Cityscape

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Family Self-Sufficiency Program Evaluation
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U.S. Department of Housing and Urban Development Office of Policy Development and Research

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Leadership Message

Under President Donald Trump and Secretary Scott Turner, the U.S. Department of Housing and Urban Development (HUD) intends for HUD's rental assistance programs to serve as a temporary lifeline to people in need. Able-bodied people should not require long-term Federal Government assistance to meet their basic housing needs, and so it is imperative that we establish policies and programs that encourage HUD-assisted households to make progress towards self-sufficiency.

HUD's Office of Policy Development and Research (PD&R) plays a critical role at HUD by producing rigorous research about what works, and what doesn't. Research on the Family Self-Sufficiency program (FSS), including the articles in this issue of *Cityscape*, indicates that the FSS program may not achieve self-sufficiency goals. Although the randomized controlled trial conducted on FSS did not differentiate between different types of FSS programs, it nonetheless demonstrated that FSS participants overall do not achieve better employment and earnings outcomes than similar families who don't participate in FSS. This indicates that different approaches to strengthening self-sufficiency, such as work requirements or time limits, are likely needed.

We must continue to seek innovative new programs and policies to help families escape poverty. The Trump administration believes that all able-bodied recipients of government assistance should work, and that recipients should only be able to receive HUD assistance for a limited period. The Administration has also proposed replacing the existing system of fragmented rental assistance programs with a State Rental Assistance Program block grant. This block grant approach will empower states and localities to determine the programs and policies that work best in their communities. We hope that the research in this issue, and other HUD-sponsored research, will inform state and local practitioners as they design innovative new solutions to the challenges of housing assistance and self-sufficiency.

John Gibbs
Principal Deputy Assistant Secretary for The Office of Policy Development and Research
U.S. Department of Housing and Urban Development

Managing Editors' Introduction

Alexander Din
Paul Joice

Last year marked the 50th anniversary of the Housing and Community Development Act of 1974, which established two of HUD's most prominent programs: the Housing Choice Voucher and Community Development Block Grant programs, which were also the subjects of the two most recent *Cityscape* symposia. It is unsurprising, perhaps, that another notable milestone passed without fanfare: 30 years since the first issue of *Cityscape* was published in August 1994.

Mark Shroder, who recently retired from HUD, served as Managing Editor of *Cityscape* for the most recent 18 years. Remarkably, he oversaw 54 of the 75 issues of *Cityscape* published before now. From 1994 through 1998, *Cityscape* published 13 issues—frequent, but at an irregular cadence. From 1999 through 2006 only eight issues were published. During Mark's time as Managing Editor from 2007 through 2024, *Cityscape* published three times per year, every year. The journal's current format—topical symposia, a Refereed Papers section, and recurring departments such as Data Shop and Policy Briefs—was established under Mark's tenure. We thank Mark for his leadership of *Cityscape*, for his vision, and for his commitment to publishing high-quality research.

We are humbled by the opportunity to assume the Managing Editor duties, and recognize that we have big shoes to fill. With help from many extraordinary colleagues—Associate Editor Michelle Matuga and her publishing team, Symposium Guest Editors, Department Editors, and the *Cityscape* Advisory Board—we intend for *Cityscape* to continue to be a venue for high-quality research that informs policymakers and practitioners.

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Guest Editors' Introduction

Lessons Learned From HUD's Family Self-Sufficiency Program Evaluation

Margaret M. Courtney
Regina C. Gray
U.S. Department of Housing and Urban Development

The views expressed in this article are those of the authors and do not represent the official positions or policies of the U.S. Department of Housing and Urban Development (HUD) or the U.S. Government.

Introduction

The goal of the Family Self-Sufficiency (FSS) program is to provide families who receive HUD assistance with the necessary tools to help them obtain better, more sustained employment opportunities, thus reducing reliance on long-term public assistance. However, the results of the first nationally randomized experiment of the FSS program revealed ongoing challenges, most notably, a substantially high drop-out rate, a low retention or participation rate, and the inability of FSS participants to achieve the long-term goals of increasing earnings, reducing reliance on government assistance, and improving material well-being. Therefore, the main objective of this symposium is to draw lessons from the body of research on the FSS program to offer innovative yet feasible solutions for improving program design, implementation, and delivery.

The articles compiled for this symposium, along with supporting commentaries, highlight experimental self-sufficiency programs that perform well on a range of measurable outcomes, including reducing early exits, recruiting and triage strategies, and helping families achieve economic independence. We begin with an overview of the FSS program, followed by a description of the randomized control experiment, a brief discussion of the central findings from the final report, and recommendations for future research. We conclude with a short summary of the symposium articles.

Background

The FSS program was established in 1990 by Section 554 of the National Affordable Housing Act. It was modified by the Quality Housing and Work Responsibility Act of 1998, reauthorized by the Economic Growth Act in 2018, and new regulations were published in May 2022. As of 2024, the FSS program was active in more than 800 sites across the country, including public housing authorities (PHAs) and private owners of multifamily properties. In the national evaluation of the FSS program that collected data from 2012 to 2021, a baseline of 56 percent of heads of household were working, and 30 percent of heads of household were working full time (Freedman et al., 2023). Thus, the FSS program can potentially improve self-sufficiency through several avenues: entry into the workforce for those not yet working, increasing hours among those working less than full time, and increasing earnings among those working, including those already working full time.

PHAs administer the FSS program with support from program coordinating committees. More recently, owners of multifamily properties with Section 8 assistance contracts have also become eligible to implement their versions of FSS programs that may also pay for FSS coordinators using residual receipt accounts. Notably, the HUD-provided funding covers only the FSS coordinator's salary, and agencies must apply for funding annually.

The FSS program has two main features—the Contract of Participation and the escrow account. Participants sign a Contract of Participation and complete an Individual Training and Services Plan. Although the program aims to improve economic independence and reduce dependence on public assistance programs, the goals in the Individual Training and Services Plan are not limited to financial goals but rather encompass a wider range of steps toward self-sufficiency. The Contract of Participation is generally for 5 years, with a possible 2-year extension for good cause. FSS coordinators help connect participants with support and services to help them achieve their goals. This support occurs through the coordination of services using case management and referrals to external services. Such services may include childcare, transportation, job training, and financial empowerment coaching, among other options.

Families are provided with an interest-bearing escrow account for long-term savings. When families increase their incomes, they pay increased rent, but the incremental increase in rent is placed in an interest-bearing escrow account for use upon program graduation or while participants are in the program to help them achieve their goals. The escrow account supports asset building. When a family completes the FSS contract, they may claim their escrow if the person who signed the contract is employed, no family member currently receives welfare assistance, and the family has successfully completed agreed-on goals.

Previous HUD-Sponsored Evaluations of the Family Self-Sufficiency Program

HUD's Office of Policy Development and Research (PD&R) supported early research that sought to understand the impact of the FSS program on a range of family outcomes. The retrospective study by Ficke and Piesse (2004) involved an analysis of HUD administrative data collected from the program's inception in 1996 through 2000 to assess variation in program implementation. Specifically, the researchers wanted to know how PHAs with high participation rates were successful in generating interest in the program and their recruitment strategies. They also examined the characteristics of those who elected to participate and how the program benefited individuals and families. Their findings revealed that families who participated remained employed and achieved higher incomes than non-FSS program participants. Moreover, for those who remained in the program and graduated, the average escrow generated was about $3,076 (Ficke and Piesse, 2004: 22).

In a followup prospective study conducted between 2005 and 2009, de Silva et al. (2011) implemented a quasi-experiment of the FSS program that examined program characteristics for a representative sample of 100 FSS PHAs and followed 181 FSS participants from 14 of these programs to understand their experiences and outcomes. Similar questions around program design, implementation, and outcomes were tracked but with fewer positive results. The researchers found that 37 percent of participants left the program before completion and forfeited their escrow balances (de Silva et al., 2011: 45). Only approximately 24 percent had completed the program within that period (de Silva et al., 2011: 45). However, those families who remained and completed the program successfully received high escrow disbursements. As with the national study, researchers observed that program graduates tended to have higher incomes, had achieved some college, and were gainfully employed at the time of enrollment. Based on the findings of these two studies, HUD concluded that a more systematic testing of the FSS program was needed to understand the program's impacts fully.

National Randomized Control Trial of the Family Self-Sufficiency Demonstration

Early research on the FSS program reported generally favorable outcomes, indicating faster income growth rates for participants than for non-FSS households, particularly for households with some college. However, those studies did not use a controlled research framework that addressed concerns about self-selection and isolated the impacts of the FSS program. To address this limitation, PD&R commissioned the first national FSS evaluation involving a randomized controlled experiment to gauge the program's impacts on individuals and families seeking financial independence and stability. Because the FSS program is voluntary, a randomized experiment would rectify the inherent bias associated with self-selection and allow us to assess the program's impacts independently of endogenous factors.

The national FSS program evaluation was the largest and most comprehensive evaluation of the FSS program. Researchers at MDRC worked with PD&R subject matter experts to identify 18 PHAs across seven states nationwide (Verma et al., 2019: 9). The selected housing authorities entered into a memorandum of understanding with HUD for the demonstration and enrolled approximately 2,700 individuals and families into the study (Verma et al., 2019: 9). Study participants were randomly assigned to treatment and control groups through a computer-generated platform. Study participants, on average, were poorer and more likely to be connected to other public assistance programs like the Supplemental Nutrition Assistance Program and Temporary Assistance for Needy Families than the nonelderly, nondisabled housing choice voucher recipient population nationally. Throughout the 10-year study period, MDRC tracked the progress of FSS participants as they navigated the program.

The evaluation provides several milestone deliverables. First, HUD wanted to understand how the 18 housing authorities implemented their programs. The implementation study confirmed the wide variation and flexibility associated with program design features and triaging, working with program coordinating committees, and the role of Workforce Investment Boards, participation requirements, rules establishing escrow accrual and disbursements, and the frequency of engagement with FSS program coordinators. The initial study concluded that although the FSS program increased participation in a range of employment-related services and support services by a statistically significant 13 percentage points, participants in the program did not increase employment rates or average earnings in the first 2 years but did experience small shifts from part-time to full-time employment (Verma et al., 2019: 18–19).

The same report included the results from an early exit survey. One of the biggest challenges of the FSS program is retaining participants for the full 5-year duration. The first 6 to 9 months post-enrollment are critical, as evidence shows a significant falloff in program participation during those earliest months (Verma et al., 2019: 21–22). The survey showed that among the contributing factors to program exit were health-related issues, inadequate access to reliable transportation, and lack of reliable childcare support. The results were not surprising because they were consistent with the existing scholarship on barriers to work.

The 2021 interim report found that although FSS participants who remained in the program increased their participation in a range of employment-related services, especially education and financial literacy, they did not experience a sustained increase in employment rates or average earnings relative to the non-FSS control group (Verma et al., 2021). By the end of year 3, about 60 percent of FSS group members were still enrolled in the program. Conversely, a relatively large proportion (40 percent) had formally exited from the FSS program (Verma et al., 2021: 27). Only about 4 percent of the FSS program exits were related to participants graduating from the program. A larger proportion left the voucher program for various reasons or moved, were terminated from the FSS program or left it voluntarily (Verma et al., 2021: 28). On the positive end, participation levels in employment or self-sufficiency-related activities remained steady because a large proportion of the study group remained employed. The FSS program saw moderate increases above control group levels in the domains of job search, homeownership preparation, post-employment services, and education and training but had a much larger effect (greater than 20 percentage points) on using financial counseling services (Verma et al., 2021: 44). However, minor sustained increases in income were achieved for both the treatment and control groups. We will continue to see similar results play out during the course of the evaluation.

MDRC researchers submitted a report wrapping up the assessment after 5 years following random assignment (Freedman et al., 2023). Since the interim reporting, researchers performed an indepth analysis of financially based services that focused on achieving economic independence through the uptake of credit repair and asset-building programs, which FSS participants ranked among the most popular. Because an important goal of the FSS program is transitioning families to financial stability, researchers explored how effective the program was at achieving that end. They began a routine tracking of credit score data, compiled by Experian, and included various survey questions that addressed financial and material well-being. The analysis included data from the National Directory of New Hires (NDNH) database, which contains the most reliable information on income and employment.[1] An analysis of NDNH data was used to track how well FSS participants achieved long-term sustained income compared with the control group. Consistent with earlier findings, the FSS program continued to show a sizeable decline in participation, with roughly one-half (53 percent) ending their participation in the FSS program for reasons other than meeting its graduation requirements (Freedman et al., 2023: 30–31). Only about 30 percent of FSS group members were still enrolled in the program, and a relatively small proportion (17 percent) had formally graduated from the FSS program at the 5-year point (Freedman et al., 2023: 39).

Most FSS treatment group members who remained had positive escrow balances of about $7,200, on average, with 24 percent of this group having accrued more than $10,000 (Freedman et al., 2023: xvii). However, an examination of credit score data revealed that most FSS group members had credit scores of 600 or below in the subprime range (Freedman et al., 2023: 100). Moreover, despite the high uptake in financial literacy services, both study groups incurred high debt levels, often in automobile and education loans. The typical FSS participant carried a debt balance of approximately $9,000 at program entry, reaching an average of nearly $19,000 in nonhousing-related debt during the 5 years (Freedman et al., 2023: 74). Researchers found that FSS program participation did not lead to increases above the control group outcome in average credit scores at the end of year 5 (Freedman et al., 2023: 88). In addition, FSS and control groups experienced comparable quarterly employment levels and average earnings. Researchers found no evidence that the FSS program improved overall labor-market outcomes for heads of household.

NDNH data analysis demonstrated high employment levels for FSS and control group members but minimal differences between the FSS and the control groups. More than 85 percent of both groups worked for pay at some point during the 5 years of followup (Freedman et al., 2023: xix). On average, about 64 percent remained employed (Freedman et al., 2023: 59). Members of both groups averaged a bit more than $75,000 in total earnings during the followup period. However, researchers found no significant difference in earnings between the two groups (Freedman et al., 2023: 62). Finally, subgroup analysis demonstrated that FSS group members who reported not working at study entry were the least likely to graduate from the FSS program compared with subgroups that reported higher household earnings at study entry. Educational attainment was also a significant predictor of success. FSS group members with 2-year college degrees or higher were more likely to graduate. Upon graduation, this subgroup received more than $5,000 on average in escrow disbursements (Freedman et al., 2023: 40).

Overall, the national evaluation of the FSS program found no evidence of improvements in labor market outcomes, credit, or other indicators of financial well-being, and the effects on household income, savings, government benefit receipt, and severe material hardship were minimal (Freedman, Verma, and Vermette, 2024).

[1] NDNH is a national database managed by the Office of Child Support Enforcement at the U.S. Department of Health and Human Services. The database contains personal and financial information for all employed Americans, with additional information on those receiving unemployment benefits and other public assistance. NDNH has limitations on use by authorized federal and state agencies. However, it is the most reliable source of information for wages and employment. Some of the research on the FSS program in this symposium rely on NDNH to track income and employment status for FSS and non-FSS participants.

A recent review paper analyzed the national evaluation and smaller case studies of FSS programs to understand the reasons for such limited success (Courtney, 2025). Several key themes surfaced. First, the significant barriers many participants face at program entry or during the course of program participation—such as health problems, transportation difficulties, or caregiving responsibilities—contribute to low graduation rates (Courtney, 2025; Freedman et al., 2023). Second, there is considerable heterogeneity in implementation across PHAs, partly related to the size of caseloads and challenges in retaining service coordinators. This variation may affect success rates (Courtney, 2025).

Symposium Articles

The five articles in this symposium, along with commentaries by leading FSS program experts, explore strategies for improving HUD's FSS program outcomes. We asked contributors to highlight evidence-based solutions that improve outcomes for participants enrolled in the FSS program across the country. Specifically, these programs were selected because they performed well on various measurable outcomes, including reducing the FSS early exit or drop-out rates, recruiting and retention strategies, and achieving long-term income growth.

For the duration of this national assessment of the FSS program, PD&R subject matter experts and program managers worked closely with MDRC researchers Nandita Verma, Josh Vermette, and Stephen Freedman to evaluate the effectiveness of the program in terms of how well it addressed barriers to work, sustained participation and income growth, material and personal well-being, and goal attainment and program completion. The first article in the series walks the reader through the 7-year assessment, discussing the key findings and potential actions that HUD may consider to improve program design and performance. Their recommendations include calling for more structured and sustained participant engagement—such as real-time coaching—to encourage families who receive FSS benefits to remain in the program, allowing for interim escrow disbursements, providing participants with frequent access to their balances as a way to incentivize continued participation, and rethinking graduation requirements for those especially burdened by barriers to work and achieving program goals (Verma and Vermette, 2025).

The series then moves to a discussion by Castells et al. (2025), who introduce the reader to a 3-year, employment-based program called MyGoals for Employment Success, or "MyGoals." Like the traditional FSS program, the objective of MyGoals is to help participants achieve economic mobility and financial independence by moving them into sustained employment with the potential for increased earnings, improving material well-being, and achieving associated goals such as homeownership or paying off debt. The MyGoals self-sufficiency program differs from the national FSS program in that it emphasizes more direct and frequent interactions and engagement and uses a coaching approach that draws heavily on behavioral psychology to empower participants with improved executive functioning skills.

The research involves recruiting voucher recipients from the city of Baltimore and the Houston Housing Authority randomly assigned to the MyGoals treatment and control groups. Baseline information from NDNH, program administrative data, and other secondary data sources are incorporated to track various outcomes. The discussion focuses on findings at the evaluation's midpoint, or 21 months post-random assignment. The authors' compelling preliminary evidence shows that MyGoals has a consistent positive effect on program retention, goal-setting, and early attainment for the treatment. As with the national FSS study, those with some post-secondary education or enrolled in training programs are more likely to remain in the program in the first year and beyond. However, like FSS program participants, the MyGoals study group participants are still more likely to experience an increase in income or self-reported earnings than the control group, but the findings are not statistically different from the control group. Moreover, MyGoals program participation has not reduced financial burden or economic hardship as of this point in the evaluation. Researchers will continue to track outcomes for the remainder of the study.

The Compass FSS model was introduced in 2005 by the nonprofit Compass Working Capital based in Cambridge, Massachusetts. Since its inception, researchers have been working with Abt Global and other entities to help strengthen outcomes for FSS program participants. Like MyGoals, the Compass FSS program is client centered, focusing heavily on the coaching model. A primary difference from MyGoals is the central emphasis on financial literacy. The national FSS evaluation showed that program participants were most engaged in financial-related services. Understanding that credit repair and asset building—and not just landing a job—are the key ingredients for achieving economic independence, the Compass model uses financial coaching to help families build savings, improve credit scores, pay down debt, and enhance executive functioning or budgeting skills. To help participants achieve these goals, Compass works collaboratively with for-profit and nonprofit entities, including philanthropy and local advocacy groups. Foundational support from these organizations goes a long way to help fund operations, FSS coordinators, and various technical assistance programs. Caseloads are smaller, which makes more targeted engagement with participants easier and more routine. Coaches tend to be former Compass FSS participants, which builds trust with the client amid shared life experiences. They go through intense professional development training on a routine basis.

Compass FSS helps housing authorities run their programs. In this discussion, researchers Naganika Sanga and her colleagues from Abt Global walk the reader through this quasi-experiment that follows roughly 520 FSS participants from the Cambridge Housing Authority, which serves the Boston metropolitan area and the Lynn Housing Authority (Sanga et al., 2025). The analysis includes a baseline study of administrative data and other data sources, an implementation study, the effects on earnings, and a cost-benefit evaluation. Although the authors find strong evidence that the Compass FSS model has improved participation outcomes, generated positive effects on earnings and annual household incomes, improved credit scores, savings, and debt reduction, and led to higher graduation rates, the reader is cautioned that the small sample size and data limitations affect generalizability. However, recommendations for program design and implementation, marketing, and outreach substantially contribute to HUD's considerations for strengthening the national FSS program.

In the fourth article by Reid Cramer and George Reuter (2025), the researchers build evidence on the Compass model's effectiveness in a followup evaluation. The sample for this analysis increased to roughly 4,700 voucher families who enrolled in the program in May 2024. Recent results from the Compass FSS experiment demonstrate that Compass improved enrollment rates by at least 10 percent, with a remarkable retention rate of nearly 80 percent. Moreover, the researchers partnered with their Abt Global collaborators to understand why participants left the program early and the most common factors driving their decisions, with the goal of targeting participants deemed more likely to leave and to help better address their needs. The researchers found positive outcomes, including a 75-percent graduation rate, a 16-percent homeownership rate, improved household earnings and FICO credit scores, and reduced debt levels compared with the non-Compass FSS control group.

Ten years ago, the U.S. Congress expanded the FSS program to allow for privately owned and operated project-based multifamily developments to participate. Although owners were responsible for funding program operations, they could receive HUD grants to help leverage or cover the cost of administration and maintenance. This expansion allowed for considerable flexibility in program design and implementation. Drawing on interviews with program staff and supportive organizations such as the Preservation of Affordable Housing, Cramer and McCarthy (2025) set out to learn how early adopters of multifamily-based FSS programs work with mission-driven organizations to develop their programs, recruit participants, and assess the early success of these programs.

The authors found preliminary evidence of best practices to enhance program enrollment—that is, 25 percent higher than traditional FSS programs. These best practices include other members of the household participating and enjoying the program's benefits rather than the head of household as the primary program participant, the use of "resident ambassadors," and supportive services that more aggressively reduce barriers to work and target those at risk of leaving the program early. The authors also find positive results for the escrow as a powerful inducement for participants to remain in the program, with a higher average escrow balance at graduation. Finally, in collaboration with for-profit organizations such as WinnCompanies, working with families on various financially related issues also yielded positive results. The researchers conclude the article with actions that HUD could take to improve multifamily FSS programs, such as allowing partnerships with PHAs, automatically enrolling multifamily residents in the FSS program, implementing alternative rent reform models, and allowing for property-specific FSS programs.

Future Directions for Family Self-Sufficiency Research

In the past several years, HUD's Office of Public and Indian Housing has made several changes to the FSS program, including new regulations implemented in 2022. Examples include using approved, updated FSS action plans, requiring FSS personnel training at each site, expanding eligibility beyond the head of household to any adult member of the household, requiring forfeited escrow to be used to support FSS families rather than going back to the operating fund, changing the graduation requirements to be welfare-free at graduation instead of being welfare-free for 12 months prior, expanding eligibility for extensions to the Contract of Participation for families to continue working on goals, lifting limitations on escrow for higher income families, lifting caps on coordinator salaries, and indexing coordinator salaries to the U.S. Bureau of Labor Statistics locality pay to recruit and retain talent (Courtney, 2025). The effects of these changes were not captured in the national evaluation, but they align with many of the researchers' suggestions in this volume for strengthening the program. The articles in this volume also demonstrate the wide variation in FSS and similar models. Future research on the FSS program could explore the effectiveness of different models or the effects of recent program changes.

The Trump Administration has proposed a number of policies related to the self-sufficiency of HUD-assisted households, including work requirements and time limits. The prospect of federal funding cuts also demonstrates the importance of helping families work toward self-sufficiency so that scarce public resources can be available to those who need them most. We hope that the research in this symposium informs policymakers and practitioners as they work to improve the FSS program and related efforts to help the low-income households that HUD programs serve.

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Authors

Margaret Courtney is a social science analyst in HUD's Office of Policy Development and Research. Regina Gray is the director of the Affordable Housing Research and Technology Division in HUD's Office of Policy Development and Research, and she managed the national evaluation of the Family Self-Sufficiency program evaluation.

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Supporting Economic Mobility Through HUD's Family Self-Sufficiency Program: Findings and Recommendations From the National Impact Evaluation

Nandita Verma
Joshua Vermette
MDRC

Abstract

This article presents results from a national randomized controlled trial of the Family Self-Sufficiency (FSS) program, the U.S. Department of Housing and Urban Development's (HUD) flagship initiative to support the economic mobility of households receiving federal housing assistance. This evaluation is the first national assessment of the effects of the FSS program, which the U.S. Congress has funded since the early 1990s and is operated by more than 700 housing agencies. The FSS program offers case coordination, employment and financial education-related services, and an escrow savings account to help participants make progress toward their economic self-sufficiency goals and build long-term savings. Eighteen housing agencies, selected to reflect the contexts in which the program operates, agreed to participate in the evaluation. Combined, these programs enrolled 2,656 households. The mixed-methods evaluation followed study participants for up to 7 years, beyond the full 5-year term of the program for most. It combined administrative records, repeated surveys, and interviews with program staff. The evaluation found that, relative to the control group, the FSS program markedly increased participation in employment services and financial management services but did not produce notable effects on a wide range of hypothesized outcomes. Both program and control groups shared similar trajectories on most outcomes, including employment, earnings, household income, indicators of material well-being, and housing subsidy receipt. Furthermore, only a small proportion of FSS participants in the study graduated and received an escrow disbursement. As a result, a significant majority of those who accrued escrow savings forfeited them. The results from this comprehensive study underscore the need to reimagine the program and strengthen its implementation, so it can serve as a platform to build and boost participants' economic mobility.

Introduction

The HUD-funded Family Self-Sufficiency (FSS) program is a voluntary program designed to support the economic mobility of families receiving federal rental assistance. In this program, referrals to employment and financial well-being-related services and a long-term escrow savings account to encourage participants to work (or work more) and increase their earnings augment the federal rental subsidy offered to families. The FSS program represents the single largest and most enduring employment-focused program for households receiving federal rental assistance, but since its inception in the 1990s, limited evidence has been available about its effectiveness. To build such evidence and determine with greater confidence whether this program is effective, HUD commissioned a national evaluation in 2012.

Approximately 700 public housing agencies (PHAs) receive annual grants from HUD to operate FSS programs.[1] These annual grants include modest resources to pay for FSS coordinators, who work with participants to set "self-sufficiency" goals and refer them to services in the broader community. At enrollment, participants sign a Contract of Participation and complete an Individual Training and Services Plan (ITSP). The typical FSS contract can last up to 5 years, with extensions possible, during which participants are expected to achieve all their agreed-on goals. Participants are also eligible to build savings in an escrow account, which operates like a work-based financial incentive designed to encourage them to seek employment, increase their earnings, and accumulate savings in an interest-bearing account maintained by the housing agency. As participants grow earnings, they also grow escrow balances, which they receive when they graduate from the program, that is, when they have met all the goals, including the two mandatory goals, outlined in their Contract of Participation and ITSP. Nongraduates forfeit their escrow accruals.

The national evaluation was designed to test whether the FSS program achieves its intended effects and puts families on the path to economic self-sufficiency. It relied on a classic randomized controlled design and followed study participants for up to 7 years, offering an unusually long window into how programs operate and how participants fare. Eighteen housing agencies operating FSS programs for Housing Choice Voucher (HCV) recipients agreed to participate in this evaluation and together enrolled 2,656 households between October 18, 2013, and December 22, 2014. The national evaluation concluded before the FSS Final Rule was enacted in 2022, which altered some of the policies that governed the programs in this study.

This article summarizes the study's rationale, priorities, methods, and findings and offers recommendations for program improvement. It draws on a series of reports produced as part of the national evaluation, including the final report, *Final Report on Program Effects and Lessons From the Family Self-Sufficiency Program Evaluation* (Freedman, Verma, and Vermette, 2024).

[1] This article uses the terms *PHA* and *housing agencies* interchangeably. The FSS program is available to public housing residents, HCV program participants, and, recently, residents of PBRA projects. Owners of privately owned, HUD-assisted PBRA housing with Section 8 contracts can voluntarily establish and operate FSS programs at their housing sites. The evaluation focuses on the experiences of HCV participants alone.

Housing Assistance and Employment Context

In the United States, housing subsidies help more than 5 million families with low incomes to pay their rent and utilities in the subsidized or private rental market and are a vital component of the nation's safety net (CBPP, 2025). This benefit is offered in three main forms: portable housing vouchers, project-based rental assistance (PBRA), and public housing assistance. The HCV program, the nation's largest rental assistance program, provides rental subsidies to slightly more than 2 million households, allowing them to rent homes in neighborhoods of their choice if the housing meets HUD inspection standards and the landlord is willing to accept housing vouchers.

Families receiving these subsidies generally contribute 30 percent of their monthly income to rent, minus adjustments to defray childcare expenses or for other reasons, and the program covers the remaining rent and utility expenses, up to the local payment standard. Families may receive such rental assistance as long as they remain eligible based on household income. However, once household income grows to the point in which the housing subsidy is zero and stays that way for 6 consecutive months, subsidy eligibility ends.[2]

Because families receiving housing subsidies are among the poorest and most economically disadvantaged families in the country, they are an important focus of economic mobility initiatives. Over half of those receiving housing assistance work, but such work is typically low wage for many who work (CBPP, 2025; Mazzara and Sard, 2018). It is also common for housing subsidy recipients to receive government benefits, such as cash assistance and food stamps. When families receive housing subsidies for an extended period, it diminishes the rate at which this benefit becomes available for others in need. Often, families face long waiting lists for subsidized housing, and in many cities, the waiting lists maintained by the local housing agencies have remained closed for many years.

As with any means-tested program, receipt of government benefits has the potential to affect recipients' work effort. Some analysts have argued that housing subsidies not only improve access to decent housing but may also promote work. This view holds that the housing stability that comes from rental subsidies may enable recipients to focus on employment or invest in education and training and that households are able to move to neighborhoods offering better prospects for their families when housing assistance takes the form of vouchers (Chetty and Hendren, 2017a, 2017b). However, this view is challenged by evidence suggesting that, on average, housing assistance alone may not improve employment outcomes, although many households benefit in selected ways (Jacob and Ludwig, 2008; Mills et al., 2006; Shroder, 2010).[3] In this case, HUD-assisted households may feel less pressure to work when housing expenses are subsidized, and available income is adequate to sustain families without the cost of seeking work because of transportation expenses, for example, or finding adequate childcare while working. The traditional rent rules in assisted housing could also discourage work. HUD-assisted households pay 30 percent

[2] This rule has some exceptions, especially for those in public housing.

[3] For example, the findings from the Welfare-to-Work program conducted in the early 2000s found that having and using a voucher *reduced* employment rates and earnings amounts in the first or second year after random assignment. However, the small negative effect of vouchers disappeared over time, and vouchers had no significant effect overall on employment and earnings during 3.5 years of followup. The most rigorous evidence from the United States suggests a loss of 10 to 20 cents in earnings per dollar of assistance (Shroder, 2010).

of earnings for rent until they are no longer eligible for this subsidy. The income-based rent policy serves as an implicit "tax" on additional earnings that could negatively affect the inclination to work (Popkin et al., 2000, 2010; Popkin, Cunningham, and Burt, 2005). The FSS program's interest-bearing escrow account, designed to incentivize work, is intended to address this issue.[4]

Changes to traditional rent policy could also counter the potential disincentive effect and encourage families to seek work or work more hours to increase overall household income. HUD has sponsored two demonstrations—the recently completed Rent Reform Demonstration and the recently launched Stepped and Tiered Rent Demonstration—to test whether alternative rent policies can promote work, protect families from hardship, and remain cost-neutral for housing agencies (Castells et al., 2023; Riccio et al., 2024).[5] Unlike the FSS program, which offers employment-focused supports and services, these demonstrations test the effects of work incentives built into rent policy alone. Given the potential employment advantage that housing assistance may offer and the potential work disincentives (because higher earnings can result in higher rent and reduced government benefits), researchers and policymakers have questioned the expected labor market and other effects of FSS and similar programs.

The Family Self-Sufficiency Program

In 1990, Section 554 of the Cranston-Gonzalez National Affordable Housing Act established the FSS program against a backdrop of policy discussions about persistent poverty among beneficiaries of government programs. Although operated by more than 700 PHAs around the country, the FSS program reaches a small fraction of all assisted families—partly a reflection of the funding appropriated by Congress to operate this program.[6] A review of grants issued in fiscal year 2018 found that the PHAs operating FSS programs served as few as 15 participants in the smallest program to more than 1,000 in the largest.[7] Thus, although FSS is one of HUD's main employment-focused initiatives, particularly for voucher holders, it remains a small program serving less than 5 percent of eligible participants. The annual FSS grants, which pay for coordinator positions, include no provisions for program management and administrative costs, leaving it up to PHAs to cover program oversight and administration.

FSS programs also develop Action Plans that detail key program and policy parameters, for instance, the program size, population served, and types of services offered. Once approved by HUD, operators have a fair amount of flexibility in terms of how they implement the programs. In 2017, HUD published its first comprehensive resource guide for FSS operators, which has been updated since its first release (HUD, 2022). Without enforcing a particular service model, the guide offers practical tips for operating an FSS program.[8]

[4] The Jobs Plus program, originally tested as part of a national demonstration and now scaled up by HUD, also combines services and a rent-based financial incentive (Castells et al., 2021; Miller et al., 2021).

[5] The Rent Reform Demonstration compared outcomes for two study groups (the new rent rules and existing rent rules groups) during 6.5 years of followup in three PHAs. The findings showed some encouraging effects on employment and earnings in the early years of followup, but those effects were not sustained during the full followup period (Riccio et al., 2024).

[6] HUD funds FSS programs through annual grants, but congressional appropriations set the funding cap.

[7] MDRC analyses of FSS grant awards were reviewed at the time of site selection for the evaluation.

[8] PHA applicants are required to have an agency representative complete online training (HUD, 2023b).

In 2018, HUD rolled out a new performance measurement system to assess programs receiving HUD funding for FSS programs.[9] The performance score, recently updated and now referred to as the Family Self-Sufficiency Achievement Metric (FAM) Score, is a composite based on three measures of program performance: the extent to which FSS participants' earnings increase while in the program, FSS graduation rate, and number of participants served.[10] Although HUD does not use the FAM score to determine funding priorities, this performance measurement system introduces a new monitoring context for FSS programs nationwide.

Another change for FSS programs is the recently enacted Economic Growth, Regulatory Relief, and Consumer Protection Act, or the Economic Growth Act, signed into law on May 24, 2018, amending the FSS program. Congress directed HUD to develop regulations for implementing program changes, including expanding the definition of eligible family to include tenants of certain privately owned PBRA-subsidized multifamily projects, updating the FSS Contract of Participation, clarifying escrow account requirements, and updating the program coordinator and action plan requirements. The FSS Final Rule that went into effect on June 17, 2022, after the followup period for this evaluation had ended, also includes additional changes to streamline the program for participants and program operators. It also stipulates that the FSS Contract of Participation is in effect for 5 years from the family's first income recertification after the effective date of the contract, potentially increasing the program's duration.

Alongside these changes, the recently enacted Housing Opportunity Through Modernization Act of 2016 (HOTMA) legislation could likely undermine the inherent work incentive built into the FSS model. Under the new legislation, two changes to interim recertification rules affect escrow accrual. Going forward, PHAs may only conduct an interim reexamination of income if household income increases by at least 10 percent. Furthermore, for interim reexaminations, PHAs may not consider increases in earned income when determining whether household income has increased (HUD, 2023a).[11] This change will allow families to keep more of the money they earn between certifications. However, families must have an increase in rent resulting from higher earnings to accrue escrow. Because these earning increases will no longer be reported between certifications, participants' escrow accounts will grow more slowly as their earnings increase, and they will see fewer escrow increases during the program's term, potentially limiting its main financial incentive.

Core Features of the Family Self-Sufficiency Program

Guided by statutory requirements and HUD regulations, the FSS program model is structured around two components: coordination of services and an escrow savings account. Exhibit 1

[9] Published in the *Federal Register* as a final rule on November 15, 2018. 83 Fed. Reg. 57493. https://www.federalregister.gov/documents/2018/11/15/2018-24949/family-self-sufficiency-performance-measurement-system-composite-score.

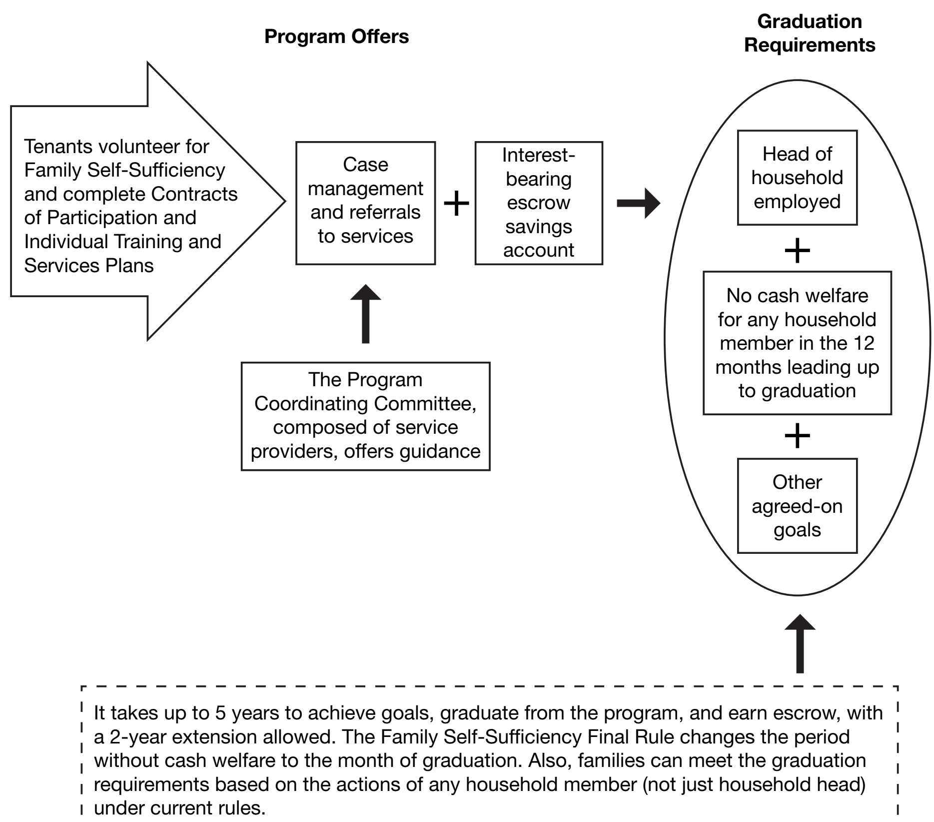
[10] The measures are weighted as earnings (50 percent), graduation rate in 8 years (30 percent), and participation rate (20 percent). In 2023, HUD announced adjustments to the existing performance measurement system to strengthen its ability to more effectively track FSS program performance. HUD also recalibrated the baseline data used for determining FAM Scores, using more recent data (Published in the *Federal Register* as a final rule on November 15, 2023. 88 Fed. Reg. 78374. https://www.federalregister.gov/documents/2023/11/15/2023-25231/family-self-sufficiency-achievement-metrics-fam-score).

[11] According to the regulations, program operators may not consider any increases in earned income when estimating or calculating whether the family's adjusted income has increased unless the family had previously received an interim reduction during the same reexamination cycle.

provides a simplified schematic of the model that applied to the families in the evaluation. Although HUD specifies the rules that govern the escrow account, FSS program operators can decide how to implement the case coordination component, an element of flexibility the program offers. Once enrolled, participants are referred to various services in the community to help them make progress toward their two mandatory goals—for the head of household to seek and maintain suitable employment and for the household to be free of welfare cash assistance. Some programs offer more intensive coaching or client-directed services. Participants have up to 5 years, with the possibility of a 2-year extension, to achieve all the goals included on their ITSPs, which are completed at enrollment and updated periodically.

Exhibit 1

Core Components of the HUD Family Self-Sufficiency Framework



FSS program graduation serves as an official measure of program success. Under the rules in effect during the evaluation, FSS participants were required to complete all agreed-upon goals and activities, including employment. The welfare-free requirement—that is, no household receipt of Temporary Assistance for Needy Families (TANF) cash assistance—applied to the 12 months leading up to graduation. Although the escrow account is intended to motivate participants to graduate from the program, it is possible that some participants will graduate and not receive any escrow. This outcome could happen for various reasons, including when participants do not see their earnings grow, which is necessary to build escrow.

The FSS program places no restrictions on participants' use of escrow disbursed at graduation, but staff reported that households commonly used these resources to start a new business, repair credit, buy a home, or pay for education. Program operators are allowed to approve interim escrow disbursement requests, or partial payments of accrued escrow balances before graduation, as long as participants use the funds to meet approved expenses related to their FSS goals. Some examples of approved disbursements include car repair, credit repair, uniforms or supplies for work, homeownership, or starting a business.

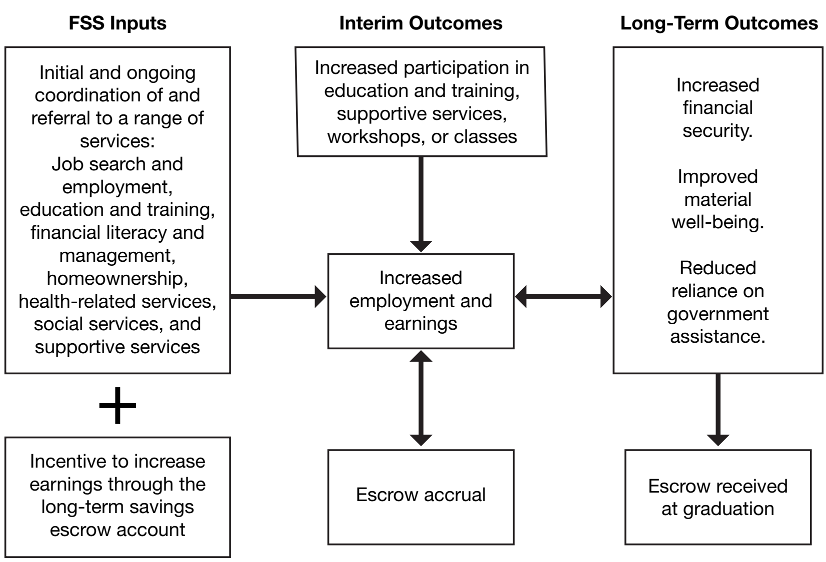
HUD requires most FSS programs to form a Program Coordinating Committee (PCC) comprising service providers from the surrounding community.[12] With referrals central to the FSS service delivery model, the PCC is meant to allow service providers in the community to be invested in the success of the program. Some PCC member organizations simply serve as referral sources, while others have a deeper service delivery partnership with the FSS program, such as offering onsite financial literacy trainings and workshops.

How Might the Family Self-Sufficiency Program Help Participants Advance?

The evaluation hypothesizes two mutually reinforcing mechanisms through which the FSS program may help participants make progress toward economic self-sufficiency. Exhibit 2 shows a simplified illustration.

Exhibit 2

Simplified Schematic of the Family Self-Sufficiency (FSS) Program Theory of Change



[12] This component is optional for PBRA and Multifamily program operators.

Mechanism 1. Increasing the Payoff Through Case Management and Referrals. Although FSS programs may vary in their service delivery approaches, they all include dimensions of goal setting, needs assessment, and referrals to services to help participants overcome barriers to work. Typically, FSS coordinators, or case managers and coaches, work with participants and sometimes other household members to set goals that participants aim to achieve during the 5 years of program participation. Through this process, they discuss the types of supports participants may need to advance toward their FSS goals—such as securing childcare to make balancing work and home life commitments more feasible; engaging in and completing education and training to improve employment prospects and create pathways for advancement; finding and maintaining stable employment; and establishing, repairing, or improving the participant's credit score to increase employment prospects and decrease reliance on high-cost alternative credit sources, such as pawn, automobile-title, and payday loans.

Progress along each of the previously mentioned pathways would make it easier and more remunerative to work. Furthermore, some of these pathways, such as credit score improvement, may also help participants manage their financial resources and improve material well-being irrespective of the program's effect on employment and earnings. These types of outcomes will depend on several factors, including the strength of the services received in the local community, the case management model programs use, including the type and frequency of followup, and the capacity and willingness of participants to follow through on the course of action. Some programs go beyond basic referrals and incorporate participant-directed coaching, providing a "higher touch" to support participant engagement and progress toward goals. Because client engagement practices varied among the programs in the study, this evaluation explored how varying service delivery approaches and participant monitoring practices affect participant outcomes, if at all.

Mechanism 2. Incentivizing Work by Building Escrow. The escrow savings component of the model is partly designed to counteract the disincentive effect of the implicit "tax" built into federal rent rules. Like most low-income families, FSS participants may receive multiple means-tested benefits, including Supplemental Nutrition Assistance Program (SNAP) and TANF. These benefits work similarly to federal rent rules and may discourage advancement efforts for fear of losing benefits. Specifically, 30 percent of a recipient's earnings must be contributed to rent, and FSS' escrow account rewards rent increases with escrow deposits. An increase in earnings may be partially offset by income lost from other sources, particularly those that are tied to earnings (SNAP, for example). Thus, in cases in which a household's net income decreases, any earnings gains would be diverted to higher rent payments. This feature of the broader safety net, in which earnings gains trigger reductions in specific benefits, could also discourage additional work. The degree to which this tax on wages discourages work—or efforts to work harder or find a better job—is not well established. Consequently, it is difficult to estimate the potential impacts of an FSS program and, more specifically, the effect of the escrow component that is intended to cancel out that disincentive.

Two additional aspects are also considered—the effectiveness of a distant escrow payout and the barriers that may constrain participants' responses to a financial incentive. Although escrow represents an incentive to work, it typically cannot be earned in full until participants meet graduation requirements. Many PHAs allow interim disbursements, but they are generally limited to a portion of the total escrow amount accrued and may only be used for approved purposes.[13] In this way, the potential of receiving an escrow disbursement remains a distant and uncertain reward that may not effectively (or completely) counteract any disincentive effect of the rent rules because those costs are immediate and certain.

FSS participants also face serious barriers that limit employment prospects and increase the cost of work. Poor educational attainment, criminal history, and poor or no credit history may limit the types of jobs for which participants can qualify or obtain, thus reducing the payoff from work or increased hours of work. Likewise, family obligations and caregiving responsibilities, being sick or having disabilities, and transportation barriers may further discourage efforts to seek employment or work more hours by increasing the costs associated with employment (by reducing the effective wage, potentially below zero). Some participants presented with employment at minimum wage with uncertain hours may conclude that, at least in the short run, *not* working is a better choice for the family. Thus, in isolation, FSS program policies and rent rules may constitute a small part of participants' work-related decisions. Optimally, the case coordination and case management services offered by programs should work synergistically with the financial incentive component, supporting participants to find ways to overcome adversity and increase their earnings.

Evidence on the Family Self-Sufficiency Programs

The FSS program has not been the subject of extensive rigorous evaluation. Until recently, most program assessments have been descriptive or limited by methodological constraints. Some descriptive studies have found that FSS graduates had higher incomes than those who did not participate. Anthony (2005) in his Rockford, Illinois, study, found that those who remained in the program longer achieved higher escrow savings account balances, with substantial increases in household incomes between program entry and exit. This study also documented higher incomes at enrollment for program participants.

A retrospective analysis of FSS program data from 1996 through 2000 examined self-sufficiency outcomes for program participants (Ficke and Piesse, 2004). This study sought to provide a more nuanced understanding of how the program operates, the characteristics of who volunteers for the program, and the outcomes or benefits of the program. It found that participants' incomes increased at a faster rate than for other housing-assisted nonparticipants. Families had also achieved escrow account savings of more than $3,300. In the absence of a control group, these findings potentially reflect the effect of self-selection on observed outcomes.

Another descriptive study examined FSS program operations and outcomes using a nationally representative sample of 100 FSS programs, with deeper tracking on 181 participants in 14 of those programs from 2005 to 2009 (de Silva et al., 2011). This study found that 37 percent of participants exited before completing the program and forfeited their escrow balances. Roughly 24 percent completed the program within that period, with another 40 percent remaining enrolled. The escrow savings of those who completed the program were more than double the balance of those who had already exited FSS. The study noted that most of the program graduates had

[13] Fifteen of the 18 PHAs in this study allowed interim disbursements. Three had no limit on the disbursed amount.

higher incomes and had been working at the time of FSS enrollment, suggesting the same type of "creaming" described in Anthony's (2005) analysis.

The other body of evidence comes from a series of evaluations of FSS programs administered by Compass Working Capital in Massachusetts that relied on quasi-experimental, matched comparison designs and data maintained by the housing agencies. The Compass Working Capital model incorporates more-intense coaching, participant-driven goal setting and focuses on building clients' financial capability to pay down debt, build savings, and improve credit scores, complementing the asset-building focus in the FSS program. The evaluation of the programs Compass Working Capital implemented in partnership with three housing agencies showed that HCV participants in these programs had higher annual earned income and a lower level of annual public assistance receipt than their matched peers (Moulton, Freiman, and Lubell, 2021).[14] These findings are consistent with earlier quasi-experimental assessments of the effects of Compass Working Capital's FSS programs in two of three housing agencies included in the longer-term evaluation (Geyer et al., 2017). One methodological issue to keep in mind is that the matched comparison study design leaves open the possibility of selection bias because it is unable to account for who volunteers for the program. Furthermore, these studies estimate the effects of the FSS program using data collected while participants receive housing assistance, which might be affected by differential exit patterns for FSS participants and the matched comparison group.

An analysis of the Compass Working Capital model for multifamily properties found results similar in magnitude and direction to the findings of the Compass Working Capital FSS programs described previously (Yang, Freiman, and Lubell, 2021). This study documented substantially higher earnings for FSS participants compared with their matched comparison counterparts, although this effect was only marginally statistically significant. FSS households in this study also had lower public assistance receipt compared with their matched counterparts.[15]

The first randomized controlled trial of an FSS program (that also used a control group) is Opportunity NYC-Work Rewards initiative implemented between 2008 and 2014, which involved individuals receiving housing vouchers from the New York City Department of Housing Preservation and Development (HPD). Eligible HPD voucher holders in the FSS study were randomly assigned to one of three research groups: FSS only, FSS plus special work incentives (this group received extra financial incentives for sustaining full-time work, paid every 2 months),[16] and a control group that did not receive either FSS or the special incentives. The Work Rewards evaluation showed that the FSS program alone was not successful in moving participants to work or to better work as a whole (Verma et al., 2017). The program did not increase earnings for

[14] The housing agencies include the Cambridge Housing Authority, Metro Housing|Boston, and Lynn Housing Authority and Neighborhood Development.

[15] The primary analysis focused on 81 participants in Compass-administered FSS programs in six New England Preservation of Affordable Housing properties, comprising households that enrolled in FSS at any point from January 2016 through February 2019 and including outcomes through March 31, 2020. The study team constructed a comparison group that is comparable to those who would choose to enroll in the Compass-model FSS program, using the following data: (1) the baseline characteristics of households, including demographic and income sources, and (2) the tenant and rent characteristics of the multifamily property.

[16] The long-term savings structure of the escrow account was the impetus for testing more immediate, work-related cash incentives alongside the typical FSS program escrow incentive as part of the Work Rewards demonstration.

participants and subsequently did not reduce their reliance on public benefits. The FSS+incentives approach, which combined the FSS program with special financial incentives, also did not increase employment or earnings for the full sample. However, it produced large and statistically significant gains in employment and earnings for the subgroup of program participants who were not working at the time of random assignment. Among this group, it increased the program group's average quarterly employment rate during the 6-year followup period by 7.6 percentage points relative to the control group rate of 25.4 percent. It also increased average total earnings by $8,500 for program group members in the nonworking subgroup—a gain of 38.4 percent more than the control group average. By Year 6, the positive effects on earnings and employment for this subgroup weakened and were no longer statistically significant, as control group members began to "catch up" to program participants.

The findings from Work Rewards and other evaluations underscore the broad challenge employment programs face in moving working-age households into work and helping them advance into higher-quality, more stable, and more remunerative work.[17] However, the gains in both employment and earnings experienced by those who were not working at study enrollment in the FSS+ incentives group suggest that additional incentive payments may serve as one important component of interventions designed to promote employment. Partly prompted by these findings, MyGoals for Employment Success, a demonstration designed and launched by MDRC, combines personalized and structured goal setting and coaching with a new set of immediate financial incentives to support participants in making step-by-step progress toward better labor market and other personal well-being goals. Discussed later in this *Cityscape* volume, the jury is still out on the effectiveness of this model. At the end of 2 years of followup, few effects on economic well-being were detected (Moore et al., 2023). However, the financial incentive offered to encourage participants to meet monthly with their coaches may have led to much higher levels of sustained program contact than typically observed for FSS programs that do not offer financial incentives for program engagement.

The National Impact Evaluation: Study Sites, Design, and Data

Until recently, questions about the effectiveness of the FSS program had not been investigated on a national scale using methods that would support unambiguous causal inferences. The national FSS evaluation was designed to assess program effects using a classic randomized trial, the gold standard for building evidence about program effectiveness. It is also unique in that it tracked sample members for up to 7 years after they enrolled in the program. This extended followup period covered the program's full 5-year term and up to 7 years for those who received extensions and the period after participants had exited the program or had achieved their goals and graduated. In this way and drawing on the range of data described in the following sections, this evaluation provides the most comprehensive and conclusive assessment of the FSS program and its implementation, how participants engage in such a long-term program, and their economic and other circumstances during an extended followup period.

[17] The evidence is also mixed on the effects of federal training and employment programs for youth, disadvantaged adults, and dislocated adult workers—with limited cases of large persistent improvements in earnings. Sectoral employment programs that train participants for employment in specific industries have emerged during the past few decades as a promising pathway for helping disadvantaged workers advance in the workforce (Katz et al., 2022).

Site Selection

To achieve the target sample of 2,600 households, the evaluation focused on recruiting 15 to 20 PHAs to participate in the study. The number of PHAs required to meet this sample size goal was determined using available HUD data on annual openings for new FSS enrollees, FSS terminations, and FSS graduations. The average number of openings reported by FSS programs around the country ranged from 3 to 25 per month, with most programs reporting between 5 and 10 openings. These openings were mainly due to FSS graduations, but some sites were looking to expand their existing FSS programs and agreed to increase their FSS enrollees during the study period. Based on all these factors, it was assumed that sample buildup across the targeted number of sites would take at least a full year (Verma et al., 2019).

Site recruitment efforts focused on conducting outreach to and selecting sites that represented the range of contexts within which FSS programs operate. At the time of site recruitment, roughly 700 housing agencies had been awarded annual grants to operate the FSS program. These agencies included large and small PHAs in urban, suburban, and rural settings. Randomly selecting sites for study participation was not an option for this evaluation, and the desire for broad representation had to be balanced against study enrollment needs. As a result, the site selection approach considered various factors, such as program size, the possibility of building clusters of sites within states (a data collection advantage), regional and local diversity, and varying case management approaches. The research team examined HUD data from 2010 to 2012 and created a list of potential sites, followed up by phone with approximately 60 program administrators, visited 27 sites, and ultimately negotiated agreements with 18 sites. Although distinguishing typical or higher-quality FSS programs was not possible with the data available during site recruitment, the evaluation team sought sites with a range of caseload sizes, case management practices, and unique program implementation features—information gleaned during site reconnaissance effort.

During the study design stage, MDRC and HUD agreed to exclude Moving-to-Work housing agencies, which have administrative flexibility to modify their FSS programs without legislative or regulatory changes, and FSS programs for public housing residents, which served considerably fewer FSS participants. Eighteen housing authorities in 7 states—California, Florida, Maryland, Missouri, New Jersey, Ohio, and Texas—were selected and agreed to participate in the FSS study. These sites broadly represent the contexts in which FSS programs operate—small, mid-sized, and large FSS programs and small, mid-sized, and large voucher programs. The sites in the evaluation enrolled between 50 to 350 participants each, reflecting varying enrollment targets based on the sizes of the participating programs. Housing agencies that operated larger FSS and HCV programs agreed to enroll a higher number of participants.[18] All sites met their enrollment goals within the allocated 12-month period, although some sites completed enrollment sooner.

To assess the external validity of the enrolled sample, the evaluation team used HUD data to compare the characteristics of those enrolled in the study with those enrolled in FSS programs nationwide. Except for a few measures, the characteristics of the household heads enrolled in the

[18] Six PHAs enrolled between 200 to 350 study participants, accounting for slightly more than one-half of the total study sample. Another five enrolled between 100 to 200 study participants. The remaining seven enrolled between 50 to 100 participants each.

evaluation were broadly similar to those in the FSS national population. Furthermore, recognizing that the evaluation included both small and large FSS programs, with some enrolling more study households than others, the evaluation team conducted an additional sensitivity analysis to determine whether larger programs skewed results. This analysis adopted an equal weighting strategy in which weights were applied to outcomes based on the sample size of each participating site so that the sample of each site accounted for an equal proportion of the effect. These results were generally similar to the unweighted pooled impact analysis.[19]

Participant Eligibility and Recruitment

To be eligible for the FSS study, the head of household enrolling in the program had to be 18 to 61 years of age, in good standing with the PHA, and have completed an annual or interim recertification in the past 120 days. In addition, program staff screened participants for prior participation in the FSS program. Those already enrolled in the FSS program were not eligible for the evaluation because they could not be subjected to random assignment and potentially assigned to the control group. Furthermore, in the 1-year enrollment period, participants could only enroll in the FSS program through the random assignment process.

The national evaluation did not require the participating housing agencies to increase the size of their FSS programs for the purposes of the evaluation. The participating PHAs used many ongoing strategies to enroll study participants and worked with MDRC to adapt existing outreach materials and recruitment strategies to be able to recruit twice as many participants to meet program and control group targets. All sites met their enrollment goals within the projected 12-month enrollment period.

Study Design

At each site, half of the participants were randomly assigned to the FSS group and the other half to the control group. Those in the FSS group completed a Contract of Participation and became eligible to participate in the program. Those in the control group were not eligible to participate in the program and received information about resources available to them in the community.[20]

Randomized controlled trials employ an experimental design that compares the outcomes of the program group, whose members are eligible to participate in the intervention, with those of the control group, whose members are not eligible to participate in the intervention. Random assignment aims to ensure that the individuals in the program and control groups are similar in terms of the distribution of observed and unobserved baseline characteristics. As a result, post-baseline differences between the two groups can be interpreted as effects of the intervention.

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[19] Similar to the unweighted analysis, the equal weight analysis did not reveal statistically significant effects on earnings or average quarterly employment in either the full followup period or during the final year of followup. The equal weight analysis showed a statistically significant and positive 2-percentage point impact on ever being employed during the full followup period. This difference was slightly greater than the not statistically significant 1.6-percentage point impact the unweighted analysis produced (Freedman, Verma, and Vermette, 2024: Appendix C).

[20] As part of the study consent process, individuals in control group households were informed that they could not sign up for the FSS program for 3 years after enrollment.

Statistically significant differences indicate that the effects can be attributed with a high degree of confidence to the intervention rather than to chance. All estimated effects for this evaluation were regression-adjusted using ordinary least squares, controlling for differences in sample member characteristics recorded at the time of random assignment. No special weights were applied to adjust for differences in sample size by housing authority for the main impact analysis, and two-tailed t-tests were used to test differences between the FSS and control groups. For categorical variables, a chi-square test was used to determine whether a difference exists in the distribution of related outcomes by research group.

Based on program theory, prior evidence, or because a given subgroup is of policy interest, the evaluation focused on three subgroups defined by participant characteristics at enrollment: baseline work status, educational attainment, and disability status. In addition, given the variation in implementation approaches across sites, the subgroup analysis also considered the program's effects on participants exposed to different program engagement and implementation strategies. The H-statistic test was used to assess statistically significant differences in impact estimates across subgroups.

The evaluation covers the period from 2012 to 2021 and includes the early part of the COVID-19 pandemic, which began to affect the United States in March 2020. During the pandemic, the FSS programs in this study and their PHAs made dramatic changes in how they delivered services, shifting to online engagement with program participants. The number of quarters of followup in which the pandemic could have affected outcomes, such as employment levels, ranges from zero to 4, depending on the quarter when a participant was randomly assigned. The Long-Term Followup Survey, fielded in 2021, provides additional insights into the long-term outcomes and post-exit circumstances of former FSS participants and how families fared in the face of the economic shocks the pandemic caused.

Data Sources

The evaluation relied on a combination of rich qualitative and quantitative data to examine a broad range of questions related to program implementation and its effects (exhibit 3).

Exhibit 3

Data Sources for the Family Self-Sufficiency Study (1 of 2)

Source	Description and Key Outcomes	Data Period	Length of Followup
Baseline Information Form	Participant characteristics at study enrollment	October 2013–December 2014	At random assignment
National Directory of New Hires	Quarterly employment and earnings data	April 2013–December 2020	72 months (24 quarters)
Housing agency records	Program contact, engagement in services and activities, graduation, escrow accruals and disbursements, Family Self-Sufficiency program exits	October 2013–June 2021	78 months

Exhibit 3

Data Sources for the Family Self-Sufficiency Study (2 of 2)

Source	Description and Key Outcomes	Data Period	Length of Followup
HUD Inventory Management System/ Public and Indian Housing Information Center data	Housing voucher subsidy receipt and amount	October 2013–December 2020	72 months
Experian and Clarity data	Credit scores and financial transactions, by source	December 2012–June 2021	78 months
Participant followup surveys	Program participation, service receipt, income, material and financial well-being, program awareness, and escrow use	April 2016–August 2021	18-month survey, 36-month survey, and long-term survey, covering roughly 80 months of followup
Program staff interviews	Document program operations and implementation	2015–16, 2018, 2020	Three rounds of interviews, early and later followup

Notes: Response rates for all three surveys exceeded 60 percent (63 percent for the 18-month survey, 77 percent for the Year 3 survey, and 62 percent for the Long-Term Followup Survey). Analysis of the survey data did not reveal response bias for any of the surveys.

Who Enrolled in the Study?

Between October 2013 and December 2014, the 18 housing agencies in the evaluation enrolled and randomly assigned 2,656 households, the targeted sample size for this evaluation. This sample included a small number of households that later withdrew voluntarily from the study or were later determined to have been ineligible at the time of random assignment and removed and households headed by individuals aged 62 or older, who were not the focus of the main analysis. Excluding those individuals reduced the sample to 2,556. The analysis focuses on these 2,556 study participants.

As exhibit 4 shows, the sample largely comprises households with children, and nearly 34 percent of participant households included another adult at study enrollment. Although the evaluation did not track labor market outcomes for other adults in the household, their earnings affect household subsidies and contribute to household escrow accruals. Other adults may also benefit directly or indirectly from FSS case management.

Exhibit 4

Baseline Characteristics of Households in the Family Self-Sufficiency Sample (1 of 2)

Characteristic	Sample
Average number of household members[a]	3.2
Average number of adults in household[a]	1.5
Households with more than 1 adult (%)	33.7
Average number of children in household	1.8
For households with children, age of youngest child (%)	
0–2 years	20.8
3–5 years	20.4
6–12 years	41.3
13–17 years	17.5

Exhibit 4

Baseline Characteristics of Households in the Family Self-Sufficiency Sample (2 of 2)

Characteristic	Sample
Primary language spoken at home is English (%)	92.2
Receives TANF (%)	15.8
Receives food stamps/SNAP (%)	69.6
Length of time receiving Section 8 housing choice voucher (%)	
Less than 1 year	5.0
1–3 years	27.6
4–6 years	21.6
7–9 years	15.2
10 years or more	30.6
Total annual household income (%)	
$0	4.5
$1–$4,999	17.0
$5,000–$9,999	18.7
$10,000–$19,999	31.9
$20,000–$29,999	19.3
$30,000 or more	8.5
Sample size	2,556

SNAP = Supplemental Nutrition Assistance Program. TANF = Temporary Assistance for Needy Families.

[a] The maximum response option for the number of adults in a household is four.

Notes: Sample sizes for specific measures may vary because of missing values. Rounding may cause slight discrepancies in calculating sums. Detail may sum to more than the total for questions that allow more than one response.

Source: MDRC calculations from Baseline Information Form data

The FSS program's self-sufficiency focus aims to help participants move off cash assistance, such as TANF, and reduce reliance on public assistance in general. At the time of enrollment, approximately 70 percent of study households reported receiving SNAP benefits, and 16 percent reported receiving TANF benefits. About 54 percent reported having received Section 8 housing assistance for 6 years or less, and 31 percent reported receiving Section 8 for 10 years or more.

Exhibit 5 presents the characteristics of individual sample members drawn from responses to the baseline survey. The study sample was predominantly female (90.6 percent), with an average age of 39 years at study enrollment. About 41 percent of the sample reported some barrier to employment. Physical health (18.8 percent) and access to affordable childcare (17.8 percent) represented the most common difficulties. Exhibit 5 shows that 56.2 percent of the study participants reported that they were working at the time of study enrollment, with about 30.5 percent working full time. Work status and earnings are primary outcomes of interest for this study because FSS programs are designed to enable and encourage more remunerative work and because employment is one of the requirements for program graduation, and increased earnings are necessary to accrue escrow.

Exhibit 5

Selected Baseline Household Head Characteristics in the Family Self-Sufficiency Sample

Characteristic	Sample
Sample member characteristics	
Female (%)	90.6
Average age (years)	39
Race/ethnicity (%)	
Black, non-Hispanic/Latino	73.3
Hispanic/Latino	15.8
White, non-Hispanic/Latino	6.7
Other	4.2
Education	
Highest degree or diploma earned (%)	
General educational development certificate	3.0
High school diploma	10.6
Some college or received technical/trade license	55.0
Associate's or 2-year college degree	10.8
4-year college or graduate degree	6.5
None of the above	14.0
Employment Status	
Currently employed (%)	56.2
Regular job	48.4
Self-employed	4.2
Temporary or seasonal job	3.5
Currently working 35 hours or more per week (%)	30.5
Average weekly earnings ($)	213
Barriers to Employment	
Has any problem that limits work (%)	41.2
Physical health	18.8
Emotional or mental health	7.6
Childcare access or cost	17.8
Need to care for a household member with disability	7.3
Previously convicted of a felony	6.3
Does not have access to transportation for employment (%)	
No access to public transportation	17.8
No access to an automobile	18.2
Sample size	2,556

Notes: Sample sizes for specific measures may vary because of missing values. Rounding may cause slight discrepancies in calculating sums. Details may sum to more than the total for questions that allow more than one response.

Source: MDRC calculations from Baseline Information Form data

To understand the FSS program's salience and appeal, the baseline survey included questions about participants' program knowledge and the services they were interested in receiving through the program. Less than one-half (44.0 percent) had heard of the FSS program prior to being recruited into the study. Although a high proportion of most study participants expressed interest in receiving job-related services (70.5 percent), participants most frequently stated a desire for financial services (95.5 percent, not shown). Relatively few (10.9 percent) expressed interest in education or vocational training services (not shown).

To assess whether individuals and households in the study were broadly similar to their site and national counterparts, the evaluation compared baseline data for the study sample with three other groups: the FSS population in the study sites, the national population of FSS participants, and HCV recipients. The analysis found that study households and household heads that enrolled in the evaluation were broadly similar to those in the FSS national population, with some notable differences (not shown). Sample members were somewhat more likely to have no children present in the home (23.8 percent in the study sample had no children versus 17.6 percent in the national FSS population). Study households were less likely to report no income (4.5 percent versus the national FSS figure of 6.5 percent) but were also less likely to report income of $30,000 or more (8.5 versus 13.9 percent).[21]

Sample members also reported higher levels of TANF and SNAP benefit receipt than the averages for the national FSS population (15.8 versus 10.0 percent for TANF; 69.6 versus 37.5 percent for SNAP). Study sites tended to operate larger housing voucher and FSS programs and spend more on rent and utilities per participant than the national pool of PHAs that operate FSS programs, a function of selecting sites that could support the study's sample recruitment needs.

Key Findings From the National Evaluation

The national evaluation examined a host of indicators to understand how participants engage in such a multidimensional program, their escrow accrual trajectories, and whether the program is effective at helping them make progress toward economic self-sufficiency.

Program Participation

After enrolling in the program and signing the Contract of Participation, participants generally meet with program staff to complete an initial intake, which often includes a formal needs assessment. In this meeting, participants set goals they wish to achieve during the 5-year program. These goals and the steps to achieve them are recorded on the ITSP that is incorporated into the participants' FSS contract. Unlike many employment programs that have a predetermined sequence of services—such as a job-readiness class in which everyone in the program participates, followed by skills training and perhaps a particular kind of career coaching—the FSS framework relies heavily on participants' interests and motivations to pursue services and achieve goals-related activities. In this way, success in the FSS program is largely dependent on participants' initiative, program supports, and services participants access in the community.

[21] Measures for the site FSS and national FSS samples were derived from Public and Indian Housing Information Center data and reflect participant characteristics at varying stages of their program participation. By comparison, the baseline information for the study sample reflects their circumstance at study enrollment. Therefore, one should use caution when interpreting the comparison of measures that the FSS program is designed to affect, such as income.

PHA program records and followup survey data were used to examine participant engagement in services.[22] As exhibit 6 shows, the FSS program led to a modest increase above the control group level in the use of any FSS-related services (7 percentage points). Larger statistically significant differences, exceeding 15 percentage points, were observed for financial counseling and job search activities. More than 80 percent of survey respondents in both research groups reported participating in at least one activity during the full followup period. The largest proportion of FSS group respondents (64 percent) reported participating in job search activities, followed by financial counseling (60 percent) and education and training (53 percent).

Exhibit 6

Impacts on Use of Services and Attainment of Post-Secondary or Occupational Credentials, Long-Term Followup Survey Respondent Sample

Outcomes (%)	FSS Group	Control Group	Difference (Impact)	P-Value
Any time since random assignment				
Used any services	87.7	80.8	6.9***	0.009
Job search	63.6	48.4	15.2***	0.000
Financial counseling	59.8	36.5	23.4***	0.000
Education and training	53.1	45.8	7.3**	0.042
Post-secondary education	34.1	28.6	5.4*	0.096
Occupational skills training	30.7	22.7	8.0**	0.015
Earned academic or occupational credential	35.7	32.8	3.0	0.379
Post-secondary degree	16.0	14.4	1.5	0.557
Occupational credential or license	26.1	23.4	2.6	0.387
Sample size (total = 791)	403	388		

** Statistical significance level of 10 percent. ** Statistical significance level of 5 percent. *** Statistical significance level of 1 percent.*

Notes: Sample sizes for specific outcomes may vary because of missing values. Rounding may cause slight discrepancies in calculating sums and differences.

Sources: FSS 18-Month Survey; 36-Month Survey; Long-Term Followup Survey

Participants were most actively engaged in services and activities in the first 18 months of followup, with participation decreasing markedly thereafter. Soon after program enrollment, many FSS participants attended short-term workshops focusing on job searches, budgeting, homeownership preparation, or life skills. By Year 3, most FSS group members were no longer participating in FSS-related activities (or had never participated), although a sizable portion of this group (about 40 percent) was working for pay, a key goal of the program.

Enrollment, Graduation, and Escrow Disbursements

FSS participants can take up to 5 years to graduate from the program. Under certain circumstances, the program may extend a participant's FSS contract by another 2 years.[23] By the last month of followup, a high proportion of participants in the national evaluation (about 72 percent) had left

[22] Data collected from the PHAs included case notes, service referral forms, and other PHA records and documentation. None of the surveys administered for this evaluation cover the full followup period, but it is possible to piece together a fairly complete picture of respondents' service use since enrollment because more than 90 percent of respondents to the Long-Term Followup Survey also responded to one or both earlier surveys.

[23] In response to the COVID-19 pandemic and its associated economic downturn in 2020, HUD gave PHAs the authority to extend FSS contracts by a third year.

the FSS program for reasons other than meeting its graduation requirements.[24] HUD and PHA records do not record detailed information on reasons for program exit, but the available data suggest that a large proportion of participants who were terminated from the FSS program exited voluntarily, left the HCV program, or moved to another PHA. FSS group members who ended FSS participation near the end of the study followup period (often because their case manager-initiated termination) were less likely to be employed and had lower earnings on average compared with FSS group members who exited during the middle years of followup.[25]

Given this finding, it comes as no surprise that only a small fraction of participants graduated from the program. About 4 percent of FSS group members graduated by the end of Year 3 of followup (that is, midway through the 5-year program). This rate climbed to about 17 percent in Year 5. By the end of data collection for this study, the graduation rate reached 20 percent (exhibit 7). This rate is somewhat below the national average of 24 percent recorded in 2018, the middle of the evaluation's followup period (HUD, 2018).[26] About 7 percent remained enrolled in the program when the study ended.[27] More than 80 percent of the FSS participants who graduated did so between month 36 and the end of the followup period.

Exhibit 7

Family Self-Sufficiency Enrollment Status Through the End of Followup

FSS Enrollment Status	Final Month of Followup
Graduated (%)	20.4
Received escrow disbursement (%)	*90.1*
Average disbursement received ($)	*10,803*
$1–$1,000	*5.9*
$1,001–$2,000	*7.2*
$2,001–$5,000	*18.6*
$5,001–$10,000	*26.3*
$10,001–$20,000	*26.3*
$20,001 or more	*15.7*
Used escrow dollars to pay for usual household expenses (%)	*59.1*
Still enrolled (%)	7.2
Average positive escrow balance ($)	*11,380*
Exited, did not graduate (%)	72.4
Exited with positive escrow balance (%)	45.7
Average forfeiture amount ($)	*3,918*
Sample size	1,285

FSS = Family Self-Sufficiency.

Note: Dollar amounts and percentages displayed in italics include FSS group members who share the same outcome.

