

# Connecting Subsidized Housing Residents to Valuable Financial Empowerment Services

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A holistic approach to financial independence with Bedford Stuyvesant Restoration Corporation

**Bedford Stuyvesant Restoration Corporation's Economic Solutions Center (the Center) is a one-stop shop for community-centered workforce development, personal and family finance, asset building initiatives, and social support. ideas42's New York City Behavioral Design Center (BDC) partnered with Restoration to enhance its communications and outreach initiatives in order to encourage more community members—specifically those living in subsidized housing—to take advantage of its financial counseling and other credit building and savings programs.**

## Summary

Established in 1967, Bedford Stuyvesant Restoration Corporation (Restoration) is the nation's first non-profit community development organization. The organization partners with residents and businesses to develop community-based strategies and provide comprehensive services to improve health, economic well-being, and quality of life in Central Brooklyn. Restoration's Economic Solutions Center is a multi-service hub offering workplace readiness training and job placement, benefits screening and enrollment, financial counseling, and asset building programs.

Over the past several years, Restoration has built a strong community presence and partnerships with subsidized housing developments throughout Central Brooklyn, as a foundation for establishing relationships with building residents who could benefit from the Center's services. These partnerships enable Restoration staff to engage potential clients by meeting them where they live, informing them about and connecting them with their network of services.

A new initiative is [Rent-to-Build Credit](#), a program which offers tenants the opportunity to report on-time rent payments to major credit bureaus as a way to boost their credit score. A good credit score means people can borrow money at a lower interest rate, helping their financial standing in the long-run.

When Restoration began to promote Rent-to-Build Credit, staff realized that there were many challenges to reaching potential clients living in subsidized housing. Its promotional events in housing developments were not as well attended as anticipated, and efforts to connect with residents through email and phone weren't as successful as they had hoped. So Restoration staff turned to ideas42's New York City Behavioral Design Center (BDC) for help engaging these residents in Rent-to-Build Credit and other economic empowerment services.

## Highlights

- ▶ Engagement in a new Rent-to-Build Credit program was low due to outreach challenges.
- ▶ Uncovering behavioral barriers, such as lack of salience, mistrust, present bias, and more, is the first step to creating more effective communications.
- ▶ We created a promotional door hanger to easily catch residents' attention at their homes.

## Behavioral barriers to engagement in financial empowerment services .....

We began by evaluating Restoration's engagement efforts to-date, with a focus on their strategy to promote the Rent-to-Build Credit program. This initial review included conversations with staff about what they had done to capture the attention of building residents, and lessons learned from their past promotional events. We also reviewed their informational materials, such as emails, flyers, social media and other online descriptions of the programs and services.

We then reached out to the building residents to learn more about how they perceive Restoration's outreach efforts and services. We also wanted to identify any behavioral barriers that might be limiting uptake of these services. Perhaps most importantly, we wanted to gather ideas for authentically engaging people in their buildings and community.

We spoke with six residents from four different buildings where Restoration has been focusing outreach efforts. The interviewees included individuals who had used Restoration's services (either Rent-to-Build Credit or another service) as well as those who had inquired about but not used a service. Through these conversations, we uncovered several behavioral barriers to capturing people's attention, encouraging them to use Center services, and helping those who decide to do so actually follow through on those intentions:

**Lack of Salience:** Several interviewees did not recall seeing information about the Economic Solutions Center. They were unaware of the Center, or didn't know about the array of financial services available. In the words of one interviewee: "It is good they [Restoration] have services around but they need to let people know they are there. I found out from a friend. I don't think a lot of people know that Restoration provides financial help and things like that." In the words of another interviewee: "the biggest barrier to people signing up for a financial service is their lack of knowledge that it exists."

**Present Bias:** Some comments indicated that the immediate, concrete benefits of financial planning and other asset-building initiatives like career or professional growth, credit building, retirement investments, etc. may not be obvious or immediate. Therefore, people may prioritize other activities that have more immediate, clear benefits, over financial asset-building activities.

**Mistrust of Financial Institutions:** General unfamiliarity with financial services (or past negative experiences) can create distrust toward financial service providers. Even if people are aware of what Restoration does for the community overall, some respondents suggested that people may be suspicious of financial service offers—wondering if staff will use their personal information for harmful purposes.

