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## HOUSING MATTERS

# Family Self-Sufficiency Program Helps Families Build Wealth

### Biden Bill Could Expand Opportunity

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SPECIAL TO BANKER & TRADESMAN



**T**here is a wealth gap in the country that has been preventing upward economic mobility of working-class renter families. Addressing this gap is something that will take a variety of

approaches. And for many, the key to building assets is to have the opportunity to build equity in homes that they own.

It is critical to find ways to level the playing field for first generation buyers. The typical 20 percent down payment scheme is unattainable for most, especially in our hot housing market. There is limited help already available for this purpose, including down payment grant assistance programs and subsidized mortgages.

One promising tool available to many low-income renters is the Family Self-Sufficiency (FSS) program, a unique complement to federally subsidized housing. The Housing and Urban Development program, initiated in 1990 for those receiving federal Section 8 rental assistance, offers a way for families to increase their income and build assets.

Section 8 subsidizes working families so that no matter how much they earn they don't have to pay more than 30 percent of their income for

rent. But there is an issue with this: If they work more or their earning otherwise increases, their rent goes up accordingly. It's a disincentive to save or to generate more income.

The FSS program addresses this by allowing tenants to capture as savings their increased rental payment when their income increases. Thus, the program incentivizes savings and income growth.

### Decades of Success

Family Self-Sufficiency is a program with a 30-year record of success in chipping away at the equity gap, a winning feature of Section 8 assistance. A key element is that it comes with service coordination or coaching on financial management during its five years' duration. In that time, families can save thousands of dollars they otherwise wouldn't have, which can be used for a number of critical expenses – including saving to buy a home.

In Boston, "FSS creates pathways out of poverty through education, home-ownership and investment," says a report from the Boston Housing Authority.

The BHA partnered with Compass Working Capital, a nonprofit financial services organization, and has nearly triple the size of FSS in the last year. The BHA reports it is one of the largest programs in the country. Compass also works with the Cambridge Housing Authority and other providers in Boston to facilitate FSS.

Families that have lived paycheck to paycheck never had decisions to make about savings because there weren't any. Now they do. Compass currently enrolls a total of 2,600 families in the program, a vast majority of whom are in Massachusetts. As of last month, Compass says, the program's 482 graduates used savings to improve their own credit, for emergency funds and to save up for future home purchases, in that

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order. Collectively, almost 50 percent of the dollars went immediately or were earmarked by the families for home ownership.

### Chance to Grow a Winner

The FSS program initially applied only to public housing, but Congress expanded it to privately owned housing several years ago, which made more families eligible.

Now there is an opportunity to expand its scope further, as part of the Build Back Better Act in Washington, D.C. About \$166 billion

*Continued on Page 2*

of the \$1.75 trillion bill that the House passed is targeted at making strategic housing investments, including ones important to the FSS concept, such as expanding rental assistance for private subsidized housing. And the vast majority of low-income tenants nationwide live in private housing.

Compass works with exceptional private owners like the Caleb Group, Preservation of Affordable Housing (POAH) and WinnCompanies, which help their residents utilize this opportu-

nity. POAH reported earlier this year that "... in just three years, FSS participants have increased their earnings by 60 percent, increased full-time employment by 34 percent, and added nearly \$7,000 per household to a savings account."

The impact of the FSS program is significant. Boston Mayor Michele Wu included its expansion in her housing platform. In a recent report referring to FSS as an important tool, the BHA put forward a vision that "Boston would be the first city in the country where wealth building is

the norm, and not the exception, for families in subsidized housing."

FSS is a key tool to help families transition out of poverty and build better lives for their own and the next generation. FSS is a proven program well positioned to take up to scale. ◀

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