

# **THE HOUSING AUTHORITY OF ELGIN ELGIN, IL (IL092)**

## **MOVING TO WORK (MTW): COHORT # 4: ASSET BUILDING DRAFT PLAN**

**Please Submit Comments and Questions to:**

**Mr. Martell Armstrong, Executive Director**

**At: [marmstrong@haelgin.org](mailto:marmstrong@haelgin.org)**

**Released By:**

**Mr. Martell Armstrong, Executive Director**

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Moving to Work, Cohort # 4: Asset Building

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## **THE HOUSING AUTHORITY OF ELGIN**

### **Moving to Work (MTW) Cohort # 4: Asset Building**

#### **EXECUTIVE SUMMARY**

The Housing Authority of Elgin (HAE) is applying for MTW Cohort # 4: Asset Building Status. The HAE is remarkably well qualified to apply for MTW Cohort # 4: Asset Building. The HAE has invested heavily in its relationship with its residents over the years, including the Family Self-Sufficiency (FSS) Program and many other initiatives in support of residents.

MTW Cohort # 4: Asset Building provides the Housing Authority of Elgin the opportunity to further build on its relationship with residents and support them in achieving financial independence. This Asset Building Cohort allows the HAE to benefit residents very directly: Selected residents from the Housing Choice Voucher Program (Section 8) will have the opportunity to have savings accounts established and receive deposits of ten dollars on a monthly basis, placed in their savings accounts for a period of 24 months, unless they opt-out. (This is designated as Option # 1 in MTW Cohort # 4).

In applying for MTW, Cohort # 4: Asset Building Status, the HAE is simultaneously seeking the opportunity to participate in HUD's MTW Program. There are about 3,500 PHA's in the country. By the end of this round of selections, there will be about 140 PHA's officially designated as MTW agencies. These agencies are national leaders in using the Status to foment change and new opportunities. MTW agencies are freed up from many regulatory restrictions within the Section 8 and Section 9 Program, and they are provided flexibility in merging their financial accounts, such that they can do new and creative things locally, such as resident services and housing development. In return, HUD hopes to learn new ideas and efficiencies that it can then apply to all of the other Housing Authorities operating in the country.

The Housing Authority of Elgin is very excited to be applying for this opportunity and for the possibility of further benefiting its residents while being a leader in housing.

## INTRODUCTION

### a. MTW Opportunity

In April of 2022, HUD published PIH Notice 2022-11 seeking applications for the Asset Building Cohort of the MTW Expansion. This cohort will test asset building initiatives, which for this cohort are defined as activities that encourage the growth of savings accounts and/or aim to build credit for assisted households. PHAs must submit completed applications by July 28, 2022.

### b. Background Information: The Housing Authority of Elgin (HAE)

#### Agency Overview

The Housing Authority of Elgin, Illinois (HAE) is a public housing agency established under the United States Housing Act of 1937/310 ILCS 10 Housing Authority Act.

The Housing Authority of Elgin is the affordable housing provider in the city of Elgin and Kane County villages and municipalities. We provide an affordable housing rental program through our Low-Income Housing Tax Credit properties and through a Housing Choice Voucher rental assistance program. HAE also administers a Family Self Sufficiency (FSS) program to our clients.

“THE MISSION OF THE HOUSING AUTHORITY OF ELGIN IS TO CAUSE THE CREATION OF AFFORDABLE HOUSING THROUGH THE DEVELOPMENT AND MANAGEMENT OF AFFORDABLE AND MARKET RATE HOUSING WHILE IMPROVING THE QUALITY OF LIFE FOR FAMILIES AND PROMOTING SELF-SUFFICIENCY.”

#### Board Of Commissioners

The Housing Authority of Elgin, Illinois is governed by a five-member board of commissioners, one of whom is an HAE resident. The Mayor of Elgin appoints the volunteer board members subject to confirmation by the Elgin City Council.

The Commissioners are responsible for approving the agency’s annual budget and for setting policy. Commissioners ensure that the HAE operates within the law and according to the U.S. Department of Housing and Urban Development regulations. The HAE’s Executive Director serves as secretary for the Board.

Regular Board meetings are usually held on the fourth Tuesday of each odd numbered calendar month. Agendas are normally published the prior week. Meetings can be cancelled if there is no official business for the Board to attend to.

