

Virginia Individual Development Accounts (VIDA)

VACDHO Annual Conference
May, 2007
Virginia Beach

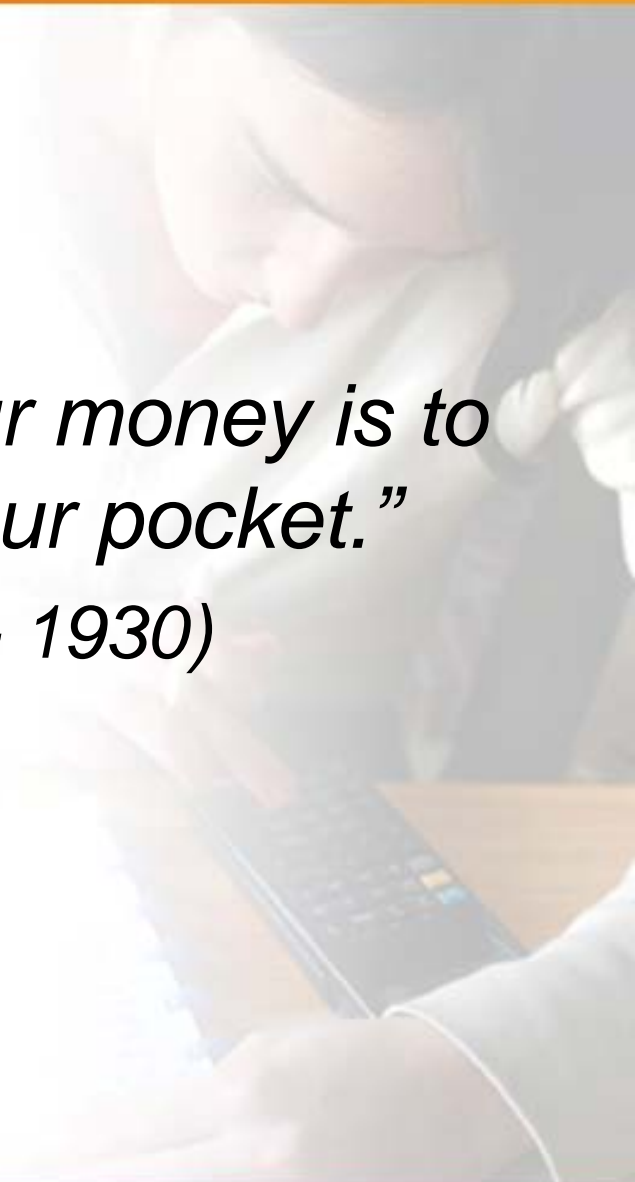
Overview

- Purpose
- Who is in the Room
- Program Mechanics
- Leveraging Opportunities
 - How can our programs work together?
 - Where do you fit in?
- Questions



“The safest way to double your money is to fold it over and put it in your pocket.”

– Kin Hubbard (1868 - 1930)



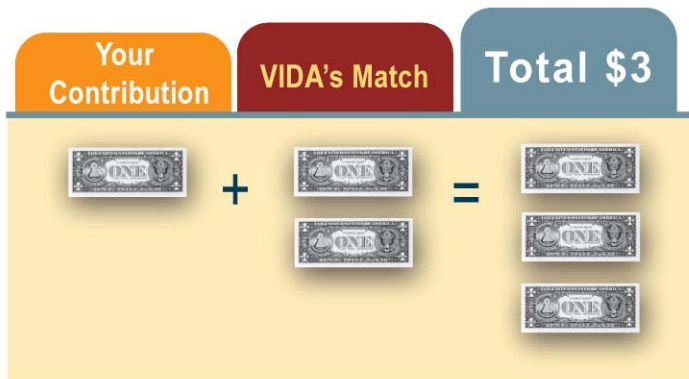


What is VIDA?

