

Developing Solutions: Strategies to Improve Resident Financial Health and Propel Inclusive Growth

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Resident financial health and cities' inclusive growth are inextricably linked. But strategies that aim to tackle these issues have historically been disconnected, and financial health is sometimes considered an afterthought in conversations about inclusive growth.

As findings rooted in data and community-based work increasingly draw a clear link between financial health and inclusive growth, some cities are piloting strategies that address this intersection to ensure all residents can contribute to and benefit from the city's economic prosperity. These solutions move beyond general financial education to include strategies that cut across sectors and address structural barriers to shared prosperity.

As discussed at the recent Urban Institute event, "Thriving Residents, Thriving Cities: Propelling Inclusive Growth through Resident Financial Health," any solution that aims to improve resident financial health and propel inclusive growth should include three elements: community engagement, structural change, and a focus on resilience.

PRIORITIZE COMMUNITY ENGAGEMENT

Residents and community organizations are critical to helping a city recognize the systemic barriers that harm families' financial health and limit their ability to contribute to a city's economic growth.

A Local Example of Community-Driven Change

Earlier this year, residents and businesses in Kansas City, Missouri's Westside neighborhood saw drastic spikes in their property tax assessments. The [Hispanic Economic Development Corporation](#), a member of the National Association for Latino Community Asset Builders, recognized the large-scale nature of the problem and mobilized efforts among other local organizations to hold meetings, draw press coverage, and extend the county's deadline to contest tax bills. The community-led effort helped convince the county to redo property tax assessments for the affected neighborhoods and sparked a movement to put more pressure on state lawmakers to address property tax reform.

The people most impacted by that decision, that plan, that project, should have the greatest ability and right to participate in all phases, all ways, from a position of power, knowledge, and capacity.

—Ruth Johnson, Public Policy Director, Community Development Advocates of Detroit

WHO CAN DRIVE CHANGE?

Local Policymakers

City leaders can serve as conveners to help break down silos between different sectors and can enact policies that protect and advance resident financial health.

Community Organizations

Local organizations on the ground are attuned to the community's needs and can propel bottom-up solutions.

Philanthropy

Philanthropy can help fill gaps in public supports, take risks to fund innovative approaches, and encourage cross-sector collaborations.

Residents

Residents should be involved in every step of the decisionmaking process to ensure strategies are rooted in a local context.

DISMANTLE STRUCTURAL BARRIERS

Strategies to improve residents' economic well-being require more than just building up individuals' specific financial capacities; they also require inclusive solutions that reduce structural barriers to financial health.

A Local Example of Structural Change

Local governments may collect revenue from fines and fees imposed on residents, such as parking tickets, traffic violations, permits, and library fines for overdue books. But these fines and fees disproportionately affect residents with low incomes and communities of color. This regressive form of revenue collection can be costly to residents initially and grow more expensive over time. It can strap residents with unmanageable debt, and having unpaid fines and fees may limit residents' access to city services or privileges like drivers' licenses, which can further damage their financial health.

Ramsey County, Minnesota, is receiving technical assistance from the [Public Financial Management's \(PFM\) Center for Justice and Safety Finance](#) to determine the amount of the county's revenue that comes from fines and fees and to find a path to reduce this burden on residents with low incomes. PFM found that the Ramsey County government collected more than \$2 million in fines and fees annually. County commissioners are now discussing the potential step of eliminating those fees, which often have low collection rates to begin with. Because this move would reduce anticipated revenue, local policymakers are considering less regressive revenue options and cost-saving measures to make up the difference.

FOCUS ON RESILIENCE

A city's resilience starts with the resilience of its residents. When residents can't recover from shocks, such as a natural disaster or a housing market crash, the city can't bounce back either. Cities need to build resident financial health into their citywide resilience strategies to ensure residents can thrive in the face of challenges.

A Local Example of Improving Resident Resilience

In Miami, Florida, antipoverty organization [Catalyst Miami](#) operates a disaster matched savings program that helps residents prepare for income disruptions that often follow a major storm. Catalyst Miami's financial coaching program works with residents to include a line item in their budgets specifically devoted to hurricane season (and, importantly, to separate that budget item from other emergency savings). As a civic engagement organization, Catalyst Miami is a partner in the Community Emergency Operations Center (CEOC). The CEOC assists low-wealth communities of color in preparing for disasters and works with partners such as the Community Justice Project to advocate for the Miami Dade local government to pause evictions and utility disconnections during hurricane season.

LEARN MORE ABOUT THESE LOCAL EXAMPLES AND THE LINK BETWEEN RESIDENTS' FINANCIAL HEALTH AND CITIES' INCLUSIVE GROWTH

This fact sheet summarizes themes and local case studies discussed during the November 7, 2019, event "[Thriving Residents, Thriving Cities: Propelling Inclusive Growth through Resident Financial Health](#)." Go to <https://urbn.is/2nwZu20> to watch the full event video.

To learn more about the connection between resident financial health and inclusive growth, see our companion piece "[Making the Case: The Link between Residents' Financial Health and Cities' Inclusive Growth](#)," <https://urbn.is/34i2Wgq>.

Resilience isn't about bracing for what events you can predict. It's about building strength for the things you can't.

—Nicole Ferrini, Chief Resilience Officer, City of El Paso, Texas
