

# CITY OF OAKLAND

## AGENDA REPORT

FILED  
OFFICE OF THE CITY CLERK  
OAKLAND  
2007 DEC 27 PM 12:10

TO: Office of the City Administrator  
ATTN: Deborah Edgerly  
FROM: Department of Human Services  
DATE: January 8, 2008

RE: **Resolution Authorizing The City Administrator, Or Her Designee, To 1) Apply For, Accept And Appropriate A Five-Year Grant In The Amount Of \$250,000 From The U.S Department Of Health And Human Services, Office Of Community Services (OCS) To The City Of Oakland's Department Of Human Services' Community Action Partnership To Support The Implementation Of Oakland's City-Wide Families Building Wealth Individual Development Account (IDA) Pilot Program; 2) Enter Into An Agreement With Earn Asset Resource Network (EARN) In An Amount Not To Exceed \$50,000 Annually For IDA Management; And 3) Apply For, Accept, And Appropriate Additional Funds Received To Support Oakland's Five-Year Pilot IDA Program Without Returning To Council**

---

### SUMMARY

Staff requests that City Council approve a resolution authorizing the City Administrator to apply for, accept, and appropriate a five-year grant in the amount of \$250,000 from the U.S. Department of Health and Human Services, Office of Community Services (OCS); enter into an agreement with Earn Asset Resource Network (EARN); and apply for, accept, and appropriate additional funds received to support Oakland's five-year pilot City Wide Families Building Wealth Individual Development Account (IDA) program without returning to Council.

The City's Pilot Individual Development Account will provide greater opportunities for 250 low and moderate income families/individuals by creating a sustainable, collaborative, city-wide IDA model with local community based organizations. The objectives of the pilot program are to educate 250 residents in financial literacy training and open 106 Individual Development Accounts to assist participants in the area of acquiring homeownership, post-secondary education, and/or micro-enterprise business.

### FISCAL IMPACT

Approval of the proposed resolution will authorize the appropriation of the U.S. Department of Health and Human Services Office of Community Services (OCS) Asset For Independence five-year grant in the amount of \$250,000 for Oakland's Community Action Partnership for FY 07-08 City-Wide Families Building Wealth Individual Development Account Pilot Program for the

Item: \_\_\_\_\_  
Life Enrichment Committee  
January 8 2008

**Deborah Edgerly**

**DHS —Asset for Independence Individual Development Account (IDA) Program 2 of 6**

project term of July 1, 2007 to June 30, 2012. Funding will be appropriated as follows: Housing and Urban Development (HUD)-CDBG Fund (2108), DHS Administration Unit Organization (78111), and IDA/CDBG Match Project (G330740). The required match of \$250,000 will be provided by funds from the Community Development Block Grant (CDBG) and Community Services Block Grant (CSBG). OCAP will allocate an estimated \$20,000 annually in Community Services Block Grant Funding and CDBG will allocate an estimated \$50,000 annually toward program administration and will be appropriated as follows: HUD-CDBG Fund (2108), DHS Administration Unit Organization (78111), and IDA/Administration Project (G330720). Approval of the proposed resolution will also allow the City Administrator to seek additional financial support from the philanthropic and business community to help leverage funding and support Oakland's Five-Year pilot IDA Program.

**BACKGROUND**

On December 5, 2006, the City Council adopted a motion to expand the role of the Blue Ribbon Commission and directed the City Administrator to develop recommendations concerning a Citywide Individual Development Account Program. On February 27, 2007, staff from the City's Community and Economic Development Agency (CEDA) presented a report recommending that City Council "support the efforts by the Department of Human Services to establish a Citywide Individual Development Account program and to consider providing Community Development Block Grant funds to assist in the administration of the program."