#### Housing Programs

HAE has converted its Public Housing portfolio into Affordable Housing under the Rental Assistance Demonstration (RAD) and Low-Income Housing Tax Credit programs. We provide affordable housing to elderly and family residents at 30% and 60% of area median income. The list of Affordable Housing communities is as follows:

Central Park Towers  
Spring Hill Senior Living  
Chelsea Commons  
Family Town Homes  
Fox River Crossing  
Anthony Place at Prairie View

### **Resident Services**

The HAE provides the Family Self-Sufficiency (FSS) Program services. Program staff provide information, including newsletters, events, frequently asked questions, and more, for HAE residents and those who receive rental assistance from the Housing Authority of Elgin. Services offered by the HAE are designed to increase individual and family self-sufficiency, and to assist residents in becoming better educated. The HAE works to boost residents' self-image, and create stability through job training and placement, and enjoyable, educational programs.

#### **c. HUD and the Moving to Work Demonstration Program**

Moving to Work (MTW) is a demonstration program for public housing authorities (PHAs) that provides them the opportunity to design and test innovative, locally designed strategies that use Federal dollars more efficiently, help residents find employment and become self-sufficient, and increase housing choices for low-income families. MTW allows PHAs exemptions from many existing public housing and voucher rules and provides funding flexibility with how they use their federal funds. PHAs in the MTW demonstration have pioneered a number of innovative policy interventions that have been proven to be successful at the local level, and subsequently rolled out to the rest of the country's PHAs. Currently, there are 109 MTW PHAs nationwide and HUD plans to expand the program to an additional 30 PHAs by 2022.

#### **d. MTW Expansion and Cohort #4**

Over the past four years, HUD has added Housing Authorities to the MTW Program in the following three Cohorts: 1. MTW Flexibility for Smaller PHAs Cohort # 1; 2. Stepped and Tiered Rent Cohort # 2; and 3. Landlord Incentives Cohort # 3. As indicated previously, in this round, HUD is adding additional Housing Authorities in Cohort # 4: Asset Building. Discussion of the four Cohorts follows:

- [MTW Flexibility for Smaller PHAs Cohort](#)

In October 2018, PHAs were [invited to submit letters of interest for this cohort](#), to evaluate the overall impact of MTW flexibilities on PHAs with less than 1,000 units. On August 28, 2020, HUD invited 33 of the PHAs that submitted letters of interest to submit full applications, after going through a robust public process. These eligible PHAs were selected through a geographic-based lottery. On January 7, 2021, HUD announced the selectees, which will formally be designated as MTW agencies once the agency signs and HUD executes their MTW Amendment to the Annual Contributions Contract (MTW ACC Amendment).

- [Stepped and Tiered Rent Cohort](#)

In March 2019, PHAs were [invited to submit letters of interest for this cohort](#), to study stepped and tiered rent alternatives. On August 28, 2020, HUD published [PIH Notice 2020-21](#) which invited 36 eligible PHAs that submitted letters of interest to work with their residents and communities to

submit full applications by January 8, 2021. These applications were competitively reviewed, and in May 2021 HUD announced that 10 PHAs were selected.

- [Landlord Incentives Cohort](#)

In January 2021, HUD published [PIH Notice 2021-03](#) to invite PHAs to submit applications for this cohort, to evaluate landlord incentives and their effect on landlord participation in the HCV program. PHAs in this cohort of the MTW Expansion must implement at least two MTW landlord incentive activities from a provided list of MTW landlord incentive activities. In January of 2022, [HUD announced the 29 PHAs](#) that were selected through this cohort.

- [Asset Building Cohort](#)

In April of 2022, HUD published [PIH Notice 2022-11](#) seeking applications for the Asset Building Cohort of the MTW Expansion. This cohort will test asset building initiatives, which for this cohort are defined as activities that encourage the growth of savings accounts and/or aim to build credit for assisted households. PHAs must submit completed applications by July 28, 2022.

With reference to the expansion of the MTW Program starting 6 years ago, HUD stated that it was thrilled to announce that the first forty-one (41) agencies, representing communities across the nation, had been selected for the expansion of the MTW Demonstration Program.

HUD understands the importance of thinking outside the box, focusing on best practices and providing creative housing solutions for those serving the most vulnerable by allowing agencies to merge their funding streams and design creative policies. The most important lesson HUD has learned from MTW is that local agencies and their stakeholders are in the best position to assess the needs and challenges of their communities and rental markets. It is important that local leaders have the flexibility to utilize and leverage their strengths, resources and partnerships in a way that best serves their communities.