Sources: Public housing agency administrative data; HUD Inventory Management System/Public and Indian Housing Information Center data; FSS Long-Term Followup Survey

[24] The last month of followup occurred between months 70 and 94, depending on the participant's random assignment date and when data were last received from their PHA.

[25] FSS group members who exited the program in Year 6 averaged about $11,600 in total earnings and had an average quarterly employment rate of 51 percent in that year. By comparison, participants who left the program during Year 4 had average total earnings of approximately $16,500 and an average quarterly employment rate of just under 60 percent during that year.

[26] The average of 24 percent can be derived by dividing the national total of FSS graduates by the total of FSS enrollees eligible for graduation.

[27] This estimated graduation rate includes everyone in the study sample who was randomly assigned. HUD's method for calculating graduation rates excludes FSS enrollees who exited the HCV program without graduating.

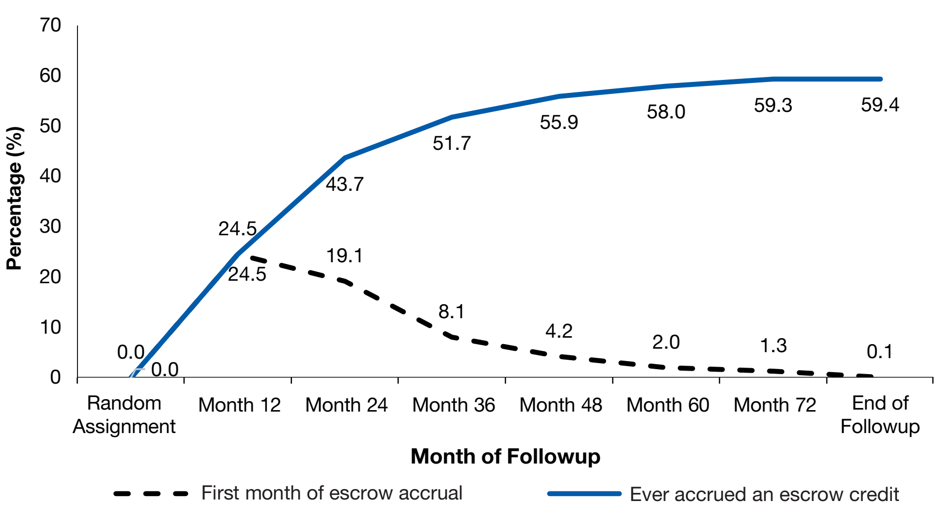
Substantial variation in the graduation rates was apparent among the 18 PHAs in the national evaluation, ranging from 4 to 44 percent. Fourteen of the 18 sites had a graduation rate of 20 percent or higher. Although some of the larger FSS programs in the evaluation—ones that enrolled at least 200 households in the study—had graduation rates that were among the highest in the study, larger sites tended to have lower graduation rates on average. FSS programs where staff carried smaller caseloads tended to have higher graduation rates, and graduates were more likely to receive both an escrow disbursement and a disbursement exceeding $5,000. However, most other program features and facets of implementation were not found to be strongly associated with these outcomes.[28] The relationship between program traits and outcomes is explored in more detail later in this article.

The escrow payout can be substantial for those who graduate and receive an escrow disbursement. As exhibit 7 shows, FSS group participants who graduated received an average of nearly $11,000, and about 14 percent earned an escrow disbursement of $20,000 or more, a significant one-time payment for these families.

Exhibit 8 displays the escrow accrual pattern for FSS group participants over time. It shows the overall proportion of FSS participants who had accrued at least one escrow credit (the solid line) during the followup period and when their first escrow credit was accrued (the dashed line). About 60 percent of FSS participants in the evaluation accrued some escrow during the followup period. Among those with at least one escrow credit, most began accruing escrow within the first 2 years of program enrollment. FSS group members who did not accrue any escrow credits by the end of Year 2 were less likely to earn any escrow during the study's full followup period.

Exhibit 8

First Month of Escrow Accrual and Cumulative Percentage of Family Self-Sufficiency Group Members Who Accrued Escrow Credits, by Month of Followup



Sources: Housing authority administrative data; HUD Inventory Management System/Public and Indian Housing Information Center data

[28] Program characteristics examined by the research team include average caseload size, whether staff had only FSS program responsibilities, how frequently participants were required to meet with FSS program staff, and whether FSS participants were required to set a goal for their first year in the program, among others.

Several factors can influence the likelihood of graduating from the FSS program and receiving an escrow disbursement, including a participant's employment status and earnings at program enrollment. Those not working at the time of program enrollment could potentially benefit the most from the program's escrow component because any future earnings (up to the maximum allowed) would be included in the calculation of escrow credits. Yet, nonworking participants could also face the most significant barriers to finding and maintaining employment, which is required for graduation and escrow receipt. By contrast, FSS participants who work full time or have relatively high earnings at program enrollment may be more likely to maintain their employment after they start accruing escrow. However, they may experience smaller earnings increases and accrue only a small amount of escrow.

The evaluation found that FSS participants who were employed at study enrollment were more likely to graduate from the program than those who were not employed. Specifically, just under 25 percent of FSS participants who were working either full or part time at study enrollment went on to graduate from the program compared with 15 percent of those not employed. However, among those not working at study enrollment and who graduated, a significant majority (77 percent) received an escrow disbursement exceeding $5,000. By comparison, about 54 percent of graduates who were working at study enrollment received an escrow disbursement of this size. FSS group members who were employed part time at random assignment had the highest rate of graduating with a large disbursement. This group may have faced fewer barriers to work than FSS group members who were not employed at enrollment and had more room to boost their earnings than those who were employed full time. The graduation rate was also greater for FSS group members with a 2-year college degree or higher, who were more than three times as likely to graduate than participants who did not have any degree or credential. This group was also among those most likely to graduate with a disbursement exceeding $5,000.

Escrow Forfeitures

Not everyone who accrues escrow credits graduates from the program and receives an escrow disbursement. Many participants with escrow credits forfeited their escrow savings. As exhibit 7 shows, roughly 46 percent of FSS group members who exited the FSS program during the followup period forfeited their escrow accruals because they left the program for reasons other than graduation. These participants accumulated—and forfeited—an average escrow balance of $3,900. This amount was generally higher for participants who exited only the FSS program and remained in the HCV program ($4,200) versus those who exited both the FSS and HCV programs ($3,500). By the end of this study's followup, less than 20 percent of FSS group members in the evaluation graduated and received an escrow disbursement. Thus, although the escrow account—and its asset-building potential—is an important draw for FSS participants, the evidence from this evaluation indicates that the actual likelihood of receiving these savings is quite low for most program enrollees—a pattern consistent with HUD's own analysis.

Approximately $2.6 million was disbursed to the FSS graduates in this evaluation, showing that the FSS program eventually provides a large lump sum payment to graduates, often exceeding the maximum amount that a household with low or moderate income could receive as an earned income credit on its federal tax return. However, a small proportion of FSS participants graduated and earned an escrow disbursement. Those who did not graduate may have benefited in other concrete ways from case management services and referrals, including by enrolling in an educational or training activity, learning to budget and manage family finances more efficiently, improving credit scores, increasing savings, or reducing debt. This article discusses the observed effects on these and other outcomes.

Program Effects on Employment and Earnings

An important test of the FSS model is whether FSS group members' access to services and the escrow savings incentive increases their employment and earnings compared with the control group. Against a background of high labor force participation, the evaluation tested the effects of the FSS program on increasing participants' employment and earnings more than the averages for the control group.[29] This analysis compared FSS and control group members' employment and earnings outcomes at different points and cumulatively during the full followup period.

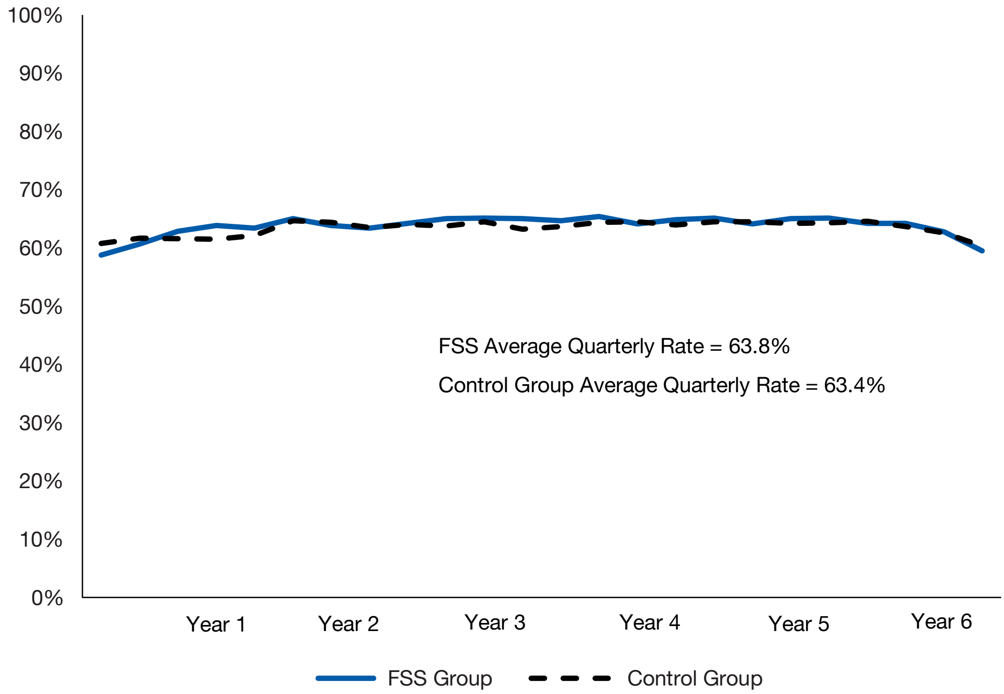
Quarterly wage records from the National Directory of New Hires (NDNH) were used to examine the program's effects on employment and earnings outcomes. The Office of Child Support Enforcement maintains NDNH, and it contains quarterly wage and employment information collected from state unemployment insurance records and federal employment. NDNH data do not cover earnings from self-employment, some agricultural work, gig work, or informal jobs. NDNH data showed that nearly 90 percent of the study participants from both research groups were employed during at least 1 quarter during the followup period.

Exhibit 9 displays the average quarterly employment rate for both the FSS group (the solid line) and the control group (the dashed line) during the study followup period and shows that the average quarterly employment rate for the FSS group was approximately equal to that of the control group for the duration of the followup period. At no point was the difference between the two groups statistically significant. During the 6 years of followup (or 24 quarters), FSS group members averaged just under 16 quarters of employment, equivalent to an average quarterly employment rate of 64 percent. Control group members recorded a similar average, which means that access to FSS services and financial incentives did not lead to increases over control group levels on this measure.

[29] This evaluation mostly occurred during a period of economic expansion from October 2013 to December 2019.

Exhibit 9

Average Quarterly Employment Rate in Years 1 to 6, Family Self-Sufficiency Sample

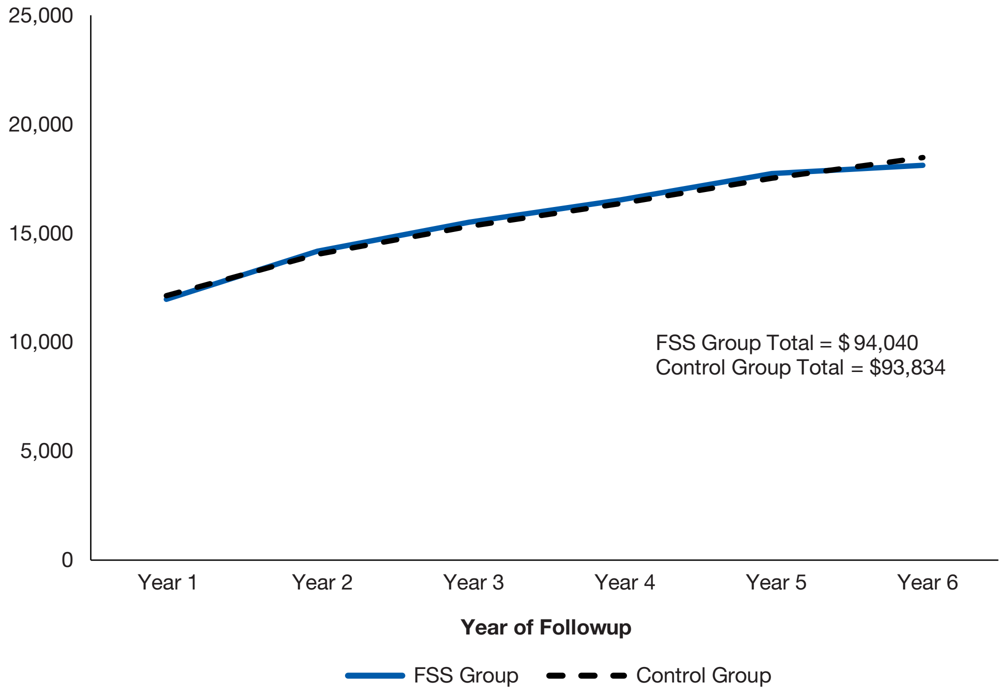


FSS = Family Self-Sufficiency.
** Statistical significance level of 10 percent. ** Statistical significance level of 5 percent. *** Statistical significance level of 1 percent.*
Source: MDRC calculations using quarterly wage data from the National Directory of New Hires

A similar pattern was observed for earnings measured using NDNH data. Exhibit 10 shows earnings over time and the average total earnings during the followup period for the FSS and control groups. During the 6-year followup period, both FSS and control group members earned about $94,000 on average (roughly $15,600 per year), indicating the FSS program had no statistically significant effect on earnings.

Exhibit 10

Total Earnings in Years 1 to 6, Family Self-Sufficiency Sample



FSS = Family Self-Sufficiency.
** Statistical significance level of 10 percent. ** Statistical significance level of 5 percent. *** Statistical significance level of 1 percent.*
Source: MDRC calculations using quarterly wage data from the National Directory of New Hires

Overall, the analysis of employment and earnings data derived from the NDNH data shows little evidence that FSS program participation improved labor market outcomes for study participants. Data from the FSS Long-Term Followup Survey, administered in mid-2021, provide additional details about participants' employment patterns and job characteristics at the end of the followup period. About 70 percent of survey respondents reported having worked for pay during the year prior to their interview (exhibit 11). Maintaining stable employment was an issue for many in both research groups because only about 45 percent of the respondents reported working during all 12 months prior to the interview. According to survey responses, about 6 in 10 respondents were working for pay at the time of their interview. Most of these respondents reported working full time. For all these measures, FSS group members reported similar averages compared with the control group.[30]

[30] For reasons that are not clear, a larger proportion of FSS group respondents cited the pandemic as the cause of their joblessness or working fewer hours compared with the control group.

Exhibit 11

Impacts on Self-Reported Employment and Earnings in the Past 12 Months and at Interview, FSS Long-Term Followup Survey Respondent Sample

Outcome	FSS Group	Control Group	Difference (Impact)	P-Value
In the 12 months Prior to Interview				
Ever employed (%)	72.2	70.0	2.2	0.486
Average number of months with employment	6.9	6.7	0.2	0.658
Worked mostly full-time hours (%)	47.2	47.5	– 0.3	0.942
Experienced decrease in employment or loss of employment because of COVID-19	60.7	52.7	8.1**	0.025
Current Employment				
Employed (%)	59.4	55.8	3.6	0.307
Hours of work (%)				0.437
1–20	5.8	4.6	1.2	
21–34	10.0	7.5	2.5	
35 or more	42.3	41.6	0.7	
Average weekly earnings ($)[a]	276	288	– 12	0.623
If currently not employed, main reason (%)				
Respondent's illness or disability	*37.8*	*40.1*	*– 2.2*	
No jobs available	*8.8*	*17.4*	*– 8.6*	
In school or training	*2.4*	*3.8*	*– 1.4*	
Illness or disability, other household member	*4.5*	*4.9*	*– 0.4*	
Temporarily laid off	*14.5*	*5.5*	*9.0*	
Other	*32.0*	*28.4*	*3.6*	
COVID-19-related reasons	*46.3*	*37.2*	*9.0*	
Sample size (total = 791)	403	388		

FSS = Family Self-Sufficiency.

[a] Calculation based on reported total earnings during the month prior to interview.

** Statistical significance level of 10 percent. ** Statistical significance level of 5 percent. *** Statistical significance level of 1 percent.*

Notes: Sample sizes for specific outcomes may vary because of missing values. Rounding may cause slight discrepancies in calculating sums and differences. For nonexperimental results (presented in italics), no tests of statistical significance were performed.

Source: MDRC calculations using responses to the FSS Long-Term Followup Survey

Survey respondents who indicated that they were not working at the time of their interview also reported the likely reasons for their current employment status. As exhibit 11 shows, FSS group members cited either the pandemic in general or a more specific health-related reason. A smaller proportion of control group respondents without employment listed COVID-19 or other health-related reasons for not working.

Program Effects on Credit Use and Financial Well-Being

Although the FSS and control groups experienced similar employment and earnings outcomes, the program could still improve the financial situations of FSS group households in two other ways. Once a head of household enrolls in an FSS program, other adult household members covered by the housing voucher can receive FSS services. Either way, their earnings are counted toward the issuance of escrow credits. In this way, the FSS program could potentially increase participants' household income without directly affecting the head of household's own employment and earnings. In addition, many FSS programs strongly encourage (or require) participants to attend financial management workshops or meet with financial counselors to receive instruction in managing personal and household finances or qualifying to purchase a home. As advocates for financial empowerment services often attest, these activities can lead to tangible financial gains, even without increases in income (Abbi, 2012; Collins and Gjertson, 2013; Lopez-Fernandini, 2012; McKernan, Ratcliffe, and Vinopal, 2009). For example, participants in financial security activities can learn how to increase savings, reduce debt, improve credit scores, forgo high-cost, nontraditional lending sources, and avoid financial hardship. Participants in financial security or homeownership preparation activities could also benefit in less tangible ways, for example, by reducing stress and experiencing a greater sense of control over life decisions and more optimism for the future.

The Long-Term FSS Survey and credit data provided by Experian and its subsidiary, Clarity, were used to assess the program's effects on financial well-being. VantageScores were chosen for this analysis over Experian's better known FICO scores because they include a larger number of financial services customers with low or moderate incomes.[31] VantageScores vary from 300 to 850. Following Experian and Clarity, scores were grouped into four categories: Deep Subprime, Subprime, Near Prime, and Prime, for simplicity.

Year-by-year trends in credit scores for FSS group members alone show that VantageScores improved by about 50 points (or about 10 percent) over time, averaging 555 during the random assignment years (2013 and 2014) and increasing to an average score of 606 in 2021. Most of the increases occurred during the final 2 years of followup.[32] During the followup years (2015–21), the proportion of FSS group members with Prime VantageScores (more than 660) increased steadily, from about 8 percent in 2013 to nearly 24 percent in 2021, whereas the proportion of FSS group members with Subprime scores (below 601) decreased by a similar amount. FSS and control group members recorded similar patterns of credit score outcomes on average by the end of the followup period (exhibit 12).

At the time of study enrollment, FSS group members carried an average balance of approximately $9,000 in nonhousing-related debt. By the end of the followup period, their levels of debt had more than doubled, reaching an average of $24,000 in nonhousing-related debt. Debt from automobile and student loans accounted for nearly all the increase (not shown). As exhibit 12 indicates, control group members showed similar increases in debt.

[31] VantageScores can factor in recurring payments, such as utilities and rent, and the typical loan products used to calculate FICO credit scores, such as credit card and mortgage payments, allowing individuals with less complete credit histories to be scored (DeNicola, 2024). For the FSS evaluation, estimated values were used for December 2020, equaling the value for December 2019 plus two-thirds of the change in value between December 2019 and June 2021.

[32] These findings reflect national trends (Kowalik, Liu, and Wang, 2021; Wendel, 2021).

Exhibit 12

Impacts on Credit Scores After 6 to 7 Years of Followup, Family Self-Sufficiency Sample

Outcome	FSS Group	Control Group	Difference (Impact)	P-Value
Average Vantage 3.0 score	605	607	– 2	0.576
Vantage 3.0 score (%)				0.954
No score	4.0	4.4	– 0.5	0.542
Deep Subprime	7.2	6.7	0.4	0.685
Subprime	43.7	43.1	0.6	0.745
Near Prime	21.5	21.2	0.3	0.848
Prime	23.7	24.6	– 0.9	0.594
Total balance ($)				
Traditional financial services	23,791	23,249	543	0.656
Revolving credit	1,766	1,815	– 49	0.757
Installment credit	21,489	21,212	277	0.811
Total balance increased from 2014 to 2021 (%)	63.7	63.1	0.6	0.752
Sample size (total = 2,548)	1,282	1,266		

FSS = Family Self-Sufficiency.

** Statistical significance level of 10 percent. ** Statistical significance level of 5 percent. *** Statistical significance level of 1 percent.*

Notes: Sample sizes for specific outcomes may vary because of missing values. Rounding may cause slight discrepancies in calculating sums and differences.

Sources: Experian Vantage 3.0 credit scores; Clarity Clear Early Risk credit scores

Program Effects on Income, Benefit Receipt, and Material Well-Being

The Long-Term Followup Survey shows that members of both research groups reported similar levels of income, savings (not including escrow), and connectedness to mainstream banking institutions (exhibit 13). However, a higher proportion of FSS group respondents, by about 8 percentage points, indicated that they usually had money left over at the end of the month. FSS graduates' access to escrow disbursements might explain why a higher proportion of FSS group respondents indicated that they usually had money left over at the end of the month. Control group respondents were more likely to report that they usually broke even.

Similar proportions of FSS and control group respondents also reported receiving government benefits. Nearly one-half of the survey respondents reported receiving SNAP food assistance. TANF receipt was much lower, with only 5 percent in both research groups reporting this cash assistance. Under the FSS program regulations in effect during the evaluation, FSS households could not receive any TANF cash assistance in the 12 months before graduation. The recently implemented FSS Final Rule changes this welfare-free period to only the month of graduation.

Exhibit 13

Impacts on Household Income, Benefit Receipt, and Well-Being

Outcome	FSS Group	Control Group	Difference (Impact)	P-Value
Survey Responses				
Income and financial well-being				
Average total household income, prior month ($)	1,846	1,815	31	0.760
Currently has a bank account (%)	73.9	72.5	1.4	0.659
Average savings ($)	465	554	– 89	0.709
By the end of the month (%)			**	0.020
Usually has money left over	17.5	9.9	7.7	
Has just enough to make ends meet	46.5	52.9	– 6.3	
Does not have enough to make ends meet	35.9	37.3	– 1.4	
Receipt of publicly funded benefits (%)				
SNAP/food stamps	50.4	50.1	0.3	0.937
TANF	5.0	4.7	0.3	0.864
Sample size (total = 791)	403	388		
Administrative Data				
Housing assistance				
Enrolled in HCV program in month 72 (%)	65.7	65.2	0.5	0.792
Total housing subsidy in Year 6 ($)	7,585	7,868	– 283	0.267
Sample size (total = 2,548)	1,281	1,267		

FSS = Family Self-Sufficiency. HCV = Housing Choice Voucher. SNAP = Supplemental Nutrition Assistance Program. TANF = Temporary Assistance for Needy Families.

*** Statistical significance level of 5 percent.*

Notes: Sample sizes for specific outcomes may vary because of missing values. Rounding may cause slight discrepancies in calculating sums and differences.

Sources: MDRC calculations using responses to the FSS Long-Term Followup Survey; HUD Inventory Management System/Public and Indian Housing Information Center data

HUD does not require families to give up housing assistance once they graduate from the FSS program. They may be required to exit the voucher program if their income exceeds the maximum allowed for this subsidy. Furthermore, some PHAs do not require tenants to report new employment or increased earnings before their next regularly scheduled eligibility recertification. However, FSS participants may report it anyway to ensure that they receive credits toward their escrow accounts and demonstrate progress toward meeting employment goals specified in their Contracts of Participation. In theory, the greater incentive for FSS group members to report earnings increases, combined with any positive effects in earnings over the control group average, could result in FSS group members receiving smaller housing subsidies and paying more out-of-pocket "family share" for rent over time than control group members. However, it did not occur among the PHAs in the FSS evaluation. According to Public and Indian Housing Information Center data and shown in exhibit 13, about 65 percent of the members of each research group continued to receive housing subsidies after 6 years of followup. FSS and control group members also received roughly similar levels of housing subsidies on average during Year 6. In the absence of program effects on employment and earnings outcomes in the 6-year followup period, these results are not surprising.

Variation in Program Effects Across Subgroups and Sites

Certain subgroups may have different experiences and outcomes in the FSS program. For example, it was hypothesized that participants who enter the program with a postsecondary degree or occupational certificate may earn more during the program period than those without these credentials. For nearly all subgroups included in the analysis, only small and statistically insignificant differences between the FSS and control groups were found for selected outcomes calculated with NDNH, credit, and housing subsidy data. The main exception to this finding is study participants who had attained a 2-year postsecondary degree or higher at the time of random assignment. The FSS program led to statistically significant gains above the control group in average quarterly employment and average credit scores for the 2-year degree and higher subgroup.

The evaluation also examined whether the variation in program implementation may be associated with differences in outcomes. As discussed, the FSS program is structured around service coordination and the escrow savings account, but it is generally viewed as a broad framework that allows for wide variation in service delivery. This variation provided an opportunity to examine whether some program implementation features are more effective at helping participants achieve or make progress toward self-sufficiency goals.

The study team estimated variation in FSS program effects for clusters of PHAs based on the extent to which they emphasized monitoring and engagement in implementation practices. PHAs were classified as placing either low, medium, or high emphasis on monitoring and engagement based on a composite score incorporating three components: average caseload size, expected number of contacts per year, and proportion of FSS group members with a Year-1 goal on their ITSPs.[33] Exhibit 14 shows that there are few program effects were observed in any "site cluster" for employment and earnings, credit, and housing subsidy outcomes. The main exception concerns PHAs that showed the strongest emphasis on monitoring and engagement at baseline, as characterized by having small caseload sizes, striving to maintain frequent contact with FSS participants, and setting both short- and long-term goals. Study participants in these FSS programs had average total earnings that were about $4,500 less than members of the control group during Year 6. This finding was observed consistently during the course of the evaluation (Verma et al., 2021; Verma et al., 2019; Freedman et al., 2023). Additional analyses revealed that during the 6-year followup period, control group members at the high monitoring and engagement programs worked more quarters on average and had higher average earnings per quarter than FSS group members.[34] This finding suggests that FSS group members may have been more likely to work part time or more intermittently than members of the control group.[35] This pattern is consistent with findings for programs that have significant upfront opportunity costs, in which participants delay or forgo employment or cut back on hours worked to facilitate their service use. It is possible

[33] These three implementation features have strong and positive associations with each other, suggesting that these separate indicators are attributes of a general implementation feature. For each PHA, a z-score was calculated for each component indicating the number of standard deviations the site-level mean was either above or below the cross-site mean. The composite score is the sum of the three-component z-scores.

[34] Control group members who worked for pay during at least 1 quarter averaged about 1 additional quarter with employment compared with employed FSS group members. In addition, these control group members earned about $850 more per quarter of employment compared with FSS group members.

[35] NDNH data do not record total hours, weeks, or months of employment per quarter.

that programs that prioritized monitoring and engagement placed greater emphasis on skill development, education, and training, which may have led some program participants to work fewer hours or temporarily withdraw from the labor market.

Exhibit 14

Impacts on Selected Outcomes by Selected Baseline Characteristics, Family Self-Sufficiency Sample

Outcome	Average Quarterly Employment Rate in Year 6 (%)		Total Earnings in Year 6 ($)		Average Experian Vantage 3.0 Credit Score in 2021		Total Housing Subsidy (HAP) in Years 1 to 6 ($)	
	Control Group	Difference (Impact)	Control Group	Difference (Impact)	Control Group	Difference (Impact)	Control Group	Difference (Impact)
Employment status								
Not employed	47.1	0.3	11,793	– 76	596	– 4	57,709	– 231
Employed part time	72.6	– 0.6	19,582	– 951	608	8	54,250	– 1,598
Employed full time	77.8	– 0.7	27,167	– 59	619	– 2	39,311	1,342
Educational attainment						††		
No degree or credential	56.3	– 0.8	13,346	230	605	– 13*	56,691	– 2,120
High school degree or GED certificate	60.2	0.0	16,272	238	603	– 1	49,735	– 365
Some college	66.5	– 2.9	20,140	– 1,668	604	– 4	51,355	– 1,108
2-year college degree or higher	65.6	6.8*	23,016	2,225	620	19**	48,682	199
Disability status								
Received SSI/SSDI	40.3	– 5.2	9,097	-914	594	9	49,051	– 1,249
Did not receive SSI/SSDI	66.8	0.3	20,129	– 443	609	– 4	51,490	181
Emphasis on monitoring and engagement				†††				
Low	59.2	0.5	17,176	271	619	– 5	55,416	245
Medium	64.3	1.8	17,920	1,009	597	1	42,351	– 1,031
High	66.2	– 4.9	22,092	– 4,490***	606	0	61,863	2,900
Sample size (total = 2,548)								

GED = general educational development. HAP = housing assistance payment. SSDI = Social Security Disability Insurance. SSI = Supplemental Security Income.

** Statistical significance level of 10 percent. ** Statistical significance level of 5 percent. *** Statistical significance level of 1 percent.*

†† Statistical significance level of 5 percent. ††† Statistical significance level of 1 percent.

Notes: Rounding may cause slight discrepancies in calculating sums and differences. The H-statistic test was used to test for statistically significant differences in impact estimates across different subgroups.

Why These Results?

Overall, the national evaluation does not point to strong or promising program effects. The case coordination component of the program is designed to provide participants with extended supports (at least 5 years) to address barriers to steady employment and advancement. The escrow component is meant to combat the potential disincentive effects of federal rent rules that tax higher earnings. Why then, in the face of extended supports and generous financial incentives offered by the program, are more positive results not evident? A few possible explanations are explored here before turning to how the program might be improved.

Labor force attachment is high for FSS participants, leaving less room for the program to increase employment rates. HCV households volunteering for this program appear to maintain high levels of labor market attachment. During the full 6 years of followup, most voucher holders in the control group (about 86 percent) had at some time worked in a job covered by unemployment insurance. The bigger problem appears to be related to employment stability. The average quarterly employment rate for control group members during the 6-year followup period was only 63.4 percent, ranging from 44.5 percent among those who were not already working at the time of random assignment to 78.4 percent among those who were already working. Earnings for the control group were also fairly low, averaging less than $19,000 per year by the end of followup period. The FSS program alone did not improve these outcomes for program participants in the evaluation sites.

Case management services that FSS programs offer may be too light touch. Given the limited resources housing agencies receive to operate FSS programs, case management is typically light and infrequent—that is, most programs offer referrals to other service providers and require limited contact with program participants. The baseline data show that many enrolled in the program with significant barriers to both employment and employment advancement, which may not be possible to address with light-touch case management practices. The responses to the Long-Term Followup Survey also revealed that FSS participants who exited the program without graduating were more than twice as likely as graduates to report having health-related obstacles that came in the way of goal attainment. Both graduates and those who exited without graduating were about equally likely to report barriers to transportation, childcare, or education costs that hindered FSS program participation.

Participants' low program engagement may further limit its impact. Through the first 36 months of followup, FSS group members averaged fewer than two contacts with case managers. FSS group members still enrolled at the end of Year 3 had about two contacts on average during the 36-month followup period. Nearly one-third of FSS group members who remained in the program through month 36 had not had any recorded contact with case managers since their enrollment meetings. Participants typically had more contact with their case managers during the first year of the program than they did in Year 3. Participants who stopped engaging with program staff or in an FSS-related activity may not have perceived value in continued engagement, or they may have had situational or other problems that got in the way of active participation.

The escrow account served as a distant and uncertain work incentive given that the payout does not occur until graduation or about 5 years into the future. Although 15 of the 18 programs participating in the evaluation allowed interim disbursements, few participants received such disbursements. The distant nature of the escrow savings, plus the limited effort to market accrual balances, may make it a less salient work incentive. Overall, other studies that have also carefully tested work-focused initiatives for low-income populations underscore the difficulty of helping participants advance, suggesting that the FSS program also struggled with the same issue.[36]

[36] For the most part, the evidence on employment programs has been disappointing. Hendra and Hamilton (2015) review a large body of rigorous evidence, accumulated during 3 decades, on the effects of different types of human capital development programs that had similar economic mobility goals and targeted public assistance recipients and other low-wage workers.

How Might the Program Do Better?

The results from this evaluation suggest that stronger (or different) approaches are needed to generate bigger and more transformative effects for FSS participants. The FSS program design includes attractive features. It gives participants at least 5 years to work toward program goals and helps them build savings. However, changes in how the core components of the model are delivered (or defined) are necessary to improve program outcomes. Fortunately, the national evaluation ended at a time when HUD was already beginning to change the program's policies in accordance with the statutes of the congressional Economic Growth Act of 2018. These changes include directing PHAs to use forfeited escrow funds to benefit other program participants, changing who within the family can enroll in the FSS program and be subject to the Contract of Participant requirements, expanding the definition of good cause extensions, and reducing the welfare-free timeframe requirement. Depending on how FSS programs implement the new policies, these changes could strengthen program implementation and improve outcomes for participants.

At the same time, HUD's HOTMA legislation introduces new implementation guidelines and policies that may make it harder for FSS participants to grow escrow savings, potentially numbing what appears to be one of the more compelling and attractive features of the program model. That said, as program operators attempt to implement new FSS rules and policies, this evaluation offers important evidence to inform program improvement efforts.

Recommendations for Strengthening Service Delivery and Program Engagement

Greater Attention to Initial Goal Setting and Subsequent Updates to Individual Plans. In some FSS programs in the evaluation, the initial goal-setting step was usually brief and transactional, often completed during the program enrollment meeting. Furthermore, some PHAs set the same goals for all participants and others encouraged participants to dream big and set ambitious goals. Both approaches could make it harder for participants to successfully graduate from the program. Although the program's multidimensional goal-setting framework is useful, program operators may not want to rush the initial goal-setting step and spend more time with participants to develop clearer roadmaps, better understand the challenges they face, set both short and long-term goals, and monitor progress more frequently. By getting to know clients, staff will also be better positioned to assess the types of supports that might work best for them, target services accordingly, and even help them assess and update their goals, if needed.

Encourage and Support Sustained Client Engagement. This evaluation shows that FSS case coordination approaches varied significantly. Furthermore, because participants can go for months without connecting with their FSS coordinators, few programs have a real-time understanding of how participants are faring, whether they are receiving services to which they were referred and whether they are continuing to pursue their goals. Strengthening client engagement partly involves incorporating more structured coaching techniques and possibly supporting sustained program engagement with participation incentives. FSS programs may want to consider offering small financial incentives to encourage participants to check in regularly. Furthermore, FSS staff may want to draw on human-centered design techniques, such as customer journey mapping, to better understand participants' needs and the barriers they face in making progress toward goals. Social service agencies are increasingly using this technique to better understand participants' experiences and improve program processes to enhance outcomes.

Develop Service Provision or Collaboration Agreements With PCC Network Partners to Improve Participants' Access to Resources and Supports in the Community. FSS programs rely on PCCs and other service providers to learn about services that may be relevant to participants, but PCC members are not always responsible for serving participants. To the extent that PCCs remain central to the FSS model, it might be important to assess how FSS programs can more effectively leverage the services and resources made available through these organizations. Furthermore, regularly assessing the composition of the PCC and service provider network might be another way of identifying service gaps and ensuring that participants' changing service needs can be met. Including FSS participants as members of the PCC, as required under the old and new regulations, also allows programs to incorporate the lived experiences of program participants and possibly more quickly identify service gaps and unmet service needs. Programs could also invite graduates to serve in an advisory capacity.

Develop a Robust Job Search and Workforce Strategy for Participants With Varying Employment and Advancement Goals. Although employment is an important goal for this program, few FSS programs in the evaluation have a defined "workforce" strategy. To help participants succeed in the labor market and make progress toward economic self-sufficiency, FSS programs must be better equipped to offer (directly or through partner agencies) employment-focused supports for the range of participants who enroll in the program. Structured post-employment followup and supports, for example, could help reduce employment churning and improve job stability or help participants transition from part- to full-time hours. Programs may also want to build stronger partnerships with education and training providers focused on growth sectors to train and place clients in these sectors and with job search programs that combine traditional job club activities with life or executive skills training, including self-esteem building. Program strategies will also need to consider how to help participants' economic mobility goals in the face of growing globalization, labor market volatility, rapid technological changes, shifting demographics, and resource constraints.

Where Possible, Use Discretionary Funds to Support Participants' Progress Toward Goals. Access to flexible resources could help participants overcome some barriers (transportation or childcare, for example), stay more engaged in the program, and not give up on it or their goals. However, most programs in the evaluation had limited access to such flexible resources. Philanthropic resources could help fill the gap, but programs may need steady access to flexible resources for stable program operations. The FSS Final Rule directs FSS programs to use escrow forfeitures to benefit participants in good standing, opening up an important source of discretionary funds. This evaluation shows that FSS participants who exited the program without graduating forfeited approximately $1.7 million in accrued escrow, resources that could now become available to FSS programs to support other participants. However, if programs can successfully increase graduation rates, forfeited escrow balances could decrease—a desired outcome. Looking forward, FSS programs should clearly define how flexible resources would be disbursed and who would be eligible to receive them.

Escrow Design and Implementation

Unlike the case coordination component, HUD regulations related to the escrow account apply uniformly to all FSS programs. What can programs do to better leverage this rent-based financial incentive and help more participants build savings and earn escrow disbursements?

Encourage Interim Disbursements. Interim escrow disbursements are greatly underutilized. By design, interim disbursements are meant to help participants overcome financial barriers, such as transportation and education expenses, which may deter progress toward their goals. Findings from credit data analysis that showed an increase in credit card debt over time for automobile and student loans and survey findings indicating a lack of childcare, transportation, and tuition assistance strengthen the case for program staff having more focused discussions with participants about whether they could use an interim disbursement to address an eligible need. PHAs should also establish clear and transparent policies so that participants are more aware of their options and able to make informed decisions about requesting interim disbursements. These policies should include clear and consistent messaging about the program criteria to review and approve such requests. Doing so might make the escrow benefit feel more tangible and serve as a support and an incentive for continued and sustained engagement. Providing staff with additional guidance on the merits of short- and long-term uses of escrow balances would enable them to talk with participants about how their balances are both a resource that can help address immediate needs that are in line with their program goals and an asset to grow and maintain for the future.

Share Escrow Statements More Frequently and Use Them as Nudges. Programs vary considerably in terms of the extent to which staff routinely discuss escrow accruals and potential forfeiture of these resources with participants. Beyond the one required annual statement provided to participants, more frequent escrow balance statements could remind participants of their accruals and nudge them to stay focused on the goals they need to attain to grow escrow savings and receive a disbursement. These periodic reminders could also serve as a point of discussion in followup check-in meetings with staff, potentially leading to additional supports or service referrals to help participants make progress toward goals.

Tie Escrow Payments to Progress Toward Goals. In traditional FSS programs, participants must achieve employment and all other goals to graduate and receive an escrow disbursement. One modification implemented by some Moving to Work agencies is to delink escrow disbursements from graduation requirements and allow families to earn escrow payments on an agreed-on disbursement schedule tied to engagement requirements and achieving interim and long-term goals.[37] Unlike the previous recommendations, which are under the control of program-specific policies, this recommendation would require a statutory change for PHAs that do not have Moving to Work authorization. HUD may want to allow PHAs to innovate and experiment with alternative escrow models. For the Work Rewards demonstration, the regular escrow account was paired with a short-term financial incentive, which resulted in more positive program effects for participants who were not working at baseline. This type of experimentation may be even more important in light of the income calculation guidance resulting from HOTMA. Moving to Work housing agencies are already experimenting with different financial incentives, and HUD may want to consider small

[37] https://www.hud.gov/sites/dfiles/PIH/documents/MTWFSSInnovationsJan2020.pdf.

pilots to learn from them. These pilot programs may require regulatory authorization for non-Moving to Work agencies.

Graduation Requirements

Increasing graduation rates for participants, especially for those facing significant barriers, may require a model that does not use the same measure of success for all participants.

Revisit Graduation Requirements for Participants With Significant Barriers. FSS group members who left the program without graduating and continued receiving housing vouchers appear to have enrolled in the program with more serious barriers to employment than any other group. They had the lowest employment rate at study enrollment and the highest incidence of having a physical or mental health problem that made it difficult for them to find and keep a job. They also had the highest incidence of Supplemental Security Income or Social Security Disability Insurance (SSI/SSDI) receipt, which could limit the ability to accrue escrow to the extent disability restricts how many hours of work recipients can perform. Plus, the SSI/SSDI eligibility rules limit total earnings per month. How can such participants benefit from the program and graduate with escrow? Under specific terms, the FSS Final Rule allows program operators to terminate Contracts of Participation and disburse escrow funds to families, even if the graduation requirements are not met.[38] This change might benefit some FSS participants whose health or disability status worsens over time.

Conclusion

Broad public policy interest exists in finding more effective ways of using the housing subsidy system as a "platform" for promoting employment—that is, helping its beneficiaries make big strides toward self-sufficiency, freeing up housing subsidies for other high-need families, and reducing safety net costs overall. The findings from this comprehensive assessment of the FSS program underscore the importance of taking stock of the program and how it can be retooled to realize its intended mission. This reenvisioning includes the service delivery approach, emphasizing implementation quality, developing stronger partnerships with workforce development providers, leveraging the added flexibilities the FSS Final Rule offers, and rethinking the future of the model's asset-building framework considering the HOTMA regulations. Furthermore, the body of evidence from other employment efforts to promote the economic well-being of housing assisted households makes the case for bolder innovations than those previously tried or currently in place—a particularly urgent need given tight government budgets and competing priorities for discretionary federal resources. Some of the models discussed in this *Cityscape* volume may point in that direction.

[38] This scenario could happen if FSS program operators determine that services integral to a family's advancement toward its goals are unavailable. It could also happen when the household head becomes permanently disabled and is unable to work or dies during the contract period, unless a new household head is assigned, and the contract is modified.

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Authors

Nandita Verma is a senior fellow in MDRC's Economic Mobility, Community, and Housing policy area. Joshua Vermette is a research associate in MDRC's Economic Mobility, Community, and Housing policy area.

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Emerging Lessons from the MyGoals for Employment Success Program

Nina Castells
James Riccio
MDRC

Quinn Moore
April Wu
Mathematica

Abstract

MyGoals for Employment Success (MyGoals) is an employment program that combines executive skills coaching with financial incentives to help recipients of government housing subsidies increase their economic mobility and security. It was tested in two housing agencies in Baltimore and Houston as part of a random assignment demonstration. This article describes the MyGoals model and the rationale behind its approach. It also presents emerging findings on the operation and effects of this 3-year program mid-way through participants' enrollment. Those findings show that coaches and participants alike viewed the MyGoals coaching approach more favorably than other forms of case management, and that participants' engagement was steady and sustained. The impact analysis, covering the first 21 months of followup after random assignment, shows that MyGoals had positive effects on participants' goal-setting and attainment skills and their likelihood of participating in education and training programs. However, the program had not affected participants' levels of earnings or economic hardship during that interim period. The article considers how these lessons and future findings can inform program improvement for the Family Self-Sufficiency program.

Introduction

This article describes an innovative approach called MyGoals for Employment Success (hereafter, MyGoals) that, like the Family Self-Sufficiency (FSS) program, aims to help recipients of government housing subsidies increase their employment and earnings, achieve economic security, improve their personal and family well-being, and reduce their need for safety net supports, including housing assistance. MyGoals has some features similar to those of the FSS program, but it also departs from that model in important ways. The evaluation of MyGoals is relevant to the

FSS program because MyGoals could be envisioned as an alternative to it, or elements of MyGoals could be incorporated into its design and operation—if justified by the longer-term study results. Those results were not available in time for this publication.

The typical 5-year FSS program funded by the U.S. Department of Housing and Urban Development (HUD) helps participants set employment goals, connects them with relevant services, and includes a financial work incentive. The case coordination and service guidance offered by FSS staff typically is relatively "light touch." Staff commonly have to contend with high caseloads and tend to meet infrequently with participants—sometimes only in response to participants' requests. The incentive operates through an escrow savings component that rebates tenants the amount that their rent increases because of increases in their earnings while participating in the FSS program. Participants receive the payment in a lump sum if and when they graduate from the program (usually after 5 years) if certain other conditions are met.

The idea for trying an approach that differed from the FSS program but focused on the same long-term goals grew out of concerns and early suggestive evidence that the light-touch case management approach and long-term financial incentives of the FSS program might not produce substantial improvement in participants' outcomes. At the time that MyGoals was conceived, a test of FSS in New York City (NYC) as part of MDRC's Work Rewards evaluation had not found evidence that the regular FSS program led to improved economic outcomes for Housing Choice Vouchers (HCV) recipients.[1] However, the study's 3-armed randomized trial did find that a modified approach that combined FSS with a financial reward for achieving and sustaining full-time employment (referred to as "FSS+Incentives") showed promise, particularly for voucher recipients who were not employed at baseline. Individuals in this subgroup randomly assigned to the FSS+Incentives group experienced sizable and statistically significant improvements in employment rates and earnings compared with individuals assigned to the regular FSS program and also compared with individuals assigned to a control group who did not receive any form of FSS support. Later, MDRC conducted a national HUD-funded evaluation of the FSS program, with a randomized controlled trial design that involved programs operated by 18 public housing agencies (PHAs) across the country. This rigorous, large-scale evaluation also bore out the concern that the regular FSS program may not lead to substantial improvements in participants' economic outcomes. That study found that the FSS program did not produce statistically significant improvements in labor market outcomes for voucher recipients during a followup period of 6 to 7 years after random assignment.[2] In part, this outcome may have resulted because many FSS participants in the national and NYC trials did not sustain program engagement, with substantial drop-off occurring by the second year after enrollment. In the national study, only 20 percent of all

[1] The Work Rewards evaluation, which began in 2007, was a demonstration project the New York City Mayor's Office for Economic Opportunity sponsored during the mayorship of Michael R. Bloomberg. The New York City Department of Housing Preservation and Development operated the FSS program incorporated into the study. See https://www.mdrc.org/work/projects/work-rewards for more information.

[2] See Verma and Vermette (2025) in this volume for a summary of these findings.

participants graduated from the program, and about 18 percent received an escrow disbursement by the end of the 6- to 7-year followup period (Freedman, Verma and Vermette 2024).[3]

MyGoals was inspired by innovations pioneered by Economic Mobility Pathways (EMPath), a Boston-based nonprofit and leader in applying lessons from neuroscience and cognitive behavioral psychology to a workforce program. Drawing on those innovations, MDRC, in collaboration with neuropsychologist Richard Guare, designed the MyGoals model to focus on participants' executive functioning skills (also referred to as executive skills) as a core component of a carefully structured workforce coaching process. MyGoals combines this coaching process with a set of financial incentives that participants can receive much more quickly than FSS escrow disbursements, which are not part of the MyGoals model.[4]

MyGoals is being tested in a randomized controlled trial focusing on nonemployed housing subsidy recipients—mostly voucher recipients but also some public housing residents. Two PHAs—Housing Authority of Baltimore City and Houston Housing Authority—operated the program between 2017 and 2022. MyGoals was a voluntary program. Participants could receive services for 3 years and could remain in the program even if they stopped receiving housing subsidies during that time. In partnership with MDRC, Mathematica is evaluating MyGoals as part of a federally funded study of four innovative coaching programs for individuals with low incomes, including the Employment Coaching for TANF and Related Populations study sponsored by the Office of Program Research and Evaluation of the U.S. Department of Health and Human Services (HHS), slated to conclude by the fall of 2026.

In addition to the MyGoals evaluation, a Harvard University-led team is testing an adaptation of EMPath's Mobility Mentoring® program, called AMP Up Boston, with tenants who are receiving rental subsidies through the Boston and Cambridge, Massachusetts, housing authorities.[5] In the coming years, these randomized trials will add considerable new evidence on the implementation and effectiveness of economic mobility programs for subsidized tenants and other populations struggling with low incomes. In doing so, the studies may provide guidance or insights on ways to strengthen or more fully transform the FSS program.

[3] Since MyGoals launched, a quasi-experimental study conducted by Abt Global of the Compass Working Capital program, a version of FSS, has found more encouraging results. The Compass program offered much more substantial coaching on financial management and asset building and employment than the typical FSS program. Although the study did not follow participants or the matched comparison group members after they exited the voucher program, it reports impressive effects on the earnings and other outcomes while participants were receiving vouchers. The authors cite a number of additional methodological limitations, but the study offers suggestive evidence that the Compass Working Capital approach is promising and deserves more rigorous testing. See Moulton, Freiman, and Lubell (2021) for a description of the methodological approach and findings.

[4] See Castells and Riccio (2020) and Riccio and Wiseman (2017) for more details on the rationale, origins, and launch of the MyGoals model and demonstration. MDRC developed the MyGoals demonstration with initial support from Arnold Ventures and additional support from other private funders (the JPB, Kresge, and Weinberg Foundations and the Houston Endowment) to launch a small trial in two locations. Earlier planning work was supported with funding from the John D. and Katherine T. MacArthur Foundation and HUD. After the project began, MyGoals became part of a multisite evaluation funded by the U.S. Department of Health and Human Services and led by Mathematica to test several employment coaching programs for recipients of Temporary Assistance for Needy Families and other low-income populations.

[5] See https://empathways.org/direct-services/amp-up-boston.

Escaping Today's Poverty: Perspectives From Behavioral Psychology

As EMPath has written, its efforts to achieve more transformative effects for the low-income populations it served grew out of a recognition that the process of moving out of poverty to economic independence has drastically changed since the 1960s, when the nation's most significant antipoverty programs were first instituted (Babcock, 2012). The growth of single-parent families, the stagnation of wages for noncollege-educated adults, and the difficulty of making ends meet on just the earnings of a single breadwinner make the escape from poverty more difficult. For adults living in poverty, and especially those who are single parents, the challenge is daunting. It can entail navigating a competitive job market that increasingly demands post-secondary credentials, learning how increased earnings affect eligibility for and receipt of benefits from a patchwork of government safety-net programs, and identifying, affording, and completing education and training programs that can lead to middle-income jobs. All this effort requires persistence, the capacity for multitasking, and strategic thinking, yet, as EMPath has written, the stress and chaos of poverty may impair exactly those kinds of skills that such navigation requires (Babcock, 2014). Consequently, economic self-sufficiency interventions might be more effective if they directly address such skills and capacities.

There is a growing literature on this perspective of poverty that has roots in neuroscience and behavioral psychology. Mullainathan and Shafir (2013) summarized much of that literature in their book *Scarcity*, which considers the ways in which severely limited resources among adults can affect mental processes related to decisionmaking.[6] This research has drawn attention to the processes by which humans make decisions and how the circumstances in which many people with low incomes live can affect those processes. The "scarcity" literature emphasizes that the constant stress and the numerous daily decisions that adults face when trying to make ends meet on very little income impose a heavy cognitive load (or "bandwidth tax") that affects attention, cognitive capacity, and executive functioning. In other words, the difficulty that many people experience with escaping poverty is *not* due to some inherent weakness in these capacities. Instead, the intense focus on—and worry about—"getting by" can drain cognitive resources away from the kinds of planning, managing, and sustaining actions that are required for "getting ahead."

This perspective suggests that employment interventions that primarily focus on "removing barriers"—such as providing a childcare referral, making referrals to occupational training courses, and possibly offering financial incentives to encourage action, although critically important—may be insufficient to accomplish substantial change because they may be missing part of the problem. The drain on cognitive resources (from survival demands) may be undermining participants' ability to take full advantage of those services and to use them to make progress toward their

[6] Also, see Mani et al. (2013). See Joyce and McConnell (2019) for another summary of literature in this fields.

goals.[7] Moreover, a reward deferred for a long time (as is the case for the FSS escrow account) may not sustain focus through the long slog from start to intended finish because severe resource constraints and stress may make focusing beyond the here and now difficult.[8]

The mental skills that may be compromised by the constant stress and overwhelming decisions that need to be made on a day-to-day basis while living in poverty are referred to as executive skills (also referred to as executive function skills, executive functioning, or self-regulation skills). They can most simply be defined as the mental skills "required for humans to execute or perform tasks" (Dawson and Guare, 2009).[9] They include self-regulation processes such as stress tolerance, emotional control, time management, organization, mental flexibility, persistence, and others—or, roughly, the capacity to manage, cope, plan, and follow through. When these skills are compromised, a person may have more difficulty navigating the labor market, acquiring occupational credentials, performing well at a job, and advancing in work. This observation has important implications for workforce programs that aim to help adults with low incomes achieve economic mobility. It suggests that explicitly focusing attention on participants' executive skills may improve program effectiveness, yet little evidence exists to support such a conclusion.

The MyGoals Model

The MyGoals model combines executive skills focused employment coaching with a set of financial incentives to support participants in making step-by-step progress toward economic mobility over a three-year period. This section describes the core features of the program model.

Taking Executive Skills Into Account

The MyGoals employment coaching process offers systematic guidance and support that include a focus on participants' executive skills. The MyGoals model focuses on 12 specific executive skills, as exhibit 1 shows. It is important to note that everyone has certain executive skills strengths and weaknesses regardless of income. However, as Mullainathan and Shafir (2013) point out, those with higher incomes have more "slack" to avoid negative consequences that may be associated with weaknesses.

MyGoals coaches were trained to discuss their own executive skills strengths and weaknesses with participants to help participants feel comfortable opening up about theirs and to consider whether certain types of jobs, education, or training programs would be a good fit for them,

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[7] People with housing subsidies have an important advantage. Being unable to afford decent housing is a major source of stress, and subsidies help put the mind at ease on that front. However, even with this advantage, subsidized tenants on very low incomes struggle to make ends meet. For example, a baseline survey from the Rent Reform Demonstration of nonelderly, nondisabled HCV households in four PHAs found that, sometime in the previous year, 46 percent of households were unable to pay the cost of utilities, 34 percent were unable to pay their telephone bills, 28 percent were unable to pay for food, 23 percent were unable to see a doctor or pay for prescriptions because of the cost, and 20 percent were unable to pay their (subsidized) rent (Riccio, Deitch, and Verma, 2017).

[8] As Michael Wiseman observed, "Studies of lives of families with low incomes are replete with examples of ambition thwarted by events that divert attention from activities that might lead to long-term economic achievement. Repeated experience of such 'shocks' creates a sense of lack of control over life and the wherewithal for change-of-course, or what might be termed 'personal agency'" (Riccio and Wiseman, 2017).

[9] See NSCDC (2010), Mullainathan and Shafir (2013), and Mani et al. (2013) for further discussions of executive skills.

given the demands and expectations associated with those positions. If specific executive skills challenges were "getting in the way" of achieving the goals participants set, the coaches were to help participants develop behavioral strategies to address those problems. The intent was not to "fix" participants' executive skills challenges in a global sense. Instead, the focus was more context specific. If such problems were not interfering with participants' goal achievement (not "getting in the way"), then there was no need to address them in MyGoals.

Exhibit 1

Executive Skills Examples

Executive Skill	What Is It?
Response inhibition	• Thinking before speaking or acting. • Reflecting on making decisions.
Working memory	• Keeping track of things. • Remembering what to do. • Learning from past experience.
Emotional control	• Maintaining cool. • Handling criticism or correction. • Controlling temper.
Task initiation	• Getting started right away. • Not procrastinating.
Sustained attention	• Finishing tasks. • Persisting at jobs. • Staying focused.
Planning/Prioritization	• Seeing the path to a goal. • Deciding what is important to focus on first. • Deciding what can be ignored.
Organization	• Keeping things neat and tidy. • Knowing where things are.
Time management	• Being able to estimate how long things will take.
Goal-directed persistence	• Following through to completion of goals. • Not being put off or distracted.
Flexibility	• Going with the flow. • Revising plans in the face of obstacles, setbacks, new information, or mistakes.
Metacognition	• Stepping back and taking bird's-eye view of yourself in a situation. • Being able to monitor and evaluate yourself.
Stress tolerance	• Taking in stride when things change unexpectedly.

Source: Guare, Dawson, and Guare (2017)

Multiple Domains, Nondirectiveness, and Incentives

A focus on executive skills is central to the MyGoals approach, but it is intended to work within an economic mobility framework that also emphasizes goal setting across multiple domains of life, a nondirective coaching style, and financial incentives tied to program engagement and the achievement of employment goals.

Multiple Domains. As in EMPath's Mobility Mentoring model, a premise of MyGoals is that progress or impediments in one domain of life can promote or impede progress in the others. Consequently, during the course of the MyGoals program, coaches were expected to help participants set and achieve goals related to (1) employment and career management, (2) education and training skills, (3) financial management, and (4) personal and family well-being (exhibit 2). Employment is the primary focus, but the framework acknowledges the interconnectedness of these domains. For example, a family, health, or savings outcome (positive or negative) may affect progress toward education or employment goals.

Exhibit 2

MyGoals Domains

Source: MDRC MyGoals program document

It was expected that although participants would begin by working on goals in only one or two domains, many participants will have worked on goals in three or four domains by the end of the 3-year program, with the scope and timing determined by the participant in collaboration with the coach.

Nondirectiveness. In the MyGoals model, coaches help their assigned participants frame realistic steps for achieving their goals, connect with resources and organizations that would assist them (such as appropriate education or job training programs), find alternative approaches to attaining goals when the original plans are unsuccessful, persist when feeling overwhelmed, and track progress. Throughout this process, however, the participants decide what paths they want to take. This approach is the essence of nondirective coaching, and it is at the heart of the MyGoals approach. The coaches are expected to guide the process, help participants identify service and job options and alternative courses of action and tradeoffs, and help participants learn about alternative sources of information that could inform their choices, but the decisions always remain in the participants' hands.

The goal of coaching is not only to help participants attain specific goals but help them acquire problemsolving and goal-setting skills, resourcefulness, and habits that could help them continue on a path of upward mobility even after completing MyGoals. In other words, through attention to executive skills and the process of setting goals, planning next steps, assessing progress, and revising plans, the intent is to teach participants practices they could carry with them into the future as they continue to work toward economic independence.

Channeling of Intent Through a Multistep Process. Staying on track to complete demanding tasks necessary for reaching goals can be challenging for anyone. However, for individuals contending with the stress of poverty, completing tasks can be even more difficult, especially if the task is long term and multistep. Cognitive behavioral psychologists suggest that to increase the likelihood of goal completion, an important component is to create a strong goal-setting framework that begins with a strongly held desire for a concrete goal and then connect the desire and the goal with a realistic and believable set of clearly described steps to attain the goal (Gollwitzer and Sheeran, 2006; Laibson, 2013; Oettingen, 2014).

In the MyGoals program, participants specify incremental and increasingly demanding goals and steps (i.e., the smaller subgoals or staged goals) that would help them make progress toward increased self-sufficiency. This incremental approach represents "breaking down goals into manageable pieces," a core feature of executive skills coaching. As part of this process, the coaches engage participants in cognitive rehearsals to increase their chances of task completion. This activity entailed eliciting "implementation intentions"—that is, commitments to take *concrete steps* within *specific timeframes*. For some participants, this task might involve identifying steps to take within days or weeks (e.g., a commitment to contact the one-stop employment center "*by next Thursday*") and reviewing progress quickly. For others, a longer period would be appropriate. Cognitive rehearsals also involve specifying ways to respond if certain situations arise (*"If x happens, then I will do y."*) With their coaches' guidance, participants revise their goals and plans on an ongoing basis, as appropriate (Dawson and Guare, 2016).

Financial Incentives. MyGoals uses financial incentives to support engagement in the coaching process, most directly through monthly stipends to encourage and facilitate engagement. It also offers rewards tied to getting and remaining employed. The use of incentives linked to work outcomes builds directly on evidence from Work Rewards, which found that adding incentives to the regular FSS program (that is, FSS+Incentives) produced better labor market outcomes than FSS alone or no FSS services for a nonemployed subgroup of voucher recipients (Freedman, Verma, and Vermette, 2024).

Continuous Support for a 3-Year Period. Participants are expected to meet with their coaches at least monthly throughout the 3-year program to set goals, discuss progress and challenges toward their goals, and identify resources that could support their journeys. MyGoals coaches are also expected to tap into their local networks of service providers to make referrals as needed. In addition, the MyGoals program developed two formal partnerships—one with a labor market information provider and one with a financial education provider—to help provide concrete information that may be useful to MyGoals participants in setting employment, education, training, or financial management goals.

Caseload Sizes. To contain program costs and allow participants to receive coaching during a 3-year period within the budget available for the demonstration, a 50-to-1 participant-to-staff ratio was set. This number includes participants who would become inactive during the course of the program, lessening staff burden, although staff continue to make periodic attempts to reach all disengaged individuals. The caseloads would ideally be lower, resources permitting.

Evaluating MyGoals

The MyGoals model is being evaluated using a randomized control trial through a demonstration that operated the program at two housing agencies from 2017 to 2022. This section describes the study sample and timeframe.

The Study Sample and Enrollment Timeframe

From March 2017 to November 2019, nearly 1,800 adults were enrolled in the MyGoals study. MyGoals coaches working in collaboration with other housing agency staff members recruited them to the study. To be eligible, individuals had to be an adult member of a household receiving federal housing assistance (through the HCV program or living in public housing) and either not working or working less than 20 hours per month. They also had to demonstrate that they were legally able to work in the United States and were not already participating in the FSS program. All consenting eligible adults were randomly assigned either to the MyGoals program or to a control group, which could not participate in MyGoals. Both groups were free to access other services in the community on their own.

Background Characteristics of the Study Sample

Most individuals (80 percent) who enrolled in the study were receiving housing subsidies through the HCV program, but 20 percent were living in public housing. The sample consisted largely of Black, female, single parents; 95 percent identified as Black, non-Hispanic; 88 percent identified as female; and 70 percent lived in households without another adult. On average, study participants were aged 38 and lived with 1.6 children.

Although about one-half of the study participants reported that they had worked at some time in the 12 months before they enrolled in the study, only 2 percent said they were working at the time of study enrollment. Individuals were eligible for MyGoals only if they were not working or were minimally employed—that is, working less than 20 hours per month—at the time of study enrollment. Only 35 percent of the sample had any earnings reported to the state unemployment insurance (UI) agency in the quarter before study enrollment. Those who were employed made an average of $980 per month during that quarter.[10] Thirty-eight percent of study participants had received housing subsidies for 7 years or longer.

The Study Timeframe

Most of the findings presented in this article are from a period before most participants had a chance to complete the full 3 years they were allowed to participate in the program, with the exception of the participant engagement measures, which cover the full 3-year period. In addition, most participants experienced at least some disruptions in the program's operations because of the COVID-19 pandemic. The pandemic especially affected those who entered MyGoals during the middle or latter part of the enrollment period, which ran from 2017 to 2019. For the earliest enrollees, the 21-month findings reported here cover a period before the pandemic, whereas for late enrollees, the pandemic was underway for a large part of their 21-month followup period.[11]

Putting the MyGoals Model Into Practice

This section describes how the key elements of the model were operationalized. It also discusses MyGoals coaches' early reflections on implementing the MyGoals program and MyGoals participants' perspectives on their early experience in the program.

Training the Coaches

Coaching and case management approaches can vary widely across employment and other social service programs but also within the same program. Sometimes, what happens in one-on-one meetings between a staff member and a participant is heavily idiosyncratic—varying with staff members' backgrounds, skills, beliefs, and community connections. One feature that sets MyGoals apart from many other programs, including FSS, is that the coaching approach follows a structured methodology with a common orientation and a set of principles, steps, and strategies that all coaches are trained on and supported in implementing. Although the specific content of the coaching sessions varies greatly among participants because the content must reflect each participant's situation and goals, the general methodology is intended to remain the same.

To try to ensure that the coaches would implement this methodology consistently and with fidelity, MDRC and its expert consultants who designed the coaching process provided a robust training program that was sustained for the full operational phase of the program. Some parts of this training were delivered in person, and other parts were delivered remotely. The coaches participated in multiday, in-person training sessions at the start of the program, generally after completing an online motivational interviewing training course. Refresher training sessions followed these in-person sessions that sometimes included additional multiday training during the course of the demonstration. Training sessions were also supplemented with ongoing technical assistance to assess coaches' experiences with the model, answer their questions, troubleshoot

[10] To put this fact in context, if a three-person household had no additional income from other sources, monthly earnings of $980 would represent approximately 55 percent of the federal poverty guideline ($1,778 per month in 2019).

[11] An exploratory analysis suggests that the effects on earnings and Temporary Assistance for Needy Families benefit receipt did not differ during the 12 months after the start of the COVID-19 pandemic compared with the 12 months before the start of the pandemic (Moore et al., 2024).

problems, and continuously improve their practice. To make sure that the guidance went beyond discussions of general principles to the application of those principles in real time, with real cases, the trainers regularly conducted individual and group case conferences with the coaches from each site. As part of this process, the coaches discussed their experiences in applying the coaching strategies with selected participants, and the trainers provided guidance on each of those cases.

Implementing a Nondirective Coaching Approach and Developing Trust

Nondirective coaching means that the coach does not steer the participant in one direction or another, but rather, the participant is in charge of deciding what goals to pursue and how to pursue them. This approach is based on the belief that participants must choose their own goals if they are to be truly energized and motivated to work hard toward a goal and stick with it, even when it becomes difficult. The MyGoals model intends for coaches to build strong, trusting, collaborative relationships with participants, and an important element of such relationships is that the coach has to believe in the capacities of the participants and honor their autonomy and self-direction. Through open-ended questions, listening without assumptions, and reflecting on what the participant is saying, the coach tries to elicit the participant's interests, priorities, strengths, and challenges. These coaching elements stem from the basic principles of motivational interviewing, a method for helping people resolve ambivalence they may have about pursuing the goals they want to achieve (Guare, Dawson, and Guare, 2017). All MyGoals coaches took an online motivational interviewing training course as part of the training for executive skills coaching.[12]

One special consideration in using a nondirective approach in the context of an employment program is not to let it cause the coaches—out of fear of crossing the line into directiveness—to refrain from offering useful, practical options. For example, a coach may have important content to share, such as specific information on a potentially suitable job opening that might interest participants or information about an educational opportunity or other helpful community resources. In MyGoals, the coaches are expected to share such information but in a way that does not simply steer the participant toward a path that the coach favors without that path being fully embraced by the participant. To maintain a participant's agency in a situation like this one, the coach is expected to share information about a specific opportunity in a "multiple-choice" framework—that is, as one option alongside a range of other options. For example, instead of saying to the participant, "Here's an opening for a job I think would be great for you," the coach would first ask, "Would you like to hear about some job openings?" and then (assuming a positive response) say, "Here are some options that might interest you." In presenting a particular opportunity, the coach would make clear that other options may exist beyond the one mentioned. In this way, the participant maintains control over what options to pursue, but the coach offers concrete information about a real opportunity.

About midway during the period when MyGoals operated, Abt Global and Mathematica studied the implementation of the program. That study found that, as intended, the coaches generally were taking a nondirective stance in their interactions with participants, which participants appreciated. This evidence comes from recordings of individual coaching sessions and in-person interviews with

[12] Coaching expert Stephen Andrew (2015) offered this course.

staff and participants.[13] A number of participants who were interviewed explained that MyGoals allowed them to work on goals they chose and at their own pace, that the coaches were flexible and accommodating of life situations that might arise and disrupt activities, and that coaches were available to help them succeed and provided advice and guidance. One participant highlighted the nondirective nature of coaching as the best part of MyGoals:

> *The absolute best thing about MyGoals is they don't force you to do anything that you don't want to do. They allowed you to make your own decisions and they don't, they—it's not strict. It's not strict. It's not rigid. To me, the main thing is they allow you to go at your own pace. Never mind you're in the program for 3 years, so at some point you need to pick up your pace. I'm picking up my pace now because this year and next year, I need to pick up my pace in my last 2 years.*
> —Baltimore MyGoals participant

It is not to say that maintaining a nondirective coaching stance was easy. Coaches described scenarios in which being nondirective was more difficult, including when a participant was not making progress, and the coach had ideas about next steps. In training coaches to be nondirective, one supervisor focused on getting coaches to feel comfortable with silence when a participant was not engaging in the conversation—an example of coaches learning to improve their own response inhibition.

Coaches also reported that some participants expected them to be directive. This expectation may stem from participants' experience with case management in other public assistance programs, in which participants were not expected to be proactive. For example, one coach reported the following:

> *A lot of our clients have been part of the system and used to not doing something until someone tells them to do something. They have a mindset that the coach will tell them when to come in and what the consequence will be. We don't dictate what we're going to talk about, what you're gonna bring, and what you're gonna do. Not having that structure—me saying, "Can you come in this week?" "What day is good for you?" And they say, "I don't know. Can you tell me what day is good for me?"* —Houston site visit interview participant

Participants spoke positively about their coaching experiences and described strong, positive relationships with their coaches. During interviews, most participants reported that they connected with their coach on a personal level, and several noted that their coach had their best interests in mind. Participants also described the coaches as "loving and caring," "uplifting," "helpful," "good listeners," and "nonjudgmental." Some participants described their coaches as "religious" or "spiritual," which helped them connect with their coach. Several participants described their coach's relationship with them as akin to a "mother," "aunt," "big sister," or "like a friendship." A few participants described their relationships as being more "professional," like a student-teacher or client-therapist relationship.

At the same time, some participants thought that more direct employment assistance would have been helpful. Participants reported that they received referrals to workshops, events, and

[13] Sections of this article include findings from the implementation study (Saunders et al., 2022).

community resources. However, when asked for suggested program improvements, nearly one-half indicated that the program should offer more concrete job-search resources, such as interviewing skills training, job fairs, and job placements, including "warm" referrals to a hiring manager.

Applying Staged Goal Setting

The MyGoals coaching process involves 12 steps, beginning with a "Getting-to-Know-You" discussion through which the coach seeks to get a well-rounded picture of the participant's life, background, circumstances, interests, and ambitions.[14] The model emphasizes the importance of figuring out the prerequisites for achieving a longer-term goal—such as entry into a specific profession or job—and determining the important stepping stones along the way to achieving it. This process entails breaking down long-term goals into shorter-term, more manageable "SMART" goals—where "SMART" stands for specific, measurable, achievable, relevant, and time-bound. In MyGoals, "time-bound" means not simply within a specified timeframe, it refers to the very near term—within a matter of *days* or *a few weeks*. In turn, SMART goals are broken down into even smaller and more immediate action steps (Guare, Dawson, and Guare, 2017). For example, a SMART goal might be obtaining and completing an online application form for a training program or a job, and action steps may include setting up an online account for the application, writing down a list of the application requirements, obtaining required documentation, and completing required forms.

The implementation study found that coaches viewed the MyGoals goal-setting process as generally valuable, and they believed that it helped participants learn to set and achieve goals. However, they also reported challenges applying the hierarchy of goal types (long-term goals, milestones toward those goals, more immediate SMART goals and action steps, and so on). Some coaches described this hierarchy as "clunky," and one supervisor noted that some coaches were unclear about how to differentiate milestones from long-term goals. During interviews, coaches mentioned (and supervisors confirmed) that they sometimes got mired in the order of the steps, especially when the order of the steps did not align with the participant's current situation. They noted that some participants were not ready to set a long-term goal early in the coaching relationship. For example, some participants needed to address an immediate crisis, such as a health issue or domestic violence, whereas others needed time to explore their interests and skills before identifying a long-term goal. Still, others wanted to focus on just getting a job quickly because of an urgency to increase their income before turning their attention to setting long-term goals. In these situations, participants preferred to focus on shorter-term goals and action steps. These findings were consistent with the observations made by MDRC's technical assistance staff and its coaching consultants. Coach training was modified in 2018 to address these circumstances. Those modifications clarified that the goal-setting hierarchy need not be executed in a linear fashion and should be tailored to each participant's situation and that it was okay for long-term goals to emerge over time rather than be set at the beginning.

Preliminary data from the program tracking system used by the MyGoals staff show that 88 percent of participants were working toward one or more long- or short-term goals during the full period

[14] The 12 steps are (1) begin with the Getting-to-Know-You phase, (2) set a long-term goal, (3) discuss prerequisites, (4) assess goodness-of-fit, (5) identify obstacles, (6) review long-term goal and revise if necessary, (7) set milestones, (8) set SMART goals, (9) set action steps, (10) discuss strategies for goal completion, (11) review and assess action plan, and (12) decrease coaching gradually (Guare, Dawson, and Guare, 2017).

of program operations. Approximately 80 percent set goals in the employment domain, 70 percent set goals in the education and training domain, 52 percent set goals in the financial management domain, and 66 percent set goals related to personal or family well-being.

Helping Participants Understand Their Own Executive Skills

In MyGoals, a focus on executive skills is threaded throughout the coaching process. The coaching model is based on the premise that if participants have a good understanding of their own executive skills strengths and challenges, they could use that knowledge to set goals that align with their executive skills profiles, leverage their executive skills strengths to accomplish their goals, and develop strategies to overcome problems their executive skills challenges may present on the way to accomplishing their goals.

