



Serving Minnesota's Emerging Markets Homeowners: Best Practices from Emerging Markets Homeownership Programs

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Background

In 2009, the Minnesota Homeownership Center assumed leadership of the *Emerging Markets Homeownership Initiative (EMHI)*. One of the primary goals of the initiative is to develop systemic changes within the homeownership industry that increase homeownership opportunities for communities of color. To this end, the Minnesota Homeownership Center is developing and mobilizing culturally-specific services for emerging market consumers. A first step in this process is to examine existing programs that focus on serving emerging market homeowners and gather the collective knowledge of these organizations.

This study draws upon the experiences of four organizations serving greater Minnesota as part of the Greater Minnesota Housing Fund's Emerging Markets Homeownership Pilot, which provided dedicated funding to launch three pilot projects to increase affordable and sustainable homeownership opportunities for emerging markets populations. The pilot initiatives include:

- *Achieve Homeownership*, a partnership Southwest Minnesota Housing Partnership and Three Rivers Community Action Program
- African Development Center, Greater Minnesota Pilot Project
- Tribal Pilot, managed by Red Lake Reservation Housing Authority

Information from Neighborhood Development Alliance (NeDA) and PRG, Inc., two organizations serving emerging markets homeowners in the Twin Cities metro area, is also included in this report.

Starting a new emerging markets homeownership program: Match mission and organizational capacity to services

The four organizations in the EMHI Pilot share some key characteristics. They all offered at least one housing-related program prior to beginning the pilot project. In their pilot initiatives, all of the organizations provided homebuyer education and counseling services, with all but one organization using the same workshop and counseling curriculum.

The EMHI Pilot programs also possess some key differences in their approach to serving emerging market populations.

- Culturally specific - African Development Center and Red Lake Reservation Housing Authority provide culturally specific services. As part of their missions, they serve specific cultural groups (Africans and Native Americans). The staff members from these organizations are from the cultural groups they serve, giving a deep understanding of the cultural group and, with African Development Center, a shared first language. While the two organizations serve a relatively large geographic territory, their focus is on serving a specific cultural group.

- Geographically specific - The Achieve Homeownership organizations serve a large geographic area, which includes people from many different cultural and ethnic groups, including African, Hmong, Latino and Karen populations. For their pilot project, Southwest Minnesota Housing Partnership and Three Rivers CAP emphasize cultural competence, providing services that are responsive and respectful to the needs, beliefs and practices of the cultural groups they serve. Staff members are not necessarily from these cultural groups. Both organizations have staff members who are fluent in the language of some of the groups that they serve.

Achieve Homeownership, which serves multiple cultural groups within their large geographic territory, used a cultural competence approach to serving emerging market homeowners. The program included cultural trainings to increase cultural competency among their staff. The other two organizations, as members of the cultural groups they serve, focused training efforts on increasing the capacity to deliver services by offering train-the-trainer opportunities to people within their organizations or partner agencies.

Program origin and internal barriers

Most of the programs started or expanded out of recognition that people of color were a growing, yet underserved, part of the community. All of the pilot programs were developed to fill an unmet need in the community and drew upon the organizations' existing strengths. Commitment from organization leadership and staff were important in deciding whether to develop these programs.

For Achieve Homeownership, the board and staff were committed to bringing about community change through their program. The impetus for the program came from board and staff members in each organization who wanted to see the homeownership program reflect the diversity in the community and, in the case of Three Rivers CAP, mirror the diversity of the organization's other programs. The staff interviewed described experiencing little resistance to the new EMHI pilot initiative. The greatest barriers were in overcoming their own preconceived notions about programming for cultural groups, which had typically taken a top-down approach. The EMHI Pilot gave Three Rivers CAP and Southwest Minnesota Housing Partnership the opportunity to redesign their homeownership programming using a community building and organizing approach. One of the most significant barriers to launching the Achieve Homeownership program was finding the right people to staff the initiative. In addition to being knowledgeable about homeownership and certified to teach and counsel homebuyers, the work calls for people who are enthusiastic, self-motivated, have the ability to network and build trust across cultures, work non-traditional hours and are bi-lingual. It is difficult to find people who possess all of these attributes.

Recognizing that there were African populations living in many greater Minnesota communities, African Development Center's pilot program was developed to bring their existing cultural expertise and homebuyer services into a new geographic area. ADC's staff members saw the pilot as an opportunity to expand existing services to fill an unmet need. The staff interviewed described expanding services in a way that is sustainable as the biggest challenge. They have been able to accomplish this largely through the utilization of partners. However, they acknowledge that it is not always easy to get partner

organizations, which are already busy, to be concerned about community development work and commit the time to this effort.