The key principles for the expansion are to: simplify, learn, and apply. The vision for the MTW expansion is to learn from MTW interventions in order to improve the delivery of federally assisted housing and promote self-sufficiency for low-income families across the nation. In order to do this, HUD has developed a program delivery model that simplifies and streamlines HUD oversight and provides flexibility to high-performing PHAs in the delivery of housing services.

#### **MTW Cohort # 4: Asset Building**

MTW Cohort # 4: Asset Building is an exceedingly important matter for study for HUD and housing in the United States. For HCV and Public Housing residents to have options beyond subsidized housing, they need savings accounts and good credit references. This is the point of Cohort # 4: Asset Building.

Within Cohort # 4, there are three Option from which Applicants must select:

1. **Opt-Out Savings Accounts Option:** Under this option, the PHA would create an “opt-out” savings program to deposit a set amount of funds from HCV Housing Assistance Payment (HAP) or Operating Fund funding each month into an escrow account for the benefit of an assisted household. PHAs may also choose to supplement the savings program with other private and/or public funding sources. After one year, the assisted household would then have access to these funds.

2. **Credit Building Option:** Under this option, the PHA would report the public housing rent payments of public housing households that enroll in the program through an informed consent process to one or more credit bureaus with the goal of building credit for those households.
3. **PHA-Designed Asset Building Option:** As stated earlier, for purposes of this Notice, Asset Building Initiatives are defined as activities that encourage the growth of savings accounts and/or aim to build credit for assisted households. Under this option, the PHA would design a local asset building program to further one, or both, of these goals. PHAs should tie the PHA-Designed Asset Building Option to one or more of the following: activities requiring MTW statutory or regulatory flexibility, MTW funding flexibility, and/or building credit. If a PHA seeks to implement both the Opt-Out Savings Account Option described in Section 3(A) of this Notice and the Credit Building Option described in Section 3(B) of this Notice, it should apply under this PHA-Designed Asset Building Option.

### **The Housing Authority of Elgin and MTW Cohort # 4: Asset Building**

In implementing MTW Cohort # 4: Asset Building, the Housing Authority of Elgin will apply HUD's key principles for the expansion to: simplify, learn, and apply. As with all other PHAs, HAE has had to operate in an environment where intervening and having the resources to work effectively with residents has been nebulous. Working with HUD, its MTW advisers and with HUD's assigned Technical Assistance experts, the HAE will establish an ideal environment in encouraging and supporting residents to partner with the HAE for a great housing and financial experience.

The Housing Authority of Elgin brings a unique and comprehensive perspective to the table. The HAE has worked hard on its relationships with its residents who live in leased housing, its residents who live in Rental Assistance Demonstration Housing, Project-Based Housing, and with its applicants.

The HAE intends to use this MTW Application Process and the opportunity to function as an MTW agency to further support its residents in their efforts at Asset Building.

### **MTW Cohort # 4: Asset Building Selection Process**

PHAs interested in the fourth cohort of the MTW Expansion are required to submit an MTW Plan and application package to HUD under this Notice by the submission deadline of July 28, 2022. HUD will screen each MTW Plan and application package received to verify eligibility according to the date and requirements in this Notice. HUD will then assess all eligible MTW Plan and application packages for completeness.

A lottery of all eligible and complete MTW Plan and application packages will be conducted to determine which PHAs will be selected and offered MTW designation under the fourth cohort of the MTW Expansion. Following the lottery process, HUD will notify all applicants about the outcome of the lottery. After HUD has made selections, if a selected applicant PHA declines to participate in the fourth cohort of the MTW Expansion, HUD may randomly select another eligible and complete MTW Plan and application package.

Selection does not constitute formal entry into the MTW Demonstration Program. Selected PHAs may not flexibly use Section 8 and Section 9 funding or invoke any MTW flexibility before formal entry into

the MTW Demonstration Program. This will not occur until an MTW Amendment to the Annual Contributions Contract (ACC) detailing MTW participation is executed by both HUD and the PHA and any other requirements of the MTW Operations Notice are met.

## **THE HOUSING AUTHORITY OF ELGIN**

### **Moving to Work, Cohort # 4**

#### **Part I: MTW PLAN**

##### **a. Vision for the Local MTW Program**

The HAE seeks to establish and constantly explores new opportunities to partner with other communities and agencies to expand additional affordable housing opportunities.

The HAE will use the additional resources and regulatory and budget flexibility that comes with MTW status to further improve the HAE's Housing Programs, including both HCV's and Conventional Federal Public Housing. Along with further developing resident services, the HAE will continue its efforts to develop much-needed housing for low income, elderly, non-elderly disabled, homeless, veteran and family populations.

