward helping participants learn definitions, facts, and skills related to money management—everything from how to balance a checkbook to how to critically examine competing credit card offers. Some programs also deal with personal issues, such as those related to self-esteem and self-awareness, which can impede economic independence. We focus here only on those programs that have been designed and administered by CBOs, although banks, philanthropies, state and local governments, and institutions such as Fannie Mae run their own asset-building programs.

IDAs are tools for purchasing and maintaining assets. They are subsidized, or “matched,” savings accounts dedicated to specific asset-building purposes. IDAs are typically restricted to use for home purchase, higher education and training, and small business capitalization. Other less common qualified uses include home repair, retirement funds, and car purchase. Participants

typically have two to three-and-a-half years to save for their goal. IDAs are designed to promote individual savings and the accumulation of assets through the provision of matching funds from government, philanthropic sources, and sometimes employers in much the same way that individual retirement accounts promote savings through tax benefits. IDAs as a policy tool have focused primarily on working poor households and on women making the transition from welfare to work.

- *Potential assets produced:* savings account, home equity, small business ownership, skills, corporate equities in the form of a mutual fund

Employer-assisted housing (EAH) programs have been developed as a means of encouraging employees, often those of limited means or living in high-priced housing markets, to purchase homes in the vicinity of their place of employment. Individual employers have developed their own EAH programs, often in conjunction with local governments and community-based nonprofits. The most common types of EAH programs involve employer-subsidized second mortgages or forgivable grants to be used for down payment and closing costs. If purchasing “in bulk,” employers can often access less expensive loans for their employees. Nonprofits augment corporate funds, provide homeownership counseling, and administer these programs through regional partnerships to relieve employers of this burden. In an EAH program, typically the employee does not have to commit to a long-term savings program to receive the employer contribution (as with IDAs), though the individual must remain employed for a given period of time to have the employer’s portion forgiven. Second mortgages to pay the down payment are typically forgiven in increments as employees remain employed with the employer and continue to own and live in their homes as principal residences. The loan is usually due and payable if these conditions are not met.

- *Potential assets produced:* home equity

Limited equity cooperatives are a specific type of co-op. In general, cooperatives are a means to share ownership of property in the form of a corporation that owns a building and sells shares to residents. Each shareholder is entitled to occupy a unit in the building, and a board of directors is responsible for upholding the bylaws of the corporation. In a limited equity cooperative, the resale value of the share is restricted. This form of cooperative is used to keep the housing affordable in the long-run while making sure the shareholders also get a return on their investment. Typical limits are between three and five percent annually (usually equivalent to simple interest rates). To make this kind of cooperative affordable, many groups have used Low-Income Housing Tax Credits (LIHTCs) as equity. Although this keeps the cost down (e.g., a share will be equal to a security deposit and monthly debt will be equal to the below-market rent paid in LIHTC projects in the area), it also means that residents do not own the co-op outright, but instead it is owned by outside investors for the lifespan of the tax credit. Generally, the relationship between tenants and investors is maintained through a master lease between the cooperative and the owner. The cooperative may be directly responsible for leasing, collecting rents, and performing maintenance, or not (e.g., these functions may all be performed by a private management company working for the investors), depending on what is negotiated with and required by the funding.

- *Potential assets produced:* limited equity in a home

Owner-occupied housing construction or rehabilitation is the realm of many community development corporations (CDCs). These organizations purchase deteriorated single-family homes, multifamily buildings, and/or vacant parcels of land as they become available on the market or through the local government's eminent domain and tax reactivation programs. The CDCs raise subsidized sources of funds to rehabilitate existing stock or construct new housing and then sell the units to individuals at below-market value. Many of these programs have internal sales and marketing departments to conduct outreach locally. For example, some hire community residents to staff model homes and inform people about the neighborhood and surrounding amenities.

- *Potential assets produced:* home equity

Homeownership counseling and assistance is often provided in conjunction with new construction or rehabilitation. Community-based organizations and entities such as Neighborhood Housing Services (NHS) provide special financing for home purchase, improvement, and safety repairs, or can direct individuals to banks that offer special programs. They also provide one-on-one counseling to individuals to help them shop for, purchase, rehabilitate, insure, and maintain a home. NHS coordinates home buyers' clubs in which participants support each other as they develop skills to purchase their first home. They also offer mortgage delinquency and foreclosure intervention services, providing small loans and working with governments to raise awareness of predatory lending.

- *Potential assets produced:* home equity

Job training programs help individuals develop the human capital and skills necessary to attain stable, higher-paying employment. Although community-based programs vary dramatically in design and receive different sources of funding (from state and federal funds to fees-for-service from employers), most design skill-building curricula for specific occupations as well as providing training in the so-called "soft" skills, such as time management and self-presentation. The most effective programs work in conjunction with community colleges and technical institutes. They develop relationships with employers but also have an interest in job tenure and helping workers hone and acquire skills beyond the terms of their contractual obligations to employers. These programs are accustomed to referring clients to other social service organizations that provide the day care, drug treatment, and transportation assistance needed to overcome traditional barriers to employment.

- *Potential assets produced:* skills

Microenterprise programs focus on entrepreneurial training and lending for self-employment and small business start-up. They have been promoted as a tool for growing local employment in disinvested neighborhoods. These programs underwrite certain kinds of deals—such as the purchase of franchises—and provide technical assistance in writing business and marketing plans. Most programs provide loans, ranging from \$250 to \$10,000, to borrowers considered "unbankable" (i.e., high risk) in the traditional sense.

