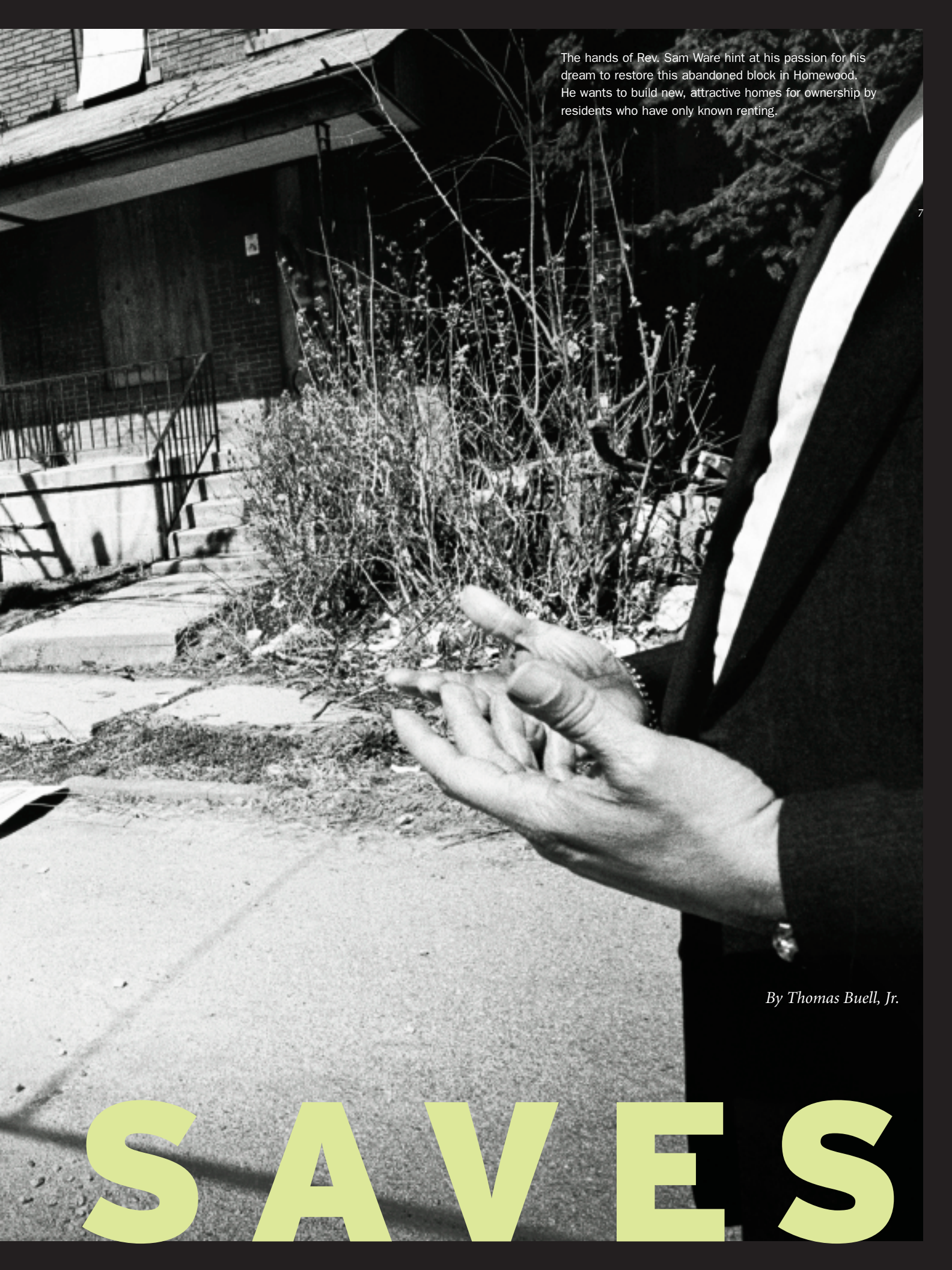




In Pittsburgh, as in many other cities in the country, African Americans face some of the lowest rates of home ownership and four other indicators of wealth accumulation. Now, a Pittsburgh foundation better known for funding reading literacy than financial literacy is partnering with African-American churches to preach the gospel of financial independence.

FAITH



The hands of Rev. Sam Ware hint at his passion for his dream to restore this abandoned block in Homewood. He wants to build new, attractive homes for ownership by residents who have only known renting.

By Thomas Buell, Jr.

SAVES



Reverend Sam Ware can walk down the block from his office in the New Life African Methodist Episcopal Church, located in Pittsburgh's Homewood section, and witness firsthand the problems facing his congregation. He can see the crumbling sidewalks, boarded-up windows, dirt yards—all of them symbols of a community in trouble.

He worries about the high unemployment rate in this piece of the city, the threats of crime and violence, the below-average incomes, the challenges of so many single-parent families and the lack of opportunities for many members of his flock.

Monteel, William and 11-year-old DeVante Grace break from shooting hoops to walk with Rev. Ware as he tours a neighborhood where he wants to see the majority of residents as home owners, not renters.

