New to Nudge? Leveraging Behavioral Economics to Achieve Community Development Outcomes

Reclaiming Vacant Properties Conference, Atlanta, Georgia
October 2, 2019
Evie Monnington-Taylor, Senior Advisor
& John Hudgison, Director of Inspections & Codes
## Agenda

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<td>4.00-4.20pm</td>
<td>Introduction to behavioral insights and evaluation</td>
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<td>4.20-4.50pm</td>
<td>How to apply behavioral insights: EAST</td>
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<td>4.50-4.55pm</td>
<td>How to know if something works: TEST</td>
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<td>4.55-5.25pm</td>
<td>Exploring Blight in Columbus: Presentation by John Hudgison</td>
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<td>5.25-5.50pm</td>
<td>Letterpalooza – applying EAST to Columbus’s letters</td>
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<td>5.50-6.00pm</td>
<td>Present behavioral letters and wrap up</td>
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Introduction to BIT and behavioral insights
But first, let’s play a game!
Memory game

Pay close attention to the pictures on the screen
How did you do?
Ordering effects: Primacy and Recency bias
Who We Are

• We are a **global social purpose company** that was founded in 2010 inside the UK Prime Minister’s office to apply behavioral insights to government

• We have more than **180 dedicated behavioral science professionals**, with offices in London, NYC, Sydney, New Zealand, Singapore, and Manchester

• We have run over **500 behavioral insights projects**

• We have **trained over 10,000 civil servants and practitioners** in behavioral insights

• We design policies, programs, and services using more **realistic models of human behavior**
Our work in cities
What we do

Behavioral Science
The study of how humans make choices and behave in real-world contexts

Rigorous Evaluation
Investigating the causal connection between treatment and outcomes
What is Behavioral Science?

- Behavioral science is the study of how humans make decisions and behave.
- Updating the model of human as rational decision maker.
- How do our brains really work? What shortcuts do we take when making decisions?
Example: Framing Effects
Context Matters
What do we mean by rigorous evaluation?
Around 2/3 of school districts in the US use baby simulators to deter teen pregnancy
Baby simulators cause teen pregnancy!

How do we know what works?

Group is split into two at random

Outcomes are measured for both groups

INTERVENTION

CONTROL
Key ingredients of a randomized controlled trial

**Sample:** A group of people eligible to try out the intervention. Power calculations tell you how many people you’ll need.

**Randomization:** Can you “flip a coin” for each person? If not, what _can_ you do?

**Intervention:** A specific thing to test – a new program, a tweak to an existing program/process, an improved form or letter, a change to the design of a website…

**Outcome:** What’s the difference you’re hoping to make? And how will you measure it?
EAST: Behavioral insights in action
The Behavioral Insights Team

SOCIAL

TIMELY

ATTRACTION

EASY

SOCIAL
Examples of making it easy

1. Defaults
2. Remove friction costs
3. Simplify messages
How can we encourage the payment of overdue taxes?
We ran a trial on the ‘Tax Return Initiative’
What happened?

Changing the link brought in hundreds of thousands of extra pounds (£).

Likelihood of turning in tax return

- Webpage: 19.2%
- Direct to Form: 23.4%

N = 8000  *** p<.001, ** p<.01, * p<.05
How can we get drivers to pay their parking tickets?
How BIT helped

Control

Redesigned Letter
Residents receiving the new letter were more than twice as likely to make a payment. If scaled, the letter could bring forward an additional $100,000 for the City of Louisville each year.
Examples of making it attractive

- Grab attention visually
- Personalize
- Rewards and incentives
What motivates residents to dispose of bulky items properly?
How BIT helped

Control: No Postcard

“Do it the right way”

1. The City of San Jose spends $87 each time someone improperly disposes a large item. Do it the right way for FREE.
2. Call/Llame al/Goi sob: 408-213-7800 or Visit/Visite/Den vieng: bit.do/largeitems
3. To do it the right way for FREE:
   - Call 408-213-7800
   - Visit bit.do/largeitems
   Offer Expires 6/30/2016

