

Using Local Microfinance to Assist Transitions from Homelessness



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Project Background and Goals

- Goals:
 - To research the applicability of microfinance to the needs of the homeless in Orange County, North Carolina.
 - To publish results on the successes, weaknesses, opportunities and challenges experienced by the pilot borrowers and loan officers of the Community Empowerment Fund.
- Methods: Perform an evaluation of the pilot launch of the Community Empowerment Fund (CEF).
- Background on CEF: CEF is a student-run program based at the UNC Campus Y that provides individuals experiencing or at-risk of experiencing homelessness with small loans, savings opportunities and financial services. CEF launched in May 2009 as a part of this research.
- Research Question: How should the Community Empowerment Fund be structured to best meet the financial service needs of homeless and low-income communities in Orange County?

Project Results

- There is a demand for small loans within the homeless community and amongst low-income households in Orange County. Loan size ranged from \$150 to \$300 initially.
- Social ties and networks within the target community provided opportunities for borrower outreach and significant peer pressure amongst program participants.
- A larger percentage of applicants was interested in housing assistance, while a smaller percentage was immediately interested in small business investment or employment assistance.
- The program was able to prevent default and encourage repayment within the summer term.
- The program was successfully able to recruit interested male applicants and has a vested interest in creating more methods of recruiting female, youth, and Latino applicants.
- All borrowers interviewed cited their relationships with student volunteer loan officers as the greatest benefit of being involved in the program and as CEF's strongest assets.
- Loan officers benefit from opportunities to interact with the target population outside the confines of the loan.
- Within the term of the summer pilot, CEF received 18 complete applications. CEF approved 5 loans in the pilot – 4 to men and 1 to a woman, with 5 additional applications pending.
- In addition to loan funds, CEF volunteers supported all applicants through resume-building, job searching, connections to services, computer literacy, and much more – all of which significantly increased the true value of the loan and provided applicants not approved for a loan with access to new opportunities.
- Overall, this research found more questions than answers. The researcher worked with CEF to generate a list of priority research topics which are necessary to address in order to fully discuss the applicability of microfinance to the needs of the homeless in the U.S.