For the Tribal Pilot, the program was developed by staff. Red Lake had provided homebuyer education on a very limited level. The staff members saw the Tribal Pilot program as a way to strengthen the continuum of housing services offered to tribal members. While staff members developed the program, buy-in from tribal leaders was essential in the immediate and long-term future of the program. The most significant internal barrier faced by the Tribal Pilot was managing the different program needs and commitment levels from the different tribes involved with the pilot. This experience is not likely to be unique among tribal communities. Programs working with multiple collaborating partners may experience a similar challenge with differing expectations and commitment levels.

Staffing

Commitment of staff members was crucial for success in these three programs. Staff members were often called on to work long hours implementing the programs.

All of the EMHI Pilot organizations utilized both new and existing staff members to implement their programs. Achieve Homeownership organizations, Southwest Minnesota Housing Partnership and Three Rivers CAP, hired two full-time coordinators as well as a program assistant and an intern. The Executive Director from Three Rivers CAP serves as the project coordinator, managing the day-to-day operations of the pilot.

Serving a wide geographic area presents staffing challenges, which organizations addressed in different ways and with varying degrees of success. Achieve Homeownership initially had a staff person in a satellite office in one of their target cities. Operating from a remote location meant that the staff member was isolated from the other organizations, which created a lack of rootedness in the project vision and direction. The Achieve Homeownership organizations found that they experience greater success when staff members have the opportunity to interact regularly and receive the support from other staff at Southwest Minnesota Housing Partnership and Three Rivers CAP.

African Development Center added an Emerging Markets Manager in a satellite location (based in Mankato, MN), an arrangement that has worked well for the organization. ADC's existing staff carries out much of the day-to-day operations of the pilot program. However, its EMHI project differs from the other pilot projects in that they rely heavily on a network of local partners to conduct basic homebuyer readiness screening. This relationship with local partners may provide the interaction and support that was lacking for the satellite employee in the Achieve Homeownership pilot project. Ultimately, ADC hopes to maximize their capacity by having their local partners assist with activities traditionally carried out by housing counselors, including reviewing and updating credit reports, and developing plans for savings and debt reduction.

The Tribal Pilot, led by Red Lake Reservation Housing Authority, uses two existing staff members to facilitate homebuyer workshops, one-on-one counseling and train-the-trainer activities. Many of the staff within the organization have taken the train-the-trainer classes and are certified to teach Home

Stretch and Pathways workshops. Two collaborating tribes in the EMHI pilot project, Lower Sioux and Leech Lake, also have staff committed to conducting the pilot project work. A fourth tribe, White Earth, uses an outside organization for homebuyer education services.

Organizations interested in reaching emerging market homeowners should consider some of the following questions:

- What cultural group or groups are we trying to reach?
- What is the “cultural capacity” of our organization?
- What geographic area are we serving? What does this mean for staffing?
- What are the areas of expertise that we need to strengthen to deliver services effectively?

Service delivery: Leverage existing strengths to fill gaps

Each organization leveraged existing expertise to offer a new program tailored to emerging market homeowners, adapt an existing homebuyer program to meet the needs of emerging markets homebuyers or to expand their service area to reach more emerging market homeowners:

- New homebuyer program – Red Lake Reservation Housing Authority added homebuyer education and counseling to expand its continuum of services. The tribal housing authority offers a full range of housing services, making it almost a one-stop shop for homeownership – they develop and finance owner-occupied housing and offer down payment assistance programs. They are now able to identify renter clients who have strong rental records as potential homeowners and refer them to the homebuyer education and counseling program.
- Adapted program for emerging markets homebuyers – Achieve Homeownership brings together the strengths of two organizations that are experienced in providing housing and homeownership services. Southwest Minnesota Housing Partnership and Three Rivers CAP develop and finance housing and offer down-payment assistance programs. As a CAP agency, Three Rivers has ready access to emerging markets households through their other programs.
- Expanded service area – ADC leveraged its strength as a niche provider of financial literacy and pre-purchase homebuyer education for African communities. They used the expertise developed in serving this population in the Twin Cities metro area to expand their program in new locations. NeDA, an organization providing homebuyer services to Latinos, also used an expansion model. NeDA began by focusing on a relatively small geographic area in St. Paul. As the organization developed expertise in serving the Latino population, they were able to expand their service area to meet the needs of the growing Latino population in the Twin Cities seven-county metro area.

