CATALYST
CASE STUDY

SNAPPT

Increasingly first responders, police, teachers and nurses cannot afford to live in the communities they serve. This trend is especially prevalent in California, which accounts for 40 percent of the cities where middle-income families are no longer able to afford to live[1].

40%

of cities profiled in an affordability study were in California.

Solving this problem is precisely the goal of Larkspur, California-based Catalyst Housing Group, which works to cultivate capital solutions that spawn stable and perpetually affordable rental housing for California's essential middle-income workforce.

One such project is Annadel Apartments in Santa Rosa, California. Catalyst worked with the California Public Finance Authority to purchase the property in an innovative deal that provides below-market rates for Santa Rosa's middle-income workers, allowing vital service providers to remain local. "People who can't pay rent where they work are commuting upwards of an hour or more in each direction and that is detrimental for everyone ," says Laine Gomez, a partner at Catalyst.

Catalyst hired FPI, a property management firm specializing in market-rate housing, to manage Annadel Apartments. One of the challenges FPI faces is a high rate of fraudulent applications. "It's surprising, but fully 26 percent of our applications include financial documentation that has been fraudulently altered," says Nicole Ballard, Community Director at Annadel Apartments.

26%
of Annadel Apartments' applications include fraudulent documentation

To fight this problem, Catalyst and FPI brought in Los Angeles-based Snappt. "We take the original financial documentation – such as a pay stub or bank statement – and with the help of our data-driven detection algorithms we can tell whether or not a document has been tampered with or not," says Daniel Berlind, co-founder and CEO of Snappt. "We're essentially looking for digital fingerprints that point to fraudulent financial documents."

What, exactly, is a fraudulently altered financial document? In some cases, it is an authentic document that has been altered digitally. An example might be a bank statement showing a balance of $1,803 that has been Photoshopped to add three zeroes. Voila – the applicant now has a balance of $180,300.

Another common tactic is to create a bogus paystub that looks – to the naked eye – 100 percent authentic. The applicant may be unemployed, but the paystub shows an annual income of $75,355.

It's a big problem because such application fraud often leads to evictions. With the national average for evictions topping $7,500 per case, this is a problem that directly threatens Catalyst's goal of providing affordable housing for middle-income families.

"We used to vet application by hand," says Ballard. "That took upwards of three days, and we had a high number of applicants bowing out as a result. With Snappt, we'll submit the package and we have an answer in less than a day – often just an hour."

Catalyst's Gomez is thrilled with how Snappt is working out. "It's simple, inexpensive and accurate," says Gomez. "Our onsite team is happy. And that means Catalyst is happy."

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[1]Priced out of the market? Cities where the middle class can no longer afford a home – USA Today

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