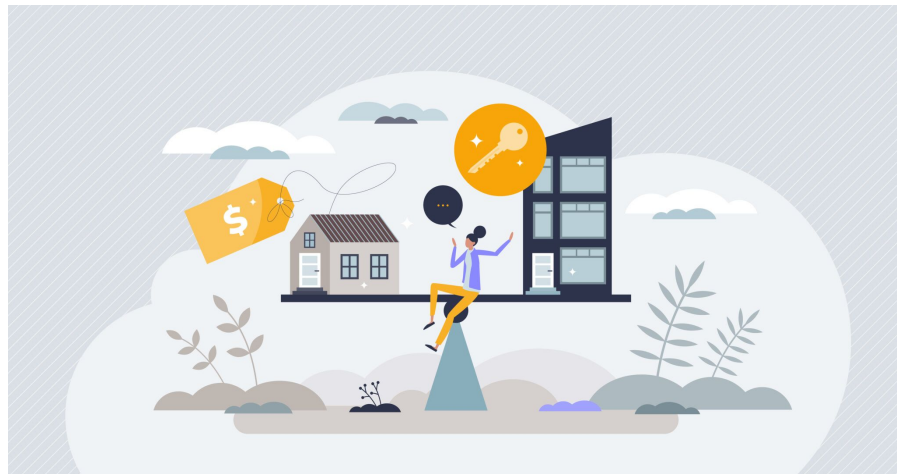


# Building Wealth for Renters: Insights, Ideas, & Innovations

September 26, 2024 | 1:00 pm ET





As the leading national grantmaker membership organization focused on advancing economic security, the Asset Funders Network engages philanthropy to confront inequities and advance equitable wealth building and economic mobility.

**INFORM | CONNECT | INFLUENCE | BUILD**

# Issue Areas

AFN works with its members across seven issue areas:

“AFN’s work on closing the women’s wealth gap refocused the national conversation **from women’s income to structural and systemic barriers to their wealth building.**”

ANA OLIVEIRA  
President & CEO  
The New York Women’s Foundation



**Business  
Ownership  
&  
Capital  
Access**



**Post  
Secondary  
Education**



**Employment  
: Benefits  
& Income**



**Financial  
Health**



**Health**



**Housing:  
Affordable Rental  
& Home  
Ownership**



**The Gender  
and Racial  
Wealth  
Gap**

**Realizing Economic Justice**

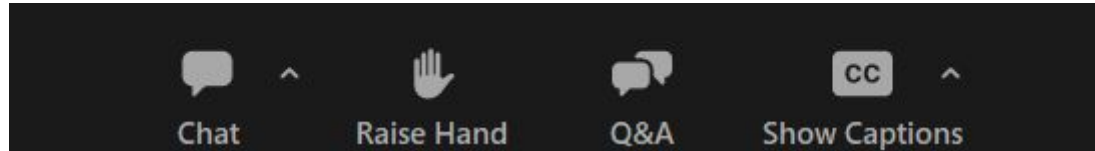
# Webinar Control Panel

## PARTICIPATE

Type your question in the  
**Q&A BOX**  
to be addressed during  
discussion breaks or during  
Q/A

## CLOSED CAPTIONS

Captions can be turned on via  
**Show Captions**  
to be viewed in real-time and  
will also be available in the  
recording afterwards



# Speakers

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**Markita Morris-Louis**  
**(Lou-wee)**  
Chief Executive Officer  
Compass Working Capital



**Rob Bachmann**  
Senior Director of Capital  
Originations  
Real Estate Equity group  
Enterprise Community Investment



