

**Draft for Public Comment
Madison Housing Authority
Draft Moving to Work (MTW) Plan
June 27, 2022**

Table of Contents

a) MTW Plan

(1) Vision for Madison Housing Authority's Local MTW Program	3
(2) Plan for Future Community/Resident Engagement	6
(3) PHA Operating and Inventory Information	6
(4) Plan for Local MTW Program	7
(5) Proposed Use of MTW Funds	9
(6) Evidence of Significant Partnerships	9

b) Asset Building Initiatives Information

(1) Assessment of Existing Asset Building Programs	10
(2) Choice of Asset Building Initiatives Option	11
(3) Information Specific to Asset Building Initiatives Option Chosen by PHA	13

Vision for PHA's Local MTW Program

Through our participation in this MTW cohort, MHA plans to help participants build and leverage their positive financial capacity and increase the impact of financial decisions for their futures. As described below, the Madison Housing Authority's overall vision for its Moving to Work (MTW) program focuses on the three statutory objectives of the MTW Demonstration Program – cost effectiveness, self-sufficiency and housing choice.

Cost Effectiveness: Through increased escrow accounts and savings, MHA hopes to help voucher-assisted tenants increase their on-time rent payments. We see the range of interventions and activities in our proposal as an effective approach to reducing the administrative costs associated with a series of communications and interventions that take place when renters are not current on their rent due to financial instability and insufficient savings. Our participation in this MTW cohort to establish and improve households' savings will also help improve families' successful leasing rates. During their participation in the voucher program, if there are family circumstances that lead to reductions in hours worked or decreased income, without increased savings there could be an associated increase in potential late rent and/or utility payments, eviction, informal reviews and hearings, etc. We hope to reduce such occurrences through the interventions described in our proposal.

MHA has a good track record of managing our voucher programs with the available HAP from HUD each year. From 2020 through the present, due to COVID-19 and rapidly rising rental markets, our conservative estimate as an annual average for 2022 is that we will fully utilize our HAP budget authority and maintain a voucher lease-up rate of 95 percent or higher. However, there are a number of challenges serving low-income tenants in our community, including a range of impacts on rental housing markets and utility cost inflation stemming in part from COVID-19. The comparable private rental housing market data for Morris County shows that rents in April 2022 vs. April 2021 were 13 percent greater.

Currently, MHA does not have all of the landlord partners that we might attract with additional tools. Incentivizing landlords to participate in our voucher program through the MTW waivers and MHA's activities described below will help us increase landlord participation and create more housing choice and affordability for voucher holders within our community. By utilizing a broader range of FMR and/or SAFMR payment standards and building financial stability through escrow account and asset development initiatives, we believe that we have a unique opportunity to increase housing accessibility and affordability to greater numbers of our participants.

Well-calibrated voucher payment standards based on the increased FMR and/or SAFMR will help MHA maximize our ability to lease as efficiently and effectively as possible and to achieve other voucher program goals. In the past, MHA has not received enough Housing Assistance

Payment (HAP) funding to fully utilize the number of authorized vouchers. However, with the MTW expansion flexibility we have selected, including FMR and/or SAFMR-based payment standards, over time MHA plans to have more cost-effective programs both in terms of rent subsidy and administrative costs that will allow us to serve more households while better serve the needs of our current participants.

With high demand for affordable housing in Morris County and long waiting lists for HUD programs, it is important to MHA to serve as many unassisted households as possible. MTW flexibility will serve to enhance our existing practices. MHA will explore flexibility in the implementation of its FSS program with activities tied to the asset building focus of our MTW plan, tiered rents, alternative reexamination schedule for households, and FMR and/or SAFMR-based payment standards with MTW flexibility. These flexibilities will allow MHA to assist more households to become self-sufficient and, in so doing, we will be able to serve more unassisted households each year.

Through a combination of the cohort specific and MTW waivers and activities under HUD's MTW Operations Notice that we have selected for future implementation, safe harbor waivers, agency-specific waivers, and our current and future non-MTW activities, MHA will be able to implement a more comprehensive approach to administering our voucher program. This, in turn, will improve our lease-up rate and we anticipate the ability to achieve 100% lease up with these critical MTW flexibilities. If we accomplish this goal of 100% voucher utilization through selection for HUD's Asset Building Cohort and MTW expansion authority, MHA will seek opportunities to apply for additional vouchers in the future, so that we can house additional eligible unassisted applicant households.

Self-Sufficiency: By designing a system for tenants to earn and invest in their needs as they determine, they increase in self-sufficiency and MHA benefits financially when tenants increase their earnings. In this way, PHA and tenant outcomes are tied together.

MHA seeks to increase voucher-assisted tenants' ability to meet their rent and utility payments, but also to invest in educational and employment needs that increase financial stability and self-sufficiency. Asset building provides low-income families with a financial buffer from unanticipated and anticipated expenses in their lives, as well as providing the ability to invest in their education, employment, health, training, transportation, etc. We anticipate that tenants' increased escrow savings accounts will lead to gains in on-time rent payments. With increased savings, more ability to meet essential household needs and overall improvement to household financial health, tenants may also improve their credit. MHA's actions in this MTW Asset Building cohort offer a viable and important opportunity for low-income tenants to achieve financial resilience, economic mobility, and sustained wealth creation and protection.