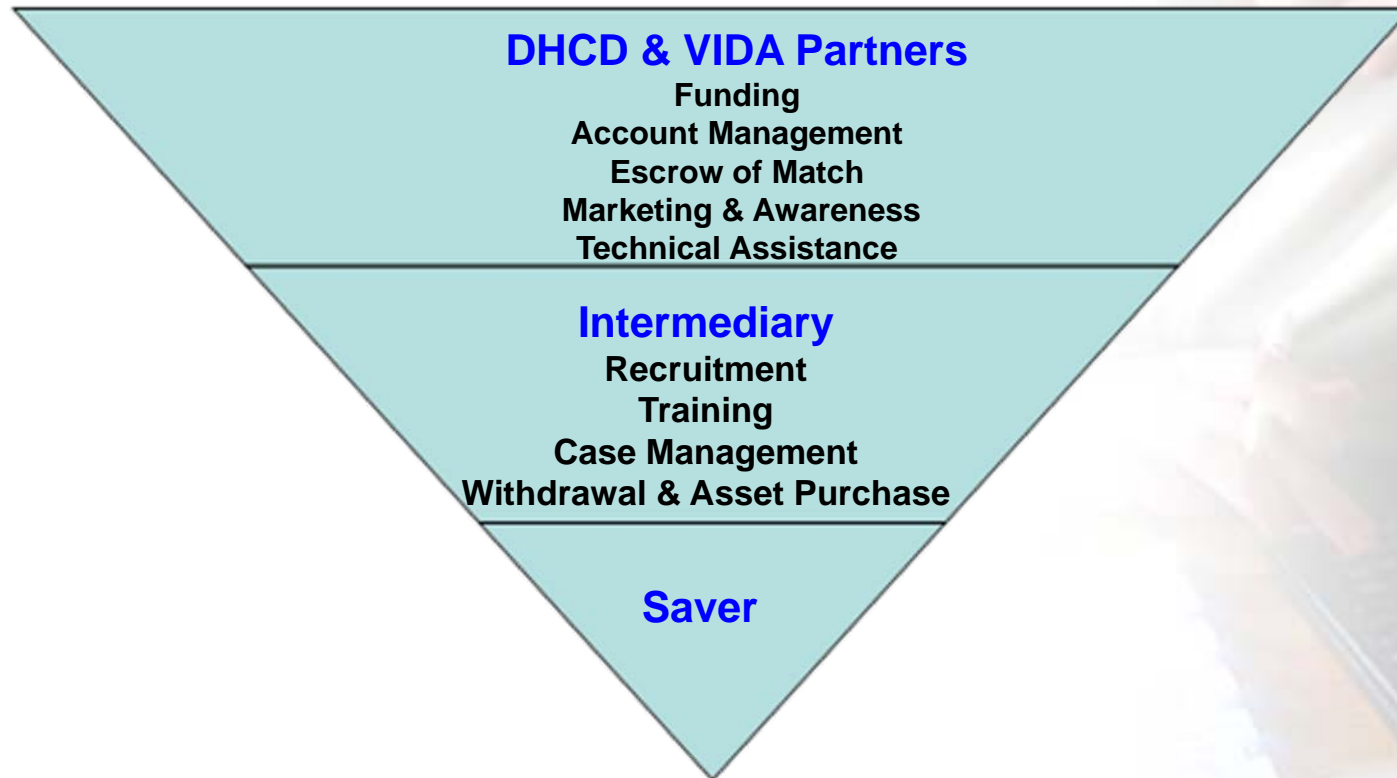
- A tool to help eligible individuals gain financial literacy and build assets, emphasizing:
 - **Financial literacy** – training and help with budgeting and credit repair
 - **Saving** – 2:1 match (up to \$4,000); two persons per household
 - **Acquiring assets** –asset-specific training and assistance in purchasing their asset

How can the money be used?

