Incorporating Asset-Building into the Basic Structure of Public Housing: Reflections on the Rent-to-Save Pilot

By Jeffrey Lubell and Hannah Thomas

In 2016, the Cambridge Housing Authority (CHA) and Compass Working Capital (Compass), a Boston-based non-profit, launched the Rent-to-Save Pilot Demonstration in two Cambridge public housing developments. This three-year demonstration offered every resident in the covered public housing developments the opportunity to build assets automatically, simply by paying their rent. The goal of the demonstration was to test the feasibility of integrating an asset-building feature similar to the U.S. Department of Housing and Urban Development's (HUD's) Family Self-Sufficiency (FSS) program into the basic structure of public housing, so that saving becomes an automatic feature of public housing, rather than something residents have to actively opt into.

During the demonstration, resident households accrued a "Rent-to-Save" credit equal to 1% of their rent contribution every month, plus half of any increase in rent attributable to income increases (since the demonstration began). This dual structure was intended to combine automatic savings for all households with the opportunity for households that

Rent-to-Save Pilot

- Three-year pilot of a savings initiative in two public housing developments in Cambridge, MA: Jefferson Park and Corcoran Park.
- All resident households were automatically enrolled.
- Households built savings in two ways. First, all households received a credit equal to 1% of their contribution to rent. Second, households whose rent increased due to their higher incomes received a credit equal to half of the increase in rent.
- To access their Rent-to-Save funds, heads of households at Jefferson Park had to complete six months of financial coaching, unless they requested a waiver. More than half (51%) of Jefferson Park households successfully accessed the funds; among these households, the median savings was $710 and the average savings was $1,659.
- To access their funds, Corcoran Park households only had to complete an exit survey; they were not required to participate in coaching. More than four-fifths (82%) accessed their savings; among these households, the median savings was $809 and the average savings was $1,293.
- Households in both developments had the option to access funds prior to the program's end to meet a financial goal.
- Households who wished to opt-out could choose not to participate, forgoing their accrued savings.

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increased their income to capture the corresponding rent increase in a savings account. At the end of the demonstration, households could receive their accrued savings, under certain conditions.

Heads of household of one development—Jefferson Park—had to complete a brief exit survey plus six months of financial coaching in order to receive their accrued savings (unless they requested a waiver of this requirement).[1] Household heads in the other development—Corcoran Park—could receive their accrued savings without participating in financial coaching, simply by completing the brief exit survey. Households in both developments also could request interim disbursements of their accrued savings before the three years expired if needed to help them meet their financial goals.

This brief describes how the demonstration worked and some of the lessons CHA and Compass learned from it. It concludes with thoughts about questions for future research and the policy implications of the demonstration.

Why the Rent-to-Save Demonstration Matters

Assets play a critical role in supporting individual and family well-being. Individuals need income to meet their basic needs, but they need assets to get ahead: to save for a college education or the down payment on a home, to start a business, or to pay for critical car repairs or a new car needed to get to work. Assets also provide an important cushion that helps insulate individuals to an extent from financial shocks that might otherwise set them back—for example, helping them pay off an uninsured medical bill or paying for key expenses during a temporary job loss. In addition, assets help orient people towards the future, providing a sense of security and opportunity.[2]

Rather than encouraging the development of assets, many U.S. social policies penalize families for building savings by restricting access to public benefits to households with assets below a low threshold level. Many low-income households—including residents of subsidized housing—worry that building savings could jeopardize their access to means-tested benefits. Some residents of subsidized housing also worry about increasing their incomes to the point where they lose access to rental assistance, eliminating their protection from persistent income volatility. By helping residents build savings and plan for the future, a program like Rent-to-Save could increase residents' financial well-being and facilitate and reinforce their plans for increasing their incomes.