The United States has a long history of supporting asset development through public policies. The Homestead Act of 1862 provided land for families, and the GI Bill in 1944 supported educational attainment, both important assets that often lead to increased financial security. The home mortgage tax deduction is another policy supporting asset wealth. Many low-income families do not benefit from current federal asset building policies. Homeownership rates are lower for those with lower incomes, and therefore, fewer are able to take advantage of the mortgage tax deduction. Low-income families have limited tax liability, which precludes them from taking advantage of other tax benefits.

Individual development accounts (IDA) were created as a means to build assets for those with low incomes. IDAs are matched savings accounts for low-to moderate-income people for specified purposes, most often first-time home purchase, postsecondary education expenses or small business capitalization. The Assets for Independence (AFI) Act of 1998 established a five-year IDA demonstration program funded with \$125 million in federal money. Administered by the Office of Community Services in the U.S. Department of Health and Human Services, the program awards grants to nonprofit community-based organizations, government agencies and financial institutions for IDA matching funds.

Over the last ten years, the East Bay, along with the rest of the Bay Area, has become one of the most prosperous regions in the country. Median household incomes have increased by 31% to 67% across the region. Given these numbers, it would seem that all residents in the East Bay

Item: \_\_\_\_\_  
Life Enrichment Committee  
January 8, 2008

would have benefited from the economic boom experienced throughout the 1990s, despite the recent downturn. In fact, the majority of East Bay cities actually saw the number of residents in poverty increase at a considerably higher rate than the increase in the general population. The income gap in the City of Oakland continues to widen and the City continues to experience a disproportionate number of residents who live below the poverty level.

In fact, of the estimated 373,910 individuals living in the City of Oakland in 2005, as reported by the American Community Survey (ACS), 68,148 (18.2%) were living below the federal poverty level which in 2005 was \$9,570 annually for a family of one and \$19,350 annually for a family of four. In addition, 25% of the children under 18 were below the poverty level, compared with 16% of people 65 years old and over. Seventeen percent (17%) of all families and 27% of families with a female head of household and no husband present had income below the poverty level. During the same year, the estimated median household income in Oakland was \$44,124. Of the 146,282 households documented, 46,012 (31%) reported having an income below \$25,000 annually.

Despite these statistics, research shows that poor people can and will save given the right opportunity and incentives. Saving is not dependent on income level, but includes a combination of factors, including the structure of policies and institutions to encourage such saving. In fact, Individual Development Accounts (IDAs) have shown to be an effective way to increase the assets of working families. IDAs are just one strategy in an overarching goal of building assets of low-income families. Individual Development Accounts are part of a growing policy dialogue around asset development as a way to reduce poverty and build wealth for low-income families. Although these accounts and homeownership are not for everyone, it can move many families who are living from paycheck to paycheck into more secure financial position.

### **KEY ISSUES AND IMPACT**

The Oakland Community Action Partnership (OCAP) remains committed not just to addressing the symptoms of poverty but also the root causes in order to bring about change in an individual's life. OCAP believes that a cycle of prosperity for Oakland's low-to-moderate income population must exist in order to break the cycle of poverty. In an effort to support this concept, OCAP recently submitted a \$250,000 federal grant to pilot a City-wide Individual Development Account (IDA) Program. These Individual Development Accounts are matched (2:1) savings accounts that are designed to encourage low-to-moderate income individuals to save for education, small business or home ownership. Half of the matched savings are provided by the federal grant in the amount of \$250,000 and the other half of \$250,000 will be provided by the City's Community Development Block Grant. Additional funding required to administer the grant will be secured through partnerships with foundations such as Evelyn & Walter Haas Jr. Fund and United Way of the Bay Area, local government, Community Development Block Grant, local financial institutions such as One California Bank and Wachovia Bank, and funding from OCAP's Community Services Block Grant funding.

Item: \_\_\_\_\_  
Life Enrichment Committee  
January 8, 2008

The City of Oakland's Families Building Wealth IDA pilot program has the potential to create an estimated purchasing power by low-to-moderate income residents of **\$636,000** (\$6,000-IDA savings x 106 participants). Not to mention the additional dollars leveraged by other funding streams/subsidies such as Oakland's first time home buyer program, Bay Area Micro loan/Enhanced Enterprise Community Revolving Loan Fund for small businesses, and financial aid for educational purposes. Increase homeownership, educational attainment, and small business generation are viable means of helping low-to moderate-income residents move towards becoming self sufficient.