- The combined savings can be used to:
 - Purchase a home (first-time homebuyers)
 - Start a business
 - Get an education (for self, spouse or child; includes vocational, community college, undergraduate or graduate degree)



Program Framework



Whom are we serving?*

- 89% are female
- 53% are African American
- 47% are between 30-39 years of age
- 66% have either one or two children
- 36% have completed high school
- 79% work at least full time
- 86% had a checking account and 61% had a savings account
- 54% had credit card debt

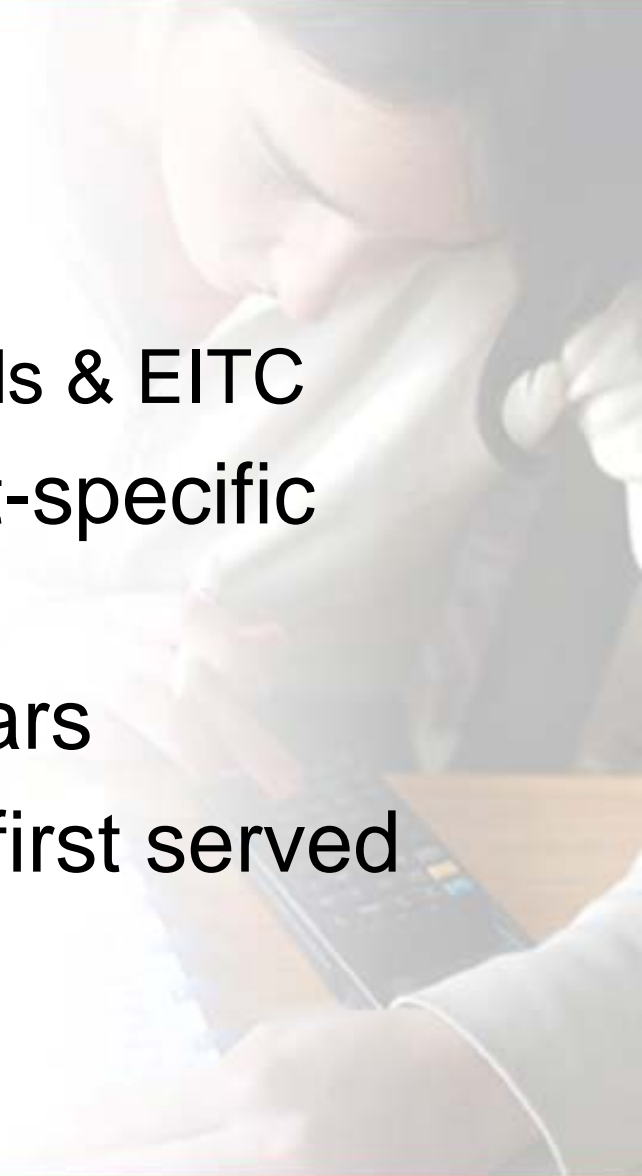
* From 2006 Fiscal Year VIDA Annual Report

The Saver:

- U.S. citizen or legal resident, residing in Virginia
- **Household income = 200% of poverty level**
- Dependent child under the age of 18 living within the household with their parent or guardian – if saving for education or business
- **Employment (part-time or full-time)**
- Less than \$10,000 in savings or business assets (excluding vehicle)

The Saver must:

- Save at least \$25 per month
 - Can deposit income tax refunds & EITC
- Complete financial and asset-specific training
- Complete program in two years
- Open enrollment; first come-first served

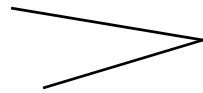




Saver Readiness:

- You don't have to be perfect
 - Goal: saver can get **reasonable** financing and afford that debt at the end of two-years
 - Credit repair can and does happen during the two years
 - But very high debt-to-income situations should be tackled before enrolling in VIDA by working with an intermediary

Budget
Debt-to-income



Can they afford to save right now?
Should that be a priority?



Saver Readiness Timeline:

Not ready

Significant credit repair credit needed.
Not time to apply.
Could start five-year FSS contract to prepare.

Ready

Progress made on credit repair.
Income has increased.
Now it's time to apply.

ASSET PURCHASE!

Months/Years...(whatever it takes!)