Consistent with the longstanding bipartisan interest in using housing assistance as a platform for economic security, HUD provides an exception to asset-limiting social policies by offering subsidized housing residents the opportunity to participate in FSS. This asset-building program currently serves about 74,000 households nationwide in three major federal rental assistance programs: the Housing Choice Voucher program, public housing, and the Project-Based Section 8 Program. But enrollment in FSS is limited by the fact that households need to sign up to participate and by limits that public housing agencies (PHAs) and private owners place on how many households may participate. So even as FSS is one of the nation's largest asset-building programs focused on poor families, it still falls far short of reaching its full potential enrollment, previously estimated at 2.2 million households.[3] If rolled out nationally—or even across one or more individual PHAs—programs like Rent-to-Save could help to significantly expand the number of low-income households benefitting from asset-building opportunities.

Critically, enrollment in Rent-to-Save was automatic, so residents did not need to volunteer to participate. To access their accrued savings, heads of household at Jefferson Park who were not eligible for a waiver had to complete six months of coaching—introducing a program requirement that could potentially reduce participation. But Corcoran Park households could access their savings simply by completing an exit survey.

As is often the case with initial pilots, the project team experienced a number of challenges during implementation of the demonstration and learned a lot about how to strengthen the program and improve outcomes. But fundamentally, the demonstration affirmed that such a program could substantially expand the share of public housing residents building assets. It also provides a road map for how a larger test could be designed to more comprehensively assess the potential to incorporate asset-building into the core model of subsidized housing.

CHA's ability to implement this demonstration depended to a significant degree on the funding and program flexibility it acquired as part of the Moving to Work demonstration—a HUD program that allows a limited number of PHAs to seek waivers of standard program rules.[4] Without a congressionally authorized pilot demonstration, other PHAs would similarly need Moving to Work authority to implement a Rent-to-Save program; however, the number of agencies with such authority is growing.[5]

How the Rent-to-Save Demonstration Worked

Building Rent-to Save Credits

During the three-year term of the demonstration, all households at Jefferson Park and Corcoran Park had the opportunity to build savings in two ways. First, each household received monthly credits to its Rent-to-Save account equal to 1% of its monthly rent contribution (rounded to the nearest dollar). For example, if a household's rent averaged $200 per month throughout the three-year term of the demonstration, the household would automatically qualify for $2 per month in credits, for a total savings of $72 over the course of the demonstration. A household with an average rent of $500 per month would save $5 per month, for a total of $180. These sums admittedly are modest, but the program organizers wanted all residents to have the opportunity to accrue at least some savings and hoped the automatic savings (even if small) would encourage residents to pay attention to the initiative.

Second, households received half of any increase in rent attributable to their increased income, which gave them the potential for much larger amounts of savings. In lieu of the traditional 30% of adjusted income rent formula, CHA has a tiered rent policy in which rent rises when a resident increases his or her income from one income tier to the next. For example, as illustrated in Figure 1, a household of three at Jefferson Park or Corcoran Park with an income between $5,000 and $7,499 is responsible for paying $62 per month in rent. If a household that starts the demonstration with income at that level increases its income to a range of $15,000 to $17,499, the rent would rise to $312 per month, an increase of $250. Under Rent-to-Save, a credit equal to half of that increase ($125) would be made into the household's account each month, building greater savings. This savings would be in addition to the 1% credit the household would receive each month of $3 (1% of $312 monthly rent, rounded to the nearest dollar).

Accessing Rent-to-Save Credits

The Rent-to-Save accounts were not standard bank accounts. A family couldn't just go to an ATM and withdraw cash. Instead, it had to either (a) wait until the end of the three-year demonstration period and complete the prerequisites for accessing the funds or (b) request an interim disbursement. Households living at Jefferson Park had to complete six months of financial coaching and an exit survey to access their final accounts; households living at Corcoran Park had only to complete the exit survey. This dual structure allowed Compass and CHA to study how the coaching requirement would affect the percentage of households able to access the savings accumulated in their Rent-to-Save accounts. In theory, the financial coaching should affect other outcomes as well, such as residents' credit scores and debt levels and potentially the amount and uses of their Rent-to-Save funds. However, this initial pilot was not set up to evaluate these outcomes.