“You’ve been selected”

1. You’ve been selected to receive a FREE large item removal.
2. Call/Llame al/Goi sob: 408-213-7800 or Visit/Visite/Den vieng: bit.do/bulkitems
3. To schedule your FREE large item removal:
   - Call 408-213-7800
   - Visit bit.do/bulkitems
   Offer Expires 6/30/2016

*Collection of up to three items.
Residents who received our postcard were 146% more likely to schedule a large item pick-up.

Households with a large item collection

- No Postcard: 2.4%
- "Do it the right way": 4.1%
- "You've Been Selected": 5.4%

N = 143,165

*** p<.001, ** p<.01, * p<.05
How can we increase property fine payments and decrease violations?
How BIT helped

Control Letter (Citation)

OFFICIAL CITATION

Citation Amount: $563.00
Date and Time of Offense: November 3, 2016
3:12 pm

A citation in the amount listed above has been assessed against the owner of the above mentioned property for the existence of violation(s) of the codified ordinances in Chapter 155 and/or Chapter 156 and/or Chapter 32 of the Louisville Metro Code of Ordinances. The facts constituting the offense are listed on the attached pages.

Payment of this civil penalty citation fine can be made by check or money order, payable to Louisville Metro Government. The payments may be delivered or mailed to Accounts Receivable, 611 W Jefferson Street, 1st Floor, Louisville, KY 40202. If you do not appeal this notice it will be considered final and you waive any right to a hearing before the Hearing Board to contest the citation. If a payment is not received within 30 days of the date of this notice, a lien bearing interest at 18% per annum will be filed against your property for the amount of the civil fine plus associated administrative and lien filing costs.

You have the right to appeal this matter to the Board stated below by submitting the enclosed form within seven (7) days of the receipt of this notice. If you elect to appeal this citation and the Code Official’s citation is upheld, you may be subject to the maximum fine of the amount listed above plus $100.00. This appeal form must be sent to the Department of Codes and Regulations at 444 S. 5th Street, 2nd Floor, Louisville, KY 40202.

An appeal of a temporary sign violation as well as Landmark violations is to the Code Enforcement Board. An appeal of any other sign violation, including nonconforming right for the sign, is to the Board of Zoning Adjustment. An appeal of a property maintenance violation is to the Property Maintenance Nuisance Board.

Payment of the citation does not eliminate your responsibility to correct existing violations. Failure to correct the attached violations by the date(s) indicated will subject you to additional civil fines of $100 to $1,000 per day, per violation or a criminal complaint being filed against you in the Jefferson County District Court and, if convicted, you would be subject to a fine or imprisonment, as provided by law. We may also cause the violations to be corrected at your expense. All assessed penalties and costs not paid by you will become a lien against your property.

If you have questions, please contact me at the number listed below.

If you are not the owner of this property, you have been sent a copy of this notice as an interested party.

MATT C GALLAGHER
Inspector
(502)273-2079
Matt.Gallagher@louisvilleky.gov

Redesigned Letter (Citation)

Dear Property Owner,

I inspected your property at on Thursday, November 3, 2016 at 12:40 pm and found that it is in violation of Louisville Metro’s property maintenance regulations.

You must now do two things:

1. pay your fine by Monday, December 5, 2016 and
2. correct your violation(s) by the due date(s) indicated on the following pages to prevent additional fines.

Fine: $200.00

To pay with your credit or debit card: call (502) 574-3430 right now

You can also mail a check or money order payable to “Louisville Metro Government” to:

Accounts Receivable
Attention: Citation Letter Case # 16PM16971
611 W Jefferson Street, 1st Floor
Louisville, KY 40202

To pay in person, please visit our office at the address listed above (cash is accepted).

To discuss your violations, please call me at (502) 377-9882.

