

**Many low-income New Yorkers struggle to repay housing loans due to complex processes and forgetfulness, not necessarily unwillingness. This may lead to financial penalties, hindering economic growth and increasing inequality. Our project uses behaviorally designed reminders to simplify repayment, making it easier for people to stay on track. Early results show increased repayment rates, promising a significant positive impact on the program's sustainability and on individuals' financial standing.**

## The challenge: Low repayment rates for “one shot” loans

Rental costs in New York City can be prohibitively expensive and particularly hard to keep up with in the case of an emergency. To help New Yorkers navigate these unexpected events, the New York City Human Resources Administration (HRA) disburses one-time or “One Shot” interest free loans to low-income New Yorkers to offer emergency cash assistance, typically for overdue rental payments. New Yorkers who receive this One Shot loan are required to pay back at least a portion of it. The HRA sends monthly bills to clients to remind them to repay or work toward the repayment of their loans. Failing to repay One Shot loans may result in adverse outcomes for clients, such as civil litigation or damage to their credit score. However, complete repayment is not necessary to avoid these adverse outcomes. Rather, entering a repayment plan and making good faith payments of any size toward the loan will allow clients to avoid worst-case outcomes.

However, repayment rates for these loans are low, leaving clients vulnerable to adverse action because of nonpayment. HRA approached the NYC Behavioral Design Team (BDT)—run by ideas42 in partnership with the NYC Mayor’s Office for Economic Opportunity—to help increase repayment and keep low-income New Yorkers in good financial standing.

We approached the problem of increasing One Shot loan repayment rates by first hypothesizing reasons for nonpayment, looking for reasons beyond financial scarcity to explain the behavior. Drawing on our design expertise as well as insights learned from previous research we conducted with similar target audiences, we hypothesized seven key barriers to repayment:

### Highlights

- We're using insights from behavioral science to make easier and more intuitive for low-income renters to repay housing loans. This includes personalized mailers and simplifying complex information.
- Our pilot program in NYC increased loan repayment rates by 60%, helping bolster the sustainability of the One Shot loan program.
- This redesigned mail insert is cost-effective and can be easily replicated in other cities and for various types of loans, maximizing impact across the country.

1. Clients do not even consider the decision to pay toward their loans because they never notice or open their monthly bill.
2. Clients anticipate that the content of their bill will be painful, so they actively decide not to read the bill.
3. Clients are unsure whether to pay the bill because they are uncertain of how to interpret the information provided.
4. Clients put off paying their bill until later because it does not appear to be urgent.
5. Clients decide not to pay because they believe there will be no (or limited) consequences to nonpayment.
6. Clients decide not to pay or put off paying because the total amount owed feels unmanageable.
7. Clients put off paying because the steps to do so are confusing or seem difficult. the problem.

## Designing a solution: A behaviorally informed bill insert

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*Informed by these hypothesized barriers, we developed an insert to accompany the monthly bill sent to clients. The insert explained the bill's purpose and answered common questions about the bill through a behaviorally informed design, including the following features:*

- **Highlighting available assistance:** The billing insert deploys stylized formatting, including bolding, varied font size, and callout bubbles. These features emphasize available help for questions about the bill and for discussing options if someone is struggling to pay, providing clear instructions with a phone number and hours.
- **Simplifying the payment instructions:** Breaking payment into two simple steps and clarifying questions about the amount that must be paid and when, as well as how to fill in the bill appropriately (with a visual example), can help the client repay the bill on their own by reducing hassles in navigating or understanding the payment process.
- **Making the total amount due salient:** Bolding the total amount due this month and making it visually prominent in larger font and in the first line of the instructions can help clients keep track of what they owe and reduce questions called in to 311.
- **Cuing clients' identity as a New Yorker:** The insert preemptively thanks the client for their repayment of the bill, emphasizing the prosocial benefit, or reciprocity, of repayment: By paying back their loan, they can help to ensure that future loans are available for other New Yorkers like them.
- **Personalizing the bill:** By including the client's name at the top of the bill and explaining why they have received this bill, the insert aims to increase trust that this bill is legitimate and intended for the client. This is particularly relevant because billing was paused for three and a half years during the pandemic. This insert can reorient clients now that billing has resumed.
- **Emphasizing the salience of responding:** Clearly stating what the consequences will be if the client does not respond can inspire the client to take action and make a payment toward their loan. The billing insert clarifies that failure to repay may lead to legal consequences.
- **Providing clarity on payment size:** By indicating that payments of any size can be made, so long as the loan is repaid over time, the insert aims to combat ostriching, a phenomenon that may cause clients to avoid reading the bill or paying anything towards it because they anticipate it will be painful or impossible to pay back. Instead, the billing insert provides a smaller, intermediate step to take in the meantime.