Participants make an initial assessment of their own executive skills strengths and challenges during their first Getting-to-Know-You session. Coaches ask the participants to complete a questionnaire called the Executive Skills Questionnaire, but before doing so, the coaches show them the results of their own Executive Skills Questionnaires, emphasizing their own challenges and strengths. This exercise is meant to put participants at ease by illustrating that all people have challenges to overcome and strengths they can use to achieve goals. The questionnaire is not intended to be a diagnostic tool. Rather, it is simply a starting point in the coaching relationship through which the participants learn about the concept of executive skills, and the coaches and participants get initial insights into the participants' executive skills profile.

As the individual coaching sessions proceed, certain potential executive skills challenges may sometimes be revealed that the participant did not identify during the initial assessment. For example, a participant with a high self-rating on emotional control may get fired from a job after a heated argument with the boss. Such an incident would prompt a discussion between the coach and the participant about this executive skill and would lead to the coach supporting the participant in developing strategies to prevent this situation from recurring. Also, a coach may notice certain behaviors after a few coaching sessions—such as a participant frequently arriving late to sessions or not showing up and giving no prior notification—that could also expose previously unrevealed time management challenges that may have been affecting the participant in other areas of life and might impede progress toward the participant's goals if left unaddressed.

A participant's executive skills profile is an important consideration when determining the appropriate fit of a long-term goal, or what the model refers to as goodness-of-fit. The coach and the participant collaboratively assess whether the goal is a good fit with the participant's interests, experience, and training—and where a gap exists, whether the participant has the supports in place to make bridging that gap feasible. For example, a participant who is strong on flexibility and stress tolerance and has a goal of becoming a hospital nurse will recognize that those strengths will be valuable in this high-pressure environment with a high level of unpredictability. Conversely, a participant who struggles with response inhibition and emotional control may think twice about the ability to thrive in a conflict-ridden customer service job, where customers are constantly confronting customer service representatives with complaints.

Helping Participants Apply Strategies to Overcome Executive Skills Challenges

MyGoals coaches were also trained in specific strategies that they could use to help participants overcome executive skills challenges that they faced when trying to make progress toward certain goals, such as a particular type of job. Such challenges do not necessarily mean that participants have to abandon a goal entirely. Instead, the coach could support the participant in thinking through scenarios in which such a challenge may arise in the context of that job and in developing strategies to work around the problem. If the coach or participant becomes aware of an executive skill challenge that presents problems in multiple scenarios, the coach could support the participant in developing more general workarounds so the participant would be more prepared to address the challenge effectively whenever it arises.

MyGoals coaches were trained to use cognitive behavioral rehearsals as the primary strategy for addressing executive skills challenges. This technique can help participants mentally prepare for situations that they anticipate may tax certain executive skills (Guare, Dawson, and Guare, 2017). Using this strategy, participants first specify how they plan to behave in a particular situation or complete a task—an “implementation intention.” Next, the participants visualize completing a task and the positive consequences of doing so and then imagine what obstacle might get in the way of completing the task—“mental contrasting.” Then they rehearse or walk through verbally, with their coach, the beginning-to-end process of setting out to complete the task, encountering the obstacle, overcoming the obstacle, and successfully completing the task—“mental simulation.” For example, participants who struggle with punctuality might use a cognitive rehearsal to help them get to a job interview on time, such as verbally walking through the steps to leave their house an hour earlier than necessary, envisioning getting into their car and the car not starting, then walking to the bus stop and taking the bus instead, arriving at the interview early, unrushed, and prepared.

MyGoals coaches were also trained in two additional techniques: environmental modifications and situational incentives (Guare, Dawson, and Guare, 2017). Environmental modifications involve changing the situation or the task to make it easier to accomplish. For example, a participant who has difficulty sustaining attention when working on certain tasks could assess the environment to determine whether any distractions could be eliminated, such as finding a quieter place to work. Situational incentives are rewards that participants choose for themselves after completing a task as a boost to their motivation. For example, a participant might set watching television as the reward for completing a job application—and not watch it until the application is submitted.

In the early implementation research on MyGoals conducted by Abt Global and Mathematica, coaches reported that referring to executive skills during monthly sessions helped participants identify and practice workarounds for challenging areas. For example, if a participant identified working memory challenges, the coach and participant might discuss how notetaking could help address that barrier to goal attainment. During an interview, a participant discussed how her coach helped her by teaching breathing techniques to use in stressful situations—an example of a strategy to improve response inhibition and emotional control. Other participants interviewed mentioned working on motivation, patience, time management, organization, and anger management.

Financial Incentives to Support Program Engagement

The MyGoals program offers financial incentives in the form of cash bonuses to participants both to support program engagement and to support and encourage transitions to employment and remaining employed. The use of incentives is consistent with behavioral science literature that emphasizes the potential importance of rewarding progress for intermediate steps as part of a process to help people succeed in accomplishing long-term goals. Rewards also can help to offset the tendency to focus attention on current problems at the expense of taking steps that ultimately lead to substantive improvement of their situations when living with scarcity.

MyGoals includes two types of engagement incentives. First, participants could earn a $50 "Getting Started Bonus" for completing the initial Getting-to-Know-You session. Second, they can earn an ongoing monthly stipend for substantive participation in coaching sessions. Participants are expected to meet with their coaches at least monthly throughout the 3-year program to discuss and review goals and progress. Participants can earn a $30 stipend every month in which they have had at least one substantive meeting with their coach—defined as a coaching meeting in which goals and progress are discussed and reviewed. Status updates or scheduling calls or emails do not count as substantive meetings. This monthly stipend could help offset costs that may be associated with participation in coaching meetings, such as transportation or childcare costs.

According to preliminary data from the MyGoals program tracking system, 90 percent of participants received at least one participation stipend, 67 percent received 10 or more, and 46 percent received 20 or more during the full period of program operations.

Financial Incentives Tied to Work

MyGoals also offers financial incentives tied to work. Participants could earn stipends both for employment transitions (from not working to working part time, from not working to working full time, from working part time to working full time) and employment retention (initially for sustaining work for at least 3 months, then at 6-month retention increments). Exhibit 3 shows the employment incentive schedule in MyGoals. Through the program engagement and the employment incentives, participants could potentially earn up to a maximum of $5,000 in financial incentives.

Exhibit 3

Employment Incentives

Employment Transitions	
Not employed → part time	$70
Not employed → full time	$150
Part time → full time	$150
Employment Retention	
3 months (up to 2 stipends)	
Part time	$210
Full time	$450
6 months (up to 5 stipends)	
Part time	$420
Full time	$900

Source: MyGoals Participant Manual

Preliminary data from the MyGoals program tracking system show that about 48 percent of participants never received any workforce incentive during the full period of program operations. Approximately 28 percent received a cash reward for moving to part-time work, 36 percent received a reward for moving to full-time work, and 35 percent received one or more employment retention bonuses.

Staff and participants who were interviewed for the implementation study midway through the program's operating period expressed a range of opinions regarding the effects of the incentives on the consistency of participants' engagement in the program and their employment decisions (Saunders et al., 2022). Some viewed the incentives as more influential than did others. Incentives may have had a reinforcing effect on some participants, but they were clearly not all that mattered to participants.

Additional Services in MyGoals

The MyGoals program offers some additional services to participants beyond the coaching and financial incentives described previously.

Community Referrals, With a Goal-Setting Approach. Although the MyGoals coaches help participants with researching occupations, reviewing resumes, and preparing for job interviews, they also refer participants to local providers for services that fall outside the scope of the coach's role, such as mental health services, education services, childcare assistance, and health care. However, the coaches are expected to go beyond making referrals and tracking participants' takeup and completion of these services. Coaches are expected to apply the same goal-setting and supporting processes central to the MyGoals model. For example, if a participant identifies a desire for mental health services, the coach would help identify service options from which the participant might choose. The coach would then help the participant develop SMART goals and action steps focused on efforts to obtain information on the mental health service provider. Subsequent coaching sessions would address any executive skills challenges getting in the way of the participant receiving those services, such as time management, task initiation, persistence issues, or any other impediments to obtaining the desired treatment.

User-Friendly Labor Market Information. The MyGoals program partnered with the New York City Labor Market Information Service (through the City University of New York) to provide participants with current local labor market information scraped from the web that could help inform their employment and career decisions.[15] These data included information about top employers hiring in the area, skills employers desired, and the education and experience necessary for those jobs. Coaches use occupational profiles to show information about occupations known to be of interest to MyGoals participants. Some examples were customer service representatives, construction foremen, health information technicians, and warehouse workers. Job profiles included average salaries, demand (based on the number of online ads posted by top employers hiring in the area), and the education level required for a specific occupation. Profiles also outlined which skills employers were seeking in each occupation and included the names and websites of

[15] See https://www.gc.cuny.edu/center-urban-research/new-york-city-labor-market-information-service for information on this organization.

the largest employers in the area that were hiring for those specified positions. MyGoals coaches used these profiles either to start or inform ongoing conversations with participants on the basis of their expressed interest in specific fields or jobs.

Financial Education and Guidance. The MyGoals program also partnered with the Creating Assets, Savings and Hope Campaign of Maryland to provide training for coaches and workshops for participants on select financial topics.[16] This provider also offered tools—such as online fact sheets and worksheets—for coaches and participants to use and specialized training for coaches on building financial stability and financial management skills. Topics included building assets and savings, daily money management, credit and credit scores, and using the Earned Income Tax Credit. Although MyGoals coaches are not expected to be financial experts themselves, these sessions were intended to equip coaches with the basic knowledge and tools needed to support participants' financial management goals. Coaches could refer participants who needed more expert financial assistance to appropriate community resources.

The Per-Participant Cost of MyGoals

Preliminary estimates of the cost of MyGoals indicate that it likely costs approximately $7,000 per participant, including the cost for coaches and the incentives. The bulk of costs was devoted to the coaching component, and about one-tenth was for financial incentives.[17] This preliminary estimate is somewhat higher but in the vicinity of the average per-person cost of the FSS program, which was estimated to be approximately $6,000 per participant among programs in the national FSS evaluation. The escrow disbursements accounted for approximately $2,000 on average, or one-third of the total FSS cost, in those PHAs.[18] The preliminary MyGoals cost is less than the $9,800 per-person cost of the Compass Working Capital program, which represents an enhanced variant of the FSS program.[19] In addition to providing employment assistance, the Compass program offers much more substantial coaching on financial management and asset building than the typical FSS program. Part of the way the MyGoals designers tried to contain program costs relative to the FSS program was to limit each participant's access to the program to approximately 3 years compared with the FSS limit of 5 years or more.

Participant Engagement in the MyGoals Program

Participants cannot fully benefit from the assistance a program offers if they do not regularly engage with it. However, sustaining participant engagement is a common challenge in economic self-sufficiency programs, including FSS. One important finding from the MyGoals demonstration is that the program was able to sustain participant engagement at a relatively high level throughout the full 3-year program.

[16] See https://cashmd.org/ for information on this organization. During an early phase of the demonstration, another organization—The Financial Clinic, now known as Change Machine—performed this function.

[17] The data for this estimate come from financial records of MDRC payments to PHAs to operate MyGoals and to contractors providing services related to financial management, labor market information, or technical assistance.

[18] See Freedman, Verma, and Vermette (2024) for details on these cost estimates.

[19] See Moulton, Freiman, and Lubell (2021) for details on this cost estimate.

This finding contrasts with those from both the national FSS evaluation and the evaluation of the NYC Work Rewards FSS program. As those studies found, FSS case management was typically light touch, and participants generally did not meet frequently with their case managers, especially after the first 2 years in the program. For example, according to the national FSS study, 50 percent of all enrollees had never had contact with their case managers by the third year of the 5-year program. In addition, among those who were still enrolled at the end of the third year, approximately one-half had had contact with their case managers in only 1 to 3 of the months of that year, and nearly one-third had had no contact at all with their case managers that year (Verma et al., 2021). Some individuals stopped participating because they left the voucher program. The Work Rewards evaluation of the NYC FSS program found that within the first 4 years of entering the program, about 40 percent had not met with their FSS case manager at all, and only about one-third had received any program-related service or achieved a program milestone after year 2 of the program (Nuñez, Verma, and Yang, 2015).

MyGoals participants engaged with coaching at higher levels. In the first year after enrolling in MyGoals, 68 percent of participants had had at least some communication with their coaches in at least 6 months of that year, 57 percent in the second year, and 54 percent in the third year.[20] In addition, about one-half of all participants had completed multiple substantive coaching sessions each year. These were sessions in which, at a minimum, participants spoke about their goals and progress, and for which they earned a monthly engagement incentive. In the first year, 54 percent of participants had had substantive coaching sessions in at least 6 months of that year, 52 percent in the second year, and 50 percent in the third year.[21] Exhibit 4 illustrates the patterns of engagement month by month. The dashed line represents any two-way contact with the MyGoals coach, and the solid line represents substantive engagement that earned a stipend. These results showing sustained engagement compare favorably with the previously cited findings on engagement in FSS programs.

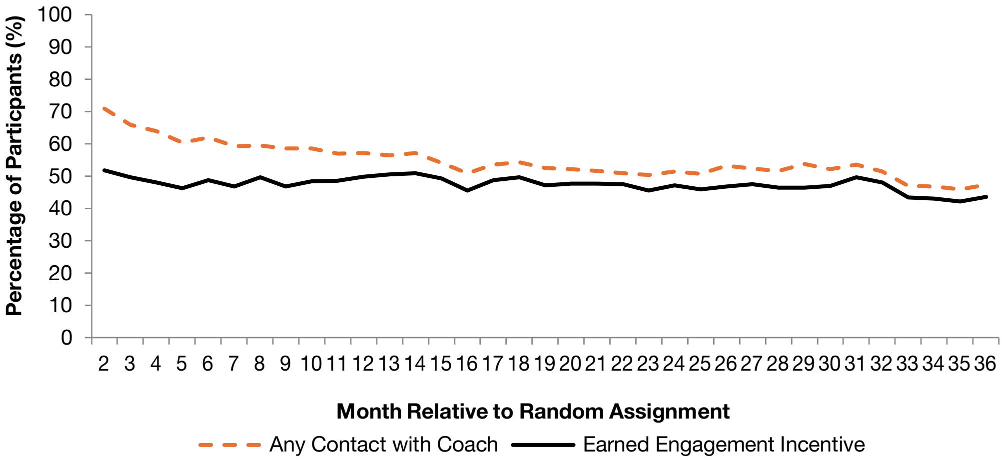
An analysis of MyGoals participants who, according to program records, entered employment within the first 2 years of followup shows that participants generally did *not* stop engaging in coaching meetings after they gained employment. In the month before starting work, about two-thirds of participants had a substantive meeting with their MyGoals coach. This percentage remained relatively steady during the 12 months after participants began working.

[20] MDRC obtained the findings in this section on participant engagement in the MyGoals program by using program management information system data. The MyGoals program uses a customized version of Tracking-At-A-Glance, developed by Designing Success, as its management information system.

[21] Study participants randomly assigned to the MyGoals group were able to continue to participate in the MyGoals program even if they left the housing subsidy program during the 3-year program period. However, attrition from the subsidy program was relatively low. Ninety-five percent of study participants were still receiving housing subsidies at the end of their first year in the program, and 89 percent were still receiving housing subsidies at the end of their second year in the program. These subsidy receipt patterns were very similar across the program and the control group.

Exhibit 4

Participant Engagement Through 36 Months of Followup



Source: MyGoals management information system data

The Effects of MyGoals in the First 21 Months After Study Enrollment

When completed, the MyGoals impact analysis will show the effects of the program on a range of outcomes covering 5 years of followup with administrative data and at least 4 years of followup with survey data on individuals in the study sample. As of this writing, findings were available for the first 21 months after random assignment—a period during which participants were still enrolled in the program. Data for the MyGoals impact analysis come from four main sources: (1) a baseline information form administered just before study enrollment and administrative records from PHAs that collected data on characteristics of the study participants; (2) two followup surveys conducted at 12 and 21 months after study enrollment that collected data on study participants' outcomes;[22] (3) the National Directory of New Hires (NDNH), a database maintained by Administration for Children and Family's Office of Child Support Services (within HHS) that provides data on earnings reported by state UI agencies and data on new hires and receipt of UI benefits; and (4) program administrative data on receipt of Temporary Assistance for Needy Families (TANF) benefits and Supplemental Nutrition Assistance Program (SNAP) benefits, commonly known as food stamps.

Although the study examines MyGoals' effects on a broad set of outcomes, it gives priority to a few key outcomes that MyGoals is expected to change, referred to as confirmatory outcomes. The main tests of the program's effectiveness are based on whether the program had a favorable effect on these confirmatory outcomes, which include measures in three domains:

[22] A third survey wave collected data 4 to 6 years after study enrollment. The results were not available at the time this article was written.

1. **Self-Regulation and Goal-Related Skills.** Setting goals and working to attain them requires executive skills, sometimes referred to as self-regulation skills. The study uses an eight-item scale on goal-setting and -attainment skills designed to measure participants' ability to set and work toward attaining employment goals.

2. **Labor Market Outcomes.** The study uses earnings as the confirmatory measure of labor market success. Employment coaching could influence participants' earnings if it increased their likelihood of obtaining a job or led them to work more regularly, work more hours, or earn higher wages. Data on earnings come from the followup survey and NDNH administrative records. Earnings reported on the survey cover all jobs the study participant may have had, but these data may be subject to error if study participants remember jobs incorrectly. NDNH records are not subject to this error, but they exclude jobs that are not reported to UI agencies, such as self-employment or gig work, which are becoming more common.

3. **Economic Well-Being.** MyGoals is intended to improve economic well-being, which may be accomplished through improved labor market outcomes, access to other material supports, such as assistance programs, or better financial management. A 6-item economic hardship scale is used to assess the extent to which scarce economic resources affect key aspects of material well-being, such as food, housing, and medical care.

The study also examines the effects of MyGoals on other outcomes, such as participation in and completion of training and education programs and job quality. Although not deemed confirmatory measures, these outcomes are important because they also align with program goals or pathways presumed to be associated with those goals.

The effectiveness of the MyGoals program was assessed on the basis of differences in average outcomes between the MyGoals group and control group members. With random assignment, the MyGoals and control group members had similar characteristics and experiences on average before participating in the program, so any differences in observed outcomes can be attributed to MyGoals. The effects on each outcome are estimated using a statistical model to control for baseline characteristics and improve the precision of the impact estimates. The analyses also determined whether each impact estimate is statistically significant—that is, whether a high degree of confidence exists that the true effect of the program on the outcome measure is greater than zero and that the observed difference between the MyGoals group and the control group is not due to chance. For the effects on earnings and economic hardship, a complementary Bayesian analysis approach is used to estimate the likely magnitude of the effect on an outcome measure—that is, the probability that the program's effect exceeds a specified threshold amount. The following sections present the study's main findings.

MyGoals Increased Self-Reported Receipt of a Range of Services Aligned With the Program Model

MyGoals group members reported receiving one-on-one job assistance at some point during the 21-month followup period at higher rates than the control group (72 versus 41 percent), with greater frequency (12 versus 5 times), and for more months (8 versus 2 months; exhibit 5). All these differences were statistically significant. At the time of the 12-month followup survey, the effects on service receipt were similar.

Exhibit 5

Impact of MyGoals on Service Receipt From Study Enrollment Through the Time of the 21-Month Followup Survey

Outcome	Program Group	Control Group	Estimated Impact	Effect Size
One-on-One Job Assistance				
Ever received one-on-one job assistance (%)	72	41	30***	0.77
Number of times received one-on-one job assistance	11.9	4.5	7.5***	0.48
Number of months received one-on-one job assistance	7.7	2.0	5.6***	0.70
Whether received one-on-one job assistance focused on the following (%):				
Setting long-term goals	65	29	37***	0.93
Setting short-term goals	66	31	35***	0.89
Planning to achieve goals	67	29	37***	0.96
Other Job Assistance				
Ever received group job assistance (%)	59	42	18***	0.44
Took a career assessment (%)	64	38	27***	0.66
Received job leads from a program (%)	63	30	33***	0.83
Additional Services				
Whether has received the following service from a program since study enrollment (%):				
Tuition assistance	13	8	4**	0.28
Assistance with finding stable housing	29	24	5**	0.15
Assistance with budgeting, credit, banking, or other financial matters	22	9	13***	0.63
Assistance expunging a criminal record or other legal assistance	9	5	4***	0.37
Help with marital and other family relationships	10	5	4***	0.38
Cash or a gift card	66	31	34***	0.87
Sample Size	678	669		

****/** Estimates were statistically significant at the 1- and 5-percent levels, respectively, using a two-tailed t-test.*
Note: Because sample sizes vary by outcome, the largest sample size in each research group is reported.
Source: 12- and 21-month followup surveys

MyGoals also had favorable effects on several specific dimensions of service receipt that aligned with its model. Compared with the control group, MyGoals group members were more likely to report receiving one-on-one job assistance focused on setting long-term goals (65 versus 29 percent, setting short-term goals (66 versus 31 percent), or planning to achieve goals (67 versus 29 percent). All three differences were statistically significant. These three areas were elements of the planned MyGoals coaching sessions. In line with the program's financial incentive structure, members in the MyGoals group reported higher rates of receiving cash or gift cards from a service provider than the control group (66 versus 31 percent) and receiving help with financial matters (22 versus 9 percent). MyGoals also had statistically significant impacts on the receipt of other services that could align with some participants' goals. The percentage who received group job assistance, completed career assessments, received job leads, received tuition assistance, received assistance with finding stable housing, had a criminal record expunged, and received relationship assistance. MyGoals also had statistically significant impacts on these service receipt outcomes during the 12-month followup period.

MyGoals Had a Persistent Positive Effect on Goal-Setting and Attainment Skills

MyGoals had a positive effect on goal-setting and attainment skills—a measure pertaining to executive functioning—at the 12-month followup survey and again at the 21-month followup survey (exhibit 6).[23] The surveys asked study participants how much they agreed with eight statements about setting goals and working to meet those goals. Scores on this measure indicate an average response across the eight statements and range from 0 (strongly disagree) to 3 (strongly agree). At 12 months after study enrollment, MyGoals increased how high people scored on this measure by a statistically significant 4 percent (2.27 for the MyGoals group versus 2.19 for the control group). At 21 months after study enrollment, MyGoals increased how much people scored on this measure by 5 percent over the control group mean (2.23 for the MyGoals group versus 2.13 for the control group), a statistically significant difference.

Exhibit 6

Impact of MyGoals on Goal-Setting and Attainment Skills at the Time of the 12- and 21-Month Followup Surveys (confirmatory analysis)

Outcome	Program Group	Control Group	Estimated Impact
Value on goal-setting and attainment skills scale			
12-month followup survey	2.26	2.19	0.07**
21-month followup survey	2.23	2.13	0.10***

****/** Estimates were statistically significant at the 1 and 5-percent levels, respectively, using a two-tailed t-test.*

Notes: The goal-setting and attainment skills scale indicated participants' average level of agreement with eight statements about their goal-related skills. Scores ranged from "strongly disagree" (0) to "strongly agree" (3).

Source: 12- and 21-month followup surveys

MyGoals Improved Some Education and Training Outcomes

MyGoals group members were 7 percentage points more likely than the control group members to be participating in either an education or training program at the time of the 21-month followup, a statistically significant difference (exhibit 7). MyGoals group members were more likely than the control group members to have completed a training program 21 months after study enrollment (11 versus 8 percent), an impact that was statistically significant at the 10 percent level. However, MyGoals did not have a significant impact on completing an education program by the time of the followup survey.[24]

[23] Goal-setting and attainment skills are measured by an eight-item survey scale that includes items such as "I set employment goals based on what is important to me or my family," "I set specific short-term goals that will allow me to achieve my long-term employment goals," and "Even when I face challenges, I continue to pursue my employment goals."

[24] Training programs were defined in the survey as programs focused on developing skills for a particular job or occupation, not including programs offered by one's employer. Education programs included English as a second language, online courses, and college or other types of school.

Exhibit 7

Impact of MyGoals on Education and Training From Study Enrollment Through the Time of the 21-Month Followup Survey

Outcome (Percentage, Unless Otherwise Specified)	Program Group	Control Group	Estimated Impact
Completion of an education program	8	9	0
Currently participating in an education program	11	5	6***
Completion of a training program	11	8	3*
Currently participating in a training program	7	3	4***
Completion of an education or training program	17	14	3
Currently participating in an education or training program	14	7	7***
Sample Size	706	687	

****/* Estimates were statistically significant at the 1- and 10-percent levels, respectively, using a two-tailed t-test.*
Note: Because sample sizes vary by outcome, the largest sample size in each research group is reported.
Source: 12- and 21-month followup surveys

MyGoals Likely Had a Small, Positive Effect on Self-Reported Earnings, but the Impact Was Not Statistically Significant

Based on survey data, average monthly earnings were $30 higher for the program group than the control group during months 13 to 21 after study enrollment ($613 versus $583, or a 5-percent difference; exhibit 8). However, the difference was not statistically significant. Further analysis suggests MyGoals had a 71-percent chance of having a positive effect on average monthly earnings during months 13 through 21 after study enrollment but only a 10-percent chance of exceeding $50.

Exhibit 8

Impact of MyGoals on Average Monthly Self-Reported Earnings and Average Monthly Earnings Reported to a UI Agency During Months 1 to 12 and 13 to 21 Months After Study Enrollment (confirmatory analysis)

Outcome	Program Group	Control Group	Estimated Impact
Self-reported earnings during months 1 to 12 after study enrollment ($)	411	378	33
Self-reported earnings during months 13 to 21 after study enrollment ($)	613	583	30
UI-covered earnings during months 1 to 12 after study enrollment ($; NDNH)	380	421	– 41
UI-covered earnings during months 13 to 21 after study enrollment ($; NDNH)	570	573	– 3

NDNH = National Directory of New Hires.
Estimates were not statistically significant using a two-tailed t-test.
Sources: 12- and 21-month followup surveys; NDNH

MyGoals Did Not Have a Statistically Significant Effect on Earnings UI-Covered Jobs

In addition to obtaining survey data on self-reported earnings, the study team collected data on quarterly earnings reported to the UI agency. These data exclude earnings from self-employment, gig work, and other jobs that are not reported to the UI agency. The data also exclude any earnings that employers are required to report to the UI agency but may not have reported. During months

13 to 21 after study enrollment, MyGoals and control group members had similar earnings reported to a UI agency ($570 versus $573). Further analysis suggests a 77-percent chance that the impact during months 13 to 21 was between a $25-per-month decrease and a $25 increase.

Other Employment Impacts

MyGoals did not affect employment or employment in jobs offering benefits. However, it increased job search activities and some measures of job quality, although these features were not the study's main measures of program effectiveness. During months 13 to 21 after study enrollment, MyGoals and control group members were employed for about the same number of months and quarters, on the basis of both survey reports and administrative records (exhibit 9). They were also not more likely to report holding a job that offered fringe benefits, such as health insurance and paid leave for vacation, holidays, or illness—which are elements of job quality. However, MyGoals group members reported having searched more intensely for jobs and being more satisfied with their employment. They were also more likely to report being employed in a job with a high likelihood of promotion (10 versus 7 percent), a statistically significant difference.

Exhibit 9

Impact of MyGoals on Other Labor Market and Job Quality Outcomes During Months 13 to 21 After Study Enrollment

Outcome	Program Group	Control Group	Estimated Impact	Effect Size
Labor Market Outcomes				
Followup months employed during months 13 to 21 after study enrollment (%)	40	39	1	0.02
Followup quarters employed during quarters 5 to 7 after study enrollment (%; NDNH)	43	40	3	0.06
Followup months employed in a wage or salary job during months 13 to 21 after study enrollment (%)	29	27	2	0.06
Followup months employed in a nonregular job during months 13 to 21 after study enrollment (%)	7	9	– 1	– 0.06
Job Quality				
Followup months employed in a job offering fringe benefits during months 13 to 21 after study enrollment (%)	17	19	– 2	– 0.05
Employed in a job with high perceived likelihood of promotion in the next 12 months at the time of the 21-month followup survey (%)	10	7	3*	0.20
Employed and very satisfied with their current job at the time of the 21-month followup survey (%)	15	11	4**	0.21
Job Search Outcomes				
Number of types of job search activities conducted between enrollment and the 21-month followup survey (range: 0 to 5)	3.6	3.3	0.3***	0.22
Sample Size (survey)	741	714		
Sample Size (NDNH)	881	883		

NDNH = National Directory of New Hires.

****/**/* Estimates were statistically significant at the 1-, 5-, and 10-percent levels, respectively, using a two-tailed t-test.*

Notes: Outcome variables were drawn from followup survey data unless otherwise noted. Because sample sizes vary by outcome, the largest sample size in each research group is reported.

Sources: 21-month followup survey; NDNH

MyGoals Did Not Reduce Economic Hardship

The surveys asked respondents whether they faced six specific economic hardships, such as going without medical care because of cost or not being able to afford enough food. On average, during the 21-month followup period, MyGoals group members reported experiencing 3.10 out of 6 hardships included in the measure compared with 3.05 for the control group, a difference that was not statistically significant. Further analysis of this impact confirmed that the difference between the groups was likely near zero.

Conclusion

Like HUD's FSS program, the MyGoals program was designed to help housing subsidy recipients achieve economic mobility through a combination of personal guidance and financial incentives. It is still too early to draw definitive conclusions about the overall effectiveness of the MyGoals program. At the time of this writing, findings on the program's effects were only available for a followup period of less than 2 years after random assignment, when participants were still in the program. For many participants, that period also encompasses a time when the pandemic was in full force, disrupting the program and the participants' coaching journey. Eventually, the evaluation will include 4 years of followup survey data and 5 years of outcome data from administrative records.

The findings available so far show that MyGoals had a positive and sustained effect on participants' goal-setting and -attainment skills, a primary target of the intervention. These encouraging results emerged in the first year of followup and were sustained into the second year. MyGoals also increased participation in education and training programs, and it increased the likelihood of completing a training program by the end of the 21-month followup period. The effects of MyGoals on participants' earnings were small and not statistically significant. However, the program had some positive effects on participants' job satisfaction and the likelihood of being in a job that they believed offered promotion opportunities.

It is too soon to say whether aspects of the model are worth incorporating into the FSS program as part of efforts to strengthen that model—for which little strong evidence of effectiveness exists—or whether to consider MyGoals as an alternative to FSS. However, the results so far suggest that the MyGoals coaching and financial incentives strategies, if incorporated into the FSS program, may help rectify an important limitation of the program that may have diminished its effectiveness—the difficulty of sustaining participant engagement. A large proportion of participants engaged substantively in the coaching process, and their engagement was sustained during the full 3 years they remained in the program, which contrasts favorably with the typical pattern in the FSS program.

MyGoals coaches and participants mostly viewed the program favorably. They valued the nondirective approach, and they developed strong and trusting relationships with each other. Most MyGoals coaches had some previous experience with case management, and many said that the MyGoals coaching approach felt meaningfully different from their past experiences.

Perspectives that coaches and participants offered already suggest that MyGoals could have benefited from including additional direct employment services as part of the model. In designing the MyGoals program, the designers had considered adding a job developer to each MyGoals team—a service typically absent from FSS as well but common in many other employment programs. In the face of resource constraints, that added feature would have meant increasing caseload sizes for the coaches. In retrospect, whether that tradeoff was wise is difficult to know. Nonetheless, including more direct job development assistance may have strengthened the program and may have helped participants achieve better employment outcomes. A future version of MyGoals would also likely benefit from some simplification of the goals hierarchy that the model initially included but modified over time.

Is MyGoals a scalable model on par with the FSS program or an enhanced version of it, such as Compass Working Capital? Preliminary and rough cost estimates suggest that it may be, in terms of the per-participant resources that would be required. In MyGoals, a bigger share of total program expenses would likely be spent on coaching than on financial incentives compared with the typical FSS program. Given the greater complexity of the model, MyGoals would require a more substantial investment in coach training and monitoring. Still, the model was intended to be operated by staff with similar qualifications as those serving as FSS coordinators, ideally with previous coaching or counseling experience. There is no reason to believe that the MyGoals approach to coaching could not be incorporated into the FSS program with proper staff training, although doing so would add to the program's overall costs. In fact, some TANF programs have already incorporated the type of executive skills coaching model that is used in MyGoals.[25] The MyGoals financial incentives component could also be operated on a much larger scale with an appropriate tracking and payment system.

The evaluation of MyGoals is ongoing, and much remains to be learned. Longer-term findings should be available by 2026, within about a year of this publication. In addition, with a grant from the National Institutes of Health, researchers from Columbia University and MDRC will assess whether MyGoals produced effects on selected health outcomes, as determined using data from a health survey and biospecimens obtained through a supplemental survey administered by Mathematica. Together, those analyses will provide a more comprehensive picture of the effectiveness of the MyGoals program across a broader array of outcomes. As such, they promise to add substantially to the growing body of evidence on efforts to improve the economic mobility and well-being of housing subsidy recipients.

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[25] For example, the Ramsey County Department of Workforce Solutions in Minnesota implemented a coaching model with some similarities to the MyGoals coaching approach in a pilot program for TANF recipients (Martinson and Cook, 2018).

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Authors

Nina Castells is a senior research associate in the Economic Mobility, Housing and Communities policy area and James Riccio is a principal research fellow (consultant) at MDRC. Quinn Moore is a principal researcher and April Wu is a senior researcher at Mathematica.

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Strengthening FSS Program Outcomes: Lessons from Research on Compass FSS Programs

Naganika Sanga
Lesley Freiman
Judy Geyer
Hannah Thomas
Abt Global

Jeffrey Lubell
Housing Innovations Group

Abstract

The nonprofit Compass Working Capital is one of the largest administrators of the Family Self-Sufficiency (FSS) program, a U.S. Department of Housing and Urban Development (HUD) program designed to help households in HUD-assisted rental housing make progress toward economic security. A series of program evaluations by Abt Global of FSS programs coadministered by Compass have found positive impacts on participants' earned income and credit outcomes, with the benefits outweighing program costs.

This article summarizes and explores the implications of the evaluations and reflects on distinctive features of the Compass FSS model that other FSS programs may benefit from employing. The article also discusses policy implications and areas for future research.

Distinctive features of the Compass FSS model that we believe may contribute to its success include a marketing approach that speaks to program participants' aspirations; a client-centered approach to coaching program participants; a focus on early wins, such as improving participants' credit and debt profiles for continued engagement; the adoption of an asset-building lens, using FSS escrow balances to motivate participants to build wealth and achieve their financial goals; a goal of graduating as many households as possible; an ongoing focus on training and supervision for program staff; and ongoing use of data to improve program performance.

Introduction

This article summarizes and explores the implications of findings from a series of quasi-experimental, outcome, and cost-benefit analyses of Family Self-Sufficiency (FSS) programs administered by the nonprofit organization, Compass Working Capital (Compass), in partnership with public housing agencies (PHAs) and private owners of HUD-assisted multifamily housing. The article also summarizes findings from implementation research on Compass FSS programs, drawing out lessons that can be applied by the broader universe of FSS program providers to help strengthen participant outcomes.

This section provides an introduction to the FSS program and Compass. Following a brief review of other research, this article describes the core features of the Compass FSS model and the findings of a series of program evaluations of local implementations of Compass FSS programs and related implementation research. This article concludes with a discussion of the implications of these findings for policy and research.

Family Self-Sufficiency Program

Authorized by Congress in the Cranston-Gonzalez National Affordable Housing Act of 1990, the FSS program seeks to help households in HUD-assisted rental housing make progress toward economic security. Initially available only to households in the Housing Choice Voucher (HCV) program (also known as Section 8 tenant-based rental assistance) and public housing, the FSS program expanded in 2015 to include households living in multifamily housing subsidized with project-based Section 8, another HUD rental assistance program. In its FY 2025 Congressional [Budget] Justifications, HUD reports that, in calendar year 2022, "over 57,500 households actively participated" in the FSS program (HUD, 2024). This figure does not include FSS participants in the initial 39 Moving to Work agencies, estimated in the same document at 10,000 additional households, or FSS participants living in HUD-assisted multifamily rental housing.

The FSS program has two main components: (a) an escrow account that grows as a participant's earnings grow and (b) coaching or case management services designed to help participants increase their earned income and achieve other individually identified goals. Families assisted by a housing provider that offers FSS are free to enroll or not enroll in FSS at their discretion: their enrollment, participation, graduation, and/or termination from FSS do not affect their housing assistance receipt or level of assistance. Participants who enroll in the FSS program sign a contract of participation that specifies the participant's responsibilities and the program administrator's responsibility for calculating and disbursing FSS escrow funds and coordinating the provision of services for the participant. An accompanying individual training and services plan (ITSP) specifies each participant's goals and the activities or services the family will engage in to achieve those goals. Participants have at least 5 years to achieve their goals; program administrators may extend the participant's timeline for up to 2 additional years. Participants who graduate from the FSS program gain access to all the money accrued in their FSS escrow account, including interest, which they receive tax free and can use for any purpose. Depending on the local FSS program's policies, participants may also request access to escrowed funds while in the program for purposes that help them stay on track toward achieving their goals.

Although FSS is governed by a detailed set of program regulations codified in 24 C.F.R. Part 984, program administrators have considerable discretion to adapt the program as they wish. Among other options, program administrators can choose whether to use a case management or coaching model, how often to meet with participants, which services to provide directly (as opposed to referring families to service providers), the size of the program, and the precise nature of the support they provide for improving participants' employment opportunities and helping them achieve their goals. Although most FSS programs focus on helping participants increase employment or secure higher-paid jobs, the approaches and emphases of program administrators vary, with some programs focusing primarily on increasing human capital (education and training) and others emphasizing immediate employment first. Some programs help participants improve their credit and debt profile, although this is not a primary focus for most agencies. Some programs also focus on helping FSS participants become homeowners.

Documenting learning from research on established FSS programs can help local providers make informed decisions about how to structure their programs. This review focuses on the characteristics and outcomes of one provider, Compass, whose financial coaching-based FSS model has been the subject of a series of program evaluations by Abt Associates (Abt; now Abt Global). The review also includes updated data about FSS programs from Compass.

Compass Working Capital

Compass is a nonprofit financial services organization that works to help low-income households build assets and financial capability and make progress toward their financial goals. Compass launched its first FSS program in 2010 in partnership with the Lynn Housing Authority and Neighborhood Development (LHAND), drawing on Compass' experience working with Individual Development Accounts and small savings programs (Kimbrel and Venner, 2014). Compass expanded to coadminister FSS programs in partnership with the Cambridge Housing Authority (CHA) in 2012 and Metro Housing|Boston (MHB), a nonprofit agency administering Massachusetts' voucher program in the Boston metropolitan area, in 2014. Compass also administers FSS programs in multifamily rental properties owned by the nonprofit organization Preservation of Affordable Housing (POAH) and provides support for local partners who administer FSS and higher-level guidance to FSS practitioners through its Compass FSS Link network.

Compass is now one of the nation's largest providers of FSS-related services, collaborating to administer FSS programs in partnership with three PHAs and six multifamily housing providers, including more than 60 multifamily properties in all regions of the United States.[1] Compass reported in September 2024 that it had served more than 5,000 households through the FSS programs it co-administers and has helped participants save a cumulative total of $19 million.[2]

Compass has developed a distinct FSS program that includes a primary focus on participant-driven financial coaching, helping families to strengthen their credit and debt profile, motivating participants through communication about goals and escrow savings growth, and graduating as

[1] Since October 2010, Compass has collaborated with five PHAs to administer their FSS programs; two of those collaborations have concluded.

[2] Compass Working Capital, email message to author, September 9, 2024.

many families as possible. This model is described below in a section detailing key attributes of the Compass FSS model.

Literature Review

Two early HUD-sponsored research studies tracked longitudinal FSS participant outcomes (Ficke and Piesse, 2004; Silva et al., 2011). Both studies found that FSS participants experienced significant increases in earned income over time, but the studies did not present findings for a control group.

In 2007, MDRC launched the Work Rewards Demonstration in New York City (Nuñez, Verma, and Yang, 2015). In this demonstration, families were randomly assigned to be offered FSS, a conditional cash transfer (CCT) program, both the FSS and CCT interventions, or neither program (the control group). Neither FSS alone nor the FSS+CCT models led to increases in earned incomes overall, but the FSS+CCT model saw employment and earnings gains among households not working at baseline and declines in welfare receipt and food stamp (now known as Supplemental Nutrition Assistance Program-SNAP) receipt for households in this group. In a cost-benefit analysis, MDRC found that the benefits of FSS (but not the FSS+CCT model) outweighed its costs, largely due to impacts on the families not working at baseline.

In 2012, MDRC launched a HUD-sponsored evaluation of a convenience sample of 18 FSS programs across the United States. The evaluation of this randomized control trial analyzed longitudinal data on 2,556 volunteer study participants for 7 years; these participants were randomly assigned to be eligible for FSS (treatment group) or not eligible to enroll in FSS for 3 years (control group) between October 2013 and December 2014. Although the evaluation showed that FSS participants were able to build escrowed savings and that the participants reported improvement in overall well-being, it did not show significantly different financial outcomes in terms of earnings and credit scores for FSS participants compared with the control group (Freedman, Verma, and Vermette, 2024).

In 2014, Abt began a series of quantitative and qualitative evaluations of local implementations of FSS by Compass in partnership with public housing agencies and private owners.[3] These studies, described in more detail below, have found consistently positive impacts on earned income and credit scores, improved debt outcomes, and a positive cost-benefit profile. These studies have also provided insight into participant experiences during and after participation in the FSS program, reasons for enrolling in the program, reasons for leaving the program, and reasons why some eligible households that might benefit from the program did not enroll.

Because the MDRC study of 18 programs and Abt's studies of Compass FSS were of different local FSS programs with different program models and local conditions and used different research methodologies, it is not possible to definitively isolate what factors led to the diverse conclusions of these two bodies of work. However, the much lower graduation rate found in the MDRC study suggests that the differences between the study outcomes are not simply due to the differences in evaluation methodology. In its final report, after 6 to 7 years of follow up, MDRC found that

[3] Other studies of FSS include Anthony (2005); Gibson (2002); Holgate et al. (2016); and Santiago, Galster, and Smith (2017).

although roughly 90 percent of the treatment group invited to participate in FSS chose to enroll in FSS, only 20.4 percent of the treatment group members graduated successfully, resulting in a graduation rate of roughly 22 percent among enrollees (Freedman, Verma, and Vermette, 2024). By contrast, Compass reports a graduation rate of 66 percent among FSS enrollees.[4] At a minimum, this finding suggests that Compass FSS participants generally experience a longer and more complete exposure to the FSS program than participants in the MDRC study and are more likely to receive final escrow disbursements. To the extent that households that graduate from FSS experience better outcomes than those that do not, the disparity in graduation rates may also help explain the divergent findings across these FSS studies.

Compass' Family Self-Sufficiency Program Model Overview

Following some context about the key features of standard FSS programs, this section describes the distinctive features of the Compass FSS program model.

Standard Family Self-Sufficiency Programs

As noted above, FSS is a flexible program, which allows the program model, strategies, and local policies to vary substantially across providers and communities. All FSS programs include one-on-one case management or coaching and an escrow savings account that grows as participants' earnings and rent increase. Most FSS programs focus on increasing the employment and earnings of FSS program participants by referring them to third-party service providers who offer employment coaching, counseling, or workforce training programs.

At the same time, the type of one-on-one support, focus and frequency of contact, goal-setting process, partnership approaches, services provided or referred, and recruitment and retention practices are different for each program and provider. Specific regulatory requirements specify how escrow accounts are set up, how escrow accrues, and annual reporting to participants of their escrow savings account balance. However, each program may set its own policies for whether and when interim escrow disbursements (before graduation) are permitted and how it communicates about escrow growth beyond the mandated yearly escrow statement.

Most FSS programs are administered by staff working within a housing assistance provider—in other words, a public housing agency (PHA) or a multifamily property owner.[5] Although PHAs and multifamily property owners are not required to receive a HUD FSS coordinator grant to administer an FSS program, most PHAs who operate an FSS program receive this grant. The HUD FSS coordinator grant is the primary or sole source of funding for most FSS programs.

Most FSS programs administered by PHAs serve fewer than 50 families per year; low program sizes are widely attributed to the limited availability of federal funding for the coordinators who administer the program. As of 2022, almost two-thirds (64 percent) of non-MTW PHA-based FSS programs receiving a coordinator grant were awarded funding for just one or one-half of a full-

[4] Data provided by Compass staff on September 9, 2024. The 66-percent rate includes all enrolled households in the denominator. When households that leave subsidized housing are excluded from the denominator, which HUD does in calculating the graduation rate in its FSS Achievement Metrics, Compass' reported graduation rate rises to 75 percent.

[5] Multifamily property owners have offered FSS programs since 2015. Before then, only PHAs offered FSS programs.

time-equivalent position. Twenty-eight percent had funding for two or three coordinators, and just 8 percent had funding for more than three. The median PHA-based FSS program receiving HUD coordinator funding served 46 people in 2022.[6]

As indicated in HUD's 2022 FSS Achievement Metrics (or FAM), in the average PHA-run FSS program, among the FSS households tracked 5 to 8 years after enrollment, 26 percent had graduated.[7]

Compass' Family Self-Sufficiency Model

Compass' FSS programs provide client-centered one-on-one financial coaching designed to help participants build assets and financial capability. We have identified several distinct features of the model, which we describe under three categories: (1) Organizational Structure and Mission, (2) Program Design and Services, and (3) Implementation Funding and Quality.[8]

Organizational Structure and Mission. Compass is a nonprofit financial services organization founded in 2005. Since then, Compass has provided financial coaching to low-income families through their small savings and individual development account programs and through their FSS programs since 2010. Although FSS is generally a small part of the programming a given PHA offers, the FSS program is Compass' primary focus, making it possible for Compass to build FSS-specific infrastructure, make investments in its model, and maintain institutional knowledge and learning. Whereas some PHAs require FSS program staff to handle PHA responsibilities such as annual and interim reexaminations of income, Compass' FSS coaches focus solely on FSS. Compass further ensures that coaches focus on coaching alone by hiring separate Compass staff who are responsible for other FSS program functions, such as planning, operations, outreach, and enrollment.

Philanthropic contributions make up a large share of Compass' FSS program funding.[9] This fact is a key distinction between Compass' FSS model and other FSS programs that predominantly rely on public funds and HUD FSS coordinator grants. Foundation funding allows Compass to hire more coaches and other program support staff than is typically feasible through the FSS Coordinator grant and supports Compass' research, advocacy, and technical assistance activities. The research summarized in this article was funded, in large part, through philanthropic grants that enabled Compass to enter into research contracts with Abt (HUD also provided matching funding to support some of this research). Compass reports using insights from research (both external and internal) to improve its program delivery.

Compass staff shared that they believe that, as a nonprofit organization, they have more flexibility than a governmental organization in making organizational changes and adopting innovative approaches. Staff have also noted that Compass' status as a third party, separate from

[6] Calculations by the authors based on 2022 FAM (FSS Achievement Metrics) scores, 2022 Participation measure.

[7] Average calculated from the 2022 FAM score. This calculation excludes FSS participants who exited the HCV or public housing program without graduation from FSS and households with a head who is age 62 or older or has a disability. The calculation also includes only FSS programs run by a PHA without initial MTW status.

[8] Much of this section draws on an unpublished report that Abt prepared for Compass and its funder related to a technical assistance initiative (Thomas, Nava, and Lubell, 2019).

[9] On the basis of the data used in the 2021 Cost Benefit Analyses report, almost two-thirds of Compass' FSS program costs are covered by philanthropic contributions, with PHA payments to Compass for administering their FSS programs constituting only about one-third of Compass' costs (Dastrup, Freiman, and Lubell, 2021).

the PHA or multifamily housing owner, helps them build trust with residents. A number of FSS participants in Abt's implementation studies of Compass FSS programs noted that they trusted Compass more than the PHA.

Compass has scaled its operations and partnered with PHAs and multifamily owners in different ways since it started its FSS operations in 2010. Compass has coadministered the FSS program with multiple PHAs (including the Cambridge and Boston Housing Authorities), helped launch and operate new FSS programs (such as the multifamily FSS programs for the nonprofit property owner, POAH), and trained an affiliate on Compass' FSS model who provided close partnership support to FSS programs and implemented Compass' FSS model with high fidelity. Compass also, for a brief period, implemented a program to provide high-touch direct technical assistance to a small network of FSS programs. Compass currently provides light-touch technical assistance, training, and networking opportunities to FSS providers through Compass FSS Link, an online learning platform.

Program Design. Compass' FSS programs use a multipronged approach to help FSS participants build assets and achieve their financial goals, embodied in what Compass calls financial coaching. Although helping participants to increase earned income—a central feature of most FSS programs—is one component of their model, Compass' approach also focuses on helping residents build savings, improve their credit scores, pay down high-interest debt, and build their budgeting capabilities.

Compass' focus on financial coaching is rooted in the belief that "assets are a stronger predictor than income of financial well-being and economic mobility" (Compass, 2016). Compass' theory of change is centered on "empowering" people to achieve their financial goals and overall aspirations and to become financially secure. Their financial coaching model incorporates principles from the fields of asset building, psychology, and behavioral economics to engage program participants and help them achieve their financial and employment goals. Of note, a core component of their coaching model is building a relationship of trust with program participants, which we call "relational coaching" in this article.[10]

By contrast with most FSS programs, which tend to be small (fewer than 50 participants) and cap enrollment at a specific number of FSS slots, Compass generally seeks to enroll as many families as possible in its FSS programs to increase the programs' reach and benefits; additional fundraising beyond HUD coordinator grants helps make this broader reach possible. Typical FSS programs engage in limited marketing focused on program characteristics (such as the FSS escrow account). Compass has developed a targeted outreach and marketing strategy that aims to convey aspirational messages through images and quotes from previous participants via postcards sent every month to eligible families to achieve high rates of participant enrollment. In contrast to the very small FSS programs at many PHAs, participation in HCV Compass FSS programs generally equals about 10 percent of the number of households with heads that are neither elderly nor have a disability that are served by the partner housing provider, with higher participation at some multifamily developments.

[10] The important first step in financial coaching is to build a trusting and nonjudgmental relationship. See Schickedanz et al. (2023) for an example.

Until 2017, Compass would invite families not yet in the FSS program to participate in Compass' financial education workshops, which aimed to help families better understand their spending practices and financial behaviors and provide tools to track spending, review bank statements, and obtain credit reports. The workshops, which were a precondition for enrollment into FSS, were designed to help build participants' confidence and commitment to thoughtful and intentional financial decisionmaking to ensure participants' buy-in. In 2017, Compass discontinued the requirement for participants to attend these workshops before FSS enrollment. The workshops are now offered on a voluntary basis, and Compass coaches also cover the content during coaching meetings. Compass also offers participants voluntary workshops on specific topics, such as car and home ownership, job search, and filing taxes.[11]

Once enrolled, participants are assigned to a Compass financial coach with FSS coaching as their sole or primary responsibility. This one-on-one financial coaching is at the core of Compass' FSS program. According to Compass, their full-time FSS coaches currently have an average caseload of between 150 and 200 participants, which is substantially higher than the average caseloads for case managers or coaches in standard, smaller FSS programs (although average caseloads may have been smaller during the earlier stages of Compass FSS partnerships included in the evaluations described below). Coaches meet participants multiple times each year—at least three times per year in the first year and semiannually starting in year 2. Participants are also encouraged to reach out informally to their coaches between appointments, and coaches may meet with a participant more frequently if there are motivating events, such as a new job or a goal that the participant is working on intensively. Before the COVID-19 pandemic, most coaching appointments happened in person, either in a professional environment outside the PHA offices or on site at the multifamily properties. Compass coaches now conduct almost all coaching appointments via either phone or computer. Compass' coaching model emphasizes participant-driven interaction and goal setting. This model is designed to empower participants to make decisions and set goals that they are motivated to achieve. Once the goals are set, the financial coach helps review the participant's financial picture and progress toward goals on an ongoing basis. Coaches help participants prioritize which types of debt to pay off first and then make plans to accommodate any unanticipated financial needs by improving earnings, budgeting, and building savings.

Compass trains FSS coaches to remind families at each appointment of the power of the FSS escrow account to help build assets that they can use to make progress toward their short- and long-term financial goals. Compass has also redesigned the FSS escrow statement to make it accessible, drawing on behavioral economic principles to help participants quickly understand the status of their savings. The statements are designed to be similar to a standard bank statement to drive home the point that this is real money that participants are accruing and will receive once they graduate. Compass works with PHAs and property owners to obtain monthly updated FSS escrow information so coaches can share current information with participants during meetings

[11] Although all Compass FSS participants still receive the core workshop content through their coaches, it is possible that the participants who enrolled before 2017 were more motivated on average than later groups of enrollees. The reason for this difference is that participants in the pre-2017 period had to complete the workshops to enroll in FSS (and therefore were already engaged with FSS), whereas later participants did not. The studies presented in this article all include the pre-2017 period; however, this potential difference should be considered when producing or interpreting any future evaluations.

or if the participant requests an update. Compass is in the process of developing a software application that will allow FSS participants to check their balance and receive notifications.

Compass partners with local organizations and programs to refer FSS participants to employment coaching and other services. Compass programs seek to engage local partners on an ongoing basis to check alignment in the service approach and service quality.

Implementation Quality. Compass leadership has opined that rigorous hiring and training practices yield quality implementation. To that end, the hiring process includes a functional interview simulating a coaching conversation with an FSS program participant. Compass assesses candidates' interactions with the participant on the basis of their attitude, cultural competence, and knowledge of structural and individual barriers to financial security. Some Compass staff, including some financial coaches, are themselves former Compass FSS graduates. Compass reported that, once hired, new coaches undergo 4 weeks of orientation focused on soft skills, understanding programmatic processes, and building personal finance knowledge. New coaches then shadow an experienced coach for 1 to 2 months before they handle a caseload. Compass has said that its training emphasizes judgment-free reflective coaching approaches, grounded in the concept that participants are the best experts on their own goals, needs, strengths, and experiences; training includes a focus on active listening and reflective questioning, including approaches such as motivational interviewing.

In addition to a well-developed program for onboarding new coaches, Compass reports that it facilitates a collaborative environment conducive to knowledge sharing, monitoring, and continuous learning. Compass adopts a delineated staffing structure for implementing its FSS program; Financial Coaches are focused on supporting participants, Program Managers manage operations and compliance matters, and Client Outreach and Enrollment Specialists are focused on marketing and enrollment. Bimonthly Lunch and Learn sessions help staff discuss challenges and learn from their colleagues. Coaches also contribute actively to developing materials and program resources through collaborative resource development sessions. Shared development of policies and procedures helps coaches implement Compass' model with high fidelity. Compass offers coaches monthly professional development days and the option to obtain credentials, such as an Accredited Financial Counselor certificate. Compass has also invested in innovations such as new technology to increase touchpoints with participants and better communicate information about escrow savings and progress toward goals (Thomas, Nava, and Lubell, 2019).

Compass uses a performance monitoring framework to track program performance, setting measurable goals to assess and improve its program and organizational performance. For example, exhibit 1 shows the goals Compass set as part of its FY 2023–29 strategic plan (Compass, 2023).

Exhibit 1

Compass FSS Program Core Model Outcome Targets

Metric	Target
Graduation rate	75%
Average escrow at graduation	$8,000
Average increase in earnings at graduation	$10,000
% of participants who move from being asset poor to being asset secure (can cover 3 months or more of expenses with escrow or other savings)	75%
% of graduates who use one or more positive financial practices	85%
% of graduates who have paid all debts on time for 3 months or more	70%
% of graduates who utilize 30% or less of revolving debt	50%

Source: Compass, 2023

Compass monitors program outcomes in real time using a dashboard supported by a customized data platform. The platform helps standardize operations across multiple sites and provides the tools necessary to compare, assess, and identify areas for improvement.

Exhibit 2 summarizes the key differences between Compass FSS and traditional FSS programs.

Exhibit 2

Comparison of Traditional and Compass FSS Models (1 of 2)

Program Element	Traditional FSS Programs	Compass FSS
Entity providing Family Self-Sufficiency (FSS) Coaching/Case Management	Public housing agency (PHA) or private property owner whose primary focus is providing rental assistance.	A private nonprofit organization (Compass) whose primary focus is delivering the FSS program.
Staffing	Most FSS programs have very few staff. Most have a single FSS coordinator, who provides services and operates all aspects of the program essentially alone. It can be challenging to maintain continuity when an FSS coordinator leaves.	FSS coordinators work within a larger organization of FSS coordinators with training, peer support, procedures and best practices, and the benefit of institutional knowledge. Coaches are primarily responsible only for coaching. They are supported by programmatic and communications staff responsible for planning, operations, outreach, and enrollment.
Funding	HUD FSS Coordinator grants.	Compass receives contract funding from PHAs and multifamily owners administering FSS programs, including funds from HUD FSS Coordinator grants, and additional fundraising from philanthropic organizations.
One-on-one support	Many FSS programs limit the services they directly provide families to case management, making referrals to other providers for all other services.	Compass financial coaches deliver a core service—participant-driven financial coaching—in addition to referring participants to other providers.

Exhibit 2

Comparison of Traditional and Compass FSS Models (2 of 2)

Program Element	Traditional FSS Programs	Compass FSS
Emphasis	Most FSS programs focus first and foremost on increasing participants' earnings and employment. Some seek immediate gains in earned income, whereas others focus on building skills first through education and training. Homeownership and financial capability are common secondary goals.	Compass focuses on helping participants build assets and financial capability. Financial coaches provide regular credit and debt analysis and financial coaching on various topics as part of their ongoing support. Employment is part of this overall picture, but it is only one component.
Escrow communication	The program is required to provide a statement at least annually (implementation above this minimum varies).	Compass provides an annual escrow statement, which has been adapted to be easy to understand and mimic a bank statement. In addition, Compass works with its partner PHAs and property owners to obtain frequently updated escrow information for coaches to share during meetings with participants and when participants request an update. Coaching highlights progress in escrow savings and the connection between savings and participants' goals.
Marketing and outreach	Marketing tends to focus on program features.	Monthly marketing campaigns through postcards, newsletters, and other routes focus on aspirational messages that tap into prospective participants' goals.

Source: Modified from Compass' core model description included in Thomas, Nava, and Lubell (2019)

Abt's Evaluation of Compass Family Self-Sufficiency Programs

Abt conducted a series of evaluation and implementation studies of Compass FSS programs between 2014 and 2024. The studies focused on several Compass FSS implementations using quasi-experimental, cost-benefit, outcome, and qualitative study methods. We describe here the analyses conducted as part of these studies, focusing particular attention on the most recent study findings. These studies produced the primary findings discussed in this article.

Analysis of Impacts on Earnings and Public Benefits Receipt: Abt has conducted three analyses of the impact of Compass FSS programs on participant earnings and public benefits using quasi-experimental designs. Abt published the first report in 2017 comparing outcomes for participants in the Lynn Housing Authority and Neighborhood Development (LHAND) and Cambridge Housing Authority (CHA) FSS programs to outcomes for similar households served by PHAs with no or very small FSS programs using HUD administrative data (Geyer et al., 2017). The study found that FSS was associated with a positive impact of $6,305 on annual household earned income ($p<.01$) and a decline of $496 in receipt of public benefits ($p<.01$). On average, participants in this study had been enrolled in Compass FSS for 2.7 years (see exhibit 3 for more outcomes). About one-half of the increase in earned income appears to be due to gains by the head of household. On the basis of the ages of other household members with increased earnings, it appears that most of the remaining earnings gains were by adult children in the household.

Abt produced an updated impact analysis in 2021 using a slightly modified methodology.[12] This study analyzed data for 524 Compass FSS participants from CHA, Metro Housing|Boston (MHB), and LHAND with a matched control group of voucher households from comparable PHAs (Moulton, Freiman, and Lubell, 2021). The comparison group included voucher households from 20 of the most comparable PHAs in Massachusetts, Connecticut, and Rhode Island who lived in census tracts with comparable employment rates, income, and demographic composition.[13] Households were matched through the nearest neighbor in Mahalanobis distance, based on preenrollment characteristics selected using the Least Absolute Shrinkage and Selection Operator (also known as LASSO) approach, including earnings reported at annual income recertification. The study analyzed both short-term outcomes (an average of 1.5 years after program enrollment) and long-term outcomes (an average of 3.2 years and within 5 years of enrollment). As summarized in exhibit 3, the 2021 study's analysis of long-term outcomes found that Compass FSS enrollment was associated with a positive impact of $6,032 (23 percent; $p<.01$) in annual household earned income, a decline of $249 (39 percent; $p<.01$) in annual receipt of public assistance, and a decline of $565 (19 percent; $p<.01$) in receipt of Supplemental Security Income (SSI), Social Security, or pension income. Similar impacts were observed in the short-term analysis. Roughly 89 percent of short-term earnings gains and 76 percent of long-term earnings gains were by the head of household (as opposed to other household members).[14]

Abt also conducted a separate quasi-experimental impact analysis of earnings and public benefits receipt of the FSS programs Compass administered in six multifamily rental properties in New England operated by POAH, which, to our knowledge, represented the first analysis of a multifamily FSS program that included a comparison group (Yang, Freiman, and Lubell, 2021). Four of these six properties were part of the pilot FSS program for multifamily properties. The properties started implementing the program before HUD provided program guidance for multifamily property FSS programs in 2017. Using data from 81 program participants who were enrolled in the Compass FSS program for an average of 2.5 years, the study analyzed participant data from January 2016 to February 2019. The comparison group consisted of households with comparable demographic and income characteristics from multifamily properties with similar tenant and rent characteristics. A secondary analysis for this study included another POAH property in Missouri that was implementing the Compass FSS program through an affiliate organization, Community Services League (CSL), that received high-level technical assistance from Compass on its FSS model.

Although the small sample means that the power of the study is limited, the main multifamily analysis found that participation in Compass FSS was associated with a positive impact of $3,709

[12] The change in the methodology accounts for the inclusion of a third site, MHB, in the 2021 study and the biennial income certifications used in the MHB FSS program. The new methodology also follows FSS participants and their matched comparison group on a rolling time period compared with the fixed-time-period approach adopted in the 2017 study, which covered a shorter duration.

[13] Although fully controlling for place-based impact on employment opportunities is impossible due to a variety of neighborhood-specific amenities and local resources, such as transportation and childcare centers, that affect employment opportunities, our geographic selection approach ensures a close comparison group. For a detailed methodology, see appendix A in Geyer et al. (2017).

[14] The reason why the 2021 study found the head of household responsible for a larger share of earnings gains than the 2017 study is unclear. As noted below, more focused research on the outcomes for children of FSS participants would be beneficial.

(24 percent) in earned income, a difference that was marginally statistically significant ($p=0.054$). The program was associated with a $599 (100%) decline in receipt of public assistance income ($p < .01$) but no difference in SSI, Social Security, or pension income.[15] In addition to having substantially smaller sample sizes than the previous studies, the study of POAH-based programs in multifamily properties captured results for participants in implementations in the startup phase, beginning less than 1 year after FSS implementation was first permitted in multifamily settings.

Cost and Benefit Analyses: Abt also conducted cost and benefit analyses to understand the full estimated costs of delivering the Compass FSS program and the benefits that result from it from both program provider/government and participant perspectives (Dastrup, Freiman, and Lubell, 2021). This cost-benefit study used a quasi-experimental design with a matched control group similar to the 2021 longitudinal impact analysis using the same sample (Moulton, Freiman, and Lubell, 2021) but for a slightly longer average enrollment duration of 3.4 years. It found that "the Compass FSS programs in Cambridge and Boston, Massachusetts, produced a net benefit of $3,885 per participant over the course of the 7-year study period. This figure represents the sum of the costs and benefits to (1) the government and other funders of the program and (2) families participating in the program." On average, Compass and its PHA partners spent $3,014 per participant per year to deliver the FSS program, whereas the program delivered $6,999 in benefits to each participant; "For every net dollar spent by the government/program, the program generated a net benefit of $2.25 to program participants" (Dastrup, Freiman, and Lubell, 2021).[16]

In the 2021 study, costs from the program perspective included the costs of escrow payments to participants and the costs associated with delivering a mature program on an ongoing basis, including costs for staffing, facilities, materials, administration, and others for both Compass and the partnering PHAs. Benefits from the program operations perspective included additional tax revenue to the government from improved participant income, decreased housing assistance payments owed by the PHA toward rent, and decreased non-housing income support and social benefit payments by the government. Costs from the participant perspective included decreased receipts in rental assistance, non-housing income support, and benefits payments and an increase in tax owed. Benefits included increased earnings and the FSS escrow payments. The cost and benefit analysis includes benefits accrued from increased income only during the term covered by the analyses and does not consider long-term effects or effects on other parties. It also does not factor in any benefits associated with credit and debt outcomes.

[15] The Compass FSS group had no public assistance income at followup. Caution should be exercised in interpreting these results because the sample size was small, and outcomes may have been affected by time limits to receipt of public assistance benefits.

[16] A cost-benefit analysis based on the earlier 2017 impact analysis found that benefits exceeded costs by $10,069 per participant (Dastrup, Freiman, and Lubell, 2017). Although the two studies largely covered the same cost and benefit items, differences in the impact analysis methodology may have contributed to the different net benefit findings.

Exhibit 3

Summary of Abt's Recent Compass FSS Program Evaluation Outcome Findings (2021–2023) (1 of 2)

Impact Analysis	Outcomes for Compass FSS Participants		
	Compass FSS Programs Serving PHAs[1]		Compass FSS Programs Serving Multifamily Properties[2]
Sample Size	Total sample size: 564 LHAND (n=143), CHA (n=230), and MHB (n=191)		Total sample size: 81 at 6 POAH properties
Data Collection Timeframe	October 2010 to October 2018		January 2016 to February 2019
When Impacts Assessed/Average Duration of Exposure to FSS	1 to 3 years after FSS enrollment/average of 1.5 years	Most recent data available but not longer than 5 years after enrollment/average of 3.2 years	Most recent data available but not longer than 5 years after enrollment/average of 2.5 years
Average Earnings	21% higher than comparison group**	23% higher than comparison group**	24% higher than comparison group[a]
	$4,997 more than comparison**	$6,032 more than comparison**	$3,709 more than comparison[a]
Average Public Assistance	50% lower than comparison group**	39% lower than comparison group**	100% lower than that of the comparison group**
	$447 less than comparison**	$249 less than comparison**	$599 less than comparison**
Average SSI, Social Security, and Pension Income	15% lower than comparison group**	19% lower than comparison group**	(not statistically significant)
	$388 less than comparison**	$565 less than comparison**	(not statistically significant)
Costs and Benefits Analysis of Compass FSS Programs in Two PHAs[3]			
Sample Size	Total sample size: 421 CHA (n=230) and MHB (n=191)		
Data Collection Timeframe and Duration of FSS Exposure	October 2012 to March 2020 Average duration of exposure to FSS = 3.4 years. Followup observations occurred, on average, 4.25 years after baseline.		
Net effect on government/program expenditures	Cost of $3,114 per participant		
Net effect on participant	Benefit of $6,999 per participant		
Total net benefit	Benefit of $3,885 per participant		

Exhibit 3

Summary of Abt's Recent Compass FSS Program Evaluation Outcome Findings (2021–2023) (2 of 2)

Credit and Debt Outcomes of Compass FSS Programs in Two PHA and 8 Multifamily Properties[4]	
Sample Size	Total sample size: 359 CHA and MHB (n=226) and POAH (n=133)
Data Collection Timeframe and Duration of FSS Exposure	May 2016 to March 2020 Average duration of exposure to FSS = 2.5 years. Followup observations of FSS participants occurred, on average, 2.7 years after baseline.
FICO® scores	Among those with a baseline score, Compass FSS participants experienced regression-adjusted gains that were 19.8 points higher than that of the comparison group used as a benchmark.** Compass participants without a baseline score were less likely to gain a FICO score compared with their comparison group counterparts.[a]
Average total debt (excluding mortgage)	Compass FSS participants experienced regression-adjusted growth in total debt that was $3,210 less than that of the comparison group.*
Student debt	Compass FSS participants experienced regression-adjusted growth in student debt that was $2,057 less than that of the comparison group.**

CHA = Cambridge Housing Authority. FSS = Family Self-Sufficiency. LHAND = Lynn Housing Authority and Neighborhood Development.
MHB = Metro Housing|Boston. n = number. PHA = public housing agency. POAH = Preservation of Affordable Housing. SSI = Supplemental Security Income.
[a]Marginally statistically significant, p<0.10.
*Statistical significance levels for two-sided tests are indicated with asterisks as follows: **= p<.01; *= p<.05.*
Note: Data collection start dates vary among the sites on the basis of when Compass started working with the PHA or multifamily owner.
Sources: [1]Moulton, Freiman, and Lubell, 2021; [2]Yang, Freiman, and Jeffrey, 2021; [3]Dastrup, Freiman, and Lubell, 2021; [4]Yang et al., 2023

Credit and Debt Study: Abt completed a credit and debt outcomes study in 2023 for Compass FSS participants in CHA, MHB, and the six POAH multifamily rental properties (Yang et al., 2023). The study analyzed the credit report data provided by TransUnion for 359 FSS participants, including 226 PHA participants and 133 multifamily participants, and a benchmark group of non-FSS participants with similar characteristics as the treatment sample in the same geographic area over the same period. The study used a regression-adjusted difference-in-differences model to account for the differences in baseline values between Compass FSS participants and the benchmarked group. This study found that the FICO® Scores of Compass FSS participants increased by 19.8 points more than those of the benchmarked group (p<.01), total debt grew by $3,210 less (p<.05), and student debt grew by $2,057 less (p<.01) among Compass FSS participants than among the benchmarked comparison group members. Unlike the comparison groups for Abt's quasi-experimental impact studies of earnings and public benefits receipt, the benchmark comparison group in Abt's credit and debt study is not limited to households who receive federal housing assistance (TransUnion does not collect information on housing assistance status), and only estimated income and minimal household data were available. Instead, the benchmark comparison group was matched to the FSS participants by geography, estimated income, and baseline credit profile.

An interim analysis conducted in 2017 also studied the credit and debt outcomes of Compass FSS participants from Lynn and Cambridge PHAs on the basis of credit reports Compass pulled for their participants (Geyer et al., 2017). This study found that FICO® Scores of Compass FSS participants increased by 19.1 points more than those of the benchmarked comparison group (p<.01). The study also found that the share of Compass FSS participants with a FICO® Score increased by 7 percentage points (in contrast to a decline of 1 percentage point among comparison group members; p<.01), and that the share of Compass FSS participants with a prime FICO® Score (above 660) rose by 14 percentage points (in contrast to an increase of 2 percentage points in the comparison group; p<.01). In addition, the study found decreases in derogatory debt and credit card debt among Compass FSS participants, in contrast to a rise in derogatory debt and no significant change in credit card debt among comparison group members.

Implementation studies: Abt has conducted three qualitative research studies of Compass FSS programs; each study focuses on the experiences and perspectives of a specific group of FSS-eligible voucher households served by Compass' partner PHAs. The goals of these studies were to help Compass better understand how their program was working and assess ways to improve the program. The three groups are (1) graduates of the Compass FSS program from LHAND, CHA, and MHB (Thomas, Freiman, and Lubell, 2021); (2) early exiters of the Compass FSS program at CHA and MHB (Thomas et al., 2021); and (3) eligible HCV households that did not enroll in Compass FSS programs at CHA and MHB (Freiman, Thomas, and Lubell, 2021). Findings from these studies provide insights into several aspects of the Compass FSS program model, including relational financial coaching, aspirational marketing materials, and focus on participant retention. Exhibit 4 reviews the key elements of each implementation study.

Exhibit 4

Summary of Implementation Studies

	Research Question	Sample	Findings
Interviews with graduates of Compass FSS program[1]	What was the experience of Compass FSS program graduates?	Total: 17 graduates LHAND (n=3) CHA (n=13) MHB (n=1)	Goal-based coaching was important to graduates because it provided accountability to reach their goals. Graduates developed a sense of financial empowerment to manage financial challenges post-graduation. The relationship with their coach is very important.
Interviews with early exiters from Compass programs[2]	Why did program participants exit the Compass program early?	Total: 22 early exiters CHA (n=16) MHB (n=6)	Those terminated by Compass were unable to comply with program rules for a variety of reasons, including life events. Many who voluntarily left the program encountered relationship challenges with their coaches.
Interviews with eligible households who declined to participate in the program[3]	Why did eligible households decide not to participate in the program?	Review of administrative data for all nonenrolled and FSS enrolled households (n=4,881) Interviews with 22 households CHA (n=8) MHB (n=14	Nonenrolled households were more likely to be single-headed, childless households. Interviewed non-enrollees cited not having seen recruitment materials, lack of time and attention to engage with the program, and confusion about the program as reasons for not enrolling.

CHA = Cambridge Housing Authority. FSS = Family Self-Sufficiency. LHAND = Lynn Housing Authority and Neighborhood Development. MHB = Metro Housing|Boston. n = number.

Sources: [1]Thomas, Freiman, and Lubell et al., 2021; [2]Thomas et al., 2021; [3]Freiman, Thomas, and Lubell et al., 2021

Graduates of the Compass Family Self-Sufficiency Program

This study focused on the experiences of 17 Compass FSS graduates and their perspectives on how the program influenced any changes in their lives upon graduation (Thomas, Freiman, and Lubell, 2021). Abt conducted semi-structured interviews with 17 participants who graduated from LHAND, CHA, and MHB. Participants talked about the importance of both the coaching process and the FSS escrow in improving their financial situations.