- *Potential assets produced:* small business ownership

Targeted financial services provide banking services to underserved communities and connect financing to other development activities. Community development financial institutions (CDFIs) include regulated depository institutions, credit unions, loan funds, and venture capital funds that provide capital to rebuild lower-income communities. Most offer basic financial services, such as savings and checking accounts, but some offer loans that have different lending criteria and target specific groups, such as minority business start-ups. As traditional banks move toward more standardized products and less relationship banking, CDFIs fill an important role in responding to the needs of specific neighborhoods and working closely with small businesses that have insufficient equity or collateral, weak credit histories, and other obstacles to securing conventional loans. Some, like credit unions, are even owned and controlled by their local membership.

- *Potential assets produced:* savings account, home equity, small business ownership

Earned Income Tax Credit (EITC) refund assistance is being provided by an increasing number of CBOs. Although this kind of program can be thought of as income maintenance and not asset building, EITC refunds have been the focus of many community efforts to encourage recipients to use them for asset purchases and social mobility purposes. Some organizations provide technical help in accessing the refund, while others train community residents to prepare the necessary documents. The EITC is an income supplement to poor working families that takes the form of a federal refundable tax credit. The individual contribution is made via work; for very low income workers, the value of the credit increases with work effort and earnings. The amount for which a family is eligible depends on family earned income and the number of qualifying children—with qualification based on age, residency, and relationship. Unlike IDAs, there are few eligibility requirements and no restrictions on the use of this lump sum credit.

- *Potential assets produced:* savings account, home equity, small business ownership

The Benefits of Assets for Individuals and Neighborhoods

In this section we review the potential benefits of assets for individuals and families, and the presumed link with neighborhood revitalization. The literature on asset building provides a fairly large amount of evidence confirming that assets do indeed produce a wide array of benefits to individuals. Although less is known about the direct neighborhood spillover effects of these benefits, we do have some knowledge about the impact of assets, particularly home equity, on political participation, neighborhood stability, and adjoining property values.

Benefits of Assets for Individuals

Assets are intended to create wealth.¹ However, beyond wealth, increased consumption, and economic self-sufficiency, advocates for asset-building programs point to a host of other positive effects they believe to be associated with the accumulation of productive assets. These include the ability of assets to:

- Improve household stability
- Psychologically connect people with their futures
- Stimulate development of other assets, including human capital
- Enable people to focus and specialize
- Provide a foundation for risk-taking
- Increase personal efficacy
- Increase social influence
- Increase political participation
- Enhance the welfare of offspring (Sherraden 1991)

It is the promise of these kinds of behavioral effects that many find so appealing. Assets are believed to transform the attitudes and behavior of the poor—or as Rich (1999) described, to shift from “passive consumption” to “constructive planning.”

Anecdotal evidence supports the notion that asset-holding brings about such positive changes in the lives of individuals. One of our interviewees claimed that the personal effects of owning shares in a mutual fund (made possible by an IDA program) were immediately evident: “Most of our participants have never earned interest on anything in their lives. Vanguard statements have never been sent to their ZIP codes before. Now they have confidence, they’re empowered, and they want to try new things. They want to check and see how their stocks are performing on the Internet.”

Studies have shown that indeed asset ownership positively influences everything from unplanned pregnancies to alcoholism and depression.² Page-Adams and Sherraden (1996) summarize the findings of more than 25 studies, pointing out how research on asset accumulation suggests positive outcomes for diverse groups of asset holders. Assets, for example, appear to reduce the vulnerability to poverty for children in white and African-American female-headed households (Cheng 1995). For women in developing countries, asset holding is associated with higher levels of social status in the home, increased contraceptive use, and lower levels of domestic abuse

¹ Besides the additional wealth from the value of the asset, studies have found that people with assets accrue more assets. Rossi and Weber (1996), for example, found that homeowners had about \$6,000 more in savings and \$5,000 more invested in mutual funds than renters.

² It should be pointed out that researchers encounter serious measurement problems in attributing these outcomes to the possession of assets. For example: Do homeowners have higher rates of satisfaction because they own, because their single-family houses are located in smaller communities, or because they are better educated and somewhat older than renters? Many empirical studies do not control for all of the factors that might influence these outcomes. It should also be noted that few of the studies are experimental or longitudinal so they do not study asset holders and a control group at two or more points in time (i.e., before and after a home is purchased) to verify effects.

(Levinson 1989; Noponen 1992; Schuler and Hashemi 1994). Assets also appear to have a positive influence on personal attitudes; asset holders are likely to be more directed, goal-oriented and satisfied with their lives (Rohe and Stegman 1994; Yadama and Sherraden 1996). This may be because asset ownership neutralizes the desire to both consume more and earn more. Savings incentives help people lower their internal discount rates, meaning they attach less importance to immediate gratification in order to place more value on the future effects.

Interestingly, research has been less conclusive about the effects of assets on stress and sense of control over one's life. Rocha (1994) found that the amount of stress increases as assets increase for low-income households, controlling for income and children. This may be due to the fact that property ownership—a common asset being produced in many communities—brings with it increased responsibilities for maintenance and oversight.

Neighborhood Effects

Although the *individual* positive effects of asset accumulation have been thoroughly examined, their *neighborhood* or collective spillovers have not. This may be due to the fact that it is difficult to define exactly what neighborhood development is and where individual outcomes end and collective benefits begin. For example: Is developing job-related skills an *individual* benefit for the person in a better position to get a job or a *collective* benefit, in so far as that individual has more disposable income to spend at local retailers?

For our purposes, we identify potential effects that can broadly be classified as positive changes in the (1) physical conditions of the neighborhood, (2) institutional resources available to residents, and (3) socioeconomic status of the community as a whole. Table 1 provides a more detailed breakdown of the types of indicators typically used to measure these types of changes.

