

Lawrence CommunityWorks Individual Development Account Program

What are IDAs at LCW?

- Matched savings accounts linked to financial literacy education and asset ownership for low-income residents (adults and youth)
- Permissible asset purchases include first-time homeownership, small business capitalization, higher education, or accredited job training.
- Financial literacy classes, individualized counseling, and peer support are mandatory elements for all program participants

Why IDAs in Lawrence?

- Lawrence homeownership rates are half the state average
- Only 10% of adults have a bachelor's degree
- Only 20% of families own any other assets (savings, investments, etc.)
- Rampant predatory and sub-prime lending (and a resulting foreclosure crisis) demonstrates community-wide lack of financial literacy

Program Elements

- Participants must be below 80% of Area Median Income as defined by HUD, or below 200% of federal poverty limits, with less than \$10,000 in assets
- 8-12 participants/ cohort; cohort-based model encourages peer support, network development
- Savings periods range from 6 months+ to 2 years+
- Required participant savings ranges from \$25/month to \$200/month; must be earned income
- Match Rates range from 1:1 to 4:1 depending on program
- Accounts held at numerous local bank partners
- Match funds raised from federal government (DHHS/ AFIA), state government (DHCD), individual donors, foundations, banks, and credit unions

Specialized Programs

- Community IDA: general program, all 3 asset uses, 18 month savings period
- Welcome Home IDA: homeownership only, 6-month savings period, intensive homebuyer ed
- Scholarship Club: education only, 1 year savings period
- Employer-Sponsored IDA: open only to eligible employees of employer partner; asset uses and savings period depend on partnership
- Youth IDA: participants ages 15-18, educational uses only; savings period varies
- Second Chance IDA: for families who have been through foreclosure; 2-year+ savings period; intensive credit repair/ counseling and anti-predatory lending education

Partnerships and Leverage

- *MIDAS Collaborative*: federal AFIA funds, back-office account management, program management peer support/best practices, training of trainers, curricula resources
- *Financial Institutions*: financial literacy workshop guest speakers; account hosting; one-to-one mentoring of participants; assistance with business planning

- *Educational Institutions*: college preparation assistance and financial aid advice for members when appropriate; assistance with peer support or supplemental workshops
- *Homeownership Preservation Coalition of the Merrimack Valley*: client referral, foreclosure prevention/mitigation best practices and legal support

Results to Date

- 75 families have graduated from the program, including 12 youth
- 3 new cohorts—one Community IDA, one Welcome Home IDA, and one Second Chance IDA—will start this fall
- LCW program graduates have collectively saved over \$100,000, earned over \$235,000 in match funding and leveraged over \$4 million in local asset purchases
- Approximately 1/5 of all participants save more than the required minimum
- Program graduates increase credit scores by an average of 100 points