At Jefferson Park, coaching-eligible households[6] could only request an interim disbursement after the head or co-head had completed six months of financial coaching. At Corcoran Park, households could request an interim disbursement at any time. Among other purposes, interim disbursements could help families pay for emergencies (such as car repair) or to help them meet their financial goals. One interim disbursement paid for a child's college tuition; another paid for the out-of-pocket expenses associated with a new pair of glasses for a resident who needed them to continue working.

Figure 1: Rent-to-Save Credit Illustration

			MONTHLY RENT-TO-SAVE CREDITS		
Time Period	**Income**	**Rent**	**1% of Rent (rounded)**	**50% of Income Increase**	**Total**
Before income increases	$6,000 / yr	$62 / mo	$1 / mo	none	$1 / mo
After income increases	$16,000 / yr	$312 / mo	$3 / mo	$125 / mo	$128 / mo

Compass and CHA specified certain conditions for accessing funds for credit improvement, homeownership, vehicle-related expenses, education, and small business development. CHA and Compass loosened the restrictions for obtaining interim disbursements as the program went on to facilitate the use of accrued funds to help residents meet genuine needs.

Enrollment and Marketing

As noted above, a key feature of the demonstration was automatic enrollment. Everyone in the developments received the Rent-to-Save credits automatically, without having to sign up. Of course, a household could choose not to request access to its escrowed savings—essentially opting out of the program. But residents didn't need to opt in to participate, which Compass and CHA expected would substantially increase participation rates.

Compass and CHA marketed the program in several ways. They sent mailings to residents in the two developments that provided information on the program and quarterly "account statements" to each household summarizing credits to the household's Rent-to-Save account. They held briefings and other meetings on site, and they talked to residents coming in to recertify their income, which CHA requires every two years.

Figure 2: Site Demographics

Number of Households	JEFFERSON PARK 171	CORCORAN PARK 152
Elderly. Percentage of households with a head, co-head, or spouse age 62 or older	33%	20%
Non-Elderly, with Disabilities. Percentage of households with a head, co-head, or spouse age 61 or younger identified as having a disability	18%	11%
Non-Elderly, No Disabilities. Percentage of households with a head, co-head, or spouse age 61 or younger not identified as having a disability	49%	69%
Average annual income	$27,872	$27,724
Average monthly tenant rent	$518	$530

Results of the Rent-to-Save Demonstration

This section summarizes data on (a) the amount of savings residents accrued in their Rent-to-Save accounts; (b) the extent to which residents successfully accessed their savings; and (c) the results of the exit survey that residents completed in order to access their funds at the end of the demonstration. A forthcoming brief by Abt Associates will summarize findings from resident interviews and focus groups; a forthcoming analysis will examine changes in resident incomes.[7]

Figure 2 shows the basic demographics of the two sites as of the time the demonstration began.

Rent-to-Save Accruals and Disbursements

During the course of the demonstration, CHA opened Rent-to-Save accounts for 185 households at Jefferson Park (the site where coaching was required) and 141 households at Corcoran Park. As of the conclusion of the demonstration, the median account balance for all households stood at $464 at Jefferson Park and $574 at Corcoran Park. The average account balance stood at $1,256 at Jefferson Park and $1,213 at Corcoran Park.[8] These totals do not include amounts paid out through interim disbursements of Rent-to-Save funds, but there were only a relatively small number (n=24) of those.

More than half (95 of 185, or 51.4%) of all residents at Jefferson Park completed the prerequisites for accessing the funds in their Rent-to-Save accounts; more than four in five (116 of 141, or 82.3%) did so at Corcoran Park. As shown in Figure 3, the median and average balances were substantially higher for residents who qualified to receive their funds than for those who did not.

About two-thirds (62, or 65.3%) of the 95 households accessing the funds in their Rent-to-Save accounts at Jefferson Park had completed the required six months of financial coaching; one-third (33, or 34.7%) had received a waiver of the coaching requirement. Those 62 completers accounted for more than half (55.4%) of the 112 coaching-eligible households there—a participation rate in financial coaching that is substantially higher than typical participation rates of FSS.