**Steven Brown**  
Director of Insights and  
Evidence  
Aspen Institute Financial  
Security Program



**Zoila Jennings**  
Impact Investment Lead  
Robert Wood Johnson  
Foundation

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# COMPASS

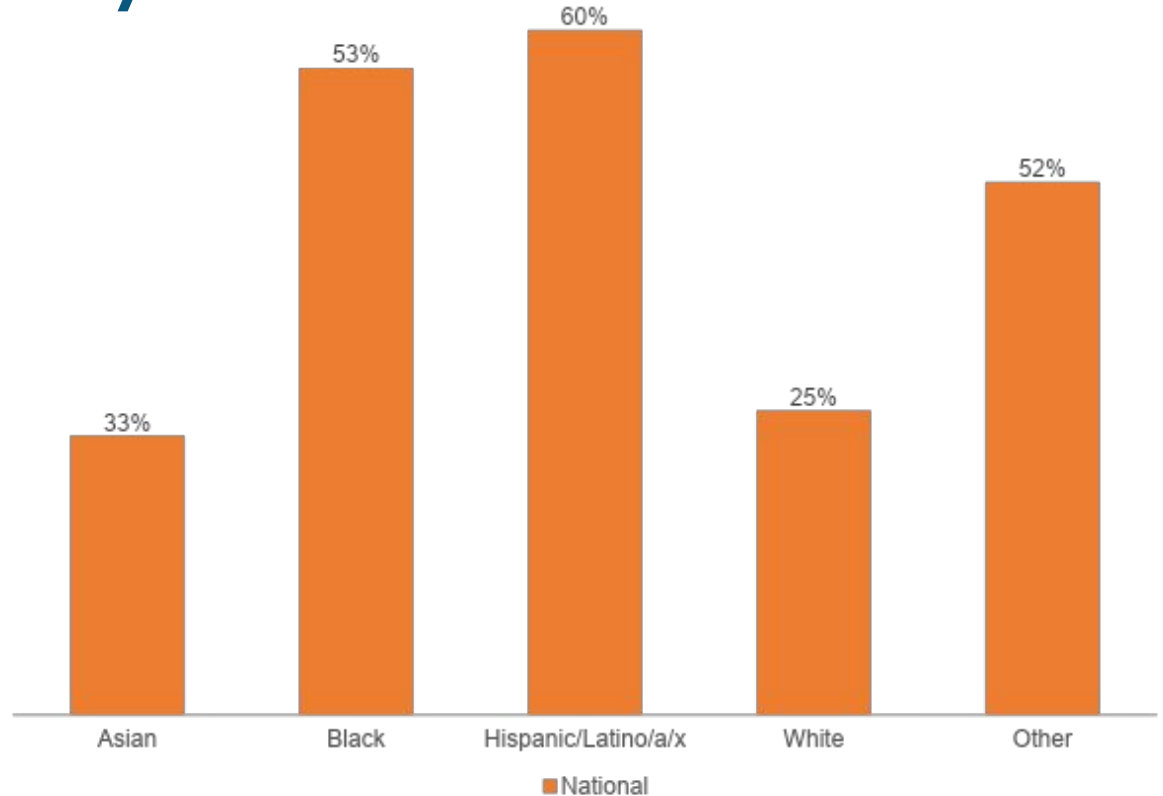
WORKING CAPITAL

**Asset Funders Network**  
**Building Wealth for Renters**  
September 26, 2024



# What is asset poverty?

- Household lacks savings to subsist at poverty level for 3 months without income
- Asset poverty level income for 3 months, family of 3: ~\$6,000
- US asset poverty rate is nearly double the income poverty rate: 27% vs. 12.8%

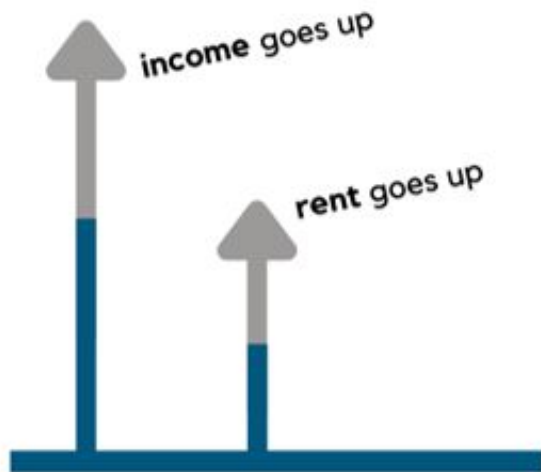


Source: United States Census Bureau. "Survey of Income and Program Participation (SIPP)." 2021 Survey of Income and Program Participation. U.S. Department of Commerce, 2022.