Jason Heick
Inspector
(502)377-9882
Jason.Heick@louisvilleky.gov
What happened?

If all properties had been sent the new letters, the letters would have brought forward about $75,500 in the trial period.

Likelihood of paying a fine

- Control: 18.2%
- Redesigned Letter: 20.8%

N = 3,946

*** p<.001, ** p<.01, * p<.05
A word of caution

The new letters do not have a significant effect on compliance by the first follow-up inspection.
Examples of making it social

Social norms

Messenger effects

Reciprocity and commitments
How can we encourage businesses to file and pay taxes online?
How BIT helped

Control letter

DENVER
THE MILE HIGH CITY

GO GREEN with Denver's eBIT Tax Center

The City and County of Denver now offers online filing for Sales, Consumer Use, Lodger's, Occupational Privilege, Facilities Development Admissions and Telecommunications Business Tax at:

WWW.DENVERGOV.ORG/EBSITEAX

You can:
• File your tax return
• Pay your taxes via electronic check or credit card
• View your filing history
• View and change contact information
• Add third party access to your account
• Claim and view the status of your refund
• Communicate with Denver Treasury
• Receive reminders electronically to file returns

What is needed?
All you need for online access is:
• Your taxpayer ID and
• A letter D

You can find it on the letter sent to you in the mail that contains your taxpayer identification number.

Call Treasury Division at (720) 303-6650 if you have any questions!

NEW - Denver no longer charges a convenience fee for credit card payments!

DenverGov.org | 311
How BIT helped

‘Social norms’ letter

Dear <FirstName>,

The majority of businesses in Denver have an eBiz account to file their taxes online. Join this growing community of businesses saving time and effort.

FILE YOUR TAXES ONLINE
It’s quicker, easier, and safer.

✓ Read this letter
✓ Go to www.denvergov.org/ebiztax
✓ Enter <TaxpayerID> as your taxpayer ID and <LetterID> as your letter ID
✓ Create your login profile
✓ Log in and complete forms by clicking on each account number
✓ Pay online

Joining the majority of Denver's businesses is easy.

Need help? Just call us at 720.913.9309.

Yours truly,
<Name of sender>

‘Loss aversion’ letter

Dear <FirstName>,

Don’t waste time and energy mailing in your tax filing; use Denver’s eBiz Tax Center! You can file and pay taxes securely online, get reminders, and track your filing history—all in one place!

FILE YOUR TAXES ONLINE
It’s quicker, easier, and safer.

✓ Read this letter
✓ Go to www.denvergov.org/ebiztax
✓ Click the ‘Sign up for online access now’ link (under ‘New User Registration’)
✓ Enter <TaxpayerID> as your taxpayer ID and <LetterID> as your letter ID
✓ Create your login profile
✓ Log in and complete forms by clicking on each account number
✓ Pay online

How easy living starts:

Need help? Just call us at 720.913.9309.

Yours truly,
<Name of sender>
What happened?

Businesses who received both our letters were twice as likely to register on the City's online tax portal and 67% more likely to file their taxes online.

**N = 32,866**

*** p<.001, ** p<.01, * p<.05
Examples of making it timely

- Prompts
- Planning
- Discounting
How can we help people follow through on a license renewal deadline?
How BIT helped

Control

Planning

Checklist

Skip the Trip! Fill out this reminder and post it on your fridge

1. Will you renew online? Yes ☐ No ☐

2. Action
   - I will have my insurance up to date by ___/___/
   - I will have my emissions up to date by ___/___/
   - I will renew on bit.do/DMVonline ___/___

3. To Do List:
   - Read this card
     - Insurance up to date
     - Emissions up to date
   - Go to bit.do/myDMV

For more information, please visit www.denvergov.org/dmv
What happened?

The new postcards increased online renewals by almost 8%, which would result in 9,000 additional online renewals if scaled city-wide.