Figure 3: Rent-to-Save Account Data as of the Demonstration's End

	JEFFERSON PARK	CORCORAN PARK
Number of Accounts (Residents)	**185**	**141**
Those Qualifying to Receive Funds	95 / 51.4%	116 / 82.3%
All Residents		
Median Account Balance	$464	$574
Average Account Balance	$1,256	$1,213
Residents Receiving Funds		
Median Account Balance	$710	$809
Average Account Balance	$1,659	$1,293
Residents Not Receiving Funds		
Median Account Balance	$259	$178
Average Account Balance	$835	$843

Survey Results

As a condition of households receiving the funds in their Rent-to-Save accounts, Compass and CHA required them to fill out an exit survey. A total of 209 households completed the survey—94 from Jefferson Park and 115 from Corcoran Park.[9] The following is a brief summary of the key findings of the survey:

- **Most respondents could correctly identify the goals of the program.** When asked to identify the primary goals of the Rent-to-Save demonstration from a list that included both correct and incorrect answers, 91.9% correctly identified one or more goals of the program, whereas only 6.7% said they did not know and only 14.8% identified an incorrect goal.[10] The results did not differ markedly between the two developments.

- **Nearly 80% of respondents had already identified how they wished to spend the funds.** The most commonly identified purposes were paying current bills (42.8%); improving their credit or paying down debt (34.3%); paying for food, clothing, or medical necessities (21.7%); saving in an emergency savings account (21.1%); and saving for a child's tuition or college (16.9%).[11]

- **Nearly half of all respondents (48.3%) reported thinking at one point that the program was too good to be true.** Participants had a number of suggestions for how CHA and Compass might overcome this issue, including having more regular and frequent in-person meetings about the program, providing more information in more languages about the program, and starting the program earlier. Residents suggesting an earlier start did not elaborate on why this would help, but one potential explanation is that the program may have been more easily accepted had it begun when residents entered public housing—rather than midway through their tenancies.

- **As might be expected, when asked what they liked best about the program, large numbers of respondents reported that they valued the opportunity to save money; and many said that they liked that the savings happened automatically.** Many respondents at Jefferson Park also expressed appreciation for the support they received. Among other items cited, Jefferson Park respondents reported liking:
  - "How if you needed them, they were there to reach out for support and financial goals."
  - "Referrals to resources in the community to assist with first-time home ownership and debt reduction."
  - "I liked going over my credit report, learning how to invest my money, and talking about different ways to further my education so I can earn more money."
  - "It was good that my daughter was able to get a credit score check to see how she was doing financially."
  - "When you had questions or concerns, there's always someone you can talk to."

- **When asked to identify how the program could be improved, the most common suggestion by far was for the program to continue beyond the three-year timeframe.** Other suggestions included CHA providing a match on participants' own savings, a higher percentage of rent contributed into the accounts, and a desire for earlier and better communication with residents. Interestingly, at Jefferson Park, where residents were required to participate in financial coaching to access their funds, a number of respondents expressed a desire for even more information on building financial capability, such as classes on budgeting and how to save.

- **Responses to the final survey were generally similar for residents of the two developments, with some modest differences.** For example, somewhat more of the survey respondents at Jefferson Park (34%) than Corcoran Park (28%) reported that they had added to their savings in the past year. Somewhat more respondents at Corcoran Park (56%) than Jefferson Park (44%) reported they had lowered their debt in the past year. More respondents at Jefferson Park than Corcoran Park reported that they planned to spend their funds on building emergency savings (19% vs. 14%) and saving for home purchase (14% vs. 6%).

Jefferson Park: Jean-Marie

Jean-Marie is married with three children at home. When he first heard about the Rent-to-Save program from his wife, he was distrustful. He thought it was "too good to be true."

But after hearing about it from other people and then attending the initial meeting about the program with Compass staff, he realized that this program could really help him out. He attended the Compass financial coaching meetings, where he learned more about the program and discussed his credit report and budget.

At the end of three years in the program, Jean-Marie had built $3,000 in savings, which he used to help pay his son's college tuition.