Two-year VIDA participation timeline begins. Participant continues w/credit repair, saves in an IDA, completes training,

Intermediaries:

- Currently 42 covering more than 60% of state
- Represent a range of organizations:
 - 9 CAP agencies
 - 3 Redevelopment and Housing Authorities
 - 30 Non-profits and local government housing depts.
- High-capacity organizations that work to build skills and self-sufficiency of low-income individuals and families

Intermediaries:


- Recruit candidates and screen applications
- Counsel savers on budget, credit, savings goal and other issues
- Provide encouragement / case management
- Provide training (or partner with other agencies)
- Assist savers with asset purchase or emergency withdrawals
- Receive administrative reimbursement (up to \$600 per saver)


DHCD:


- Centralized banking relationship and account management
 - Open IDAs
 - Hold match funds held in escrow
 - Pay vendors
- Training/Technical assistance



VIDA Partners


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Virginia Department of Social Services - Funding; marketing assistance and support
- 


Virginia Housing Development Authority - Funding; marketing assistance and support
- 

U.S. Department of Health and Human Services, Assets for Independence - Funding; training and TA


VIDA Partners (cont.)...


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Virginia
Community Action
Partnership

VACAP - Marketing assistance and Support
- 

WACHOVIA

Wachovia and BB&T - Support for centralized accounting; waiver of fees
- 

BB&T
- 

DHCD - Staffing



Funding: AFI

- \$1 million federal Assets for Independence Grant (VIDA+)
- \$1 million from VHDA
- Grant leadership team: DSS, VACAP, VHDA, Wachovia, TAP, People, PHA, Federal Reserve & DHCD
- 425 homeowners over next 5 years

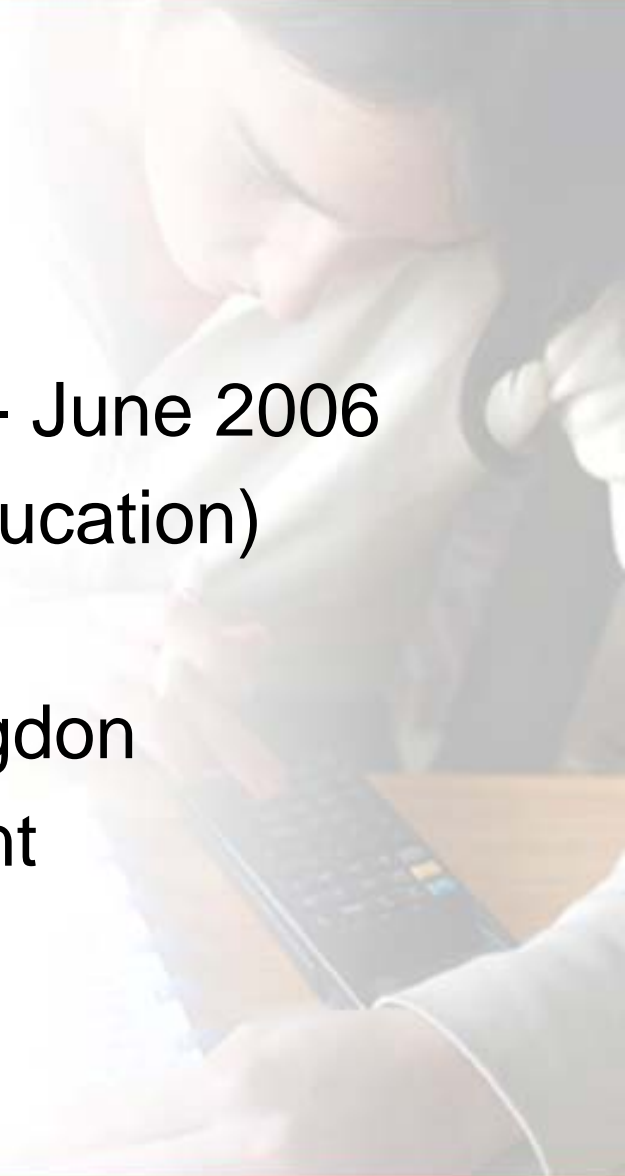
Funding: MOE

- \$360,000 annually from DSS
- Business and education
- 78 savers annually



2006 Year in Review:

- 104 savers accepted
- 18% increase over FY '05
- < \$30,000 deposited August 2005 - June 2006
- 8 graduates (7 homebuyers & 1 education)
- \$91,400, average home price
- Charlottesville, Roanoke and Abingdon
- < \$640,000 = real estate investment



