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Getting Your House in Order: A Model for African-American Financial Education

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PORTLAND HOUSING CENTER

“GETTING YOUR HOUSE IN ORDER”

PORTLAND HOUSING CENTER ADDRESSES
AFRICAN AMERICANS’ NEEDS

~ 2014 ~



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EXECUTIVE SUMMARY

MOTIVATION: A GROWING RACIAL HOMEOWNERSHIP GAP

The Portland Housing Center (PHC) is a national leader in educating and creating first time homebuyers, with outreach efforts that bring diverse households to its services. However, **in 2010, PHC recognized that African American customers were much less likely to buy homes**, even when they received counseling. The Portland (OR) area's African American homeownership rate was **just 35%** (compared to 65% for Whites) and actually declined from 2000 to 2010.

Working with an African American advisory committee and with research guiding development, implementation, and evaluation, PHC developed a comprehensive program around outreach and services to African Americans in the Portland area. Central to this effort is Getting Your House In Order, a culturally specific financial education course developed and taught by African Americans for African Americans.

GETTING YOUR HOUSE IN ORDER: AFRICAN AMERICAN FINANCIAL FITNESS

The GYHIO model addresses African Americans unique history

Getting Your House In Order (GYHIO) is a four week course on financial fitness topics like budgeting, debt and credit, and banking and investments. Throughout the course issues are set in a context of African American history. Participants are encouraged to explore family and community relationships and experiences with discrimination and exclusion as they contribute to their views of money, wealth, and financial goals. The course is designed to promote empowerment and a sense of the resilience of African Americans through history.

Developed Through Research

National research on African American financial practices suggests that building trust and knowledge is an important feature for this course. African Americans often prefer to navigate financial decisions through relationships, valuing “respect, trust, safety, security and a sense of belonging” (Sawady and Tescher, 2008). Financial institutions do not often build this trust, so African Americans use social networks to navigate unfamiliar financial systems through advice from family and friends (Pittman 2008).

Getting Your House In Order was designed to address specific issues for African American PHC customers, which surveys revealed as:

African Americans of all incomes are much less likely to have grown up in a homeownership family, and have deep experiences with financial challenges that shape their current practices.

Nearly half of African Americans anticipated they will face racial discrimination in home lending; two-thirds report they have experienced racial discrimination in financial institutions or housing search.

Many African Americans fear credit is a barrier, with one-third believing their credit will prevent them from buying a home; but most do not know their credit score.



EXECUTIVE SUMMARY

These factors—family experiences, anticipated discrimination, lack of knowledge—can become barriers to good decision making. As stress and internalized stereotypes dominate, it can be difficult to think through financial choices. GYHIO aims to replace fear and negative anticipation with knowledge and a positive identity as an African American with strong financial practices. Getting Your House In Order aims to build new knowledge and capacity for its participants in an environment of camaraderie and mutual understanding of the African American experience.

GETTING YOUR HOUSE IN ORDER PARTICIPANTS LEARN AND SUCCEED

Knowledge Plus Confidence

GYHIO provides not only basic information on financial management, but has an impact on the sense of self-efficacy for participants. Participants reported their feelings of empowerment and ability to set goals, saying things like:

“I learned more how to protect my credit...being comfortable to sit in front of this guy that doesn’t look like me and ask him questions before I apply for something, because I’m more informed. And so I feel more empowered... And I’ve built myself up.”

“It can be mind-altering and thought changing. And I think that’s what it really takes in order for you to begin financial fitness, practice financial fitness and sustain financial fitness.”

Financial Capability and Homebuying Improvements

Financial capability improvements are tangible for GYHIO participants. Nearly all participants across the six cohorts (97%) continued to PHC counseling services and are working towards financial fitness and homebuying.



CREDIT IMPROVEMENTS:

Of 52 households with updated FICO scores, the average increase in credit scores was 24.5 points.



DEBT AND SAVINGS:

Nearly all participants decreased their debts, with an average of \$426 less owed.



HOMEBUYING:

While GYHIO is not a homebuying course, 11 of the 104 households did achieve homeownership within the study time frame, averaging about 14 months after beginning the GYHIO course.

OPPORTUNITIES FOR PROGRAM EXPANSION

PHC’s African American Advisory Committee is working with area churches to expand course offerings into additional community-based organizations. The GYHIO model was based on research and intentional curriculum design, employing knowledgeable African American educators and evaluators. This now-tested curriculum could now be replicated by other organizations, either themselves homebuyer education agencies or African American community-based groups.