Participants identified several aspects of the financial coaching as being important: goal setting, realistic assessment of their financial situation, learning skills of setting financial boundaries, and building confidence in how they engaged with their finances.

Goal setting was important in motivating participants to engage in the program. Graduates identified a range of different goals important to them, including buying a home, investing in their education, and starting a new business. These goals motivated participants to stay in the program. Even though buying a home was the most frequent motivating goal, it was the hardest for graduates to achieve, with just a few managing to reach this goal within 2 to 3 years after graduation.

Graduates also provided insights into the importance of support from their coach—including accountability, concrete advice, and engagement with budgeting—in working successfully toward their goals.

Graduates noted that the sense of empowerment in managing their finances that they gained through the coaching meant they were able to take better control of their budgets and say no to activities on which they previously would have spent money. Several reported how they were able to use these new skills to manage challenging financial situations that came up during the COVID-19 lockdown.

The coaching was not the only element of the program that graduates found helpful. The final escrow savings disbursements were important in a number of ways, helping them pay down debts, funding a savings account, buying a home, paying for children's expenses, and paying for recreation activities. In a few cases, the FSS escrow account provided a financial cushion as graduates navigated large unanticipated expenses, such as covering costs associated with a parent's death.

Graduates noted the important role of their coaches in facilitating their success in the FSS program—the support and coaching provided and the importance of the trust they built with their coach. Some reported that they were frustrated when the coach assigned to them changed because they had to build a new relationship and reestablish trust with the new coach. These interviews suggest that an important aspect of Compass' model can be found in relational coaching, which links goals and aspirations to concrete financial assets. This model helped graduates to increase their self-reported financial capability—skills, knowledge, and confidence—and to complete the program with the reward of the FSS escrow account, which further supported their financial well-being.

Early Exiters

Abt conducted interviews with 22 early exiters from the CHA and MHB FSS programs to better understand why they left the program—former FSS participants who were terminated from the program or left voluntarily without graduating (Thomas, Freiman, and Lubell, 2021). Compass hoped to make improvements to its program on the basis of findings from this study. The study findings provide another data point about the importance of participants' relationship with program coaches to sustained activity and staying in compliance with the program.

Those interviewed were either terminated from the program because they did not comply with program rules or voluntarily left the program (interviews included 14 former participants who were terminated and 8 who formally withdrew from the program). Many of those who were terminated appear to have fallen out of compliance with program requirements because they did not understand the rules of the program—several of these interviewees were interested in reenrolling. A few of those who exited the program and were reported as terminated explained that they had, in fact, left the program voluntarily. This discrepancy usually resulted because they stopped communicating with Compass rather than formally withdrawing from the program, and eventually, after repeated attempts, Compass terminated them for lack of contact. Those who voluntarily left the program generally did so because they did not have a trusting relationship with their coach. The significance of trust in a coach-participant relationship emphasizes the importance of relational coaching to the successful graduation of participants in Compass' FSS programs.

Some early exiters reported that, despite their desire to engage in the program and attain their goals, life events interrupted both their ability to meet program requirements, such as seeking and maintaining suitable employment, and their ability to engage in financial coaching. These events included physical and mental health challenges, the need to care for one or more family members with needs related to physical or mental health, and stressful experiences, such as domestic violence or other traumatic events. A smaller number of early exiters reported that they left the FSS program because they were scared that it might mean losing access to benefits, particularly social security benefits.

Eligible Households Who Declined to Participate in the Program

Abt conducted a mixed-methods descriptive study in 2020 to learn about eligible households who had not enrolled in CHA and MHB FSS programs (Freiman, Thomas, and Lubell, 2021). The study involved the analysis of administrative data about all eligible households and interviews with a convenience sample of households from this eligible pool. The findings from this study point to the challenges in reaching many lower-resourced households, even with aspirational marketing materials.

Administrative data from HUD about all eligible households—both those enrolled and non-enrolled households (n=4,881)—in these two FSS programs showed that enrolled households were more likely to be households with children headed by a female between the ages of 30 and 50 years, with earnings greater than $30,000 a year. Abt staff conducted interviews with 22 non-enrolled households recruited by letter and email outreach. The sample of 22 is nonrandom and a convenience sample from the large pool of eligible households who did not enroll. Many of the

22 non-enrolled households interviewed were unaware of the FSS program or Compass and had not seen any recruitment materials. The postcards about the program that Compass had sent in the mail to them did not register with these individuals, perhaps because, as the interviewees related, they filtered mail for items already known to be important for daily life. Language barriers may also have played a role in some households that did not know about the program. Others who did hear about the program were overwhelmed with other life events and were unable to consider engaging in the program. For one group of interviewees, confusion about the program and conflation with other PHA programs meant they did not follow up to learn more about it. In some cases, the interviews themselves were a route for households to find out about the FSS program, and several interviewees asked for more information about the FSS program at the end of the interview.

These interviews suggest that even with clear, aspirational marketing materials sent to eligible households, reaching all PHA residents is difficult, and ongoing work to spread knowledge about the program and distinguish it from other programs will be critical for programs seeking to expand enrollment.

Discussion

Key Elements of the Compass Model

It is impossible to know with certainty which aspects of the Compass Working Capital (Compass) Family Self-Sufficiency (FSS) program model account for its strong performance in our program evaluations. In our judgment, however, at least four aspects of the program model stand out as likely factors in Compass' high performance. Examining how these elements perform in different implementation contexts would be useful.

The first feature is Compass' focus on quality implementation. Compass focuses on hiring strong coaches and then trains and supports them. Coaches concentrate on working directly with FSS participants and are supported by other specialized staff responsible for operations and outreach. Compass monitors new research and practices for financial coaching to update its program model and training for coaches. Compass also aims to build a peer learning culture among coaches by providing time and resources for knowledge sharing and support. Like other FSS programs, Compass' programs experience turnover when coaches leave. Compass' broader staffing, infrastructure, and community of coaches allow for continuity of services, approach, and institutional knowledge in a way that is difficult for small, stand-alone FSS programs to achieve. Compass also has systems in place to replace coaches quickly to minimize disruption in the participant experience. Compass regularly reviews program data to determine if the program is performing at a high level and whether changes are needed to improve outcomes.

The second feature is Compass' focus on maximizing graduation rates through persistence in client engagement. As noted above, Compass FSS programs have a graduation rate that far exceeds that of the typical FSS program. In a program with such a long duration as FSS, participants have many opportunities to disengage from the program. They may voluntarily withdraw from the program or stop responding to communications or attending check-ins with coaches. All FSS programs experience such disengagement. The question is what the program does when this happens. Does it move on to the next family on the waiting list or take steps to retain existing participants in the program and keep them on track to graduation? Compass prioritizes the latter, which likely leads to a more complete exposure to the FSS program and, therefore, a greater opportunity to have an impact.

A third key feature is a focus on relational coaching that builds trust and engages participants based on their aspirations. It may seem obvious that participants will be more invested in a program that empowers them to focus on goals they identify, but FSS programs seem to vary in the extent to which they provide (a) coaching focused on empowering participants to make progress toward participant-identified goals and aspirations or (b) case management that channels participants through a more standardized program experience.

A fourth notable aspect of Compass' FSS programs is its substantial reliance on philanthropic funding to complement and extend funding provided by HUD and Compass' partner agencies. Compass has demonstrated that foundations and other philanthropies will provide funding to support an expansion of FSS. Whereas organizations that lack fundraising experience may struggle to emulate this success, Compass has demonstrated the potential to leverage HUD FSS funding with philanthropic funding that may be inspiring to those with fundraising capacity. Note that Compass got its start in the Boston area, which is a philanthropy-rich environment; other FSS programs may or may not be in a market with a similar level of philanthropic resources.

Readers may notice that we have not yet mentioned the substantive focus of Compass on helping families build assets. The absence of this discussion is not because we view this approach to be flawed or unimportant but because the four lessons above can be applied broadly to FSS programs, whether they choose to focus primarily on helping participants increase their earned income or another goal, such as Compass' focus on asset building and credit. Of course, programs that wish to help families improve their credit will likely need to make that an explicit focus of their programs. Our analyses found that Compass FSS participants experienced changes in credit and debt outcomes that exceeded the benchmarks we created from credit bureau data, such as FICO® Score (a type of credit score) and improved debt profiles, suggesting that their approach is likely effective in generating improvements in those measures. Some caution should be exercised in interpreting these findings. Although we were able to obtain a rough benchmark of credit and debt data for consumers with some observable similarities, we lacked key information about the comparison group, such as housing assistance status, earnings, and household structure. For this reason, we do not consider our credit and debt analyses to be quasi-experimental.

These characteristics are some of the key factors we believe contribute to Compass' success. However, no rigorous testing has been done to date to definitively identify which factors are responsible for Compass' high performance. As noted earlier, contextual factors such as the job market, service provider networks, and the availability of philanthropic funding in Boston—Compass' primary geography of operations—may be important elements to Compass' success. Another important contributing factor may be Compass' status as a nonprofit organization in raising funding, building trust with residents, and implementing the program independently. Additional research is needed to determine which specific program features and contextual elements, alone or in combination, create the most favorable conditions for a successful FSS program (see the *Recommendations for Future Research* section).

There are likely multiple ways to run a successful FSS program. Implementation research on other FSS programs with strong program outcomes would be helpful to identify promising approaches and which program elements are worth emulating.

Replicating Compass' Family Self-Sufficiency Program Model

FSS programs interested in trying to replicate Compass' approach should be aware that the transition can be challenging. Our evaluation of Compass' FSS Network pilot noted some of the particular challenges involved in FSS programs incorporating Compass' model (Thomas, Nava, and Lubell, 2019). Our evaluation suggested that to scale Compass' FSS program model, additional philanthropic support (or other investment operating support) is needed to invest in the coach training, data systems, changes to escrow statements, and marketing of the program. We observed a number of public housing agencies (PHAs) that faced organizational constraints while trying to implement the Compass FSS model. Multifamily nonprofits, as independent nongovernmental organizations, may find it easier to launch and replicate the Compass FSS model.

FSS programs seeking to replicate the Compass FSS model may need to make a significant upfront investment of time and resources to ensure that staff understand the principles of relational financial coaching and can track ongoing participant interactions and program metrics, with an eye toward participant retention and graduation. Changes to the escrow statement, a one-time upfront investment, represent another upfront time and resource investment. This initial investment requires support—the use of internal PHA administrative funds, HUD funding, or other philanthropic grants—to integrate a new model of implementing FSS effectively and quickly. Any additional coordinators that programs hire to serve a larger caseload will also require ongoing funding. Programs will also need to navigate a range of other challenges associated with implementing organizational change in often overburdened governmental agencies.

An important point is that FSS programs can learn from Compass' experience without fully adopting the Compass FSS program model. The next section highlights a number of recommendations for local FSS programs to consider to strengthen their programs.

Policy Implications

The following is a summary of key policy implications of this research, focused first on recommendations for local Family Self-Sufficiency (FSS) programs and then on recommendations for federal policymakers:

Recommendations for Local FSS Programs

Local FSS programs should review the Compass Working Capital (Compass) FSS program model to determine whether they could incorporate aspects of that model into their program to improve outcomes. The following are some specific elements to consider, grouped into two categories: (a) shifts in program policy and approach and (b) ideas for strengthening program management.

Within each category, the most essential recommendations with the broadest applicability are listed first followed by recommendations that may be useful for some programs and not others or require more fundamental changes in local practice to implement.

Shifts in Program Policy and Approach

1. **Focus on increasing participant retention and graduation rates.** Compass has a much higher graduation rate than the programs studied in the recently completed HUD/MDRC study. This outcome appears to be due, at least in part, to a practice of prioritizing participant retention. Although it may be tempting for local FSS programs to focus on the participants who regularly make their appointments and move on to families on their long waiting lists when existing participants do not show up for planned appointments, coaches need to be persistent and flexible to accommodate participants who are experiencing personal challenges or crises they need to address. This persistence will help to maximize participants' exposure to the FSS program, resulting in a greater opportunity for impact. Coaches should also be flexible in determining when and whether participants graduate—for example, by taking advantage of the flexibility to change participants' initial goals before graduation; such actions will help increase the share of FSS participants who receive access to their escrowed funds. Public housing agencies (PHAs) can use HUD's FSS Achievement Metrics (FAM) data to track their graduation rates over time and compare their graduation rates to those of other PHA FSS programs.

2. **Increase and improve communications about the FSS escrow account.** Qualitative evidence suggests that a participant's understanding of the escrow account is often low, impeding the escrow account's effectiveness in incentivizing higher earnings and continued participation in the program. Compass has worked to improve participant understanding, awareness, and engagement by producing clear escrow statements, formatted to look like a bank statement—which provides a reference point familiar to many participants. Local FSS programs should consider emulating this practice, as well as the practice of pulling escrow balances on a monthly basis so that coaches can share updated balances and growth with participants at all regular meetings. In meetings with participants and in other communication, programs should use the accumulation of escrow—including projections about how much the escrow would grow under different scenarios—as a way of encouraging and motivating participants to make progress toward their goals and increase their earnings. Sharing FSS escrow data with families more often than required (once a year) may also help motivate participants.

3. **Make it easier for families to access interim disbursements of escrow.** Some FSS programs restrict families' access to their escrow on an interim basis to help conserve the funds so that families receive larger disbursements at graduation. Although likely well intentioned, this approach runs the risk of depriving families of opportunities to use their escrowed funds at strategic points during their program participation—for example, to repair a car or pay down burdensome debt—and may also weaken families' connections to the program by depriving them of benefits they believe they have earned when they want and need them. Families have many asset needs; one of the great strengths of FSS is its flexibility in allowing funds

to be used for multiple purposes. FSS programs should provide strategic flexibility to allow participants to access escrowed funds to support participant-identified goals.

4. **Enhance outreach and marketing efforts to expand program participation.** FSS programs that have the capacity to expand may be able to learn from Compass' outreach and marketing efforts. Compass' marketing efforts focus on families' aspirations and how FSS helps families achieve their financial goals rather than on how the program works. Compass reaches out regularly with a variety of materials to families receiving housing assistance (e.g., post cards) and uses testimonials and examples, along with graphics and photographs, to produce eye-catching marketing campaigns.

5. **Consider incorporating or increasing the focus on relational coaching.** As noted above, relational coaching builds trust by engaging participants on the basis of the aspirations they identify. Rather than providing explicit recommendations for families, FSS coordinators that use relational coaching empower participants to make informed decisions that advance the participants' priorities. An FSS program does not necessarily need to adopt an explicit focus on financial coaching, as Compass does, to use relational coaching. It can be and is used successfully by other FSS programs that do not focus specifically on financial coaching. To implement relational coaching, incorporate specialized training in the forms of motivational interviewing and participant-centered, or co-active, coaching.

6. **Consider incorporating a specific focus on helping families build assets and achieve their financial goals.** This focus is core to the Compass FSS model and may help families build financial capability and skills that generate benefits even after the program ends. The approach also builds trust in the program by helping families achieve short-term improvements, such as improvements in credit scores. Although the transition from a conventional to an asset-building FSS program model may be challenging to implement, programs can use resources developed by Compass for its FSS Link network to help establish an asset-building focus.

Strengthening Program Management

7. **Focus on staff quality, training, supervision, and succession.** FSS is a staff-driven program; as such, the quality and continuity of the staff are key drivers of program outcomes. As Compass does, local FSS programs should focus on hiring staff with strong interpersonal and coaching skills into client-facing positions and ensure that the staff responsible for developing the overall program structure bring attention to detail, innovative thinking, and a continual program improvement approach to their work. Programs should also provide ongoing professional development and supervision of staff to ensure that they can do their jobs well. In addition, programs should plan for how they will handle staff transitions and departures because interruptions in the client-coaching relationship can impede families' progress toward their goals and, in some cases, lead to families withdrawing from the program. These basic program functions can be challenging for the majority of FSS programs with a very small FSS program staff. Small FSS programs should consider situating their FSS programs within the context of a larger administrative structure, such as the provider's resident services department

or possibly a consortium of local FSS programs that come together to provide administrative support for their programs. As discussed below, FSS coordinator networks can be helpful in developing these staff and program support networks.

8. **Ensure that FSS program staff can focus on the FSS program.** A longstanding debate within FSS programs concerns the advisability of FSS coordinators also having responsibilities for annual and interim income reexaminations. Some argue that it detracts from FSS coordinators' ability to focus on FSS, while others argue that it provides coordinators with useful information and contact with participating families. Whatever staffing model programs adopt, ensuring that coordinators have ample time to execute all their assigned functions will be important. Another important aspect is to ensure that the staffing structure works well for the FSS program and aligns with the coordinators' capabilities. Compass divides the traditional coordinator role, allowing some staff to focus specifically on coaching and other staff to focus on administration, recruitment, partnership development, and logistics. This division of labor is hard to achieve in FSS programs with a single coordinator but is worth considering in larger programs.

9. **Consider ways to situate small FSS programs within a larger support system.** A key advantage to the Compass FSS model is its scale, which allows Compass to provide strong training, staff supervision, and staff specialization while ensuring continuity when staff depart. Although small FSS programs cannot replicate this scale on their own, they can and should investigate ways to situate themselves within a larger support system. This support system could include, for example, a larger resident services staff or partnerships between FSS programs to share training resources and help cover each other's caseloads during transition periods. In some parts of the country, regional FSS coordinator groups have been formed to provide a support system for small FSS programs. For project-based rental assistance, property management companies or owners of multiple properties can provide that larger support system. FSS programs could also elect to join with other FSS programs to run shared programs with a larger footprint.

10. **Consider contracting out responsibility for administering FSS.** Although not a panacea, contracting could be a good option for some small FSS programs by enabling them to engage an organization with experience administering FSS and the ability to achieve the scale that individual programs lack by providing services to multiple FSS programs. The contracted provider could be a service provider that provides this type of service or potentially another FSS program. At the same time, contracting out may introduce contract management issues and requires close coordination between the provider contracted to provide FSS coaching and housing provider staff responsible for income reexaminations, escrow accounting and disbursement, and reporting.

11. **Consider fundraising to augment FSS coordinator resources.** To support its FSS program staff, Compass raises funds from philanthropic sources to augment the funding from PHAs and private owners using their HUD coordinator funding. Raising philanthropic funding can help FSS programs expand their staff to serve more families while achieving a grander scale to facilitate program management and staff specialization. FSS programs can engage private funders through communications and networking efforts, illustrating the program's successes

through personal stories, and communicating about program outcomes and impacts with data and research. In addition to considering funding for ongoing needs, such as additional staff, FSS programs may wish to consider fundraising focused on program improvement and transition, such as developing a new program model, training staff in a new approach to the program, and changing the escrow statement and databases to manage client interactions.

Recommendations for Federal Policymakers

1. **Use the FSS Achievement Metrics (FAM) data to help strengthen FSS programs.** FAM scores provide the basis for assessing the performance of PHA FSS programs and merit wider use. If permitted by Congress, HUD could use the scores to identify high-performing programs to prioritize for supplementary coordinator funding (above and beyond the funding based on program size), providing a tangible reward for PHA performance that could help encourage PHAs to achieve higher scores. HUD could also use the scores as a way to identify poor-performing programs that could benefit from technical assistance to help them address their program challenges. Still another use could be as a research tool to identify samples of higher- and lower-performing programs that could be studied qualitatively to identify the characteristics of higher- and lower-performing programs, which could facilitate a next generation of technical assistance materials designed to help programs achieve the characteristics of higher-performing programs and avoid those of lower-performing programs.

2. **Support expanded use of FSS regional networks.** As described earlier in this article, PHA FSS programs are small, often employing just one person to plan, coordinate, and implement the program. In addition to the considerable burden involved, it can be an isolating experience for an FSS Program Coordinator. Some regions have developed FSS regional networks that function as communities of practice and promote knowledge sharing between local FSS providers. As noted, these networks could potentially serve other functions, such as providing a platform for shared training and potentially even staff support to help programs better manage staff transitions. A regional FSS network could also collect finer-grained data than available through FAM and use it to facilitate joint fundraising to expand philanthropic resources for local FSS programs and foster partnerships with state and regional agencies (such as workforce, the Supplemental Nutrition Assistance Program, and welfare programs) that could provide staff support or resources to help advance employment goals they share with FSS. HUD could use its technical assistance resources and regional office staff to support the creation of new regional networks and strengthen existing ones to help them realize their full potential. HUD could also facilitate a community of practice made up of leaders of regional FSS coordinator groups, allowing for the sharing of ideas across these networks.

3. **Engage regional HUD offices to support the FSS program.** Historically, a number of staff in regional HUD offices have played important roles in strengthening FSS programs in their region. For example, one regional staff person helped start and anchor a regional FSS coordinator group and collected program data to share with programs in the region and potential partners. In addition to helping to start and support regional FSS networks, regional HUD staff can, among other roles, identify opportunities for coordination and shared services across FSS programs, build relationships with strategic partners (such as a philanthropic

organization) that benefit multiple programs in the region, and identify programs in need of technical assistance.

4. **Use research to strengthen the FSS program.** As discussed below, many outstanding research questions could be studied to generate concrete recommendations for strengthening the FSS program. Among other things, the research could help identify why some FSS programs have better outcomes than others, the pros and cons of different administrative structures for FSS, the effects of caseload size, and many other useful data points that HUD could use to help guide future technical assistance and policy changes. Research could also evaluate potential program improvements, such as an add-on to the FSS coordinator fee that local programs could use at their discretion to advance local goals (such as for program improvement measures or for a small loan fund to meet short-term participant needs), to determine their effects.

Recommendations for Future Research

The following are some areas for additional research that can help contribute to the strategic improvement of FSS programs:

1. **Characteristics of higher- and lower-performing programs.** What are the key characteristics of higher-performing FSS programs? What are the key characteristics of lower-performing FSS programs? FAM scores and the data that HUD collects from the National Directory of New Hires could be used to identify higher- and lower-performing programs that could then be studied through qualitative methods to identify salient characteristics of their program model(s) and management approaches. These studies could examine a range of different program elements, including program size and stability of program participants, the overall approach to the program, caseload size, staff capabilities and stability, the extent of training and staff supervision, and so forth.

2. **Comparisons of different case management/coaching models.** FSS programs seeking guidance on how to structure their FSS case management or coaching model, including whether to adopt financial coaching, would benefit from a dedicated study that focuses on this topic. The specific FSS programs using different models could be identified through a survey of FSS programs (see below). Using this survey data along with FAM and other data, researchers could identify a universe of programs to study through interviews with program staff, participating families, and key partners, along with outcomes data.

3. **FSS program surveys.** Given the diversity in FSS program models and regional and programmatic contexts for implementation, gathering information through a national survey of FSS programs that characterizes the approach, challenges, and innovations reported by different FSS programs would be useful. These data would help shed light on the prevalence of different approaches nationally for specific HUD programs and different geographic regions. The data could also be used to identify topics for evaluation and a sample for an evaluation (see above). It could be linked with FAM data to assess whether associations exist between particular FSS program approaches and program performance. In addition, a separate study of

individuals participating in the FSS program could help identify the elements of the programs they find most useful and what they would like to see changed.

4. **Identifying the elements most essential for FSS program success.** A synthesis of the findings across the HUD/MDRC study, Abt Associates' studies of the Compass FSS program, and the additional research proposed above would be useful for identifying which elements are most critical to the success of local FSS programs. Input from experienced FSS practitioners could be used to help interpret and supplement study findings. If needed, limited experimentation with alternative approaches could also be incorporated.

5. **Asset building and second-generation outcomes.** Much of the current literature is focused on whether FSS affects participant earnings, credit scores, and debt levels. A range of important outcomes exist beyond these impacts, however, including the effects of the large infusion of assets that FSS graduates receive and potential impacts on the children of FSS participants, such as child employment and college attendance. Future research studies could help assess these impacts to provide a more comprehensive understanding of the potential benefits of the FSS program.

6. **Resilience during the COVID-19 pandemic.** A useful study would be to evaluate whether FSS participants, with the help of financial coaching and escrowed savings, witnessed better outcomes than comparable households during the economic disruptions associated with the COVID-19 pandemic.

7. **Effects of rising credit scores.** Average credit scores in the United States have risen sharply since 2011 and, in particular, since 2019 (Experian, 2024). In this environment, it would be worthwhile to reflect on the appropriate metrics for measuring impacts on participant credit scores for FSS and other programs. Increases in average credit scores by all households may make it harder for Compass FSS and other financial coaching programs to demonstrate that they produce an increase in average credit scores. Instead, because fewer families might require increases in credit scores to access favorable credit terms, FSS program outcome metrics might focus on the share of families with subprime credit scores who attain prime credit scores above a threshold, such as 660.

Conclusion

The results of the HUD-sponsored multiprogram FSS evaluation by MDRC suggest a pressing need to strengthen FSS program outcomes (Freedman, Verma, and Vermette, 2024). Public housing agencies and private owners seeking to strengthen their FSS programs could benefit from learning more about and incorporating components of Compass' approach. This article identifies specific recommendations for local FSS programs and federal policymakers to consider, along with ideas for future research.

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Authors

Naganika Sanga is an Associate in the Housing and Asset Building group at Abt Global. Lesley Freiman is an Associate focused on research and evaluation on housing, youth, and communities at Abt Global. Judy Geyer is a Senior Associate at Abt Global. Jeffrey Lubell is currently the founder of the Housing Innovations Group LLC. At the time of the article's initial preparation, he was a Principal Associate at Abt Global. Hannah Thomas is a Principal Associate at Abt Global.

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Assessing a Financial Capability Model for Program Delivery of HUD's Family Self-Sufficiency Program: The Experience of Compass Working Capital in the Field

Reid Cramer
George Reuter
Compass Working Capital

Abstract

This article describes a unique model for administering and implementing the Family Self-Sufficiency (FSS) program developed by the mission-driven nonprofit organization, Compass Working Capital ("Compass"). Guided by a theory of change that emphasizes asset building and strengthening personal financial practices, Compass has partnered with select public housing authorities and multifamily affordable housing providers to deliver a version of the FSS program that includes access to a personal financial coach for each participant. Since 2010, Compass has been the primary administrator of FSS for more than 5,000 households receiving federal rental housing assistance, and these families have collectively accumulated more than $19,000,000 in FSS escrow savings accounts. Program performance measures—such as enrollment, retention, and graduation rates—and participant outcome indicators, as reflected by changes in earned income, escrowed savings, credit scores, and homeownership, reveal the promise and potential of Compass' financial capability model for the FSS program. Although researchers have more to learn about how and why the Compass Model works, these findings add to a growing body of evidence that well-run FSS programs focusing on asset building and financial capability can support families to build savings, reach their financial goals, and become more financially secure.

Introduction

The insight that people need access to financial assets to invest in their futures has increasingly informed social policy efforts intended to promote asset building among households starting with few financial resources. Yet many of these families live in asset poverty, lacking the financial resources to cover 3 months of basic living expenses without income. For those striving for financial stability and economic mobility, the opportunity to build assets may feel out of reach, a perception reinforced by the reality that antipoverty programs often have rules that discourage or penalize the accumulation of savings that could otherwise be used to help navigate their financial lives. These penalties intersect with systemic and historic inequities that have actively stripped wealth from communities of color and contributed to a persistent racial wealth gap, which is especially pronounced for women-led households.

Compass Working Capital ("Compass") is a mission-driven nonprofit organization founded in 2005. It is dedicated to ending asset poverty in America for families with low incomes and narrowing the racial and gender wealth divides. To pursue this mission, Compass has forged partnerships with affordable housing providers who share these goals and are open to identifying new ways to achieve them. Beginning in 2010, Compass identified HUD's Family Self-Sufficiency (FSS) program as an existing federal program that could be more effectively leveraged to support families already receiving rental subsidies.

With an organizational commitment to impact, innovation, and evidence, Compass has honed a strategy focused on expanding the scope and performance of FSS programs. FSS has two features that work in combination to make it unlike any other antipoverty program in the country. The first feature is a financial incentive in the form of alternative rent rules that allow participants to divert higher earnings into an escrow savings account rather than rent payments. The second feature is service coordination and case management. Program rules allow for a great deal of discretion in what services are offered, but the common thread is the ability of participating families to work with professional staff to access or be referred to support services.

Compass believed that the FSS program could become more effective with a programmatic approach emphasizing financial capability and asset building. Over the past 14 years, Compass has partnered with select public housing agencies and affordable housing providers to operate a financial capability model for the FSS program. Today, Compass administers FSS programs on behalf of public housing authorities in Boston, Cambridge, and Philadelphia and specific multifamily affordable housing projects owned or managed by the Preservation of Affordable Housing (POAH), The Caleb Group, Mercy Housing, and WinnCompanies. In total, Compass has worked with almost 5,000 families since beginning this work, and currently, more than 3,000 families are enrolled in a Compass-run FSS program nationwide (as of May 2024).

At the core of this work has been the development of a high-impact model to implement the FSS program, which relies on delivering financial coaching to participants. Through various additional activities, Compass has become a national leader in promoting the FSS program and supporting a growing field of practitioners. These activities include partnering with housing providers to administer FSS programs, increasing the number of clients served, convening national stakeholders, and delivering training and technical assistance to other practitioners. Compass has also worked to identify policy solutions that dismantle barriers to asset building and has engaged with HUD to support the growth of a field of effective practice.

From the inception of this work, Compass has been committed to maximizing participant outcomes, improving program performance, and exploring how successful approaches can be replicated and scaled (Compass Working Capital, 2023). When engaging with residents, Compass employs a client-centered and trauma-informed approach that encourages program participants to take the lead in identifying which goals to pursue while enrolled in the program. Compass actively maintains a detailed database that tracks program performance and other participant-level information and has revised and refined the intervention model in response to evidence collected in the field. In addition, Compass has contracted with a third-party program evaluator, Abt Global (formerly known as Abt Associates), to examine and analyze program performance, cost-benefit calculations, and other assessments of impact.

This article, as a contribution to the HUD PD&R symposium on the FSS program, describes the "Compass Model" for the FSS program, presents performance data derived from organizational information and third-party evaluations, and offers a strategy to refine the model through ongoing assessment and learning.

The "Compass Model" for FSS

As originally conceived, the FSS program is intended to combine stable, affordable rental housing with case management, service coordination, and a savings incentive in the form of an escrow savings account that increases in value as participants' earnings increase. The Compass Model for FSS combines the traditional FSS savings opportunity with the opportunity to work with a personal financial coach (Geyer et al., 2017). The implementation of the Compass Model of FSS is distinguished by several innovative features, including the following:

- Access to a trained financial coach who serves as a case manager and service coordinator.
- Client-centered and participant-driven goal setting.
- A strong focus on helping clients build financial capability by paying down high-interest debt, building savings, and improving budgeting skills and credit scores.
- Extensive marketing and outreach efforts that build on the real-life experiences and perspectives of prospective clients, especially among families led by Black or Latina women, and achieve a goal of 20-percent enrollment of eligible families in a project.
- Public-private partnerships to facilitate access to services and philanthropic resources in addition to funds from partner agencies and HUD.

In contrast to traditional FSS programs, which are run by public housing authorities, Compass directly administers programs on behalf of housing providers. With this approach, Compass is better positioned to ensure that program quality is maintained, staff training is consistent and robust, and participants are exposed to asset-building strategies and financial practices that have worked for similarly situated families. Drawing upon experience as a third-party administrator across the field, Compass has been able to implement best practices in caseload management, use of technology, and forging relationships in the community for service provision. These practices support a primary philosophy for implementing the program, which uses financial coaching as the primary interface with families. This approach contrasts with that of traditional FSS programs that generally focus on providing services and referrals to families, often focusing on boosting earnings rather than activities that strengthen participants' financial capabilities.

Another point of emphasis for Compass and its delivery of FSS programs is an openness to innovation in program administration. This attribute was reflected in designing an FSS program with the Cambridge Housing Authority (CHA), which is designated as a Moving to Work agency, meaning they have extra flexibility with prevailing HUD rules. This flexibility has allowed CHA to experiment with different models for escrow, including offering a less generous escrow calculation equal to one-half of the traditional amount and eliminating a previous cap on escrow accumulation for households with incomes between 50 and 80 percent of the Area Median Income (Lubell and Thomas, 2019a). That cap has subsequently been removed for all traditional FSS programs as well. CHA is exploring the impact of an alternative approach for calculating escrow payments based on a percentage of earnings, which can make escrow calculations easier to administer and less complicated to explain to potential participants.

Another feature of the Compass Model is the openness to offering participants a full range of options under FSS program rules to help families best meet their goals. Those options could include families requesting an additional 2 years to complete the program and interim withdrawals of escrowed funds before graduation if it can help them achieve their long-term financial goals. Compass has concluded that these policies benefit participants for the long term and ultimately support the organization's mission to partner with families with low incomes to build assets as a pathway out of poverty.

Tracking the Compass Model in the Field: Program Measures and Participant Outcomes

Compass has an organizational commitment to provide high-quality services for the clients it works with and to pursue innovation that can lead to more effective delivery of those services. Pursuing these goals requires using data to improve program outcomes. Since launching an FSS program, Compass has engaged in ongoing program monitoring and evaluation to understand what is working for participants and how the program can become more effective. Much of this information is provided directly by participating families. By centering their voices and lived experiences, a continuous feedback loop enables Compass to collect, interpret, and act on information it receives from clients.

Compass collects data through surveys, qualitative interviews, and the guidance of its Program Committee, which is composed of FSS graduates and participants. The assessment of this information—along with analysis of other client-based information, such as credit reports and tax returns—can be used to gauge the performance and effectiveness of its programs. This evaluation strategy is designed to help reveal differences in impact for a family over time in comparison with other families in the program, at other FSS program sites, and for distinct subpopulations.

Compass tracks program performance by maintaining a database of key variables intended to understand how the program works and its impacts on participants. The database includes demographic information on participants, variables of program performance, and participant-specific outcome indicators. Collecting and assessing these data are essential for understanding any cumulative effects of the Compass FSS program compared with traditional FSS programs and with the general population of housing subsidy recipients who do not participate in FSS.

Program Performance Measures:

- *Enrollment*
- *Retention (Participants Who Exit and Program Terminations)*
- *Participant Graduation*
- *Demographic Characteristics*
- *Client Feedback and Satisfaction*

Participant Outcome Indicators:

- *Earned Income*
- *Credit Score*
- *Debt*
- *Collection Debt*
- *Savings in FSS Escrow*
- *Use of Public Assistance*
- *Homeownership*
- *Financial Practices and Behaviors*

Data Sources:

- *Program Enrollment and Escrow Information*
- *Participant Credit Reports*
- *Participant Surveys*
- *HUD Program Data*

Key Findings of Impact for the Compass FSS Model

Through the ongoing collection of information that populates an organizational database, Compass can track the scale of its work, its impacts on participating families, and how specific programs are functioning in the field. The following analysis is based on data compiled by Compass for its programs and information publicly shared by HUD in its annual congressional justification reports.

These specific program performance measures and participant outcome indicators—for graduates and program participants—offer a means to evaluate the impact of the collective experience of Compass FSS programs.

Program Performance Measures

Families provide baseline demographic data when they begin the FSS program. Other information is collected during their enrollment through a financial practices and well-being survey, which captures participants' attitudes and experiences. The combined data from these sources offer insight into the dynamics of program performance, which is partially captured by enrollment, retention, and participant graduation rates.

Enrollment

- The Compass Model for FSS has an enrollment rate of 10 percent, which is approximately three times higher than the national enrollment rate for all eligible households in FSS programs.[1]

Once Compass has reached an agreement with the housing provider to administer the FSS program at a particular site, several outreach strategies are employed to inform residents about the program and enroll them, if appropriate. Compass monitors each project's enrollment rate, which calculates the total enrolled in the local FSS program as a percentage of the total eligible population at a particular site. Enrollment rates can vary by project site and can be influenced by the extent of available program resources and staffing levels.

Compass is working with more than 3,000 families who are receiving housing assistance. Of this total enrolled population, 90 percent are women, 85 percent are persons of color, and 75 percent are caregivers who have children in the household. Of all sites combined, Compass has enrolled 4,712 families (as of May 2024) out of a total eligible population of almost 30,000. The enrollment rate tracked by Compass is distinct from the participation rate as defined by HUD, which is calculated as the percentage of enrolled families based on how many families it is funded to serve. For example, a Public Housing Agency (PHA) that is funded to serve 75 families and enrolls 100 families would have a participation rate of 1.33. Compass coaches track the number of families enrolled at a particular site, and these coaches typically have higher caseload targets than others in the field.

Retention

- Of the families enrolled in a Compass FSS program, 79 percent either graduate or remain in the program while eligible.

One measure of program success is keeping participants enrolled. The program retention rate tracks the percentage of participants who remain in the program before graduation. Compass has observed a retention rate of 79 percent, which is the proportion of families who remain in the program or have successfully graduated. Because this rate includes all families enrolled, regardless of the timeframe, the rate will be higher for new programs, such as those administered by Compass. Even

[1] We estimate the number of FSS-eligible households to be 2.2 million (Lubell and Thomas, 2019a), and current enrollment is approximately 57,000 families (HUD, 2024), which equates to a 2.5-percent enrollment rate.

though there are important differences between Compass and traditional FSS programs, comparing their relative performance is instructive. For instance, families leave the program for various reasons, including moving to other housing or becoming disabled so they cannot work and benefit from the program's financial incentive. Among Compass FSS programs, the retention rate varies by partner, with a range of 61 to 95 percent. HUD does not require tracking of retention rates, so no national benchmark is available for programs to use as a comparison.

To better understand the experience of clients who do not successfully complete the program, Compass has engaged with the research firm Abt Global. Examining the experience of clients in Compass programs in a mixed-methods study, researchers found that about one-half of terminations are attributed to "did not comply with program requirements," which, in most cases, means that the client has not engaged with their coach for more than 1 year (Thomas et al., 2021). Another common reason for early exits from the program was a family either leaving assisted housing or deciding voluntarily not to continue participating (Thomas et al., 2021).

Compass has a vested interest in understanding how clients engage with the program while enrolled; accordingly, Compass collects data on how often clients meet with their financial coach. An organizational goal for clients and coaches is to have one or more appointments within a 6-month period. The expectation for coaches is to have met with 80 percent of clients in the past 6 months.

Retention rates tend to be lower in programs delivered to residents of multifamily housing where rental assistance is project based, and residents cannot remain in the program if they leave their housing situation. Recipients of project-based assistance contrast with housing choice voucher (HCV) recipients because those who receive HCVs can take their housing assistance with them if they move. The HCV program also has portability rules to facilitate a family staying enrolled if they move to another area with a housing authority that operates an FSS program.

Participant Graduation

- Of the families who enrolled 5 or more years ago in a Compass FSS program, 75 percent have graduated from FSS, three times the national average.[2]

Compass believes that families can experience many positive outcomes from participating in an FSS program, but particular benefits can accrue when a family is able to graduate. If the family has been able to increase its earnings while enrolled, graduation unlocks the funds that have accrued in FSS escrow accounts that otherwise would have gone to rent payments. Compass is committed to helping all participants who are able to meet the program's requirements to graduate. Compass FSS programs have seen a 75-percent graduation rate for families who enrolled 5 or more years ago, which is three times the national graduation rate for all FSS programs, as reported by HUD in its FSS Achievement Metrics (FAM) score calculations (HUD, 2022).

[2] The FSS graduation rate for programs is a component of the FSS Achievement Metrics (FAM) score and is reported by HUD (2022) for all the programs scored by FAM. The FAM score does not currently score Moving to Work or multifamily FSS programs.

Participant Outcome Indicators for Graduates of Compass FSS Programs

A closer look at the characteristics and experiences of participants who graduated from a Compass-run FSS program reveals the potential impact of program participation. Although not every participant successfully completes the requirements to graduate from a Compass FSS program, those who *do* graduate appear to increase their financial security significantly. They also appear to be doing better, on average, than those graduating from traditional FSS programs.

Organizational data show a graduation rate of 75 percent for families who have been enrolled for 5 or more years in a Compass FSS program. Further, 90 percent of graduating families have accumulated escrow savings, with an average amount of approximately $9,000. The average length of time that graduates were enrolled in the FSS program was 47 months (almost 4 years). About one-half (51 percent) were able to graduate early, defined as being before 5 years in the program. Most graduates completed an exit interview in which they were able to report on their current financial circumstances and other changes that occurred from the time they enrolled in the FSS program to the time they graduated.

According to a set of key outcome indicators—such as employment, earnings, credit scores, and debt levels—a significant percentage of graduates were better off economically after graduating from the program than when they started it.

Employment and Earnings of Compass FSS Graduates

- Of the Compass FSS graduates, 71 percent were employed full time, up from 50 percent at intake.
- Of the Compass FSS graduates, 93 percent were employed full time or part time, up from 76 percent at intake.
- Graduates had average annual earnings of $37,000, up from $25,000 at intake.
- Over the course of participating in Compass FSS, 70 percent of graduates had increased their earned income.

Homeownership

- Of the Compass FSS graduates, 16 percent have become homeowners, compared with 11 percent of graduates from other FSS programs (HUD, 2023).

Credit Scores of Compass FSS Graduates

- The average FICO® credit score for graduates was 665 after completing the Compass FSS program, up from an average of 625 at intake.
- Only 4 percent of graduates are unscored, down from 12 percent at intake.
- In total, 75 percent of graduates improved their credit score by either establishing credit or increasing their score by an average of 75 points.

Debt Levels for Compass FSS Graduates

- Graduates of Compass-run FSS programs have increased debt while in the program. However, the character of this debt changed: they had less "collection debt" from unpaid bills and more "total debt," including student loans and car payments, which may be supporting the achievement of their goals.
- The percentage of graduates with "collection debt" declined from 58 percent to 33 percent, and the average amount of collection debt decreased from $2,500 to $1,600.
- In total, 45 percent of graduates were able to decrease their collection debt.
- Overall, 35 percent of Compass FSS graduates were able to decrease their total debt; the average decrease was approximately $10,000. However, their average total debt, which includes collection debt, student loans, and financing payments for cars and other purchases, equaled $43,700, up from $22,000 at intake.

These findings underscore the complicated nature of the financial lives of people receiving housing assistance. Even as employment and earnings increased overall for graduates, access to money remains a challenge, which explains the persistence of debt on the graduates' balance sheet. That the character of this debt has changed from less "collection debt" to more "total debt," though, is revealing. Some forms of debt can be more productive than others if used to support activities that increase financial well-being over the long term. Borrowing money to pay for tuition in an educational or training program increases the amount of debt a family holds at a moment in time, but as an investment in one's human capital, it can facilitate a higher income in the future. Similarly, taking out an auto loan can enable a family to secure the transportation necessary to reach a place of employment.

Furthermore, changes in families' practices indicated less risky financial behavior related to debt. For example, 80 percent of Compass FSS graduates reported paying all debts on time for 3 or more months, 50 percent used 30 percent or less of revolving debt, and 74 percent had $400 or more in personal savings at the time of their graduation from a Compass FSS program, which is higher than the national rate of 63 percent for all U.S. households in 2023 (Board of Governors of the Federal Reserve System, 2024). A higher prevalence of these types of practices may be associated with better financial outcomes over time.

Outcome Indicators for Participants in Compass FSS Programs

The Compass Model for FSS is designed to have positive impacts on the financial life and well-being of participating families, regardless of whether or not they complete all of the program requirements to graduate. Examining how participants fare according to outcome indicators and comparing them to the broader population of families receiving housing assistance and other families participating in traditional FSS programs is another way to assess the impact of the Compass FSS Model.

Earned Income and Employment

The majority of participants in Compass FSS programs (72 percent) are employed at the time of enrollment. This finding counters a prevailing perception that housing assistance recipients are not in the labor force. Of those who are employed when they enroll, 50 percent are employed full time and 25 percent are employed part time. During participation, the overall percentage of employment among participants in a Compass-run FSS program rises slightly over the first 4 years, increasing from 76 percent to 78 percent, and then bumps up to 88 percent in the fifth year. The percentage of those who are able to increase their earned income rises each year, from 28 percent at 6 months after enrollment to 46 percent after 2 years, 59 percent after 4 years, and 69 percent after 5 years. This finding is important because it is the key to increasing savings in FSS escrow accounts. Among all participants 1 year after enrollment, the *average increase in earned income* is $3,731, an amount that increases to $6,558 after the second year and $9,539 after the fifth year. Looking at only those who increased their earnings, the average increase was $14,570 at 6 months, rising to $23,753 after year 2 and totaling $17,591 after year 5.

Standard FSS rules require participants who are already working to increase their hours worked or total earnings to benefit from the financial incentive of the FSS escrow account. This requirement may be a challenge for some participants. However, some may also benefit over the long term if they succeed in acquiring more training and education. Those pursuits may keep them out of the workforce and prevent the accumulation of escrow, but increasing their knowledge and skills may result in the ability to earn more in the future, even if they cannot accumulate escrowed savings in their FSS account.

Credit Scores

The average credit score of Compass FSS participants at the time of intake is 624. Thirteen percent of participants have no credit score at all, and 32 percent have a credit score equal to or greater than 660, a rate at which many people can qualify for favorable lending terms. Over time, the average change in credit score since intake has steadily increased. The most pronounced gain in credit scores appears in the fourth and fifth years, which may reflect the reality that improving credit scores can take time as new financial practices take hold. These positive findings confirm insights from a third-party evaluation conducted by Abt Global, which is described in a subsequent section of the article (Geyer et al., 2019).

Although HUD does not collect credit score data for all FSS program participants, the percentage of Compass FSS participants with a prime credit score greater than 660 increases from 37 percent in the first year after enrollment to 49 percent in year 5. Another significant finding is that the percentage of participants who improved their credit scores increased from 58 percent at 6 months after enrollment to 69 percent after 5 years. In addition, the percentage of Compass FSS participants with a credit score increased modestly over time (from 89 percent to 93 percent), reflecting the increase in the number of participants who established a score while enrolled.

Escrowed Savings

The financial incentive to accumulate savings in an escrow account from increased earnings is a primary feature of the FSS program. The percentage of families in the Compass program with escrowed savings increases substantially over the 5-year period of program participation. Some families are able to quickly begin diverting what would otherwise be increased rent into their escrow accounts. Twenty-six percent are able to escrow savings within the first 6 months. Other families take more time, but almost everyone who stays in the program for an extended period is able to accumulate savings. The percentage rises to 42 percent after the first full year, increasing to 63 percent at year 2, 70 percent at year 3, 81 percent at year 4, and 91 percent at year 5.

Staying in a Compass-run FSS program is dramatically associated with increasing earnings, which eventually leads to higher escrow amounts. The average amount escrowed increases substantially over time as well—from $1,632 at 6 months to $3,921 at the end of the second year and up to $9,109 in year 5.

Participant Attitudes on Financial Practices and Financial Well-Being

One of the primary ways that Compass can understand how participation in the program changes attitudes and behaviors related to finances is to ask. The *Financial Practices and Financial Well-Being Survey* is administered at intake for Compass FSS programs and once per year for everyone enrolled. It is a valuable tool for gaining insight into the financial lives of program participants and covers topics such as personal savings goals, experiences in the financial marketplace, financial practices, and identification of barriers to achieving financial goals.

The survey reveals that participant savings goals become more specific after 2 or more years in a Compass FSS program. Instead of "general savings," as a top-three savings goal (named by 5 percent of participants), "retirement" appears as a top-three goal (named by 7 percent of participants). Beyond attitudes, the findings of the survey reflect important declines in the prevalence of risky financial practices—specifically, the percentage of Compass FSS participants who use check-cashing stores declines from 10 percent to 5 percent; use of prepaid debit cards decreases from 7 percent to 3 percent; making a rent-to-own purchase shrinks from 5 percent to 3 percent; and using pawnshops to get access to cash drops from 4 percent to 2 percent. Other practices that were cited most frequently and experienced declines included incurring late fees (27 percent to 18 percent), asking friends or family for help in paying bills (24 percent to 15 percent), and incurring overdraft fees on bank accounts (22 percent to 15 percent). The one typically unhealthy financial practice identified that increased in prevalence was charging basic expenses on a credit card, which rose from 23 percent at enrollment to 26 percent after 2 years in an FSS program. Conversely, participants reported engaging in positive financial practices more frequently in the survey 2 years after intake. Almost one-half of the respondents (47 percent) reported paying all of their bills on time, up from 36 percent initially.

When asked to identify barriers to meeting their financial goals, the most frequently cited issue at enrollment was not having enough income (44 percent), and this situation largely persisted after 2 years in the program, when it was cited as a major barrier by 42 percent of respondents. Another leading barrier was having a low to no credit score, which was cited by 32 percent of respondents at intake. However, the frequency of this barrier declined significantly after 2 years in an FSS program, when it was cited by 23 percent of respondents. Participants also reported a decline in difficulty with paying bills on time, which was originally named by 5 percent of participants but declined to 1 percent after 2 years. Other impediments to financial health that were cited at enrollment and largely persisted after 2 years in the program included underemployment, high debt levels, high household expenses, and the financial needs of their families—all of which reflect the persistent precariousness of their financial lives despite enrollment in a Compass-run FSS program.

Comparison of Compass FSS Programs With Traditional FSS Programs

Many of the outcomes described here are descriptive. Collectively, they reflect the best attempts to capture the experiences of clients participating in Compass-administered FSS programs. These findings are more compelling than those of other FSS programs. As previously described, each participant in a Compass program is assigned a financial coach who works with them to set goals and provides information designed to increase financial capability. In traditional programs, the housing provider—most often a public housing authority—has staff who act more generally as service coordinators. Among several key indicators, the Compass Model experience is generating impacts that exceed those of the traditional approach to FSS.

Relevant findings include the following:

- Participants in Compass FSS programs graduate at a rate three times the national average 75 percent of the time compared with about 25 percent for participants in traditional FSS programs.[3]
- The overwhelming majority of graduates from Compass FSS programs (90 percent) have accumulated escrowed savings, far exceeding the 25 percent of FSS graduates in traditional programs who graduate with savings and 57 percent who accumulate savings at some point in the program.[4]
- Compass FSS graduates become homeowners at a higher rate (16 percent) than the national average (11 percent).[5]
- Compass FSS graduates leave housing assistance within 1 year at a higher rate (35 percent) than the national average (27 percent).[6]

In addition, the average escrow amount for graduates with escrow in Compass FSS programs is approximately $9,000. This figure is similar to the national average, but Compass enrolls and graduates a larger proportion of eligible participants. To date, no systematic evaluation has been conducted comparing the relative strengths and impacts of the two program types that could explain the different outcomes reflected in these statistics. A set of explanations would likely be

[3] Graduation rates are reported by HUD in its FSS Achievement Metrics (FAM) scores (HUD, 2022).

[4] Escrow savings figures are reported by HUD in its *Congressional Justification Fiscal Year 2025* (HUD, 2024).

[5] The homeownership rate for FSS graduates is reported by HUD in its *Congressional Justification for Fiscal Year 2025* (HUD, 2024).

[6] Exits from housing assistance by FSS graduates are reported by HUD in its *Congressional Justification for Fiscal Year 2025* (HUD, 2024).

relevant for future policy and program refinements. For example, beyond the content of what staff can provide to participants, an approach that features an intermediary who is not employed by their landlord may be advantageous. The focus on financial capability may be particularly impactful for many families. Because researchers have much to learn about the impacts of various approaches to administering an FSS program, a valuable effort would be to pursue additional evaluations of relative program performance and focus attention on the factors associated with high-quality programs that produce strong outcomes.

Third-Party Evaluations of the Compass FSS Model

Beginning in 2014, Compass engaged Abt Global to conduct ongoing and rigorous evaluations of its FSS programs. Using a range of quantitative and qualitative methods, Abt Global sought to analyze the program's impact on various outcome measures, including participants' earnings, public assistance use, changes in credit scores, and debt outcomes. In addition, Abt Global produced a preliminary cost-benefit assessment of Compass FSS programs.

Because the subject of analysis was a relatively new intervention administered by a new administrative partnership, the choice of research methods was determined by data availability and the implementation cycle. Abt Global designed a "quasi-experimental" approach, which depended on comparing a set of FSS participants with a comparison group of housing-assisted but non-FSS families that could serve as a benchmark (Moulton, Freiman, and Lubell, 2021). Abt Global used administrative data reported by housing agencies. The accuracy of the data depends on the completeness of PHA income certifications, and the data can track specific households at various points in time. This approach attempts to control observable differences between treatment and comparison households and is more feasible to implement than conducting a random assignment evaluation.

Abt Global used this method to assess the impact of Compass FSS programs administered on behalf of three public housing authorities in Massachusetts (Lynn, Cambridge, and Boston Metro) and a nonprofit affordable housing provider operating at six sites (POAH) (Geyer et al., 2019). Abt Global reported results at key program intervals and explained the advantages and limitations of their approach. Among the issues for these types of analyses is the challenge of combining data for participants in different programs who are enrolled for different lengths of time. However, in several important areas, the Abt Global studies consistently produced positive findings; specifically, its quasi-experimental evaluations, as summarized by Lubell (2022), found that participation in a Compass FSS program is associated with the following:

- Strong growth in annual earned income.
- Reductions in public benefits receipt.
- Improvements in credit scores.
- Slower accumulation of debt relative to other, similar households.
- Indications that the Compass Model is cost effective.

Although the data limitations made some of the cost-benefit calculations preliminary, the Abt Global reports are particularly insightful because they offer a means to compare outcomes from an intentional approach to FSS as delivered by Compass with a set of families receiving housing assistance with no FSS. As such, these reports make an important contribution to the research and are helpful to augment other evaluations, such as the HUD-commissioned national studies of FSS that have been conducted over a 20-year period.

The range of approaches that public housing authorities have taken in delivering FSS presents a particular challenge for researchers and policymakers, as does the uniqueness of the Compass Model, which diverges from prevailing practice. That said, the Abt Global results are promising in that they found the combined sample of public housing authority programs performed substantially better than the comparison group in earnings growth and reductions in public assistance income, which declined $249 (39 percent) on average annually (Moulton, Freiman, and Lubell, 2021). Moreover, these results were observed over discrete time horizons.

- In the short term, Compass FSS participants had annual household earnings that were $4,997 (21 percent) higher (on average) than the earnings of the comparison group 1 to 3 years after FSS enrollment, at an average of 1.5 years after FSS enrollment (Moulton, Freiman, and Lubell, 2021).
- In the long term, Compass FSS participants had annual household earnings that were $6,032 (23 percent) higher (on average) than the earnings of the comparison group, as measured by the most recent income certification, at an average of 3.2 years after FSS enrollment (Moulton, Freiman, and Lubell, 2021).

Abt Global's results assessing the relative costs and benefits of the Compass Model were generally favorable but worth interpreting with caution (Dastrup, Freiman, and Lubell, 2021). A number of potential benefits are unmeasured, including net benefits of changes in participants' credit scores and debt profiles, effects on children in the household, impacts on earnings after the study period ends, and net costs to the government and housing agencies (Lubell, 2022).

When aiming to assess the entire body of work, Abt Global concluded that its studies consistently generated similar results across methodologies, time periods, and programs covered, reflecting a degree of robustness to the finding of a "strong" impact on earnings growth and public assistance receipt declines (Lubell, 2022). All those findings provide a foundation for the conclusion that Compass' experience in the field demonstrates "that the FSS program can be an effective vehicle for helping participating families to increase their earnings and build assets" (Lubell, 2022).

Refining the Compass Model Through Ongoing Assessment and Learning

FSS program rules established by Congress allow for significant flexibility in program administration. Although the program has procedures to follow, providers are afforded discretion in how they design their programs, which has generated a range of local strategies. Compass has taken advantage of this opportunity to partner with housing providers to develop a unique financial capability model for FSS centered around each participant having access to a financial coach and information about personal finances. Compass has implemented this financial capability model for FSS and has already reached more than 5,000 families.

As a mission-driven organization, Compass is dedicated to achieving positive outcomes for its clients and partners. This goal requires an ongoing commitment to assessing organizational practices to learn more about program effectiveness and impact and makes the process of gathering information from clients and partners a central organizational activity. This information is collected and maintained in a database that can track clients' experiences and the performance of specific local programs over time. In addition, third-party researchers have examined Compass FSS programs as they are implemented in the field.

What has been learned to date from all these efforts is promising. Participant outcomes in Compass FSS programs compare favorably to more traditional FSS programs that operate nationally. These initial findings support Compass' organizational conviction that well-run FSS programs with access to a financial coach and a focus on asset building can help families make progress in reaching their financial goals. The findings also invite further scrutiny, which in turn can promote improvements in program delivery and future policy efforts to more effectively leverage the provision of housing assistance to achieve a broader set of social policy objectives.

Authors

Reid Cramer is an independent researcher and policy analyst working with nonprofit housing and social service organizations engaged in policy development and program delivery, including the Housing Partnership Network and Compass Working Capital. George Reuter is a director of impact and innovation at Compass Working Capital.

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Extending the Family Self-Sufficiency Program to the Multifamily Affordable Housing Sector: Insights From an Emerging Field of Practice

Reid Cramer
Compass Working Capital

Meaghan McCarthy
Housing Partnership Network

Abstract

Although the Family Self-Sufficiency (FSS) program was initially restricted to public housing agencies (PHAs) when Congress created it in the early 1990s, administrative eligibility for the program was expanded in 2015 to owners receiving project-based rental assistance. A first wave of multifamily providers soon began to offer the FSS program to their residents without designated coordinator funding, and in 2023, the U.S. Department of Housing and Urban Development awarded the first grants that multifamily groups could use to help cover the costs of program administration and staffing.

This article assesses the experience of the early adopters of the FSS program in the multifamily sector, describes distinct implementation dynamics between multifamily housing owners and PHAs, and presents a set of emerging best practices that can maximize the program's impact. Interviews with staff in multifamily housing organizations administering or considering the FSS program illuminate a set of program challenges and opportunities for effective program administration and future expansion. With concerted support from HUD, Congress, and practitioners, the FSS program can expand its reach and effectively support the integration of a meaningful and accessible asset-building opportunity into the delivery of federal housing assistance in the multifamily sector.

Introduction

In 1990, Congress established the Family Self-Sufficiency (FSS) program at the urging of Republican U.S. Department of Housing and Urban Development (HUD) Secretary Jack Kemp, who believed that families receiving housing assistance should have access to a financial incentive to increase their earnings. Families typically pay 30 percent of their adjusted gross income for rent, and the HUD-funded subsidy covers the difference between what the family pays and the fair market rent for that unit. When families raise their earnings, their rents increase, too, and the subsidy amount decreases. Families enrolled in the FSS program who increase their income can capture the corresponding rent increase in an escrow savings account, and the HUD subsidy holds steady at the amount that was paid when the participant first entered the program. Participants can access any accumulated funds after meeting the program goals of employment and being free of cash public assistance. By combining the FSS program's savings opportunity with access to support services, families can leverage their housing assistance to improve their financial circumstances and chart a pathway out of poverty.

For the program's first 25 years, only public housing agencies (PHAs) could administer FSS programs and enroll families living in their units or using their housing vouchers. Participating PHAs received funding to support the escrow and pay for coordinators supporting enrollees. Residents in privately owned housing with HUD Section 8 project-based rental assistance (PBRA) contracts were not initially able to participate in the FSS program. However, that restriction changed in 2015 when Congress expanded eligibility to PBRA multifamily housing providers to offer the FSS program to their residents.[1] Because PBRA is one of the primary pillars of the federal affordable housing system, delivering the FSS program to families living in PBRA properties can dramatically extend its reach and impact (Cramer and Lubell, 2011).

Nevertheless, Congress did not initially allocate additional resources for owners operating FSS programs to cover staffing and program administration costs. PBRA owners could apply to HUD for authorization to operate FSS programs for their residents and allow for the same escrow saving mechanism, but the owners had to identify other resources to fund the administration of their program. A small number of multifamily providers took advantage of this opportunity starting in 2016. In 2023, HUD awarded the first grants that multifamily groups could use to help cover the costs of program administration and staffing. Assessing the experiences of the early adopters of FSS programs in the multifamily sector can sharpen implementation and inform future efforts to expand the program.

To understand how multifamily housing organizations view the opportunity and potential benefits posed by the FSS program, the authors conducted a series of interviews with staff currently administering or considering launching the FSS program.[2] Program staff interviews were conducted at 13 organizations, identified in exhibit 1. Six of the organizations had already begun delivering the FSS program at specific sites; the others were exploring the opportunity or preparing to launch an initial program. Most of the groups represented were nonprofit organizations with a mission-

[1] In 1974, the PBRA program was created to subsidize the rents of low-income individuals and families through rental assistance contracts between HUD and private property owners. Today, PBRA serves more than 1.3 million low-income households in more than 17,500 properties (CRS, 2023).

[2] Reid Cramer has been evaluating the performance of the FSS Program since 1999, first as a staff member of the Office of Management and Budget, then as director of the Asset Building Program at New America, a non-partisan policy think tank, and more recently working with non-profit housing and social service organizations focused on policy development and program delivery. Meaghan McCarthy works with member organizations of the Housing Partnership Network to support program delivery, and previously was responsible for legislative oversight of the FSS program as a professional staff member on the Senate Appropriations Committee, Subcommittee on Transportation and Housing and Urban Development.

driven orientation. The interviews covered various topics, including organizational goals and dynamics, program implementation and strategies, administrative challenges and impediments, and opportunities for program growth and expansion at other sites.

This type of qualitative research is an appropriate choice for evaluating the experience of early adopters. In supplementing the practitioner interviews with consultations with other experts in the field and a review of available research, this article describes a set of insights and emerging best practices that can serve as a foundation for further program expansion. These experiences specifically inform a set of potential next steps that policymakers, practitioners, and field builders can pursue to make the FSS program more effective in supporting families living in assisted housing to realize their economic mobility aspirations.

Exhibit 1

Organizations With Interviewed Staff

- The Caleb Group
- The Community Builders
- Chicanos Por La Causa
- CommonBond Communities
- Compass Working Capital
- EAH Housing
- Eden Housing
- Linc Housing
- Mercy Housing
- MidPen Housing
- Operation Pathway
- Preservation of Affordable Housing (POAH)
- WinnCompanies and Connected Communities

The Expansion of the FSS Program Into the Multifamily Sector Has Been Gradual and Is Accelerating

As experience with the FSS program accrued among PHAs, advocates began to recommend expanding the program so more housing assistance recipients could leverage their housing stability to achieve their economic mobility goals. Advocates argued that the potentially valuable opportunity to allow residents to escrow rent increases should not be limited to residents who receive subsidies through PHAs but should be available to tenants receiving rental assistance through private owners.

When Congress expanded the eligibility of the FSS program to include PBRA properties in 2015, private owners with PBRA contracts could apply to HUD to offer the FSS program to their residents. One of the first groups to pursue this opportunity was the Preservation of Affordable Housing (POAH), which launched four sites in 2016 and three additional properties by 2017. During this period, HUD began to focus on enhancing program effectiveness: a new FSS program guidebook was released alongside training materials, and technical assistance opportunities were offered for existing and prospective programs (CBPP, 2020). Most of the released materials focused on the experience of PHAs with the program. In 2018, Congress authorized additional amendments to program rules with bipartisan support, launching a new era for FSS.[3]

[3] FSS program amendments are included in Section 306 of the Economic Growth, Regulatory Relief, and Consumer Protection Act (Public Law 115–174).

Among the most significant changes in the reforms was the permanent extension of the authority to administer the FSS program to multifamily affordable housing providers, including for-profit and nonprofit organizations. These organizations would be eligible to receive FSS program funding awards or cooperate with a local PHA that agrees to provide case management services to families residing in units supported by PBRA. Statutory changes were not enacted until final regulations and new program rules were issued in May 2022 (HUD, 2022b).

Federal Funding and Policy Development

Along with these legislative developments, federal funding for the FSS program has steadily and significantly increased in recent years, enabling HUD to allocate more resources to multifamily programs. After years of flat funding (e.g., $75 million annually from FY 2014 to FY 2018), congressional appropriations have increased as HUD was overseeing the process of final rulemaking, rising steadily from $80 million in FY 2019 to $141 million in FY 2024, exceeding the administration's request of $125 million (HUD, 2023).

The increased funding for the FSS program allowed HUD to renew support for existing FSS programs and to release an FSS notice of funding competition for new programs in 2022. This funding competition led to the announcement of the first federal grants for FSS multifamily programs in January 2023, with $3 million awarded to 38 projects, including nonprofit and for-profit affordable housing providers. In HUD's Congressional Justification, submitted with the Biden Administration's FY 2024 budget request, HUD reported that the response to the funding opportunity was "outstanding" and that more than 150 eligible submissions went unfunded (HUD, 2023). A subsequent round of awards to FSS PBRA programs increased the total number of PBRA properties with funded FSS programs to 97 (HUD, 2024). This increase reflects an interest in the multifamily sector that is currently exceeding available funding and signals a new era for the FSS program in which multifamily groups are increasing their participation, which will help reshape the field of practice.

Perceived Benefits of the FSS Program by Early Adopter Multifamily Organizations

Although the perspectives of interviewees varied, along with their degrees of experience with the program, a prevailing belief among staff is that the FSS program offers unique and valuable benefits for eligible residents. The combination of recently finalized program rules and the prospect of future funding has sparked sufficient momentum among policymakers to justify an organization's strategic engagement with the program. Three distinct themes emerged when staff considered the potential benefits of the FSS program for their organization and the residents they serve.

- ***The FSS program enables housing organizations to offer their residents a tangible "asset-building" opportunity that is not otherwise available.***

Although the delivery of affordable housing is a primary strategic objective, multifamily housing providers often aim to do more for their residents than ensure they have a roof over their heads. Mission-driven organizations strive to help families leverage residential stability to achieve other personal and economic goals. The FSS program offers a means to augment the resident services provided with a financial incentive for families to increase their earnings and build a pool of assets for future use.

The ability to save the portion of increased earnings in an escrow account that would otherwise go to higher rents is a meaningful opportunity that can "pay off" over time. Most multifamily housing organizations are unaware of any other program that can generate access to funds anywhere near the average escrow balance of FSS program graduates, which HUD data reports is more than $9,000 (HUD, 2023). For program participants able to increase their earnings and graduate, this level of cash infusion is at a scale that can make a material difference in their lives. Housing providers can support the escrow savings for participants as their income grows without losing any financial resources because the subsidy amount provided by HUD holds steady. Many providers appreciate the program's rule that does not require a family to move or forfeit their assisted housing if they receive a disbursement of escrowed funds. Although families have greater financial stability after graduation, continued access to affordable housing is a priority because, in many communities, market-rate housing remains out of reach for low-income families.

- ***FSS can catalyze the journey to homeownership.***

For residents striving to become homeowners, the FSS program is a valuable tool. Participation in the program can offer access to valuable services that support the homebuying process. Services include referrals to housing counseling programs and financial coaching, which focuses on activities that can raise a participant's credit score, which, in turn, can make qualifying for a mortgage possible and more affordable. The most significant benefit is that the FSS program offers a structure for participants to save for a downpayment on a home. Money diverted into FSS escrow accounts from rising wages can build a pool of resources to facilitate a home purchase. These characteristics make the FSS program a potential linchpin for a homeownership strategy designed to support recipients of federal rental assistance. HUD data reinforce these sentiments, which report that 33 percent of FSS program graduates exited rental assistance within 1 year, and one-third of these families went on to purchase a home (HUD, 2022a). This information compares to the exit rates reported in one longitudinal study across the suite of HUD housing assistance programs, which found an average annual exit rate of 14 percent for the Housing Choice Voucher (HCV) program, 18 percent for public housing, and 17 percent for project-based rental assistance (McClure, 2018). Although researchers have more to learn about the reasons behind these exits, available data support the assumption that some FSS program graduates may have improved their financial circumstances, so their need for housing assistance is reduced.

- ***FSS can be a means to enhance the provision of resident services.***

Multifamily affordable housing organizations recognize the value of having their residents access additional support services. This recognition can be translated into helping families achieve their economic mobility goals and is good for the stability of the property, yet finding and allocating the resources necessary to support these services is often elusive. There is widespread acknowledgment among housing providers that current models and funding levels undersupport resident services. The FSS program does not solve this problem for the field because it does not fund support services directly. However, the program offers a means to acquire funding to cover some of the staff costs associated with delivering resident services for FSS participants, including case management and service coordination.

Organizations offering individual FSS programs can tailor their programs to highlight specific objectives and related services. Even though various services can add value for specific households, participants in the FSS program can benefit financially if they are able to increase their earnings. This financial benefit places a premium on services that help families overcome barriers to employment, such as childcare and transportation; enhance their skills to increase their earnings with workforce development and training programs; or assist in managing their finances through financial coaching or educational programs.

Multifamily housing organizations often work to identify a range of services offered in their communities where they can build partnerships and refer their residents. Many program staff identified "building partnerships" as a primary ingredient for programmatic success. Many communities have existing programs and networks that support residents, and forging links with these groups through the FSS program can benefit residents and the sponsoring multifamily provider. The prospect of a future funding stream capable of supporting the ongoing resident services and administrative costs of the FSS program is particularly attractive for multifamily providers, who often strive to provide services but lack access to stable funding sources. One organizational leader observed that the FSS program "serves our mission and adds to our value proposition as a housing partner."

Distinctions Between the Experiences of Multifamily Providers and PHAs Implementing FSS

For most of its history, the FSS program was operated exclusively by PHAs and administered by HUD's Office of Public and Indian Housing. When Congress began to expand eligibility to recipients of PBRA in 2015, HUD's Office of Multifamily Housing assumed an oversight role for its grantees. The 2018 amendments to the FSS program envisioned a unified program whose rules apply to housing providers regardless of the funding stream used to provide the rental subsidy. This vision reflects the intention among policymakers that the specific subsidy stream should not determine the quality of a participant's experience in the FSS program.

Major differences in how HUD delivers rental assistance to housing providers affect the functioning of individual FSS programs. At the same time, lessons from the experience of PHA programs—and HUD-approved processes—offer ways to improve the implementation of FSS in the multifamily sector.

One key difference is how HUD funding flows to PHAs versus multifamily groups. Even though PHAs receive rental subsidies through multiple funding streams, including the public housing operating fund and tenant-based rental assistance vouchers, they operate one FSS program available to all eligible residents they serve across the HUD programs they operate. By contrast, PBRA contracts are executed between HUD and the owner who provides rental subsidies to specific properties. In many cases, the owners are single entities created to facilitate the financing of affordable housing at a specific site; however, in most cases, they are operating multiple properties and providing services to residents across their portfolio. In implementing the FSS program in multifamily assisted housing, HUD ties the program to a specific property, which can create administrative challenges and impediments for program participants.

For program participants in PBRA properties, aligning ties to a specific property means that if participants move, they cannot continue participating in the FSS program and must leave all program benefits behind. FSS program participants in PHA programs can continue their participation if they move. For residents with housing vouchers moving to another unit, their FSS program status does not change. For participants who move to another PHA jurisdiction that runs the FSS program, HUD allows for "portability" of FSS program participation.[4]

On the administrative side of FSS multifamily programs, HUD delivers funding tied to a specific property and requires owners to have site-specific FSS action plans. In practice, multifamily providers operating individual FSS programs at multiple sites will have some administrative services performed at the enterprise level, such as managing escrow accounts and training staff. In general, the administrative flexibility afforded to PHAs allows them to operate larger programs and take advantage of some that create economies of scale that multifamily providers cannot currently access.

Streamlining some of the processes for multifamily FSS programs at an enterprise level can address this disparity. For example, under the current structure, action plans are approved at a property level by the office where the property is located, and the requirements for approval could vary by field office. A more efficient process that allows for a single action plan at an enterprise level or approval at HUD headquarters instead of each field office could enable program operators to be nimbler and consistent across properties and reduce the time necessary to get programs approved or updated. Although some owners may elect to keep programs at a site level as they test the program or narrow the focus of resources and efforts, allowing flexibility to operate at an enterprise level while still connecting the work to the specific properties could be beneficial.

Best Practices Are Emerging Among Early Adopters of FSS in the Multifamily Sector

In the few years since multifamily providers have been able to operate individual FSS programs, a set of early adopters have launched programs and gained valuable experiences that can inform the work of other organizations. Although they were not initially eligible for HUD funding to offset program costs, the early adopters submitted an FSS action plan to HUD for approval and committed to following all the program rules and requirements. This commitment allowed the early adopters to enroll residents, provide a discretionary array of services directly or through referral, enable residents to escrow funds, enable residents to make interim withdrawals from escrow accounts, and disperse accumulated balances when participants meet graduation requirements. Likewise, when PHAs implement the FSS program, program participants must

[4] Portability rules for public housing agencies were described in Notice PIH 2016-08, issued May 6, 2016, and further clarified in the FSS Final Rule issued in 2022.

commit to achieving two mandatory goals to graduate: to secure “suitable employment” and be free of any cash welfare assistance, such as the Temporary Assistance for Needy Families program.

Beyond these requirements, organizations have flexibility and discretion in many facets of program administration, such as what services to offer, how they are delivered, and who delivers them. Although each program may have distinct characteristics, the programs share a series of processes and related activities, which shape how participants experience the program. As part of this research, the authors interviewed five participating housing organizations from the first wave of multifamily FSS programs. These early adopters’ accumulated experiences offer insight into best practices for implementation strategies and program administration. If replicated, these practices can help more multifamily organizations increase their engagement with the FSS program and—if widely adopted—lead to better resident outcomes across the sector.