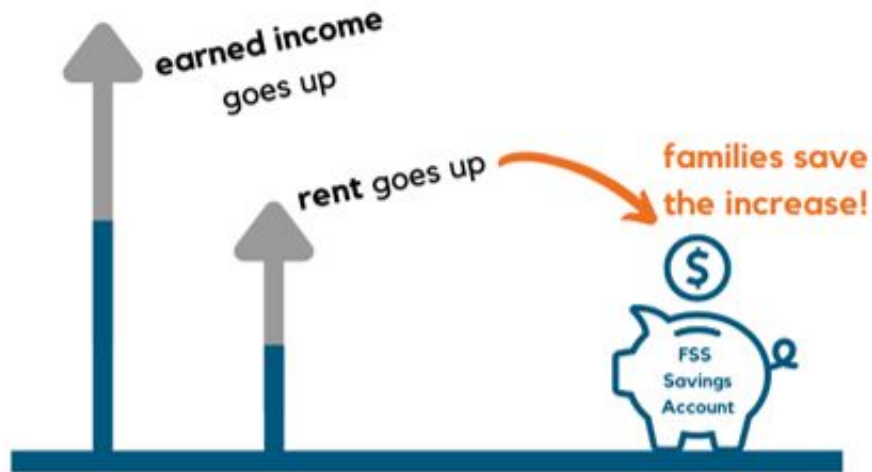
# How FSS Escrow Works

In subsidized housing, your rent is typically about 30% of your income.



Without FSS

But when families enroll in the FSS program...