Achievement of Pilot Goals

This section reviews the extent to which the pilot achieved its key goals, based primarily on the results noted above and interviews Abt conducted with staff at Compass and CHA responsible for administering and overseeing the program. This section also incorporates some initial findings from the interviews and focus groups with residents.

1. **The demonstration succeeded in its goal of expanding opportunities for public housing residents to build savings.** At Jefferson Park, slightly more than half (51.4%) of residents accessed more than $155,000 in Rent-to-Save funds. At Corcoran Park, where barriers to accessing the funds were lower, 82.3% of residents accessed more than $148,000 in funds. It's tempting to focus on the residents who chose not to access their funds, but the bigger story is that more than half of Jefferson Park residents and more than four in five Corcoran Park residents were able to build savings and take the steps needed to access their accounts.

2. **At Jefferson Park, the demonstration succeeded in enrolling in financial coaching more than half (55.4%) of coaching-eligible households.** While lower than the percentage who accessed their accounts at Corcoran Park, where there was no financial coaching requirement, that rate is higher than the FSS enrollment percentages that Compass is seeing in its place-based FSS programs, which fall in the 28% to 33% range. It also is significantly higher than the typical percentage of non-elderly non-disabled households enrolled in Housing Choice Voucher or public housing FSS programs.

3. **A significant share of residents reported understanding the purposes of the program.** This may seem like an easy lift; but for any program that enrolls participants automatically, there is always a question about whether those participants really understand what the program is and how it works. In this case, the survey data suggest that at least the residents who accessed their funds did in fact understand that the purpose of the program was to help them build savings; improve their credit and pay down debt; and achieve their financial goals (the three most common responses). A smaller share also identified supporting residents to earn more money as a program goal, which is notable because the savings structure provides an incentive for residents to increase their earnings.
At the same time, program staff reported a concern as to whether residents really understood exactly how the program worked. For example, staff cited the program's two different saving mechanisms (1% of monthly rent and 50% of the increase in rent due to increased income) as difficult for some residents to follow. In addition, the policy on interim disbursements was complex, and it may have been difficult for residents to understand what types of interim disbursement requests would be accepted. The resident interviews and focus groups confirm staff concerns. Residents understood at a high level that the purpose of the program was to help them build savings, but they struggled to understand the details. For example, one resident was confused about how the savings levels were determined:

> "One thing I noticed. Everybody got different amounts, which I understand because of different incomes. But I had a certain person..., we started the same time, because I'm the one who brought her to the meeting...[and] had the same income, but her check was bigger, and I couldn't understand what was the difference."

In the survey, respondents most commonly reported learning about the program from a postcard in the mail and the Rent-to-Save account statements they received quarterly. Over the course of the program, staff worked hard to streamline and improve the clarity and readability of the statements. Staff expressed the belief that inclusion of information on the expected final accrual of savings was particularly effective in engaging residents. Staff also cited an informal resident ambassador at Jefferson Park who undertook to recruit other residents to participate in financial coaching, once she had experienced it and had a sense for the benefits. At the same time, many residents who had gone through financial coaching were reluctant to share their experiences with others, preferring to keep their involvement private. This made it difficult for Compass and CHA to identify real "stories" to share.

4. **By offering residents the ability to access their funds on an interim basis, the program helped reassure residents that the program was real.** As discussed more fully below, a key challenge faced by the program was a belief that it was too good to be true. Once residents started receiving checks for interim disbursements to meet their financial goals, the legitimacy of the program was established, paving the way for greater acceptance by other residents. At the same time, the focus groups revealed that some residents had tried and failed to obtain an interim disbursement; others felt the process took a long time, which they found frustrating.[12]

5. **The program helped residents become more optimistic about the future and build financial skills to achieve their goals.** During a focus group, one resident described how the program gave her hope. "You was acknowledged, you learned from it. It was something to look forward to. It gave you hope." Other residents described feeling invested in by the program. At Jefferson Park, residents learned new skills that reflected information shared in financial coaching. One Jefferson Park resident noted, "I learned a lot, how to save, how to use my credit cards, how to build my credit. And use coupons.... Not because of the check alone but of the educational process. Which was awesome."