Table 1. Indicators of Neighborhood Benefits

Physical	Institutional	Socioeconomic
Housing quality/condition	School quality/condition	Increased median income
Investment by owners	Community policing	Employment rates
New construction	Block clubs	Tenure mix change
Rehabilitation	Political resources	Racial mix change
Tenure conversions	Public funds	Political participation
Property value appreciation	Corporate investment	
Park and green space development	Community reinvestment by banks	
Recreation and community facilities	Availability of retail and services	
Infrastructure improvements	Transportation access	

A key problem with trying to measure the impact of any type of revitalization strategy is determining what is a meaningful measurement for looking at change in conditions over time. In other words, because many indicators are relative to the neighborhood and not the larger city or region, realistic benchmarks need to be developed with the local conditions in mind. For

example, “good property values” often means that the valuation and selling prices of homes in a neighborhood have been at or above the median for the city or region over a significant period of time. Although it is a useful measurement to identify market variation across neighborhoods, the median is only a mid-point, and may not be the most appropriate measure of market change in light of historical conditions within the neighborhood. Moreover, the market value of property does not take into account non-market conditions. For example, a neighborhood with a low rate of ownership but also a low turnover rate in rental housing might be considered stable, at least with regard to the possibility that most long-term residents are likely to be committed to the neighborhood and/or might be socially cohesive.

Some of the recent theory on assets assumes that there is an automatic spillover between individual wealth accumulation and neighborhood development. The larger the asset (e.g., a high-value home), the more the neighborhood benefits spill over. On the other hand, a long-standing trend in social theory is to view asset building as an inherently selfish endeavor. Asset building threatens the creation of collective goods, the logic goes, because property compounds individual self-interest. Homeowners, for example, may become so concerned with their home value that they are drawn to NIMBY-type political movements. If there are neighborhood spillovers, such as political participation, they exist only insofar as they aim to affect the value of the individual stake.

The empirical research, which has primarily looked at the spillover effects of homeownership, does not support one or the other perspective. In general, the research has focused on three aspects of neighborhood development: civic participation, property appreciation, and neighborhood stability. Asset owners are expected to exhibit a stronger political commitment to their neighborhoods because they have an economic interest in protecting the value of their investments. Because certain community conditions can deplete or enhance the asset value, asset owners work to influence these conditions. We may expect this to be the case with a homeowner, the value of whose equity fluctuates depending on the presence of crime and the behavior of the local government in terms of school funding, infrastructure, sanitation, and other public services. Because homeowners are not as mobile as renters, they have a greater incentive to respond to change through political activity instead of leaving the neighborhood. Studies have generally supported the idea that homeowners are more consistently engaged in local politics and are more likely to have held leadership positions in political and voluntary organizations (Rossi and Weber 1996; Rohe and Stegman 1994; Cox 1982; DiPasquale and Glaeser 1999; Rohe and Basolo 1997). However, homeowners, these studies note, tend to be less social than renters.

Recent work has examined the impact of homeownership programs on property values in the surrounding area. One study concluded that properties surrounding a new affordable housing complex that was owner-occupied gained in value over the past two decades (Ellen, et al. 2000). Although the study controlled for such factors as the initial quality of the neighborhood and construction time, it could not determine how much of this appreciation was due to aesthetic improvements in the neighborhood or the in-migration of higher-income residents. Rohe and Stewart (1996) found that an increase in neighborhood homeownership levels led to an increase in property values for single-family homes.

Asset ownership appears to contribute to the stability of neighborhoods, defined here only in terms of the average length of time residents live there. Homeowners are less likely to move, and those individuals that move frequently are less likely to own—the same life-cycle changes that encourage homeownership discourage mobility. While renters maintain their residences for an average of 2.5 years, homeowners stay in one residence for about 13 years. Studies have shown that homeowners have higher labor force participation rates than renters and lower exposure to unemployment. This is probably due to the fact that homeownership involves a long-term credit contract, and as a consequence of the form of finance, sustaining a home requires secure, continuous employment or some other source of steady income. Borrowers also have responsibility for the costs of property maintenance, insurance, and taxes, which in turn set certain income requirements.

This stability may not be advantageous to residents of distressed and depreciating neighborhoods. In other words, a *lack* of turnover may imply that households are bypassing better housing opportunities or that the housing market presents them with few opportunities for mobility. Older homeowners and minority households appear to be particularly disadvantaged in this regard.

Asset-Building Strategies at Work in Communities

The research described in the previous section focuses on the correlation between individual assets (primarily home equity) and neighborhood outcomes. Although it is very valuable to know if homeowners exhibit a higher propensity for political involvement than renters, this kind of research does not give community-based practitioners the tools and knowledge needed to implement specific strategies. In some situations, asset owners are more likely to choose certain paths, but there is no inevitable link between ownership and these behaviors. In many cases, CBOs are in a position to manage and shape the behavioral impact of assets. *How* can CBOs make the connection between their own asset-building programs and neighborhood development more explicit? To provide more action-oriented information, we spoke with four different CBOs that were in some way engaged in asset building: The Community Action Project (CAP) in Tulsa, Dudley Street Neighborhood Initiative (DSNI) in Boston, Project for Pride in Living in Minneapolis, and The Resurrection Project (TRP) in Chicago. Table 2 provides an overview the organizations. These discussions helped to clarify:

- How different organizations define individual and community assets
- How asset building fits in with the organization’s mission and identity (e.g. as a community development corporation or social service provider)
- What organizational conditions (i.e., staffing, financial resources) influence its ability to effectively deliver asset-building programs
- Which strategies are more or less appropriate for different community conditions, particularly those that can affect residents’ ability to accumulate wealth including both personal factors (e.g., the immigration status of residents) and neighborhood factors (e.g., housing market conditions)
- What aspects of program design can be modified to increase the potential for asset building strategies to produce positive neighborhood effects

- How assets can be retained in the neighborhood
- What are the potentially negative impacts of wealth accumulation on individuals and neighborhoods

A Broader View of Assets

Most CBOs have a much broader view of assets than used here. This is evident in the four groups we profile in this article. As table 2 illustrates, all administer some type of asset-building program aimed at increasing individual wealth as part of their neighborhood revitalization efforts. However, when talking to various staff about the role and importance of these programs in the work they do in the community, it is clear that each has a different “asset-building philosophy.” Clearly, wealth generation takes on different levels of importance relative to the mission and type of CBO (i.e., whether the organization is a CDC or a service provider), and none stated this as their primary focus.