With FSS

# The Compass Model

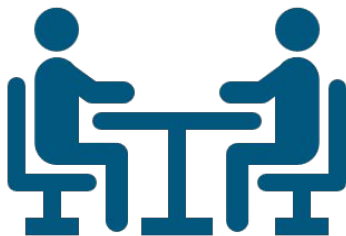
**FSS Savings  
Account**



*Managed by  
Housing Provider*

+

**Financial  
Coaching**



*Provided by  
Compass*

=

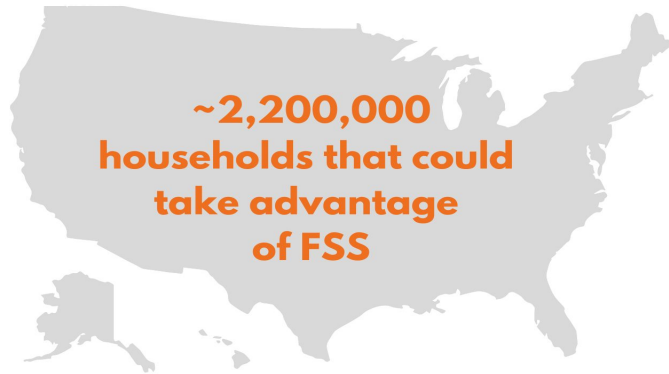
**Goals  
Complete**



*Set by the  
participant*

# FSS is a powerful idea that has not been well utilized or implemented over the past 30+ years

## The FSS "Market":



## Current FSS Participation:

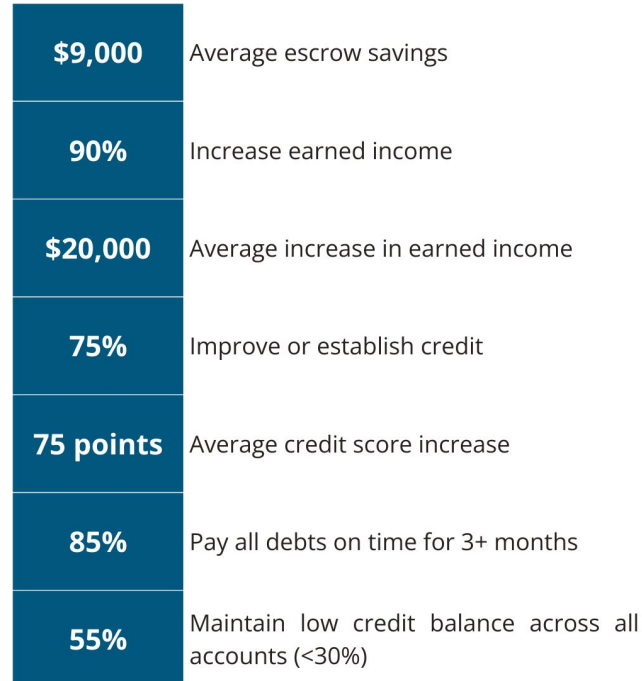
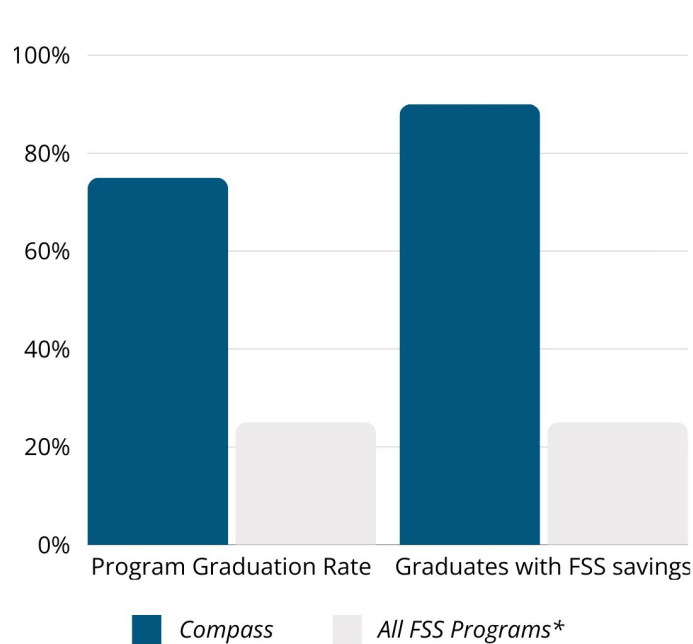


Total FSS participation reported by HUD is 65,000 households

Only 25% of FSS participants nationally currently graduate from the program.

Among those who graduate, only 25% graduate with savings.

# Program Results



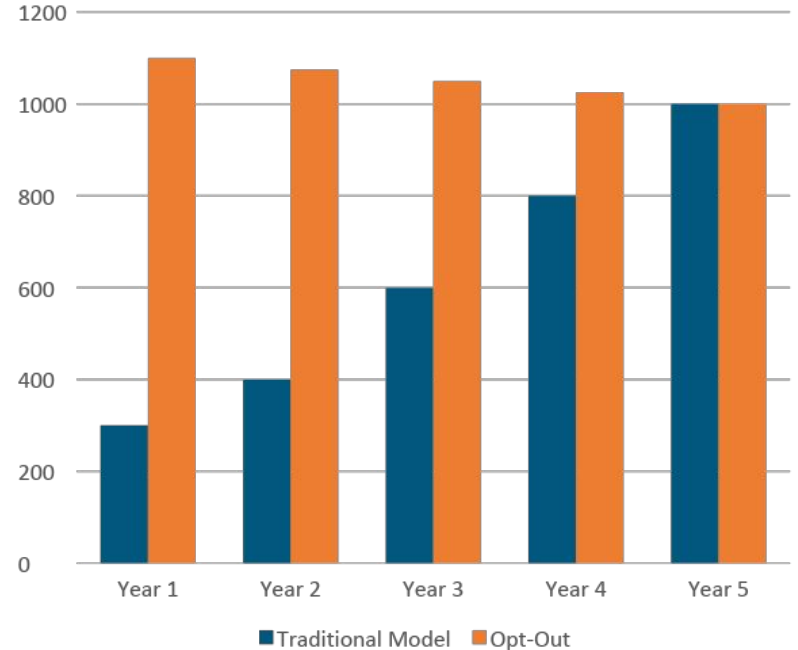
**Cost-Benefit Analysis:**  
On average, every dollar spent by government & Compass produces \$2.25 in savings and income for participants<sup>^</sup>