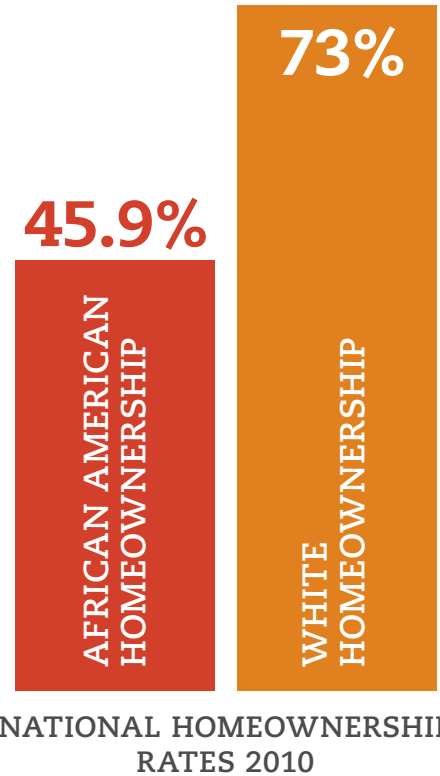
REPORT: A GROWING RACIAL HOMEOWNERSHIP GAP

Motivation: A Growing Racial Homeownership Gap

Portland Housing Center (PHC) is a national leader in educating and creating first time homebuyers, with outreach efforts that bring diverse households to its services. However, **in 2010, PHC recognized that African American customers were much less likely to buy homes**, even when they received counseling. Knowing that low African American homeownership rates are a major contributor to the wealth gap, PHC worked with an African American advisory committee to set new priorities. PHC developed a comprehensive program around outreach and services to African Americans in the Portland area, with research guiding its development, implementation, and evaluation.

The Extent of the African American Homebuying Gap

American households build wealth through homeownership, and the intergenerational transfer of housing wealth is a major contribution to assets. Nationally, African Americans are far less likely to own homes than are whites. **In 2010, the national Black homeownership rate was 45.9%, compared to over 73% of white households owning their homes.** This homeownership gap has remained stubbornly high over decades. After a brief period of rising homeownership for African Americans, today's homeownership rates are similar to those of the mid 1970s. **Persistently low homeownership rates contribute to the Pew Center's finding that the average African American household has a net worth of just \$6,446 compared to \$91,405 for an average white household (2013).** Furthermore, the recent recession has severely buffeted African American wealth. According the Pew Research Center, median wealth levels fell by 53% for Blacks from 2005 to 2009, compared to just a 16% decline in median white wealth. **Over one-third of African American households have zero or negative net worth** (Kochhar 2011). Since much of this decline is due to the subprime lending and foreclosure crisis, the explosion in personal debt, and the recession, the kinds of financial management and responsible homeownership education provided by PHC would be important tools for African Americans building financial stability.



Source: State of the Nation's Housing

\$6,446

AVERAGE NET WORTH OF AFRICAN AMERICAN HOUSEHOLDS

\$91,405

AVERAGE NET WORTH OF WHITE HOUSEHOLDS

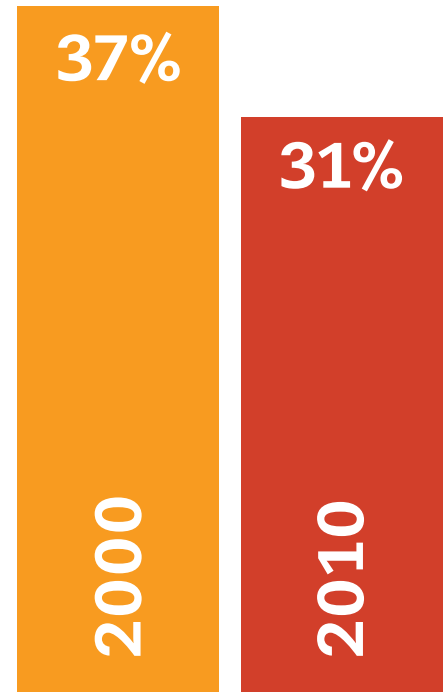
Source: Pew Research Center



REPORT: A GROWING RACIAL HOMEOWNERSHIP GAP

PHC’s services in financial fitness education, “HomeBuying 101,” and individual counseling all speak directly to the issues of first generation homebuyers and the new economic realities of the recession. Despite the relevance for many African Americans, PHC staff noted a drop in participation by African Americans compared to other racial/ethnic groups during 2008 and 2009. While African Americans represented 20% of those at orientation events, fewer than half continued to register for more services. African Americans represented just 5% of homebuyers working with PHC in 2010, despite being over-represented in the target customer base of moderate-income and first generation homebuyers.

In fact, throughout the Portland area, African American homebuying was in real decline. The Black-White homeownership gap in the Portland area mirrors the national average, with about one-third of African Americans owning homes compared to two-thirds of White households. In 2004, the City of Portland’s Bureau of Housing and Community Development estimated that based on income, there were enough potential homebuyers of color to make significant strides in closing that gap. Instead, **Portland area African American homeownership actually fell from 37% in 2000 to 31% in 2010.** According to Home Mortgage Disclosure Act data for Multnomah County (where Portland is located), there were only 195 home purchase mortgage originations (conventional, FHA, and VA Loans) to African Americans in 2010. Those 195 originations represent **less than one percent of all mortgage originations for homebuying that year.**



AFRICAN AMERICAN HOMEOWNERSHIP IN THE PORTLAND METRO AREA

Building a Program at PHC to Respond

In response to local conditions and their implications for wealth building, the Portland Housing Center set significant goals for increasing African American participation in services and ultimately, in buying homes. PHC embarked on a strategic approach, working with an African American advisory committee to increase outreach and retention in services by developing new programs relevant to African Americans’ specific needs. Central to this effort is Getting Your House In Order (GYHIO), a culturally specific financial education course developed and taught by African Americans for Black participants.