## Results: Increased repayment and reduced staff burden

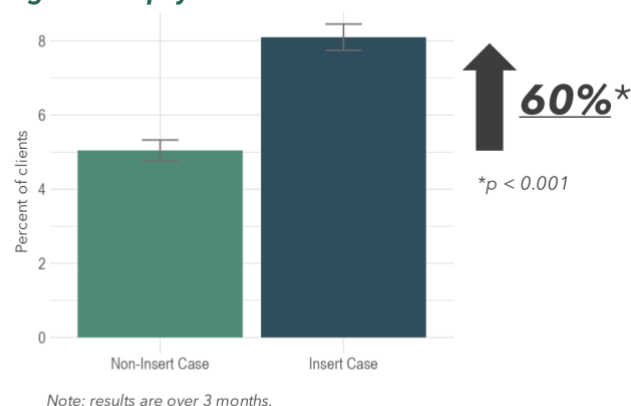
To evaluate the effects of including the behaviorally designed insert with clients' bills, we worked with HRA to conduct a randomized controlled trial. Starting in April 2024, half of all One Shot bill clients received the insert along with their monthly bill (the "treatment" group) while the other half received their usual bill (the "control" group). During the three-month trial period, 6,007 clients received the new billing insert, while the 5,928 individuals received only the bill.<sup>1</sup>

Comparing payment behavior in the two groups, **we found that the billing insert successfully increased repayment rates by 60%**, a strong and statistically significant increase ( $p < 0.001$ ). In total, clients of the insert paid \$25,314.97 more than clients in the control group. The increase was largely driven by clients making small-dollar payments between \$25 and \$100.

The insert also successfully reduced the harmful effects of *ostriching*, in which clients who had higher bills were less likely to make any kind of payment. We found that **clients with higher loan amounts were much more likely to pay if they had received the insert** than if they had not ( $p < 0.05$ ).

Finally, in addition to improving repayment rates, we found that the insert reduced staff burden. Despite making more payments, **clients who received the insert were 32% less likely to call HRA** asking for help or clarification, with 75 clients calling from the control group and 51 from the treatment group ( $p < 0.05$ ). This suggests that clients who received the insert had less confusion about their bill and provides much-needed capacity for HRA staff members fielding these calls.

**Figure 1: Repayment rate results**



## Takeaway: A cost-effective behavioral solution with big potential for impact

*To help address low loan repayment rates, ideas42 worked with HRA to develop a behaviorally informed billing insert. Including the insert with clients' monthly bills was highly effective at encouraging people to make a payment toward their One Shot loan, increasing*

<sup>1</sup> We confirmed that there was no difference in the rate of loan repayment between clients in the treatment versus control group before the study began, and that there were no differences between the groups in basic demographic characteristics like age, gender, income, and race or ethnicity ( $p$ 's  $> 0.05$ ).

repayment rates by 60%. Findings suggest that the insert helped make the bill less threatening and overwhelming, encouraging even those with high loans to pay even a small amount to avoid the negative consequences of nonpayment. Findings also suggest the insert made the bill less confusing, with fewer calls placed to HRA about questions on the bill, and as a result, reducing the burden on staff.