Research shows that asset-ownership is positively associated with household stability; and educational attainment, decreases the likelihood of intergenerational poverty transmission, and, provides financial and psychological benefits that income by itself, cannot provide.<sup>1</sup> Individuals and families that participate in Oakland's City-wide IDA Program will receive culturally tailored financial education that will help them to make wise consumer choices that will spawn financial growth and direct them towards investing more effectively in their future. They will be provided with the tools necessary to help them to learn how to redirect their spending habits resulting in their ability and willingness to save toward their future. The ultimate goal of the program is for participants to ultimately increase their net worth, break the cycle of poverty and replace it with the cycle of prosperity and self-sufficiency.

Additional benefits include the availability of tax preparation assistance through the EITC program, and on-going asset preparation counseling and assistance to help participants acquire or polish their personal and financial skills that are essential for long-term success, such as skills for long-range planning, household budgeting, credit repair and savvy consumer habits. Our approach is not to reinvent the wheel by duplicating services but to implement a sustainable, cost effective pilot that enhances existing programs by integrating and expanding the availability of the IDA program to clients so that more families will be able to take advantage of the opportunity to pursue their goal of home/business ownership or a college education.

The implementation of Oakland's Families Build Wealth IDA program is predicated upon a collaborative partnership between OCAP and its community partners. To that end, the City of Oakland will work with three community-based partners who are already providing some level of asset building services to their program participants to provide services to an additional 250 low-to moderate-income families and individuals and offer IDAs to 106 participants. The City of Oakland will contract with Earn Asset Resource Network (EARN) in an amount not to exceed \$50,000 annually to set up and maintain all 106 IDA savings accounts through Citibank, provide data management, evaluation, and technical assistance in support of the overall collaborative. EARN is a leader in IDA management and currently oversees a total of approximately 1,600 savings accounts.

A 2:1 match will be available for each dollar saved, up to \$2,000, and combined with a maximum match of \$4,000 (comprised of \$2,000 federal funds and \$2,000 non-federal funds) for

---

<sup>1</sup> Boshara, Ray (2001) Building Assets, A Report on the Asset Development and IDA Field, Washington, D.C.:

a maximum savings of up to \$6,000 per participant. The program will assist working low-to-moderate income families at or below 200% of the federal poverty level to save towards first-time home purchase, a business, or continuing education or vocational training. Participants have between 6 and 36 months to meet their savings goal and save a minimum of at least \$20 per week towards their goal. All participants will complete the financial literacy program including an "IDA use specific" training which totals a minimum of 10 training hours to be eligible for the match. IDA participants will be provided with one-on-one coaching and counseling related to their asset purchase on a monthly basis to track and ensure their progress.

The IDA program is a natural fit within OCAP because we have established strong partnerships and collaborative efforts within the Oakland community over the past years as a direct result of our involvement in the Alameda County Earned Income Tax Credit Campaign, City of Oakland Food Stamp Outreach Project, the Alameda County Community Asset Network and through over 30 plus years of work in the community as a Community Action Agency.

### **SUSTAINABLE OPPORTUNITIES**

**Economic:** Through the support of the Community Services Block Grant (CSBG) and Community Development Block Grant (CDBG) funds, Oakland's City-wide Families Building Wealth IDA pilot program has the potential to directly impact Oakland's low-to-moderate income residents by providing direct access to resources and information that will help low-to-moderate income residents generate wealth by acquiring assets.