Outreach, Enrollment, and Participation

The ultimate success of recruitment and outreach efforts is reflected in the percentage of eligible households that enroll in the FSS program, which can be affected by site-specific characteristics and staffing levels. In the interviews, multifamily groups administering FSS programs reported enrollment rates that ranged from 10 to 25 percent, a significantly higher proportion of participation than what PHA programs have traditionally experienced (Lubell and Thomas, 2019).

Revised program rules now allow for the enrollment of household members who are not the primary head of household. These revisions open the program to more participants but also add some complexity. Staff must work with the household to confirm which member is signing the contract of participation (COP) and verify that the family is aware that escrow funds can be distributed only to the head of the FSS family, even if they are derived from the earnings of another family member. Explaining the program to potential participants is not a simple task, and residents must be convinced that it is worthwhile. During outreach and promotion, staff must describe how the program works and its potential benefits, yet the deal of diverted rents into escrow accounts, which can eventually be the participants’, can sound abstract and “too good to be true.” The task is more challenging due to language barriers and the complexity of program rules and requirements, such as how money is escrowed, when participants can access it, and what is needed to graduate.

For these reasons, staff responsible for enrollment describe the importance of sustained and multifaceted outreach, where they can highlight the FSS program opportunity in a variety of ways, such as through mailers, handouts, and testimonials, and different settings, such as at meetings, income recertifications, and community events. They employ differentiated outreach strategies to appeal to diverse types of residents who might participate in the program. These strategies include using different staff members as vehicles to share information. Staff members may include the resident services staff, property managers, or another trusted staff member who may interact with residents more frequently. As one senior manager puts it, “We try everything, but I believe that in-person engagement is best.”

Some multifamily housing organizations have found that an effective strategy is to have resident ambassadors who have already enrolled or graduated from the program share their experiences.

These ambassadors offer salient examples to prospective participants and explain how the program works in practice. Organizations have learned that deep resident engagement must be a central activity for effective FSS programs, which takes time but leads to better program outcomes. Before the coronavirus pandemic, most resident engagements were performed in person and face-to-face. The pandemic has served as the impetus for more experimentation and demonstrated the viability of remote and virtual engagement.

Other effective strategies include engaging with resident leaders. Many organizations have a resident council or similar organization that can be used to raise issues related to residency and program participation. For example, when Mercy Housing was considering how to launch its FSS program, it convened a group of interested residents to help shape it. Together, the staff and residents changed the program's name to GAIN (Growth, Ambition, Inspiration, and Nurture). "With residents' input, the program has been designed to include an intensive process of self-reflection, a focus on financial education, and to ensure that each participant has access to the technology needed to work with a financial coach virtually. A series of onsite financial workshops have been organized to help establish financial skills, confidence, aspirations, and practices that are designed to support financial well-being. Each GAIN participant can work directly with the program coordinator, who is a Mercy Housing staff member, to advance their self-sufficiency goals."

The FSS program rules require housing providers to establish and work with program coordinating committees (PCCs) that include residents. For multifamily groups, this is an opportunity to ensure that the participants' perspectives can inform the delivery of the program. Although FSS programs have flexibility in comprising this group, program administrators believe that having this type of resident council is a best practice. Staff described how these committees provide a means to learn about participant priorities, promote resident "buy-in" to the program, and help identify resident leaders who can serve as next-generation ambassadors for the program to support future outreach efforts. Managing these committees requires staff time and can impede scaling up the FSS program efficiently, especially for providers operating programs at multiple sites. An alternative practice might be to encourage resident engagement in these committees across diverse programs that a provider operates.

Support Services

A broad spectrum of resident services can be incorporated into FSS programs. Activities and support services that prepare residents to work and secure jobs that lead to increased earnings are valuable because they generate higher escrowed funds. These services include those that promote employment training, workforce development, and job placement. In addition, many families have barriers to work that can be navigated with targeted support services (e.g., childcare, transportation assistance, and drug treatment services) that multifamily housing organizations can either offer their residents or refer them to other providers in their community. Another set of activities focuses on assistance with managing household finances, with goals of improving credit and lowering debt, which have been linked to better financial outcomes. These services and activities are all permitted under the FSS program, and rules do not dictate a particular approach. Each organization can decide which resident services it features in its program. Even though programs have discretion in what services they offer, tailoring programs to meet the needs of their residents and doing so in a way that aligns with organizational goals is a best practice.

Within the FSS field, interest in a "financial coaching" model is generating positive results. This approach has been prioritized by Compass Working Capital (Compass), a leading convener of the emerging FSS field. Its approach emphasizes participant-driven interaction and goal setting, in which coaches help clients build financial capability, pay down high-interest debt, build savings, and improve their budgeting and credit scores, complementing the asset building that can occur through FSS escrow account accumulation. In addition, Compass serves as a third-party program administrator on behalf of housing providers, providing training and technical assistance to owners looking to set up new programs. The Compass model has generated positive results in both PHA and multifamily housing settings. An evaluation of Compass Working Capital FSS programs with several housing authorities in the Boston area found that participating households had an annual earned income that was $6,032 (23 percent) higher than the comparison group (Moulton, Freiman, and Lubell, 2021). Another study found that Compass FSS participants had larger improvements in their credit scores and experienced greater reductions in credit card and derogatory debt than a comparison set of households (Geyer et al., 2017). The expansion of FSS in the multifamily housing sector provides an opportunity to expand upon this model intervention.

One best practice frequently cited was the value of having skilled and dedicated staff responsible for program administration. These staff become the primary face of the program for residents. In general, the work of resident services is challenging, and effective staff must have a diverse skill set, including good people skills, high degrees of cultural competence, an understanding of issues faced by families with low incomes, and the ability to manage high caseloads. These skills are the ones that organizations seek out for their staff and the staff of third-party partners. Additional responsibilities for the FSS program involve outreach, enrollment, participation, and graduation activities. Staff must ensure that each resident completes a COP, identifies personal goals that can be incorporated into an Individual Training and Services Plan, and understands program rules and requirements. Through ongoing communication and engagement with residents, staff must find ways to build trust with residents and keep it.

Many of these responsibilities can be performed directly by resident services staff or outsourced to a third-party partner. Even though many examples of effective partnerships with third-party providers are animating the field, this work must be managed by organizational staff who have been trained in the specifics of the Family Self-Sufficiency program. If traditional resident services personnel do not have the necessary skills, then organizations must consider the value of bringing those skills in-house or identifying other capable partners. An inability to perform any associated tasks required in administering the FSS program can undermine successful program implementation.

Training resident services staff to administer individual FSS programs is an ongoing process and must be tailored to the specific characteristics of each FSS program. For example, programs that emphasize financial education or coaching must have staff or partners who can offer accurate and high-quality budget and financing information that can benefit participants. Staff working in programs that feature referrals must be informed about what services are available in the community, know how to access them, and have a good understanding of public assistance rules and requirements. Program administrators must also recognize what capacity and knowledge already exists, what skills must be built or acquired, and how best to coordinate. Staff training should match the program's model.

These realities underscore the importance of retaining qualified program delivery staff and contingency plans for turnover. Staff turnover is a first-order organizational challenge that was exacerbated by the pandemic. Issues of pay scale and the rigors of front-line work make retaining staff difficult. One organization reported that the 20-percent expected turnover of resident services staff increased to 50 percent because of the pandemic. This increased turnover meant that much more of their work was devoted to hiring and training than is typical. Because the FSS touches on multiple parts of an organization, staff turnover in any one area can undermine program launch and execution. For some, turnover in resident services led to a pause in plans to launch an FSS program.

Organizations with staff participating in an FSS technical assistance cohort were particularly disadvantaged when the trained staff left the organizations. For this reason, having an organizational plan for the contingency of staff departures is valuable so that information is shared, programs can operate with continuity, and a succession plan is in place for family case management. Succession plans also speak to the need for ongoing training.

Program Management and Administration

Launching an FSS program involves overseeing a multistep process that unfolds over time, and implementation is not linear. Unexpected delays may occur because of HUD processes, staffing turnover, or on-the-ground conditions at the property site. Many factors can influence—and complicate—program rollout and ongoing administration. Some factors are internal to an organization, some are related to requirements of participating in a federal program, and others, such as the COVID-19 pandemic, are unexpected and beyond anyone's control. Organizations must be flexible and able to make changes on the basis of their experience.

Administering an FSS program adds complexity and administrative costs for housing providers, underscoring the importance of "buy-in" from organizational leadership. Effectively implementing an FSS program is an organizational responsibility. This responsibility starts with the initial threshold question of whether to launch a program, includes how sites are selected, and extends to allocating the organizational resources necessary to provide services and manage escrow accounts.

Complying with HUD rules requires significant organizational effort. The housing provider must have a degree of comfort with pursuing a program that may initially benefit only a limited number of participating households compared to the total portfolio. Leadership should be involved in the site selection process, which can affect program administration and implementation. Selecting sites with a stable resident population has its advantages: good physical conditions (no big renovation projects that can disrupt normal operations), trust between residents and staff, and a set of existing services to build upon.

Although the administration of an FSS program can center around the resident services team, effective implementation requires organizational integration because key roles extend across the diverse functions of a housing provider. Property managers, who often have a physical and consistent onsite presence and regularly engage with residents, can play important roles in program implementation. When "kept in the loop" about the FSS program, property managers can support outreach and enrollment efforts. Successful programs among the housing organizations the authors interviewed have seen the engagement of property managers as a special factor in their success. Finance and accounting staff are needed to manage participant escrow accounts. This management includes keeping records related to income certification and rent paid, calculating the housing assistance payment, and reporting to HUD. Development staff can be helpful in promoting the program to outside stakeholders and philanthropic supporters, who can provide resources to augment ongoing administration. In fact, the early adopters of FSS programs leveraged this type of support before they were eligible for federal funding, and they continue to leverage HUD investment with other non-federal resources as they offer the program to more residents.

Because multifamily housing organizations have discretion in how they administer their FSS program, they should be deliberate about the structure they choose. Responsibilities for FSS program administration, resident engagement, service referrals, and service provision can be done in house or contracted out to partners. Although organizations have flexibility, they should choose an administrative structure deliberately to match their capabilities, prevailing organizational practice, and ability to oversee implementation. Finding capable third-party organizations to collaborate and partner with can be challenging; however, engaging with these groups may be key to success. Early adopters emphasized the importance of "fit" not only in the services they provide but also in having shared priorities for resident engagement. As one program manager at The Community Builders phrased it, "Our partners must not only reflect the communities where they work, both culturally and linguistically, but also have the ability to meet families where they are and take the time to build the necessary level of trust to keep them engaged."

One of the most significant challenges organizations face when launching an FSS program is managing FSS escrow accounts. Program rules require that these accounts be interest bearing, which entails further calculation and may necessitate an entirely different accounting system, depending on whether residents are FSS participants. Delays in the release of the next-generation HUD Tenant Rental Assistance Certification System (TRACS) management system, originally expected in 2020, have prevented property management software companies from integrating FSS features into their products. As a result, organizations must either develop workarounds within the system or perform this accounting step manually. As staff from POAH noted, "The need to manage escrow accounting and reporting offline, in Excel, and then submit it is a huge admin drain and should not be necessary." In addition, managing escrow requires more education and training for staff to oversee this process and comply with program requirements.

Diverse Multifamily Housing Groups Are Aiming for Scale

The multifamily affordable housing sector is diverse in the type of organizations in the field. Although nonprofit and for-profit providers may have different motivations, the FSS program's features attract a wide range of groups. Several early adopters are committing to scaling the program as a part of distinct organizational strategies, and their experiences to date reveal both the challenges and opportunities presented by the FSS program.

Preservation of Affordable Housing (POAH)

POAH is a national nonprofit housing organization with a mission to “preserve, create and sustain affordable, healthy homes that support economic security, racial equity and access to opportunity for all.” Founded in 2001, they currently own and manage more than 120 properties, housing 13,000 families, operating in 11 states and the District of Columbia (POAH, 2022). POAH made an organizational commitment to embrace the FSS program and aspire to offer it to all its residents. POAH began operating the program in 2016, even before HUD coordinator funds were offered to multifamily housing groups. To fund this strategy, POAH allocated resources from its national budget to cover the initial costs of service delivery and administration.

For POAH, the FSS program is part of its organization-wide community impact initiative to support resident success, which is rooted in principles of trauma resiliency and built on a platform of stable housing to create opportunities for residents so they can eventually achieve financial independence and economic mobility. A team of community impact coordinators provides these services in properties across the states where POAH operates.

Once HUD issued a Notice of Funding Availability, POAH applied for support. To date, it has received 10 HUD FSS grants and intends to apply for more as additional funding opportunities are announced. All told, POAH has launched FSS Programs at 49 properties and graduated around 200 families, with about 500 currently enrolled. POAH has experienced frustration with HUD decisions to limit grant funding to the equivalent of one staff coordinator position—some of its programs are larger and would be otherwise poised to grow—and the requirement to submit applications for each property even when several are in proximity to each other and are functionally administered as one program.

Since POAH started offering FSS, participants across all its FSS Programs have escrowed more than $3.2 million. Sixty-one percent of current participants have escrow balances, and 97 percent of graduates did, totaling more than $1 million. At most of these sites, POAH opted for a third-party approach, often partnering with Compass to administer its FSS programs. Compass has pioneered a resident-centered financial coaching model for FSS that has generated strong results. POAH relies on Compass to provide services to its residents. At several sites, POAH partners with a Local Initiatives Support Corporation Opportunity Center, where residents can access a range of services delivered by different providers in the community. In all cases, POAH works closely with its lead service provider to align the program with its organizational goals. Central staff at POAH have a leadership role to ensure consistency across the organization’s programs, including calculating and administering escrow accounts.

In reflecting on what has driven their enrollment and success with engaging residents in FSS programs, POAH pointed to the property-based nature of the program, which allows staff on site to work with residents at their homes and other residents to see the success their neighbors are having with the program. In addition, FSS participation is a priority for the whole POAH property team, so they are pushing engagement. Finally, they point to the quality and impact of their programs. “Working with our program partners, we run a good and impactful program, so residents can see that it is worth their time—it should be obvious that a high-quality program will drive participation.”

WinnCompanies

WinnCompanies (Winn) is a large-scale, for-profit developer, owner, and manager of housing with a portfolio built across 50 years of almost 200 developments in 11 states and the District of Columbia that includes market-rate, mixed-income, and affordable housing. Its work in the field has revealed how stable residential communities depend upon positive household outcomes, especially for families starting with lower incomes. As a for-profit company, Winn views the FSS program as a tool for helping its tenants improve their financial profiles, which can stabilize a property and add value to the investments they own or manage. In 2023, Winn created Connected Communities, a nonprofit affiliate that can deliver support services to residents and position them to attract philanthropic funding. Together, Winn and Connected Communities have pursued a strategy of applying for HUD grants to launch FSS programs at their properties.

Winn and Connected Communities see the FSS program as a means to support subsidized housing residents in building "critical assets," which in turn helps stabilize the properties they own and manage. As the director of economic mobility at Connected Communities puts it, "We are seeing firsthand how, with the right opportunities, families are achieving financial empowerment and lasting improvements in their economic position."

To date, Connected Communities has been awarded 36 grants, which support programs at 40 sites. Although these programs have not been fully launched, the targeted caseload is around 815 participating households. At most of these sites, Connected Communities has contracted with Compass to provide FSS program services, which include participant recruitment and financial coaching. Winn and Connect Communities provide overall program oversight, which includes managing the HUD grants and centralized escrow accounts. An onsite community coordinator, employed and funded by the property, offers wraparound services for the residents. This model of distributed responsibilities has been effective because Compass has been able to engage with clients remotely and scale up to meet demand as the number of programs has increased. Winn also has an accessible staff contact with whom residents can meet.

Scaling Opportunities and Challenges

POAH and Winn are experienced housing providers committed to bringing the benefits of the FSS program to more residents. Even though they have different organizational structures—one is a nonprofit organization, and the other is a for-profit firm with a nonprofit subsidiary—they share many approaches to implementing the program. These approaches include partnering with Compass and implementing a model that provides financial coaching and emphasizes asset building. POAH and Winn have also assigned a senior staff member to oversee implementation across the organization and emphasize the importance of building trust through resident services staff. Another similarity is that they use central staff to administer FSS escrow accounts rather than relying on property-level managers, but both housing providers have a staff presence on site that can help explain the FSS program, build trust with residents, and encourage their engagement and participation in the program.

As POAH and Winn aspire to achieve scale, they will confront several common barriers. Many of the barriers are related to adhering to HUD procedural requirements. For example, HUD has limited the size of grant awards to the equivalent of one staff coordinator position for every program site. This limitation adversely affects programs that can potentially enroll more families. HUD also requires owners to prepare distinct FSS action plans for each property—even when organizations are in geographic proximity and will function as one program. HUD has opportunities to revise and streamline program procedures to more effectively promote groups aiming to take their FSS programs to scale.

Program Refinements and Policy Reforms to Support High-Quality Multifamily FSS Programs

The feedback from staff implementing FSS in the multifamily sector provides insights that can inform future policy reforms. The authors determined that the FSS program requires the support and engagement of a broad set of stakeholders, including policymakers in Congress and the executive branch, as well as the intermediary organizations committed to building the program's field. These stakeholders can pursue a set of proactive steps to support the multifamily sector in their efforts to implement an effective FSS program.

- ***Deliver stable and commensurate funding to achieve scale.***

Before organizations can commit to running an FSS program, they must identify the funding streams that will cover staffing costs. Congress has increased appropriations for the FSS program by 56 percent across the past 4 years, rising from $80 million in FY20 to $125 million in FY23. However, most of these increases fund existing PHA programs and cover their staffing costs rather than support new programs. HUD issued the first awards for multifamily FSS programs in January 2023. A significant increase in targeted appropriations is needed for the FSS program to scale and make good on the policy commitment to expand the program in the multifamily sector.

HUD issued renewal funding in 2023 for existing programs and awarded more than $6 million to support 70 new programs, 38 of which were multifamily projects deemed eligible and then selected through a lottery. In the future, HUD should avoid using a lottery of chance to determine awards. Although the case for using a lottery system is understandable, given the limited funding available, the current system limits HUD's ability to take a holistic view of funding awards to ensure effective funding distribution and where funding will have the greatest impact. If existing support is unavailable for all qualifying programs, a more sophisticated way to distinguish the quality of applicants is needed, including a consideration of program design and prospective services. If a lottery is unavoidable, HUD should provide greater transparency in the process. One approach would be to allocate a higher percentage of awards to new programs to allow the multifamily sector to catch up and gain experience in program administration more quickly.

A consortium of FSS stakeholders recommended a $175 million appropriation of funds for FY24. This level of funding would provide the resources for HUD to distribute additional awards to multifamily housing organizations ready to launch new programs. Funding these programs in the multifamily sector should be prioritized over expanding the FSS program among PHAs, who have had access to it since its inception.

- ***Eliminate the funding cap of one position per program site for "new" FSS programs.***

The initial competition for new FSS program funding restricted awards to the equivalent of only one administrative position. This provision—which caps the amount of funding accessible and the number of residents that can be served—will be a major impediment to scaling the FSS program in the multifamily sector. Given the suggested ratio of one funded staff position for the first 25 enrolled participants, this approach limits the program size in the first year. HUD funds PHA FSS programs at a ratio of two positions for the first 75 participants and 50 participants for every additional staff position. Funding levels and uncertainty are threshold questions when organizations consider launching an FSS program. Not all multifamily organizations with existing programs believe the current level of potential funding is worth the effort of engaging with HUD. Launching an FSS program requires a significant organizational commitment and the performance of many distinct functions, requiring more than one devoted staff position. As HUD continues to evolve the multifamily program, it should allow greater flexibility in determining funding. In like manner, a housing organization should have the flexibility to operate a larger program—across multiple sites—and request additional staff.

- ***Allow multifamily organizations to administer their FSS programs across multiple properties.***

Multifamily organizations should be able to define their programs as they see fit. Rather than requiring each multifamily property to administer a distinct FSS program, HUD should support multifamily organizations if they choose to operate an FSS program across properties. Applying for a separate grant for each property adds a significant level of work for applicants, and it needlessly discourages innovation and approaches that might be more effective for participants, such as delivering a unified program across scattered sites. In the most recent notice of funding, HUD allowed additional flexibility to organizations to include multiple properties in one application, which reflects a more streamlined application process. However, the current lottery system and caps on the number of positions funded undermine the value of a streamlined application. Organizations such as POAH and Winn have previously been frustrated by the requirements of applying for grants at sites that are distinct but near others. The organizations are forced to submit separate FSS action plans even if they are identical. When properties are in proximity or run by the same people, a single action plan and application process should be acceptable. However, changes in funding applications should be coupled with a change in funding strategy so that applicants can make their case for funding on the basis of what properties and how many people they can serve, and funding should not be capped.

- ***Ensure that FSS escrow account management is integrated into HUD's reporting systems.***

HUD provides a worksheet to facilitate the calculation of escrow balances. The expectation is that each organization keeps track of account balances and is responsible for periodically sharing account records with participants. POAH has created systems using an Excel spreadsheet and shared this approach with other interested groups. HUD has yet to release a long-delayed update for TRACS, which can account for the FSS program, and property management software providers (such as Yardi and Real Page) are waiting for this release before they incorporate any changes into their products. An update is necessary for organizations to better integrate escrow accounts into their financial management systems. HUD must finalize and release the TRACS update as soon as possible.

- ***Support resident services as an intrinsic component of housing assistance.***

Despite the growing recognition of the importance of resident services, a consistent and commensurate source of funding has yet to emerge. This underfunding leads to uneven provision, access, and quality of services. Resident services should be more fully integrated into the provision of housing assistance, and the FSS program offers a means to accomplish this objective. Congress can help by expanding the availability of resident services resources that can support recipients of federal housing assistance. HUD can help by facilitating partnerships with other federal funding sources that support resident services.

- ***Provide technical assistance and timely support to multifamily organizations.***

HUD must be an engaged and responsive partner dedicated to helping housing providers become more efficient in administering FSS programs and increasing their organizational return on investment. Providing technical assistance and other resources to promote the field will be essential to ensure that multifamily groups can launch and administer effective FSS programs. Compass created a valuable source for technical assistance to help the broader FSS program field coalesce, but it also has information specifically relevant for multifamily providers. The Compass FSS Link offers background information on its FSS programs, a discussion forum, specialized webinars, and other resources for program staff.

Technical assistance efforts should include not only information on compliance with program rules but also insights on best practices that can lead to programmatic success, including strategies to support participant enrollment, a positive client experience, program graduation, and good resident outcomes. This information is particularly relevant in cases in which FSS programs involve multiple organizations, such as a consortium of providers that would benefit from shared services or partnerships between housing authorities and private owners. The 2018 program amendments envisioned allowing multifamily owners to cooperate with local housing authorities to administer FSS programs, but technical assistance may be required to jumpstart these efforts.

Also, HUD should advance work on developing meaningful performance measures that can, in the future, distinguish high performers and strong applications. Current efforts include implementing the FSS Achievement Metrics (FAM) to evaluate PHA programs and assess program performance by considering three factors (earnings performance, graduation rate, and participation rate). Eventually, multifamily FSS programs will have FAM scores—at least 5 years after program launch. In the meantime, HUD can engage with multifamily stakeholders to identify additional measures of performance to incorporate into such a system to distinguish the performance of multifamily FSS programs.

HUD can also increase its responsiveness to the FSS multifamily sector by issuing timely and appropriate guidance to address operational issues associated with program launch and administration. HUD review and approval of action plans is performed at the regional level and has been inconsistent. Backlogs have developed in getting HUD approval of FSS action plans, and the staff turnover at HUD headquarters has created communication gaps. At a minimum, HUD headquarters must provide clear guidance to field offices so they are up to date on how the FSS program works. HUD should also consider more actively managing the action plan review process during these initial stages of FSS multifamily expansion to ensure efficiency and consistency. Ensuring that approvals and other administrative decisions are promptly made requires special attention. Delays in approving action plans and getting funding released can needlessly undermine the launch and functioning of new programs.

- ***Encourage FSS partnerships between PHAs and multifamily housing providers.***

Multifamily housing providers rely on a range of subsidy programs to make their rents affordable. Many providers use low-income housing tax credits, which provide capital subsidies for owners to build or preserve affordable housing; in exchange, owners set rents at affordable levels at the property. Other subsidies, such as tenant-based vouchers or project-based rental assistance, provide operating subsidies that make rent affordable for individual residents. Multifamily providers need to have a project-based contract with HUD to be eligible to run individual FSS programs. However, many owners provide housing for residents who benefit from housing subsidies provided by the local housing authority, and although the opportunity exists to provide these residents access to FSS programs, the way to best support them remains uncertain.[5]

The FSS program statute allows for partnerships between multifamily groups and housing authorities. Collaboration between providers should be encouraged and made as easy as possible. HUD should offer targeted technical assistance to operationalize these arrangements, including guidance on how to distribute core program responsibilities, such as calculating escrow balances and providing services.[6] These partnerships have the potential to reach more residents, but they have yet to take shape. HUD should offer targeted technical assistance to organizations interested in these partnerships, including regional consortiums of PBRA owners operating in geographic proximity or with organizational consistency, to partner together to build up a larger participant base and share the administrative costs. This assistance might add complexity but allow for greater participation of groups and their residents.

- ***Support the broader FSS field through research, knowledge sharing, and development for an ongoing learning agenda.***

Organizations in the multifamily housing sector are predisposed to learn from their colleagues and emulate what works. An emerging field of practice is taking shape and generating insights for the successful implementation of the FSS program that can be shared widely. Through knowledge sharing, FSS programs can be made more effective over time.

As more multifamily organizations launch programs, there is an opportunity to identify the conditions under which the program is most effective. This may be best pursued with a series of well-designed pilots and demonstration projects that analyze unique features and approaches to program implementation that support higher earnings, increases in skills, and other measures of success. These projects–and their subsequent evaluation–could support the growing field of practice in both PHA and multifamily FSS programs.

[5] Local PHAs administer tenant-based housing vouchers (also called HCVs, or Section 8 vouchers), which are used in the private housing market. Some owners of multifamily properties have contracts with HUD to provide PBRA and cannot accept housing vouchers at these properties. At affordable housing properties that benefit from the low-income housing tax credit, assisted families can use vouchers, which would then qualify them as eligible to participate in an FSS program.

[6] Public notice issued by Public and Indian Housing on September 24, 2024 (PIH–2024–33 and PIH–2024–32).

For example, researchers have more to learn about the impact of interim withdrawals, in which residents can strategically access a portion of their accrued escrow balances before graduation. Interim withdrawals are rare but are allowed by statute and may be valuable in helping families manage their finances. Also, technology that facilitates remote learning and virtual engagement can help lower program costs, reach more families, and address language barriers. Other topics for investigation include programmatic structures that promote resident engagement and greater scale, such as automatically enrolling residents in the FSS program as a matter of course but allowing them to opt out; this tactic was successfully piloted with the Cambridge Housing Authority and could dramatically increase engagement with the FSS program. The mission-driven multifamily sector is distinguished by its innovation and will be focused on maximizing the potential of the FSS program. HUD can play a supportive role by identifying a learning agenda, elevating best practices, and sharing insights across the field.

The Promise of an Emerging FSS Field of Practice

The FSS program has shown promise when implemented by capable housing authorities, but the issues and prevailing dynamics in mission-driven multifamily organizations are distinct in many ways that necessitate consideration and targeted support by HUD. Especially among the mission-driven affordable housing organizations that have embraced the FSS program, a commitment to augmenting the delivery of affordable housing with high-quality resident services is already prevailing. The FSS program offers a strategic focus for this integrated approach, and program strategies that combine financial coaching, resident engagement, and access to supportive services in the community are already showing promise. Moreover, the emergence of a set of best practices is helping to identify and replicate successful program models—as well as barriers to adoption and scale. With targeted attention, increased congressional appropriations, and support from HUD, policymakers, and other stakeholders, the multifamily housing field can continue to expand its capacity to implement the FSS program and more effectively assist its economic security and mobility goals. By encouraging innovation and exploring how best to promote and replicate promising approaches, a dynamic field of practice can take hold.

Leaders of the multifamily sector should continue to articulate the challenges and opportunities in administering high-quality FSS programs and serve as liaisons with HUD and other federal policymakers. These leaders can make the case for funding, program modifications, support, and policy analysis when and where appropriate. They can articulate the need for greater incorporation of resident services into the provision of affordable housing and aim to fund these services at scale.

The early adopters of the FSS program in the multifamily sector are trailblazers. They have been pioneering ways to connect housing stability and affordability with access to support services and financial incentives to achieve better outcomes, including increased employment, earnings, and savings. In the process, they are demonstrating more effective ways to deliver housing subsidies. If done right by aligning incentives to work and save and integrating asset-building and financial capability objectives, housing assistance can more effectively support families as they transition away from public assistance, pursue economic mobility, and free up resources for other families in need.

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Authors

Reid Cramer is an independent researcher and policy analyst working with nonprofit housing and social service organizations engaged in policy development and program delivery, including Compass Working Capital and the Housing Partnership Network. Meaghan McCarthy is vice president of affordable housing and consumer empowerment at the Housing Partnership Network, a collaborative of leading housing and community development organizations.

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Commentary: HUD's Family Self-Sufficiency Program: Lessons for its Future

Arthur Acolin
University of Washington

Susan Wachter
The Wharton School, University of Pennsylvania

Introduction

The Family Self-Sufficiency (FSS) program was established in 1990 to be administered by the U.S. Department of Housing and Urban Development (HUD). The key objective of the FSS program is to promote increased earnings and savings for households participating in HUD-assisted rental housing programs to support these households in attaining economic security, with participants expected to graduate from the program within 5 to 7 years (CBPP, 2020). Since the initiation of this program, public housing agencies (PHAs) and their partners have developed a range of initiatives to achieve these goals that include (1) personal guidance through case management and financial coaching services and (2) financial incentives to save. The program has evolved through the years, including expanding to include Section 8 Project-Based Rental Assistance (PBRA), with HUD supporting technical assistance and developing a performance measurement system to examine implementation outcomes. As of 2020, about 700 PHAs had received FSS coordinator funding (out of more than 3,300 PHAs) (CBPP, 2020) and as of 2023, 97 PBRA properties received FSS funding (Cramer and McCarthy, 2025). The current level of funding is expected to support approximately 83,000 families, an increase of 20 percent during 10 years, which is substantial program growth but still serves only a small portion of the 4.3 million families participating in HUD's assisted rental housing programs.

The FSS program outcomes have been the object of extensive evaluations (de Silva et al., 2011; Geyer et al., 2017; Moulton, Freiman, and Lubell, 2021; Rohe and Kleit, 1999; Santiago, Galster, and Smith, 2017; Shlay, 1993), with the most recent evaluations included in this volume. The findings from these studies point to the diversity of efforts local actors have undertaken to achieve FSS program goals and the variation in their effectiveness, with mixed findings, particularly in regard to the key outcome of interest—labor force participation and earnings. One of the program's characteristics is that it provides extensive flexibility in its implementation at the local level. The variations in implementation and the results for specific outcomes make an overall assessment challenging but also offer lessons for the program's future based on local successes. This commentary connects the findings from the evaluations included in this symposium to broader research on improving the outcomes of participants in housing and savings programs. Then, it provides considerations on ways to integrate FSS into proposed changes to housing assistance and welfare programs more broadly.

What Family Self-Sufficiency Has Accomplished: Key Findings From the Literature

The FSS program is available to families participating in a range of HUD-administered rental assistance programs: public housing, Housing Choice Voucher (HCV), Native American Housing Assistance and Self-Determination Act assisted housing, and, more recently, PBRA. Funding is available on a competitive basis for PHAs and Indian tribes to pay for FSS program coordinators. PHAs and PBRA owners also rely on their own resources to operate the program. Therefore, funding availability restricts the number of families served (HUD, 2016). The main features implemented through the FSS programs are (1) coaching services that are generally voluntary and help households build financial capability and (2) the ability for households to have the portion of increased earnings that would otherwise go to higher rents saved in an escrow account that they can access on graduating from the program.

As part of the first component, participants develop Individual Training and Services Plans (ITSPs) that have intermediate and long-term goals and steps to reaching those goals and obtaining a range of services aimed at lowering barriers to meeting these goals and accessing employment—such as job training, employment counseling, education opportunities, childcare, and transportation support. The intensity of the counseling and the services provided range substantially across local programs depending on their financial and human capacity and the level of autonomy the programs provide to different participants.

As part of the second component, participants are enrolled in interest-bearing accounts that program administrators manage. Any increases in a family's rent contribution from increased earned income result in a credit to the family's escrow account. Families have access to the escrow account upon program graduation and can use account funds for any purpose at that point. Therefore, the FSS program makes it possible to have the increased rental contributions expected from households that experience increases in earnings returned to the households that meet certain program goals. The goal of the FSS program is to strengthen financial incentives for program participants to be employed and earn more because they are able to get the increased earnings that would have gone to increased rental contributions returned to them on graduating. The amount saved in the escrow account is made available to participants upon graduation, which is based on completion of the goals set in the Contract of Participation. The Contract of Participation generally has a term of 5 years and can be extended up to 7 years under specific circumstances. Therefore, the FSS program enables increased asset building through savings, albeit with restrictions on how to access these savings.

Thus, the FSS program is designed to incentivize labor participation, increase earnings, and help families accumulate savings. In addition, it is focused on the idea that participating families can experience sufficient improvement in their financial situation through employment to be less reliant on assistance programs, although they can continue to receive housing assistance upon program graduation. Therefore, the program is focused on serving families with members able to work who have the capacity to be employed and increase their earnings through skills trainings and work experience.

The focus on not creating a disincentive to earn more for families receiving rental assistance is based on findings from the literature that show rental assistance receipt is associated with decreased labor force participation and decreased earnings (Chyn, Hyman, and Kapustin, 2019; Jacob and Ludwig, 2012; Olsen et al., 2005; Susin, 2005), although those effects potentially diminish over time (Carlson et al., 2011). The estimates for HCV recipients based on a lottery find that among working-age adults without disabilities, housing voucher use reduces labor participation by 6 percent and quarterly earnings by $329 in the short run (Jacob and Ludwig, 2012). Note that although evidence exists of rental assistance decreasing incentives to work, the effect of rental assistance on labor participation is relatively limited—4 percentage points, or a 6-percent decrease, in Jacob and Ludwig (2012), for example. It is also worth noting that although the amount of rental assistance decreases when income from earnings increases, and that practice may disincentivize work, the converse may not hold. That is, it may be difficult to compensate for this disincentive effect of rental assistance with training assistance (Bartik, 2020). Moreover, an increasing share of families receiving rental assistance have members with disabilities or who are elderly and are, therefore, less likely to see substantial increases in their labor participation or earnings to ultimately stop requiring housing assistance.

Most of the evidence of the FSS program outcomes to date has been based on local evaluations and quasi-experimental studies in which the outcomes for FSS participants are compared with those of similar families rather than in a randomized trial framework. For example, an evaluation of Compass Working Capital FSS programs with several housing authorities in the Boston area found that participating households had annual incomes that were $6,032 (23 percent) higher than the comparison group (Moulton, Freiman, and Lubell, 2021). Another study found that Compass Working Capital FSS participants experienced larger improvements in credit scores and reductions in credit card and derogatory debt than similar households not participating in the program (Geyer et al., 2017).

However, these findings are based on local cases, and although they use quasi-experimental approaches, they are still subject to the potential for selection bias. The most recent evaluation of the FSS program, presented in this symposium, based on a national randomized controlled trial conducted by MDRC, finds no significant difference in employment, earnings, household income, credit score, and housing subsidy receipt trajectories between program participants and the control group (Verma, 2025). In addition, only 20 percent of participants had graduated from the program by the end of the study. However, it is notable that those graduates had accumulated substantial savings with escrow disbursement of $11,000 on average. These findings from a national study conducted rigorously and with medium-term followup raise substantial doubt about the program's effectiveness in affecting employment and earning outcomes. However, for those who successfully graduate, the programs have benefits in terms of increased financial savings. The problem is that so few graduate.

However, the evidence from Castells (2025), which examines outcomes from MyGoals, an experimental workforce program, suggests that program participation and graduation can be increased substantially. Two PHAs, the Housing Authority of Baltimore City and the Houston Housing Authority, operated the MyGoals program between 2017 and 2022. These PHAs served unemployed recipients of federal housing subsidies, which were available to each participant for 3 years.

MyGoals borrows elements from the FSS program but differs in key aspects, including focusing on people who were not already employed, providing higher-intensity coaching, and offering immediate financial incentives tied to work in the form of cash rewards rather than delayed FSS escrow savings. The lessons from MyGoals are still emerging as MDRC and Mathematica are currently evaluating the program using a randomized controlled trial, but Castells (2025) describes early findings from the evaluation. These findings include sustained participant engagement at relatively high levels throughout the full 3-year program. By contrast, FSS case management was typically hands off, and participants generally did not meet frequently with case managers. MyGoals participants engaged with coaching at higher levels and sustained engagement over time, resulting in a positive effect on goal setting, skill attainment, and job search activities. Nonetheless, 21 months after study enrollment, outcomes in terms of employment and earnings were small to nonexistent and not statistically significant besides evidence of a slightly higher likelihood of being employed in jobs with a higher likelihood of promotion and higher job satisfaction. Therefore, the experience with MyGoals can help inform potential changes to the FSS program, although they do not at this stage provide evidence that the level of counseling and the financial incentives offered through MyGoals are sufficient to achieve substantial increases in employment and earnings.

More generally, the existing research and evaluation efforts show that 3 decades after being established, the FSS program has had success in allowing families to build liquid financial savings in escrow accounts. However, the program has struggled to achieve success in increasing earnings and labor participation in a consistent fashion.

The following section discusses why the limited effectiveness of the FSS program is consistent with other personal finance programs and ways to build on the findings from experimentation that show promising results to achieving the key goal of supporting financial stability and resilience that was at the origin of the FSS program. The FSS program has nurtured an ecosystem of innovative organizations that are mission focused and have partnered to produce evidence about what works and what does not. The studies in this symposium show the substantial and creative efforts from these organizations, such as Compass, Abt, Winn, and other multifamily housing providers and consortium participants, to help families attain greater financial stability. Making sure these efforts are recognized with lessons learned shared across organizations and integrated into the core programs of housing providers will require continued financial and capacity-building support from HUD.

The Importance of Savings for Low-Income Families

McCoy (2025) articulates why low-income families face obstacles to saving. These obstacles include lower benefits from tax incentives for retirement, college and health savings that often are designed as tax subsidies that favor families with higher tax rates and tax liabilities, and not being employed in positions with benefits, such as employer-provided matching retirement or health accounts. By contrast, "there are scant federal tax subsidies for the emergency savings that these families most need" (McCoy, 2025: 21). At the same time, the benefits of increasing low-income households' ability to save are clear. McKernan et al. (2016) report that even modest savings of $250 to $749 substantially lower a family's likelihood of being evicted, missing a housing or utility payment, or receiving public benefits after an income shock. This benefit makes features like the FSS escrow account particularly important as a tool to support savings for low-income families.

Other programs showing promise in supporting low-income families in building savings include individual development accounts (IDAs), in which program participants receive a match on their savings and can use the savings for a range of qualified uses conditional on meeting certain requirements (McCoy, 2025). The findings from evaluating IDAs have found that although they tend to increase savings and can support access to homeownership (Engelhardt et al., 2010; Grinstein-Weiss, Lee et al., 2008; Grinstein-Weiss, Sherraden et al., 2013), many participants withdraw their savings before being eligible for the match and use them for nonqualified purposes, contributing to limited overall impact on wealth building (Mills et al., 2008). In addition, an obstacle to the growth of IDAs is the cost involved in matching savings, which, as for the FSS program, requires financial resources. Findings regarding the level of matching that achieves substantial uptake while limiting costs from the evaluation of different IDAs and FSS designs can help achieve a greater effect with limited funding. However, McCoy (2025) argues that substantial matches, similar to those from which higher-income participants in 401K plans or health savings accounts (HSAs) benefit, are more likely than financial education to be key to the success of a savings program.

Savings programs are likely to be more important than ever for HUD's population of assisted households as they age. On the basis of HUD's (n.d.) "Picture of Subsidized Households," the share of those families with a head of household or a spouse younger than 62 with a disability or a head of household or a spouse 62 or older increased from 51 percent in 2000 to 61 percent in 2023.

Refocusing the program to provide mechanisms to save may serve a greater proportion of rental assistance recipients. Escrow accounts could be built into rental assistance programs, with a fraction of the rental assistance allocated to escrow accounts as an emergency reserve. This reserve would help families build a financial cushion that could have large welfare implications when those families face a negative shock that requires liquidity, such as health issues, which many low-income families lack, contributing to increased risks of falling behind on rent and facing evictions or trade-offs, such as forgoing healthcare treatments (McCoy, 2025).

One of the limits to increasing financial incentives is funding. Although the escrow account requires funding directly or through matches, the availability of an escrow account to serve as emergency savings in case of negative income shocks might have positive effects on rental housing providers that at least partially offset some of these costs.

Providing further flexibility and support to providers, such as some Moving to Work (MTW) agencies that set up programs to support savings by participating families before they graduate from the program, could be beneficial. The national evaluation report did not cover MTW agencies (Verma, 2025), but Verma describes the innovative approaches MTW agencies are taking as deserving further analysis.

Designing savings and asset building for a broader range of participants rather than being focused on increasing labor participation and earnings would require a shift in how escrow programs are set up and might require regulatory and even legislative changes. This shift might be an evolution that allows programs to serve FSS participants better, supporting savings for all currently working recipients through a default opt-in program.

How FSS Components Can Be Incorporated Into Proposed Changes to Housing Assistance

The evidence to date suggests that focusing the FSS program on asset building through escrow accounts, potentially with matching funds to encourage participation, could be beneficial. Such focus on creating a savings instrument aligns with addressing the overall lack of tax-advantages savings instruments available to low-income families that McCoy (2025) identified and the potential benefits for individuals and society of increasing the availability of savings among low-income families. In a program redesign, all participants in assisted rental programs could be the focus rather than families with heads of household or spouses able to work. Participants would not be expected to graduate from the program but rather be eligible to use the savings in their escrow accounts either for approved uses (similar to an HSA or 401K) or once it reaches a certain balance, which would represent a fundamental change to the program's focus from temporary to permanent and from families able to work to all families. Many questions need to be resolved regarding ways to set up such a program in a cost-effective manner and to build on existing effort and local capacity. However, on the basis of the evidence of the FSS programs to date, such programs could be designed to build savings effectively. It is also possible to incorporate this change in focus into a more fundamental rethinking of rental assistance (Bailey and McCabe, 2024), such as Direct Rental Assistance (DRA), which we discuss in the next section. Absent more fundamental changes to the program, room also exists for making changes designed to improve program enrollment, retention, and graduation.

Direct Rental Assistance: Direct Payment to Recipients

The FSS program could be integrated into the emerging DRA demonstrations (Gallagher et al., 2024; Joice, O'Regan, and Ellen, 2024; Reina et al., 2021). DRA aims to distribute assistance directly to families rather than to landlords, as is traditionally done in U.S. demand-side rental assistance. One of the main aims of the approach is to lower barriers to receiving assistance and address landlords' resistance to participating in the program. Despite initial experimentation by

HUD with the Experimental Housing Allowance Program in the early 1970s, DRA programs are still at an early stage in the United States (Joice, O'Regan, and Ellen, 2024). However, the experience from Emergency Rental Assistance (ERA) that some jurisdictions distributed directly to families during the COVID-19 pandemic and international experiences in a range of countries suggest that direct payments to recipients can be administered and scaled up (Reina et al., 2021). The benefits of providing rental assistance directly to households have been shown in the evaluation of the ERA programs established in response to the pandemic (Reina et al., 2021).

The interest in building on these efforts and generalizing DRA demonstrations offers the potential to build mechanisms such as forced savings in the form of escrow accounts. In incorporating an escrow account in DRA, a portion of the housing assistance could be kept in escrow to fund a savings account, although the rest would be disbursed directly to the households. Households could use these escrow accounts for a range of purposes after reaching a certain balance, and those funds could also serve as a rent guarantee mechanism because families could access these savings to cover their portion of the rent when faced with a negative income shock.

Reina et al. (forthcoming) reports initiatives to integrate FSS and DRA in Montgomery County, MD, where the Housing Opportunities Commission is considering making DRA available to FSS graduates, and O'Regan expresses support for such initiatives that would continue providing FSS-like services to DRA participants. Including an escrow account with matching funds to support emergency fund accumulation among the range of supports provided to families could provide them with an effective way to build wealth.

Potential Areas for Change Within the FSS Program

Increasing Enrollment

Some of the initiatives documented in this symposium have focused on marketing the program to potential participants and increasing uptake by making the benefits of the program clear and more immediate (Cramer and Reuter, 2025; Sanga et al., 2025, in particular). These efforts appear to bear some results, but moving from having participants needing to opt into the program to making it the default for all families newly receiving rental assistance from participating providers meeting the program's criteria might be an effective way to increase enrollment. Current program participants could still enroll in the program, and new participants would have the option to opt out, but making participating the default could have positive effects, assuming that funding and capacity are available. The shift from opting in to opting out has been shown to durably and substantially increase program participation across a range of programs (Birkenmaier, Maynard, and Kim, 2022). In addition, the lessons from the initiatives of Compass Working Capital FSS programs to retain participants once they enroll are important to ensuring engagement once participants are enrolled (Sanga et al., 2025).

Focusing on Escrow Accounts

The design of escrow programs has the potential to evolve to be accessible, be more flexible, and support a broader range of situations. Verma (2025) and Sanga et al. (2025) describe the potential for alternative escrow models, with funds being available earlier based on different criteria and with different calculations. Initiatives, such as the Work Rewards demonstration, that provide further financial incentives to participants once they have been employed for 6 or 12 months seem to result in more positive effects on labor participation and earnings, as Verma (2025) describes. Further experimentation with the levels of incentives, size of the escrow amount (30 or 50 percent of the increase in earned income or 50 or 100 percent of the increase in rent, for example), length of lock-in period, and adoption of the approaches that work across a broader range of programs could have additional positive effects.

In particular, ensuring that participants are aware of the balance building up in their escrow accounts and that they can access it once they meet some benchmarks, even if not all the goals are met, rather than requiring them to graduate to access the escrow accounts could make the program more attractive to participants. A key element would require a policy change to allow participants to withdraw some or all their balances. Access to the funds could become possible either after a vesting period (of less than a year or not more than 2) or after amassing a minimum balance—a minimum possibly less than $1,000 given McKernan et al.'s (2016) evidence that having liquid savings of $250 to $749 makes a meaningful difference in households' ability to weather adverse shocks. The details of the design for participants accessing escrow accounts if access is not tied to graduation will require further attention. If the funds are to be used as emergency savings, balancing access to the accounts with the need to ensure accountability in their disbursement might benefit from the example of HSAs that make it possible for participants to access funds with limited friction while documenting that they are used for qualified expenditures.

Lowering Graduation Requirements (or Moving Away from Graduation Altogether)

One of the key challenges of the FSS program to date is the low share of program participants who eventually graduate, as Verma (2025) highlights. The program was set up with the goal of having families graduate within 5 years, with the potential for a 2-year extension. Families who did not successfully graduate would forfeit access to the savings in their escrow account. The focus on meeting employment goals to graduate from the programs and be eligible to receive escrow funds is based on the notion that families should be able to become self-sufficient through stable employment and adequate earnings. Finding ways to increase flexibility in the requirements that must be met before funds can be disbursed and to account for changes in circumstances that might make it difficult for some participants to remain employed are ways that could increase successful outcomes. This change requires recognizing that success might look different for some participants than others, depending on the barriers to employment participants face on the basis of their physical or mental health, for example, as Verma (2025) describes. Removing the graduation component or de-linking graduation from the ability to access their escrow funds would provide participating families with the benefits of having access to emergency savings, and earlier withdrawal would allow families to more effectively smooth their incomes, increasing the benefits of participating in the program.

Applying Learning From Creating Moves to Opportunity to Counseling

The Creating Moves to Opportunity (CMTO) experiment, conducted by the Seattle and King County Housing Authorities in partnership with a team of researchers, aimed to build on the experience of Move to Opportunity (MTO) (de Souza Briggs, Popkin, and Goering, 2010) in order to support families with young children receiving HCVs access to neighborhoods found to have historically had high levels of intergenerational economic mobility (Bergman et al., 2024). The experimental setup provides strong causal evidence of the effectiveness of different components of the interventions tested to increase access to high-opportunity areas. The quantitative and qualitative findings from the study identified the key role played by trained housing navigators who assisted families in their search process. Bergman et al. (2024) highlight that the ability of the navigators to customize their services to the specific needs of each family was an integral part of the success of the intervention, with high levels of services due to the heterogeneous levels and types of needs across families.

These findings are consistent with the findings for the FSS program regarding the heterogeneity in the effect of counseling and point to the need to understand better how to recruit and train counselors who provide effective services at scale. The lessons from CMTO suggest that such programs can be established and scaled up but that the intentionality and capacity of the organizations setting up the programs and the skills, training, and caseloads of recruited counselors are key to their success. Given the decentralized nature of the FSS program, identifying the approaches that are most promising and then finding ways to refine them and replicate them are areas that have the potential to increase the effectiveness of the interventions, with a focus on supporting families in reaching their financial goals. Reaching that objective requires careful design and monitoring at the program level, along with support from national networks and HUD.

Conclusion

Increasing employment and earnings for low-income families is a challenging task, and therefore, it is not surprising that the FSS program has not had success in reaching these goals. Except for customized job-training programs for specific in-demand positions in tight labor markets, job-training and skill-building programs face difficulties in consistently improving participant outcomes (Bartik, 2020). It is not clear if HUD and its partners have a comparative advantage in delivering these programs. Repositioning the FSS program to focus on supporting the savings goals of participating families may be a more attainable goal, with the potential of having a positive effect on a greater number of families. The program appears successful in supporting participating low-income families who graduate from the program in building substantial savings. Building on the success of the escrow programs to support emergency savings for low-income families could leverage the robust network of organizations involved in implementing the FSS program while serving participants in rental assistance programs more broadly and without a limited graduation horizon. Doing so could provide an effective tool to support accumulating emergency savings for low-income families who currently largely lack a financial safety net. Downstream benefits could include increased financial security and reduced risk of residential instability for families and participating housing providers.

Moreover, the changing demographics of the assisted population matters. To date, the FSS program has focused on providing support for participants to connect to the labor market and increase their earning opportunities. However, given the increasing share of rental assistance recipients who are disabled or elderly, the focus of the FSS program on work and graduating out of needing rental assistance might benefit from being altered. At the same time, the focus of the FSS program on building savings through escrow accounts is likely important for these individuals. In particular, families with members who are elderly or have disabilities are likely to face health-related needs for which liquid savings might have major welfare benefits. Keeping the elements of the FSS program that encourage savings and making these savings available in case of life events, such as health needs, could have large private and social benefits.

Future work to integrate better the program to the changing demographic of participants in rental assistance programs presents some interesting issues that need to be addressed—such as adapting program goals and operations to the increasing duration of participation in the program, the coordination of housing and health services, and the professional delivering these services—to serve an aging population.

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Authors

Arthur Acolin is an associate professor in the Runstad Department of Real Estate at the University of Washington.

Susan Wachter is a professor in the Department of Real Estate and the Department of Finance at The Wharton School, University of Pennsylvania.

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Commentary: Policy Changes to Better Enable Families to Realize Savings From the Family Self-Sufficiency Program

Barbara Sard
Housing Policy Consultant

Abstract

The Family Self-Sufficiency (FSS) program provides a unique opportunity for families receiving HUD rental assistance to generate savings when increased earnings cause their rents to go up. Most families enrolling in the FSS program accumulate escrowed savings, but many never receive any benefit from these funds. This article focuses on policy changes by HUD, the U.S. Congress, and local program administrators that could enable more families to receive their savings. Together with previously adopted congressional and HUD policies and continued HUD training and oversight, the recommendations hold promise to improve family outcomes. However, the FSS program, as currently structured, is unlikely to expand sufficiently to enable a much larger proportion of HUD-assisted households to build assets. This article concludes with a possible alternative approach to incorporate an FSS-like savings mechanism into HUD's rental assistance programs.

Introduction

Only a small share of HUD-assisted families participate in the Family Self-Sufficiency (FSS) program—approximately 70,000 at a time out of more than 5 million households that receive rental assistance. Moreover, only a minority of FSS participants benefit from the program's savings feature. Savings help low-income households weather financial shocks and potentially become homeowners, start businesses, or invest in personal advancement or that of their children through education and training (HUD, 2022: 85–87; HUD, 2021; Wachter and Acolin, 2025).

This article focuses on policy changes that could enable more families to benefit from the savings mechanism built into the FSS program. The major way to accomplish this goal is to increase the share of families that successfully graduate from the FSS program. In addition to recommendations to increase graduation rates, this article also highlights key policy changes to increase the savings FSS participants receive at graduation and otherwise. Although the recommended policy changes, along with continued HUD training and oversight, hold promise to improve family outcomes, the FSS program, as currently structured, is unlikely to expand sufficiently to enable a much larger proportion of HUD-assisted households to build assets. The article concludes with a discussion of a possible alternative approach to incorporate an FSS-like savings mechanism into HUD's rental assistance programs.

Increase FSS Graduation Rates to Enable More Families to Receive Savings

Typically, families must graduate from the FSS program to receive most or all their accrued escrow (Verma, 2025). However, a large majority of families who enroll in the program never graduate. Recent HUD data averaging FSS program graduation rates for 2020 through 2022 show that only 37 of 709 public housing agencies (PHAs) receiving FSS coordinator funding graduated 50 percent or more of eligible participants.[1] Before the COVID-19 pandemic caused severe disruptions in the labor market, the national average FSS graduation rate was 24 percent, somewhat higher than the graduation outcomes for families enrolled in the MDRC evaluation of the FSS program (Freedman, Verma, and Vermette, 2024a).[2] In sharp contrast, during a similar period, Compass Working Capital reported a 66 percent graduation rate from the programs they administered under contract with certain PHAs and Project-Based Rental Assistance (PBRA) owners (Sanga et al., 2025).

About 60 percent of FSS participants build escrow savings while in the program (HUD, 2024a). However, many never receive the benefit of the accumulated escrow funds. Families that exit the FSS program without graduating usually forfeit any escrow they had not already received. In the MDRC study, nearly two-thirds of those who exited without graduating had a positive escrow balance, averaging $3,918 per family, which they never received (Verma, 2025).

Recent federal policy changes are likely to make it easier for families to meet FSS graduation requirements. In June 2022, substantially revised federal regulations governing the FSS program became effective. These new rules, which primarily implemented statutory amendments the U.S. Congress enacted in 2018, created new requirements and flexibilities intended to increase graduation rates and otherwise enable more families to benefit from escrow savings.[3] PHAs and PBRA owners administering the FSS program are no longer permitted to add locally required

[1] Author's calculation of HUD data in FAM_2022_Workbook_Final from https://www.hud.gov/program_offices/public_indian_housing/programs/hcv/fss. HUD awards maximum points as part of its FSS Achievement Metrics (FAM) for a graduation rate of 42 percent or higher within 8 years of enrollment. (Published in the *Federal Register* as a final rule on November 15, 2023. 88 Fed. Reg. 78374-76.) A total of 113 PHAs received the maximum 10 points as part of their FSS performance score.

[2] The MDRC evaluation found that only 20.4 percent of FSS families in the study had graduated by the end of the followup period of 70–94 months after random assignment; 7.2 percent were still enrolled in the FSS program at the end of the study (Verma, 2025). Graduation rates ranged from 4 to 44 percent at the 18 sites, with a median graduation rate of 24.5 percent.

[3] Because implementation was on a rolling basis and key changes did not have to be applied to families who enrolled in the program prior to late 2022, the effect of the new rules on graduation rates will not be fully realized until 2027—or even until 2029 for families who receive contract term extensions.

goals to the initial Contract of Participation (CoP) with which families have to comply. Only two mandatory final goals are permitted—the head of the FSS household must be employed in a suitable job, and each member of the household must not be a recipient of federal or state welfare assistance. Policy changes also create new flexibility to help families meet these requirements.

Additional Federal Policy Changes to Promote Escrow Receipt at Graduation

The recent federal policy changes should increase graduation rates and escrow receipt to some extent, but additional changes would likely result in more substantial progress. Recommended changes that HUD can make include increased flexibility for participants to modify their FSS commitments, further guidance on good cause for term extensions, and a policy revision to allow families to repay debts to the PHA or PBRA owner through periodic repayment agreements rather than requiring the deduction of all alleged debt from the final escrow disbursement. In addition, Congress should allow HUD to use the FSS Achievement Metrics (FAM) scores as part of the process to allocate FSS coordinator funds to local programs.

Increase Flexibility for Participants to Modify Interim and Final Goals

To graduate from the FSS program, the head and any other participating family members must complete the goals set in their CoP before it expires, which is usually 5 years with a possible 2-year extension. Although *initial* goal-setting must be made by mutual agreement between participants and PHAs or PBRA owners, HUD policies do not require mutual agreement on key decisions *after* agreeing on the initial contract.[4]

Families' aspirations and circumstances, as well as the local economic context and available services, may change during the usual 5-year FSS term, altering the appropriateness of earlier commitments or family member's ability to meet them. Although HUD's FSS Guidebook explains why flexible allowance of modifications of interim and final goals is important to families' progress toward self-sufficiency and can promote graduation and escrow access (HUD, 2022: 33), HUD allows PHAs and PBRA owners to deny requested modifications without specifying grounds for such denial, regardless of whether the modifications promote graduation and escrow receipt or would be otherwise more realistic and benefit participants.

To help achieve the goals of increased graduation rates and families' receipt of escrow savings, HUD should revise its regulations concerning CoP modification to require that PHAs and PBRA owners have good cause for denying participant-requested modifications. This change would be consistent with other CoP-related changes and escrow receipt policies that HUD made in the 2022 FSS final rule. For example, HUD added a regulatory requirement that PHAs and PBRA owners must find good cause to extend the FSS contract term beyond 5 years if needed to meet a current *or additional* goal that a family is actively pursuing to further its self-sufficiency. At the same time, HUD undermined this new policy by leaving unchanged the ability of PHAs and PBRA owners, without good cause, to deny a family's request to add a goal to its CoP.

[4] "Contract of Participation (CoP)," 24 CFR §984.303(f). The FSS Action Plan that each entity offering an FSS program must complete includes options to prohibit all modifications or to restrict the grounds for or timing of modifications (HUD, 2024b: 31). Of the 18 PHAs in the MDRC study, 12 imposed limitations on revising interim or final goals, or both (Freedman, Verma, and Vermette, 2024b: exhibit A.3.)

No statutory barrier exists to HUD adding a regulatory requirement that PHAs and PBRA owners must have good cause to reject a participant's request to modify an interim or final goal.[5] In the interim, before a regulatory change could take effect, HUD should issue clarifying guidance and revise the FSS Action Plan form accordingly (HUD, 2024b).

Issue Further Guidance on the Meaning of "Good Cause" to Extend the FSS Contract Term

HUD made important changes in the final 2022 FSS rule regarding the extension of the FSS contract term for up to an additional 2 years. This change allows PHAs and PBRA owners to find good cause for *any* reason, not limited to grounds beyond a family's control.[6] Guidance on potential good cause reasons may increase the likelihood that PHAs and PBRA owners will make use of the new flexibility. For example, an FSS participant may have lost a job for a reason that might be considered their fault, such as tardiness or unacceptable behavior during work hours. If the individual takes significant steps to overcome such barriers to sustained employment or actively participates in services such as soft skills training, substance use treatment, or an anger management program, a PHA or PBRA owner could find good cause to extend the term of the FSS contract to allow the individual time to become job-ready and obtain employment.

In addition, if a family loses its home because of a landlord's decision not to renew a housing choice voucher (HCV) lease, the participant may not be able to continue employment or an education or training program. As long as a family continues to be eligible for the FSS program as an HCV recipient and searches for a new rental, they should have good cause for an FSS contract extension if they need extra time to meet their FSS goals. Verma's (2025) article in this symposium includes a similar recommendation.

Enable Families Graduating From the Program Owing Debts to the PHA or Owner to Receive More of Their Escrow Savings

Recent HUD data indicate that a large share of families who accumulated escrow during FSS participation did not receive any escrow at graduation. Only 23 percent of FSS graduates in 2022 had escrow savings at graduation, even though 59 percent accumulated escrow (HUD 2024a: 12–13). The only explanation HUD suggests for this surprising outcome is that many participants withdrew all their escrow prior to graduation to help reach their self-sufficiency goals.[7]

[5] The FSS statute is silent on modifications to the CoP and incorporated Individual Training and Services Plans. However, HUD rules have allowed modifications by mutual agreement since 1993, when FSS regulations were first issued, indicating that HUD has the authority to set policies regarding FSS contract modifications. See "Contract of Participation (CoP)," 24 CFR §984.303(f), published in the *Federal Register* as a final rule on May 27, 1993, 58 Fed. Reg. 30858, 30901. In the preamble to this initial set of FSS regulations, HUD noted that one commenter had requested that the FSS rule provide a procedure that the FSS family and the PHA may use to resolve a dispute concerning whether a contract modification is necessary. HUD responded that the FSS family may use the existing grievance procedures in the public housing program and the Housing Choice Voucher program predecessors (58 Fed. Reg. 30873). Such a provision is not in current FSS rules.

[6] The FSS statute requires PHAs and PBRA owners to grant good cause extensions of the contract term.

[7] In the 12 months ending June 2018, 47 percent of FSS graduates had escrow savings at graduation (HUD, 2019). HUD's report of 2022 data is potentially erroneous or reflects the effects of the COVID-19 pandemic on families' need for emergency funds. The MDRC evaluation found that 90 percent of FSS graduates received escrow disbursements, averaging nearly $11,000 (Freedman, Verma, and Vermette, 2024a: exhibit 20). Only a small share of these households (less than 5 percent as of the 2018 data collection) had received interim disbursement of escrow.

However, HUD may not have considered another possible reason for such a low rate of escrow receipt. HUD policy requires PHAs or PBRA owners, at the time of final escrow disbursement, to reduce the amount in a family's escrow account by any prior underpayment of the household's required rent contribution.[8] In the public housing or Section 8 PBRA programs, it would be the respective amount due to the PHA or PBRA owner. In the HCV program, it would be the amount of the tenant's rent that private owners report to the PHA as unpaid.

The FSS statute does not authorize this regulatory requirement. Moreover, the continuation of this policy in the 2022 FSS rule is inconsistent with the new policy that "all considerations allowed for other assisted residents for repayment agreements, etc., shall also be allowed for FSS participants."[9] HUD should revise the FSS regulations to eliminate the role of the FSS program as a collection agency and allow FSS graduates to continue complying with existing repayment agreements like other assisted tenants rather than reducing escrow by the full amount remaining under such agreements. In the interim, HUD should waive 24 CFR §305(a)(2)(iii) and modify the CoP form to eliminate its reference to the offset policy.[10]

Congress Should Allow HUD to Use FSS Performance Measures in Funding Decisions

One of the important changes HUD made to improve the FSS program is to establish the FAM score for entities that receive federal funding to support FSS coordinators. Eighty percent of the FAM score is based on graduation rates and earnings increases, thereby encouraging local administrators to design and implement a local FSS program that supports families to meet their FSS goals and increase earnings, resulting in higher FSS graduation rates and average escrow disbursements. The scores also help HUD identify low-performing agencies for additional technical assistance and oversight.

However, a financial incentive or penalty tied to FAM scores would likely intensify local program performance. In the 2018 FSS amendments, Congress required HUD to allocate FSS coordinator funding partly on performance standards by giving first priority to renewal funding for all coordinators funded in the prior year at a local program "that meets applicable performance standards set by the Secretary" and second priority for additional FSS coordinators for FSS programs that meet HUD-set performance standards.[11] In addition to providing a powerful incentive to improve program performance, if implemented, the new funding requirements would help assure that coordinator funds are used effectively.

However, HUD has not been able to incorporate FAM scores into the allocation process for FSS coordinator funding because of a prohibition in recent appropriations acts. This prohibition appears to be driven by the concern of one or more senators that their local FSS programs may lose

[8] "FSS Escrow Account," 24 CFR §984.305(a)(2)(iii).

[9] "Contract of Participation (CoP)," 24 CFR §984.303(b)(3).

[10] These changes in HUD policy are especially important when the debt is allegedly because of an HCV family's underpayment of rent to a private landlord. Under the HCV Housing Assistance Payment Contract, PHAs are prohibited from paying an owner for the owner's claim against a family. See HUD-52641 (effective 4/2023), Part B, paragraph (7)(e)(2). Consequently, 24 CFR §984.305(a)(2)(iii) appears to conflict with PHAs' contract with HCV landlords.

[11] U.S. Housing Act §23(i)(2)(B), (3)(i), 42 U.S.C. §1437u(i)(2)(B), (3)(i).

funding if FAM scores are considered in the funding process.[12] It should be a priority to overcome such parochialism and promote the effective and efficient use of scarce funding by allowing HUD to comply with the funding provisions in the FSS authorizing statute.

Enable More Families to Access Their Escrow Savings or Other Funds During FSS Participation

The FSS program's potential to help more families progress toward economic self-sufficiency would be enhanced if families had access to additional funds during the program. Such interim funds could serve three purposes, partly depending on family circumstances.

1. Some families who might otherwise cease to participate in the program may continue if they receive short-term financial payments. Such rewards could be issued for maintaining contact with FSS coordinators, attending local FSS program-sponsored workshops, or making progress toward interim goals. Financial rewards may be particularly important to increase employment and earnings among those not working at the time of enrollment in the FSS program (Castells, 2025; Verma, 2025; Verma et al., 2017).

2. Other families' participation may be derailed by personal or family emergencies—such as car repairs, healthcare costs, or temporary childcare costs—that could be alleviated through access to additional funds. A 2017 study of four PHAs found that more than three-fourths of residents had no savings for such emergencies, and only 4 percent of residents had savings of $500 or more (Riccio, Deitch, and Verma, 2017).

3. Some FSS participants may need additional funds for costs related to employment or training, such as license fees or costs of uniforms, tuition, or specialized supplies. Such uses of funds may be more widely considered related to self-sufficiency than the reward or emergency functions outlined in the prior bullets and, therefore, more likely to qualify for interim disbursements at some agencies.

Whether families may access their escrow funds on an interim basis depends on local FSS program policies. Some programs see a conflict between wealth-building goals and interim escrow disbursements and, consequently, do not allow interim escrow disbursements or tightly restrict their use.[13] However, unless other funds are available for rewards, emergencies, or self-sufficiency-related costs, families may not graduate or may accumulate less escrow because of lower earnings. To reduce families' need for interim escrow disbursements, local FSS programs may be able to assist families in accessing nonprogram funds, such as Pell grants for higher education programs

[12] See §238 of Division F of the Consolidated Appropriations Act, 2024, Public Law 118-42, 138 STAT. 385. The Senate Appropriations Committee originated this restriction in its HUD funding bill, and the House of Representatives acquiesced in including the prohibition in the final legislation.

[13] In the preamble to the publication of the 2022 final FSS rule, HUD acknowledged that it "is a best practice to allow for interim disbursements" but declined without stated reasons to make it mandatory for local FSS programs to include such a policy (Published in the *Federal Register* as a final rule on May 17, 2022. 87 Fed. Reg. 30037).

or philanthropic funds that could be used for rewards.[14] Programs could also use forfeited escrow funds for these purposes. HUD should clarify that it is permissible to use forfeited escrow funds for costs that are not directly connected to specific participant obligations in the CoP, such as rewards that participants could use for any expense.[15]

HUD Should Revise Interim Escrow Disbursement Rules to Provide Full Extent of Flexibility Permitted by FSS Statute

HUD's regulation limits interim disbursements to *fulfillment* of an interim goal.[16] This limitation is unnecessarily restrictive because the FSS statute at §23(e)(2) allows interim escrow disbursement in two circumstances—if a family is in *compliance with* and when it *completes* interim goals in its CoP. For example, if a participant has an interim goal to get an associate's degree, a PHA or PBRA owner should have the discretion to allow the participant to receive an interim escrow disbursement while taking classes or complying with other requirements for the degree. These actions show that the participant is complying with the interim goal. She could also be eligible for an additional interim disbursement after completing the necessary coursework and receiving the degree.

In addition, HUD materials regarding the purposes for which a PHA or PBRA owner can allow an interim disbursement of escrow funds are confusing. The regulation gives examples solely of using funds to complete higher education or job training or to start a small business. HUD's FSS Guidance adds that funds could be used for purchasing a car or making repairs (HUD, 2022:100). HUD's (2024b) FSS Action Plan adds debt repayment under various circumstances as a possible interim use of escrow and specifically allows for the use of escrow funds for purchasing a car, without mentioning car repairs. The Action Plan form also allows PHAs or PBRA owners to add other purposes for which interim escrow disbursements may be used (HUD, 2024b). Such inconsistent HUD statements may discourage local programs from making flexible use of interim disbursements to help families succeed. HUD should revise and consolidate policies on the purposes for which interim escrow disbursements may be used, including providing examples of rewards for compliance with activities "consistent with" working toward completion of interim goals or other FSS program requirements and other types of emergency situations beyond car repairs.

HUD Should Expand the Circumstances for FSS Termination With Escrow Disbursement

In 2022, HUD created a new category of actions, Termination with FSS Escrow Disbursement, to enable more FSS families to benefit from escrow savings. However, this beneficial policy excludes a common and highly meritorious group of families—those terminated from the HCV program

[14] See Sard (2001: 29) for some examples of how local FSS programs have tapped various sources in local communities to provide additional services to FSS participants. Strengthening performance incentives may encourage more programs to undertake such efforts (Lubell, 2025; Sanga et al., 2025).

[15] The FSS statutory language on the uses of forfeited escrow funds is very broad. It states that forfeited escrow "shall be used by the eligible entity [PHA or PBRA owner] for the benefit of participating families in good standing." Section 23(e) of the U.S. Housing Act, 42 U.S.C. §1437u(e). However, HUD's implementing regulation implies that such funds may be used only for costs related to achieving the obligations outlined in the CoP ("FSS Escrow Account," 24 CFR §984.305(f)(2)(i)(A)). It appears this restriction is not HUD's intent because the FSS Sample Action Plan allows PHAs and owners to choose to disburse some or all forfeited funds evenly among participants in good standing on a regular basis or to respond to participant requests on a case-by-case basis (HUD, 2024b: 21).

[16] "Establishment of FSS Escrow Account," 24 CFR §984.305(c)(2)(ii).

after 6 months of not receiving rent subsidies because their incomes are too high. Previously, these families received FSS escrow upon HCV termination under a policy that considered them to have automatically completed the FSS program, even if they had not completed all their CoP goals.

The final 2022 rule eliminated "automatic completion," also called "automatic graduation," for technical reasons. In response to commenters' concerns about the proposed change, HUD responded that the FSS coordinator and family should work together to make any necessary changes to the CoP to allow the family to graduate before their HCV participation and FSS eligibility ceases.[17] However, as HUD policies allow, some FSS programs refuse to change the CoP at any time or within a specified period close to the time of expected graduation.

Employed families leaving the HCV program should not lose their accrued escrow because they fall through the policy cracks. Without their escrow funds, families navigating the private market are more likely to experience housing instability. Until such a time when HUD can revise the FSS regulations to specify that good cause exists to provide accrued escrow to families who become ineligible for continued rental assistance because of increased income, HUD should issue notice or guidance, or both, specifying that it considers this group of families to have good cause for inclusion in the Termination with FSS disbursement policy.[18]

Strengthen Participants' Rights in the FSS Program

Policy changes will only achieve the goals of increasing graduation rates and escrow receipt if PHAs and PBRA owners implement them well. Many of the previously mentioned recommendations, such as enabling families to have an equal say about whether employment is suitable or to request CoP modifications, will only be effective if families know they have such rights. HUD should help families understand their rights and ensure that families can challenge important local FSS program decisions with which they disagree.

Enhance Participants' Understanding of Their Rights in the FSS Program

The ways in which HUD could help ensure that FSS program participants are fully informed of their rights are many. For example, HUD could—

- *Modify the CoP form to clarify the participants' roles.* HUD's form mostly details decisions PHAs and PBRA owners can make without mentioning participants' roles in such decisions.
- *Develop a model guide to the FSS program for families*, emphasizing actions participants need to take if they want to modify the CoP, extend its term, or receive an interim escrow withdrawal and stating clearly participants' role in developing or modifying interim and final goals. A video presentation for families could also be helpful.

[17] 87 Fed. Reg. 30035.

[18] Alternatively, HUD could restore the automatic completion and graduation rule, revised to be consistent with the current HCV subsidy policy.

- *Issue guidance recommending that PHAs and PBRA owners form an advisory board of current and recent FSS participants* to provide advice on effective steps to increase participants' understanding of their role in the program.