<sup>^</sup>Source: Abt Associates, <https://www.abtassociates.com/CompassFSS>

# Opt-Out vs. Traditional FSS

|                                | OPT-OUT   | TRADITIONAL                          |
|--------------------------------|---|--------------------------------------|
| <b>OUTREACH</b>                | ✔ No up-front outreach                              | ▼ Ongoing staff outreach             |
| <b>ENROLLMENT PROCESS</b>      | ✔ Automatic   | ▼ Multi-step online application      |
| <b>COACHING &amp; SERVICES</b> | ✔ Incentivized but not required                     | ▼ Regularly scheduled appointments   |
| <b>GRADUATION</b>              | ✔ Scheduled after 5 years, streamlined requirements | ▼ Multi-step, time-intensive process |
| <b>EXIT</b>                    | ✔ At any time without penalty                       | ✔ At any time without penalty        |

## *Opt-out accelerates enrollment*



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# Renter Wealth Creation Fund

Asset Funders Network

Confidential: This is not an offer to invest and any decision to invest should only be made after careful study of the Private Placement Memorandum of the Fund, including the risk factors set forth therein and all other offering documents referenced therein. The statements contained herein reflect the beliefs and opinions of the Sponsor. Thus, there can be no assurance that such beliefs or opinions are or will continue to be accurate.



## THE PROBLEM

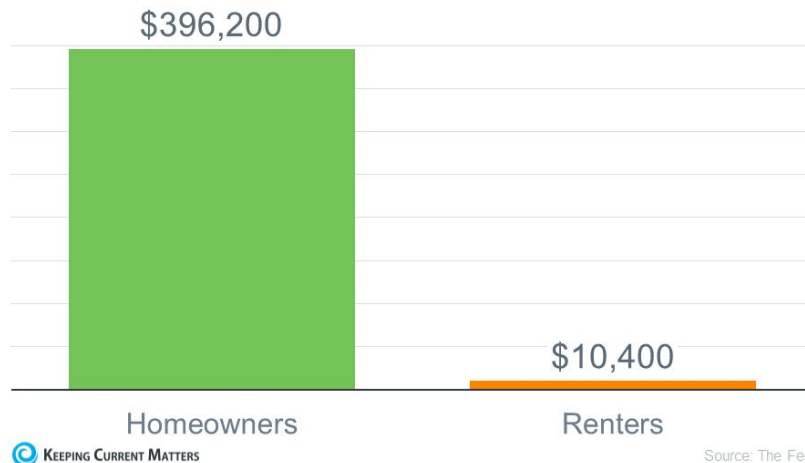
# A Dramatic Wealth Disparity Between Homeowners and Renters

In the U.S., the median homeowner has **almost 40 times the household wealth of a renter** (\$396,200 for homeowners compared to \$10,400 for that of renters).\*

The U.S. system (and culture) prioritizes homeownership as one of the primary ways to build wealth, but for many renters – particularly low-income renters – that goal is neither realistic nor desired.

## Homeowner Net Worth Almost 40X Greater

The Net Worth of Homeowner Households vs. Renter Households



\*2022 Survey of Consumer Finances (Federal Reserve System)



## THE SOLUTION

# RENTER WEALTH CREATION FUND

A first-of-its-kind innovation designed to provide renters the wealth building opportunities traditionally limited to homeowners.

Wealth-building for renters will be achieved through a three-pronged strategy:

1. **Cash Back:** Every month, residents who make on-time rent payments receive cash back through Stake, a mobile app that allows the seamless transfer and use of these reimbursements.
2. **Resident Services:** Each property will offer services tailored to the needs of the residents that the Fund will help pay for.
3. **Capital Proceeds Sharing:** Like homeowners cashing out from a sale, long-term residents — current and former — may receive a share of the profits if the property is refinanced or sold. When this occurs, investors receive a targeted financial return, and residents who lived in the building for at least four years are expected to share 80% of the financial upside thereafter as an additional cash-back reward.



