

# **Asset Building 101**

**Microenterprise – Creating Wealth for  
Individuals and Communities**

**Michigan Conference on  
Affordable Housing  
Monday, April 2008**

Sue Peters, Program Officer, Michigan Statewide LISC

# What is Microenterprise



- A business with five or less employees, which requires \$35,000 or less in start up capital, and which does not have access to the traditional commercial banking sector.

# Key Elements of Microenterprise Development

Comprehensive microenterprise development programming consists of four key elements. These are:

- Training and Technical Assistance
- Credit and Access to Credit
- Access to Markets, and
- Economic Literacy and Asset Development

# Microenterprise Development Programs

- Over 500 in the U.S.
- The programs are operated by a wide variety of non-profit organizations including community development corporations, loan funds, Community Action Agencies, and women's business centers.

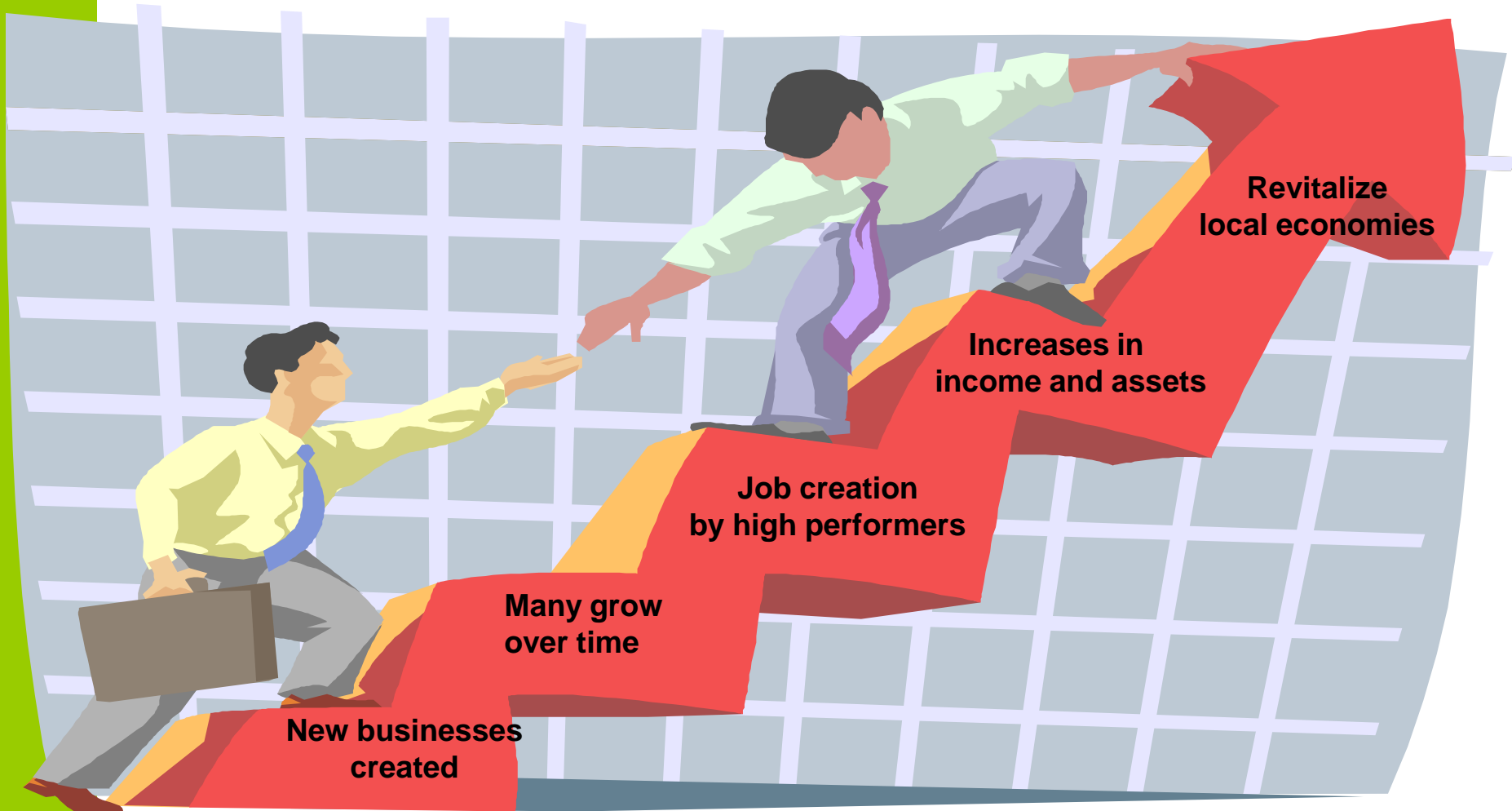
# Populations Served

- Underserved populations who have difficulty accessing business development services or credit through traditional means, including:
  - Women;
  - Minorities;
  - Low-income individuals;
  - Immigrants and refugees; and
  - Welfare recipients.

# Why Microenterprise?

- In today's economic environment, there is a segment of the population for whom self-employment is a necessary, and in some cases the best source of *employment and income*.
- Microenterprise can open *wealth and ownership opportunities* to individuals who have been excluded from our economy.
- Microenterprise is a necessary component of a broad set of entrepreneurship strategies that can help to *revitalize local economies*.

# Outcomes



# Asset Building Strategies

- *Individual Development Accounts (IDAs)*
- *Financial education*
- *Enhancing access to credit through credit education and repair*
- *The Earned Income Tax Credit (EITC)*

# Microenterprise ~ Sustainable Communities

- Healthy and sustainable communities of choice and opportunity—good places to work, do business and raise children.
- Five Areas of Focus:
  1. *Expand capital investments in housing*
  2. *Build family income & wealth*
  3. *Stimulate local economy*
  4. *Improve access to quality education*
  5. *Developing healthy environments & lifestyles*