But Rev. Ware is still an optimistic man. He can walk a little farther and see solutions. Down the street stands a row of 45 drab apartments, each one barely distinguishable from the next. He is leading an effort to tear down those condemned buildings and, in their place, build 20 free-standing, single-family houses that will be sold to qualified families.

“They’ll be homes for people to be proud of, for children to look forward to coming home to,” he says, beaming. “They’ll change the way people in this community think about themselves. That’s the kind of thing that makes a difference in people’s lives.”

Rev. Ware is also executive director of Building United of Southwestern Pennsylvania, a nondenominational organization representing some 1,200 churches in six counties that renovates homes for area residents. He compares his latest mission, the seeds of which were planted in meetings of area clergy five years ago, to assembling a jigsaw puzzle.

He has overseen the acquisition of the 45 apartments and numerous other properties. Building United has worked with local banks to arrange construction financing for the new homes. It has lined up Countrywide Home Loans, one of the nation’s largest minority lenders, to provide \$100 million in mortgages for low- and moderate-income families in the region for the next three years. It has the backing of Fannie Mae, the largest source of financing for home loans.

“The last piece of the puzzle was to teach people how to better manage their money and allow more of them to buy the homes we were bringing on the market,” Rev. Ware says.

That last piece of the puzzle fell into place earlier this year with the creation of Faith Saves, a program receiving startup funding from The Heinz Endowments to teach financial literacy through Building United’s network of area churches. Although it’s open to anyone, Faith Saves is aimed primarily at low-income and minority individuals who have not thought themselves capable of home ownership and building wealth—defined as a person’s assets minus debts.

Pittsburgh is the first city to launch the Faith Saves program, which is modeled on the America Saves project developed by the Consumer Federation of America (CFA) to educate consumers on the importance of building wealth, not debt. If successful here, Faith Saves could be expanded to other cities, says Stephen Brobeck, the Consumer Federation’s executive director.

“Home ownership is clearly the best way for lower-income households to build personal wealth,” he says. “Therefore, it’s critical that consumers develop savings habits that enable home ownership. CFA is joining the Faith Saves initiative in order to provide lower-income Americans with the necessary tools to join the ranks of homeowners.”

Faith Saves is designed to help motivate and educate prospective homeowners on the importance of savings through a team approach within each church. Free group seminars and individual sessions will be offered to advise participants that saving even small amounts of money on a regular basis can lead to positive results.

Funding from the Endowments will support development of a marketing program to help churches draw participants to their specialized financial planning sessions, motivational workshops and a hotline. Faith Saves will select and train wealth coaches and speakers. Success will be determined by the number of participants who contribute regularly to a savings account, by scores on financial aptitude tests and by progress made toward the goal of home ownership.

“Financial literacy is the cornerstone of this entire effort to increase home ownership and build wealth because, even if someone is able to buy a home, they have to be able to maintain it and leverage it in a way that puts them in a better position for the future,” says Carmen Anderson, program officer for the Endowments’ Children, Youth & Families Program.

Faith Saves programs are currently in the early stages of development at seven churches in the area, including Covenant Church of Pittsburgh, located in Wilkinsburg.

Associate Pastor Iris Goshay, who has been appointed Covenant Church’s site coordinator for Faith Saves, says she knows from personal experience that financial literacy programs can bring benefits to individuals and communities. She is a graduate of just such a course.

“I’ve always been a good saver, and my house is already paid for, but I still found it very helpful to discipline myself to set money aside for the property taxes when I started to pay those myself,” she said. “So I can certainly recommend Faith Saves to anyone who wants to improve their money management skills.”

Once the program is up and running, participants will attend monthly meetings to reinforce what they’ve learned about money management and establishing new habits.

“Home ownership is clearly the best way for lower-income households to build personal wealth.”

Rev. Sam Ware New Life African Methodist Church

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“Our church did a survey of members, and what they asked for was more financial training and credit counseling,” says Goshay. “No matter how much money they earn, people still can benefit from learning good financial skills, and the church is a good place to do it because it’s a place they trust and it’s where they feel comfortable.”

At Potter’s House Ministries in Braddock, Shariene Hampton quickly signed up, and now is actively urging other members of her congregation to do the same.

“I’m really encouraging the younger people, especially, because it will really help them learn good habits of saving at a young age,” says Hampton, 44, who is single but devotes much of her free time to programs that encourage young entrepreneurs and provide job opportunities for ex-offenders.

She signed up for Faith Saves, she says, after her savings were lost in repairing serious water damage to her home. Related legal wrangling with her insurance company made her realize she needed a better emergency plan.

“I needed a Plan B, and I think Faith Saves is an excellent way to do it,” says Hampton. “I think it will really enhance the community in a big way.”

For Fred Dukes, a pastor at Potter’s House, Faith Saves will be a good way to save some money so he and his wife can buy a smaller home now that his children have left for college.

“We decided it would be a great way to... maximize our income on a daily basis. I tell the others in the congregation that, just like professional athletes who had to learn the fundamentals before they became great, they need to do the same things in their lives and with their money.”