This report describes the development of the African American focus strategy; the GYHIO course content as rooted in knowledge about African American financial practices; the participants’ response to the course; and outcomes for GYHIO participants. It concludes with recommendations for homeownership education organizations and other community-based organizations, financial institutions, and policymakers.



GETTING YOUR HOUSE IN ORDER: A MODEL FOR FINANCIAL EDUCATION

The Portland Housing Center set a bold goal to close the racial wealth gap through increased African American homeownership. The work started with building capacity and partnerships. The entire program model has engaged staff along with a new African American Advisory committee that includes community members and some of PHC's board of directors. The Portland Housing Center engaged African American scholars and educators to develop and evaluate programs. Throughout, the organization itself built capacity to engage with issues of race and homebuying, while also recognizing the need to consult and learn from experts in particular cultures. This new practice model is Getting Your House In Order (GYHIO).

The African American Advisory committee has been key to the development of the Getting Your House In Order model. Committee members have joined PHC staff to host back to school giveaways, table at school fairs, and gather at happy hours, among other activities, all for the cause of increasing financial fitness and wealth generation in the African American community. The advisory committee supported the sunsetting of a 'self-help' homebuyers club for the more cohort-focused community education approach of Getting Your House In Order. The recruitment into the GYHIO class has typically been augmented by the African American Advisory Committee members' personal networks and affiliations.

Based on interests revealed in focus groups with current PHC customers and recent African American homebuyers, the strategy focused on creating culturally specific services. Dr. Rhea Combs authored the community education course Getting Your House In Order (GYHIO) to meet the demand for a financial fitness curriculum that spoke specifically to African Americans. This 4-session gathering has been successfully piloted, evaluated and institutionalized at PHC. It has commonly been taught as an evening, small group format (up to 25 participants) class in the Portland Housing Center offices three to four times per year.

Aligning with research on African American financial practices

Getting Your House In Order is a culturally specific curriculum for African Americans. It is designed to acknowledge and address the particular attitudes and practices around money that are prevalent in the African American community. The concept of "culture" when discussing African American attitudes and behaviors, particularly

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Want the tools to get your financial house in order?
 Wonder what it takes to safely buy a home?

A **FREE** four week financial fitness course with a culturally and historically African American perspective.

Topics Include:



- The historical experience of African Americans with money and financial institutions
- How cultural, family and personal values and habits affect spending
- Building a strong credit record
- Moving from “paycheck to paycheck” to saving for your goals
- Budgeting for now - and the future
- Build a healthy relationship with money

Where: Portland Housing Center


When: 6:00 - 8:30 PM - Dinner Provided!
 July 9, July 16, July 23, July 30, 2013

To Sign Up: Please contact Melissa Locke at 503-282-7744 x101 or melissal@portlandhousingcenter.org

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those that may be considered unhealthy, is challenging. The GYHIO model has a very clear meaning of culture as it relates to African American financial practices. Culture is a long-lived set of practices because it is passed down through generations, taught by families and communities as ways to manage in the world. Perspectives and perceptions, norms, and formal and informal ‘rules’ for handling finances were formed in response to real social, political, legal, and economic conditions [1]. **For African Americans, those conditions have included centuries of exclusion from paid work; large-scale financial swindles with no legal recourse; biased employment practices; and pernicious housing and lending discrimination.** Coping mechanisms, beliefs, and behaviors were developed in response to these conditions, and passed down through generations. These practices were capabilities during periods of overt and covert discrimination—they allowed African Americans to survive. As legal and institutional realities have changed, with new potential for wealth development and for asset stripping, it is important to develop new knowledge and capabilities. African American culture is one of resilience in the face of a history of racism and exclusion; it can be celebrated even as today, African Americans learn new practices and habits in order to thrive.

“...Those conditions have included centuries of exclusion from paid work; large-scale financial swindles with no financial recourse; biased employment practices; and pernicious housing and lending discrimination.”

“It is hardly surprising that within this context, trust is fragile and self-protection is crucial.”

~ Sawady & Tescher, 2008

Understanding of the set of issues African Americans bring to a financial fitness course comes from research focused on the rise of predatory and subprime lending that targeted Blacks. National research on African American financial practices suggests that building trust and knowledge is an important feature for this course. Sawady and Tescher’s 2008 investigation of perceptions of financial institutions concludes that “Decades of exclusion from the mainstream, by either ethnicity or class, engendered deep distrust of mainstream practices. This attitude was generalized to all large institutions...It is hardly surprising that within this context, trust is fragile and self-protection is crucial.” **African Americans often prefer to navigate financial decisions through relationships, valuing**

“respect, trust, safety, security and a sense of belonging” (Sawady and Tescher 2008). Financial institutions do not often build this trust, so African Americans use social networks to navigate unfamiliar financial systems through advice from family and friends (Pittman 2008). This strategy becomes problematic as African American networks are much less likely to include individuals with extensive knowledge of and experience with financial products, including mortgages, and homebuying. **Due to lack of experience with financial systems that makes it difficult to have accurate perceptions, African Americans more often wrongly estimate their own credit ratings** (Perry 2008).



