



Virginia Individual Development Accounts (VIDA)



**2020
ANNUAL
REPORT**



OVERVIEW

The Virginia Individual Development Accounts (VIDA) program is a financial education and matched savings program to assist low-wage earners to purchase an asset. The program's objectives include increasing participants' ability to regularly save money, increase their financial knowledge, and assist in building wealth with the purchase of an asset. Homeownership and business start-up are eligible asset purchases through the program.

VIDA offers a match rate of eight dollars for every one dollar saved. Participants can earn up to \$4,000 in match funds through the program. Participants, also referred to as "savers," must complete at least 14 hours of education while enrolled in the program.

Typically, the educational training includes eight hours of financial management training and six hours of asset-specific training. Asset-specific training is determined by the saver's purchase goal. For example, homebuyer savers receive six hours of homebuyer education hours. The saver must complete their savings, training hours and be enrolled within the program for six months before requesting an asset-purchase.

Savers access the VIDA program services by working with an intermediary. Intermediaries are nonprofit or local governments that have contracted with DHCD to provide VIDA services. Intermediaries are responsible for marketing and recruitment of participants. In addition, intermediaries function as the "coach" in getting the participant enrolled, trained and graduated through the program. During 2020, there were ten organizations under contract for the program. There was intermediary coverage for most of the state excluding the cities and counties surrounding Emporia, Northern Virginia and the Eastern Shore areas.

PROGRAM HIGHLIGHTS



Assists low-wage earners with purchasing a home or business



Participants can earn up to \$4,000 in matching funds



Financial management and asset-specific training is required



Intermediaries are located throughout the state to help "coach" participants through the program



YEAR IN REVIEW

At the start of 2020, the VIDA program had two funding programs working simultaneously together. The CDBG program had both localities under contract and recruiting new savers into their programs. The statewide program, funded by VH, had numerous hurdles to cross due to having to work through the state's fiscal protocols. VIDA staff spent many months trying to get approval on bank contracts and fiduciary access. Once VIDA staff received banking approvals, the first savers were enrolled in August.

As with most activities during 2020, the pandemic dampened and delayed a lot of progress. There were at least ten VIDA intermediaries under contract in early 2020. However, intermediaries had to adjust to a virtual environment. They were used to face-to-face meetings with clients and now had to adapt to virtual or non-contact counseling sessions. Clients had difficulties obtaining and sending their information for their application package and getting electronic access. As the year progressed, enrollment for both funding programs was slow, but steady. VIDA staff participated in multiple presentations throughout the year to promote the program. In addition, developed marketing flyers for statewide distribution along with customizing them for intermediaries to use within their communities.

FUNDING HISTORY

The VIDA program has been in operation since 1998. The program started as part of a federal pilot program and advanced to become a federal grant recipient for the Assets for Independence (AFI) program. The AFI program was a five-year grant for matched-savings programs across the country.

The AFI grant along with local matching funds generated an annual budget around two million dollars for VIDA. Starting in 2002, DHCD received two consecutive, five-year grants from the AFI program. The grants allowed DHCD to provide the program for up to 400 participants.

In 2016, the federal government discontinued offering the AFI program, which required DHCD to search for a new funder. In early 2019, DHCD began a discussion with Virginia Housing (VH) about the possibility of funding a homeownership program. Virginia Housing agreed on funding the program for four years with a budget to support up to 200 savers.

In 2018, DHCD also began looking for internal funding opportunities to support VIDA. Staff decided to combine VIDA along with the Community Development Block Grant (CDBG) program and offer local governments an opportunity to administer their own IDA program. CDBG program participants can save towards homeownership or business. DHCD allowed communities to implement their grant via a local nonprofit. The two CDBG pilot communities were The City of Staunton and the Town of Vinton.

2020 PROGRAM RESULTS

The CDBG pilot sites were eligible to enroll up to 37 participants for their grant. At the end of year, total CDBG enrollment (both sites) was 56 savers. Total enrollment for the statewide program was 73. There were no withdrawals nor terminations for either program during the year.

