



INDIVIDUAL DEVELOPMENT ACCOUNT INITIATIVE

INDIVIDUAL DEVELOPMENT ACCOUNTS [IDAs] build the financial management skills of low income Oregonians while they save towards a goal—homeownership, business development, higher education, or employment opportunity. IDAs support movement out of poverty, support wealth creation in low income communities, and provide models for economic success to individuals and their communities.

IDAs provide a tool to build personal assets and wealth, provide access to financial education, bank the unbanked, and support entrepreneurship and business development.

MAKING A DIFFERENCE: Low-income working Oregonians moving towards self-reliance

The Oregon IDA initiative has engaged 1819 low-income participants in its seven years of operation:

- 822 are seeking to purchase their first home
- 622 are starting or expanding a small business
- 343 are pursuing additional post-secondary education
- 29 are saving to repair their primary dwelling
- 3 are purchasing assistive technology to help them re-enter the workforce

As of January 15, 2009, 805 account holders have completed all program requirements and purchased their designated asset.

In addition to the success measured by asset purchase, all participants receive support for asset building goals—this includes encouragement and support, financial education, budgeting, business planning, and a host of other skills.

RESULTS

Survey results of IDA Graduates between May 2008 – January 2009 (164 surveys received back)

- Satisfaction with financial status increased from 44% to 78%
- Regular deposits to savings grew from 14% to 65%
- Use of budgeting grew from 31% to 68%
- Savings for college grew from 3% to 16%
- 57% set new savings goals to start an emergency fund

HOW THE IDA INITIATIVE IS FUNDED

The Oregon IDA Initiative is funded through the IDA Tax Credit, approved by the Legislature in 1999. Individuals and businesses make a contribution to the Neighborhood Partnership Fund, an Oregon 501(c)(3) charitable organization. Seventy-five percent of their contribution returns to them as a tax credit on their State of Oregon income tax return. Of their contribution:

- 2% goes to marketing the tax credits
- 5% goes to Fiduciary Organizations to administer the IDA Program
- 20% goes to the Fiduciary Organization to provide case management to IDA participants
- 73% goes to IDA participant match funds

PROGRAM STRUCTURE

Partner organizations work with Fiduciary Organizations to offer IDAs directly to individual clients: Currently more than 60 partner organizations in 30 Oregon counties, including housing authorities, community development corporations, community action agencies, faith-based organizations, tribes, and other social support providers have begun integrating the IDA tool into their programs as an additional incentive for clients.

Current Fiduciary Organizations: CASA of Oregon, Lane MicroBusiness, Mercy Corps NW, Native American Youth and Family Center, NeighborImpact, Portland Housing Center, Umpqua Community Development Corporation and Warm Springs Community Action Team.

Key non-profit organization marketing credits and building organizational capacity: The Neighborhood Partnership Fund—This marketing arrangement delivers more than 100% of credits as program funds.

State agency oversight: Oregon Housing & Community Services Department for initiative delivery; Oregon Department of Revenue for the tax credit funding mechanism.

A Project of The Neighborhood Partnership Fund

MEET A GRAD! Nakala and Keith Matthews

Housing Works – Redmond, Oregon

Nakala Matthews had never painted a wall. Or planted a flower... much less a tree. A childhood in apartments made that impossible, and as a young adult not much had changed. Worry about landlords and security deposits prevented her from hanging pictures or drapes, or putting down roots of any kind.

Then a move from the Los Angeles area to Bend, Oregon changed all that. Nakala and her husband Keith first moved to Idaho but quickly found their way to Central Oregon—"I needed more trees," Nakala says—where they fell in love with Bend.

A fortuitous newspaper article led the Army National Guard veteran to the American Legion, who were partnering for the first time with Bend Habitat for Humanity on a homebuilding project for veterans. Though Nakala was not in active duty, she qualified for the program and the couple joined the American Legion. It was at a Legion meeting that they learned they would be the first family provided veteran housing from the new partnership.

Nakala and Keith contributed the required 600 hours of sweat equity to the project. Habitat referred the Mathews to its partner, Housing Works, who prepares homebuyers through mentoring, credit repair, budgeting, and asset development courses. The Mathews worked with the Housing Works IDA Specialist to establish their IDA.

Through Housing Works the new parents saved \$700, to which the IDA Initiative added \$1,500, enough for the down payment, closing costs, the first year of taxes and a portion of the homeowners insurance.

Nakala remembers the day she and Keith were given the keys to her first real home. The American Legion arranged for a WWII plane to fly over the house, and Girl Scouts presented the flag. "The key was blessed before it was handed to us," she says. "I was teary-eyed."

Now the couple hopes to use IDA to help save for Keith's dog grooming business. In the meantime, there's a new baby girl, Haley... and place to put down roots. "We have a nice little yard," Nakala says. They gave us sod, lots of flowers..." And the view Nakala longed for as a child. With a park right across the street, "You open the window and you see all kinds of trees."

Nakala and Keith don't plan on moving. "We're going to stay until we give it to our children," she says. "Now I have a place to put a growth chart on the wall." But of all the things she has done to fix up her first house, Nakala says it wasn't until "I painted our daughter's room lavender" that she knew she was finally home.

FOR MORE INFORMATION:

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