Challenges Encountered

This section identifies the most significant challenges faced by the program and provides some suggestions on how they could be addressed if this program is reintroduced, either as a subsequent demonstration or as a permanent program.

1. **Lack of trust**. Interviews with program staff underscored that program staff had to overcome a deep level of distrust on the part of many residents to convince them the program was legitimate. Indeed, per the survey, nearly half of the residents who ultimately chose to access their funds at one point believed the program was too good to be true. Survey data are not available on residents who did not access their savings, but it seems likely that trust may have been an obstacle for them, as well. One potential reason for the distrust was that many residents have been victimized by predatory scams in the past and are on guard against any initiative that involves their finances. Another is that there have been many previous initiatives and demonstrations offered in public housing developments, some of which may have proven to be disappointing.

   One resident noted in a focus group, "I was tearing up the letter I was receiving. I thought it was something just like the housing trying to get something. I didn't understand. I thought about it in a really negative way at first." This resident's attitude changed when a program staff member got in touch to say that she could access her money. Another resident went to a meeting with a program staff person, which helped her understand the program and trust it. Other paths for overcoming distrust that emerged in the focus groups included receiving repeated letters about the program; talking with neighbors and family; calling program staff to ask about interim disbursements; talking with financial coaches at Jefferson Park; receiving a check for an interim disbursement; and hearing from other people who knew about the program.

2. **Lack of awareness and understanding.** Most of the residents who accessed their escrowed savings ultimately seem to have understood at least the program's purpose. Still, program staff reported challenges building a level of understanding among residents about the nature of the program and how it worked. This effort was complicated by personnel changes within the on- site property management team that worked most closely with residents, as well as by the many languages that residents spoke in the developments. The language barriers were related in part to a lack of knowledge at first of which households spoke which language and in part to the sheer complexity of communicating in multiple languages simultaneously. Compass and CHA worked hard to overcome the language barriers, but staff acknowledged that this posed a difficult challenge.

Corcoran Park: Desi

Desi is a mother of two young kids, working in hospitality. When she first noticed the quarterly account statement in the mail, she was distrustful of the program and took the statement to discuss with her mother. She remained skeptical after they talked it through.

After continuing to see quarterly statements arriving in her mailbox showing an increasing savings balance, she got more curious. Towards the end of the program, she needed some money to pay off a credit card balance she had built up while unemployed. She called Compass to ask about an emergency disbursement and was able to take out money to pay off the credit.

One approach for addressing the lack of awareness and understanding of the program would be to roll out the program at the beginning of residents' tenancy in public housing, rather than midway through, after initial expectations had been set. Introducing the program as part of a resident's initial orientation would likely facilitate understanding of the program and its legitimacy. An even better approach would be to offer it site wide, when a development is first being populated. That would be difficult within public housing, however, where there is little new development (except in narrow cases to replace existing sites).

To facilitate the integration of an automated savings program feature into public housing, it will be important to enlist as core partners the property management staff that interact closely with residents. The message about the opportunity to build savings needs to be integrated into all interactions with residents, and not conveyed solely by the savings program staff, who only rarely have the opportunity to interact with residents.

3. **Challenge conveying and reinforcing incentive for increased earnings.** In the standard FSS program, families build savings only when their earnings increase, but families that increase their earnings can capture 100% of the corresponding rent increase in a savings account. CHA's FSS program differs in capturing only half of any increase in an escrow account.[13] Nevertheless, Abt's 2017 evaluation of the FSS programs that Compass manages in partnership with the housing authorities in Cambridge and Lynn, Massachusetts, found them to be effective in helping to support residents' increased earnings.[14]

The savings incentive provided by the Rent-to-Save program is similar to CHA's modified FSS escrow account in capturing only half of any rent increase, except that savings is triggered by higher rent attributable to increases in any form of income, rather than just earned income. The decision to focus on changes in income rather than changes in earnings was grounded in a desire to simplify the messaging to residents and to remove complexity from the escrow calculation. However, it resulted in some large savings accumulations due to such events as a household member starting to receive Social Security Disability Insurance. Tightening the criteria to focus on increases in earned income only might help clarify the nature of the incentive and reduce the cost to the PHA and/or HUD, though it would also reduce the range and number of households benefitting.