A common concern for all was to help people in the community have more resources available to them and to improve the collective assets (e.g. services, retail, parks) in the neighborhood—two issues that go hand-in-hand. In this sense, community resources are collective assets that can be produced or made accessible to the residents. CBOs can generate these assets directly, by providing goods and services, or indirectly, by advocating on behalf of the community to get or expand the goods and services available. Although not intended to help residents gain individual assets, these kinds of strategies can indirectly lead to asset accumulation. If a credit union is brought into a community where there had not been one before, residents may begin saving money after they use its financial services, such as check cashing, for which they previously paid large fees. Also, if residents can access previously unavailable resources, such as child care, they may be able to earn additional income that can then be reinvested.

At the individual level, CBOs also offer services that help residents increase their income, which may or may not produce community assets. For example, an organization that provides job training or helps qualified residents learn how to obtain the earned income tax credit will help householders produce more income. The household will then decide whether to invest the income—in the form of a down payment for a home or toward education—or use it for immediate consumption. Although potentially beneficial to the community, the production of assets is not necessarily the goal of these income-focused programs.

Given this broader view of assets, our interviews and review of the literature point to several issues that CBOs are likely to encounter when considering how individual asset building programs fit into a neighborhood revitalization strategy. Much of the concern centers on figuring out how to balance individual asset production and community interests. Specific issues include:

- Targeting the right population for asset-building programs
- Producing individual benefits
- Retaining the assets produced in neighborhoods
- Mitigating the negative collective effects of individual assets

Table 2. Profiles of Community-Based Organizations*

	The Community Action Project	Dudley Street Neighborhood Initiative	Project for Pride In Living	The Resurrection Project
Mission	To help individuals and families in economic need achieve self-sufficiency through emergency aid, medical care, education, housing, community development, and advocacy	To empower residents to organize, plan for, create, and control a vibrant, diverse, and high-quality neighborhood in collaboration with community partners	To assist low- and moderate-income people to become self-sufficient by addressing their job, housing, and neighborhood needs	To build a healthy community through active involvement with residents to restore confidence, improve and expand the affordable housing stock, increase homeownership, and safeguard property from the speculative market with an array of partnerships
Location	Tulsa	Boston	Minneapolis	Chicago
Asset-building strategies used	Individual development accounts (IDAs); tax assistance; homeownership; Headstart	Housing co-ops; homeownership; earned income tax credit (EITC) assistance	Homeownership; job training	Homeownership; IDAs; construction cooperative
Asset-building philosophy	More people-based than place-based. Although CAP is active in several parts of Tulsa, it prefers to empower individuals, provide them with relevant knowledge, and allow them the freedom to make informed choices rather than invest in one neighborhood	Focus on building “community assets” rather than individual assets; the organization does not develop housing and is not a CDC; collective ownership of property through land trust is a means to keep affordable housing an asset for the community	Role is helping build individual and community assets in the broadest sense; focus is on connecting people to resources and increasing income, but not necessarily wealth, although it can be an offshoot of any income raising strategy	Works on building community through housing development. Organizes home buyers and tenants in activities designed to strengthen political power and group solidarity. Homeowner creates stake in the neighborhood
Local conditions that affect asset building	Affordable rental supply is high, but few such ownership opportunities exist. CAP has monopoly on community development (and many social services) in Tulsa, which makes it easier for CAP to implement its programs	Tight housing market is putting development pressure on the community; development linkage programs provide pool of resources for community; no real presence of financial institutions; community is home to many new immigrants	Tight rental housing market; community is “bank-rich” with good relations; community is home to many new immigrants	Tight housing market and university expansion is fostering gentrification. Working poor, first-generation immigrants from Mexico; old housing stock; strong network of churches and local organizations

* Based on organizational materials and interviews with staff.

Asset Building and Neighborhood Revitalization

Based on the insights from our interviews and the existing literature, we substantially expanded the basic model of the relationship between asset-building strategies and neighborhood development (figure 1). To this model, we have added “linking” variables and “existing” conditions, which are critical factors that hinder or enhance the linkage between (1) asset-building strategies and the production of assets, (2) assets and individual benefits from those assets, and (3) individual benefits and neighborhood spillover effects. Our model, shown in figure 2, does not assume that the connections between asset-building strategies and assets themselves (e.g., wealth, individual effects, and neighborhood outcomes) are automatic. Rather, these connections depend on a variety of factors in the neighborhood, organization, and targeted population. We give these linking variables priority so community groups can clearly see the benefits and obstacles of implementing asset-building strategies, and to highlight some strategies CBOs might consider employing.

Existing Conditions. Before a community organization can even begin to think about taking on the responsibility of an asset-building strategy, certain conditions must be met. The presence or absence of these “existing conditions” will influence the effectiveness of the asset-building strategy. Although there are many factors that can fit this category, we focus on two types: those shaping what a CBO can do to implement a strategy, and the local conditions that generally affect revitalization efforts, specifically housing-based strategies. The following are existing conditions.