- *Require that PHAs and PBRA owners remind participants of these rights at least once a year.*

Families Should Have the Right to Challenge Denials of Requests to Receive Escrow Funds

HUD requires PHAs and PBRA owners operating FSS programs to make available grievance or hearing procedures to families who wish to challenge proposed termination from the FSS program (HUD, 2024b: 32–35).[19] However, HUD has no regulatory requirement, and its FSS publications do not mention, families' right to a hearing to challenge any of the other decisions PHAs or PBRA owners may make that results in denial of access to their accrued escrow funds. These denials include denial of requests for interim escrow disbursement, modification of the CoP or extension of its term that result in forfeiture of escrow, and denial of final disbursement of escrow on termination or expiration of the CoP consistent with HUD rules. In addition, families should be able to challenge the reduction in escrow disbursed due to alleged debt to the PHA or PBRA owner.

Future Research on Policy Designs to Scale Opportunities for Recipients of HUD Rental Assistance to Build Assets

FSS policy improvements are important to enable more program participants to have savings but would not alter the fact that the FSS program, as currently designed, can serve only a very small share of HUD rental assistance recipients. By one estimate, the FSS program serves less than 4 percent of the approximately 2 million eligible households that might benefit from it (Lubell and Thomas, 2019a). That limited scale is unlikely to change dramatically without far larger increases in funding for FSS coordinators than Congress has made available in recent years, which is unlikely, at least in the near term.[20]

Consequently, enabling significantly more HUD-assisted families to build savings will require exploring different approaches. A promising approach that deserves research is Compass Working Capital's proposal to shift FSS participation to an "opt-out" rather than the current voluntary opt-in design (Compass Working Capital, 2024; Morris-Louis, 2023). HUD indicated its support for such research in its fiscal year 2025 budget submission, calling it a "Universal Escrow Account" (HUD, 2024a).

[19] HUD's "Action Plan" regulation at 24 CFR §984.201(d)(9) requires available grievance and hearing procedures to be included in the local FSS Action Plan, but does not explicitly require that such procedures be made available.

[20] In the 6 years from fiscal years 2018 to 2024, Congress increased FSS coordinator funding by $66 million, from $75 to $141 million. In 2025, HUD used increased funding from the fiscal year 2024 funding bill ($15 million more than in fiscal year 2023) to support 1,537 coordinators, including 87 additional coordinators (HUD, 2025).

An Opt-Out Approach to FSS-Related Savings

The core idea behind this proposal is to enable every family who experiences rent increases in HUD-assisted housing because of increased earnings to build savings. It would rely on the same funding mechanism—the income-based rent policy supported by annual renewal funding—as in the regular FSS program. Seeing their escrow savings grow could counter families' distrust of government work-focused programs and encourage families to strive to increase earnings (JPMorgan Chase, 2024). Similar to the approach now used in many employer-sponsored retirement programs, families who did not want to interact with the program or seek access to their escrow savings could opt out without adverse consequences.

Compass Working Capital and the Cambridge Housing Authority (CHA) in Massachusetts piloted the opt-out approach from 2016 to 2019, using CHA's Moving to Work (MTW) flexibility. All the families at two CHA public housing developments received "Rent-to-Save" accounts. At one of the developments, families who did not opt out or receive a waiver had to participate in 6 months of financial coaching and complete a brief exit survey to receive accrued savings. Families in the other development had to complete only an exit survey. Abt Associates found that a higher share of families at both developments received their savings than what is typical in the FSS program, but the share at the second development, where families had no obligation to participate in any training or services, was more than 30 percentage points higher (Lubell and Thomas, 2019b).[21]

Beyond facilitating increased resident participation and reducing recruitment-related costs that PHAs and PBRA owners incur, the opt-out approach has the potential to eliminate most current barriers to families accessing escrow savings. The automatic eligibility for escrow savings eliminates the CoP, with its interim and final goals and related obligations. Savings may accumulate without required interactions with agency staff beyond what is otherwise required of families to retain their rental subsidies. Access to families' accrued savings could either be guaranteed or subject to less onerous obligations than current FSS policies, significantly reducing the share of families who forfeit escrow.

If programs do not provide coaching or service coordination to help families increase employment and earnings or build financial capacity, the administrative costs for PHAs and PBRA owners to operate FSS-like programs under an opt-out approach could be limited to the time required to manage escrow accounts and any opt-out requests.[22] More PHAs and PBRA owners might be interested in offering such a program or expanding current FSS programs using the opt-out approach if their responsibilities were streamlined.

[21] At the Jefferson Park development, where household heads had to complete 6 months of financial coaching unless they requested a waiver, 51 percent of households successfully accessed their funds. At the Corcoran Park development, where only completion of the exit survey was required and not participating in coaching, 82 percent of households accessed their savings (Lubell and Thomas, 2019b). By contrast, in the MDRC study, less than 20 percent of treatment group families received escrow (Freedman, Verma, and Vermette, 2024a: exhibit 20). The escrow calculation used by CHA differed in several ways from the regular (non-MTW) FSS policy, making it difficult to compare the escrow savings amounts in the two studies.

[22] The research design could include some key variations to learn whether families would take advantage of available services such as financial coaching, assistance developing individual plans to increase earnings, and other supportive services and whether participation in such services makes a significant difference in how much savings families build. The cost-benefit effects of these variations also should be studied if feasible.

Influential members of Congress have indicated their interest in authorizing a rigorous research demonstration of the effects of the opt-out approach on family incomes, economic independence, and self-sufficiency. In March 2025, Senators Jack Reed (D-RI) and Katie Britt (R-AL) filed S.970, the Helping More Families Save Act. The bill would authorize up to 5,000 families served by 25 PHAs or PBRA owners to participate across a range of agencies and local communities. Escrow accrual would be calculated under the same policies as the regular FSS program. The only requirement to obtaining accrued escrow would be that no household member receive welfare assistance, similar to the FSS program requirement at graduation.

Research on Different Escrow Calculation Policies

Although a key goal of the opt-out approach is to expand substantially the number of HUD-assisted households able to build savings through an FSS-style escrow account, policymakers may be concerned about the cost to the federal government of providing escrow savings to substantially more families. If research shows that an opt-out approach does not increase overall federal costs, then policymakers ought not to be concerned about maintaining the current escrow savings formula for families participating in an opt-out version of the FSS program. However, if that is not the case, policymakers may be interested in reducing the per-family cost of escrow deposits.

Either as part of an opt-out demonstration or in separate research, it is important to learn whether it is possible to modify the duration or formula for escrow deposits without unduly diminishing the benefits to families. MTW agencies have the authority to use alternative escrow policies and could participate in research on the effects of such policies without new congressional authorization.

Conclusion

The FSS program provides a unique opportunity for some families receiving HUD rental assistance to generate savings when increased earnings cause the amount of their rent to go up. However, FSS policies unduly constrain families from receiving these funds. HUD, Congress, and the PHAs and PBRA owners administering local FSS programs all have roles to play in removing the barriers created by federal policy or local discretionary decisions and increasing the share of HUD-assisted families able to benefit from the FSS savings mechanism.

Author

Barbara Sard is a consultant on housing policy. She led Housing work at the Center on Budget and Policy Priorities for more than 20 years until 2019 and was the Senior Advisor for Rental Assistance to HUD Secretary Shaun Donovan from 2009 to 2011.

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Commentary: Strengthening Implementation and Outcomes in HUD's Family Self-Sufficiency Program

Jeffrey Lubell
Housing Innovations Group

Introduction

The recent publication of the final report from the latest U.S. Department of Housing and Urban Development (HUD) study on the Family Self-Sufficiency (FSS) program—a long-term effort HUD began in 2012—provides an opportune time to consider the broader body of research on FSS and related programs and the experiences of FSS practitioners. Taken together, the articles in this *Cityscape* symposium on the FSS program cover a lot of ground and highlight past research findings and current policy issues. This symposium includes three articles summarizing formal research. The first illustrates findings from a HUD-sponsored, MDRC-led study of 18 FSS programs (Verma, 2025). The second presents findings from a series of studies that Abt Associates (now Abt Global) conducted on FSS programs run by the nonprofit Compass Working Capital (Sanga et al., 2025), and the third describes early findings from the MyGoals program (Castells, 2025), another housing-based self-sufficiency program. This volume also includes an overview of the experience of multifamily FSS programs (Cramer and McCarthy, 2025), an overview of Compass' FSS programs (Cramer and Reuter, 2025), and several commentaries, including this one.

In this commentary, I offer my perspectives on the symposium articles and the FSS program more broadly, organized into four sections:

1. The first section outlines four potential pathways through which the FSS program may be effective in generating positive outcomes to provide context for the existing research. This section considers whether and to what extent the existing research has fully probed these pathways and whether gaps exist that still need to be filled through future research.

2. The second section considers the implications of the key findings from the HUD-MDRC study that the FSS program did not affect earned incomes, credit scores, or debt levels of participants in the local programs included in that study. What can we learn from that study

and other research on the FSS program's earnings, credit, and debt outcomes about how to strengthen the program to support those outcomes more effectively?

3. The third section focuses on the relatively recent expansion of the FSS program to the multifamily space and considers how to maximize the potential of multifamily FSS programs.

4. The final section considers the proposal—discussed in the Sard (2025) commentary—for an "opt-out" approach in which families are automatically enrolled in the FSS program, or a similar program, to substantially expand the share of eligible households that benefit.

Four Potential Pathways for Generating Positive Outcomes Through the Family Self-Sufficiency Program

To help contextualize the available research on the FSS program, it is helpful to consider a theory of change for the program and examine how much of this theory has been probed through research and how much remains to be examined in future studies. Although a full analysis of the FSS theory of change is beyond the scope of this commentary, this section outlines an overall policy lens through which to consider the FSS program and describes four main pathways through which it could advance the key policy objectives of producing lasting improvements in family well-being and freeing up the limited supply of housing subsidies for other households in need.

I begin with the broader policy context for the FSS program. With the funding available for federal rental assistance falling far short of the amount needed to serve all households in need, it is important to consider how best to use the limited available resources. This question is often approached with admissions preferences in mind—who should be prioritized for the limited number of housing subsidies that become available each year? Although this question is important, I propose that we broaden the inquiry to also consider what happens to households once they are admitted. Specifically, how can the limited supply of housing assistance be leveraged to produce lasting improvements to the well-being of assisted households that benefit them and free up assistance for other households?

In light of this context, I suggest we consider the FSS program through this lens: *How and to what extent can FSS or similar programs contribute to lasting improvements to participating households' well-being that benefit them and free up housing assistance for other households? What are the ways to build on or modify the FSS program to more fully achieve these objectives?*

The FSS program could help achieve these objectives in four main ways:

1. It could help participating heads of household increase earned income, thereby increasing the financial resources available to them and their families. In some cases, the resources could help them afford housing without a deep housing subsidy like the Housing Choice Voucher or Project-Based Section 8 programs. For example, participants' next housing situation could include housing produced through the Low-Income Housing Tax Credit, market-rate housing, or homeownership. Even when households stay in HUD-assisted housing, they may require smaller subsidies, potentially freeing up resources to assist other households.

2. It could help participating households build savings that they then deploy to advance their well-being, such as for a car or home purchase, retirement savings, post-secondary education for adults, and college savings for children. Some of these uses, such as homeownership, may free up housing subsidies for other households.

3. It could assist participants in other ways—such as by improving credit scores or reducing debt—or by helping them access more meaningful, even if not higher-paying, jobs. It could also help participants imagine a different future for themselves and for their families, which leads them to chart a new course, such as moving out of subsidized housing earlier than they might otherwise. The latter situation could similarly free up housing subsidies for other households.

4. It could lead to better outcomes for the children of participating households—for example, by encouraging adult children in a household to increase their incomes to earn more escrow for the household or by providing children with models of persistence and success in the parents the program helps.

As the three articles summarizing the formal research conducted on the FSS program reflect, existing research mostly focuses on the first pathway (increases in earned income) and parts of the third (particularly, improvements in credit and debt outcomes). Aside from a small research project that reported on interviews with graduates of the Compass FSS programs, existing research has not examined the effects of helping families build savings through FSS (the second pathway). Furthermore, none of the research comprehensively covers the effects of the FSS program on the children in participating households, although increased earnings by adult children appear to be part of the reason for the increased household earnings observed in Abt Associates' evaluations of the Compass FSS programs (Sanga et al., 2025).

Highlighting the gaps in FSS research is not a criticism of the articles in this volume or past research—all research has limits—but rather an observation intended to put the research in context. Although the FSS research conducted to date and summarized in this volume has important ramifications for FSS policy, it is incomplete. In particular, it will be important for future research to assess the effects of the asset-building that participating households achieve (or could achieve with the right supports) through the FSS program and its effects on the children in participating households and on program graduates.

This exercise is also useful for identifying new angles for future experimentation and research investigating the first and third pathways. For example, although many FSS programs focus on helping unemployed participants get and keep jobs, it may be worth considering whether the FSS program can encourage households with incomes close to making them ineligible for housing choice vouchers, or otherwise able to afford market rents, to give up their subsidies to free up space for other households. Such households sometimes see their housing subsidy as insurance against job loss and worry about whether they will be able to manage consistently without it. Whether or not these households experience higher earnings, FSS coaching can help them imagine a different future and feel more secure relinquishing their subsidies. Reaching these households and helping them make the transition may require a special FSS program strategy and a special research approach to assess the strategy's effect. But it is the kind of more focused research question that emerges when one considers the larger purposes of the program and segments the eligible population to determine what kinds of supports each segment needs to help advance those purposes.

How Could the FSS Program Be Strengthened to More Effectively Support Increased Earned Income, Higher Credit Scores, and Lower Debt Levels for Participating Households?

The HUD-sponsored randomized controlled trial of 18 FSS programs that MDRC conducted is an important wake-up call for the FSS program (Verma, 2025). Although the study is not necessarily representative of the FSS program as a whole and is weighted heavily toward the outcomes of a small number of large FSS programs, it nevertheless confirms that, for many families, the FSS program is not affecting the heads of households' annual earned income as one would hope and expect.

One finding in the study of particular concern is that only approximately 20 percent of families who enrolled in the FSS program had graduated by the end of data collection, approximately 7 years after enrollment in the study was completed. Slightly more than 45 percent of the sample exited the program without graduating but with a positive FSS escrow balance, forfeiting an average of $3,918 in escrowed savings. Given that FSS graduation requirements—becoming employed, being independent of cash assistance from the Temporary Assistance for Needy Families program, and achieving other self-identified goals, which can be changed as needed—are fairly modest, one has to wonder what happened to allow so many families with so much to gain from graduation to fall through the cracks. Even if we think of the FSS program as primarily an asset-building program rather than a program to increase earned income, we should be concerned about the relatively low graduation rates because participants' failure to graduate prevented them from accessing the full amount of their escrow accounts.

Although we should be concerned, we should not necessarily be surprised. The evaluations of numerous workforce housing programs have found the programs to be ineffective or only marginally effective in increasing individuals' earned income (Peck et al., 2021). Although still early, initial findings from the MyGoals program evaluation through 21 months similarly show insignificant impacts on earned income (Castells, 2025). The finding in the HUD-MDRC study that the FSS program did not affect credit and debt outcomes is also unsurprising because the FSS programs studied generally did not provide the kind of focused financial coaching needed to influence these outcomes.

Something needs to change, but what? To answer this question, one needs to determine whether the problem lies with the *structure* of the FSS program or the *manner* in which it is being implemented. Although the two factors are not unrelated—a programmatic structure can be difficult to implement, even if some can do it well—the distinction is important. If the structure of the FSS program is inherently flawed, then the structure needs to be changed. However, if the lack of effectiveness stems from how the program is administered rather than how it is structured, a different solution is needed.

Fortunately, existing data shed some light on this question. As Sanga et al. (2025) detail, a series of studies by Abt found strong positive impacts of FSS programs Compass administered in partnership with three public housing agencies (PHAs) in increasing the earned incomes of participating households. Abt also found that the credit and debt outcomes of participants in these FSS programs exceeded benchmarks derived from a group of comparison households. Although these studies of Compass FSS did not use random assignment as MDRC did in its HUD-sponsored study, there is reason to believe that the positive findings in the Compass FSS studies are not simply an artifact of the study methodology. Families in Compass FSS programs graduate at about three times the rate of families evaluated in the HUD-MDRC study. This outcome suggests a longer and more complete exposure to the FSS program that provides a plausible explanation for the greater effectiveness of Compass FSS programs.

If Compass FSS programs could produce strong programmatic outcomes using the same FSS statutory and regulatory structure as the FSS programs evaluated in the HUD-MDRC study, perhaps the fundamental problem is not with the FSS program structure but with the manner in which it is often implemented. Sanga et al. (2025) and Cramer and Reuter (2025) outline key features of Compass FSS programs. To highlight just a few of the features that may contribute to positive outcomes for FSS families, Compass—

- Is a large organization that has developed dedicated FSS expertise.
- Hires competent staff and trains and supervises them well.
- Uses a participant-centered coaching model that puts families in the driver's seat in determining how to make progress toward achieving their goals and aspirations rather than a case management approach that requires each family to follow a series of predetermined steps.
- Provides participating families with financial coaching services directed at helping them achieve financial goals that they identify; among other topics, these services include coaching on credit and debt, employment, budgeting, and savings.
- Prioritizes families' continued participation in and graduation from the FSS program, which helps deepen their exposure to the program.
- Communicates clearly about escrow balances and uses data on the families' actual and potential future accumulation of escrowed savings to motivate heads of household to increase earnings.
- Closely monitors outputs and outcomes and uses these data to drive program refinement.

Only one of these features, financial coaching, reflects a programmatic feature that departs from the standard FSS program model, and even this change does not require legislation to implement. Compass has been able to implement it within the current FSS legislation and regulation. Most of the remaining items are elements of basic program administration—developing an effective administrative structure and implementing the FSS program with excellence.

I understand that Compass—as a nonprofit organization specializing in FSS—is a different type of entity from the PHAs and private owners that administer most FSS programs. However, given its apparent success, I encourage PHAs and private owners to consider what can be learned from Compass' experience to strengthen FSS program implementation around the United States. Sanga et al. (2025) include recommendations from my former Abt colleagues and me on specific steps to consider. To avoid repetition, I will not repeat those points here except to emphasize, at a high level, that our recommendations include (1) focusing on staff quality, training, supervision, and succession; (2) prioritizing participant retention and graduation and effective communication about the escrow account; and (3) incorporating participant-centered coaching to ensure the program is responsive to participant priorities. In addition, to the extent feasible, smaller FSS programs should seek to situate themselves within a larger context that can provide supervision and training for FSS staff. This approach could include, for example, a resident services department that oversees multiple programs, a regional FSS network that supports a large number of FSS programs, a contractor that works on multiple FSS programs, or a private owner or property management company that manages multiple FSS programs.

Sanga et al. (2025) also offer recommendations for HUD and other federal actors, including (1) using the FSS Achievement Metrics (FAM) to identify both FSS programs that need assistance and high-performing programs to prioritize for supplemental FSS coordinator resources, (2) conducting research on the characteristics of stronger and weaker FSS programs (identified through FAM and other data) to inform program guidance, (3) training and technical assistance for FSS programs on how to run an excellent FSS program, and (4) supporting regional networks of FSS coordinators that can strengthen program quality of network members through peer support and shared training resources.

The bulk of these recommendations are applicable to any FSS program, regardless of whether a program chooses to follow Compass in implementing a financial coaching model. Although I expect that financial coaching is necessary to positively affect credit and debt outcomes, more research is needed to determine whether it is necessary to positively affect employment and earnings outcomes.

How Can HUD, Private Owners, and Property Managers Maximize the Potential Effectiveness of Multifamily FSS Programs?

Expanding the FSS program to multifamily properties provides an important opportunity to broaden the program's reach and expand the field's knowledge. For example, it allows us to assess how the FSS program performs in a range of contexts, including across different housing assistance types and at different levels of saturation (i.e., share of eligible households that are enrolled in FSS) because a number of multifamily FSS programs enroll a large share of eligible households. Multifamily FSS programs also provide two ready vehicles for achieving the kind of program scale that Compass has achieved—property managers who manage FSS at multiple properties and owners, including mission-driven owners, who offer FSS at multiple properties. Whether the full potential of this scale in multifamily FSS programs is being realized and, if so, whether it is helping to strengthen program quality are key questions that merit attention. Studying the effects on participating families is also important. Abt conducted an early evaluation of FSS programs at several multifamily properties and found initial suggestive evidence of positive impacts on earned income, but the sample size was small, and further research is needed (Yang, Freiman, and Lubell, 2021).

Even before additional research is conducted, policymakers should consider ways to tailor FSS policies to better fit the multifamily context. For example, Cramer and McCarthy (2025) sensibly recommend that multifamily properties be allowed to utilize staff to administer FSS programs at neighboring properties. They also recommend that owners and property managers be eligible to apply for larger amounts of FSS coordinator funding to serve multiple properties. For example, one could imagine a staff structure in which an owner administers the FSS program at 12 properties, with centralized staff responsible for designing the program and hiring, training, and supervising staff and resident services staff that are already present at the properties conducting much or all the coaching. This type of superstructure could provide a helpful, supportive environment for the success of the FSS program at individual properties, but it is not currently considered in HUD funding policies, which require each property to apply for its own grant.

Should Families Be Automatically Enrolled in FSS or an FSS-Like Program as a Way of Substantially Expanding the Share of Eligible Households That Benefit?

The FSS program is one of the nation's largest programs focused on helping very low-income households build assets. However, as Sard (2025) notes, it serves only a small fraction of the households living in HUD-assisted rental housing. Automatically enrolling all families receiving housing assistance into FSS or an FSS-like program is one way to reach a much larger share of HUD-assisted households. Sard (2025) refers to this idea as an "opt-out" approach because families would not need to "opt in" to participate but could choose to opt out. HUD proposed a similar idea in its fiscal year 2024 budget request, which included a demonstration in which up to 3,000 families would be automatically provided with a "universal escrow account" modeled on the FSS escrow account. (It was unclear from the proposal whether and to what extent participating families would receive services.) HUD's fiscal year 2025 congressional justifications included a similar proposed demonstration but described the proposal somewhat differently—as a savings account, without reference to FSS, with automatic enrollment as an option open to participating PHAs and private owners.

The idea of automatically enrolling HUD-assisted families in a savings program is very attractive and potentially transformative, especially if the account grows as families' earnings and rents grow, as in the FSS program. The attraction lies in the potential of such a program to contribute to economic mobility and ultimately enable more families to benefit from subsidized housing. If families build wealth that enables them to become homeowners, start businesses, get higher-paying jobs that facilitate significant earnings growth, or have a financial cushion that makes them feel more comfortable moving out of subsidized housing, the program could free up housing assistance resources to serve other families.

One variation of this idea that Reid Cramer and I have previously proposed would be to limit the duration of the opportunity to build savings through increases in earnings and rents (Cramer and Lubell, 2011). For example, families could be provided with this opportunity for 5 years after the first escrow credit is accrued because of higher earnings. This limit would lead families to experience stages of housing assistance. Rather than simply having or not having housing assistance, families would enter HUD-assisted housing, begin to build savings, and eventually cease to build savings. With the right messaging, families could see the time-limited asset-building period as a unique opportunity to increase earnings, build savings, and consider transitioning to a new housing status after the asset-building period ends. Potentially, families could be given greater latitude in how they spend their accrued savings once they leave HUD-assisted housing, adding an incentive to leave without forcing anyone to leave HUD-assisted housing before they are ready to do so.

A program that provides everyone in subsidized housing with savings equal to 100 percent of their increased rent from increased earnings would be expensive because some of those earnings increases would have been incurred in any event, and HUD is counting on the rent associated with those increases to defray future program costs. However, as Cramer and I have outlined (Cramer and Lubell, 2011, 2009), it may not be necessary for the automatic savings program to give families the same level of savings that FSS provides. At the time Abt evaluated it, the FSS program administered by Compass and the Cambridge Housing Authority provided families with an escrow account equal to approximately one-half of the standard FSS escrow account. Although our evaluation of Compass FSS programs was not sized to allow for a comparison of outcomes between individual sites, the results for Cambridge alone were quite robust, demonstrating a large, significant effect on household earnings despite the lower escrow benefit (Moulton, Freiman, and Lubell, 2021). Another option might be to provide families with escrowed savings only once their earnings rise above a certain threshold level (or strike point), which can allow for the housing provider and HUD to capture some amount of rent associated with higher earnings before families begin building savings. This option would again reduce the government's costs of offering automatic savings. HOME Forward, the PHA in Portland, Oregon, has long applied a version of this strike point model to its FSS program, which it calls GOALS.

Before a program like this one can be rolled out widely, numerous questions need to be answered that would optimally be studied through a demonstration. I am particularly interested in learning whether and if so how housing providers could cost-effectively reinforce the message of the incredible opportunity the savings account presents. Such messaging could include, for example, a marketing campaign and the repurposing of regular recertifications of income to focus on helping families understand the potential to build savings through the program. Other key questions include whether the program affects families' earnings and the likelihood of leaving subsidized housing, whether the addition of services leads to stronger program outcomes, and how families use their escrowed savings. If the demonstration tests a time-limited opportunity to build savings, a further question would be whether families recognize it as a unique and focused opportunity to increase earnings and build savings and, if so, whether that contributes to earnings growth and how the time-limited opportunity affects families' decisions about whether to remain in HUD-assisted housing or transition out. Note that a time-limited savings opportunity could induce some families to stay in HUD-assisted housing longer than they might otherwise, even if the end of the time-limited period leads some families to leave at that point. Mixed methods research will be needed to untangle the net effects of such a policy on families' housing decisions and well-being.

Lessons learned from the Rent to Save Pilot that Compass and the Cambridge Housing Authority launched in 2016 could inform such a demonstration. In the pilot, families in two public housing developments automatically accrued savings during a 3-year period. Families in one development were required to participate in financial coaching to access their savings, whereas families in the other development needed only to complete an exit survey. Lessons learned from that pilot included the presence of significant trust barriers families needed to overcome to believe the program was legitimate and challenges that families experienced understanding how savings were calculated, which was more complicated than in the FSS program. Overall, however, families liked the program and wished it could have continued beyond its initial duration (Lubell and Thomas, 2019; Thomas, Freiman, and Lubell, 2020).

I do not foresee a time in which the U.S. Congress would be open to appropriating the funds needed to offer everyone in an automatic savings program the same level of services provided to families in the FSS program. However, once the opportunity for automatic savings for HUD-assisted families becomes widely available, I can see local housing providers leveraging this opportunity as the fulcrum to encourage local service providers and funders to help families take advantage of their asset-building window.

Certainly, many details need to be worked out and tested, but it would be a shame to pass up the opportunity to evaluate a potentially transformative program that could help expand asset-building and economic mobility for millions of households nationwide.

Conclusion

In conclusion, I encourage a greater focus on implementing the FSS program with excellence and additional research to help identify promising approaches for doing so. I also encourage research to focus on the impact that the FSS escrow account has on participants' lives, the effect of the program on participants' children, and the feasibility of a demonstration that automatically enrolls families in a program in which they build savings as their earnings grow, as they do in FSS.

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Author

Jeffrey Lubell is currently the founder of Housing Innovations Group LLC. At the time this article was initially prepared, he was a principal associate for housing and asset building at Abt Global.

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Scarcity, Boundedness, and Discretion: A Mixed-Methods Effort to Identify Administrative Burdens in Public Housing

Weston Merrick
University of Minnesota

Abstract

Public housing residents often face administrative burdens that contribute to housing insecurity. This article investigates how these burdens are compounded by poverty and cognitive scarcity, making even straightforward tasks—such as responding to warning notices—overwhelming. The inability to overcome these procedural hurdles is often perceived by frontline workers as laziness or avarice, making those bureaucrats less willing to help. The result is a cycle of scarcity, boundedness, and discretion that can lead to perpetual, avoidable negative outcomes, such as evictions. This dilemma, however, is not a foregone conclusion, as multiple avenues for intervention often exist, depending on organizational arrangements. Using a mixed-methods approach, the author maps the experiences of residents and frontline workers, identifying key points for intervention. Drawing from behavioral science, psychology, public administration, and design science literature, this article contributes to academic theory and practical solutions, offering a broader, scalable framework for reducing procedural barriers in public housing and other public programs. The findings call for a more applied, multidisciplinary approach to understanding and intervening in the complex interactions between residents, frontline workers, and organizational structures.

Introduction

Annette[1] has a warmth that makes her familiar. She is new to Minnesota, having moved here only a few years ago and into the Hiawatha Towers shortly after. In her short time in public housing, she is well-known and well-liked. This acceptance is not surprising because Annette always looks out for her neighbors. "You know somebody is going to look out for you when you don't have

[1] All names used in this article are aliases.

[something you need].” When “I’m not feeling good, [my friend] Cheryl makes extra portions and brings me down some.” Lately, Annette has often not felt “good.”

Last year, Annette tried to break up a fight. In the scuffle, she fell and was kicked, fracturing her back. After a hospital stay, she returned to the Towers, but the trauma and depression made even simple tasks, such as paying rent, difficult. Once she got behind, the Minneapolis Public Housing Authority (MPHA) mailed its standard warning letter, sending Annette into a panic. “I didn’t know what to do. I didn’t know where to turn. And I just kind of ignored it.” In Minnesota, avoiding housing notices can quickly end in eviction. Thankfully, a property manager recognized Annette’s name on the late payment list, knew her as one of the “good” residents, and reached out to help her. Between a Client Emergency Fund and Annette’s Social Security, frontline workers were able to help her pay court fines and back rent. As she recalled, wiping away tears, “I consider myself to be lucky.…People check in with me because of that safety net that I have. A lot of people don’t have that.”

From mailing rent to getting help when she was behind, Annette faced procedural hurdles that are ubiquitous in public housing and, more broadly, in public assistance. These hurdles, called administrative burdens, reduce participation in social safety net programs (Aiken, Ellen, and Reina, 2023; Heinrich, 2018; Herd and Moynihan, 2018). When burdens increase, fewer people participate. Recent studies show that these behavioral biases are further exacerbated by material and cognitive scarcity. When people are impoverished, busy, or depressed, their brain orients its focus on these pressing deficits at the expense of decisionmaking and behavioral disinhibition (Mani et al., 2013; Mullainathan and Shafir, 2013b). These conditions, referred to as cognitive scarcity, affect an individual’s ability to overcome burdens and the “ability to initiate and master state interactions” (Christensen et al., 2020: 133).

Street-level bureaucrats, already coping with the stress of their position, can often confuse the lack of ability to overcome hurdles with laziness or lack of motivation, further justifying state imposition of burdens (Aarøe and Petersen, 2014; Christensen et al., 2020; Jilke and Tummers, 2018; Schneider and Ingram, 2005). These procedures are not merely isolated choices, but past frontline decisions become rules of thumb—referred to in the literature as heuristics, schemas, or casuistry—that get ingrained into organizational structures, guiding future action or inaction (Peeters, 2019; Zacka, 2017).

A picture of this cycle emerged in MPHA. Scarcity exacerbated the ability to overcome hurdles; bureaucrats take this inability as a sign of a lack of “deserving” assistance, and those stories become part of informal organizational rules (Giddens, 1984; Merrick, 2022; Sewell, 1992). Fortunately for residents, the literature on administrative burdens has shown that a range of interventions, from big to small, can improve the outcomes for public assistance participants. To do so effectively, however, requires understanding the organizational arrangements. Rarely is the separate literature on scarcity, discretion, and social structures integrated, diminishing the impact of interventions.

This research was a partnership with MPHA to study where, when, and how organizational arrangements can be changed to reduce evictions. The findings demonstrate the advantages of using an abductive approach that is more common to the design literature, in which designers simultaneously hold the project constraints and desired outcomes together (Dorst, 2015). The resulting work uses qualitative inquiry to identify a holistic picture of residents' experience of barriers before converging on places for intervention, with the impact of two such interventions experimentally tested in subsequent research.[2]

Theoretical Framing: How Scarcity, Boundedness, and Discretion Interact With Social Structures

Classical economics suggests that humans consider all relevant short- and long-term costs and benefits when determining whether to apply for public assistance (Currie, 2004; Moffitt, 1983). Behavioral science, however, understands that people exhibit predictable cognitive, social, and emotional shortcomings—referred to collectively here as behavioral biases (Thaler and Sunstein, 2008). In the past decade, researchers have internalized this theory and applied it to social policy (Grimmelikhuijsen et al., 2017). These behaviorally informed interventions work across domains (DellaVigna and Linos, 2020; Hummel and Maedche, 2019), including reducing arrears in public housing (Fitzhugh et al., 2018), sustaining enrollment for first-year college students (Castleman and Page, 2016), increasing child support payments (Richburg-Hayes, Anzelone, and Dechausay, 2017), and boosting retirement savings (Goda, Manchester, and Sojourner, 2014).

As behavioral science advanced in practical application, the administrative burdens framework grew to unite the disparate fields researching the takeup of public programs. Administrative burdens are the compliance, learning, and psychological costs of interacting with the government (Herd and Moynihan, 2018).[3] From forms to fines to lines, these barriers are constant for residents using social programs, and when these frictions increase, fewer clients participate. For programs with low burdens, such as Social Security, participants take up approaches 100 percent. In programs with higher burdens, such as the Supplemental Nutrition Assistance Program (SNAP), participation hovers around 80 percent (U.S. Department of Agriculture, 2023). For housing, even among those who successfully received vouchers, only 61 percent were able to use them in the private market within 180 days (Ellen, O'Regan, and Strochak, 2024). In addition to reducing participation, research shows that raising barriers influences citizens' understanding of government and their roles in relation to it; as such, higher procedural barriers are associated with lower trust in government and decreased civic engagement (Bruch, Marx Ferree, and Soss, 2010; Herd and Moynihan, 2018; Lind and Tyler, 1988; Mettler, 2005).

In some cases, burdens are simply a result of path dependence, poor design, or siloed units of government (Peeters, 2019). Other times, burdens are politically motivated, allowing for a form of hidden politics whereby an increase in burdens undermines the program in a way that is not otherwise politically possible (Hacker, 2004; Moynihan, Herd, and Rigby, 2013). This policymaking by other means often reflects the socially constructed worthiness of recipients (Petersen et al., 2011; Schneider and Ingram, 1993). Programs that serve the "deserving poor,"

[2] For the results of those experimental interventions, see Merrick, 2020.

[3] Learning costs are the time and effort to understand eligibility or navigate systems. Compliance costs are the effort and resources to meet program requirements. Psychological costs are the emotional toll, stress, or stigma from interacting with bureaucracies.

such as G.I. benefits and Social Security, emphasize low burdens and timely service (Mettler, 2005). Conversely, programs that serve the "undeserving" require lengthy applications, intrusive questioning, and sanctions for misbehavior (Heinrich, 2018; Soss, Fording, and Schram, 2011).

Perversely, recent scholarship has shown that the participants who most need assistance may be least able to overcome barriers. This concept of cognitive scarcity in psychology refers to the negative behavioral effects that arise in all individuals under cognitive constraints. Mullainathan and Shafir (2013a: 282) find that those undergoing conditions of scarcity are "less likely to weigh long-term consequences and exhibit forward-looking behaviors when threatened, challenged, and depleted." Reduction in executive functioning from age-, disability-, or poverty-induced scarcity often manifests itself in behavior that can be confused by state actors as laziness or incivility. Frontline workers, under strain, may feel justified to withdraw or impose unnecessary burdens, allowing them to avoid difficult clients (Tummers et al., 2015).

Public management shows that street-level bureaucrats' decisionmaking, whether they be public housing workers or Department of Motor Vehicles staff, is informed by the perception of the client, professional and personal identities, and the micro-, meso-, and macro-context (Bell et al., 2020; Hill and Hupe, 2014; Maynard-Moody and Musheno, 2003; Moulton and Sandfort, 2017). Choices of frontline staff accumulate to become part of the collective schemas—called casuistry—by which frontline workers judge future action (Giddens, 1984; Zacka, 2017). Once engrained, these institutional structures are durable; however, they are not immutable. Organizational actors can make changes, but their success depends on understanding the system. To those ends, this work opens with the past and present of public housing in the United States and Minneapolis.

Intervention Background and Setting

Housing Policy in the United States and Minneapolis

The New Deal Era National Housing Acts of 1934 and 1937 marked the beginning of large-scale federal spending in public housing. This investment was intended to create construction jobs, and, unlike the subsidized housing of today, costs were largely expected to be paid by the rent of upwardly mobile families (Vale, 2018). Prospective tenants were screened to ensure that they possessed the right "character," typically a White, nuclear family.

In the American Housing Act of 1949, Congress made further investments to meet the post-WWII housing shortage. This law led to new, affordable units, especially for impoverished people. It also empowered local authorities to select housing sites by clearing substandard housing. In Minnesota, the legislature delegated authority to local housing agencies, such as the Minneapolis Housing and Redevelopment Authority (MHRA)—MPHA's predecessor.

The activism of the 1960s accelerated federal poverty alleviation programs, causing public housing construction to shift from row houses to highrises. In Minneapolis, "Humphrey Highrises" (a nod to then-Mayor Hubert Humphrey) boosted the public housing inventory to 4,200 units (Minneapolis Public Housing Authority, 2011). These towers remain the core of Minneapolis's current publicly managed housing stock.

As the Great Migration increased the number of Black families living in racially segregated Northern cities, public and elite opinion started to turn against investments in public housing (Crump, 2003; Goetz, 2013). Starting in the 1970s, cuts in spending—alongside a related prioritization of the lowest-income families—led to relatively new highrises falling into disrepair. This approach meant that projects "were often the epicenter of high concentrations of poverty, violent crime, joblessness, and social breakdown" (Goetz, 2011: 269). As conditions deteriorated, working-class households that could afford to leave public housing did, decreasing the rent income available for repairs and accelerating the decline.

The latter one-half of the 20th century also saw an active reframing of welfare programs by political elites. Republican and Democratic politicians alike vilified "welfare queens" abusing the largesse of taxpayers. In this way, the social construction of safety net claimants became "something apart from the mainstream," shifting public welfare's goal from enhancing well-being to attaining self-sufficiency (Edin and Shaefer, 2015: 158). In this way, the performance systems sought to ensure that only "worthy" citizens received benefits, the legacy of which is evident in the characteristics of those in public housing and the administrative burdens they face.

Current staff often justify these procedural hurdles with the presence of long waiting lists. If one resident does not comply with the public housing rules, other needy families will. In the fieldwork, staff referred to evictions as part of a "healthy churn." Left unsaid is that scarcity is a policy choice. "If the first eighty years of public housing history have shown anything, it's Americans remain uneasy about offering deeply subsidized housing to some people seen as doing little to deserve this largesse" (Vale, 2018: 409).

Public Housing in Minneapolis Today

MPHA is one of Minnesota's largest landlords, managing more than 6,000 public housing units and 5,000 housing vouchers (Minneapolis Public Housing Authority, 2018). As noted, demand for subsidized housing far exceeds available units or vouchers. In 2018, approximately 16,800 households were on MPHA's waiting list for public housing units (Minneapolis Public Housing Authority, 2019). A few years before, in 2015, MPHA officials had opened its Section 8 application for the first time in a decade. Thirty-six thousand households signed up in only 3 days to be included in a lottery for one of 2,000 spots on the waiting list for Section 8 housing in the broader Minneapolis-St. Paul metropolitan area (Feshirt, 2015).

By design, public housing residents are vulnerable, with high proportions of older adults, individuals with disabilities, and refugees. In Minneapolis, more than 80 percent of MPHA residents are extremely low-income people. Only 17 percent of residents have wage income, 42 percent have income from cash assistance programs, and 74 percent use Social Security (exhibit 1). These statistics mean that margins are tight. According to an MPHA resident survey, 40 percent of residents worried about paying rent for at least 1 month in the past year.

As the state's largest landlord, MPHA is also the largest user of eviction actions—formal court processes that move a resident toward removal. If residents are 45 days behind on rent, the court issues a summons and assesses a $352 fine. In 2018, the courts issued 325 unlawful detainers and evicted 98 residents living in MPHA-run units.

Exhibit 1

Socioeconomic and Demographic Characteristics of MPHA Residents, December 2018

	Category	Percentage of Households
Household Annual Income	$0–$10,000	49
	$10,000–$20,000	32
	$20,000–$30,000	8
	$30,000–$40,000	10
Rent Payment Amount	Minimum ($75 or less)	9
	$75–$250	53
	$250–$450	22
	$450+	16
Elderly/Disabled (by head of household)	Elderly only	19
	Disabled only	20
	Elderly and Disabled	40

Note: Percentages may not add to 100 percent due to rounding.
Source: MPHA administrative data (2019)

Concentrating vulnerable populations in publicly run housing reflects a social consensus that those facing material and cognitive scarcity may need insulation from the market. As a result, MPHA takes more process steps to avoid evictions than many private landlords. In 2018, for the three Minneapolis ZIP Codes with majority-minority residents and a poverty rate of more than 25 percent, rent averaged $880 a month, and formal eviction rates were 2.3 percent (Hennepin County, 2019; U.S. Census Bureau, 2018). MPHA's average rent was $310, and the eviction rate was 1.5 percent, even with a more vulnerable population and no practice of using informal evictions.

An Organizational Call to Action

In response to mounting public pressure to reduce evictions in late 2018, MPHA created an Eviction Prevention Team staffed by members of the property management, legal, finance, research, and rent collections departments. The team outlined a mission to identify "strategies that reduce the number of unlawful detainers and evictions that MPHA files each month to keep the residents housed and to reduce the negative impacts of court filings on their rental history and personal finances."

Implicit in the team's mission is the central paradox of public housing for low-income residents in the United States: maximize rent collection and minimize eviction actions. Like many public entities, MPHA's mission requires pursuing multiple conflicting goals, such as equity versus efficiency and fairness versus responsiveness, all while maintaining an aging housing stock. These opposing mandates are imposed on the everyday decisionmaking of staff and residents. As one Eviction Prevention Team member expressed—

> That [debate] was really the question of what is the housing authority? Is the greatest duty to those on the waiting list or [those already] housed? I wouldn't say we fully reached an agreement on that. But it was very important to discuss in the context of this work.

Understanding these contradictory mandates is central to proposing interventions that reduce eviction actions.

Methods

From February 2019 to June 2020, the author partnered with MPHA to collect data using various methods, including interviews, observation, surveys, statistical analysis, and document review.[4] In using multiple methods, the collaboration can converge on the latent needs of the participants (Greene, Benjamin, and Goodyear, 2001) to "[enhance] our beliefs that the results are valid and not a methodological artifact" (Bouchard, 1976: 278).

The author conducted 30 staff interviews (20 preintervention in person and 10 post-intervention by video conference) and 12 in-person resident interviews. Staff interviews included managers and frontline staff from MPHA and related system participants. Property managers, the Resident Council, and other interviewees introduced residents who lived in a representative set of buildings (Small, 2009). To diversify the sample, the author sent letters to 10 randomly selected residents (3 interviewed) who reported negative experiences on the aforementioned resident survey. Residents were compensated for their time. Interviews were recorded and transcribed using Otter AI assistant software. When the transcripts were reviewed, the later cases revealed fewer new themes, suggesting that the sample was rich enough to reflect the problem space (Glaser, 1965; Nowell and Albrecht, 2018).

Concurrent with this process, the team observed important sites. These areas were places of high-stakes interactions between residents and the system, such as the rent collections window, social workers' offices, and housing court. The inquiry focused on the issues that concerned the residents, counterintuitive behaviors, and areas where staff actions diverged from formal rules. When conversations were private, the team would seek oral consent for observation.

In addition to frequent formal and informal meetings with Eviction Prevention Team members, the author held two design labs (Hanington and Martin, 2012)—one with staff and one with residents. The sessions varied in structure, but participants were asked to interpret perplexing behaviors and refine potential behavioral interventions. The staff and resident labs had 10 to 12 participants and lasted 1.5 and 3 hours, respectively. Residents were compensated for their time. Observation and meeting with staff and residents totaled more than 60 hours of fieldwork.

To complement this data, MPHA fielded a resident survey. A copy was mailed to 528 randomly selected households (with an 80-percent oversampling of those behind on rent), and 158 responded (30 percent). The survey asked about barriers to on-time payment, resources residents had when behind, administrative burdens, and system improvements (for the full survey, see appendix 3 in Merrick, 2020).

[4] A full summary of methods is listed in appendix exhibit A1.

Finally, MPHA's administrative data were used to identify the scale and predictors of eviction actions. This dataset included demographics and socioeconomic characteristics, family composition, payment history, and sanctions.

Analysis Procedures

After the team's initial meetings with staff, the analysis coded transcripts, field notes or recordings, and organizational artifacts (Neuman, 2013). As the work progressed, iterative, axial coding took place back and forth between interviews, interpretation, and coding, allowing new themes to arise (Coffey and Atkinson, 1996). The final review used selective coding to illustrate major themes and identify revealing quotes. The work identified more than 30 potential policy changes to reduce nonpayment of rent and evictions that were later winnowed to two field experiments that emphasized responsiveness to participants and organizational arrangements (Merrick, 2020).[5]

Cases on Burdens and Discretion in Public Housing

This section examines three places that levy meaningful burdens: (1) paying rent, (2) getting assistance, and (3) going to court. Each demonstrates how scarcity and organizational arrangements, intentionally designed or otherwise, mean that residents sometimes make decisions that run against their self-interest and how frontline responses to that behavior affect who can access benefits.

Paying Rent

Most residents pay their rent by mailing their statement and payment (by check or money order) in a stamped envelope. If a resident does not have a checking account, they get a money order from a local establishment for a fee, typically \$1–\$5. Any mistake in the process, such as failing to add a stamp or not signing a check, can go undetected for weeks.

If rent is not received by the 14th of each month, the rent collections department sends a lease termination warning letter. This federally required notification gives public housing residents 30 days' notice of removal. Although ostensibly only a warning with no immediate consequences, the letter reads like an eviction notice (exhibit 2).

Although organizational efforts had been made to change the letter, "there was a lot of pushback at that point to the idea of making any change to the letter. It was like this sacred cow, not [to] be touched." The first page of the letter has been unchanged for decades—one 20+-year agency employee did not recall a major change during their tenure. The staff sentiment regarding the letter was if it is "not perfect, it's perfectly good enough," and residents are "used to it."

After the letter is sent, building property managers and social workers receive lists of delinquent residents. Staff can start outreach, but the list is long, and staff time is short.

[5] These policy interventions are listed in appendix exhibit A2.

Exhibit 2

Lease Termination Warning Letter

Phone: 612-342-1216 Fax: 612-335-4484

MINNEAPOLIS PUBLIC HOUSING AUTHORITY

Minneapolis, MN UNIT ID #

NOTICE OF LEASE TERMINATION FOR NON-PAYMENT OF RENT/RETRO

Dear MPHA Resident:

MPHA is terminating your lease on March 29, 2019 because you owe $159.00 in rent as required by your Lease in Sections 4B, 11.B.1 & 13.3. Your unpaid rent may include monthly or retroactive rent but does not include other charges that you may owe. MPHA will withdraw the lease termination if you pay all past due rent by 4 p.m. on March 29, 2019, or the above amount including April's rent by April 9, 2019.

Source: Minneapolis Public Housing Authority, 2019

A common reason for late payment is that paychecks or social safety net payment schedules do not match rent due dates. For residents on Social Security Disability Income, for instance, checks are sent weekly on the basis of birthdays (for example, those born from the 11th through the 20th of the month receive payment on the third Wednesday). The status of "always late" means that staff see those residents listed late every month and ignore them to prioritize other residents. When the perpetually late are in an actual crisis, they lose the benefit of early outreach by staff.

If residents do not pay by the start of the second delinquent month, MPHA sends a second late notice, or "unlawful detainer warning letter." When the second notice is sent, rent collections sends an updated list of delinquent renters to the frontline staff. This shortened list gets greater scrutiny, increasing the pace of calls and door knocking. This assistance is, again, discretionary. The second Tuesday of the month is the last day a resident can pay their rent at the collection window without a penalty. After this date, the legal process of eviction begins.

A vulnerable population and discretionary outreach focusing on "worthy" participants is an environment primed for cognitive mistakes. However, many frontline workers believe this system works well and that only the lazy or those with avarice fail to pay on time. Although this case is specific to publicly operated housing buildings, the environment of confusing procedures, scarce resources, discretionary aid, and harsh sanctions is common to U.S. social safety net systems, such as emergency housing assistance (Aiken, Ellen, and Reina, 2023), health insurance (Moynihan, Herd, and Rigby, 2013), refugee policy (Darrow, 2018), and cash assistance (Soss, 1999).

Getting Assistance

Financial margins in public housing are narrow. If unexpected expenses arise, such as a broken-down car, medical bills, or funeral expenses, little is left to pay rent. According to a resident survey, 40 percent of residents worried about paying rent at least 1 month in the past year.

When residents are unable to pay, they turn to friends, family, and community members (exhibit 3). Residents without close ties often look to property managers and social workers. The frontline staff does not have the funds to assist residents but provides skilled—albeit busy—hand-to-navigate assistance programs, such as Emergency Assistance (EA).

Exhibit 3

What Residents Do When They Know They Need to Pay Rent Late

If You Realize You Are Going to Be Short on Rent, What Would You Do?	Percent
Ask to borrow from a family member or friend	43
Contact property management	41
Contact an agency that assists in emergency services	36
Wait until you have enough to pay the full amount	35
Wait to pay double rent the next month	35
Contact rent collections	21
Contact Volunteers of America (VOA)	12
Other	8

Note: Residents could select multiple choices.
Source: Survey of MPHA residents (2019)

EA is available for residents with income less than 200 percent of the federal poverty guidelines and who are in a financial crisis that threatens their health or safety. To be eligible, residents must be employed or have a condition that prevents them from working. Eligible eviction-prevention expenses can cover up to 2 months of rent plus associated court fines.

This program is a critical lifeline. In 2017 and 2018, the program received 41,000 applications, and 14,300 recipients were approved in Hennepin County (Hennepin County, 2020). The program, however, has high administrative burdens. To receive aid, residents must follow a rigid qualification process. Residents first complete an intake interview with a county eligibility technician. They then supply proof of the emergency, current financial documents, and verification of relationship to any family members. Throughout the process, frontline staff have the discretion to request additional information or set conditions, including determining if EA will "solve" this emergency.

In many cases, residents are unable to complete the process or, having interacted with EA previously, are unwilling to go through the experience again. One resident, Martina, had insufficient funds after paying for her father's funeral and shared, "[MPHA] wanted me to go to [the] county and apply for Emergency Assistance this time, but I did that 4 years ago. They were not nice. Very rude. I told MPHA, I'm not going down there." When asked about her experience, Martina shared, "The lady threatened me. She told me, you know we're going to take over your finances. I said you're not touching my money. I'm very independent." Although Martina was eligible, she refused to apply again, instead finding a member of her church to loan her cash.

Like many public assistance programs, this system gives discretionary power to frontline workers, creating opportunities for disparities in access (Brodkin, 2000; Maynard-Moody and Musheno, 2003; Soss, Fording, and Schram, 2011). The qualitative work suggested that residents with knowledge and access to social workers—often those with higher social capital—were much more likely to finish the paperwork, a finding supported by other social policy research (DeLuca, Katz, and Oppenheimer, 2023; Herd and Moynihan, 2018). These social workers encourage application, help residents collect the needed documents, fax in the form, and sit with them during an interview with county staff. As one social worker said, "We usually fill the form out. Most people aren't comfortable completing it alone.... Any situation they think they're going to have to battle with the bureaucracy, they're going to try to avoid it."

Social workers are also able to use their positionality to advance residents' claims. If a Hennepin County caseworker requests new paperwork or the process stalls, social workers can call and negotiate on behalf of the residents. If the paperwork is delayed and a resident is about to receive an eviction action, they often ask rent collections for an extension. For one highrise resident, social workers made EA feel "pretty seamless." The difference between this resident's experience and Martina's demonstrates how caseworkers, when engaged, can act on behalf of residents to overcome compliance, learning, and psychological costs.

These anecdotes are reinforced by data. For the county, 65 percent of applicants to EA were denied, whereas MPHA residents were rejected only about 30 percent of the time (Hennepin County, 2020). This difference appears, in part, to be attributable to MPHA making staff resources available to intervene with positive discretion to interrupt scarcity and overcome administrative burdens.

Going to Court

This social services runaround is hardly unique to public housing, but it can make court seem inevitable for residents. Going to court is the looming consequence at the end of the nonpayment funnel, exacting high compliance and psychological costs.

If MPHA residents are unable to pay their rent after 45 days, MPHA rent collections staff file with the courts. Most of these court filings—96 percent in 2018—were for nonpayment of rent (Minneapolis Public Housing Authority, 2019). Unlawful detainers, like evictions, go on a resident's housing record for 7 years, diminishing future housing prospects. They also levy a $352 fine on residents—or 1.3 times the average public housing rent. However, approximately 70 percent of MPHA residents filed against remain in their homes a year later, compared with 33 percent for all Hennepin County residents. MPHA staff point to the outcome as proof that the court is an effective tool to compel payment; others argue that if the system were slower or assistance were faster, unnecessary fines and psychologically costly court appearances could be avoided.

Residents start arriving at the sprawling courthouse about an hour before court begins. To reach the courtroom, residents pass through a security checkpoint with metal detectors. A short elevator ride opens into a hallway filled with staff, landlords, and residents. Residents wait on benches in the hallway outside the courtroom. Despite the crowd, the space is quiet. Most residents and landlords sit silently, others shuffle around uncomfortably, and a few chat with neighbors about the hardships that got them there.

On arrival in the narrow corridor, Hennepin County staff are available to help those with questions. The staff are kind but succinct. They let residents know they can talk to Legal Aid lawyers, although "there is no guaranteed representation." The judicial staff also told residents that an EA office was open on the floor above the courtroom. However, the office was not open during this observation, and when asked about it, a Legal Aid attorney responded with a shrug, saying, "Their hours are sketchy."

In a typical month, 20 to 30 MPHA residents appear in court, which fills about one-half of the housing court docket for the day. To avoid eviction, MPHA staff arrive early to get a private meeting room where residents, often accompanied by Legal Aid, can try to reach a payment agreement. Residents are all offered a standard agreement to maintain their housing: pay 2 months' back rent within 8 days or pay 3 months' rent in 2 weeks. From MPHA's perspective, standardization improves fairness. Others view the lack of flexibility as a lack of humanity. Although unsaid, this routinization allows bureaucrats to retreat behind the bureaucratic cloak, helping them cope with an otherwise painful interaction (Zacka, 2017). As one Legal Aid attorney noted,

> Some of the landlords we deal with are truly evil to the core. Bad people. [MPHA] is not. But the computer has taken over. HAL [the sentient computer in the film *2001: A Space Odyssey*] is in control. And it is just running down the tracks and people are hurting because of it. At some point, they turned it into an algorithm. The banks [during the financial crisis] were the same way. In most cases, it wasn't some evil person behind the wheel. It was just like they turn into a machine and stop thinking about people.

Unlike the private sector, MPHA attorneys and staff have a dual mandate—maximize rent and housing stability—that means frequently using their discretion to benefit residents. As social science would predict, positive discretion was reserved for residents viewed as worthy (Maynard-Moody and Musheno, 2003; Schneider and Ingram, 1993). According to staff interviews and observations, these tenants tended to be regular payers who showed deference to MPHA staff and had situations that staff perceived not to be the residents' fault.

In the hallway, two older Black neighbors discussed this reality; their divergent experiences are emblematic of the tradeoffs of cognitive scarcity, worthiness, and agency. The first—tall and wisp-thin with a low voice—said, "I'm going to eat the court costs and be more responsible next time." The author could not help but feel this presentation as a "worthy resident" was influenced by stereotypes the resident had absorbed. His friend in a yellow fedora and using a walking cane demurred, "I don't need no grief from this place," punctuating the silence in the hall by sharply tapping his cane on the floor. His neighbor nodded in agreement but added that the rent was too high anywhere else. It is his only choice. Their conversation turned to recent events in the highrise, and eventually, rent collections staff called the tall gentlemen to discuss a settlement. He disappeared into a conference room and quickly reappeared with a signed standard repayment agreement. Once court started, he would give the document to a clerk, retain his housing for today, and worry about how to pay tomorrow.

The system is designed for this outcome: an overloaded court and a legal regime that emphasizes property rights. It again puts into focus the conflicting mandates of MPHA: protecting vulnerable residents and maintaining a balanced budget. Residents, of course, want to keep their housing, and most of the residents at court remain housed with MPHA a year later. However, when residents go to court, the system levies a fine, adds a mark on the resident's housing record, and leaves an indelible impression of how their government views their claims.

Right on time, the courtroom doors opened, and residents and landlords filed in to present their case. In the room, most residents present were Black and older adults. A court clerk read the renters' and landlords' names and asked them to identify themselves. If a response was slow or low, the clerk tersely reminded the participants "to stand up and answer loud." After the roll call, the judge entered.

Two judges alternated presiding over housing court in Hennepin County. The first judge, a middle-aged White woman, spoke slowly and in plain language. She stressed that residents have a right to a fair process and that negotiations between residents and landlords mean "a two-way conversation." Her approach emphasized the process, and she seemed intent on bringing down the structural disadvantage between landlords and tenants. The second judge was an older White man. His perfunctory opening statement was a mix of dense legalese and cited the available county resources to navigate the court's complexity.

Despite the stylistic differences, the desired outcome was the same: reach an agreement. This framing exacerbates the structural disadvantage for residents. Landlords know the rules and come prepared with offers that they have learned will maximize their aims and minimize judicial scrutiny. For private landlords, these offers include steep repayment schedules, loss of security deposits, and vacating the units quickly, sometimes in only 24 hours (Lewis et al., 2019).

Residents and landlords exited the courtroom, and negotiations between them increased. Conferences took place in the public hallway. Grievances and recriminations were aired. Traumas were relived. The conversations were quiet, but the hush was occasionally broken with an angered shout from a frustrated tenant. The securing of private rooms by the MPHA staff was a small but meaningful measure to preserve some dignity (and reduce psychological costs) for residents.

As wrenching a process as it is, MPHA has a reputation for being fair. In the conversations observed, MPHA staff were kind but firm. They listened as the residents talked about their experience and commiserated but redirected the conversation toward a settlement. As one Legal Aid attorney joked to another, "MPHA [housing court] days are kind of boring; just a bunch of nonpayment of rent cases." The other responded, "That's progress, right?" The first responded, "For us or for them?"

Back in the hallway, the man with the yellow fedora and cane was called to talk with MPHA. His frustrations, high when he arrived, had reached the boiling point. Because the man was upset, the rent collections staff handed the case to MPHA's legal team. A staff attorney walked through the standard agreement. The man countered that he told the property manager about a bedbug infestation, but nothing was done. The attorney glanced through the resident's file, found no documentation supporting this claim, and reiterated repayment options. The resident shouted, "I feel like I'm being lied to! I'm done with this place." The attorney offered that leaving MPHA is his choice and walked through what that would entail, including the mark on his housing record. A nearby Legal Aid attorney overheard the discussion and interjected—asking the resident if he would like to talk in another room. Fifteen minutes later, the resident exited the office alone and returned to the conversation with the MPHA attorney but with no tangible progress.

He seemed tired but smiled each time he said he was leaving public housing, perhaps a small bit of agency in a system where he had little. With negotiations in the same place, the MPHA attorney waved over Legal Aid a final time. "Are you sure you want to vacate? You know the rent will be much more somewhere else?" The man affirmed. The Legal Aid attorney let out a resigned sigh and turned to the next client. The MPHA attorney drafted the form detailing that the resident will vacate by the end of September—a few weeks longer than normal, thanks to Legal Aid's effort and the MPHA's attorney's discretion. Yellow Fedora signed and waited for the judge.

Once agreements were reached, residents and landlords returned to the courtroom in pairs. Residents passed the rail, entered the well, and sat at a table in front of the judge.

It was Yellow Fedora's turn. The male judge reentered the courtroom, and the resident stood and removed his cap. The judge read the agreement to vacate public housing and asked the resident if he understood this choice, which he affirmed. The judge responded flatly, "I get it. You can pick up my order at the counter." The court did not mention the unlawful detainer now on his record, let alone how to remove it. There is no encouragement to find an agreement, no discussion of how hard it will be to find housing anywhere near as affordable. The train continued down the track with one more passenger facing material and cognitive scarcity.

The gentleman, hat still in hand, pushed back from the table and gingerly exited the room with a blank look. For him, this experience may have been an indelible interaction with his government. For the court staff, it was just another day; the judge returned to a casual conversation with his clerks, discussing what food they would eat at the Minnesota State Fair later that week. A seemingly irrational choice was made, and the system moved right along. A lack of resources means that a court faces a deluge of eviction actions, to which it responds by establishing rules that maximize efficiency and sterilize the experience. As the courtroom door shut behind the resident, the judge asked the clerk, "I got 5 minutes until the next one, right?".

The outcome of the day for most of the residents, even those with an agreement, was that the court granted a writ of eviction. If a resident did not make an agreement or later failed to meet the terms, MPHA would send the writ to the sheriff to "regain the property."

Although most MPHA residents who reach a settlement agreement remain in their housing a year later, they must suffer through extreme compliance and psychological costs. It is a painful reminder of how tenuous their access to housing is and how their government views their claims for help (Herd and Moynihan, 2018; Schneider and Ingram, 1993; Soss, 1999).

Summary and Implications for Experiments

In the three examples given, this article illustrates the high cost of administrative burdens and how they lead to seemingly irrational decisions for residents experiencing cognitive scarcity. It also reveals evidence of the frontline staff's discretionary role in helping residents, advancing the claims of those they perceive worthy, and moving away from others. Although these features are not special to MPHA, making changes that work requires fitting them into the particular context.[6]

Discussion and Conclusion

For residents in public housing, burdens can be repeated annoyances such as buying a money order and a stamp to mail the rent each month. They can also be more significant, such as spending hours collecting Emergency Assistance paperwork only to be told by a county worker that one's meager savings make them ineligible or going to public court, hat in hand, to plead to stay in one's home. Failure to overcome such burdens means getting evicted. As one resident put it, "If you screw up here, you end up on the floor at Harbor Lights (Shelter) or under the bridge."

The paucity of affordable housing requires the targeting of resources; in Minneapolis, more than 80 percent of residents in MPHA-run units are older adults, people with disabilities, or both. For this population, disability, age, and poverty-related cognitive scarcity are common, meaning that overcoming administrative burdens can be hard (Christensen et al., 2020; Mullainathan and Shafir, 2013b).

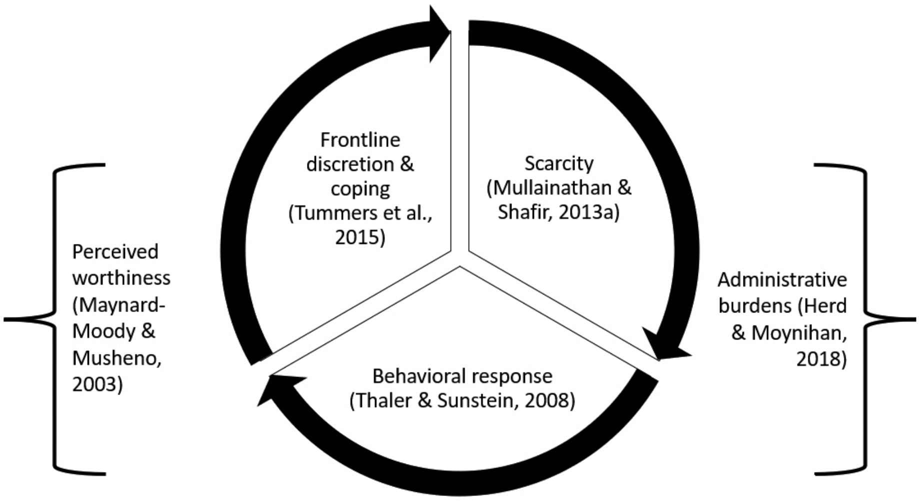
When cognitively scarce participants seek help, frontline staff often draw conclusions about their deservingness from the decisions that necessitated assistance in the first place. Already coping with the demands of their job, frontline workers may confuse a resident's inability to overcome even small hurdles with a lack of motivation (Christensen et al., 2020; Tummers et al., 2015). This view is not a one-time decision—but through the collective storytelling of the organization, these beliefs about a resident's behavior become "embodied in an ideology or organizational philosophy, which then serves as a guide to dealing with the uncertainty of intrinsically uncontrollable or difficult events" (Schein, 2010: 27). The individual responses of frontline workers become a durable part of the organizational structure and can undermine future efforts to improve services (Giddens, 1984). For instance, residents pointed to MPHA's lease termination letter as causing "confusion," "fear," and "despair." MPHA staff, however, believed that the letter was "if not perfect, perfectly good enough," and any negative outcomes were "due to this pattern [residents] have established for themselves."

Exhibit 4 illustrates the cyclical nature of this repeated pattern. Scarcity increases the frequency of seemingly irrational responses, which can, in turn, decrease perceived frontline worthiness and reduce chances for aid. This result, however, is not a foregone conclusion; multiple ways to intervene are available, depending on organizational arrangements.

[6] Subsequent behavioral nudge experiments focused on promoting on-time payments and improving late payment notifications.

Exhibit 4

Cyclical Nature of Scarcity, Boundedness, and Discretion



Source: Author

In the introductory story, Annette's depression (scarcity) led to her forgetting to pay rent and ignoring lease termination warning letters (administrative burdens, behavioral bias). Fortunately, a property manager recognized her name on the late payment list. The bureaucrat perceived Annette as someone who typically paid on time and had a condition—which was no fault of her own—that prevented payment (worthiness).

This novel framework highlights a common process that can lead to negative outcomes for individuals in public assistance. More important, it shows a range of options for intervention, depending on what may be possible under current institutional arrangements. For example, whereas increasing the number of embedded social workers is resource intensive, revising an eviction warning letter is much less costly. To gather data to inform intervention, the author employs a mixed-methods approach that focuses on residents and frontline staff in identifying possible interventions.[7] It systematically evaluates key leverage points within public housing that contribute to those burdens and uses that information to design interventions that lower procedural barriers—a methodological approach that is widely generalizable to burden reduction in other public programs.

This article also points to opportunities and challenges in field integration. Each of the cogs (scarcity, boundedness, and discretion) is well studied, but academic disciplines tend to focus on certain features of the process (Christensen et al., 2020). For economics and psychology, the focus is on scarcity and behavioral biases, and for sociology and public management, it is on frontline discretion. The integration of those features is important to understand how individuals and organizations jointly make decisions to change each other's behavior. In other words, considering

[7] These policy interventions are listed in appendix exhibit A2.

each of the individual, organizational, and macro policy levels is table stakes for making changes (Moulton and Sandfort, 2017). To those ends, this article follows others (Grimmelikhuijsen et al., 2017; Sandfort and Moulton, 2020) in arguing for much tighter disciplinary integration to understand and improve interactions between residents and their government.

Appendix

Exhibit A1

Field Methods and Data Sources

Method	Purpose	Source
Descriptive and Statistical Analysis	Identify the scale of the population affected and where in the system residents are struggling. Learn predictors of individuals receiving eviction actions.	MHPA administrative data and survey
Interviews	Collect data on the values and logic of the present organizational structure and residents' heuristics. Identify burdens in rent payment and ways the system can be improved. For residents, also gather information on their desired outcomes.	20 frontline staff and supervisors across the system; 12 resident interviews
	Interview staff at the end of the project to understand how change unfolded over time and what factors were meaningful to changes.	Interview of 10 eviction team members
Literature and Document Review	Collect, code, and synthesize the existing research on public housing, eviction actions, resident perceptions, and potential interventions.	Various academic and local studies/accounts
Observation (passive and applied)	Collection of baseline data of staff interactions, client experience, and system workflow. It provides a chance to see how residents' articulated desires differ from actions, how staff understand the problem, and how to improve conditions. Review of contemporaneous notes and interviews to assess the impact on change.	20 hours of passive observation across sites (court, resident interactions with bureaucrats, etc.); 40 hours of applied meeting participation
Survey	Supplement administrative data to get clients' opinions on impediments to rent payment and discover what they do when they believe they cannot pay.	500 randomly selected MPHA residents
Experimental Design Intervention	Design experimental design studies to assess interventions' impact using administrative data. (Although the author designed and fielded two studies, both were affected by the COVID-19 pandemic.)	Experiment 1: Automatic withdrawal letter—48 buildings/clusters, 5,956 households. Experiment 2: 14-day rent termination warning letter, 2,400 households

MPHA = Minneapolis Public Housing Authority.
Source: Author

Exhibit A2

Interventions That May Prevent Evictions and Improve Resident Experience (1 of 2)

Intervention	Timing	Feasibility	Impact	Implemented?
Add rent payment drop boxes to buildings or have office hours in the building where payment is accepted.	Prevention	Low	High	NA
Allow payment of non-rent fees (for example, damage repair or AC rental) through automatic withdrawal.	Prevention	Medium	Low	Implemented
Allow residents to self-select payment date to better align with the date they receive their checks.	Prevention	Medium	High	Implemented
Confirm by text message when a rent payment is received (all rent or for direct deposit only).	Prevention	Medium	Medium	NA
Create a website page for what to do if resident is behind on rent.	Prevention	High	Low	Implemented
Encourage eligible residents to sign up for vendor pay through Hennepin County.	Prevention	Medium	Medium	NA
Encourage sign-up for automatic withdrawal at initial move-in.	Prevention	High	Medium	NA
For residents with late Social Security payment dates, create a fund to get those residents a month ahead and then set up automatic withdrawal.	Prevention	Low	High	NA
Get bank accounts behind Direct Express SSA to allow for automatic withdrawal.	Prevention	Not feasible	Medium	SSA will not provide that information
Have VOA become a representative payee.	Prevention	High	Medium	NA
Increase the available hours for VOA and the number of buildings served.	Prevention	Low	Medium	NA
Increase the hours for the rent collection window.	Prevention	Medium	Low	NA
Make automatic withdrawal the default for all eligible residents on entry into public housing.	Prevention	High	Medium	NA
Make an emergency contact that the agency can contact the default option in recertification in case of delinquency.	Prevention	High	Low	NA
Offer payment of rent by credit or bank card.	Prevention	Medium	Medium	Implemented
Provide incentive/lottery for on-time payment.	Prevention	High	Low	Implemented; descriptive data showed modest impact
Send behaviorally informed notification to sign up for automatic withdrawal.	Prevention	High	Medium	Implemented; evaluated (26% increase in sign-ups for treatment)
Send prepaid envelopes to mail rent.	Prevention	Medium	Low	NA
Simplify form for direct deposit sign-up; in particular, do not require a voided check or bank statement.	Prevention	High	Low	Completed

Exhibit A2

Interventions That May Prevent Evictions and Improve Resident Experience (2 of 2)

Intervention	Timing	Feasibility	Impact	Implemented?
Survey/interview residents annually to better understand barriers.	Prevention	High	Low	Implemented
Take 13 rather than 12 payments to create a rent payment holiday.	Prevention	Low	High	NA
Reach out to residents if they receive NSF charges. Do not automatically remove from automatic withdrawal if resident pays and sets up a plan to avoid NSF.	Early intervention	High	Low	NA
Provide more timely and detailed data on who is behind on rent to VOA and property managers.	Early intervention	High	Low	Implemented
Revise the 14-day lease termination warning letter.	Early intervention	Medium	Medium	Implemented and evaluation planned but halted due to COVID-19
Send text reminders to residents who are behind on rent.	Early intervention	High	Medium	NA
Create a checklist of what to do and what paper is needed to apply for EGA/EA. Send to all residents.	Curing	Medium	Low	NA
Create a fund to waive the court filing fee if back rent is paid.	Curing	Low	High	NA
Create an emergency fund for residents ineligible for EGA/EA.	Curing	Low	High	NA
Follow up with residents who have settlement agreements to ensure understanding and compliance.	Curing	High	Medium	NA
Send text reminders to residents who are in danger of violating a repayment agreement.	Curing	High	Medium	NA
Send text reminders to residents who need to go to court.	Curing	High	Medium	NA

AC = air-conditioning. EA = Emergency Assistance. EGA = emergency general assistance. NA = not applicable. NSF = nonsufficient [insufficient] funds. SSA = Social Security Administration. VOA = Volunteers of America.

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Author

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Departments

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Affordable Design

This department seeks to identity and develop new, forward-looking planning and design solutions for expanding or preserving affordable housing. This department also reports on design competitions and their winners. Professional jurors determine the outcome of these competitions.

Historic Preservation and Affordable Housing

Heidi J. Joseph
U.S. Department of Housing and Urban Development

The views expressed in this article are those of the author and do not represent the official positions or policies of the Office of Policy Development and Research, the U.S. Department of Housing and Urban Development, or the U.S. Government.

The ACHP/HUD Secretary's Award for Excellence in Historic Preservation

The U.S. Department of Housing and Urban Development (HUD) and the Advisory Council on Historic Preservation (ACHP) have partnered on the ACHP/HUD Secretary's Award for Excellence in Historic Preservation since 2017.[1] ACHP, an independent federal agency led by a presidentially appointed chairperson, promotes "the preservation, enhancement, and sustainable use of our nation's diverse historic resources, and advises the President and the Congress on national historic preservation policy." The HUD Secretary sits on the ACHP Council along with the heads of a number of other federal agencies, representatives from local and state governments, members of the public, and members of industry groups. ACHP's activities include leading the Section 106 review process, supporting legislation and policy that further historic preservation efforts, and advancing sustainable and resilient communities (ACHP, n.d.).