Where we are currently:

- 145 savers enrolled
- \$93,892 in deposits
- 17 graduates since August 2005
- Current breakdown of asset goals:

Homeownership 77%

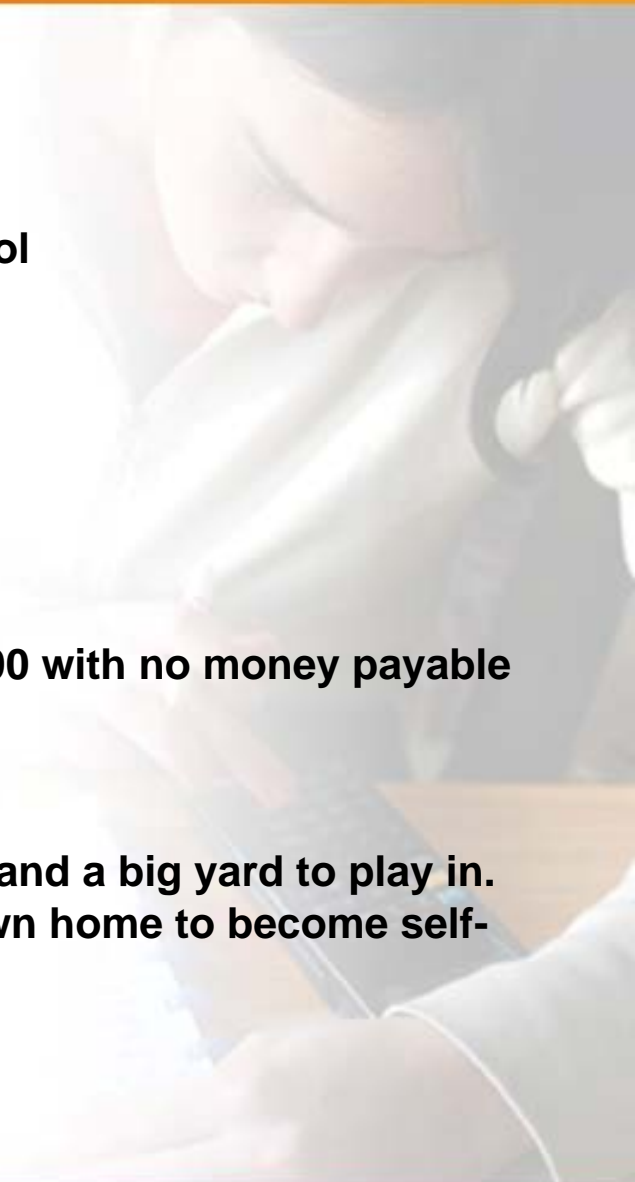
Business 11%

Education 12%

- **Trina DeBusk's Story:**
 - **Single mother; four children**
 - **Registered Nurse**
 - **Lived in transitional housing during nursing school**
 - **Enrolled in November 2005 through People, Inc.**
 - **Saved more than \$2,000 in eight months**

- **Funding**
 - **Blended funding**
 - **SPARC funds**
 - **Low interest loan from VHDA**
 - **Purchased a home appraised at \$95,000 for \$72,000 with no money payable at closing and a house payment she could afford.**

- **Outcomes**
 - **Trina's children are ecstatic about having a room and a big yard to play in.**
 - **And Trina is happy to finally be purchasing her own home to become self-sufficient.**





Quotes from participants

I am interested in participating in the VIDA program so that I can finish my college and get a degree in Human Services so that I may be able to get a higher-paying job with health benefits for my family.

Peggy, Abingdon

I want to thank you for this opportunity of a lifetime. My entire lifelong dream has always been to own my home. Now it has come true!

Angela, Roanoke

VIDA Program

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Community Development

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• Leveraging Opportunities

– How can our programs work together?

- What resources do you have (e.g., FSS interim disbursements; SPARC funds, etc.)
- What organizations do you work with that should be involved with VIDA?

– Where do you fit in?

- Refer your clients to an intermediary?
- Become an VIDA intermediary?
- Other?