Online license plate renewals

- Control: 28.3%
- Planning: 30.5%
- Checklist: 30.2%

N = 40,297

*** p<.001, ** p<.01, * p<.05
When can people be enticed to try a new mode of transportation?
How BIT helped

We sent postcards to two groups of individuals:

1.) Living near new bike stations

2.) Moving near existing bike stations

Postcard

Haven’t met BIKETOWN yet? Take a spin on us!

Use promo code NEIGHBORS2017 to get FREE BIKETOWN rides with either:

- 1 Free Day Pass
- 4 Free Single Rides, or
- First month free of an Annual Membership

TO GET STARTED

- Read this card
- Find bikes near you using the BIKETOWN app (biketownpdx.com/app)
- Use the app to register using your promo code NEIGHBORS2017

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What happened?

The evaluation results showed that people who had recently moved were more than **four** times as likely to respond to the postcard and try BIKETOWN.

Sign-ups by recipient type

<table>
<thead>
<tr>
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<th>%</th>
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<tbody>
<tr>
<td>New station</td>
<td>0.31%</td>
</tr>
<tr>
<td>New mover</td>
<td>1.14%</td>
</tr>
</tbody>
</table>

N = 10,500

*** p<.001, ** p<.01, * p<.05
EASY

ATTRACTION

SOCIAL

TIMELY
What does this mean for blight in urban settings?
Areas to apply BI to address urban blight

Message owners of distressed/abandoned properties to encourage them to sell/demolish/or improve maintenance.

Design incentives and programs to encourage residents to purchase low-cost properties and renovate rather than buying new.

Encourage artists/students/volunteers to propose ideas to renovate blighted properties.

Improve compliance of owners that receive demolition notices.
BIT’s Project Methodology, TESTS:

How to Apply Behavioral Insights – and Know if it Worked!
BIT’s project methodology

**Target**
Define the problem and determine the measurable target outcomes.

**Explore**
Map relevant behaviours and the wider context.

**Solution**
Consider and design the intervention(s).

**Trial**
Design and launch trial, evaluate, learn and adapt.

**Scale**
Increase adoption of effective interventions.
Target
Define the outcome
Think about Target in stages

1. Start with a big policy / impact challenge
2. Understand whose decisions and actions contribute to the problem
3. Define outcome measures
Break down in micro behaviors: an example

1. How can we reduce urban blight in Columbus, Georgia?

2. Why don’t home owners comply with the city’s property code regulations?

3. Can we encourage the proportion of home owners who repair their properties in line with the 45-day letter so a demolition hearing letter does not need to be sent?
Explore
Understand the context
Explore: 2 goals

1. Understand the system in which existing interventions are delivered
2. Understand the perspective of the end-user
Watch, ask, listen, and learn

Observations

Understanding of behavioral barriers

Interviews

Data

Secondary research
Can you map the road to demolition or resale?
Group Exercise

First, listen closely to the description of the blight issue in Columbus.

Take notes on your handout. Write down:

1. The steps of the process from 311 call/property maintenance issue to demolition/resale
2. The barriers/motivations of homeowners
3. Any potential data sources we could use measure outcomes
Blight in Columbus: Presentation by John Hudgison
Fight Against Blight

March 12, 2019
Since 2016...

- 698 NEW Property Maintenance Cases have been created
- 188 NEW Condemn-Demo Cases have been created
- 38 Properties Demolished by the City
  - <5% of Cases
- 9 Houses Boarded
Abandoned Property Concerns

- Drug Dealing/Stash Houses
- Homeless Trespass
- Arson
- Illegal dumping / Littering
- Junk Vehicles on Private Property
- Prostitution
- Scrap Metal Theft
- Vehicle Theft
- Loss of property value
Demolition Process

Residential Properties
Complaint Made to the City

- Complaints can be made via 311 Citizens Service Center or calling to Inspections & Code Office

- Property Maintenance Inspectors follow up with Fire & EMS calls for fires to be aware of any new cases
Initial Inspection

- Property Maintenance
  - 45 Day Letter
- Demolition List
  - 50% Rule
- Emergency Measures
  - Dangerous Structures
Owner is Notified

- Certified letter is sent to owner of the property notifying them of the condition of the property.