The annual ACHP/HUD Secretary's Award for Excellence in Historic Preservation recognizes developers, organizations, and agencies for their success in advancing the goals of historic preservation while also providing affordable housing to low- and moderate-income families and

[1] From 1998 to 2015, the HUD Secretary's Award for Excellence in Historic Preservation was presented in partnership with the National Trust for Historic Preservation. https://www.huduser.gov/portal/about/HistoricPres-2024-callforentries.html#.

individuals. Through this program, HUD and ACHP publicly recognize successes in rehabilitating, restoring, preserving, and interpreting architectural and cultural heritage (HUD, 2024).

Within HUD, the Office of Community Planning and Development (CPD) and the Office of Policy Development and Research (PD&R) drive this award program. HUD's Federal Preservation Officer in CPD ensures that the award program reflects historic preservation principles and HUD priorities. PD&R provides program and infrastructure support.

The winner is selected by a jury of historic preservation experts selected by ACHP and housing experts selected by PD&R and CPD. Jury members consider a number of factors, including the historical significance of the site; its benefit to low- and moderate-income families and individuals; impacts on the community (e.g., economic benefits); quality and degree of difficulty of the project; use of HUD funds, financing, and other assistance (e.g., HOME funding); contributions to community revitalization efforts; HUD program activity in the project; uniqueness of the project; and compliance with the Secretary of the Interior's Standards for Rehabilitation. After a close review of the applications, the jury members deliberate and come to a consensus to select the strongest application for the annual award.

The following individuals were jury members for the 2024 award review:

- Jaime Blakesley, Field Environmental Officer, U.S. Department of Housing and Urban Development
- Brian Lusher, Federal Preservation Officer, U.S. Department of Housing and Urban Development
- Heidi Joseph, Director of the Research Utilization Division, U.S. Department of Housing and Urban Development
- Jordan Tannenbaum, Vice Chairman and Expert Member, Advisory Council on Historic Preservation
- Monica Rhodes, Expert Member, Advisory Council on Historic Preservation
- Frank Matero, Expert Member, Advisory Council on Historic Preservation

2024 Award Winner: Public School 75

On September 30, 2024, HUD and the Advisory Council on Historic Preservation announced the winner of the 2024 ACHP/HUD Secretary's Award for Excellence in Historic Preservation: Public School 75 in Buffalo, New York. The award was accepted by Gigi Grizanti Cooke, president and chief executive officer of the project developer, Western New York Veterans Housing Coalition (WNYVHC). She was joined by representatives from two of the key development partners: Daniel Bellgraph, formerly the development director at Norstar Development; and Philip Snyder, project architect at Stieglitz Snyder Architecture, a LaBella Company.

Public School 75 is in the William-Emslie neighborhood on the east side of Buffalo, New York. The neighborhood has a number of unique challenges, including a high poverty rate (WKBW ABC, 2024). Public School 75 operated as a public elementary school from its opening in 1925 until 1979. It was then used for other purposes until the early 2000s, when it became vacant. Left abandoned, it experienced damage from trespassers; vandals took radiators from the classrooms and threw them down the terrazzo stairs, significantly damaging the terrazzo. Vandals also broke the marble in the bathrooms to get to the copper pipes. Deer loitered in the courtyard, a reminder that the building was no longer an anchor for the community.[2]

As Public School 75 lay empty and fell into further disrepair, nonprofit WNYVHC found itself with the opportunity to make the building a vital part of the community once again. WNYVHC was looking at other projects and buildings in the area, but as a nonprofit developer, it rarely has the resources to move quickly; consequently, other developers are often able to buy properties before WNYVHC. This dynamic means that WNYVHC is often limited to publicly available properties such as schools.[3]

The City of Buffalo identified a number of abandoned school buildings and asked WNYVHC if it was interested in any of them. Of the potential properties, Public School 75 was the one that held the most potential. The physical structure of the building was strong, and WNYVHC was confident that the bones of the building would last for decades, even though it was already 99 years old. Although the building had cosmetic damage, it was not so badly damaged that rehab would be cost prohibitive. In addition, WNYVHC was drawn to Public School 75 because it was surrounded by many vacant properties. When the City asked WNYVHC if it was interested in developing the empty lots, the nonprofit jumped at the opportunity to acquire those properties to create an additional 18 two- and three-bedroom homes.[4]

Before the rehabilitation of Public School 75 and development of the surrounding vacant parcels, most of the coalition's housing portfolio was one-bedroom apartments, and it was not able to support families seeking housing assistance. "This is why we were attracted to this school. We could see the vision for it. We could see the vision in the neighborhood, improving the neighborhood and the opportunity to build those homes with true family living situations, backyards, front yards, downstairs, living rooms, dining areas," said Grizanti Cooke.[5]

At first, some members of the community had concerns with the rehabilitation of Public School 75 for supportive housing. The project was suspended for a year as WNYVHC staff met with members of the community. In 12 meetings over the course of a year, WNYVHC brought in its entire staff—including maintenance staff and case workers—to show members of the community how WNYVHC takes care of the residents of its buildings and properties. The coalition was able to assuage individual community members' concerns and show them the value that the new housing would bring to the neighborhood.[6]

[2] Interview with Gigi Grizanti Cooke, president and CEO of WNYVHC, October 9, 2024.

[3] Id.

[4] Id.

[5] Id.

[6] Id.

Exhibit 1

Before and After Renovation for Public School 75

Photo credit: Western New York Veterans Housing Coalition.

In 2022, the project was completed. The original school building houses 47 apartments, including 33 with supportive services for veterans and military service-disabled individuals. The infill development of the surrounding vacant parcels brought on line 12 new buildings with 18 additional affordable units. WNYVHC worked with community partners and Veterans services organizations to fill the 33 supportive services units, and the remaining units were leased using a lottery. All 65 units are affordable to households with incomes at or below 60 percent of the Area Median Income (New York State Homes and Community Renewal, 2023).[7]

Repurposing a historic building came with unique challenges. Grizanti Cooke advised, "You have to go into the project knowing that you will need to compromise. There are things that the historic preservation consultant is going to say no to, and things that you're not going to be able to do." Furthermore, rehabilitation of a historic property can add significant time to a project, and reconciling historic preservation requirements with livability is often a struggle.[8]

The broken terrazzo stairs proved to be particularly challenging during the historic renovation process. The terrazzo stairs had been significantly damaged over the years, and WNYVHC struggled to find a local craftsperson—even looking in the surrounding states—and were unable to find anyone willing to do the repairs. Even if the nonprofit had found a craftsperson to fix the stairs, in all likelihood, the job would have been financially impractical. As a compromise, WNYVHC received permission from its historic preservation consultant to put guards on the edge of the stairs instead (exhibit 2).[9]

[7] Interview with Grizanti Cooke, 2024.

[8] Id.

[9] Id.

Exhibit 2

Terrazzo Stairs Before and After Renovation

Photo credit: Western New York Veterans Housing Coalition.

Along with the challenges, the rehab of a historic property comes with unique benefits when the developer preserves key historic elements. For example, one of the units had been the school's art room. The new housing unit converted from the art room still has the original flooring, stained by ink and paint, tying it to the history of the building. Many WNYVHC staff have said they would love to live in that unit in particular because the flooring and other details add depth to the unit. Residents have also expressed a lot of appreciation for the preserved chalkboards that remain in many of the units and are regularly used by residents.[10] Exhibit 3 shows an example of a residential unit featuring large windows and the original floors.

In addition to providing much-needed housing, Public School 75 also serves as the WNYVHC corporate offices. Founded in 1987, WNYVHC's original mandate was to provide housing and support to veterans experiencing homelessness and veterans with special needs. Since its founding, WNYVHC has broadened its reach. In addition to supporting veterans, the coalition also develops and manages "residential housing for low-income persons, severely disabled, homeless, and other persons who have special needs" (WNYVHC, n.d.). WNYVHC made the strategic decision to site its offices in Public School 75—even though it meant fewer residential units. "We probably could have put in more units had we not moved our corporate office here, but we wanted to let the community know that we were in this for the long haul. We weren't just going to put up units and not monitor our situation and not provide the services that we do," said Grizanti Cooke.[11]

[10] Id.

[11] Id.

Exhibit 3

Residential Unit

Photo credit: Western New York Veterans Housing Coalition.

The total cost for the development—the rehabilitation of Public School 75 and the construction of the 12 new buildings—was roughly $29 million. Grizanti Cooke provided insight into the funding process: “We got our funding in March 2020, and we had to lock everything in while the markets were very nebulous. It was a very unique time, and we didn’t have as much leeway, or get dollar-for-dollar on our tax credits. We almost had to walk away because of COVID because of the uncertainty in what tax credits were going to be at that time. At one point we couldn’t find the funders. We were very lucky to connect with a large local bank that took a leap of faith with us. Redstone and M&T Bank and our other funders were incredibly important, and we are so grateful that they had the confidence in us to help underwrite the project. I’m grateful as well for our development partners, who helped us cobble all of that together. We’re a stronger organization because of what we’ve learned with them during this partnership.” The funding breakdown and funding sources are noted in exhibit 4.[12]

[12] Id.

Exhibit 4

Funding Breakdown and Sources

Funding Source	Amount ($)
Federal Low-Income Housing Tax Credit Equity	14,791,081
State Low-Income Housing Tax Credit Equity	1,217,111
Federal Historic Tax Credit Equity	3,338,810
State Historic Tax Credit Equity	2,782,343
NYS HCR Supportive Housing Opportunity Program Subsidy	4,159,895
NYS HCR Community Investment Fund Subsidy	580,808
HOME Funds Through the City of Buffalo	850,000
NYSERDA Energy Efficiency Incentives	72,000
Deferred Fee	1,073,895
Total	**28,865,943**

Use of Funding	Amount ($)
Acquisition	91,325
Soft Costs	7,250,094
Construction	21,114,487
Reserves and Working Capital	410,037
Total	**28,865,943**

NYSERDA = New York State Energy Research and Development Authority. NYS HCR = New York State Homes and Community Renewal.

Public School 75 was renamed the Charlie Bush Building in honor of U.S. Army Specialist Charles E. Bush, Jr. A recipient of the Bronze Star Medal, the Purple Heart, the Army Service Ribbon, the National Defense Service Medal, and the Army Reserve Components Achievement Medal, SPC Bush was killed in action in Operation Iraqi Freedom on December 19, 2003 (NYS HCR, 2023).

Jurors who are professionals in the affordable housing and historic preservation fields noted the high level of disrepair of Public School 75 before renovation following years of flooding and vacancy, which made the renovation efforts particularly noteworthy. Jurors Jaime Blakesley and Monica Rhodes stressed the amount of consultation that WNYVHC had with members of the community at the beginning of the development process, noting that it set a high standard for such engagement. Jurors also gave Public School 75 high marks because it was part of a larger community revitalization plan for the Jefferson Avenue corridor. Juror Jordan Tannenbaum was impressed that WNYVHC placed its offices within the school building, noting the support they would provide to the veterans living in the building. Jurors were also impressed with the new infill construction, noting that the additional units from that new construction expanded the reach of the community revitalization realized through the project. Jurors noted that the infill construction was a great example of using a historic building as a launching point for a broader project, with the ultimate goal of bringing even more affordable housing units to a community.

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The National Historic Preservation Act states, "The spirit and direction of the Nation are founded upon and reflected in its historic heritage…the historic and cultural foundations of the Nation should be preserved as a living part of our community life and development in order to give a sense of orientation to the American people."[13] This award program not only celebrates the physical rehabilitation of historic properties or the creation of affordable housing but also provides an opportunity to celebrate the importance of a community's history. The projects recognized through this award program have stitched history back into the fabric of their communities, honoring the past while providing a foundation for a stronger community tomorrow. HUD and the Advisory Council on Historic Preservation will continue to partner on the ACHP/HUD Secretary's Award for Excellence in Historic Preservation, honoring outstanding efforts by communities across the country to protect historic properties while also providing affordable, high-quality housing to its residents.

The award program's current and past winners are detailed on HUD User. To learn more, please visit https://www.huduser.gov/portal/about/HistoricPres-intro.html.

Acknowledgments

The author would like to thank Gigi Grizanti Cooke for her contributions, which add context and nuance to the story of Public School 75. The author would also like to thank all of the organizations and individuals that submitted award nominations during the 2024 award cycle. Finally, the author thanks the other key players who play invaluable roles throughout the award process: the staff at the Advisory Council on Historic Preservation who ensure the continued vitality of the award program; the jurors who donate their expertise to review the applications; and partners in HUD's Office of Community Planning and Development.

Author

Heidi J. Joseph is the director of the Research Utilization Division at the U.S. Department of Housing and Urban Development.

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[13] Advisory Council on Historic Preservation. 2024. *The National Historic Preservation Act*. https://www.achp.gov/sites/default/files/2018-06/nhpa.pdf.

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Data Shop

Data Shop, a department of Cityscape*, presents short articles or notes on the uses of data in housing and urban research. Through this department, the Office of Policy Development and Research introduces readers to new and overlooked data sources and to improved techniques in using well-known data. The emphasis is on sources and methods that analysts can use in their own work. Researchers often run into knotty data problems involving data interpretation or manipulation that must be solved before a project can proceed, but they seldom get to focus in detail on the solutions to such problems. If you have an idea for an applied, data-centric note of no more than 3,000 words, please send a one-paragraph abstract to datashop@hud.gov for consideration.*

Mapping Manufactured Housing Nationwide

Noah J. Durst
Nithya Mylakumar
Angela Perez
Michigan State University

Angelica Gacis
Data Science Consultant

Abstract

This study uses building footprints from Microsoft and OpenStreetMap and the Python package momepy *to measure the shape, size, and placement of buildings and their 5, 10, and 20 nearest neighbors across the continental United States. Using estimates of building and neighborhood morphology and machine learning, we predict whether each building is a singlewide manufactured home and whether it is in a manufactured home park, informal or manufactured home subdivision, or another setting. We describe the methods used to create these predictions and discuss issues of model performance and their implications for future research, compare our estimates with the locations of manufactured homes documented in the American Community Survey and with government and private registries of these communities, illustrate their distribution nationwide, and present descriptive statistics on their demographic and socioeconomic characteristics. Our findings illustrate that manufactured home parks are more common in Midwestern and Northeastern states, whereas informal or manufactured home subdivisions are more common in Southern and Western states. We find that both neighborhoods are demographically diverse but economically disadvantaged. We conclude by briefly discussing the implications of our research for state and federal housing policy.*

Introduction

Manufactured homes are one of the most affordable housing options produced today and are home to approximately 1.7 million renter households and 5.3 million owner households (Durst and Sullivan, 2019). Approximately one-third of these manufactured homes are in parks that are owned and operated by landlords (Durst and Sullivan, 2019; Sullivan, 2017), although cooperative, resident-owned models also exist (Mukhija and Mason, 2014). A substantial share of manufactured homes is also in residential subdivisions, where residents often own both the housing unit and the land on which it sits (Durst and Sullivan, 2019). Such neighborhoods come in two broad types—manufactured home subdivisions, where manufactured housing makes up most of the housing (Durst et al., 2021), and informal subdivisions, where manufactured housing makes up a substantial minority of the dwellings (Reyes et al., 2024). Manufactured home subdivisions have received little attention in academic literature. On the other hand, informal subdivisions have been widely studied in the U.S.-Mexico border region (Ward, 1999). More recently, scholars have used a variety of methods to identify and examine the prevalence of informal subdivisions across the country, although these analyses are all restricted to a small sample of locations or can only capture variation in the prevalence of these neighborhoods at the regional level (Durst and Sullivan, 2019; Reyes et al., 2024; Ward and Peters, 2007).

Although residents in manufactured housing often have lower rates of household mobility than traditional renters (Boehm and Schlottmann, 2006), they face distinct threats to tenure security depending on their land tenure status. In parks, threats often involve the risk of park closure and redevelopment (Sullivan, 2017). In subdivisions, threats include exploitative lending practices, unclear or insecure property titles, and high rates of foreclosure or repossession (Olmedo and Ward, 2016; Ward, 1999). Residents in both communities also face elevated environmental hazards because of their disproportionate locations in high-risk areas, such as flood plains, and the poor quality of infrastructure (Durst, 2016; Pierce, Gabbe, and Gonzalez, 2018; Reyes et al., 2024; Rumbach, Sullivan, and Makarewicz, 2020).

The federal and multiple state governments maintain registries to track housing and infrastructure conditions in these neighborhoods and ensure rapid response in the case of storms or other natural hazards. The U.S. Department of Homeland Security (DHS; 2023) Homeland Infrastructure Foundation-Level Database documents the longitude and latitude of more than 56,000 manufactured home communities.[1] The database refers to these communities as *parks*, although Durst et al. (2025) document that a substantial fraction in Texas (15 percent) are, in fact, manufactured home subdivisions. The federal government also monitors housing and infrastructure conditions in informal subdivisions developed before 1990 and within 150 miles of the U.S.-Mexico border. These neighborhoods are referred to as *colonias* under state and federal law (Ward, 1999). The U.S. Department of Housing and Urban Development (HUD) database tracks the longitude and latitude of colonias across the border region,[2] and the Texas Office of the Attorney General's (2023) colonias database documents the neighborhood boundaries for pre-1990 colonias

[1] https://hifld-geoplatform.hub.arcgis.com/.

[2] https://www.hudexchange.info/programs/cdbg-colonias/.

within the Texas border region.[3] However, to our knowledge, no active government database tracks the location of informal subdivisions developed after 1989 or outside the 150-mile border region. In this study, we use building footprints and machine learning to conduct the first national, subregional analysis of the prevalence and characteristics of these communities.

Data and Methods

This study uses building footprint data to document the locations and outlines of buildings across the continental United States. We use these building footprints to measure the size, shape, and placement of each building, as well as their 5, 10, and 20 nearest neighbors. We then use a sample of approximately 45,000 buildings in Harris County, Texas, to develop machine learning models capable of predicting whether a building footprint is a singlewide manufactured housing unit. Then, using a sample of more than 500,000 building footprints across 19 Texas counties, we develop models to predict whether a building is within a manufactured home park or an informal or manufactured home subdivision. To examine model performance, we use a test dataset containing validated singlewide manufactured homes and buildings in validated parks and subdivisions to calculate accuracy, precision, and recall. We also examine out-of-sample model performance by comparing our predictions with prior research, data on the location of manufactured housing units from the American Community Survey, and existing park and subdivision registries.

We use two publicly accessible datasets of building footprints from Microsoft (2022) and OpenStreetMap (OSM; 2023) to identify building footprints nationwide. The accuracy and coverage of building footprint data vary considerably by both source and region (Gonzalez, 2023). Where a particular building footprint is available in both datasets, we use the footprints delineated by OSM, which are often manually reviewed prior to publication or derived from validated data sources (Biljecki, Chow, and Lee, 2023). We document the location of manufactured home parks using validated locations compiled by Durst et al. (2025) and Sullivan, Makarewicz, and Rumbach (2022). We document the location of informal or manufactured home subdivisions using parcel records from the Texas Natural Resources Information System Datahub.[4]

We use the R and Python languages for data collection, cleaning, and analysis and the open-source QGIS software for data exploration and visual verification. We begin by calculating selected morphometrics for each building (the rows labeled “Self” in the “Universe” column in exhibit 1), including the area, perimeter, length-width ratio, and distance to the nearest building for all building footprints in the continental United States, using the *momepy* package in Python (Fleischmann, 2019). To capture the morphology of the local neighborhood, we also measure the median and interquartile ranges among the nearest 5, 10, and 20 buildings surrounding each individual building footprint in the nation for each of these morphometrics. We use these morphometrics to conduct two different supervised classification efforts. First, we predict whether a building is a singlewide manufactured home. We focus specifically on singlewide manufactured homes because their distinct size and shape make them easier to identify via analysis of building footprints. Second, we predict whether buildings are in a manufactured home park or an informal or manufactured home

[3] https://www.texasattorneygeneral.gov/colonias.

[4] https://data.geographic.texas.gov.

subdivision. Although we briefly describe the prediction of singlewide manufactured homes, the focus of this article is primarily on the prediction of buildings in parks and subdivisions.

Exhibit 1

Building and Neighborhood Morphometrics

Variable Name	Measurement	Summary Statistic	Universe	Manufactured Home Parks	Informal or Manufactured Home Subdivisions	Other Locations
	Building Area		Self	117.58	162.57	322.90
area_m_5	Building Area	Median	5 Neighbors	112.55	153.62	261.45
area_m_10	Building Area	Median	10 Neighbors	112.92	152.84	253.55
area_m_20	Building Area	Median	20 Neighbors	114.11	153.07	246.98
area_r_5	Building Area	IQR	5 Neighbors	27.66	65.58	97.52
area_r_10	Building Area	IQR	10 Neighbors	40.41	94.24	130.48
area_r_20	Building Area	IQR	20 Neighbors	46.18	101.29	130.16
	Perimeter		Self	50.79	54.43	70.47
peri_m_5	Perimeter	Median	5 Neighbors	50.90	53.72	66.55
peri_m_10	Perimeter	Median	10 Neighbors	51.26	53.89	66.09
peri_m_20	Perimeter	Median	20 Neighbors	51.62	53.99	65.57
peri_r_5	Perimeter	IQR	5 Neighbors	6.86	12.34	12.85
peri_r_10	Perimeter	IQR	10 Neighbors	9.87	17.41	17.75
peri_r_20	Perimeter	IQR	20 Neighbors	10.92	18.48	18.39
	Distance		Self	6.82	16.63	9.12
nn_d_m_5	Distance	Median	5 Neighbors	6.12	13.61	6.89
nn_d_m_10	Distance	Median	10 Neighbors	6.03	13.16	6.48
nn_d_m_20	Distance	Median	20 Neighbors	6.03	12.90	6.23
nn_d_r_5	Distance	IQR	5 Neighbors	2.07	8.42	3.88
nn_d_r_10	Distance	IQR	10 Neighbors	2.94	12.43	5.43
nn_d_r_20	Distance	IQR	20 Neighbors	3.31	13.61	5.66
	Length/Width		Self	3.76	2.73	2.43
LW_r_m_5	Length/Width	Median	5 Neighbors	3.78	2.56	2.34
LW_r_m_10	Length/Width	Median	10 Neighbors	3.78	2.51	2.32
LW_r_m_20	Length/Width	Median	20 Neighbors	3.74	2.48	2.31
LW_r_r_5	Length/Width	IQR	5 Neighbors	0.70	0.58	0.28
LW_r_r_10	Length/Width	IQR	10 Neighbors	1.06	0.83	0.40
LW_r_r_20	Length/Width	IQR	20 Neighbors	1.19	0.85	0.42
	Singlewide		Self	0.56	0.10	0.00
MH_foot_5	Singlewide	Percentage	5 Neighbors	0.56	0.11	0.00
MH_foot_10	Singlewide	Percentage	10 Neighbors	0.55	0.11	0.01
MH_foot_20	Singlewide	Percentage	20 Neighbors	0.53	0.10	0.01

Notes: This table presents morphometrics for buildings in manufactured home parks, informal or manufactured home subdivisions, and other locations. We calculate the building footprint area (square meters), length of the building footprint perimeter (meters), distance to the nearest building (meters), and the ratio of the length of the building to the width of the building. We also calculate the median and interquartile range for each of these building characteristics among the 5, 10, and 20 nearest neighbors. We use these building characteristics to predict whether a building is a singlewide manufactured home. We then calculate the percentage of buildings among the 5, 10, and 20 nearest neighbors that are singlewide homes.

Sources: These data were produced using building footprints acquired from Microsoft (2022) and OpenStreetMap (2023), parcel data from the Texas Natural Resources Information System Datahub, and the locations of manufactured home parks compiled by Durst et al. (2025) and Sullivan, Makarewicz, and Rumbach (2022)

Predicting Singlewide Manufactured Homes

We begin by training a classifier to identify singlewide manufactured housing units. Singlewide manufactured homes are constructed on a single chassis and designed to be transported to a site in one piece. They are smaller than doublewide units, which are constructed on two separate chassis and transported independently to the site. Singlewide homes typically have widths of approximately 5 to 6 meters and lengths up to approximately 25 meters, although the sizes of the building footprint polygons as delineated in the Microsoft and OSM datasets often vary considerably because of building modifications (for example, awnings and carports) or errors in the delineation of the building footprints. To develop a dataset of validated singlewide manufactured homes, we use a sample of more than approximately 45,000 buildings in Harris County (Houston), Texas. To validate the locations of singlewide manufactured homes, we use QGIS software to review satellite imagery, building footprints, parcel records, and land use classifications indicative of manufactured housing from the Harris County Appraisal District. Two researchers have reviewed each building footprint within the sample. Buildings are classified as singlewide manufactured homes if on a parcel with a land use code indicative of manufactured housing or within a manufactured home park identified by Sullivan, Makarewicz, and Rumbach (2022) and had dimensions that approximated those described previously.[5] We then use the building area, perimeter length, length-width ratio, and distance to the nearest neighbors and the median and interquartile range of each of these morphometrics for the 5, 10, and 20 nearest neighbors and a Random Forest classifier to predict whether each building is a singlewide manufactured home. Within the test dataset, our models achieve an accuracy, precision, and recall of more than 0.98, 0.92, and 0.86, respectively. At the county level nationwide, the percentage of buildings predicted to be singlewide manufactured homes is highly correlated with the percentage of housing units that are manufactured homes (correlation coefficient of 0.5). As the next section describes, we use these predictions of singlewide manufactured homes as independent variables in models predicting whether the building is in a park, subdivision, or other location.

Predicting Parks and Subdivisions

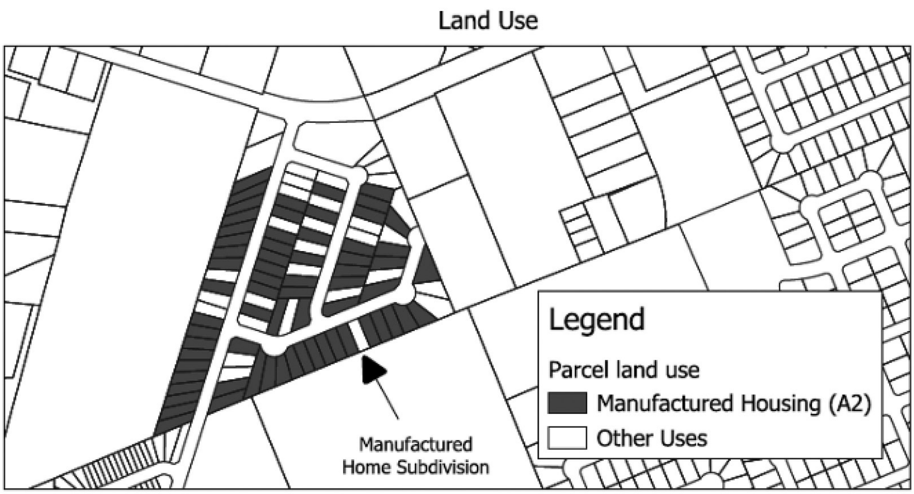
We now turn to a discussion of our primary objective in this study—predicting whether a building is in a manufactured home park or an informal or manufactured home subdivision. We begin by overlaying parcel records and building footprints, as exhibit 2 illustrates. We identify the location of each building by joining parcel polygons to building centroids. To identify manufactured home parks, we use a dataset compiled by Durst et al. (2025) of approximately 1,500 validated parcels containing manufactured home parks across 19 Texas counties. We treat any building on a validated park parcel compiled by Durst et al. (2025) as a manufactured home park. To identify informal and manufactured home subdivisions, we use county property records and parcel boundaries to identify parcels with a land use classification indicative of manufactured housing on residential land (A2). We treat any building as an informal or manufactured home subdivision for

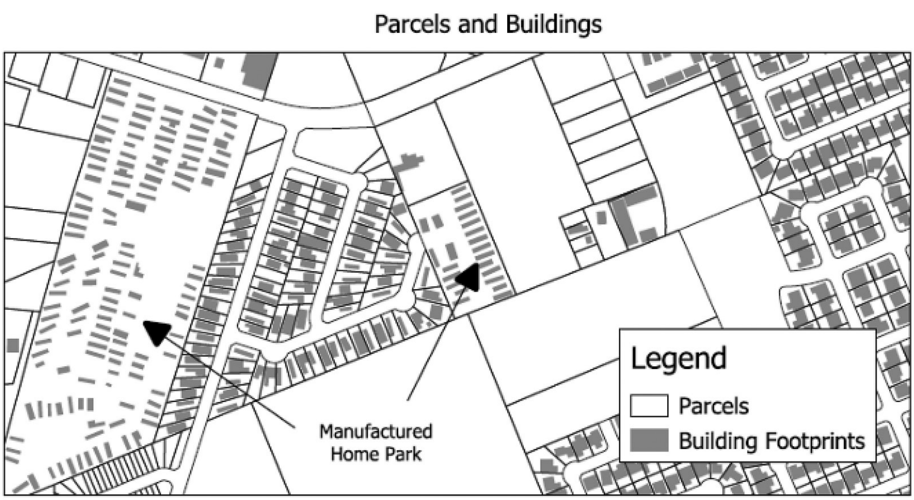
[5] Because of building additions or errors in the delineation of building footprints, not all building footprints for our validated singlewide manufactured homes are rectangular. However, assuming a rectangular footprint, the area, length, and width have the following relationship: area = length * width. In our training dataset, the average singlewide home has an area of 111 square meters (1,200 square feet) and a length-width ratio of approximately 4. For rectangular buildings, it equates to an average length of 21 meters (69 feet) and an average width of 5 meters (17 feet).

which 1 or more of the 10 nearest buildings is on a parcel with an A2 land use classification. To eliminate any large parcels next to but not within residential subdivisions, we remove buildings on parcels that are twice as large as the average of the nearest 10 parcels.

Exhibit 2

Parcel and Building Datasets





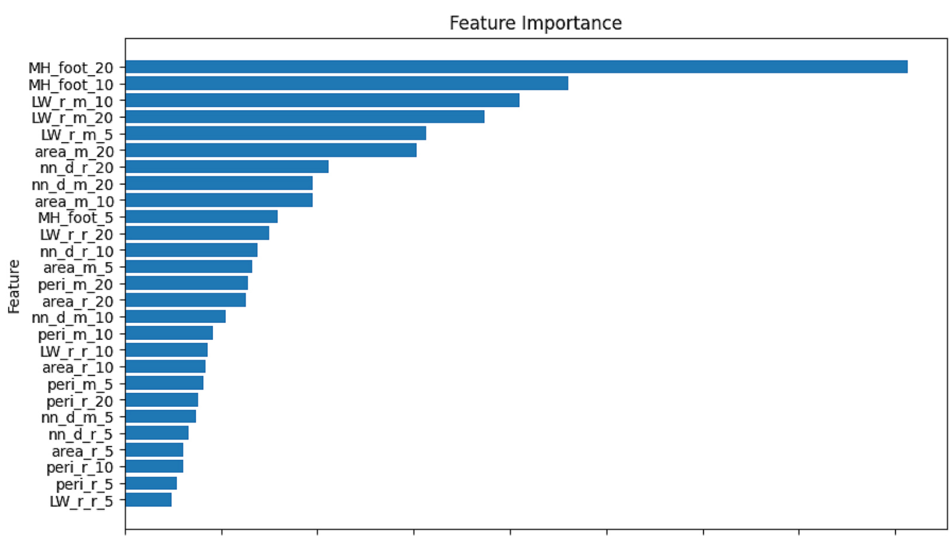
Sources: These maps were produced using building footprints acquired from Microsoft (2022) and OpenStreetMap (2023) and parcel data from the Texas Natural Resources Information System Datahub

In exhibit 1, we present the average for each morphometric for manufactured home parks, informal or manufactured home subdivisions, and other locations. To reiterate, we calculate the building area, perimeter length, length-width ratio, distance to nearest neighbors, and the median and interquartile ranges of these morphometrics for the 5, 10, and 20 nearest neighbors. We also use the results from our first stage predictions to calculate the percentage of buildings that are predicted to be singlewide manufactured homes. These building characteristics illustrate that buildings in manufactured home parks are smaller (117 square meters) than buildings in informal or manufactured home subdivisions (162 square meters) or other locations (322 square meters), are closer to neighboring buildings (6.8 versus 16.6 and 9.1 meters, respectively), and have a higher length-width ratio (3.76 versus 2.73 and 2.43, respectively). Similarly, singlewide homes constitute 56 percent of buildings in manufactured home parks, 10 percent of buildings in informal or manufactured home subdivisions, and less than 1 percent of buildings in other locations.

We then apply machine learning models to predict the type of community in which each building is located. Our training and test dataset is drawn from a sample of more than 5 million buildings across 19 Texas counties analyzed by Durst et al. (2025). Given the size of the dataset, we select a 10-percent sample of approximately 550,000 buildings for training and testing purposes. We divide this sample into a training set (80 percent) and a test set (20 percent). To address class imbalance, we apply the Synthetic Minority Oversampling Technique. We train a Random Forest classifier and validate the model using five-fold cross-validation on the training set. Specifically, we divide the training set into five folds, with four folds used for training and the fifth used for validation in each iteration. We repeat cross-validation five times, after which we evaluate the model on the independent test set. Exhibit 3 displays the feature importance of the final model. The share of singlewide homes among the 10 or 20 nearest neighbors and the median length-width ratio among the 5, 10, or 20 nearest neighbors are the five most important morphometrics. The unique, elongated shape of singlewide manufactured homes is central to distinguishing parks and subdivisions from buildings in other locations.

Exhibit 3

Feature Importance

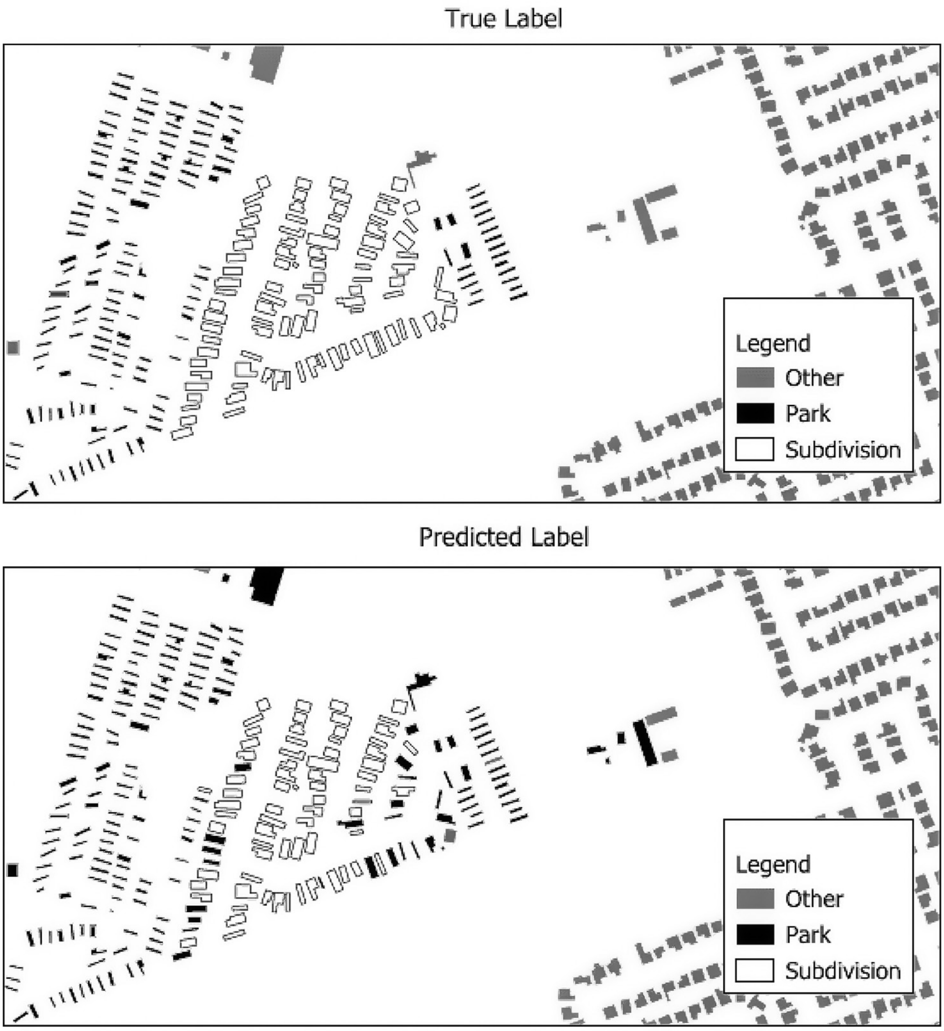


Sources: These data were produced by the authors. They are derived from analyses of building footprints acquired from Microsoft (2022) and OpenStreetMap (2023), parcel data from the Texas Natural Resources Information System Datahub, and the locations of manufactured home parks compiled by Durst et al. (2025) and Sullivan, Makarewicz, and Rumbach (2022)

Exhibit 4 illustrates the differences between the true and predicted labels for the same sample of building footprints shown in exhibit 2. The results suggest that the model performs well when identifying buildings in manufactured home parks (solid black) or other locations (solid grey) but has greater difficulty in identifying buildings in informal or manufactured home subdivisions. In the case of the manufactured home subdivision in exhibit 4, many of the buildings are mistakenly classified as manufactured home parks when, in fact, they are manufactured home subdivisions. This misclassification is primarily the case for buildings at the periphery of the subdivision and in close proximity to one of the two manufactured home parks.

Exhibit 4

True and Predicted Labels for Buildings in Parks, Subdivisions, and Other Locations



Sources: These data were produced by the authors. They are derived from analyses of building footprints acquired from Microsoft (2022) and OpenStreetMap (2023), parcel data from the Texas Natural Resources Information System Datahub, and the locations of manufactured home parks compiled by Durst et al. (2025) and Sullivan, Makarewicz, and Rumbach (2022)

Exhibit 5 presents performance metrics for manufactured home parks and informal or manufactured home subdivisions for the test dataset. Our models achieve a 99-percent accuracy for buildings in manufactured home parks and 95 percent for buildings in informal or manufactured home subdivisions. The results for precision illustrate that 70 and 46 percent of the buildings that our model predicts are manufactured home parks and informal or manufactured home subdivisions, respectively, and are classified correctly. The results for recall indicate that 87 and 63 percent of the buildings in manufactured home parks and informal or manufactured home subdivisions, respectively, are classified correctly by our model.

Exhibit 5

Performance Metrics

	Manufactured Home Parks			Informal or Manufactured Home Subdivision		
Validation	Test Dataset	DHS Site (0.1 Mile)	DHS Site (0.25 Mile)	Test Dataset	Pre-1990 Subdivisions	Pre-2010 Subdivisions
TP	1,455	517,224	1,020,970	3,229	7,445	14,535
FP	617	857,912	354,166	3,852	24,159	17,069
FN	210	1,256,160	5,218,141	1,909	78,477	96,734
TN	107,120	134,902,244	130,940,263	100,412	641,909	623,652
Precision	0.70	0.38	0.74	0.46	0.24	0.46
Recall	0.87	0.29	0.16	0.63	0.09	0.13
Accuracy	0.99	0.98	0.96	0.95	0.86	0.85

DHS = U.S. Department of Homeland Security. FN = false negative. FP = false positive. TN = true negative. TP = true positive.

Notes: This table presents measures of model performance. We compare our model predictions with the test dataset and with government or academic registries. We use distance (0.1 and 0.25 miles) to the nearest manufactured home community tracked by the DHS Homeland Infrastructure Foundation-Level Database to validate predictions for manufactured home parks. To validate predictions of informal or manufactured home subdivisions, we identify all buildings in the six Texas border counties with the largest number of colonias (Cameron, El Paso, Hidalgo, Maverick, Starr, and Webb). We then identify buildings within pre-1990 colonias monitored by the Texas Office of the Attorney General and post-1989 informal subdivisions database compiled by Durst (2016), which we use as validated subdivisions to evaluate the performance of our models.

Sources: These data were produced by the authors. They are derived from analyses of building footprints acquired from Microsoft (2022) and OpenStreetMap (2023), parcel data from the Texas Natural Resources Information System Datahub, and the locations of manufactured home parks compiled by Durst et al. (2025) and Sullivan, Makarewicz, and Rumbach (2022). Ancillary data sources include the location of manufactured home parks published by the DHS Homeland Infrastructure Foundation-Level Database, pre-1990 colonias from the Texas Office of the Attorney General, and post-1989 informal subdivisions compiled by Durst (2016)

To conclude our discussion of the data and methods, we examine the degree to which our predictions align with the coverage provided by existing registries of these communities. We first evaluate manufactured home park coverage by calculating the distance in miles between each of our buildings and the nearest manufactured home community documented by the DHS Homeland Infrastructure Foundation-Level Database. The DHS database provides only the latitude and longitude of the community, typically near a main road. Our models achieve an accuracy between 0.96 and 0.98 for buildings within 0.1 and 0.25 miles of a DHS location. This modest reduction in the estimated model performance is likely due to the DHS database including both manufactured home parks and manufactured home subdivisions and that not all buildings within the 0.1- and 0.25-mile buffer are necessarily within the manufactured home parks in question (Durst et al., 2025).

For informal or manufactured home subdivisions, we compare our estimates with validated registries documenting the location of these communities. We examine the six Texas border counties with the largest number of colonias (Cameron, El Paso, Hidalgo, Maverick, Starr, and Webb). We use the Texas Office of the Attorney General's colonias database to document the location of state-designated colonias developed before 1990, which we supplement with a database compiled by Durst (2016) that documents informal subdivisions developed in these same counties between 1990 and 2010. Across these six counties, we identify more than 750,000 buildings, 15 percent of which are in one of the two existing registries (Durst, 2016; Texas OAG, 2023). Exhibit 5 shows the model performance for these validated subdivisions. Our accuracy rates are 0.86 and 0.85 for pre-1990 and pre-2010 subdivisions, respectively—considerably less than the accuracy rate for the test dataset (0.95). This reduction in performance is likely due to the registries we use not containing any informal or manufactured subdivisions developed after 2010. Thus, these estimates of model performance are conservative.

Results

We identify more than 1.3 million buildings in parks and more than 2.2 million buildings in informal or manufactured home subdivisions nationwide (exhibit 6). We estimate that manufactured home parks account for approximately 1.1 percent of buildings in the Midwest and South, 0.8 percent in the Northeast, and 0.7 percent in the West, whereas buildings in informal or manufactured home subdivisions make up 0.9 percent of buildings in the Northeast, 1.1 percent of buildings in the Midwest and West, and 2.6 percent of buildings in the South. These percentages are likely underestimates of the true prevalence of these communities due to the relatively low recall of our models. To assess this potential underestimation by our models, we compare our regional estimates with Durst and Sullivan's (2019) findings from the American Housing Survey detailing the distribution of these neighborhoods across the four census regions (exhibit 7).[6] The relative similarity in the distribution across census regions suggests that both studies successfully capture geographic variation across the country. Both analyses suggest that most (61–75 percent) informal or manufactured home subdivisions are concentrated in the South, with only a fraction (4–8 percent) in the Northeast. Similarly, both studies find that a plurality (43–44 percent) of manufactured home parks are in the South, a substantial share (22–30 percent) in the Midwest, and relatively few (10–12 percent) in the Northeast.

[6] The counts from the two studies are not directly comparable because of differences in the universe—manufactured housing units in Durst and Sullivan (2019) versus building footprints in our study—but comparing the share of buildings in each census region is a useful robustness check.

Exhibit 6

Building, Locational, Socioeconomic, and Demographic Characteristics by Neighborhood Type

	Manufactured Home Parks	Informal or Manufactured Home Subdivisions	Other Locations
A. Building and Locational Characteristics			
Total Buildings	1,375,136	2,263,744	133,894,660
Singlewide Manufactured Homes (%)	55.2	15.2	0.2
Incorporated Cities (%)	50.8	40.7	53.0
Census Region			
% of All Buildings in the Midwest	1.1	1.1	97.8
% of All Buildings in the Northeast	0.8	0.9	98.3
% of All Buildings in the South	1.1	2.6	96.2
% of All Buildings in the West	0.7	1.1	98.2
B. Socioeconomic and Demographic Characteristics			
Population Density (People per Square Mile)	1,936	858	3,021
Non-Hispanic White (%)	65.7	68.2	68.8
Black (%)	9.9	11.3	10.2
Hispanic or Latino (%)	18.2	15.0	13.6
Median Household Income ($)	57,318	55,925	76,364
Poverty Rate	17.3	17.1	12.3
Unemployment Rate	6.0	6.1	5.4
Foreign Born (%)	8.9	6.2	8.9
Homeownership Rate	67.9	73.5	73.7
Median Housing Value ($)	162,184	149,295	271,014
Housing Vacancy Rate	11.9	15.4	12.3
Median Year Structure Built	1983	1983	1979

Notes: This table presents descriptive statistics for buildings in manufactured home parks, informal or manufactured home subdivisions, and buildings in other locations. Panel A presents building and locational characteristics. Panel B presents socioeconomic and demographic characteristics derived from 2018–2022 American Community Survey 5-year estimates acquired from the National Historical Geographic Information System (Manson et al., 2024). We measure these characteristics by identifying the census block group in which each building was located and calculate the average for each neighborhood type. We present statistics for a 1-percent sample of buildings in other locations.

Sources: These data were produced by the authors. They are derived from analyses of building footprints acquired from Microsoft (2022) and OpenStreetMap (2023), parcel data from the Texas Natural Resources Information System Datahub, and the locations of manufactured home parks compiled by Durst et al. (2025) and Sullivan, Makarewicz, and Rumbach (2022). Ancillary data were acquired from the 2018–2022 American Community Survey (Manson et al., 2024)

Exhibit 7

A Comparison of Regional Estimates

	The Authors	Durst and Sullivan (2019)
Informal or Manufactured Home Subdivisions		
Total Buildings/Units	2.3 million	2.1 million
Midwest (%)	16.9	6.3
Northeast (%)	7.9	3.9
South (%)	61.5	75.4
West (%)	13.7	14.5
Manufactured Home Parks		
Total Buildings/Units	1.3 million	2.7 million
Midwest (%)	29.6	21.5
Northeast (%)	11.9	10.4
South (%)	43.8	43.4
West (%)	14.7	24.8

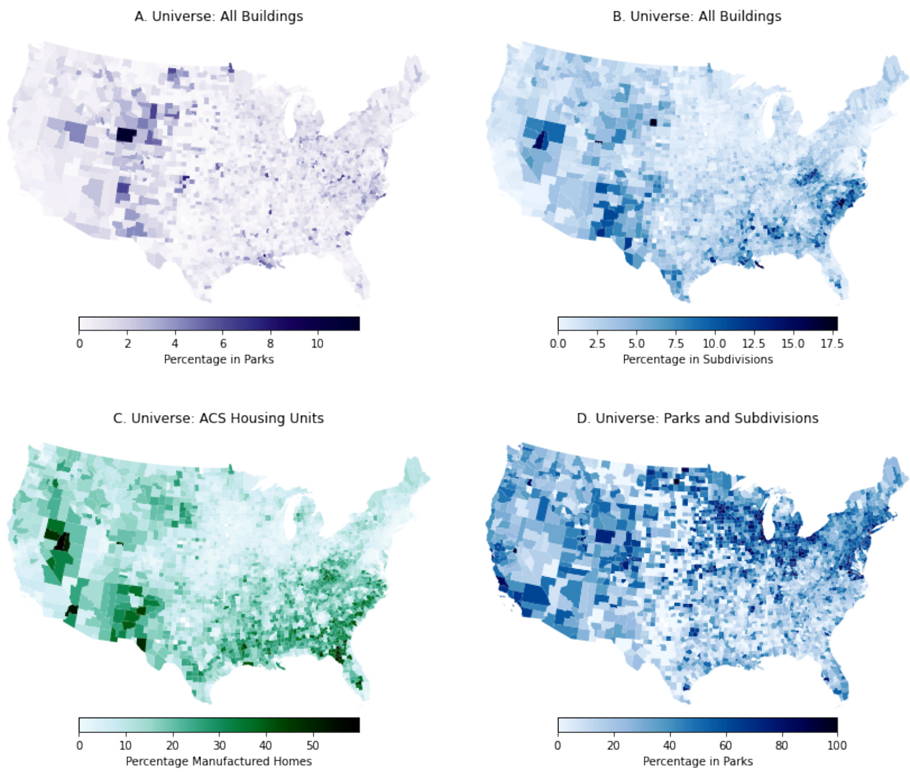
Notes: This table presents estimates of the distribution of manufactured home parks and informal and manufactured home subdivisions across census regions. We compare these estimates with regional estimates from Durst and Sullivan (2019) derived from the American Housing Survey. Durst and Sullivan (2019) estimate the total number of manufactured homes in each neighborhood, whereas we estimate the total number of buildings.

Sources: These data were produced by the authors. They are derived from analyses of building footprints acquired from Microsoft (2022) and OpenStreetMap (2023), parcel data from the Texas Natural Resources Information System Datahub, and the locations of manufactured home parks compiled by Durst et al. (2025) and Sullivan, Makarewicz, and Rumbach (2022). Ancillary data were acquired from Durst and Sullivan (2019)

In contrast to Durst and Sullivan's (2019) regional estimates, our method provides the first subregional estimates of the distribution of these neighborhoods. To illustrate, exhibit 8A plots county-level estimates of the percentage of buildings in manufactured home parks, and exhibit 8B shows estimates of the percentage in informal or manufactured home subdivisions. We find high concentrations of manufactured home parks in the Intermountain West, portions of Appalachia, and Louisiana. In contrast, we find high concentrations of informal or manufactured subdivisions in border counties throughout Texas and New Mexico, across the Intermountain West, and stretching across Southern states from Texas to Virginia. Exhibit 8C shows county-level variation in the share of housing units that are manufactured homes, as measured by 2018–2022 American Community Survey 5-year estimates, illustrating that manufactured homes are generally highly concentrated in Southern and Western states. Finally, exhibit 8D shows the relative concentration of parks. To do so, we compare the number of buildings in parks to the number in either parks or subdivisions at the county level. The results illustrate that parks are heavily concentrated in the Midwestern and Northeast states, whereas subdivisions are heavily concentrated in Southern states.

Exhibit 8

County-Level Estimates of the Prevalence of Manufactured Homes, Manufactured Home Parks, and Informal or Manufactured Home Subdivisions



ACS = American Community Survey.

Sources: These data were produced by the authors. They are derived from analyses of building footprints acquired from Microsoft (2022) and OpenStreetMap (2023), parcel data from the Texas Natural Resources Information System Datahub, and the locations of manufactured home parks compiled by Durst et al. (2025) and Sullivan, Makarewicz, and Rumbach (2022). Ancillary data were acquired from the 2018–2022 American Community Survey (Manson et al., 2024)

Our building footprint-derived estimates also provide insight into the characteristics of the broader communities in which these buildings are located. Exhibit 6 presents the average socioeconomic and demographic characteristics of block groups containing each building. We find that informal or manufactured home subdivisions are in areas with lower average population densities (858 people per square mile) and are less likely to be in incorporated cities (40.7 percent) than are manufactured home parks (1,936 people per square mile and 50.8 percent, respectively) and buildings in other locations (3,021 people per square mile and 53 percent, respectively). Thus, informal and manufactured home subdivisions are more rural and likely have lower levels of infrastructure and services than manufactured home parks or buildings in other locations. Although some differences exist in the socioeconomic and demographic characteristics of informal or manufactured home subdivisions and manufactured home parks, the most striking differences are between these two communities and buildings in other locations. For example, incomes are considerably lower in block groups that contain informal or manufactured home subdivisions ($57,318) or manufactured home parks ($55,925) than in other locations ($76,364). Respective poverty rates (17 versus 12 percent) and housing values (less than $163,000 versus $271,000) also differ between parks or subdivisions and buildings in other locations. Notably, we do not find particularly large differences in the race and ethnicity or immigration status of residents in parks or subdivisions, suggesting that these communities provide affordable housing options to relatively diverse, although economically disadvantaged, residents.

Conclusion

Manufactured housing, predominantly in Southern and Western states, is one of the most affordable housing options today. Research has documented tenure insecurity and housing quality challenges faced by residents in manufactured home parks and informal subdivisions in the U.S.-Mexico border region, where manufactured housing is common (Esparza and Donelson, 2008; Sullivan, 2017, 2022; Ward, 1999). By comparison, research examining the prevalence or needs of informal or manufactured home subdivisions across the country is relatively limited (Durst and Sullivan, 2019; Reyes et al., 2024; Ward and Peters, 2007). In this study, we use building footprints and machine learning to develop the first subregional estimates of the prevalence and distribution of these communities across the continental United States. Our findings underscore the need for further research to understand the infrastructural and housing needs of these communities and how the distinct land tenure arrangements affect the housing stability and economic security of residents. HUD manages multiple funding sources, like the Community Development Block Grant program, and keeps records of pre-1990 colonias along the U.S.-Mexico border, including interactive maps for overlaying other data to assess community housing and infrastructural needs. Our building footprint-derived estimates might be used to expand the scope of federal efforts to track the locations of and conditions in these communities or to target funding to facilitate improvements to housing and infrastructure in them.

Acknowledgments

The authors thank Wisdom Henry, Shae Burnham, and Vivian Morales for their assistance with data collection. The National Science Foundation funded this study (award #2048562).

The datasets produced in this study and the scripts used to produce them are available at https://www.openicpsr.org/openicpsr/project/216681/version/V1/view. Interactive maps show the locations of parks and subdivisions nationwide at the census block group and county levels at https://arcg.is/1bCuqb1.

Authors

Noah J. Durst is an associate professor in the School of Planning, Design, and Construction at Michigan State University. Angelica Gacis is a Freelance Data Science Consultant. Nithya Mylakumar is a statistical analyst in the Department of Psychology at Michigan State University. Angela Perez is a Ph.D. candidate in the Department of Political Science at Michigan State University.

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Foreign Exchange

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Real Estate Investors and Housing Policy: A Dutch Perspective

Matthijs Korevaar
Erasmus University Rotterdam

Abstract

Debate is increasing about buy-to-rent investors in housing markets. This article provides a Dutch perspective on this issue. Similar to the United States, the Netherlands has experienced increasing activity of buy-to-rent investors. In response, the government raised the real estate transfer tax for investors and allowed municipalities to ban buy-to-rent investments for much of the housing supply. Although these policies have effectively reduced investor purchases and helped first-time buyers, they have had limited effects on house prices. Most important, research finds that such policies can have significant impacts on which residents end up living in sold properties, with buy-to-rent restrictions reducing the entry of residents with low incomes, often young adults or migrants, in favor of wealthier owner-occupants. The economic effects of such investors ultimately depend on the residents they cater to, which varies between retail and institutional investors across locations and over time. Policymakers should consider this fact when designing policy.

Following the financial crisis of 2008, the importance of investors in housing markets has grown significantly, both in the United States and internationally. U.S. Census Bureau (2024) data show that homeownership rates declined from about 69 to 63 percent between 2006 and 2016 and have only recovered to slightly less than 66 percent in recent years. After the crisis, investor activity increased as investors converted existing owner-occupied units to rental units, often following distress sales, and increased the supply of units through new construction or redevelopment projects. The activity of these investors has come under increasing scrutiny. Policymakers in the United States have targeted large investors owning hundreds or thousands of properties. For example, two congressional bills have been

Abstract (continued)

introduced to increase taxes on large institutional investors.[1] Similar legislation has been proposed at the state level, such as in California. A key concern is that the activity of investors drives up housing costs and makes it more difficult for first-time buyers to purchase property. Such concerns are not specific to the United States and have been echoed in other Western countries, such as Canada (August, 2022) and various European countries (Gabor and Kohl, 2022). The Netherlands is one of the countries that have worked to advance regulations regarding housing investors. The Netherlands has passed various regulations to curtail investor activity and benefit first-time homebuyers in the past few years.

This article aims to use the Dutch experience to shed new light on the different roles of investors in the housing market, discuss the effects of a Dutch policy that restricted buy-to-rent activity, and explore what U.S. policymakers can learn from the Netherlands' experience. This article largely summarizes the findings of Francke et al. (2025), which evaluate the effect of a ban on buy-to-rent investments. This article first provides an overview of the Dutch housing market, the types of investors active in the market, and the residents they target. This introduction is followed by an overview of various policies the Dutch government has enacted to restrict the activity of investors. The article focuses on the buy-to-rent ban that the Dutch government introduced and the results of the evaluation of this policy by Francke et al. (2025). Of particular importance are the effects of these policies on residents. The article concludes with the implications of these findings for the U.S. policy debate.

Institutional Context: The Dutch Housing Market and the Role of Investors

The Netherlands housing market has three distinct segments.[2] First, a large owner-occupied sector comprises about 58 percent of households. Owner-occupied housing is fiscally stimulated through generous mortgage-interest deductibility and low effective tax rates relative to private rental housing. Homebuyers can receive a mortgage for up to 100 percent of the property value as long as they satisfy limits on debt-service-to-income ratios set by the government.

Second, a large nonprofit rental sector covers about 28 percent of the housing supply. This sector comprises dozens of large housing associations operating regionally and providing affordable housing at regulated below-market rates. To finance their activities, they can access state-guaranteed loans and often receive discounts on land for new construction. Households with income in the bottom 40 percent of the income distribution generally are eligible for such units, which typically are allocated through waiting lists centrally managed at the regional level. Wait times average several years and can become longer in high-demand areas. As a result, most young adults or those migrating from other areas rely on private rental housing.

[1] See https://www.congress.gov/bill/117th-congress/house-bill/9246?s=1&r=2 and https://www.congress.gov/bill/118th-congress/senate-bill/3402?s=1&r=14.

[2] The statistics in this section are based on administrative data of Statistics Netherlands, which provides information on property ownership and residents. Part of this information is provided by the Dutch Land Registry, which records real estate ownership and transfers.

The private rental sector covers about 14 percent of the housing supply. Investors in this sector are a highly heterogeneous group. Overall, about 50 percent of Dutch private rental properties are owned by private individuals, who typically own one or only a few properties; business entities own the other half. Among the properties owned by business entities, about 40 percent are owned by institutional investors. Institutional investors typically include business entities with sizable property portfolios. Researchers follow the definition of institutional investors by the Dutch Land Registry, that is, any for-profit business entity owning more than 500 housing units. Among the remaining 60 percent with smaller portfolios, most business entities own fewer than 50 properties.

A significant benefit of the Dutch setting is that robust administrative data from Statistics Netherlands allow for the characterization of property owners and their residents. Exhibit 1 compares properties owned by owner-occupants with various types of rental properties, including properties owned by housing associations, properties owned by institutional investors, and properties owned by private individuals with two or more rental properties. The reference date is January 1, 2023. Rental properties owned by business entities with fewer than 500 properties and second properties of private individuals are omitted from the exhibit. For reference, statistics on buy-to-rent properties appear in the final column and are defined as rental properties bought by any type of investor from an owner-occupant after 2009.[3] These types of purchases have been the main subject of government policy. On the basis of this definition, about 8 percent of private rental properties in 2023 were buy-to-rent properties. Most of these properties are owned by private individuals; institutional investors are minimally active in this market.

Exhibit 1

Characteristics of Properties and Residents, by Owner

		Rental Property			
	Owner Occupant	Housing Association	Institutional Investor	Private Individual	Buy-to-Rent
Median Property Value	385,000	235,000	320,000	252,000	267,000
Median Taxable Income	65,551	25,789	45,691	29,784	31,473
Number of Residents	2.52	1.88	1.88	2.01	2.20
% Foreign-born	8.7%	25.4%	22.8%	38.1%	41.7%
% Young Adults (18–25)	8.8%	9.8%	9.4%	23.2%	21.1%
% Moved in 2023	6.7%	9.9%	17.5%	29.9%	31.9%

Note: Data as of January 1, 2023.
Source: Computations Based on Non-Public Microdata of Statistics Netherlands

Significant differences emerge in the properties and their residents according to the type of owners. Owner-occupied properties, unsurprisingly, are expensive and cater to higher incomes, whereas housing association properties are cheaper and cater to lower-income residents. Even more interesting are the significant differences between institutionally owned rental property and investment property owned by private individuals. The latter caters to much lower incomes, often young adults and immigrants, and experiences the highest turnover rates. Because private

[3] Identifying buy-to-rent properties in the data of properties bought before 2009 is not possible because data on investor purchases is not available before 2009.

individuals buy most buy-to-rent properties, residents of those properties are most similar to the average residents of rental properties owned by private individuals.

The different types of owners largely drive these differences in the composition of residents. Because these statistics are based on the supply of properties, they do not explain what happens when different types of owners own similar properties. To investigate this issue in more detail, the author looked at every property sold between 2020 and 2022 and its buyer and used administrative data to identify the residents living in the property 1 year after the transaction date.[4]

The author determined each household's position in the 2022 distribution of disposable household income (in percentiles).[5] Households are defined as persons who live together in a property and take care of each other's needs. For every property, the total number of residents present was counted. Finally, for every resident, the author determined whether they were born abroad, were aged 18 to 24 (for adults only), and had moved out of the property within 1 year of moving in. Controlling for a wide range of property characteristics, including the tax value, energy label,[6] neighborhood, property type, square footage, and building year, the author then compared whether similar properties housed different residents based on ownership typology. The results are in exhibit 2, with properties owned by institutional investors serving as the baseline.

Exhibit 2

Characteristics of Properties and Residents, by Owner, Regression Analysis

	Income (Percentile)	Residents (Percentile)	Foreign-born	Young Adult	Moved Within 1 Year
Owner-Occupant	13.34*** (0.430)	0.112*** (0.018)	0.052*** (0.006)	0.035*** (0.005)	0.001 (0.003)
Private Investor	-5.149*** (0.461)	0.493*** (0.019)	0.229*** (0.006)	0.182*** (0.005)	0.088*** (0.003)
Housing Association	-3.50*** (0.473)	0.189*** (0.020)	0.082*** (0.007)	0.002 (0.005)	-0.005 (0.003)
Property Controls	Yes	Yes	Yes	Yes	Yes
Neighborhood Fixed Effect	Yes	Yes	Yes	Yes	Yes
Observations	686,301	686,975	1,624,197	1,272,404	1,559,614
R2	0.341	0.238	0.174	0.060	0.056

**** $p < 0.01$.*
Source: Computations based on non-public microdata of Statistics Netherlands

In exhibit 2, column 1 (Income) shows that owner-occupied households have incomes 13 percentiles higher in the Dutch income distribution compared with households in properties owned by institutional investors who are similar on observables. On the other hand, households in properties owned by private individual investors and housing associations have lower incomes compared with those residing in properties owned by institutional investors. Column 2 shows that

[4] The author picked the 3 most recent years for which data were entirely available. Multiple years of transaction data were necessary to have a sufficiently representative sample of properties by different types of owners.

[5] If household income were used, the results would be sensitive to how one records households reporting very low incomes.

[6] In the European Union, all sold property is required to have an energy label based on a uniform scoring system that quantifies its energy efficiency.

properties owned by institutional investors house fewer residents compared with owner-occupied and association-owned properties. Properties owned by private individuals house, on average, 0.5 more residents. This finding relates to the fact that when compared with institutional investors, these private investors are about twice as likely to rent to immigrants (column 3) and young adults (column 4), who often share property. Institutional investors are more likely to own apartments that cater to seniors, which might explain why their properties have fewer residents who are also more likely to be native Dutch and older, even relative to owner-occupants. Resident turnover is also higher for rental properties owned by private investors, with tenants 9 percentage points more likely to move in 1 year (column 5).

Exhibits 1 and 2 conclude that different types of owners cater to different types of residents, and many of these differences persist even if one adjusts for property characteristics. This conclusion implies that the effects of policies aimed at affecting the purchase activity of investors likely depend on the type of investors targeted. In the U.S. debate, significant attention has focused on the role of institutional investors in driving local house prices and on gentrification, both in policy proposals and academic work (Austin, 2022; Gurun et al., 2023; LaPoint, 2022). However, these investors likely cater to very different residents compared with smaller-scale private investors. Although the buy-to-rent activity of institutional investors has been growing in the United States, most of the growth in U.S. buy-to-rent purchases has been driven by small- and medium-sized investors (Garriga, Gete, and Tsouderou, 2023). This growth is also the case in the Netherlands, and the activity of small- and medium-sized investors has driven various policy measures.

Restricting Buy-to-Rent Investors

In the late 2010s, the growing activity of investors became an increasing subject of public concern in the Netherlands. After the great financial crisis, the investment opportunities for housing associations had been curtailed significantly, and rent regulations were relaxed for the private sector, providing room and incentive for growth. During this period, the Dutch government was eager to provide more room for the market, and taxes on housing associations were deemed acceptable to reduce the fiscal deficit. Between 2012 and 2023, the share of private rentals rose from 11 to 14 percent of the total housing supply, and the share of housing association rentals declined from 31 to 28 percent. Although homeownership rates did not decrease overall, the homeownership rates of young adults reduced significantly, whereas those of seniors increased (Hochstenbach and Arundel, 2021). Various measures that curtailed mortgage credit for new owners likely contributed to this development (Gabarro et al., 2024; Rouwendal, Sniekers, and Jia, 2023). As house prices rose, politicians were increasingly worried that first-time homebuyers were getting outbid by investors and were subsequently forced to rent previously owner-occupied property at high prices rather than owning a home. These concerns led to several policy changes.

The first policy change occurred on January 1, 2021, with the so-called “transfer tax differentiation.” This policy increased the real estate transfer tax for investors from 2 to 8 percent but exempted homebuyers younger than 35 from the transfer tax for the first property they would buy, provided they were going to live in it. Later, this exemption was restricted to property purchases below a specific limit (currently 510,000 euros). On January 1, 2023, the transfer tax for investors was increased to 10.3 percent as part of an effort by the government to raise more tax revenue.

Second, the government introduced a new law on January 1, 2022, that provides municipalities with a new policy tool to prevent investors from purchasing affordable owner-occupied housing. Under this new law, municipalities can prohibit investors from renting out any property bought from owner-occupants for 4 years after purchase. The policy effectively bans buy-to-rent purchases, with only a handful of exemptions to the law, such as renting to a first-degree family member. The ban applies only to properties sold by owner-occupants after the local introduction date, so it does not affect the existing rental supply or newly constructed property.

To implement the ban, municipalities must designate an area where the ban applies and a tax value limit below which it applies. In the Netherlands, any property has a tax value that equals the property's estimated market value on January 1 of the previous year. Although the law does not stipulate which limits municipalities should set, it requires municipalities to defend their choice of what they deem appropriate because the ban can legally be applied only to reduce the shortage of affordable owner-occupied housing or to improve neighborhood livability. Governments do not have to justify why achieving these goals is more important than reducing the shortage of rental housing through buy-to-rent conversion.

At the time of writing, all large cities in the Netherlands (greater than 200,000 population) have implemented a ban, although some cities have done so more quickly than others. Private rental investors, unsurprisingly, are most active in big cities; therefore, large cities have adopted the policy relatively quickly. Approximately one-half of the mid-sized cities (100,000–200,000 population) have done so. Fewer small cities or towns have implemented a ban, and most that have are suburbs of major cities. Most cities apply the ban to the entire municipality and typically select a tax value limit close to the median local property value or use the limit for mortgage insurance, a national yardstick for affordable property. In 2022, this limit equaled 355,000 euros for every property; the ban accordingly typically covers only properties with below-average valuations. However, because most buy-to-rent properties have low valuations (exhibit 1), the ban covers most buy-to-rent purchases.

The Effect of the Ban: Trends in Investor Activity

Exhibit 3 shows the monthly number of affordable properties that investors have bought from owner-occupants in the Netherlands (Francke et al., 2025). The exhibit follows "treated" and "untreated" properties before and after the law's introduction. Treated properties are properties that, on the basis of their location and tax value, become subject to an investor ban at some point during 2022 and 2023. Untreated properties are never subject to the ban, either because they are not in an area that has introduced the ban or because their property values are too high. The comparison in exhibit 3 includes only "affordable" properties in cities, which are defined as properties with a tax value below the national limit for mortgage insurance.[7] The introduced buy-to-rent bans target this

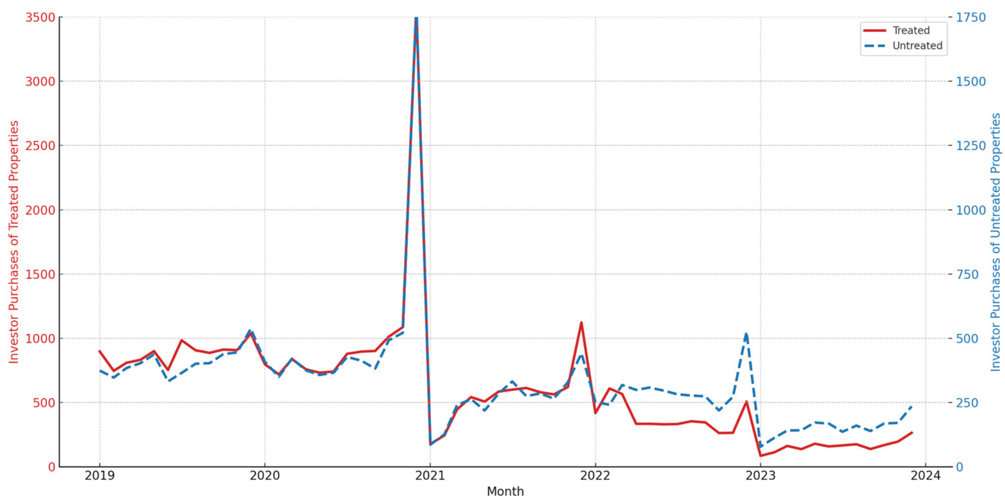
[7] The author uses the 2022 limit and restricts to properties in the 44 largest cities with a 2022 tax value below 355,000 euros, which is close to the average sales price in this period.

segment. Because most cities introduce a ban, the number of pre-ban investor purchases is larger in the treated group compared to the untreated group.

Most important, trends in investor purchases for treated and untreated properties were similar until late 2021, suggesting that the drop between 2022 and 2023 likely reflects a causal effect of the ban reducing purchases of treated properties. Note that the number of treated purchases drops only gradually because municipalities gradually introduce their buy-to-rent bans. Investor purchases of treated properties also never reach zero because non-rental investment (e.g., fix-and-flip activities) remains possible, and only a limited number of exemptions to the ban exist.

Exhibit 3

Investor Purchases of Affordable Urban Properties in the Netherlands, 2019–2023



Source: Author calculations based on data from Francke et al. (2025)

In addition to the differences between treated and untreated properties, large swings in investor activity have occurred. In particular, three distinct peaks in investor activity, which likely relate to the anticipation of government policies, are present. First, investor purchases greatly increased in December 2020 because investors anticipated a large increase in transfer tax from 2 to 8 percent. Second, a peak in December 2021 likely reflects anticipation of the introduction of the investor ban. In September 2021, many large cities announced to the national media their plans to introduce the ban, but the cities did not start announcing their actual policies and introduction dates until November 2021. Considering the time it takes to close on a property, many investors tried to buy property before January 1, 2022, to ensure that they would not be subject to the ban. Finally, another peak in investor purchases in December 2022 likely reflects anticipation of the increase in the transfer tax for investors to 10.3 percent.

Beyond the reduction in purchases of treated properties, a significant decrease in the number of untreated properties occurred. First, the real estate transfer tax increases increasingly make rental investment unattractive, implying that investor purchases in 2021 never recovered to their pre-2021 levels. As such, the transfer tax increase likely prevented investors from purchasing many properties. Second, the European Central Bank increased policy interest rates rapidly during 2022, and these hikes might have reduced the purchase activity of investors more quickly compared with owner-occupant purchases. For example, because of generous mortgage interest deductibility and amortization requirements, the mortgage payments of regular homebuyers typically increased less than those of investors. Finally, in 2023, the taxation of private rental investors increased significantly, and the government also announced plans to extend and strengthen rent regulation, effective July 1, 2024.

Measuring the Causal Effect of the Ban

Because the ban coincides with several other changes in the housing market and is mostly introduced in areas with high investment activity, evaluating the causal effect of the ban is not straightforward. Researchers are conducting an ongoing evaluation of the policy, and the main results of this investigation are summarized here (Francke et al., 2025). Because the policy and the researchers' evaluation are ongoing, the results of this article are subject to change.

Francke et al. (2025) rely on several methodologies to measure the effect of the policy. First, their main specification focuses on Rotterdam, the second-largest city in the Netherlands and the only major city to introduce the policy in specific neighborhoods. This specification allows researchers to compare properties in treated neighborhoods with properties in untreated neighborhoods with similar ex ante purchase activity of investors. Second, the authors exploit differences in introduction dates of the policy across cities, comparing purchase activity in cities that have introduced a ban with cities that have not yet done so.

Effect on Transaction Activity

Francke et al. (2025) find the policy to be effective in reducing investor activity both in Rotterdam and at the national level. In both samples, investor purchases reduce to about 25 percent of their pre-policy level. The remaining investor purchases are likely non-rental investments or, in some cases, purchases exempt from the policy. More than one-half of the properties that investors would have bought are now purchased by first-time homebuyers, indicating that the policy effectively boosts their purchase activity. Because ex ante investor activity varied locally, the absolute reduction in investor purchases and the corresponding increase in first-time buyer purchases also varied locally and over time. For example, in the 6 months before the introduction of the policy, around 30 percent of treated properties in Rotterdam were bought by investors compared with less than 10 percent nationally. In 2023, the effect of the policy weakened significantly because investors stopped buying buy-to-rent properties across the board (exhibit 3), implying that the ban has only a small additional impact.