As for savings amounts for each program, the CDBG program had a cumulative savings total of \$23,469. The statewide program had \$11,890. The CDBG savers have been enrolled longer than the statewide participants. The statewide program did not enroll the first saver until August. In addition, program participants must be enrolled for at least six months; hence, there were no statewide graduates. As for the CDBG program, 24 participants graduated from the program. Of those 24 graduates, 18 savers started a business and six purchased a home. The CDBG program had a 43 percent graduation rate. There was a total of \$72K issued in matching funds for small business, and a total of \$24K issued in matching funds for new homeowners.



PARTICIPANT ENROLLMENT

CDBG: **56** STATEWIDE: **73**



PARTICIPANT SAVINGS

CDBG: **\$23,469** STATEWIDE: **\$11,890**



PROGRAM GRADUATES

CDBG: **24** STATEWIDE: **0**



CDBG GRADUATION TYPE

BUSINESS: **18** HOMEOWNERSHIP: **6**



MATCH FUNDING DISTRIBUTED

BUSINESS: **\$72K** HOMEOWNERSHIP: **\$24K**



LaTisha & Quinton

In the middle of a tremendous year, LaTisha and Quinton Terry took a leap of faith and enrolled in the VIDA program through a local community development organization called, The Advancement Foundation (TAF) located in Vinton, VA.

TAF is a provider for the VIDA program, which is a financial education and matched savings program for working families. VIDA's objective is to increase financial management skills and to help participants obtain an asset by matching their savings with \$8 dollars for every dollar saved rewarding up to \$4,000 in match. Under TAF's program, participants can save towards homeownership or a small business.

The Terry's decided to save towards homeownership and both were able to open a savings account through the program. They participated in the financial and homebuyer education classes and saved their money within their VIDA accounts. At the end of their savings period, LaTisha and Quinton had saved enough to earn the maximum match award of \$4,000. When the Terry's went to close on their home, they had a combined down payment amount of over \$9,000.

LaTisha Terry said, "I would like to thank The Advancement Foundation for allowing our family to enter into homeownership by providing support and down payment assistance. Through the VIDA program, we became owners of a nice home in a very short period. The guidance and support from the Foundation have been nothing but awesome! You have made a difference in our lives."

Katherine

Katherine is a local artist in Roanoke and operates a private studio in the Grandin area. She enrolled in the VIDA program to benefit her business.

Katherine stated, “The VIDA program has benefited me in many ways. The personalized business advice filled a gap that was not part of my fine arts education. It has helped me plan, market and maintain my private art studio allowing me to produce artwork for sale, and to offer small classes and private instruction for artists of all ages and skill levels.”



Jasmine



Jasmine Beane is described by the staff at The Advancement Foundation (TAF) in Vinton, as a cool, shy lady whose personality shines bright through her designs and clothing. Jasmine Beane, LLC, is an artsy couture inspired clothing brand emphasizing sexy, sophisticated one-of-a-kind designs that highlight the wearer's playful and artistic side.

In August 2019, Ms. Beane enrolled in an educational and matched savings program through TAF called the Virginia Individual Development Accounts (VIDA) program. The VIDA program matched Ms. Beane's savings with \$8 for every \$1 she saved in her account until she earned \$4,000 in match funds from the program. She then used her savings along with the match money to fund her business.

The operational funding for the program was provided through another DHCD program called the Community Development Block Grant (CDBG). The Town of Vinton originally applied for the CDBG grant that TAF administers. In addition, Virginia Community Capital bank sponsored the savings accounts for TAF's participants.

Ms. Beane touted "The VIDA program has been a great opportunity for my business and for me personally. The VIDA program allowed me to develop the habit of saving money. Kelly Turner, of TAF, has been awesome to work with and extremely helpful. I plan to use my VIDA funds to purchase professional dress forms, a serger, an industrial sewing machine, fabric, along with various sewing supplies."

Jasmine Beane has a Bachelor's of Science in Studio Art with a minor in Fashion Design from Radford University. Ms. Beane is a native of Roanoke, Virginia.

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