GYHIO: A MODEL FOR AFRICAN AMERICAN FINANCIAL EDUCATION

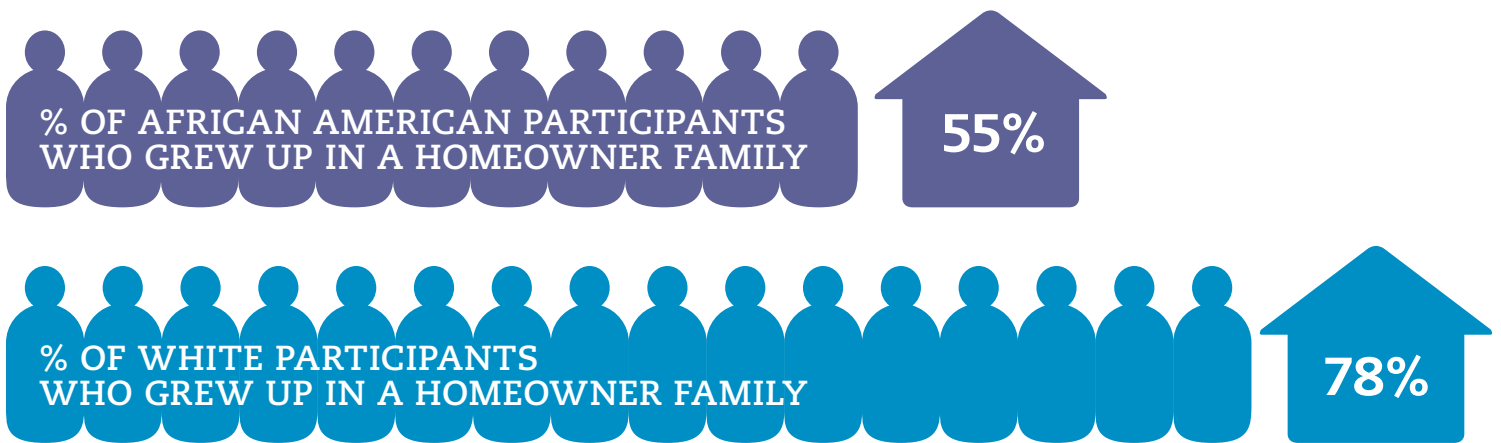
Studies have found African Americans are more likely to be over-confident *and* more likely to under-rate their own credit. Moreover, Blacks experience the financial system differently in areas where negotiation is concerned. Dēmos and the NAACP report that middle class African Americans have been no more reliant on credit cards for basic needs than whites have been, but have far more often been contacted by debt collectors and had credit limits reduced (Ruetschlin and Asante-Muhammad 2013). African Americans are also more likely to feel taken advantage of in home-buying processes (Krysan 2008).

Avoidance of mainstream financial institutions is not only a response to past discrimination. **Many financial institutions continue to target African Americans for products and services that are higher-priced and wealth-stripping, further reinforcing Black distrust.** The subprime mortgage industry steered Black borrowers, even those with higher income and credit scores, towards high-cost loans. The Boston Federal Reserve Bank found that subprime mortgage lenders’ targeting predominantly Black neighborhoods resulted in five times more high-cost loans compared to white neighborhoods (Gerardi and Willen 2009). Cohen-Cole (2011) reports continued redlining by consumer credit companies as well, with higher rates and fees charged regardless of individual creditworthiness. Marketing targets Black consumers for high cost products and fee harvester cards and consumer loans through ‘affinity’ products, as reported by the National Consumer Law Center (Jurgens and Wu 2007). African Americans experience serious financial consequences from subprime home loans and high-cost consumer credit, further reinforcing fears and confusion about how to engage with financial institutions.

Issues Identified Among GYHIO Participants

Through surveys and focus groups at PHC, some specific barriers and issues were identified for African Americans seeking financial and homebuying education. These data includes comparing responses from white participants in the mainstream Financial Fitness course to those of African Americans in GYHIO [2].

African Americans of all incomes are much less likely to have grown up in a homeownership family and have deep experiences with financial challenges that shape their current practices.



Source: PHC Customer Survey



GYHIO: A MODEL FOR AFRICAN AMERICAN FINANCIAL EDUCATION

- Surveys of PHC financial education class participants revealed significant differences in family tenure status. Just over half of African Americans in GYHIO said they grew up in a home their family owned, while almost 80% of white participants in Financial Fitness had a homeownership family.
- Many participants' family histories included having cash available and on hand, often from informal economic activities (including illicit and illegal activities, but also in under-the-table jobs or home-based work that brought in cash). They also heard strong messages against involvement with banks.
- There were frequent stories of elders (mostly matriarchs) living humbly and during visits gifting children with cash, carried mostly on their bodies, tucked into garments.
- One participant quoted a saying that resonated for many: "When white people die, they leave a will, when Black folks die, they leave a bill."

Experiences and financial practices don't align with current incomes. Higher income African Americans' family experiences, perceptions, and behaviors are not significantly different from lower-income African Americans' and are not similar to higher income whites' experiences.