In the Rent-to-Save pilot, CHA's policy of recertifying residents' income every other year, combined with the three-year time period of the demonstration, meant that for many residents, the financial incentive to increase their income provided by the savings account may have come too late to influence their earnings. For example, residents who learned about the program in year 2 of the demonstration and took action to increase their earnings at that time may or may not have had a recertification of income after their income increase; such a certification would have been necessary in order for CHA to start crediting their Rent-to-Save account based on their higher rent payments. (On the other hand, earnings impacts could potentially flow from a resident's enhanced orientation toward the future resulting from the accounts, even if the timing didn't allow for earnings increases to affect account accruals.15)

To the extent a future demonstration seeks to evaluate a program like Rent-to-Save, it would be useful to consider a longer time horizon, to allow time for changes that residents make in response to program incentives—such as increasing their earnings—to affect their savings. Alternatively, in place of a fixed duration, the incentive could be provided indefinitely, with a cap on how much savings any one resident can accrue.

Questions for Future Research

- **Is it too complicated to provide two different methods of building savings in the same program?**

  Some program staff found the two-pronged savings accrual policy hard to explain. Because the amounts saved from the 1% of the resident's monthly rent are so small, an alternative could be to focus the savings only on rent increases tied to increases in earnings. This would be easier to explain, and it would help to encourage and support increased earnings. An alternative approach to simplifying the incentive would be to provide everyone with a small amount of automatic savings without tying the component to increased income or earnings. Additional input from residents would be helpful for informing future adjustments to the structure of this program.

- **How will such a savings program be paid for?**

  In addition to being simpler to explain, a policy that provides savings only for rent increases tied to increases in earned income would stand a better chance of paying for itself. As explored in previous papers, financial incentives tied to increases in earnings could pay for themselves if the policies induced higher earnings that led to higher rent.[16] To do so, however, the policies must provide residents with savings equal to only a share of their rent increase and not 100% of the increase. Providing just a share is necessary to make the PHA/HUD whole for lost revenue associated with earnings increases that would have occurred even without the financial incentive of the savings. Additional research would be needed to confirm whether an incentive policy could be both strong enough to induce higher earnings and capable of being paid for by the increased rent. (Note that the costs of any coaching or other services would need to be covered in some other way.)

- **Should financial coaching be required or optional?**

  The demonstration established that a sizable share of residents would participate in financial coaching when participation in coaching is required to access their Rent-to-Save funds. It is unclear, however, what share would participate in financial coaching if it were offered as an option. Compass' experience with place-based FSS programs suggests an enrollment rate of a bit more than half that of the Rent-to-Save program at Jefferson Park. On the other hand, FSS requires a much longer time commitment (generally three to five years) than does Rent-to-Save coaching (six months), and the Rent-to-Save program has the added recruitment advantage of providing every resident with accrued savings automatically.

  Conceivably, residents who build savings through an initiative like Rent-to-Save might be encouraged to seek out coaching even if not required to do so. Program staff report that some residents at Corcoran Park expressed frustration that they were ineligible to participate in Compass' financial coaching; similarly, some residents at Jefferson

Park expressed frustration that they were required to receive coaching to access their savings. At the same time, the survey data show that many residents who participated in financial coaching at Jefferson Park were interested in continued and expanded financial education, so it appears many households were satisfied with the service.

- **Did the amount of financial coaching provided through this program lead to better outcomes?**

  A previous evaluation found that the FSS programs Compass administers in partnership with PHAs in Cambridge and Lynn, MA, led to gains in earnings, reductions in public benefits receipt, improvements in credit scores, and reductions in credit card and derogatory debt.[17] But the Compass FSS model provides for financial coaching over a longer period of time. It would be useful in future research to examine to what extent a shorter duration of financial coaching, such as the six months required at Jefferson Park, produces positive outcomes.