CBO

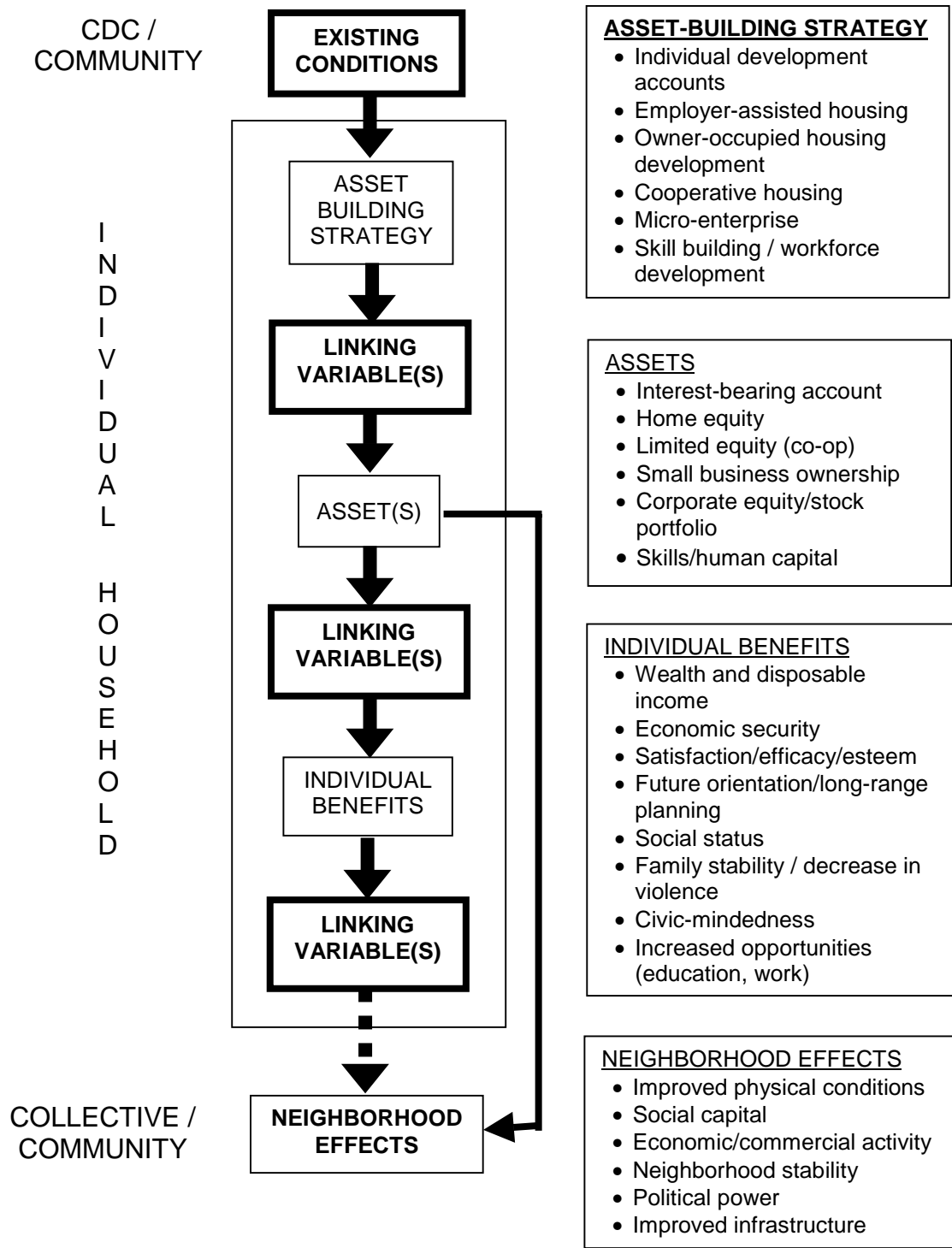
- Financial resources
- Political resources
- Staff capacity
- Ties to residents
- Knowledge of residents’ needs

Local

- Housing supply (condition of stock, tenure mix, vacancy rate)
- Social services (quality, availability)

In all cases, the organization’s knowledge of residents’ needs should be the primary motivation for asset-building programs. CAP regularly conducts focus groups to determine if there is demand for its programs. Each of the organizations interviewed periodically reviewed available neighborhood information (e.g., census data) to identify rates of homeownership, available housing stock, and local employment to determine the primary problems facing their communities.

Figure 2. Expanded View of Asset Building Strategies and Their Connection to Neighborhood Outcomes



The need for financial resources and staff capacity will vary depending on the strategy chosen as well as the organization's mission and approach to asset building. Asset-building programs tend to be very time- and labor-intensive because they require spending a great deal of time to both conduct one-on-one sessions with participants and set up collaborations with other organizations and financial institutions. There is evidence that, because of the large set-up and administrative costs of establishing up an IDA program, small programs may be less efficient than larger ones. The Center for Enterprise Development's *IDA Handbook* (1997) suggested that the staffing needs for a 50 account-a-year program are roughly equivalent to those for a 150 account-a-year program. One executive director noted, "Foundations and governments don't realize that the cost of IDAs is much more than the match—the administrative costs can be huge. They are every bit as expensive as income support programs." CAP employs seven full-time financial counselors, who have monthly contact with participants in its IDA program.

An organization like TRP employs staff to build and sustain relationships with its community members, but does not necessarily meet regularly to oversee their finances. It does not see its role as providing services *per se* and has gradually been moving out of the business of providing job training and employment placement. Several other organizations in the neighborhood now provide such services so TRP is focusing more on housing-related programs.

Each organization needs to look at how this mode of working with residents stretches its mission and core competencies. While financial services fit into DSNI's mission, the organization does not see itself as a service provider and, therefore, has not found a place for such strategies in its work. On the surface, PPL has a "natural" affinity with IDAs given the organization's focus on self-sufficiency and individual goal achievement. However, it has not implemented an IDA program in part because of the local housing conditions that, given the extremely low vacancy rates in Minneapolis, have forced it to focus on rental property preservation for the time being. Similarly, a lack of supply of owner-occupied units may make an organization think twice before initiating an employer-assisted housing program.