- The difference in family tenure status (whether someone grew up in a homeownership or renting family) was greatest between higher-income whites and higher-income African Americans.

	African American	WHITE
Payday Loan	30%	10%
Check Cashing Service	19%	11%
Rapid Tax Refund Loan	21%	12%
Rent-to-Own	21%	3%
Retirement Investment Accounts	39%	60%

Source: PHC Customer Survey

- African Americans in GYHIO use high-cost and predatory financial services far more often than do white Financial Fitness participants. African Americans use rapid tax refunds twice as often, payday loans three times more often, and rent-to-own services seven times as often as white respondents. African Americans of all income levels were using these high-cost financial services, whereas only the lowest income white participants used these services.
- Just 40% of African American participants reported having retirement savings and investment accounts, compared to 60% for white participants. This participation was related to income for whites, where the higher income group was more likely to save for retirement. For African Americans, there was no relationship with income level.



GYHIO: A MODEL FOR AFRICAN AMERICAN FINANCIAL EDUCATION

- Some additional practices reported in the class sessions included: letting others hold their funds during any times they don't anticipate needing the money; leaving checks uncashed until they are needed; and using introductory balance transfers on credit cards as a debt management tool.

Encounters with financial institutions and housing search were characterized by stress and uncertainty.

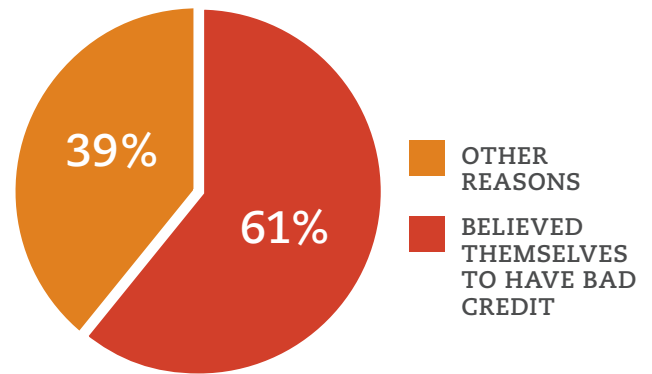
- In focus groups with aspiring African American homebuyers, many described a lack of confidence, uncertainty about credit, and concerns about how to seek more expert advice on loan products. For those who had credit problems, their limited experience left them fearful of being a target for predatory lenders. Many had real discomfort about disclosing their financial practices, even within the context of a financial literacy course at PHC.
- Nearly half of surveyed African Americans anticipated they will face racial discrimination in home lending; many also feared discrimination based on their current neighborhood. Two-thirds reported they have experienced racial discrimination in financial institutions or housing search.

	VERY GOOD	GOOD	AVERAGE	BAD	VERY BAD
African American	2%	21%	34%	32%	11%
White	28%	39%	18%	13%	3%

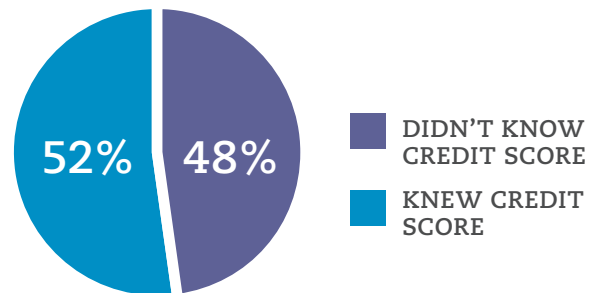
HOW PARTICIPANTS RATED THEIR OWN CREDIT

Source: PHC Customer Survey

- Many African Americans have misperceptions about their credit. Two-thirds of GYHIO participants believed their credit score would prevent them from buying a home, compared to just one-third of white Financial Fitness participants. Likewise, African Americans were almost three times as likely as whites to rate their own credit "bad" or "very bad." These responses are based on perception—more than half of these African American participants with concerns about their own credit do not actually know their FICO score. This contrasts with whites: only one-third say their bad credit is a barrier, and nearly all of those who do already know their FICO score.
- One focus group participant summed up her experience with feeling financially burdened, saying "you just don't know how it [money] runs through your hands."



African Americans: What is a barrier to buying a home?



Do you know your credit score?



These factors—family experiences, anticipated discrimination, lack of knowledge—can become barriers to sound decision making. As stress and internalized stereotypes dominate, it can be difficult to think through financial choices. Emotions are critical elements to decision making and cognition. Research on problem-solving tasks, educational testing, and financial decision-making points to an additional cognitive burden carried by groups whose identities are linked to negative stereotypes. When people are confronted by triggers like stereotypical images or prejudiced statements, their ability to pay close attention and process information declines. The concept of “stereotype threat” has been extensively researched in relation to educational testing; when an identity is negatively stereotyped, then invoking the group identity impedes performance. ***In other words, if African Americans are associated with poor money management, being highly aware of one’s Black identity “activates” the stereotype, impeding the ability to correctly evaluate financial choices.*** Researchers have also found that being exposed to ambiguous racial prejudice creates cognitive impairment for African Americans (Salvatore and Shelton 2007). It is the uncertainty about why a negative event is happening, and the possibility that it is due to racial prejudice, that essentially distracts from a cognitive task—like the complex effort of comparing among loan products or evaluating a credit card offer. Interestingly, an act of blatant racial prejudice did not have this effect; when African Americans knew clearly where they stood in the situation, there was no distraction.