Howard Slaughter, director of Fannie Mae’s Pittsburgh Partnership office, agrees that the church setting will be important in getting Faith Saves off the ground.

“Trust is the most significant factor when working in this realm because many individuals who want to save may not be willing to sit down and talk with someone they do not know,” says Slaughter, who was instrumental in bringing together Building United, the Consumer Federation, Countrywide Home Loans and the Endowments.

Since Faith Saves is just getting off the ground, the hard numbers that can show success are not available. However, the Consumer Federation’s America Saves and more than a dozen related programs around the country have attracted some

500 organizations, including about 100 financial institutions that have lowered or eliminated minimum balance requirements on savings accounts.

So far, more than 16,000 Americans have enrolled as Savers, which requires them to develop wealth-building goals and specific plans, including monthly dollar deposits. Consumer Federation counselors say that the typical Saver is a moderate-income young adult who is saving \$40 a month.

Depressing local statistics covering the financial status of minorities and low-income residents underscore the need for financial literacy assistance. In Pittsburgh, minority home ownership averages about 39 percent, compared with a national level of 49 percent. The home-ownership rate for all Americans is 68 percent.

In economic terms, Pittsburgh lags behind the rest of the country when measuring median household income with an average of about \$29,000, compared with the national average of \$42,000, according to the latest U.S. Census figures.

The number of people living below the poverty line in Pittsburgh was 20.4 percent, compared with the national average of 12.4 percent. In predominantly African-American neighborhoods, the numbers were far higher. In Rev. Ware’s community of Homewood, which has a 98 percent minority population, 30 percent of residents live in poverty, according to census data.

Nationwide, research by the Consumer Federation shows that the wealth gap between the poor and other Americans—which has historically been much wider than the income gap—has been growing through the past decade.

In 2001, the net wealth of the typical poor household was \$6,720 compared with \$86,100 for the average American household. That is a wealth gap of 13 to one, compared to an income gap in the same year of only four to one, according to the Consumer Federation report.

The organization also found that poor Americans did not participate in the economic boom of the 1990s. Even adjusting for inflation, the net wealth of low-income households increased 7 percent, while the net wealth increase for all American households was 42 percent. Similar research by the Federal Reserve and the Consumer Federation found that the net wealth in a typical African-American household more than tripled during the same period, but still only climbed to \$19,000.



Some of the women leaders of New Life African Methodist Church in Homewood mix preparations for Palm Sunday services with discussions around the Faith Saves program. Many financial literacy students are women who are the head of their household. Preparing palms, at left, is Kellie Ware, 19, daughter of Rev. Ware.

Reacting to try to close some of the gap in these financial inequities, Fannie Mae has provided financial support to Building United, along with the Catholic and Episcopal dioceses and the Federal Home Loan Bank of Pittsburgh.

The Faith Saves initiative brings together several organizations that have committed significant resources to increasing minority home ownership in the United States.

In January, Fannie Mae pledged to help 6 million families—including 1.8 million minority families—become first-time homeowners in the next decade. Fannie Mae's new commitment to first-time home buyers is part of the next stage of the company's American Dream Commitment, a plan announced in 2000 to provide \$2 trillion in private capital for 18 million minority and underserved Americans to own or rent a home by the end of the decade.

In February of last year, Countrywide announced that it would extend its One Hundred Billion Dollar Challenge program, begun in 2001, to increase home ownership among minorities, lower-income individuals and individuals who live in underserved communities. The extended commitment will fund \$600 billion in home loans to low-income Americans through the end of the decade.

Since the early 1990s, Calabasas, Calif.-based Countrywide has offered an affordable lending program called House America, which provides more flexible underwriting guidelines, enabling more people to qualify for home loans by way of more liberal down payment, income and cash reserve requirements.

The House America program, which also allows for more flexible review of credit and employment histories, will be available to participants in the Faith Saves program.

Countrywide's major objective with these programs, says Sandra Speed, vice president of community development initiatives, is to provide community members with the knowledge they need to pursue home ownership and to "communicate the message that owning a home is an attainable goal and a primary step toward creating personal wealth."

The goal of saving for home ownership is important in that it creates a sense of hope in a community, says Bishop Joseph Garlington, founder and senior pastor of Covenant Church.

Learning better money management habits is not unlike starting an exercise program, he says. Both are more likely to succeed with support from family and friends.

Increasing financial literacy and wealth accumulation numbers among minorities is "change on a massive scale, and to be successful we will need the entire community's help," says Garlington. "When you have more people, they begin to encourage each other. My church also has many people who have resolved their financial issues, but they can act as mentors to the younger people."

For Rev. Ware, who has been receiving phone calls from interested church groups and representatives of financial institutions since Faith Saves went public with a press conference in February, the prospect of teaching members of his congregation about ways to save their money is very exciting.

"It will have a tremendous ripple effect," he says. "If we help an individual, that will help a family. And if we help a family, that will help a community. And if we help a community, that will help our city. It's a process of transformation. What's not to like about it?" *h*