**Environmental:** There are no specific environmental opportunities.

**Social Equity:** OCAP will continue to focus its efforts to support the City's goal of social equity for all of Oakland's low-income residents. The proposed City-wide Families Building Wealth IDA program and the existing Earned Income Tax Credit Campaign are specific strategies targeted at improving the conditions for low-to-moderate income communities. OCAP will continue to collaborate and partner with other entities such as the Workforce Investment Board (WIB), the County of Alameda, Alameda County Community Food Bank, and the United Way of the Bay Area to ensure that all efforts to eliminate poverty and its effects on the Oakland community are supported and that a sustainable infrastructure is in place to help low-income families move toward a higher level of self-sufficiency. The City's IDA program promotes social equity by directing resources to underserved residents within disadvantaged neighborhoods.

### **DISABILITY AND SENIOR CITIZEN ACCESS**

The Oakland Community Action Partnership programs and services are accessible to persons with disabilities and senior citizens.

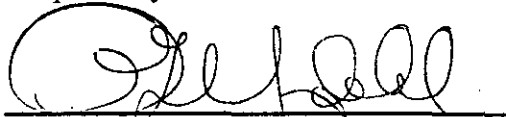
**Deborah Edgerly**

**DHS —Asset for Independence Individual Development Account (IDA) Program 6 of 6**

**ACTION REQUESTED OF CITY COUNCIL**

Staff requests that the City Council approve a resolution authorizing the city administrator, or her designee, to 1) apply for, accept and appropriate a five-year grant in the amount of \$250,000 from the U.S Department of Health and Human Services Office of Community Services (OCS) to the City of Oakland's Department of Human Services' Community Action Partnership to support the implementation of Oakland's city-wide families building wealth individual development account (IDA) pilot program; 2) enter into an agreement with earn asset resource network (earn) in an amount not to exceed \$50,000 annually for IDS management; and 3) apply for, accept, and appropriate additional funds received to support Oakland's five-year pilot IDA program without returning to council.

Respectfully Submitted



**ANDREA YOUNGDAHL**

Director, Department of Human Services

Reviewed by:

Sara Bedford, Policy & Planning Manager

Prepared by:

Estelle Clemons, OCAP Manager

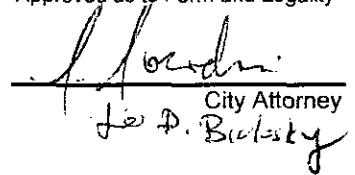
**APPROVED AND FORWARDED TO THE  
LIFE ENRICHMENT COMMITTEE:**

  
**OFFICE OF THE CITY ADMINISTRATOR**

Item: \_\_\_\_\_  
Life Enrichment Committee  
January 8, 2008

FILED  
OFFICE OF THE CITY CLERK  
OAKLAND

# OAKLAND CITY COUNCIL

  
City Attorney  
Joe P. Bielasky

2007 DEC 27 PM 12:10 RESOLUTION No. \_\_\_\_\_ C.M.S.

**RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR, OR HER DESIGNEE, TO 1) APPLY FOR, ACCEPT AND APPROPRIATE A FIVE-YEAR GRANT IN THE AMOUNT OF \$250,000 FROM THE U.S DEPARTMENT OF HEALTH AND HUMAN SERVICES, OFFICE OF COMMUNITY SERVICES (OCS) TO THE CITY OF OAKLAND'S DEPARTMENT OF HUMAN SERVICES' COMMUNITY ACTION PARTNERSHIP TO SUPPORT THE IMPLEMENTATION OF OAKLAND'S CITY-WIDE FAMILIES BUILDING WEALTH INDIVIDUAL DEVELOPMENT ACCOUNT (IDA) PILOT PROGRAM; 2) ENTER INTO AN AGREEMENT WITH EARN ASSET RESOURCE NETWORK (EARN) IN AN AMOUNT NOT TO EXCEED \$50,000 ANNUALLY FOR IDA MANAGEMENT; AND 3) APPLY FOR, ACCEPT, AND APPROPRIATE ADDITIONAL FUNDS RECEIVED TO SUPPORT OAKLAND'S FIVE-YEAR PILOT IDA PROGRAM WITHOUT RETURNING TO COUNCIL**