Access to funding and political resources is also critical. TRP's New Homes for Chicago program, which built 100 single-family homes, required numerous political interventions, from the alderman to charitable foundations. The organization's pilot IDA program is collaboration with a local bank that, over the years, has provided loans and mortgages to households that bought TRP's homes. When the bank was looking at opportunities to expand its community lending, it approached TRP to see if it could partner on a project promising mutual benefits. Political resources are necessary for strategies that require changes in local zoning codes to develop new housing, or, in the case of DSNI, to use eminent domain to acquire 30 acres of land for its community land trust.

Linking Variables Affecting Asset Production. Not all asset-building strategies result in the production of an actual asset. A major challenge with any asset-building strategy is actually producing the asset. For example, while IDAs seem straightforward—putting money into accounts and after the savings period is up, having more money available for use—they still require that individuals make regular deposits and be patient during the period before they can make purchases. Many early participants never get to the point of using their savings for targeted uses.

The following are linking variables that affect asset production:

- Adequate supply of assets in community (e.g., housing at different price points)
- Access to pool of participants
- Marketing and promotional activities
- Participants with clean/”repairable” credit
- Cooperative financial institutions
- Financial literacy

From an organization’s perspective, the success or failure of any asset-building strategy begins with the pool of potential participants, and, more specifically, the degree to which they have good credit. All the organizations profiled here noted that bad credit is a significant barrier for many of the people in the communities they serve. This requires credit counseling, which can be offered by the CBO or service providers elsewhere in the community. Moreover, in communities with large immigrant populations, credit problems are often compounded by the fact that people do not have the appropriate legal documents to open savings accounts, and many use the informal banking community to deal with their financial needs.

Possible Strategies. What is likely to help programs create assets for its participants? From our interviews with CBOs, it is clear that assets are more likely to materialize when the program has certain features. In general, good programs will:

- Help participants avoid asset sapping entities, like predatory lenders, by providing banking services or partnering with reputable financial institutions.
- Have access to an adequate supply of assets. Several CBOs overcome this problem by providing some of the supply themselves—developing affordable housing, for instance, with subsidized sources of financing.
- Recruit people from the organization’s current client base (e.g., those who have participated in prior or ongoing programs). Otherwise, the program will need excellent marketing to bring in people from outside the neighborhood or those not active in the CBO’s activities.
- Have staff with prior expertise in housing, training and placement, or small business development. Knowledge of the assets themselves, and not just the tools for purchasing them (e.g., IDA), allows staff to determine the “fit” between the potential asset and participant.
- Help participants repair their credit before beginning the asset-building process, especially if programs are geared toward assets, such as homeownership and co-op programs, that require good credit history.
- Provide high-quality and sustained financial literacy training to participants. Financial literacy is critical for the community to learn what resources are available that are untapped (e.g., EITC) and how to use well what little they may have. This includes trying to get people to change their behavior through education, which is not necessarily part of a CBO’s mission, but fits into a broader interest in empowerment.
- Helps participants access steady employment opportunities and other sources of income so they are not only able to attain assets but also retain them.
- Make participants aware of the risks involved in asset ownership up front (e.g., remind them of the high rates of small business failure). CBOs need to be up-front and honest about the risks involved in asset ownership and ensure that financial literacy training helps participants understand what factors influence the value of their assets.

Linking Variables Affecting Individual Benefits of Asset Ownership. A major challenge for CBOs is to ensure that the asset attained matures into wealth or, at the very least, holds its original value. After all, asset accumulation is intended to lead to individual wealth and well-being. If assets cannot be maintained or if the investment environment experiences a rapid decline, assets can quickly become liabilities or “negative equity.”

The following linking variables affect individual benefits of asset ownership:

- Housing market conditions, local and regional
- Stock market conditions
- Financial literacy training
- Asset maintenance
- Asset liquidity

Going to school or opening a business leads the asset owner into more debt. Home equity, small businesses, and limited-equity co-ops require monthly payments with strict penalties for the failure to make them. Moreover, as one interviewee noted, “When you get a low-income person into a home, you’re putting a giant X on their back. They become a target for predatory lenders and scams. They get pushed into more consumer debt and may end up foreclosing.” If a household purchases a home in a neighborhood with declining property values or if the house is difficult to sell for other reasons, the asset may not generate wealth. Most CBOs cannot give individuals enough subsidies to purchase homes in areas where there is rapid and certain appreciation. The most they can hope for is stability and incremental gains over time.

Using IDAs or EITC to help people invest in corporate equities comes with the same risks that they will lose money. CAP allows IDA participants to use their savings to invest in retirement funds. Even though, on the surface, this use looks like it would not have direct neighborhood spillover effects, CAP argues that it is one of the strongest financial investments possible. That is because, unlike small business capitalization or education, participants are least likely to end up with negative equity. Shareholders may lose their initial investment but they do not take on additional debt, as with other uses.

The organizations we interviewed are aware that foregoing present consumption to build assets in a home, for example, may not make sense for individuals experiencing difficulties making ends meet. As one interviewee noted, “You don’t want to encourage people to jeopardize their basic needs just to save. They [asset-building strategies] only makes sense if people’s basic needs—food, clothing, shelter, health—are being met.” Although asset ownership is an important objective, its positive effects may only materialize after a long period of time. If a participant lacks time, is less settled, or is elderly, assets may not be liquid enough to provide much value. Homeownership in an appreciating neighborhood may saddle individuals with higher property taxes and, if the homeowner is elderly or does not wish to move, they may be unable to realize their “wealth.” Meanwhile many of the barriers to income maintenance that low-income people face are immediate and chronic, such as a lack of day care or poor health.