The GYHIO class needed to address these kinds of cognitive barriers for people in stereotyped or historically marginalized groups, given the findings that GYHIO participants are fearful of and distressed by experiences at financial institutions. The response is to build a self-affirming, positive sense of African American identity: to replace a stereotype with a sense of individual efficacy by recovering the history of African Americans’ resilience. GYHIO aims to replace fear and negative anticipation with knowledge and a positive identity as an African American with strong financial practices. Getting Your House In Order aims to build new knowledge and capacity for its participants in an environment of camaraderie and mutual understanding of the African American experience.

THE GYHIO MODEL ADDRESSES AFRICAN AMERICANS UNIQUE HISTORY

Getting Your House In Order, designed by Dr. Rhea Combs, is a four week course on financial fitness topics like budgeting, debt and credit, and banking and investments. Throughout the course, taught by two African American instructors, issues are set in a context of African American history and cultural practice. Participants learn about financial institutions, credit, and lending; practice personal financial management tools, and obtain their own financial reports to set specific goals—the typical financial literacy curriculum.

As each topic is introduced, it is set within a context of the African American experience with both barriers and accomplishments. This context recognizes that detrimental behaviors come from a real history, and that they can be changed; it also celebrates the positive history of building economic capacity despite racism. The instructors begin the class by discussing the history of broken promises for African American citizenship and economic self-sufficiency, they move through history to remind participants of obstacles, but also of overcoming obstacles. For example, much is made of the saving in the Freedmen’s banks and the experiences of Black homeowners in earlier generations.

The course is designed to promote empowerment and African American community and family resilience, moving participants towards a sense of self-efficacy rooted in Black identity. The participants in the cohort form a community and work from a set of assumptions about their interactions in the class and in their work to “get their house in order.” Those assumptions are:



GYHIO: A MODEL FOR AFRICAN AMERICAN FINANCIAL EDUCATION

1. Everyone has financial and consumer power
2. Financial management must be learned - and practiced
3. There is a strong connection between the way we use money and our personal values
4. Getting a sense of the “big picture” and striving for future goals is critical to financial success
5. In order to accomplish our goals, we often have to change old behaviors
6. Everyone has valuable life experience
7. Everyone is a teacher and a learner

These guiding principles are about gaining a sense of control and agency, recognizing that good financial management can be achieved from any starting point. Through an interactive, community-building teaching style, the participants actively translate the knowledge shared, surfaced and built within the group into actionable plans and ideas for their own stability.

GYHIO Content Includes Finances and Identity, Emotion

The curriculum places an emphasis on inter-generational learning—understanding what participants bring from their family histories and cultivating the responsibility of teaching children for the future. Participants are encouraged to explore family and community relationships as they contribute to their views of money, wealth, and financial goals. The inter-generational work begins in the first class session’ exercise on parents’ and grandparents’ lifestyles, statements and values about money, savings, and rewards. Participants also recall that prior generations had achieved homeownership, and that there were practices and strategies available in family

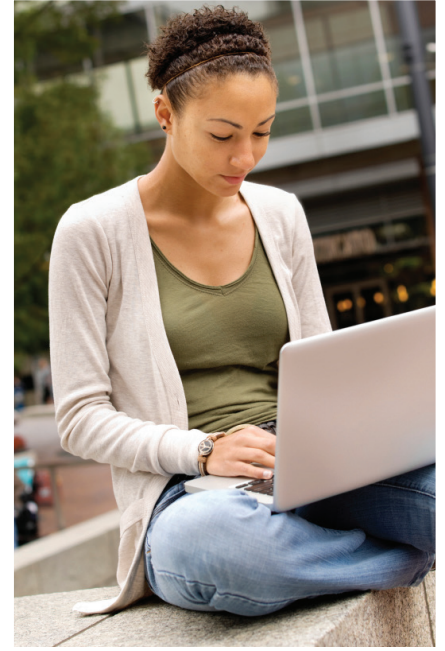


memory for saving money, being economically empowered, and managing households. Many participants who have children express a desire to pass down better financial management knowledge, and talk about the responsibility to pass down good practices to teach children and grandchildren.



GYHIO: A MODEL FOR AFRICAN AMERICAN FINANCIAL EDUCATION

The GYHIO program allows participants to acknowledge not only family histories but also emotions and aspirations as they address financial topics. **One of the consistent moments for laughter and head-nods is sharing the first homework assignment to write a letter to Money as if it were a person—a truly cathartic moment for some.** The second homework assignment is an inspiration board, a visual representation of future goals. This exercise encourages participants to draw, scrapbook and/or layout their visions and aspirations, and to write their goals as “I will” statements to promote a sense of self-efficacy. The third session begins to delve into the topic of credit and preparing to purchase a home. Participants calculate debt ratios as used in mortgage application reviews and craft spending plans that build a down payment for a fictitious family with a practice set of typical expenses. Typically, the facilitator intervenes to redirect participants’ penny-pinching ideas toward their own spending plans and budgets. Some participants revealed that in other financial literacy courses, they were uncomfortable or embarrassed to discuss spending habits, such as women’s hair care or children’s clothing, that are associated with African Americans. In GYHIO, there is not a discussion about whether it is ‘good’ or ‘bad’ to spend money on, for instance, hair weaves (nor to explain what it is or why it is important to the individual). The discussion of budgeting focuses on what trade-offs are being made when someone chooses a hairstyle (or dinner out, or a higher end car, or any other purchase), and how to prioritize spending in order to achieve goals. Many participants reported that they appreciated that the class environment did not include shaming them for what may be perceived as negative examples of Black consumption.