- Copy of the demolition process is attached as well as checklist created by the Property Maintenance Inspector.
Owner Compliance Issues

- Out of Town Owners
- Deceased Owners
- Heir Property Owners
- Limited Liability Company (LLCs)
Demolition Hearing

- Hearing is held at the Annex with the Owner the 4th Wednesday of every Month.
- Owners can come in and provide plans to get the property into compliance.
- If no owner is present, it is now eligible to be take to Council for demolition.
Reinspection of Property

- After the notice for demolition has expired, Property Maintenance Inspector goes back to the site to investigate.
- If no progress is made, the property is sent to City Demolition Contractor for pricing.
- Average cost for demolition = $12,000.00
City Council Authorization

- Ordinance goes to City Council for 1\textsuperscript{st} reading authorizing the demolition of the structures.

- Ordinance comes back for a 2\textsuperscript{nd} reading in which Council votes to demolish the structures.
Demolition

- City notifies the demolition contractor to begin work.

- Demolition is complete and the property owner is billed for the cost.

- City NEVER takes ownership of property but only abates the nuisance.

Average cost of demolition = $12,000.00
Land Bank

- Since 2002, the Land Bank has conveyed more than 20 properties back to productive status as homes and community gardens.

- In 2018, The Land Bank Authority saw a number of supportive actions taken by local leaders to re-energize this community tool including an injection of federal Community Development Block Grant (CDBG) funds, technical assistance from the Center for Community Progress, and the hiring of the Land Bank’s first staff director.
Demolition Amnesty

- Demolition Tax Amnesty is a limited-time opportunity for Columbus citizens to pay past-due liens free of penalty and interest.

- Potential to help owners who have liens on demolition properties that cost more than what the property is worth.
Demolition Amnesty

- Last Amnesty Period, The City collected over $39,000.00 in back demolition liens owed.

- Proposed to bring back Amnesty Period from May - June 2019

- Letters to go out to the 342 Properties in April.

*****AMNESTY NOTICE FOR DEMOLITION LIENS *****

The Columbus Consolidated Government has designated September 2018 as Amnesty Month for outstanding demolition liens. Individuals and businesses will be able to pay off demolition liens without paying accrued penalties and interest.

The principal amount of the outstanding demolition lien must be paid in full between September 1 and September 30, 2018. All other City liens on the property, including property tax liens, must also be satisfied and paid in full. Proof of payment or cancellation of record will be required. To take advantage of this opportunity, interested parties should contact the Finance Department - Revenue Division at 706-653-4100 for additional information.

EXAMPLE OF INTEREST WAIVER

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demolition Costs</td>
<td>$6,000.00</td>
</tr>
<tr>
<td>Interest Due</td>
<td>$6,000.00</td>
</tr>
<tr>
<td>Total Amount Owed</td>
<td>$14,000.00</td>
</tr>
<tr>
<td>Interest Waived</td>
<td>$8,000.00</td>
</tr>
<tr>
<td>Adjusted Amount Owed</td>
<td>$6,000.00</td>
</tr>
</tbody>
</table>

During "Amnesty Month" you will pay $6,000.00. The interest amount of $8,000 will be waived.
Where should we intervene?
Based on John’s presentation, at what point in the journey do you think we should intervene and why?
Letterpalooza: 45-day notice
Can you make this letter EAST?
Present your letter back to the group

Prepare a **2-minute presentation** outlining:
1. The behavioral insights you used
2. Why you think these will be successful at overcoming the barriers associated with this challenge
3. How you would test your new letter, including the data sources you would use
EAST Cards – Sign up
Questions?

evie.monningtontaylor@bi.team

www.bi.team

@B_I_Tweets