Possible Strategies. Organizations can help their constituents avoid the pitfalls of asset ownership in several ways:

- Be selective about who is enrolled in the program. This is critical for the participants, but also for the viability and success of the program. Often, programs that are new and trying to increase participation rates enroll large numbers of people. Inevitably some of them have very bad credit and poor savings prospects, which can cause problems if they default or run into financial trouble. Although it is the nature of CBOs to take a risk in lower-income communities, it is not beneficial to either party in the long run if people default on mortgages or have their business fail.
- Provide assistance to participants who run into trouble. All four organizations provide some type of safety net for people in case they run into trouble. For example, PPL staff and volunteers work with individuals to figure out a game plan to get them back on track after a set-back such as job loss. While this does not ensure that a household will not default on its mortgage, the goal is to help the family stabilize and find the resources needed to remain so.
- Consider buying assets back. Community organizations, in concert with foundations and local governments, may offer to buy assets back if they decline in value. Equity assurance programs are especially important in seriously disinvested communities.
- Help people maintain their assets over time. CBOs can offer periodic workshops on home maintenance and upkeep, small business assistance, and insurance.

Linking Variables Affecting Neighborhood Outcomes. Some assets have a greater likelihood of place-based spillover than others because they are direct investments in the built or physical environment. The immobility of housing differentiates it from other more portable savings instruments such as pensions and other assets (e.g., human capital and skills).

Moreover, as table 3 illustrates, assets differ in terms of their “elasticity” or sensitivity to local or collective behavior. When the value of an individual asset depends on the behavior of the neighborhood as a collectivity, individual asset holders have an incentive to get involved politically, shop locally, and so on. Asset holders may organize to get more public investment in the neighborhood because better maintained streets would increase value of their home. They may join a neighborhood watch because the success of their small business depends on the perception of crime in area. Homes on land trusts or limited-equity co-ops are particularly sensitive to the behavior of the collective. DSNI has realized this fact and is making more effort to organize the co-op boards and homeowners in their trust. In contrast, the value of stocks in a mutual fund depends only indirectly on conditions in the neighborhood. The value of skills increases when there are job opportunities, but these opportunities may be local or require a commute.

Table 3. Sensitivity of Assets to Collective/Community Behavior

Asset	Sensitivity to Local, Collective Behavior
Home equity	High
Limited equity (i.e., co-op)	High
Small business ownership	High
Skills/human capital	Medium
Interest-bearing account	Low
Corporate equity/stock portfolio	Low

Community organizations can have more neighborhood impact by choosing asset-building strategies that target assets with the greatest spillover potential, and then allowing individual asset holders the discretion to maintain their asset in whatever way they see fit. Or, these organizations can try to market their asset-building programs to individuals with the greatest propensity to be active in the neighborhood, as opposed to those only interested in the economic value of their investment. Staff at TRP noted that new homeowners have more money, are interested in higher-end homes, and ask questions like “How soon can I sell?” Because it is impossible to distinguish the community-oriented households from the “speculators,” TRP plays up its values and those of the community when marketing the units. It also markets its products to the existing client base (e.g., parish members), which tends to be composed of active residents. As a staff person said, “We’re all about wealth building *in* the community. In this market, you don’t have to wait long for appreciation because the homes are already worth more than they were sold for. We don’t want people to look at these homes *only* as investments.”

The following linking variables affect neighborhood outcomes:

- Neighborhood sensitivity/elasticity of asset
- Reinvestment conduits
- External factors: tax policy and interest rates
- Accuracy of information about local purchasing
- Opportunities for collective action/community involvement

Asset building is about the freedom to make choices. With more wealth, for example, homeowners often seek to upgrade to slightly higher-end housing and such housing may not be available in the neighborhood. Residents that the CBO helped place in quality, affordable housing may move out. TRP has seen this happen as residents seeking bigger housing have moved to the western suburbs of Chicago. Some residents have asked about moving into newer TRP homes, but the organization does not want to subsidize the same families twice. Many IDA programs require that homes bought with IDAs be purchased within a certain neighborhood. This local orientation may mean that many people may not qualify to take part in a program if they cannot find a house in the neighborhood or if the participant wants to move out of the service area designated for the IDA. Eventually, as IDAs become more common, participants may be able to transfer their accounts from one program to another but, at this point, many IDAs are decidedly bound to place, potentially limiting participants’ mobility.

Possible Strategies. Organizations can utilize different tactics to enhance the likelihood that individual benefits will stay in the neighborhood and increase in value *for the community*. There is nothing wrong with seeking a return from an investment; “interest income” is, after all, one of the foundations of the asset-building approach. However, the organizations we interviewed feel they have the right to demand a little community *quid pro quo* for their investments in the assets of others.

Retaining the Community Benefits of the Individual Asset. Groups can retain the community benefit by limiting the individual return on investment to prevent rapid turnover and the ratcheting up of housing prices. Strategies to accomplish that include the use of limited-equity cooperatives and giving the CBO the right to resell the homes it offers. “Managing” the appreciation ensures that lower-income families can continue to afford the homes. Because

DSNI owns land in its service area and collects ground leases, homeowners only keep the appreciation on the improvements. Keeping quality housing affordable—a laudable community goal—trumps the individual’s right to make a large profit. The CBOs we interviewed recognize that such arrangements are not for everyone and try to be as clear as possible up front about the restrictions on resale.

Retaining Asset Holders. Mobility is a cornerstone value of our housing and labor markets. A challenge to community organizations is how to keep people who want to stay (e.g., by offering a range of services and housing products) while remaining true to their mission and not driving up housing values. While this may prove a delicate balancing act, most organizations have found they can retain residents through recapture agreements. For example, both TRP and DSNI require families to live in their homes for a minimum period of time (from four to six years) or pay a penalty on resale. These efforts reveal ways of building individual assets while taking an active stance to build community and spur revitalization efforts.