# PROJECT PROFILE

## GRACE WEST MANOR

# GRACE WEST MANOR

## NEWARK, NEW JERSEY

**Sponsor:** Jonathan Rose Companies (JRC)

**Property Manager:** Winn Companies

**Affordability:** 100% Project-Based Section 8, 100% LIHTC restricted.

**Unit Mix:** 429 units in 1 high-rise building and 21 townhome buildings:

- 324 units in the high-rise for seniors
- 104 family units in the townhome buildings
- 1 super unit

### Impact Implementation:

- **Cash Back Rewards:** 5% cash back rewards on the tenant portion of rent payment each time rent is paid on time.
- **Resident Services:** credit reporting; various other programming
- **Capital Proceeds Sharing:**
  - Resident Profit-Sharing
    - Minimum four-year residency
    - Profit-sharing triggered by capital event (refinancing or sale)
    - Resident proceeds 'pool' is 80% of all profits from capital event



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# A Profile of Renter Wealth and Financial Well-Being

Full report coming November 2024

Presentation to AFN  
September 26, 2024



# Top takeaways

- Over 1/3 of U.S. households are renter households (35%). Both the number and percentage of renter HHs expected to grow in coming decades
  - NY: 46% / NJ: 36% / CT: 34%
- Renters have less than 3% of the wealth that homeowners do, with a median wealth of \$10,400 compared to nearly \$400,000 for homeowners
- The renter-homeowner wealth gap is not due solely to home equity.
  - Median home equity (\$200,000) is just over half of the amount of median net worth for homeowners
  - 78% of homeowners own a potentially appreciating asset other than their primary residence, compared to 48% of renters
- Renters have lower levels of financial stability and wealth at all income levels, compared to homeowners
  - Notable differences across measures of cash flow, debt, savings, credit, and asset ownership
  - Cash flow is of particular concern. Only 39% of renters have incomes that exceed their spending, compared with 54% of homeowners, driven in large part by higher relative housing costs
- Renter net worth has been increasing, with a 43% increase between 2019 and 2022.
  - The dollar increase was relatively small - \$3,100
  - Much more needs to be done in speed and scale, but we're moving in the right direction and seeing momentum



## Learn more about households' financial stability, security, and wealth

The Aspen Institute Financial Security Program's (Aspen FSP) mission is to illuminate and solve the most critical financial challenges facing American households and to make financial security for all a top national priority. We aim for nothing less than a more inclusive economy with reduced wealth inequality and shared prosperity. We believe that transformational change requires innovation, trust, leadership, and entrepreneurial thinking. Aspen FSP galvanizes a diverse set of leaders across the public, private, and nonprofit sectors to solve the most critical financial challenges. We do this through deep, deliberate private and public dialogues and by elevating evidence-based research and solutions that will strengthen the financial health and security of financially vulnerable Americans. To learn more, visit [AspenFSP.org](https://AspenFSP.org), join our mailing list at <http://bit.ly/fspnewsletter>, and follow [@AspenFSP](https://twitter.com/AspenFSP) on X and [The Aspen Institute Financial Security Program](https://www.linkedin.com/company/the-aspen-institute-financial-security-program/) on LinkedIn.



# Upcoming AFN Programs 2024

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## **Heirs' Property: Policies to Preserve Wealth**

*October 3, 2024 1:00 pm - 2:00 pm EDT Webinar*

## **Funder Insights: Effective Philanthropic Strategies to Address Systemic Debt and Strengthen Family Financial Stability**

*October 8, 2024 2:00 pm - 3:00 pm EDT Webinar*

## **Abolishing Fees and Fines in the Pursuit of Racial, Gender, and Economic Equity**

*October 23, 2024 1:00 pm - 2:00 pm EDT Webinar*



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