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Using Digital Tech And Payments To Solve The Affordable Housing Crisis

By PYMNTS 🐦 ✉

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Access to affordable housing is hard to find in the U.S. According to **research** from Harvard University, in 2016, nearly half of renters were cost-burdened — or spending more than 30 percent of their annual incomes on rent and utilities. In 1960, that figure was at 20 percent. According to National Low Income Housing Coalition **findings**, the share of American renters in any U.S. county working full-time (40 hours per week) in a minimum wage job who can "afford a two-bedroom rental home" without being cost-burdened is effectively 0 percent.

While affordable units and properties do exist, even in major metropolitan areas, they can be astonishingly difficult to access, **Haven Connect** Founder Caroline Caselli told PYMNTS in a recent conversation. Nearly all affordable housing stock has a waiting list attached, and those waits can be incredibly long. The average wait time is around two years, but they are known to stretch to five, seven and even 10 years at time.

It is a problem to which she had a front-row seat in her previous career as a Bay Area social worker, watching families slog through a messy, paper-laden and incredibly inefficient process that didn't even offer them housing in the end — just the ability to maintain a spot on a waiting list for housing. The process, Caselli noted, is not much better for property managers tasked with managing affordable housing waiting lists, as the process is inefficient, time-consuming and liable to fraud.

While the affordable housing crisis is big, taking it apart will require many small steps from various corners of the ecosystem. Haven Connect's contribution to that, she said, is a software platform, designed to make it easier for property managers and applicants to connect and, more importantly, stay connected over the long durations of time that the waiting lists can last.

It is a bad experience that can be turned into a better one, she added, which can eventually be used to help launch consumers out of the search for affordable housing, even if they never manage to make it to the top of the long waiting list.

Streamlining The Process

Currently, the way most property managers deal with their lengthy affordable housing waiting lists is with a combination of spreadsheets and the **USPS**. Once a year, they check their list and send out letters to ask people if they wish to remain on the waiting list, then spend the next two months gathering the responses and manually entering them into a spreadsheet.

"We like to joke internally that our biggest competitor is Excel," Caselli said.

However, Excel and the USPS are not up to the job. First, Excel-based systems are given to individual idiosyncrasy, with personal highlights, color-coding and shorthand notes. They are great as long as the person looking at those spreadsheets never changes jobs, a real management problem when they do, and "the new property manager can't make sense of what [a] red squiggly line or blue highlight means," she explained.

Second, it is a notoriously insecure experience. Spots on those waiting lists are highly coveted, and it is fairly easy to move the name of a friend or family member higher up on a list, unless those Excel spreadsheets are monitored closely and regularly. That, Caselli noted, is simply unfeasible — she has worked with companies that have not audited their lists in years because of the time and labor costs involved.

Finally, the experience is end-to-end dreadful for the consumer waiting on the list — and genuinely struggling to stay on. It's not one list, either, but usually many. That means, multiple times a year, they must be on the lookout for a paper mailer with which to update their information.

"Ten years is a long time," she said. "Addresses change, phone numbers change, even email addresses change in that much time. It's easy to slip through, and slip off a list."

What Haven Connect does is essentially take the manual work and paper out of the process. The **property manager** uploads their waiting list once, Carelli explained, and, from there, the software automates the task of contacting list members once or twice a year. Yet, instead of relying on the mail, it also texts and emails waiting list members to make sure the data sources stay fresh.

As more property managers join the platform, the data can be pooled so that, instead of getting several requests for information each year from different managers, consumers can answer yes or no once, and do the necessary updates on the back end.

The product doesn't launch until its wide release in April, but there are already big results from the beta stage. Among waiting list members, response rates were at 71 percent for the Haven Connect platform, about half of which came in within a week of sending people the update. That demonstrates a real hunger out there for efficiency and digitization in the affordable housing waiting list process, Carelli said — and offers reason to believe that there is more that can be done, with this as a starting point.

What's Next

The year 2020 for Haven Connect, she noted, will be all about its automation platform — building it out, perfecting it and making sure it gets into the hands of property managers. Killing the Excel spreadsheet, and introducing a digital process, is an important first step.

However, there's more to come. In 2021, the official plan is to build payments into the platform so that customers have an easy hub through which to pay the $25 to $50 in fees that typically go along with affordable housing applications.

"Those fees are for background checks, and if you are applying to multiple waitlists, you are paying them multiple times. Our goal is to create a standard application, where the customer pays $50 once, and then that application can cover all over the property managers on our platform," Carelli said.

More broadly, Haven Connect hopes that by building this tremendous database of consumers looking for **affordable housing** via a waiting list, it will create a potential portal for additional services. That might mean pairing these customers with financial services providers to help them manage their way into buying housing at market price. It might also involve connecting them to other tools to search for housing in their regions.

"We think that, with an organized database, there are a lot of potential ways to push better services and a wider range of solutions to the affordable housing crisis — but, to start, we have to start with good clean data on the customer base, not randomly annotated Excel sheets," she said.

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