**WHEREAS**, the City of Oakland Community Action Partnership (OCAP) would like to apply, accept and appropriate the Asset for Independence grant in the amount of \$250,000 from the U.S. Department of Health and Human Services, Office of Community Services to help support the implementation of Oakland's City-Wide Families Building Wealth Individual Development Account (IDA) Pilot Program; and

**WHEREAS**, the five-year program period for the grant is from July 1, 2007 through June 30, 2012; and

**WHEREAS**, research shows that asset-ownership is positively associated with household stability; is positively associated with educational attainment; decreases the likelihood of intergenerational poverty and provides financial and psychological benefits that income by itself cannot provide; and

**WHEREAS**, funds received will be used to outreach to 250 low-to moderate-income residents and as an incentive to assist 106 low-to moderate-income Oakland families/individuals in their effort to build assets through homeownership, post-secondary education, and/or micro-enterprise by establishing 2:1 match individual development savings accounts; and

**WHEREAS**, the City of Oakland would like to enter into contract with Earned Assets Resource Network (EARN), a leader in IDA management, in an amount not to exceed \$50,000 annually to set up and maintain Oakland's IDA savings accounts, provide data management, evaluation and technical assistance in accordance with said grant; and

**WHEREAS**, the City of Oakland's Community Action Partnership will be working with the Community Economic Development Agency and community based agencies to use this grant opportunity to build on and expand the capacity of Oakland's existing first-time homeownership and micro loan programs; the Earned Income Tax Credit; Equity Express and other self-sufficiency programs designed to help Oakland's low-to moderate-income families; and

**WHEREAS**, the required match of \$250,000 will be provided by funds from the Community Development Block Grant (CDBG) and will be appropriated as follows: Housing and Urban Development (HUD)-CDBG Fund (2108), DHS Administration Unit Organization (78111), and IDA/CDBG Match Project (G330740); OCAP will allocate an estimated \$20,000 annually in Community Services Block Grant (CSBG) Funding and CDBG will allocate an estimated \$50,000 annually toward program administration and will be appropriated as follows: HUD-CDBG Fund (2108), DHS Administration Unit Organization (78111), and IDA/Administration Project (G330720); and

**WHEREAS**, the City of Oakland's Community Action Partnership will be required to secure and leverage additional funds, as part of the grant requirement, to help cover additional operational and administrative cost; now, therefore, be it

**RESOLVED:** That the City Administrator, or her designee, is hereby authorized to apply, accept and appropriate a five-year grant from the U.S. Department of Health and Human Services Office of Community Services in the amount of \$250,000 and offsetting revenue in the amount of \$250,000 for the purpose described above and to conduct all negotiations and distributions, execute and submit all documents, including but not limited to applications, agreements, amendments, modifications, payment requests, terminations and related actions which may be necessary; and be it

**FURTHER RESOLVED:** That the City Council hereby authorizes the City Administrator or her designee as agent for the City to negotiate an agreement with Earned Assets Resource Network (EARN) in an amount not to exceed \$50,000 annually to set up and maintain Oakland's IDA savings accounts, provide data management, and evaluation and technical assistance to eligible clients in the City of Oakland; and be it

**FURTHER RESOLVED:** That the City Administrator, or her designee, is hereby authorized to apply for, accept and appropriate additional funds received to help support Oakland's City-Wide Families Building Wealth Individual Development Account (IDA) Pilot Program without returning to Council.

IN COUNCIL, OAKLAND, CALIFORNIA, \_\_\_\_\_, 20\_\_\_\_

**PASSED BY THE FOLLOWING VOTE:**

AYES - BROOKS, BRUNNER, CHANG, KERNIGHAN, NADEL, QUAN, REID, and PRESIDENT DE LA FUENTE

NOES -  
ABSENT -  
ABSTENTION -

ATTEST: \_\_\_\_\_  
LaTonda Simmons  
City Clerk and Clerk of the Council  
of the City of Oakland, California