Similarly, CBOs can try to retain asset holders by ensuring that there are local employment opportunities with career ladders. Employees are working for individual employers over shorter tenures—whether by choice or because their jobs are being created and destroyed at a rapid rate. Because they deal with reductions in other forms of social support (e.g., food stamps, medical benefits, child care), the targeted populations for asset-building programs tend to lose jobs frequently. No program will bind an employee to an employer in the presence of attractive opportunities elsewhere and competing personal commitments. Nonetheless, CBOs, in conjunction with employers and unions, can try to either reward those who stay or improve conditions of work so the decision to leave never arises in the first place. EAH programs may discourage employees from relocating. Job training programs that allow participants to get higher-skilled and higher-paying jobs locally may also provide an incentive to stay.

Reinvestment Conduits. Aside from restrictions on appreciation and the timing of resale, community organizations do not have much control over how residents reinvest the wealth generated from their assets. Wealth leaves the community every time residents make a purchase outside the neighborhood. Many urban residents must travel to suburban locations, or shop by mail or other means to buy the goods that, if there were local retailers, they could purchase in the neighborhood. Wealth migrates whenever residents purchase goods and services from businesses that are not locally owned. One analysis demonstrated how three-quarters of the money spent at a fast food franchise leaves the community (Gunn and Gunn 1991, 25).

Pursuing neighborhood business and economic development opportunities gives residents a place to work and spend their money locally. Locally owned businesses, particularly those that are cooperatively owned, channel income back into the community. TRP started a construction cooperative to employ local residents when the organization builds new houses. DSNI introduced “Dudley Dollars” that were distributed by participating local stores and enabled community residents to make local transactions for services and products.

Investment in retirement funds may not reap any local benefits unless the fund supports “economically targeted investments,” which seek to make a profit but also benefit local economies in terms of affordable housing, employment opportunities, and infrastructure

maintenance. These reinvestment conduits are a means of putting assets to work in the neighborhood and keeping them under local control (Gunn and Gunn 1991; Shuman 1998).

Wealth from assets regularly leaves the community because the assets, whether homes or small businesses, are taxed. Residents need to organize, build local leadership, and develop and expand political support for the neighborhood to get those taxes back as public expenditures. DSNI has won the respect of the Boston Redevelopment Authority, which comes to the group with any local plans and works with the initiative to determine how to allocate linkage funds in neighborhood. In addition, other political structures help retain wealth. For example, business improvement districts allow local businesses to levy an additional amount of property tax on themselves to pay for collective infrastructure, such as additional security or landscaping, not provided by the city. Neighborhood planning dollars in Minneapolis and linkage funds in Boston reallocate property taxes taken from local businesses and homes back to communities.

Tracking Local Purchasing Power. Inner-city neighborhoods possess enormous retail purchasing power but are often underserved by retailers. Many believe that this is due both to discrimination and to the lack of accurate information about consumer demand. Better demographic data may attract businesses to these neighborhoods. TRP tries to track local spending and raise awareness of how supporting local merchants brings other collective benefits, such as better-looking commercial strips. The Dudley Dollars program also allowed DSNI to track how much of the profits from community businesses came from individuals from the service area.

Opportunities for Collective Action. All groups note the need to build local leadership; increase resident involvement; and increase corporate support, institutional commitment, and organizational capacity in a neighborhood. Living in a community with political clout can give people a reason to stay even if they may want different housing that is not available in a neighborhood. For example, DSNI has a strong position in Boston when it comes to determining how to allocate citywide linkage funds in neighborhood. This clout can be an asset to the community that then can be used in other arenas. As organizers, staff at DSNI try to get homeowners and co-op owners politically involved.

Although CBOs have many opportunities for intervention, working in distressed neighborhoods often requires addressing conditions that are operating *outside* the neighborhood. Interest rates and federal tax policy are difficult to affect, even through organizing. These external factors require monitoring, especially when using asset-building strategies, and possibly aligning with larger coalitions to work on long-term change.

Insights and Suggestions for Practice

In conclusion, we highlight overarching aspects of asset building that any group should be aware of when developing and implementing such programs. These insights derive from what has already been learned about asset-building strategies in practice and from our interviews with agencies.

Mission/Core Competency Fit

This is an obvious point perhaps, but still one to remember, especially when approached by another organization looking to partner on a program. Clearly, programs need to be designed to meet the primary mission and build on existing strengths of the organization. However, as we heard from the different groups interviewed, this also means considering the direction the program might take the organization even when it does fit in the mission. For example, IDAs are one approach to helping families become homeowners. Although this can fit within the mission, it also requires the organization to be prepared to provide a service that includes intensive counseling and education, which may be outside the CBO's mission at the time, and beyond the scope of the organization's capacity, if it does not see itself as a service provider.

Program Administration Costs

Asset-building programs are generally very labor intensive and can have high set-up costs. Such costs—often in the form of personnel time—need to be built into the overall cost of the program to the organization. Also, the scale of the program needs to be considered in relation to these set-up costs.

Partnership Costs

Asset-building programs often bring together partners that have never worked together before. New partnerships can be time-consuming and potentially resource sapping, especially if time is needed to develop trust and assurances there will be reciprocity. This can be even more challenging when CBOs are trying to work with lenders, who, by nature, are conservative investors and protective of assets. They, therefore, may not be as flexible, in terms of lending criteria, in meeting community needs. It is important to identify the issues that may slow the program's progress before going too far into development.

Marketing

Marketing is important with asset-building strategies, because of the need to target people to participate and send the right message about who is eligible. If an organization is recruiting from its current base, it will know how to design a program for its intended audience. An organization may benefit from focus groups to help determine the needs of constituents and who is likely to respond positively to the messages.

Monitoring and Evaluation. As with any program, it is important to watch the process as it evolves, but also to focus on tracking results. These programs are by their very nature “outcome oriented.” With that in mind, consider how to measure these outcomes, looking beyond the individual assets produced to also consider how to track and show community impact in unconventional ways.

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