Many regulations that typically apply only in certain areas and not in others produce spillovers. In this case, one might expect that if investors are banned in one neighborhood, they simply move to another neighborhood. Francke et al. (2025) do not find strong evidence that such spillovers were economically significant. For example, untreated neighborhoods with high investor activity in Rotterdam do not observe increased activity of investors following the ban. This occurrence is relative neither to other untreated neighborhoods in Rotterdam nor to other cities that have not yet implemented the ban. This finding might relate to the fact that investor purchases are generally trending downward in this period, possibly due to changing economic conditions and policy changes causing investors to exit the market more broadly. An investor who previously planned to buy property in an area that has become subject to the ban may decide not to invest in buy-to-rent property at all.

In conclusion, the ban is effective at reducing investor purchases and increasing the share of first-time buyers, as intended, but the magnitude of these effects depends on investors' overall activity, which varies both across locations and over time.

Effect on House Prices

Perhaps somewhat surprising, Francke et al. (2025) find that the ban has little impact on house prices.[8] If anything, the paper finds a modest temporary increase of about 1 percent in house prices in neighborhoods subject to a ban, which disappears in 2023 when the ban's impact lessens. This price effect is difficult to estimate precisely. It is based on comparing house prices in treated neighborhoods with those in comparable untreated neighborhoods and thus measures only the local price effect of investors. The presence of investors may lead to higher house prices in the entire market, but this hypothesis cannot be tested in the data. However, the lack of a downward price effect locally suggests that investors were not contributing to increasing local house prices, at least in the period around the ban's introduction.

Although banning investors reduces the demand for owner-occupied property, Francke et al. (2025) point to several counterbalancing mechanisms for why the effect on local house prices might be more low-key or trend in the opposite direction. Price effects might also depend on the stage of the housing cycle. First, investors might offer more attractive secondary bidding conditions, which allows them to secure property at lower prices. Such conditions include more flexibility on the property transfer date or lower risk because regular owner-occupants' bids are typically made conditional on the buyer obtaining mortgage financing. For sellers, such clauses are a source of risk, particularly in an environment with rapidly increasing interest rates. Most important, banning investors might increase demand from owner-occupants at the neighborhood level if they perceive buy-to-rent properties and their residents as a non-amenity. The Dutch government explicitly stated that municipalities could introduce the buy-to-rent ban to improve neighborhood livability; hence, many resident organizations in Rotterdam lobbied to expand the ban to their neighborhoods, citing examples of how residents of buy-to-rent properties affected their neighborhood. These actions suggest that buy-to-rent properties also result in a change of residents.

Effect on Residents

Francke et al. (2025) examine how the ban affects which type of residents live in properties subject to the ban. In line with the evidence provided in exhibit 2, the researchers provide strong evidence that banning investors induces gentrification of neighborhoods. First, after the ban's introduction,

[8] The authors of that paper also initially investigated the effect on rental prices based on a set of listings data and found positive price effects. However, those findings could not be replicated on a set of listings data from another rental provider that became available later and thus have been omitted here.

residents of sold treated properties have significantly higher incomes compared with residents of similar untreated properties. This effect is driven entirely by investor-owned properties catering to residents with significantly lower incomes. Regarding personal income, the average buy-to-rent resident ranks at the 40th percentile of the personal income distribution. In contrast, the average owner-occupant of the same property ranks around the 60th percentile of the income distribution. These rankings show that banning investors induces a shift toward higher-income residents. Because the types of property that investors buy typically cater to single-person households, these individuals also rank significantly lower in the distribution of household income. About one-half of this income effect is driven by investors being less likely to cater to residents who do not work, such as students or residents receiving government benefits. The remainder of this income effect is driven by the fact that those residents who do work earn less.

In line with the correlational findings in exhibit 2, Francke et al. (2025) also show that banning investors reduces the number of occupants of properties because treated properties have 0.3 fewer residents compared with owner-occupied properties. In that sense, banning buy-to-rent properties increases the housing shortage because it leads to less intense use of properties. In the same fashion, the ban might also reduce overcrowding. Researchers cannot measure this effect in the Dutch setting because housing regulations typically do not allow more than three adults to be registered in a single housing unit, implying that any overcrowding is illegal and cannot be observed in the administrative data.

Finally, residents of buy-to-rent properties are about twice as likely to be born outside the Netherlands and live about 40 percent farther from their previous property, and they are less likely to be young adults. Therefore, implementing a buy-to-rent ban ultimately favors local residents who are more likely to be able to find and afford owner-occupied property.

From a neighborhood point of view, residents might perceive these developments as favorable because preventing buy-to-rent conversions leads to an increase in local residents with higher income who remain in the neighborhood longer. Nonetheless, from a societal point of view, these developments should be monitored critically because buy-to-rent properties also ultimately allow diverse populations to find their place in the neighborhood. In that respect, banning buy-to-rent properties locally makes finding housing more difficult for groups who already face more challenges in the housing market. Unfortunately, examining exactly to what extent these groups were able to find housing after the ban was implemented and where they did find it is not possible.

Public Perception and Empirical Findings

To some extent, these findings counter the public narrative about the growing role of investors in the housing market. Investors often are associated with rising prices and growing gentrification. How can one understand this disparity? What is important to remember is that growing investor activity can coincide with other changes in a neighborhood. For example, if investors believe that a neighborhood is starting to gentrify, they could buy a set of owner-occupied properties in this neighborhood, renovate or redevelop these properties into higher-quality units, and subsequently rent them out. If the investors are successful in such efforts, these units will likely have high rental prices and attract higher-income residents, and the investor will post strong returns; in this case, increasing investor activity will likely accompany growing prices and gentrification. However, to what extent this result is caused by investors renting out these properties rather than selling them to owner-occupants is impossible to establish because the growing investor activity goes hand in hand with a growing demand for neighborhoods to house higher-income residents and improve property quality.

Francke et al. (2023) circumvent these issues because such developments do not correlate with the introduction of local buy-to-rent bans. What is also important to keep in mind is that buy-to-rent investment refers to the conversion of existing owner-occupied property to rental property. These properties are typically older and of lower value and thus more likely to cater to lower-income residents. Build-to-rent investments—constructing new properties or entirely redeveloping existing ones—might attract higher-income residents because newer units are typically of higher quality. However, Francke et al. (2025) do not study such investments because the buy-to-rent ban applies only to existing units.

Conclusions and Policy Implications

In the Netherlands, policymakers have tried to curtail buy-to-rent investor activity by increasing the transfer tax and allowing municipalities to ban investors from renting out properties bought from owner-occupants. At face value, these measures have been effective in reducing investor activity and increasing the likelihood that first-time buyers are able to buy these properties. However, these policies do not appear to have had a large impact on the evolution of house prices. In summary, restricting buy-to-rent investors does not seem to be a suitable policy tool to improve housing affordability.

Most important, measures that restrict investors' ability to buy owner-occupied homes significantly affect the type of residents living in these properties. On average, buy-to-rent conversions occur in the lower tiers of the housing market. Renters looking for housing in this segment generally do not have sufficient income or wealth to buy property or do not (yet) want to do so. The Dutch evidence shows that banning buy-to-rent conversions leads to fewer entries of low-income residents in these properties, often young adults and migrants from other cities or countries. In other words, banning buy-to-rent investors fuels gentrification. On average, buy-to-rent properties house more residents compared with owner-occupied properties, implying that such actions force some individuals to look for housing elsewhere. An important fact is that the Dutch ban allows studying short-term effects when only a small part of the total housing supply changes hands. In the long term, such a policy might significantly affect prices and neighborhoods, but these outcomes cannot be studied yet.

To put these findings into the American context, one must understand that the Dutch ban targets buy-to-rent purchases, most of which are made by private individuals, and they typically buy lower-priced units that they rent out to residents with comparatively low incomes. In North America, much of the policy debate around housing investors has focused on large institutional investors, and current policy proposals, such as the "End Hedge Fund Control of American Homes

Act,"[9] target those investors. These investors and the residents they cater to are not representative of buy-to-rent investment in general. For example, exhibit 2 shows that such institutional investors target more high-income, stable residents compared with typical buy-to-rent investors and cover only a small fraction of the market. This fact implies that the activity of institutional investors might also have different effects on prices and residential composition. Although the evidence in this article comes from the Netherlands, such a distinction may also be present in the United States (Garriga, Gete, and Tsouderou, 2023).

The final conclusion presented in this article is that the effect of investors ultimately depends on what the investors do, who they are, and whom they target. Policymakers should consider these facts when designing policy. If investors buy distressed or low-income rental properties to upgrade and rent them to higher-income residents, this activity could lead to higher prices and gentrification (LaPoint, 2022). In the Dutch case, the growth of buy-to-rent investments likely resulted from shortages of social housing, which increased demand for private rental housing. The entry of buy-to-rent investors increases the housing supply available to residents with lower incomes, so banning these investors hurts low-income residents the most. This scenario might be particularly representative of investor activity in the United States, where a large social housing supply is absent.

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Author

Matthijs Korevaar is an associate professor of finance at the Erasmus School of Economics, Erasmus University Rotterdam, Holland.

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Graphic Detail

Geographic Information Systems (GIS) organize and clarify the patterns of human activities on the Earth's surface and their interaction with each other. GIS data, in the form of maps, can quickly and powerfully convey relationships to policymakers and the public. This department of Cityscape *includes maps that convey important housing or community development policy issues or solutions. If you have made such a map and are willing to share it in a future issue of* Cityscape*, please contact alexander.m.din@hud.gov.*

Visualizing Exposure of Children to Violent Crime in Washington, D.C.

Brent D. Mast
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Tricia Ruiz
U.S. Department of Housing and Urban Development

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Introduction

Families with children consider crime, especially violent crime, an important factor in choosing where to live (Mast, 2009; Sanbonmatsu et al., 2011; Wilson and Mast, 2013). Several studies have found that violent crime exposure can have negative consequences across multiple dimensions, such as chronic physical conditions, developmental disorders, and mental health (American Public Health Association, 2018; Baryani et al., 2021; Jackson, Posick, and Vaughn, 2019; Lorenc et al., 2012). Other conditions include reduced child activity (Kneeshaw-Price et al., 2015), increased stress levels (Mayne et al., 2018), decreased academic achievement (Miliam, Furr-Holden, and Leaf, 2010), and increased probability of physical and mental health problems in adulthood (Mayne et al., 2018).

These studies show that families consider crime an important factor in neighborhood quality. Wilson and Mast (2013) found that perceived neighborhood safety was a strong motivator for households to use HUD (U.S. Department of Housing and Urban Development) vouchers to change neighborhoods. Sanbonmatsu et al. (2011) reported that young females with Moving to Opportunity vouchers experienced increased feelings of safety and reduced exposure to unwanted sexual attention after their move. With broader research on crime, youth, and neighborhoods, this article provides a data visualization of the relationship between violent crime and where households with children live, using Washington, D.C., as a case study.

The Data

This article uses two measures to explore the spatial relationship between violent crime rates and where children reside in Washington, D.C. (D.C.). First, the authors analyze D.C. violent crime rates per 10,000 population and the percentage of the population aged birth to 17 at the Health Planning Neighborhood (HPN) level.[1] Open Data DC (n.d.) reports that 51 HPNs are used "by DC Health, partners, and researchers to facilitate analysis and statistical modeling on a variety of health, economic, social, and other topics." Because HPNs consist of aggregations of census tracts, the authors can compute violent crime rates and percentages of the population aged birth to 17 at the HPN level using tract-level data. Second, for the same age group, they used 2017–2021 American Community Survey data aggregated to the HPN level.

According to Open Data DC (n.d.), 2,072 violent crimes (for example, assault, homicide, robbery, and sexual abuse) were reported in D.C. in 2021. Exhibit 1 reports summary statistics for violent crime rates and percentages of the population aged birth to 17. Across 51 HPNs, the mean crime rate was 35.7 occurrences per 10,000 in the population, ranging from a minimum of 1 to a maximum of 227. The mean percentage of the population aged 17 or younger was 18.6 percent, ranging from a minimum of 9.2 percent to 38.7 percent.

Exhibit 1

Summary Statistics

Variable	N	Mean	StdDev	Min	Median	Max
Violent crime rate	51	35.677	37.359	1	21.832	227.273
Percentage of population aged 0–17	51	18.627	9.174	0	19.617	38.697

Max = maximum. Min = minimum. N = number of Health Planning Neighborhoods. StdDev = standard deviation.

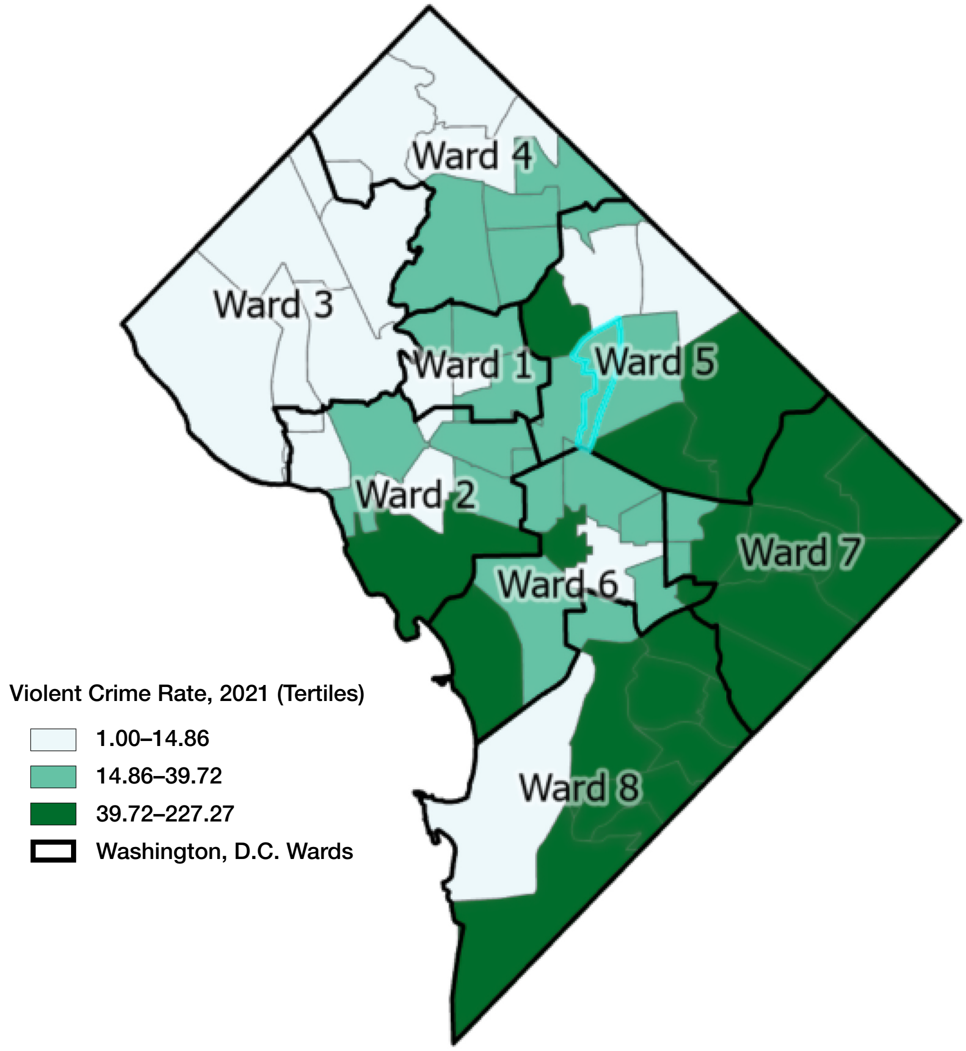
Data Visualizations

Exhibits 2–4 illustrate the same data in choropleth, or thematic, maps. Exhibit 2 provides a map of the violent crime rate at the HPN level. The class breaks on the map are based on the data and divided into tertiles; the class break in the lightest shade represents HPNs with a violent crime rate ranging from 1.00 to 14.86 and denoting the lowest third percentile within the data. Conversely, the darkest-shaded class break indicates HPNs with a violent crime rate in the highest third percentile, ranging between 39.72 and 227.27. This map shows that violent crime occurs at a high rate in the district's south-central, eastern, and southeastern sections. The moderate violent crime rates are represented by the middle tertile, ranging from 14.86 to 227.27 occurrences per 10,000 in the population.

[1] In similar work, Din (2022) specifically analyzed D.C. homicide data at the census tract level.

Exhibit 2

Map of Violent Crime Rate in Washington, D.C.

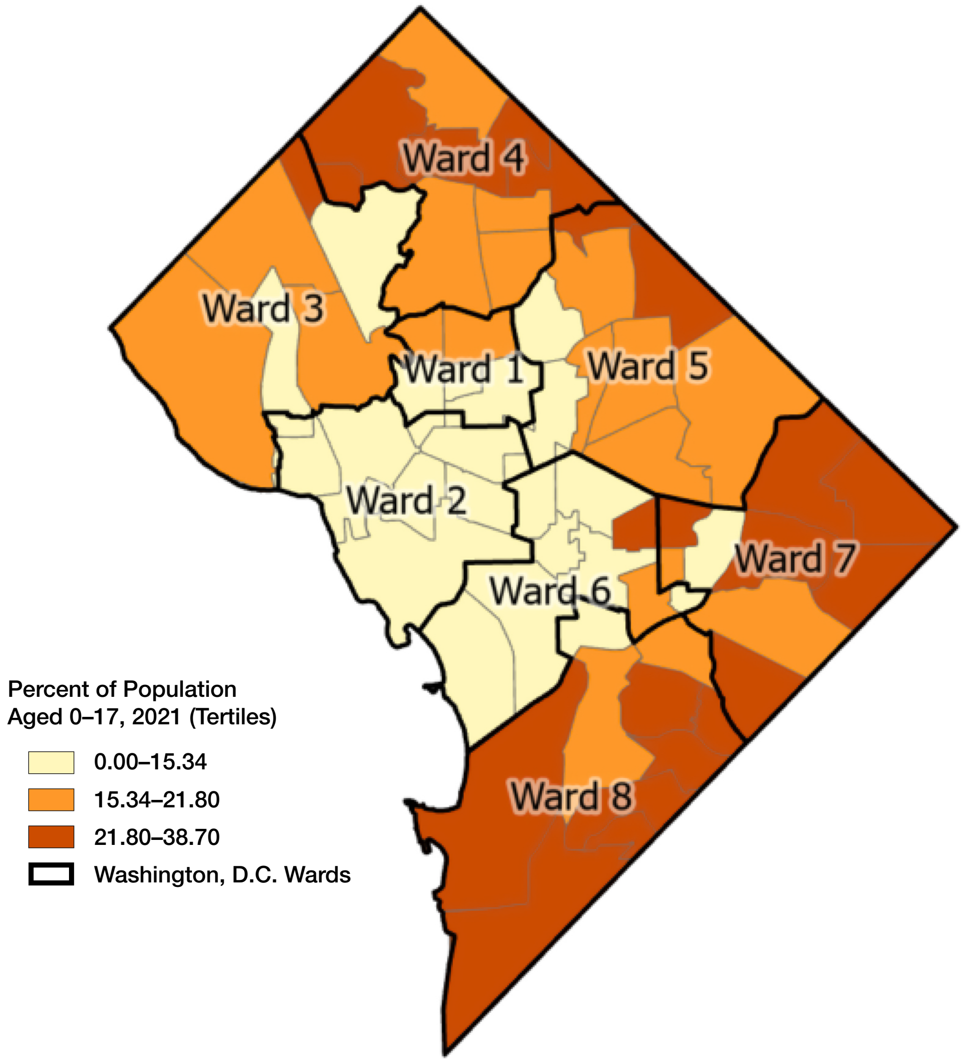


Sources: Authors' tabulations of Open Data DC for 2021 and American Community Survey 5-year data, 2017–2021; ward boundaries from Open Data DC

Exhibit 3 is a map of the percentage of the population of children younger than age 18. As in exhibit 2, the class breaks are coded into tertiles, in which the lightest-shaded areas show neighborhoods with fewer children as a percentage of the population, with the bottom third percentile ranging from 0.00 to 15.34 percent. The darkest-shaded areas indicate the HPNs where more children reside, which is the top third percentile, ranging from 21.80 to 38.70 percent of the population. This map shows that the largest concentrations of children reside in the north, east, and southeast parts of D.C., similar to the patterns seen in the previous map.

Exhibit 3

Map of Percentage of Population Aged 0–17 in Washington, D.C.

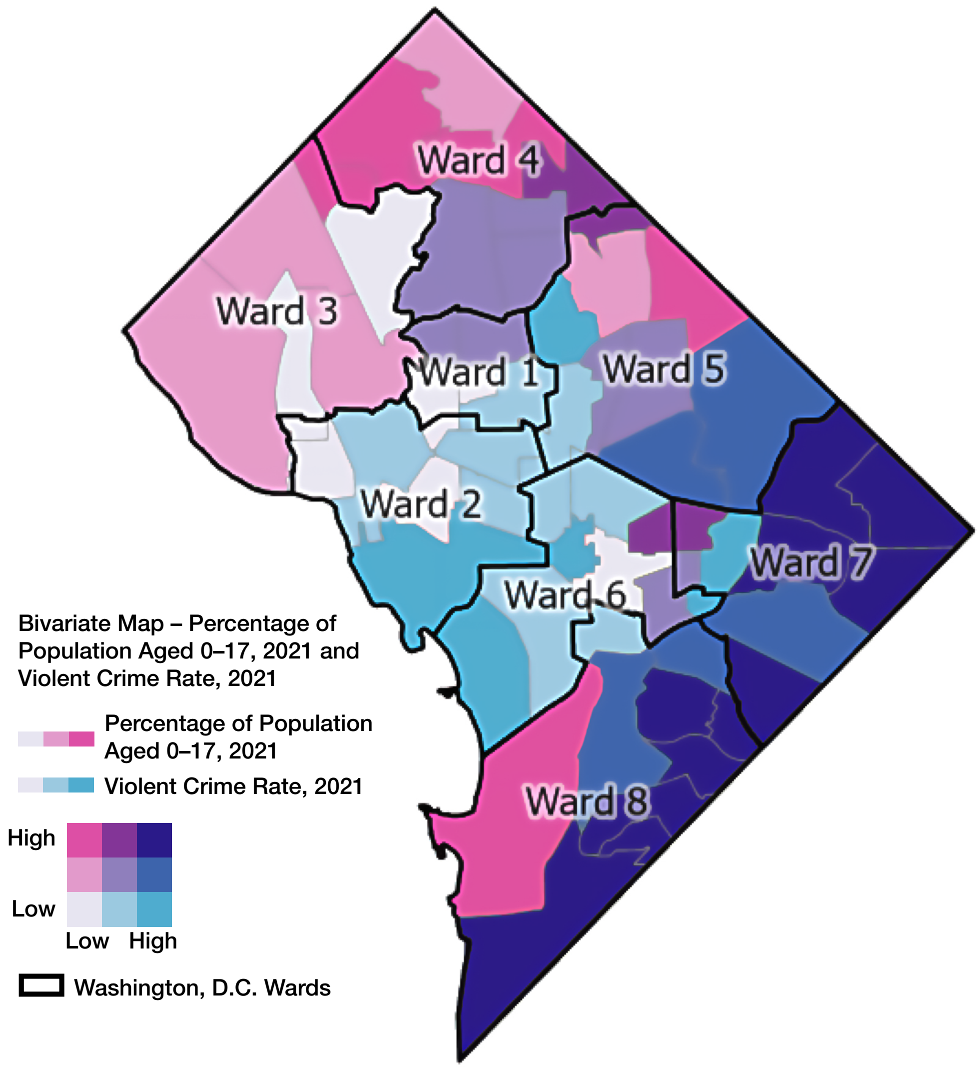


Sources: Authors' tabulations of Open Data DC for 2021 and American Community Survey 5-year data, 2017–2021; ward boundaries from Open Data DC

Exhibit 4 is a map of the two layers in exhibits 2 and 3 combined as a bivariate map. This type of thematic map shows areas where both measures are low, moderate, or high in combination with the other. Both variables have class breaks based on tertiles, such that the lightest shade denotes the lowest third and the darkest shade denotes the highest third values. In combining the two sets of tertiles, nine distinct typologies are indicated. Exhibit 5 provides a table with the number of HPNs in each category displayed in exhibit 4.

Exhibit 4

Bivariate Map of Violent Crime Rate and Percentage of Population Aged 0–17 in Washington, D.C.



Sources: Authors' tabulations of Open Data DC and American Community Survey 5-year data, 2017–2021; ward boundaries from Open Data DC

Exhibit 5

Table of HPNs by Violent Crime Rate and Percentage of Population Aged 0–17 in Washington, D.C.

HPNs by Violent Crime Rate and Percentage of Population Aged 0–17 in Washington, D.C.	Number of HPNs
Low Violent Crime Rate and Low Percentage of Population Aged 0–17	7
Low Violent Crime Rate and Moderate Percentage of Population Aged 0–17	5
Low Violent Crime Rate and High Percentage of Population Aged 0–17	5
Moderate Crime Rate and Low Percentage of Population Aged 0–17	7
Moderate Crime Rate and Moderate Percentage of Population Aged 0–17	8
Moderate Crime Rate and High Percentage of Population Aged 0–17	2
High Crime Rate and Low Percentage of Population Aged 0–17	3
High Crime Rate and Moderate Percentage of Population Aged 0–17	4
High Crime Rate and High Percentage of Population Aged 0–17	10
Grand Total	51

Sources: Authors' tabulations of Open Data DC and American Community Survey 5-year data, 2017–2021; ward boundaries from Open Data DC

In exhibits 2 and 3, the east and southeast have high values of both violent crime rates and the percentage of the population who were children. These values were reconfirmed in exhibit 4, where the darkest-shaded areas depict both variables at their highest levels. However, some places had high concentrations of children but low levels of violent crime, particularly in the north, as represented by the darker versions of the lightest shades. These data confirm what the *2020–21 State of D.C. Schools* (D.C. Policy Center, 2022) reports as two trends for Wards 7 and 8, areas along the southeast border of D.C. According to the annual overview, Wards 7 and 8 (1) had many of the school district's students (42 percent) and (2) had the most homicides that occurred in the 2020–21 academic year (64 percent).

Conclusion

Visualizing this disparate trend across the city can help advocacy groups, planners, and policymakers in housing, education, and law enforcement consider how data might help explore solutions and increase resources for families. This method of measuring and mapping crime rates and demographic composition at the neighborhood level can be useful for research and policy evaluation related to crime, youth, and neighborhood choice. Future work can also include analysis of other neighborhood quality measures, such as access to schools, childcare, jobs, transportation, and other indicators related to how families decide what neighborhoods would provide the most choices for safer housing and reduced exposure to violent crime, particularly for children.

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Authors

Brent D. Mast is a senior social science researcher at Economic Systems Inc. Tricia Ruiz is a geographer at HUD's Office of Fair Housing and Equal Opportunity.

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How the Height of Buildings Act Impacts Development in Washington, D.C.

Kenan Dogan
Georgetown University

Abstract

This article examines how the Height of Buildings Act influences development patterns in Washington, D.C. First, it establishes that the act is a binding development constraint in central D.C. Second, it illustrates that development in Washington, D.C., is less concentrated and less intense in the city center than it is in the comparable city of Philadelphia, Pennsylvania. Third, it shows that the population density in Washington, D.C., sprawls farther from the city center than does the population in Philadelphia. This article aligns with the prevailing urban economic literature regarding the consequences of building height limits.

Introduction

By limiting the density of urban development, building height limits can prevent the supply of real estate from meeting demand (Glaeser, Gyourko, and Saks, 2005). Because real estate demand is often greatest in the city center, height limits are especially consequential in the downtown area (Ahlfeldt and McMillen, 2018; Albouy, Ehrlich, and Shin, 2018; Brueckner and Singh, 2020). Downtown height limits significantly increase real estate prices in the city center and shift development toward outlying areas, increasing commuting costs (Bertaud and Brueckner, 2005; Brueckner and Sridhar, 2012; Ding, 2013).

Perhaps the most notorious height limit is the Height of Buildings Act of 1910, a federal law that restricts building heights in Washington, D.C. (hereafter, D.C.), on the basis of street width.[1] This article illustrates how the Height Act constrains density in Downtown D.C. by comparing development patterns in D.C. with those in Philadelphia, Pennsylvania.

[1] Buildings can rise to the width of the street plus 20 feet on commercial streets, up to 130 feet, and rise to the width of the street on residential streets, up to 90 feet. The Height Act allows heights up to 160 feet for buildings on Pennsylvania Avenue between the White House and the Capitol Building, but the federal government owns most lots in this area (*An Act to Regulate the Height of Buildings in the District of Columbia*. 1910. Public Law 61–196).

The Height Act Constrains Development in Downtown Washington, D.C.

The Height Act is the primary density restriction in central D.C., referred to as the "Height Act Area"[2] (Dogan, 2024). To assess whether the Height Act acts as a binding development constraint, exhibit 1 illustrates the remaining development potential in the Height Act Area, including an inset map highlighting the Height Act Area in relation to the city at large.[3]

Using the D.C. Government's Common Ownership Lots spatial layer (Open Data DC, 2022b), exhibit 1 shades lots that still contain development potential under the Height Act in dark blue. Overlaying the Buildings 3D spatial layer (Open Data DC, 2022a), exhibit 1 displays lot area that is already built to 100 feet in light pink with a hashed pattern.[4] Focusing on privately-owned, developable lots, the analysis excludes government-owned lots, university campuses, and historically preserved property.[5] To analyze how the Height Act affects the spatial distribution of new development, exhibit 1 overlays a heat map of buildings built after 2000, weighted by their square footage.[6]

[2] Throughout most of the city, D.C.'s zoning code limits buildings to even lower heights than the Height Act does, either directly through height restrictions or through floor-area-ratio restrictions (Open Data DC, 2017). The Height Act only meaningfully restricts development in zones that do not set additional height and floor-area-ratio (FAR) restrictions. Under the 2016 zoning code, these zones consist of D-4-R, D-5, D-5-R, D-6, D-6-R, D-7, and D-8, defining the current "Height Act Area" (Open Data DC, 2017, 2016). Under the 1958 zoning code, these zones consisted only of C-4, DD/C-4, and DD/C-5, establishing this article's definition of "Downtown" (DC Office of Zoning, n.d.).

[3] Previous studies have used diverse methods to confirm that height limits constrain building heights below market demand in the District of Columbia. Trueblood (2009) employed a similar spatial approach of comparing building heights with D.C.'s zoning limits in his analysis of the Height Act, whereas more recent economic approaches have found evidence of below-market heights through inflated rent prices (Eriksen and Orlando, 2021) and deflated land values (Brueckner and Singh, 2020).

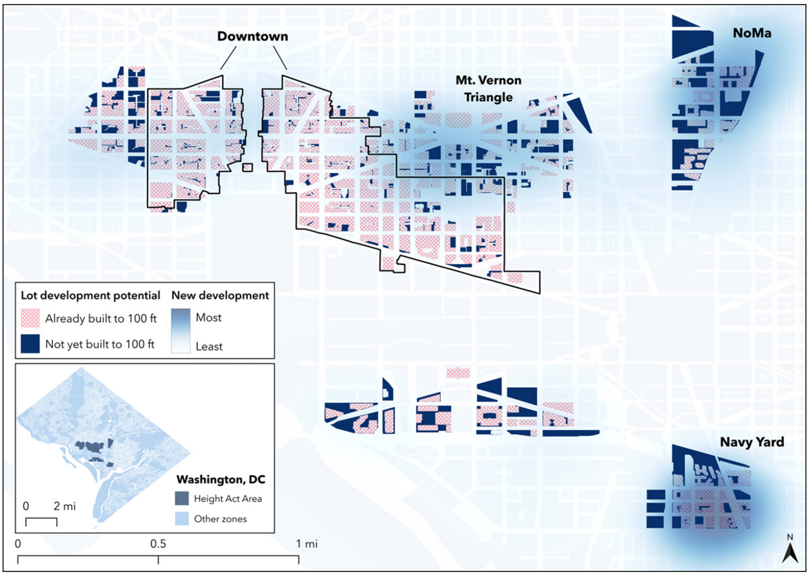
[4] As the maximum height allowed under the Height Act depends on street width, 100 feet is a reasonable estimate of the maximum height permitted on a typical street within the Height Act Area. Although the Height Act allows buildings on wider streets to reach as high as 130 feet, it would not make economic sense to redevelop an existing 100-foot building to achieve this height. The analysis conservatively uses the median, as opposed to the maximum, height of each building to prevent spires and antennas from biasing the height upward.

[5] The study excludes lots owned by foreign governments, the U.S. Government, the D.C. Government, the D.C. Housing Authority, Washington Metropolitan Area Transit Authority, and Consolidated Rail Corporation, as noted in the D.C. Government's Common Ownership Lots spatial layer (Open Data DC, 2022b). The analysis also overlays the D.C. Government's University and College Campuses spatial layer (Open Data DC, 2023d) to exclude college campuses and the Historic Preservation Easements (Open Data DC, 2021b) and Historic Landmarks (Open Data DC, 2020) spatial layers to exclude historically preserved property.

[6] The heat map analyzes lots whose primary building was built after 2000, as specified by "AYB" in the D.C. Government's Computer Assisted Mass Appraisal—Commercial (Open Data DC, 2023b) and Computer Assisted Mass Appraisal—Residential (Open Data DC, 2023c) datasets. Building square footage is sourced from Gross Living Area in the same datasets. Appraisal data are joined with the Common Ownership Lots spatial layer (Open Data DC, 2022b) to perform a quartic kernel density estimation with a 600-meter (0.37-mile) radius of influence.

Exhibit 1

Remaining Development Potential in the Height Act Area



ft = feet. mi = mile. NoMa = North of Massachusetts Avenue.
Sources: DC Office of Zoning, n.d.; Open Data DC, 2023a, 2023b, 2023c, 2023d, 2022a, 2022b, 2021b, 2020, 2016

Exhibit 1 reveals that virtually every lot in the Downtown neighborhood (outlined in black) is already built to the maximum height allowed under the Height Act. This map indicates that the Height Act prevents Downtown D.C. from densifying further. As additional evidence, the heat map shows that Downtown has received minimal new development during the past 2 decades. Instead, D.C.'s new development has concentrated in neighborhoods surrounding Downtown that contain greater development potential.

Visualizing the Spatial Distribution of Development in Washington, D.C., and Philadelphia, Pennsylvania

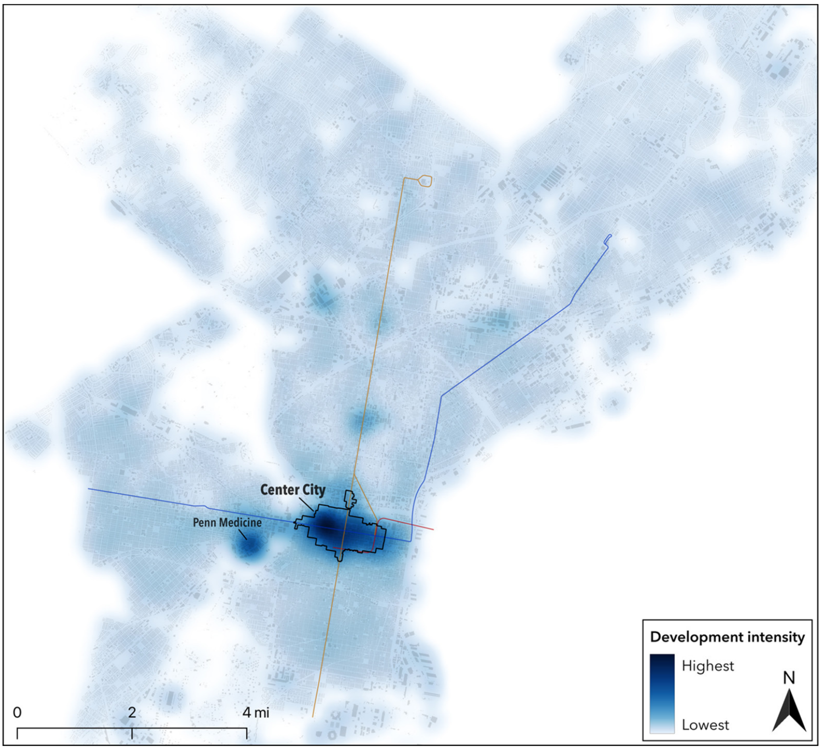
Having established that the Height Act constrains development in Downtown D.C., this section compares the spatial distribution of development in D.C. with its nearest similarly sized city, Philadelphia, Pennsylvania. The D.C. and Philadelphia metropolitan statistical areas contain approximately the same population (U.S. Census Bureau, 2020b) and produce comparable levels of economic output (U.S. Bureau of Economic Analysis, 2020). Accordingly, a reasonable assumption is that their downtowns would exhibit similar development intensity in the absence of height restrictions. However, Philadelphia permits skyscrapers and high-intensity development in its downtown, whereas D.C. does not.[7]

[7] This article defines Center City using the Center City District Boundary spatial layer (OpenDataPhilly, 2015). Center City contains a mix of commercial mixed-use (CMX)-4 and CMX-5 zoning. Within the densest part of Center City, an FAR of 16 is allowed by-right, increasing to an FAR of 35 when including maximum density bonus incentives. An FAR of 35 permits a 70-story skyscraper that covers one-half its lot (Philadelphia City Planning Commission, 2022: 34).

Building off Dogan (2024), exhibits 2a and 2b use building-level data to produce a heat map of development intensity in Philadelphia, Pennsylvania, and Washington, D.C., respectively.[8] A given location's heat map value is determined by a quartic kernel density estimation, which considers the quantity of building volume within a 600-meter (0.37-mile) radius of that location. Darker areas of the maps represent the areas with greater development density. Metro lines and building footprints are overlaid for perspective.[9]

Exhibit 2a

Development Intensity Heat Map: Philadelphia, Pennsylvania



mi = mile.

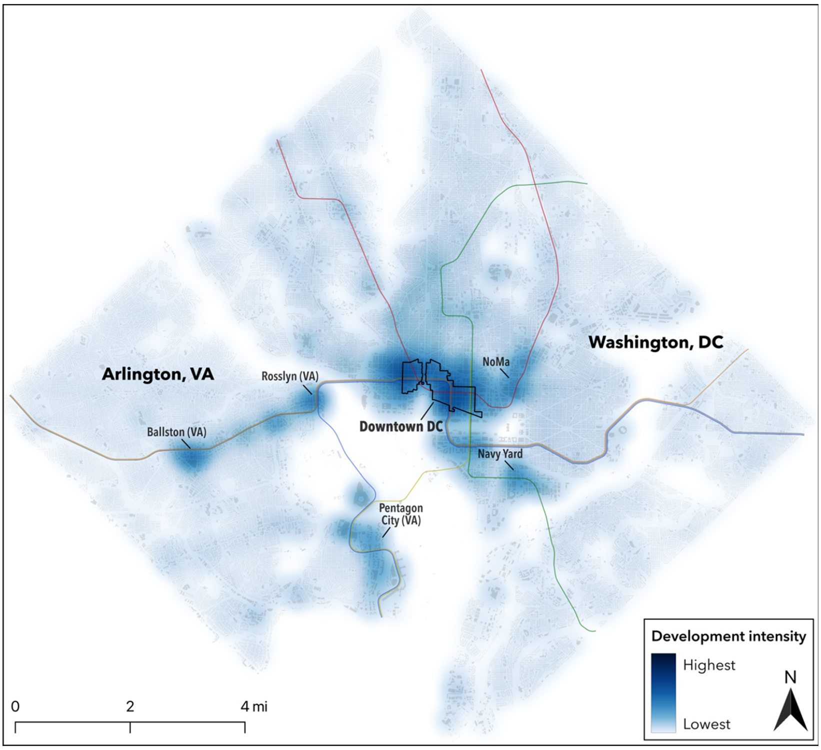
Sources: NJGIN Open Data, 2018; OpenDataPhilly, 2018, 2015, 2012; SEPTA Open Data, 2022

[8] Philadelphia's building data are sourced from the Philadelphia Government's Building Footprints spatial layer (OpenDataPhilly, 2018). The District's building data are sourced from the D.C. Government's Building Footprints (Open Data DC, 2023a) and Buildings 3D (Open Data DC, 2022a) spatial layers. Arlington's building data are sourced from the Arlington Government's Building Height Polygons spatial layer (Arlington County, VA GIS Mapping Center, 2023). Building volume for all cities is calculated by multiplying a building's height by its area. To avoid the influence of building spires and antennas, approximate height is used for Philadelphia, producing conservatively low estimates. Because the height of Philadelphia's tallest building, the Comcast Technology Center, is missing in Philadelphia's building footprint data, this analysis sources the occupied height of this building from the Council on Tall Buildings and Urban Habitat (n.d.). Since completing the analysis, the Buildings 3D (Open Data DC, 2022a) spatial layer is no longer available on Open Data DC.

[9] Philadelphia's metro lines are sourced from the Highspeed Lines spatial layer (SEPTA Open Data, 2022) and the Port Authority Transit Corporation (PATCO) Speedline spatial layer (NJGIN Open Data, 2018). D.C.'s and Arlington's metro lines are sourced from the Metro Lines Regional (Open Data DC, 2024a) spatial layer. Metro lines are clipped to the geographic boundaries of each jurisdiction using government boundary spatial layers (Arlington County, VA GIS Mapping Center, 2024b; Open Data DC, 2024b; OpenDataPhilly, 2012).

Exhibit 2b

Development Intensity Heat Map: Washington, D.C., and Arlington, Virginia



mi. = mile. NoMa = North of Massachusetts Avenue.

Sources: Arlington County, VA GIS Mapping Center, 2024b, 2023; DC Office of Zoning, n.d.; Open Data DC, 2024a, 2024b, 2023a, 2022a

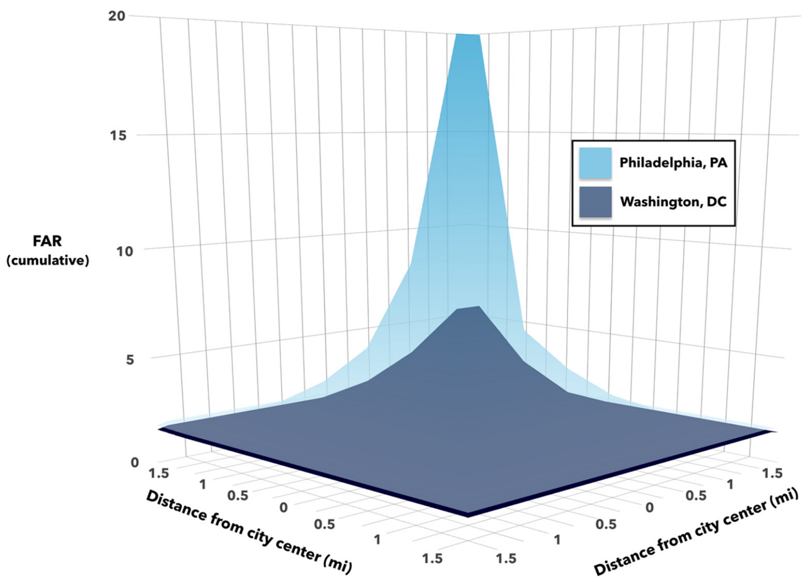
Exhibit 2a reveals that development intensity in Philadelphia is exponentially higher in Center City than elsewhere. By contrast, exhibit 2b shows that development intensity in D.C. is similar between Downtown and its surrounding neighborhoods and those along the Metro lines in neighboring Arlington, Virginia.[10] Consequently, the intensity of development in Center City Philadelphia significantly exceeds that in Downtown D.C.

Exhibit 3 compares aggregate central city building volume by measuring the cumulative FAR, the total square footage of building space per square footage of land, by the distance from the densest part of each city. Exhibit 3 calculates FAR first by summing the total building volume within 200-meter (0.12-mile) radius increments from the city center. The analysis then divides this volume by an estimated height of a building floor, 3.14 meters (10.3 feet), to convert volume into square footage. Lastly, the analysis divides the square footage of building space by the square footage of land implied by the circle's radius. Exhibit 3 visualizes cumulative FAR in 3D, plotting Philadelphia in light blue and Washington, D.C. in dark blue.

[10] Although Arlington, Virginia's urban centers, such as Rosslyn and Crystal City, permit significantly taller buildings than D.C.'s Height Act allows, they are limited to an FAR of 10, effectively equivalent to central D.C. (Arlington County, Virginia, n.d.).

Exhibit 3

3D Visualization of Cumulative FAR: Washington, D.C., vs. Philadelphia, Pennsylvania



FAR = floor area ratio. mi = mile.

Note: The X and Y axis labels are based in Cartesian coordinates using metric units but are converted to radial distances using imperial units for enhanced visual interpretability. Graphic produced with the R Plotly package.

Sources: Open Data DC, 2023a, 2022a; OpenDataPhilly, 2018; Sievert, 2020

Exhibit 3 illustrates that Philadelphia's city center contains multiple times more floor area than D.C.'s. Moving away from the city center, cumulative FAR levels begin to equalize, as neighborhoods surrounding Downtown D.C. are denser than those in Philadelphia. Nevertheless, Philadelphia maintains a consistently higher cumulative FAR than D.C. within 1.5 miles of its city center, driven by the spike in Center City.

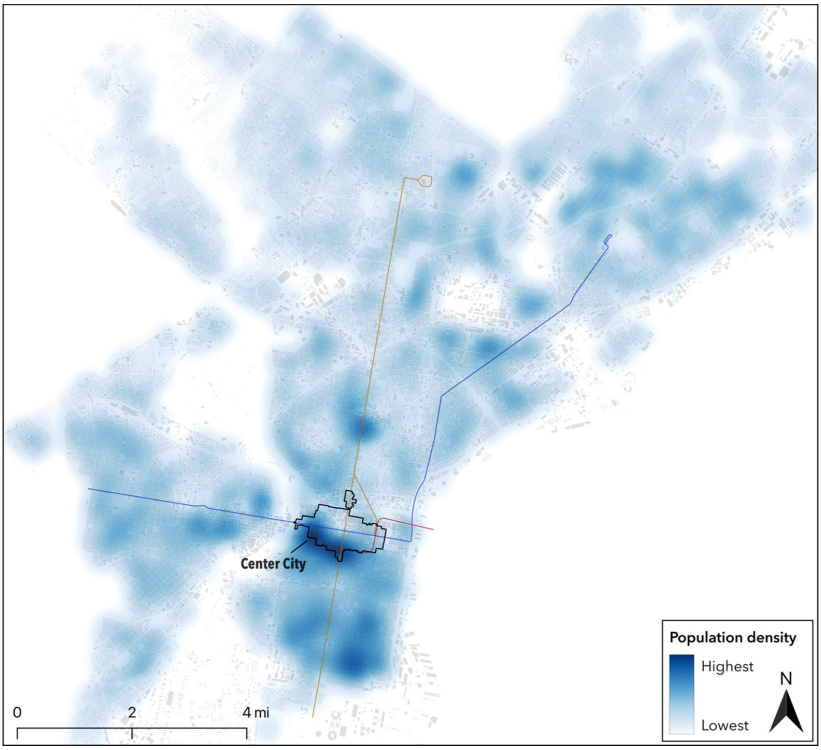
Mapping Population Density in Washington, D.C., and Philadelphia, Pennsylvania

Ultimately, the distribution of development within a city affects where residents live. Although D.C. and Philadelphia have similar population densities (U.S. Census Bureau, 2020a), they are distributed differently within each city. Exhibit 4 compares the population density of D.C. with that of Philadelphia using block-level census data.[11] The heat map considers the population within 600 meters (0.37 mile) of each block using a quartic kernel density estimation, capturing a precise picture of population density that cannot be achieved using spatially grouped units such as census tracts.

[11] Block-level population data for all cities are sourced from the U.S. Census Bureau (2020b). Population data are merged with census block spatial layers from each government (Arlington County, VA GIS Mapping Center, 2024a; Open Data DC, 2021a; OpenDataPhilly, 2021).

Exhibit 4a

Population Density Heat Map: Philadelphia, Pennsylvania



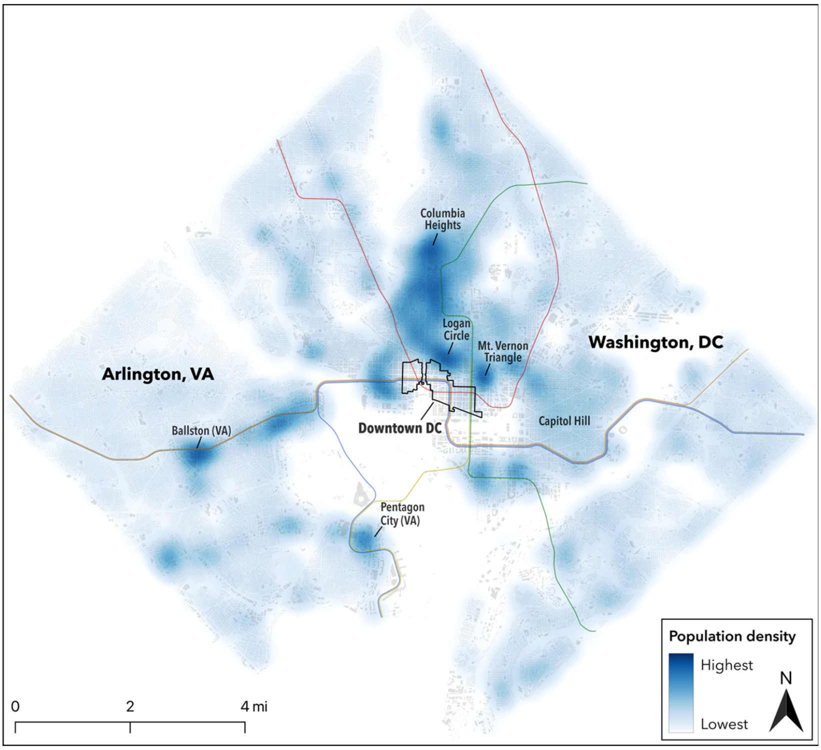
mi = mile.

Sources: NJGIN Open Data, 2018; OpenDataPhilly, 2021, 2018, 2015, 2012; SEPTA Open Data, 2022; U.S. Census Bureau, 2020b

Although residential density does not spike downtown to the same extent as commercial density, population density is still typically highest in the city center (Ahlfeldt and Barr, 2022). Exhibit 4a reveals that in Philadelphia, population density peaks in Center City near Rittenhouse Square, which is denser than any neighborhood in D.C. By contrast, exhibit 4b shows that Downtown D.C. contains extremely low population levels, with density mostly concentrated north of Downtown and along the Metro corridors in Arlington, Virginia.

Exhibit 4b

Population Density Heat Map: Washington, D.C., and Arlington, Virginia



mi = mile.

Sources: Arlington County, VA GIS Mapping Center, 2024a, 2024b, 2023; DC Office of Zoning, n.d.; Open Data DC, 2024a, 2024b, 2023a, 2021a; U.S. Census Bureau, 2020b

Conclusion

This article employed Geographic Information Systems and 3D plotting software to analyze how the Height Act affects development in Washington, D.C. Comparing the development intensity of D.C. with Philadelphia illustrates how the Height Act reduces the supply of development in Downtown D.C., where it acts as a binding constraint on growth. Consequently, D.C. residents pay steeper rents and live farther from the city center.

Methods

Maps and analyses were created using QGIS and R (R Core Team, 2024), both of which are free and open source.

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Author

Kenan Dogan is an alumnus of Georgetown University and a former Mortara Undergraduate Research Fellow.

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Industrial Revolution

Every home that is built is a representation of compromises made between different and often competing goals: comfort, convenience, durability, energy consumption, maintenance, construction costs, appearance, strength, community acceptance, and resale value. Consumers and developers tend to make tradeoffs among these goals with incomplete information which increases risks and slows the process of innovation in the housing industry. The slowing of innovation, in turn, negatively affects productivity, quality, performance, and value. This department features a few promising improvements to the U.S. housing stock, illustrating how advancements in housing technologies can play a vital role in transforming the industry in important ways.

Challenges to Offsite Construction Due to Jurisdictional Regulations

Chinonso Maduka
Somik Ghosh
Ben F. Bigelow
The University of Oklahoma

Abstract

The adoption of offsite construction techniques offers significant benefits over traditional onsite methods, yet its use remains low in the United States compared with other developed countries. Although previous research has identified various barriers, the effect of regulations and local building codes has been underexplored. This article examines these regulatory challenges in Oklahoma through interviews with building inspectors and contractors involved in offsite construction. Findings reveal that regulatory barriers, practices of authorities having jurisdiction (AHJs), and mindset issues among different stakeholders hinder adoption. Recommendations include leveraging third-party inspectors, standardizing regulations, educating AHJs, fostering collaboration among stakeholders, and studying successful international practices. Addressing the challenges can streamline the code adoption process, ensure safety and quality, and increase offsite construction adoption. This article contributes to a more streamlined regulatory framework for offsite construction practices.

Introduction

Offsite construction involves the planning, design, manufacturing, and assembly of building components at a location other than the final installation site, enabling rapid and efficient construction of permanent structures (NIBS, 2024). This approach can include producing entire building units, such as modular structures, or individual components, such as panels, which are then transported and assembled at the construction sites. When effectively managed, offsite construction offers numerous advantages for both residential and commercial projects, including reduced waste, faster onsite construction, fewer labor hours during assembly, and enhanced quality, safety, and sustainability (de Laubier et al., 2021; Fannie Mae, 2020; Jin et al., 2018; Loizou et al., 2021). Expanding the use of offsite construction in the United States could help address the current housing shortage. The Federal Home Loan Mortgage Corporation, or Freddie Mac, estimates that the United States needs 3.8 to 5.5 million housing units to address the current deficit (Fannie Mae, 2020). Given this need for greater housing stock, traditional construction practices have not been able to keep up with the demand, making it necessary to adopt innovative methods—such as offsite construction—to tackle these problems (NIBS, 2024). The construction industry has historically struggled to adopt and adapt to innovations. If the housing industry is to thrive and the current deficit of housing stock is to be reduced, innovation such as offsite construction practices will be necessary (de Laubier et al., 2021).

For this research, offsite construction encompasses prefabricated components, including modular elements used for single-family and multifamily residential units. These components can be either volumetric or panelized. *Volumetric* construction is a form of offsite construction that involves assembling buildings by connecting large, prebuilt sections, whereas *panelized* construction refers to prefabricated sections of walls, floors, or roofs that are assembled on site. The overall construction processes for offsite and traditional construction differ in that offsite construction involves manufacturing some components offsite, transporting them to the site, and assembling them with onsite construction processes in compliance with local building codes. Despite those differences in the process, the final product of offsite construction is similar to that of traditional construction in terms of appearance, quality, durability, and safety. For this article, manufactured houses are not considered a part of offsite construction because they are regulated by the uniform and performance-based construction standards of the U.S. Department of Housing and Urban Development (HUD) and are subject to HUD standards, whereas offsite construction without the standardized code is subject to local, state, or regional building codes (MHI, 2023; Vukelich, 2022), which brings about a fragmented regulatory landscape and hinders widespread adoption of offsite construction.

Code Compliance and Regulation

Offsite construction offers promising benefits for the U.S. construction industry, including increased efficiency, improved quality, and reduced environmental impact. However, its widespread adoption is hindered by several challenges. Studies by Kazem-Zadeh and Issa (2020) and Lim et al. (2022) highlight regulatory hurdles as challenges that impede the wider acceptance of offsite construction. They point to the complex web of state and local regulations, different building codes across jurisdictions, and limitations on third-party inspections as major challenges. Thirty-nine states in the United States require a governmental or third-party agency to complete factory inspections to ensure compliance with state codes governing offsite construction (Abu-Khalaf, 2019; Ryder, 2023). In Oklahoma, the process of obtaining building permits includes submitting detailed plans for the project, applying for permits, awaiting review and approval, and arranging for inspectors (The City of Oklahoma City, 2024). In addition to obtaining a building permit ahead of construction, builders are typically required to pass a series of inspections. Most inspections are conducted at the factory, although some occur on site. Out-of-state factories use third-party inspections. Although the intent of multiple inspections is to ensure compliance with local jurisdictional building code requirements, they add a layer of complexity to the approval and inspection processes (Abu-Khalaf, 2019). These cumbersome processes increase delays and negate some of the gains that might be realized from offsite construction's time-related cost savings.

Lack of Clarity in Adopted Codes and Standards

The lack of standardized codes and quality assessment tools has been identified as a significant barrier to the adoption of offsite construction (Mao et al., 2015; Rahman, 2014). The development of building codes in the United States has been a long and evolving process. Early codes were developed by regional organizations and focused on fire safety. Over time, the need to unify codes and increase flexibility led to the development of performance codes. In 1994, the International Code Council (ICC) was formed, and both the International Residential Code and the International Building Code, published in 2000, became the de facto national code (Mathewson, 2023). However, the federal government had limited direct authority over building codes because local jurisdictions have the final say on whether to adopt the ICC codes, reject specific provisions, or introduce more stringent versions of their own.

In the United States, standards to facilitate the wider adoption of offsite construction methods are lacking (Rahman, 2014). In a study on China, Mao et al. (2015) highlighted the role of a robust regulatory framework, complete with efficient enforcement mechanisms, to address these challenges. In countries such as Singapore and China, government policies, regulations, and initiatives have been supportive in promoting offsite construction (Razkenari et al., 2020). By contrast, the United States faces a fragmented and complex building code landscape, where requirements vary significantly between jurisdictions and states (Colker et al., 2022). The lack of clear and consistent codes and standards hinders the adoption of offsite construction because the potential economic and time-saving benefits could be compromised without efficient compliance mechanisms. Furthermore, the inconsistency in code interpretation and enforcement complicates the collaboration among stakeholders, which is essential for effective coordination between offsite manufacturers and onsite construction workers (Gan et al., 2018).

Authorities having jurisdiction (AHJs), which can be either governmental or nongovernmental entities, enforce regulations such as building and fire codes in specific areas. Although those regulations ensure the structural safety and integrity of the buildings, Kennerley (2019) and Darlow, Rotimi, and Shahzad (2021) suggest that building codes and policies be amended to provide a simplified and faster process of approval and inspection for offsite construction. Razkenari et al. (2020) supported that recommendation, emphasizing the importance of streamlining the approval process to promote local offsite fabrication.

This article highlights challenges to the adoption of offsite construction in the state of Oklahoma by examining how regulatory frameworks can be a bottleneck. Through engaging subject matter experts, the authors explored the current state of the offsite construction permitting and inspection process in Oklahoma, revealing barriers that have emerged because of the existing regulatory framework.

Background and Objectives

Offsite construction has been recognized as a solution to several problems associated with traditional onsite construction methods by moving a large proportion of the work from an uncontrolled setting with limited working hours into a safe, controlled environment with more efficiency and productivity measures in place (de Laubier et al., 2021). Components are built in a factory and then transported to the construction site and assembled or installed into their final position (Colker et al., 2022). Despite the numerous benefits associated with offsite construction, its current level of adoption in the United States is still limited, especially compared with countries such as Sweden, Singapore, China, and Japan (Ajayi et al., 2019; Gan et al., 2018; de Laubier et al., 2021; Razkenari et al., 2020).

Several studies have explored the barriers to the adoption of offsite construction (Lim et al., 2022; Razkenari et al., 2020). Those studies examined the barriers from various perspectives, including the high capital costs of production facilities (Shahzad et al., 2023), the uncertainties associated with offsite construction projects (Lee et al., 2023; Yang et al., 2021), and the image problem of offsite components being of low quality and lower durability (de Laubier et al., 2021; Rahman, 2014). The regulatory framework of construction has evolved in response to and in support of onsite construction, thereby creating conditions that often are incompatible with offsite construction (HUD, 2023). However, very few studies have attempted to investigate the role played by regulations that hinder the adoption of offsite construction.

This study examined how regulatory frameworks can be a bottleneck in the adoption of offsite construction. It uncovered the extent and significance of the roadblocks AHJs pose to the adoption of offsite construction by identifying the challenges in securing building permits and inspections for structures using offsite construction, specifically in the state of Oklahoma. The authors chose Oklahoma as the focus for this study because it is one of the 15 states in the United States that does not have its own enclosed or modular requirement process for subassemblies and offsite components (HUD, 2023). The lack of specific requirements adds another layer to the jurisdictional complexity associated with offsite construction because it creates an environment for potential conflicts between local authorities and state agencies overseeing specific regulations.

The research questions addressed in this study are—

1. What are the specific mechanisms by which AHJs pose roadblocks for offsite construction, and how do those barriers vary across different jurisdictions and project types?
2. To what extent do local AHJs' interpretations of the ICC codes hinder or facilitate the adoption of innovative building products and systems in offsite construction projects?

3. What strategies or reforms can address AHJs' roadblocks and promote the adoption of offsite construction practices that ensure safety, quality, adherence to building codes, and easy replication across different jurisdictions?

Addressing those questions is crucial to creating a supportive environment that fosters the adoption of offsite construction in the United States and unlocking its full potential.

Methodology

The study adopted a qualitative approach in which insights were gathered from key stakeholders through semi-structured interviews. The interviews covered the processes by which AHJs adopt and update their codes, their familiarity with offsite construction techniques, and the overall process from code adoption to enforcement. The questions were designed to capture a broad range of perspectives and did not specifically differentiate between single-family and multifamily units, based on the assumption that the approval and permitting processes are similar for both types. The questions were mostly open-ended and aimed to produce comprehensive results, enhancing the reliability of the responses.

Selection of Interviewees

To objectively answer the research questions, the authors used purposive sampling combined with a snowball technique to recruit participants from the cities of Broken Arrow, Edmond, Moore, Norman, and Oklahoma City—six of the seven largest cities in Oklahoma. Nine participants were interviewed for this study, including city inspectors and contractor project managers, who were critical to providing a comprehensive perspective. Exhibit 1 provides the designation of the interviewees with their years of experience. The interviewees had a combined total of 155 years of experience, averaging more than 17 years each.

Exhibit 1

Interviewees' Background Information

Interview ID	Current Position	Industry Tenure
Interviewee 1	Chief Building Inspector	24 years
Interviewee 2	Plumbing and Building Inspector	10 years
Interviewee 3	Development Services Manager	17 years
Interviewee 4	Residential and Commercial Building Inspector	17 years
Interviewee 5	Director of Building and Fire Code Services	17 years
Interviewee 6	Senior Project Manager (contractor)	27 years
Interviewee 7	Project Manager (contractor)	8 years
Interviewee 8	Operations Manager (contractor)	25 years
Interviewee 9	Senior Project Manager (contractor)	10 years

Source: Authors' interviews

Data Analysis

The following steps were taken to analyze the interview transcripts:

- First round of coding (initial): The first round of coding involved analyzing the transcripts to highlight key terms in response to specific questions and tabulating those terms in an Excel spreadsheet. Furthermore, phrases in the transcripts were highlighted and typically represented with fewer words, which stood as the codes.
- Second round of coding: This round involved grouping codes into sets or summaries to identify patterns. The aim at this stage was to try to merge codes that fundamentally meant the same thing or had similar meanings. This step was repeated across all the transcripts, and the initial codes were revised—a crucial step in identifying themes, which was the next step.
- Identifying themes: This activity was carried out alongside the second round of coding. By combining codes that had similarities, the authors created the themes for the study, keeping the research objectives in mind.

Findings

This section presents the themes identified through the analysis and discusses them as they relate to the questions outlined in the study.

Question 1: What are the specific mechanisms by which AHJs pose roadblocks for offsite construction, and how do those barriers vary across different jurisdictions and project types?

The findings from the conducted interviews revealed that a lack of systemic mechanisms makes getting approvals for offsite construction more difficult. City inspectors generally agreed that cities lack the autonomy to create their codes and primarily rely on state directives. However, cities can adopt amendments specific to their jurisdiction in addition to state-prescribed codes, which can sometimes limit offsite construction if the amendments are strict or prohibitive.

Inspectors and contractors agree that the construction documents should meet or exceed the code, with code application that is consistent for both offsite and traditionally built structures. However, unlike traditionally built structures, offsite structures often undergo multiple layers of inspections, which are not typically required for traditional construction. Thus, obtaining permits for offsite construction can be complex because of the need for rigorous certification and inspection at the fabrication plant. Two contractors noted that permit approval can be challenging due to the numerous inspections required for quality assurance and quality control. The prefabrication of multiple components often necessitates more stringent reviews and a series of inspections to ensure safety and verify material quality.

To mitigate those challenges, two contractors mentioned that they used front-end planning with AHJs before beginning fabrication, which led to fewer issues later in the process. This proactive approach involves clarifying at the project's outset whether inspections should occur at the job site or at the fabrication plant. Those early discussions helped achieve mutual understanding and agreement on the inspection process, preventing potential issues such as delays due to failed inspections or noncompliance with local regulations.

> *What's extremely important is, you know, we work in different cities, different states, we have always sat down with the inspectors, with the city officials at the beginning of the job, and when they are talking about proposing prefab/offsite, it's always a discussion. It's like, do you wanna [sic] inspect it when it hits the job site? Or do you want to inspect it at the fabrication plants?*
> *—Interviewee 8*

Question 2: To what extent do local AHJs' interpretations of the ICC codes hinder or facilitate the adoption of innovative building products and systems in offsite construction projects?

The three building inspectors interviewed expressed limited experience with offsite construction in their jurisdictions and unfamiliarity with the code adoption process. The lack of building inspectors' direct involvement in the process of building code adoption can hinder their ability to inspect and approve such projects effectively. Having to depend on directives the inspectors receive from their superiors without direct involvement in the code adoption process limits their ability to handle the nuances and complexities of offsite construction. Their limited practical experience with offsite projects can make it challenging for AHJs to understand and adapt to the unique requirements of these methods.

Despite those limitations, all the inspectors stated they had no bias—positive or negative—toward offsite construction methods, which is crucial because it indicates that the inspectors can objectively review plans for offsite construction without prejudice. That objectivity provides an opportunity to bridge the knowledge gap and facilitate smoother adoption of offsite construction projects through proper training and clear communication between inspectors and contractors.

The interviews also highlighted several factors that could enhance the adoption of offsite construction techniques, including the standardization of requirements. All interviewees mentioned that permitting procedures for both traditional and offsite construction involve submitting engineered plans and specifications. However, offsite construction requires additional documentation, such as third-party certifications, to demonstrate compliance with the jurisdiction's codes. Standardizing requirements is important because it streamlines the approval process, enabling inspectors to easily assess how offsite construction meets code requirements. The presence of standardized codes across different jurisdictions—at least within the state—could create common ground, making approval of offsite construction projects in various locations easier and reducing uncertainty and delays for contractors.

Question 3: What strategies or reforms can address AHJs' roadblocks and promote the adoption of offsite construction practices that ensure safety, quality, adherence to building codes, and easy replication across different jurisdictions?

The acceptance of third-party certified inspectors for the certification of offsite components is necessary for the increased adoption of offsite construction. Certified inspectors can help inspect offsite components built in controlled factory environments. Accepting documented inspections from third-party certified inspectors can streamline the permitting process for offsite construction components if the inspectors provide clear documentation that the components meet all code requirements essential for AHJ approval. This process alleviates the burden on AHJs, as the following excerpt mentions.

> *I think they play a huge role. We couldn't accept modular construction unless they existed, and I will tell you the state of Oklahoma has gone so far as to create a chart in their special inspections section. —Interviewee 5*

The benefit of third-party inspectors is that they validate compliance with the codes accepted by the specific AHJ, thus facilitating their acceptance, expediting the permitting process, and enhancing the adoption of offsite construction methods. However, the interviews revealed that the acceptance of third-party inspectors is contingent on their being Oklahoma-certified. Although that inspection criterion ensures quality and compliance, it could also limit availability, flexibility, and cost effectiveness.

A common belief among contractors and offsite manufacturers is that standardizing requirements can help increase the adoption of offsite construction. Currently, contractors are not required to submit any additional drawings for offsite construction beyond what is normally required for traditionally built structures. However, two senior project managers interviewed believe that having clear requirements from AHJs and uniformity across jurisdictions can reduce complexities, especially as contractors move subassemblies or offsite components across state lines.

Although local AHJs' interpretation of code requirements might not directly hinder the adoption of offsite construction techniques, two interviewees representing general contractors noted that resistance to change is a significant barrier. A conservative culture that discourages new ideas can stifle innovation and impede the adoption of offsite construction. Contractors comfortable with traditional practices may resist innovative construction practices because of a preference for familiar approaches and apprehensions about the unfamiliar. To remedy that problem, participants recommend using open communication to address concerns about the potential risks of using untested technologies, showcasing successful project examples, and highlighting benefits such as time savings and efficiency. This approach can build trust and overcome client and contractor concerns.

Offsite construction thrives on efficiency and repeatability. Simplified designs with standardized components and repeatable sequences are more conducive to offsite construction, whereas complex or intricate designs may pose transportation, assembly, and quality control challenges. Considerations such as transportation logistics, site access, and space constraints are crucial in determining the feasibility and effectiveness of offsite construction for a given project. Therefore, although offsite construction offers numerous benefits, the buildability of the structure can influence the effectiveness of these methods.

Another recurring theme from the interviews was the importance of communication between contractors and inspectors and collaboration between contractors to—at a minimum—share best practices and facilitate consistent requirements for the adoption of offsite construction. However, inspectors and contractors believe that communication and collaboration go beyond sharing best practices. Contractors explained how thorough preplanning or front-end planning led to strategies such as leaving specific component sections exposed for easier inspection during fabrication and exploring pre-inspections at fabrication facilities to reduce onsite inspector workload. Those efforts aim to mitigate time constraints and ensure efficient inspections.

Conclusions

This study identified the challenges to adopting offsite construction in Oklahoma by examining how regulatory frameworks create barriers. Through interviews with inspectors and contractors, the authors gained research that highlighted issues in permitting and inspection processes that hinder offsite construction in the state.

The interviews highlighted the complexity of obtaining permits for offsite construction because of state and local regulations, varying building codes, and limitations on third-party inspections. Although the state of Oklahoma prescribes a uniform code to be adopted statewide, jurisdictional considerations allow local AHJs to enforce stricter controls, which are detrimental to the adoption of offsite construction. Although safety is paramount, offsite construction can improve quality control because the components and modules are fabricated in controlled environments. Quality checks in such environments are more reliable compared with inspections of traditional onsite construction (de Laubier et al., 2021; Loizou et al., 2021). This finding presents an opportunity for AHJs to review the processes they undertake, placing more emphasis on quality control of offsite components.

The study also revealed that unfamiliarity with the code adoption process limits inspectors' ability to effectively assess plans for projects involving offsite construction, highlighting the need for continuous education and training for AHJs on the code creation and adoption processes. In addition, the resurgence of offsite construction has created a demand for developing consistent standards, a sentiment echoed by more than one contractor interviewee. As more companies adopt offsite construction techniques, a need will arise for active changes to reduce errors, improve safety, and regulate market entry.

Variations in requirements across different jurisdictions add a layer of complexity. The interviewees advocated for streamlining permitting requirements across jurisdictions to eliminate unnecessary logistical hurdles and delays. They also suggested that proactive engagement with AHJs and front-end planning are crucial to mitigating complexities in the permitting process for offsite construction. Early discussions with city officials and inspectors can clarify the inspection process, whether at the job site or at fabrication plants, fostering a mutual understanding. This proactive approach can help avoid delays and streamline permit approvals for offsite construction.

The findings from this study offer valuable insights into promoting offsite construction while addressing AHJ concerns and ensuring safety, quality, and code compliance across jurisdictions. To promote the adoption of offsite construction, stakeholders should focus on standardizing regulatory frameworks across jurisdictions, ensuring consistency in permitting and inspection processes. Developing unified guidelines can reduce the complexity and variability currently experienced among different jurisdictions within states and across different states in the nation.

Also, HUD can consider investing in training and continuous education programs for AHJs to enhance their understanding of offsite construction and its unique code requirements. Promoting the shift toward performance-based codes would also allow for more flexibility and innovation in offsite construction practices. Finally, HUD can play an instrumental role in fostering collaboration among jurisdictions to streamline permitting processes, thereby reducing delays and logistical challenges that currently hinder the adoption of offsite construction. These efforts can increase the adoption of offsite construction while maintaining safety, quality, and code compliance across different jurisdictions.

Future research should explore the effect of standardized building codes on the adoption of offsite construction, focusing on how uniform regulations could streamline processes and reduce barriers. Investigating the role of AHJ training in enhancing code compliance and enforcement would provide insights into how education can improve the permitting and inspection processes. Furthermore, studies should assess the economic benefits of streamlined permitting processes, including cost savings, the facilitation of broader adoption of offsite construction, and their overall effect on the housing market.

Authors

Chinonso Maduka was a graduate student at Haskell and Irene Lemon Construction Science Division at The University of Oklahoma at the time of conducting this research and is currently a field engineer at Turner Construction Company. Somik Ghosh is an associate professor in the Haskell and Irene Lemon Construction Science Division at The University of Oklahoma. Ben F. Bigelow is a professor and director of the Haskell and Irene Lemon Construction Science Division at The University of Oklahoma.

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