Participants also practice making sound decisions among financial products. They each comparison shop a few credit cards and a few savings accounts. Facilitators suggest various (highly advertised) products, especially those aimed at African Americans, and suggest comparing with local and employer credit unions. Participants decide which products to research and share the results. **The extreme differences participants uncover in product returns, conditions and interest rates bring lots of ‘ah-ha’ moments and reinforce participants’ power to make choices and tradeoffs for themselves.**

As GYHIO continues, participants drill down on their own financial status. Outside of class time, participants’ credit reports and scores are retrieved. In the evening session, they form a supportive group ready to learn to read the reports, understand generally how the scores are calculated, and share knowledge. Invariably, stories are shared including discoveries of family debts on reports, identity theft and other abuses that must be rectified one-by-one. It is invaluable that facilitators can remind participants to schedule time to work one-



on-one with a Portland Housing Center HomeBuying Specialist to address any discoveries from their reports. Finally, participants create a set of ‘Declarations’: what will I do differently? Each participant is invited to sign his/her declarations when truly ready to make the commitment to changing financial habits.

Creating a community in GYHIO is critical to the experience; the delivery is as culturally specific for African Americans as the content. *The GYHIO facilitators create a community of learning, configuring the room around a large table in order to create a collective learning space.* Multiple learning styles are accommodated, with exercises that incorporate visual arts and music, dialogue, as well as the financial calculation work of the course. An important part of this community building comes from the instructors’ willingness to share their own experiences and histories as well as the basis of their expertise. Participants see instructors who resemble them as African Americans; they hear stories that communicate “I’ve been there.” Building rapport and trust from the start of the class is essential to developing the sense of comfort to share and to learn. The use of stories and storytelling, open to “call and response” from the class, is another cultural element for African Americans that enhances the learning experience.

GETTING YOUR HOUSE IN ORDER PARTICIPANTS LEARN AND SUCCEED

Knowledge plus confidence

GYHIO provides not only basic information on financial management, but has an impact on the sense of self-efficacy for participants. Participants reported their increased feelings of empowerment and ability to set goals, saying things like:

One woman described her growing sense of awareness that she could determine her goals, not only accepting her current financial state, but actively choosing a new future:

“You have that information [about the Freedman’s Bank] that’s historical and goes back into your ancestry. And then you have like what people are doing today. And you’re like, well, where do I fall in the whole spectrum? And where do I want to be?”

Others discussed their vision of new approaches to handling financial decisions at institutions that previously intimidated them, like banks or car dealerships:

“I learned more how to protect my credit...being comfortable to sit in front of this guy that doesn’t look like me and ask him questions before I apply for something, because I’m more informed. And so I feel more empowered...And I’ve built myself up.”

“Like before you feel pressured to just go ahead and sign it, or to just go ahead with the bank account or go ahead with it. ...if that happens now, I’m going to be like, okay, I’m going to take my time. I don’t have to buy this. I don’t have to feel the pressure... I’m ready for something financial to come my way, I’ll be prepared.”



The experience of a culturally specific, African American course was meaningful:

“I’m comfortable now because I’ve had some dialogue with some folks that I feel comfortable with.”

“It was inspiring for me to see all the African American women. [referring to the two facilitators and the researcher].”

Finally, participants internalized the financial messages better because they were delivered with a context they could relate to. Several participants who had experience with mainstream financial literacy courses contrasted their learning in GYHIO, discussing how their ability to understand and retain information was greater as they were relieved of the tension around how they represented themselves as African Americans. One participant shared of her increased sense of her community and personal identity:

“It can be mind-altering and thought changing. And I think that’s what it really takes in order for you to begin financial fitness, practice financial fitness and sustain financial fitness. I think you have to be in touch with yourself and the information that you’re taking in.”

Financial Capability and Homebuying Improvements

In general, outcomes for African Americans are improving substantially. Participants report feeling more engaged and empowered in their financial management, and the outcomes are observable. Financial capability improvements are tangible for GYHIO participants.

Engagement with PHC services:

- Nearly all participants across the six cohorts (97%) continued to PHC counseling services and are working towards financial fitness and homebuying. This engagement with PHC services marks a significant change from the lack of retention that was the impetus for an African American program.

Credit improvements:

- Of 52 households with updated FICO scores, the average increase in credit scores was 24.5 points.
- For 18 households their score increase was enough to jump a creditworthiness category.