Organizational Capacity: What it takes to deliver services successfully

Interviews with staff from the three pilot projects revealed some key themes when it comes to what it takes to build an effective emerging markets homeownership program.

- **A passion for and dedication to the work.** People know when you are genuine and they will trust you. This work requires long hours. Without dedication, it would be hard to sustain the effort.
- **Motivation to get out and talk with people.** A large part of working with emerging markets homebuyers and partner organizations is communication. It is not a job that is done from behind a desk.
- **Willingness to be flexible, adapt to a change in plans.** The “American way” will not always work. Sometimes the plans you have in place are not appropriate for the group. One organization described having to change their plans to teach people how to balance a checking account after realizing that their clients did not know what a check was. In situations like this, you need to be willing to change the plan.
- **Ability to be a respectful partner.** Emerging market groups do not want organizations to come into their communities and be a dictator (This is true of all communities!) Organizations need to come in as a partner. Partners work side by side; they do not tell people what to do.
- **Understand that this is a team effort.** None of the pilot project organizations carries out this work on their own. They draw upon partners from other organizations, volunteers, staff from other departments and homeownership industry professionals. Knowing the role of your organization and leveraging partners in the community is vital.

Clients: Adapt content, help people feel comfortable

The pilot projects used Home Stretch workshops and one-on-one counseling as their primary forms of homebuyer education. However, each of the pilots made some type of adaptation to the program to meet the needs of their clients. In addition to changes, the staff members interviewed provided some of the steps that they took to make the program more comfortable for participants.

More time, more attention

The education process for emerging markets groups takes time and individual attention. Many households are several years away from buying a home. Understanding their needs and finding the right resources helps to keep people moving towards their goal of homeownership. For clients who are new to the country, it may take more time to explain the homeownership process and concepts.

Know what content to add, change or emphasize

Three of the four pilot projects used Home Stretch, a comprehensive homebuyer education program used throughout Minnesota. The staff felt that learning this curriculum was necessary for their clients, with credit, spending plan and budget information identified as the most important content areas for their emerging market clients. All of the organizations make some type of content adaptation to either the curriculum or workshop delivery.

- Achieve Homeownership uses homebuyer clubs to provide information for specific cultural groups at a slower pace. Homebuyer clubs can cover the material over many weeks or months, which offers greater flexibility and the opportunity for more discussion.
- The Red Lake Reservation Housing Authority added more information to address the differences in land ownership (trust vs. fee land) among the different tribes and how ownership is recorded, which differs from non-tribal home purchases.
- All of the pilot projects commented that more support with financial literacy, particularly understanding and building credit, is needed for the emerging markets clients they serve. They report that it is difficult to get enough support and at the level that people really need.

Make people feel comfortable, respected

It was important to create a comfortable environment for homebuyer education classes. Among the EMHI pilot programs, the three most common ways of achieving this included:

- Delivering the class in the clients' primary language. Finding people who can teach the workshops and provide counseling in the language is the ideal. Interpreters are essential if the presenter/counselor speaks English. Several people commented that presenting information in the clients' first language is important not only so that they can comprehend the content, but also as a sign of respect.
- Smaller class sizes. Two of the pilot projects offered Home Stretch workshops with smaller class sizes to make it more comfortable for their clients. Smaller class sizes make it easier for people to ask questions. Red Lake limits their classes to 10 people, which gives people the opportunity to get to know each other and makes the class more comfortable. Achieve Homeownership offers smaller class sizes through homebuyer clubs.

Tips on serving emerging market homebuyers:

- Understand your market. Do your research.
- Figure out the outreach approach that will give you the best chance at getting your foot in the door.
- Go to events. Meet people. Participate in the community.
- Most EMHI markets households do not pay attention to traditional marketing, advertising, TV ads, radio.
- Cultural respect and sensitivity is necessary.
- Success stories are important. They build trust and understanding with clients.

- Create a social environment. Serving food at the workshops and opening with ‘ice breaker’ activities gives clients the chance to socialize.

Outreach: Horizontal, rather than top-down

While the strategies used by each organization varied, the focus on outreach was a common thread among all of the organization serving emerging market homeowners. Most organizations spent a considerable amount of time on outreach. The two Twin Cities organizations that served emerging market homeowners, but who were not part of the EMHI pilot, reported that outreach was a continual effort.