Conclusion

The Rent-to-Save Pilot demonstrated the feasibility of introducing automated savings into public housing and the possibility that such a program could achieve relatively high enrollment rates in financial coaching. Further experimentation over a longer time horizon would be desirable to study the effects on earnings and determine whether the introduction of such an initiative when residents enter public housing—rather than midway through their tenancies—might help overcome the trust issues that impaired full acceptance of the Rent-to-Save accounts. Engaging residents as ambassadors is another promising approach for building trust. More broadly, the more a structure like Rent-to-Save could become embedded in the core public housing model—as opposed to being a special add-on—the more likely it is to be reinforced by property management staff and acted upon by residents.

Endnotes

1 Individuals could request a waiver if they were elderly, a person with disabilities, a single parent with a child under the age of two, or the primary caretaker of someone who was elderly or a person with disabilities.

2 For an illustration of how relatively small amounts of assets can help reduce hardship, see Caroline Ratcliffe, Signe-Mary McKernan, Gregory Mills, Michael Pergamit, and Breno Braga (2019), From Savings to Ownership: Third-Year Impacts from the Assets for Independence Program Randomized Evaluation, Final Report (Washington, DC: U.S. Department of Health and Human Services).

3 Jeffrey Lubell and Hannah Thomas (2019), Unlocking the Potential of HUD's Family Self-Sufficiency Program to Expand Financial Coaching and Asset-Building Opportunities for Households with Low Incomes (Cambridge, MA: Abt Associates).

4 The Moving to Work program did not insulate CHA from a loss of revenue associated with the program—the Rent-to-Save payments still represented a real expenditure that was not reimbursed—but it did give CHA flexibility to arrange its funding in such a way as to continue to operate core programs notwithstanding this lost revenue.

5 Currently, there are 39 PHAs with MTW authority. HUD plans to add an additional 100 MTW PHAs by 2022.

6 The term "coaching-eligible" refers to households at Jefferson Park that were required to participate in coaching in order to access the funds in their Rent-to-Save accounts. All households at Jefferson Park that did not qualify for a waiver were coaching-eligible.

7 Holly Dykstra, a PhD candidate in Public Policy at the Harvard Kennedy School, is conducting an analysis comparing changes in resident incomes at Jefferson Park and Corcoran Park to the changes experienced by residents in other CHA developments.

8 The number of Rent-to-Save accounts at Corcoran Park was smaller than the number of households in the development at baseline because of move-outs from the development and the fact that a number of Jefferson Park residents relocated to Corcoran Park and remained identified as Jefferson Park residents for data purposes.

9 Two households—one at each development—left before the survey had been prepared and were permitted to access their funds without completing it.

10 Respondents were asked to check all that applied.

11 The percentages are of all responses, not of all respondents; respondents were asked to check all that applied.

12 One staff member noted that it may have been helpful to more clearly emphasize in program materials that residents should expect to wait up to 15 days for their interim disbursements to be processed. This information was omitted in an effort to simplify communications.

13 One reason for the modified FSS program at CHA is that as a Moving to Work agency, CHA does not receive additional funding from HUD to cover the cost of the escrow deposits.

14 Judy Geyer, Lesley Freiman, Jeffrey Lubell, and Micah Villarreal (2017), Evaluation of the Compass Family Self-Sufficiency (FSS) Programs Administered in Partnership with Public Housing Agencies in Lynn and Cambridge, Massachusetts (Bethesda, MD: Abt Associates). Due to sample size constraints, this study looked at the combined impacts of the Cambridge and Lynn FSS programs. A subsequent study will examine site-specific impacts.

15 As noted earlier, Holly Dykstra is currently examining changes in resident incomes.

16 Reid Cramer and Jeffrey Lubell (2011), Taking Asset Building and Earnings Incentives to Scale in HUD-Assisted Rental Housing (Washington, DC: New America Foundation and Center for Housing Policy). Reid Cramer and Jeffrey Lubell (2009), Rental Assistance Asset Accounts: An Opportunity to Support Work and Savings Among Recipients of Federal Housing Assistance (Washington, DC: New America Foundation).

17 Geyer, Freiman, Lubell, and Villarreal (2017).