Debt and Savings:

- Savings increased on average \$2,500, a greater increase than participants in the mainstream financial literacy course.
- Nearly all participants decreased their debts, with an average of \$426 less owed.

97%
CONTINUED PHC SERVICES

+24.5
AVERAGE CREDIT SCORE INCREASE

+\$2,500
AVERAGE SAVINGS INCREASE



Homebuying:

- While GYHIO is not a homebuying course, 11 of the 104 households did achieve homeownership within the study time frame, averaging about 14 months after beginning the GYHIO course.
- GYHIO participants buy homes at rates equal to or exceeding participants in the mainstream financial literacy course.

IMPLICATIONS OF THE GYHIO EXPERIENCE AND OPPORTUNITIES FOR PROGRAM EXPANSION

For Community-Based Organizations/ Homebuying Education Centers

Many organizations recognize that the racial wealth gap is a serious issue of inequity that has real consequences for individual and community economic empowerment. Addressing African American financial health head-on is a critical component of building a community economic development agenda, particularly one with homeownership as a core feature. The Portland Housing Center experience with Getting Your House In Order is a model for organizations that can address African Americans specifically.

“It is clear, in reviewing the research on financial institution practices, that African Americans’ obstacles to creating and maintaining wealth are far greater than their own individual choices.”

community-based groups. PHC is working with its African American Advisory Committee to expand course offerings into additional community-based organizations, starting with historically Black churches in Portland.

For Policy

The GYHIO model focused on African Americans’ becoming more savvy as financial consumers and learning new habits and practices. This program supports empowerment for individuals and provides valuable knowledge. However, it is clear, in reviewing the research on financial institution practices, that African Americans’ obstacles

“ Building deep roots in a community is a sustained effort.”
~ Michelle Puggarana,
Director of Homeownership Programs,
Portland Housing Center

The success of recruitment, retention, and outcomes for GYHIO required PHC to invest time and resources into building a program for African Americans. As Director of Homeownership Programs, Michelle Puggarana, noted, “building deep roots in a community is a sustained effort.” This effort included consultation with an African American Advisory committee; creating relationships for outreach; engaging with experts and consultants; and creating a new curriculum for financial literacy. **The GYHIO model was based on research and intentional curriculum design, employing knowledgeable African American educators.** This now-tested curriculum could now be replicated by other organizations, either themselves homebuyer education agencies or African American



to creating and maintaining wealth are far greater than their own individual choices. **Black Americans continue to be the target of financial institutions' deleterious practices.** Wealth-stripping products are intensely marketed towards African Americans; in many cities, high-cost lending shops are the only 'banking' locations in Black neighborhoods. With piecemeal and inadequate regulation about informing consumers of the real cost of payday loans, rapid tax refunds, and prepaid credit cards, African Americans (among others) are making decisions with very limited awareness of their potential consequences. It should not take guesswork or complicated mathematics to understand the price of a financial service; given the particular impact of these services on African Americans, policy should require upfront disclosure of the real price of this credit. Furthermore, despite regulatory oversight, mortgage lenders were found to steer African Americans, even those with strong credit, into subprime loans that were much more likely to end in foreclosure. This unequal access to borrowing should be viewed as a civil rights issue, and pursued legally, as the Department of Justice has done with some banks that pushed higher-cost, higher-risk mortgages to Blacks.

In developing, delivering, and evaluating the Getting Your House In Order program, it was evident that each generation of African Americans is responding to and reacting against a new wave of ill treatment and discriminatory practices by financial services. Institutional racism in the financial sector is a significant problem that must be addressed. Today's young Black people are learning from their families' experiences with subprime lenders and the foreclosure crisis; further disengagement from the financial sector would be a rational reaction to these experiences. **Programs like GYHIO can help shift the culture of distrust towards more productive financial strategies for Black people and families. However, without real reforms in the banking, lending, and credit industry, African Americans will continue to struggle uphill to build wealth.** Overcoming the racial wealth gap will require both new programs by the community-based organizations working in homebuying education and new regulation of the institutions that help it to persist.



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END NOTES

[1] Conceptual definition for culture with respect to financial behaviors adapted from work by North (1973 and 2005) and Belton and Oyelere 2008. Belton and Oyelere (2008) find significant differences in savings and spending patterns between African Americans and African immigrants and their children, concluding that the experience of chattel slavery in the U.S. has long-lasting impacts on Black financial health.

[2] The GYHIO course and its evaluation are based on findings from several forms of data collection. The conceptual framework for the program was guided by focus groups with recent Black homebuyers and with existing customers of the Portland Housing Center who aspired to achieve homeownership, led by Deputy Director Felicia Tripp with African American Advisory Committee input. All PHC customers taking financial literacy courses, both 'mainstream' and GYHIO, were surveyed at the start of the course and some provided follow up survey data evaluating the course and providing information about changed practices. Understanding of African American financial practices as distinct from other racial-cultural groups emerges from these surveys, with 146 white and 91 African-American PHC customers responding. Transcripts of the class and interviews with instructors provided information about the materials and participant reaction; and 25 African Americans who completed GYHIO participated in focus groups immediately following course completion. Follow-up surveys evaluating the course and asking about changed practices provide information about longer-term results.

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