All of the EMHI pilot programs used an outreach approach that included generating awareness among other professionals who also served the pilot’s target population. The partnerships developed through the pilot projects are usually mutually beneficial. The organizations give each other credibility, visibility and some benefit to the same client group. Staff from the six organizations serving emerging markets homeowners offered the following advice:

- Connect with leaders within each cultural group using a grassroots approach. All of the pilot projects fostered relationships with local leaders within the cultural groups they served. For example, relationship building with the tribe’s political leadership has been important for Red Lake. Garnering the support and investment of the political leadership makes it possible to sustain the program.
- Find people who know people. Identifying the key people who 1) have access to emerging markets homebuyers and 2) can carry the message to others in the community is important in generating interest and participation in programs. This often means conducting outreach with people outside of traditional housing industry networks. In many emerging market communities, the religious and cultural leaders, barbers, beauticians and choir directors are the ones who carry the message.
- Tap into existing groups that reach the same demographic groups – school districts, businesses, large employers, community action agencies, and community colleges are examples of some of the key contacts used by the pilot programs.
- African Development Corporation works with a network of African cultural organizations that help settle African households into the community and thus have access to their target population. They are able to leverage these organizations’ connections within the community. Achieve Homeownership started cultural working groups that include local real estate professionals, schools and insurance company representatives.
- Foster awareness among your organization’s existing clients. As a closed reservation, Red Lake Reservation Housing Authority’s outreach approach focuses on identifying clients in their rental-housing program who are ready to move into homeownership. They make staff working in other areas aware of the pre-purchase program.

Working with realtors, lenders

The idea of homebuyer education is still new to most people in the homeownership industry. Realtors sometimes view pre-purchase education and counseling as a speed bump – something that slows down the process. Helping real estate agents and lenders understand how educating homebuyers makes their job easier is important in opening doors for all groups, but especially for emerging market homeowners. The staff interviewed made the following observations about working with real estate agents and lenders:

- It is helpful if real estate agents and lenders understand that the more tools they have, the more they will be able to help their clients. Bringing extra tools to the table also sets real estate agents and lenders apart from their competitors.
- Building trust takes time. The pilot projects spend time developing partnerships and building trusting relationships with local real estate agents and lenders. They let industry professionals know that they will get their clients' referrals back after completing homebuyer education. African Development Corporation has had success in approaching the institution rather than individuals. They find that gaining a commitment at the organizational level has led to greater success in building individual relationships.
- Not everyone will be interested. The pilot projects spend time educating industry professionals about the different cultural groups in the community. The level of openness to emerging markets varies from community to community and from person to person. Some people are interested; some are not.

Lessons learned from the EMHI pilot projects

How to get started: Choose key communities based on concentration of households of color and languages spoken in schools. Start with communities where you have existing relationships in place.

Don't lose sight of the bigger picture. Starting a new emerging markets homeownership program takes time. You may not see the results immediately. It is like planting seeds and waiting for them to grow.

Understand that each community is different. Knowing the level of acceptance helps an organization to adapt its strategy. Find the people in the community who are supportive and build from there. Some communities are progressive and have systems in place. Others will put up a lot of resistance or have a lack of systems, a fragmented organization and fractured leadership. In resistant communities, start by working with the willing and recognize that it will take longer--and it is harder work.

Listen to what the cultural group needs and be extremely flexible. Addressing the needs of different cultural groups, who have varying educational backgrounds, makes it impossible to design one program that will meet everyone's needs. If people in the cultural community say they need something and you are doing something else, you must be willing to drop what you are doing and go where the needs are. Having the ability to change course and accepting it is both important and challenging.

Consistency and follow-through are important parts of building trust. You have to have mutual respect. Do what you say you are going to do. You may not always succeed but there is value in trying. Providing Home Stretch classes has made our relationships stronger because we are there. They know they can depend on us. We follow through with them. It is all in the process.

The newest immigrants are here to stay. They are invested in the communities and they want to learn. They are very patient with us. It has been very fun to get to know people of different cultures and give them the tools they need.

About this study:

The primary purpose of this project was to gather insight from the three EMHI pilot programs sponsored by the Greater Minnesota Housing Fund. Each organization took part in a site visit, during which several staff members were interviewed. Following the site visit, phone interviews were conducted with staff members with key partner organizations from each of the pilot programs. PRG, Inc. and NEDA, two organizations that serve emerging markets homeowners but who were not part of the EMHI initiative, were also included in this project. Phone interviews were conducted with staff members from NEDA and PRG, Inc. to offer the perspective of long-standing metro-area program organizations serving emerging market homeowners for many years.

Kim Skobba, Ph.D., a Twin Cities-based consultant specializing in housing-related research and communications, conducted this study.