The Housing Authority of Elgin seeks to manage and operate an effective Housing Choice Voucher Program that provides the benefit of better housing options to its qualified HCV residents. In order to accomplish this, The Housing Authority of Elgin is always making substantial efforts to improve technology, customer service and communication with its residents to enhance opportunities.

In support of this, The Housing Authority of Elgin is applying to HUD for selection as a MTW Cohort # 4: Asset Building. The Housing Authority of Elgin is uniquely positioned to work very effectively with HUD in this endeavor.

As a MTW Cohort # 4: Asset Building Housing Authority, The Housing Authority of Elgin will continue to enact policies and procedures that will build strong relationships with residents and resident organizations, provide housing choice for qualifying HCV tenants, and support tenants and their families in achieving self-sufficiency.

##### **The Housing Authority of Elgin, Housing Team**

As already indicated, The Housing Authority of Elgin has assembled an outstanding team perfectly suited to working with HUD on the MTW Cohort # 4: Asset Building Program.

##### **b. Plan for Future Community/Resident Engagement**

###### **RESIDENT ENGAGEMENT**

The Housing Authority of Elgin will continue to engage assisted households in its low- income and affordable housing programs, as well as the broader community and stakeholders, in the implementation and development of its local MTW program. The HAE works closely with its Resident Advisory Board (RAB) and/or Resident Council regarding all needs and concerns pertaining to HAE residents. As indicated previously, the HAE operates an effective FSS Program/ROSS Service Coordinator Program.

As The Housing Authority of Elgin does in all of its programs, as a MTW Cohort # 4 designee, The Housing Authority of Elgin will continue with its entire engagement efforts with the local

community, including outreach to racial and ethnic minorities, persons with limited English proficiency, persons with disabilities, families with children and groups representing such persons.

The HAE will work closely with its Resident Advisory Board/Resident Council in the implementation of MTW generally, and with respect to the Cohort # 4 requirements, to make sure all needs and concerns pertaining to HAE residents are addressed.

### **COMMUNITY ENGAGEMENT**

The HAE works closely with a broad array of community organizations in support of its residents. Referrals for training and services are often made to community-based agencies with specialized skills and experience.

#### **c. Plan for Local MTW Program**

The Housing Authority of Elgin 's MTW Cohort # 4: Asset Building planning has taken place in the context of what the Housing Authority has systematically done over the years to make things work effectively with residents.

In operating MTW Cohort # 4, the HAE will set up all of the communications and systems necessary for it to operate effectively. HAE will work closely with HUD in all actions and communications.

To facilitate technological solutions, better customer service and better communications, The Housing Authority of Elgin is working at implementing effective strategies, including the necessary additions to the HAE's computer management systems.

Specific initiatives to be implemented include:

- Ensuring a housing software system that supports the program and the MTW Cohort # 4: Asset Building initiative
- System to provide highly accurate information in establishing resident savings accounts, and in funding the accounts.

The HAE is fully compatible and compliant with HUD's Fair Housing and Civil Rights Initiatives

#### **d. Proposed Use of MTW Funds**

The Housing Authority of Elgin will use all resources and where appropriate, fungibility to enhance housing and program opportunities for its residents, and will use the MTW Cohort # 4: Asset Building status as a way to provide top level housing resources in coordination with an expanded and satisfied array of landlords.

## THE HOUSING AUTHORITY OF ELGIN

### Moving to Work, Cohort # 4

#### Part II: MTW PLAN

**a. MTW Cohort # 4: Asset Building Activities selected by the HAE**

The HAE will use its participation and designation as an MTW agency to provide leadership and new ideas concerning local management and

use of resources. MTW Cohort # 4: Asset Building provides the Housing Authority of Elgin the opportunity to further build on its relationship with residents and support them in achieving financial independence. This Asset Building Cohort allows the HAE to benefit residents from the Housing Choice Voucher Program (Section 8) the opportunity to have savings accounts established and receive deposits of ten dollars on a monthly basis, placed in their savings accounts for a period of 24 months, unless they opt-out. (This is designated as Option # 1 in MTW Cohort # 4).

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**b. Other Resident Initiatives to be Considered by the HAE**

Working in close coordination with HUD and the contractors assigned to this Cohort, the HAE will seek to develop additional resident initiatives to be implemented in coordination with this effort.