This work helped support the social impact goals of ideas42 and HRA, both by allowing the city to recoup funds—we estimate that **implementing the insert at scale could increase revenue as much as \$50,000 per quarter**—to ensure that loans are available for future clients, and by improving the experience for clients and helping them avoid the negative repercussions of not paying back their loans. Based on the results of this trial, HRA plans to integrate the insert into its regular One Shots billing practices.

## Appendix

NYC Department of Social Services  
Human Resources Administration  
Department of Homeless Services  
Department of Social Services  
Accountability Office

OPA-25(E) Rev. 07/10/2023 LLF

**Have questions?  
Trouble paying this month?**  
We can help.  
Call us at: (718) 557-1399  
Mon-Fri, 9am – 5pm

**[First Name], this is your One-Shot Bill.**

**Why am I getting this?** You received a One-Shot loan from NYC HRA.  
You must repay your loan or you will be sent to HRA collections.

**Pay Today.**  
Your current installment due this month is .

**1 Write a check or purchase a money order** for the amount you're able to pay to HRA/DARB. Pay what you can now. (Note: you must still pay the rest later.)

**2 Fill in the box** on the next page with the amount you're paying (like this example).

Payment Due By: (Pay by this date)	Total Amount Due: (Total amount you owe)	Billing Period: (Month being billed)	Amount Enclosed: <b>\$ 25.00</b>
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**3 Mail your payment** with the bottom of your bill using the envelope provided.

Do you have a disability or health condition that makes it hard for you to understand this notice or to do what this notice is asking? Call us at 718-557-1399 and we can help you.

**Thank you for paying it forward.**  
One-Shots help New Yorkers just like you.

Figure 2: Behaviorally informed billing insert

Form HRA-2019-001 Rev. 06/06/2019

NYC HUMAN RESOURCES ADMINISTRATION  
DIVISION OF ACCOUNTS RECEIVABLE AND BILLING  
150 GREENWICH STREET, 14TH FLOOR  
NEW YORK, NY 10007

CLAIMS & COLLECTIONS  
2019 AUG - 1  
00146000000674

Invoice Number: [REDACTED]  
Case Number: [REDACTED]  
CIN Number: [REDACTED]  
Category/Item: SNCA / RES  
Total Amount Owed: \$ 4,529.41  
Past Due Amount: \$ 0.00  
Current Installment Due: \$ 378.28  
Total Amount Now Due: \$ 378.28  
Due Date: 07/20/2019

Notice of payment and receipt  
Includes all payments received by: 06/30/2019

For the Account of: [REDACTED]

Receipt Number	Payment Process Date	Received Amount
NO	PAYMENT	THIS MONTH

This notice shows the amount that you owe The New York City Human Resources Administration. It also lists the payments received for the prior month. If you have any questions about your bill or you are having difficulty in making payments, please write to the address below or call the number listed below.

Write: HRA CLAIMS AND COLLECTIONS  
375 PEARL STREET  
NEW YORK, NY 10038  
Call: (718) 557-1344

RETURN THE PORTION BELOW WITH YOUR PAYMENT AND PLEASE USE THE ENVELOPE PROVIDED.

CUT HERE

Invoice Number: [REDACTED]	Case No: [REDACTED]	Cat. Code: SNCA	Item Class: RES
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Make checks payable to: HRA / DARB  
Put your Case Number on the check: [REDACTED]

Please Use Enclosed Envelope Or Send Payment To:  
Human Resources Administration  
Division of Accounts Receivable & Billing  
150 Greenwich Street, 14th Floor  
New York, NY 10007

Payment Due By: 07/20/2019	Total Amount Due: \$ [REDACTED]	Billing Period: 07/2019	Amount Enclosed: \$ -
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Check box to indicate Change of Address  
Change of address: \_\_\_\_\_

Figure 3: Existing monthly billing statement from HRA