**Overconfidence in Personal Financial Planning:** Some noted that they, or others they know, prefer to rely on themselves to meet their personal financial goals, rather than seeking advice from an experienced financial adviser—even though these individuals were not aware of many important financial concepts.

**Scarcity of Time and Resources:** Nearly all interviewees mentioned constraints on their monetary and time budgets. Especially when resources are scarce, and immediate priorities are overwhelming or more

pressing, people are less likely to attend to communications and opportunities outside their direct field of focus. Several interviewees’ responses suggested that scarcity and tunneling are behavioral barriers to considering financial service options, forming an intention, and taking action:

- ▶ *“People are busy. When you have a 9-5 or other familial obligations it’s challenging to carve out time to make an appointment.”*
- ▶ *“To be honest, when I saw people with credit scores, I never had an idea of what it’d do. I was always looking for a job, so I wasn’t focusing on credit.”*
- ▶ *“Working—some people working 2-3 jobs. I don’t know. This is one thing with city life, everything is rush rush rush. They don’t have time.”*

**Ostriching Effect:** Also known as information avoidance, “ostriching” (i.e., putting your head in the sand) is the tendency for people to (actively or passively) avoid information that they anticipate will be negative. This includes avoiding financial information because of fears or psychological discomfort associated with it. For example, behavioral finance research has shown that investors are less likely to check their portfolio online when the stock market is down than when it is up (Karlsson et al., 2009). Though we did not hear direct statements about “ostriching” during our interviews, prior ideas42 research reveals that people often avoid financial information. It is entirely possible that building residents are avoiding communications from Restoration out of fear or anxiety tied to examining their financial situation or receiving financial advice.

## Behaviorally informed engagement solutions .....

The BDC team offered strategic, behaviorally informed recommendations to increase the visibility of and interest in Economic Solutions Center services among residents of subsidized housing in Central Brooklyn. First and foremost, we highlighted recommendations from our interviewees, including:

- ▶ **Invest in digital advertisements** at kiosks around Restoration Plaza, like LinkNYC
- ▶ **Post paper advertisements in community spaces**, such as day care centers, convenience stores, libraries, around the Plaza itself, or on subways and/or buses, in multiple languages.
- ▶ **Create and mail informational flyers** to people on Restoration’s contact lists, or have building employees place flyers directly into residents’ mailboxes
- ▶ **Table at community events**, like annual block parties
- ▶ **Maintain a consistent presence at buildings** through regular monthly or weekly informational or office hour sessions

Some interviewees expressed interest in helping spread the word about the Economic Solutions Center and financial services. We recommended that Restoration involve residents as much as possible, and recruit current clients to serve as paid advisors or ambassadors. By describing their own positive experiences, vouching for the quality of Restoration staff and services, and advising potential new clients on what to expect, these ambassadors can play a valuable role in increasing the Center’s visibility, reducing feelings

of mistrust about financial services, and encouraging their neighbors to learn more about what the Center can offer them. We also recommended that Restoration not only involve residents in promotion of programs, but also ask them about unmet community needs and possible programming directions.

In addition to the recommendations, the BDC designed prototypes of promotional door hangers, to be placed on apartment doors in each partner housing development. The prototypes address the behavioral barriers outlined above by:

- ▶ **Catching residents' attention** as they arrive home with visually appealing, culturally-relevant information pieces;
- ▶ **Incorporating client testimonials and staff photos, signatures, and contact information** to convey familiarity and enhance trust;
- ▶ **Listing outcomes other clients have achieved** to make benefits clear and convey a social norm of consulting financial advisors;
- ▶ **Highlighting critical contact information** (e.g. phone, email, hours) to facilitate immediate action and overcome procrastination.

## Next steps .....

Many of Restoration's plans to promote Rent-to-Build Credit and other financial services using the BDC's recommendations were put on hold in order to respond to immediate community needs related to the COVID-19 pandemic and social justice issues in the wake of the killing of George Floyd. When staff are able to turn their attention to promoting the Center's financial asset-building services, they intend to use the door hangers and other recommended communication strategies.

They also plan to use the BDC recommendations to enhance their ongoing outreach, intake, enrollment, and retention efforts at the organization as a whole. This includes the development of a core of paid advisors with experience using their services who live in the community and can support others. Putting voices from the community front and center in programming and using behavioral insights to reach people and make taking action easy can connect more residents to useful services that support long-term financial health.

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