

Why asset-building works

In the early 1990s, leading social work researchers took a long, objective look at how social policies aimed at ending poverty were working. It was apparent that families were caught in seemingly unending poverty cycles despite help from well-meaning organizations and government institutions. Why?

These researchers argued convincingly that ownership, not income, would end generations of poverty. Don't focus on income, suggested the researchers. Help people build – and then build on -- assets like homes, businesses and education. People with assets look to the future, have a stake in society and have footings for climbing out of poverty, they hypothesized.

They were right.

While effects will take generations to track, asset-building activities seem to work. There's evidence that increasing

the assets of low-income single mothers is associated with children's educational attainment; that improved parental assets lead to children's better cognitive development, physical health and emotional behavior; that small wealth at a critical time – such as home ownership and being in a better neighborhood for schooling -- is “transformative.” There may even be a “virtuous cycle” in which increased “assets lead to positive attitudes and behaviors which lead to assets.” 2

And so Justine Petersen was created in 1997 to “... connect institutional resources with the needs of low- to moderate-income families and individuals in order to build assets and create enduring change.”

How we create enduring change

Justine PETERSEN gives **people opportunities to create new futures for themselves** and their families by helping them become and stay homeowners, start and run successful businesses, access education, begin and manage personal savings programs.

It accomplishes this mission by opening doors to the American dream so people can own part of that dream, usually for the first time. Four out of five of the clients make less than 80% of the national median income, 81% are minorities, and more than two-thirds are female heads of households.

Justine Petersen partners with local financial institutions and government to help low income and moderate income individuals and families get mortgages and business loans, and counsels people about homeownership and financial management.

- **More than 4,000 people have purchased homes in the St. Louis area** with help from Justine Petersen and about 20,000 have received credit counseling. The foreclosure rate of our clients is below that of the regional average.
- Justine PETERSEN helps people access micro-business loans and provides new business owners with training and technology. **Over**

1,500 entrepreneurs have started or expanded businesses with help from Justine PETERSEN, many using the business training and technical support that the organization offers. Justine PETERSEN has originated over \$7 million revolving funds from the U.S. Small Business Administration's Micro-Loan Intermediary Program.

- Justine PETERSEN manages Individual Development Accounts (IDAs). IDAs match \$2 or more for every one dollar the account holder deposits. The average participant saves \$1,500 and receives a match of \$3,000 for a total of \$4,500 to buy or repair a home, to start a business, or to fund education. **More than 1,500 families now have Justine PETERSEN-managed IDAs.**
- Justine PETERSEN lends money to low- and moderate-income individuals who don't qualify for conventional mortgage loans through Great Rivers Community Capital, a subsidiary. Great Rivers, the area's first Community Development Financial Institution, has made **more than 1,500 small loans or**

mortgages since 2002, helping people buy homes, fund home repairs and maintenance, finance businesses and purchase automobiles.

Justine PETERSEN assists families – often for the first time in generations -- to build assets and change their lives.

How you can help

Donors to Justine PETERSEN make much of this enduring change possible.

Contributors can increase matching funds for IDAs, provide education and counseling about homeownership, financial management, credit, business management or business technology; increase pools of funds for below-market mortgages and for micro-enterprise loans; develop business incubator space in St. Louis, and help sustain operations.

Please join us in our mission to help families become full participants in our community.