Although increased incomes may not be the explicit or initial goal of MHA's proposed interventions, and more robust study is needed, it is our hope that individual participants' average annual incomes will also increase over time, decreasing the amount of rent subsidy needed to supplement their rent, allowing MHA to serve more eligible unassisted households.

Housing Choice: MHA seeks to help voucher-assisted tenants increase their housing choices by helping them increase their escrow accounts and asset position. Timely rent payments help tenants establish good landlord-tenant histories, benefiting tenants in the property owner applicant screening process. This is an essential factor in tenants securing greater affordable housing choice and options. We also view the range of interventions and activities in our proposal as an effective approach for eviction prevention, financial stability and housing stability. When households have improved savings, they are more likely to have the money needed to pay their rent and/or utilities and avoid late fees, legal fees and costs associated with eviction. Needless to say, eviction records also have a substantial adverse impact on tenants' future housing choices.

Statement of Fair Housing and Other Civil Rights

MHA certifies it will carry out MTW activities in compliance with Title VI of the Civil Rights Act of 1964; the Fair Housing Act; Section 504 of the Rehabilitation Act of 1973; Title II of the ADA Act of 1990; all regulations implementing these authorities; other applicable Federal, State, and local civil rights laws; and it will affirmatively further fair housing including: (1) take meaningful actions to further the goals identified by the Assessment of Fair Housing conducted in accordance with 24 CFR 5.150-5.180 and 903.15; (2) take no action that is materially inconsistent with its obligation to affirmatively further fair housing; and (3) address fair housing issues and contributing factors in its programs, in accordance with 24 CFR 903.7(o)(3) and 903.15(d).

MHA personnel with primary responsibility for the administration of the local MTW program are:

Tanya Van Order, Executive Director, has 26 years' experience at MHA with extensive involvement in all facets of operations and administration of both Section 8 housing choice voucher and RAD PBV converted properties. See attached résumé.

Karen O'Keeffe, Deputy Director, has obtained a nationally recognized Public Housing Manager (PHM) certification and is an attorney by training. Ms. O'Keeffe has extensive experience with low-income populations and has a certificate in Gerontology and Core Issues of Aging & Disability from Rutgers University.

Jessica Kirchenbauer, Section 8 Housing Manager, has a Master's in Psychology and had formerly held the position of the agency's Family Self-Sufficiency coordinator for over 10 years. Her job responsibilities include overseeing and supervising the agency's FSS program. Ms. Kirchenbauer has obtained a nationally recognized Section 8 Housing Manager certification and has extensive experience in financial literacy education. She has a background in mental health and social work services.

Plan for Future Community/Resident Engagement

MHA has begun and will continue to actively engage tenants to learn what they want and need, to identify what knowledge gaps exist, what obstacles they face, and to assure that residents are at the center of the design and ongoing implementation of our and our partners' activities under this cohort, as well as our use of other MTW flexibilities under HUD's operations notice.

We acknowledge that some individuals have unique circumstances that we must accommodate. Directly and through our qualified partners, we will assist participants access guides, tools and information translated under HUD's Limited English Proficiency regulation, implement accommodations for people with disabilities, and address the needs of native communities, justice involved individuals and the military community.

MHA plans to 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. MHA will be creating a working group made up of tenants and others who will help us create the MTW plan. During our initial meeting with tenants on June 21 MHA asked participants if they or other participants that they may know are interested in serving on this committee.

PHA Operating and Inventory Information

The Madison Housing Authority (MHA) is a small, local PHA administering 190 housing choice vouchers and operating 134 Rental Assistance Demonstration Project-based Vouchers within the Borough of Madison. MHA owns two non-HUD assisted units and plans to create additional PHA-owned units. MHA's converted all seven of its former public housing properties to RAD PBV in 2015. MHA was among the first PHAs in the state of New Jersey to complete a RAD conversion. The RAD PBV portfolio includes an 80-unit high rise senior housing development and 54 units of family housing on six scatter sites located throughout the Borough. Our 134 RAD converted units are fully leased with robust waiting lists.

The Borough of Madison is a small, affluent town 30 miles outside of Manhattan with a population of approximately 16,000, a vacancy rate of less than .05%, average rents of

\$3000/month and a median sale price of homes of \$850,000. In 2016 MHA rescinded the local preference for Madison residents in its RAD housing and adopted a regional preference for Morris, Essex, Union and Warren counties. This change in preference has increased the number of minority families served by MHA, and we anticipate that it this increase will continue.

Due to the exceptionally high rents in Madison, housing choice voucher utilization has been an ongoing challenge. In order to maximize utilization rates of the HCV program, we anticipate utilizing MTW payment standard waiver authority, increasing the number of authorized HCV PBVs and implementing landlord incentives.

MHA has recently obtained HUD authorization to subdivide six parcels of land on four of our RAD properties. This will allow MHA to develop additional infill affordable homes. MHA will partner with other agencies to expand affordable housing opportunities for low-income, families, elderly, disabled, homeless, veteran and foster youth aging out of the foster care system.

MHA has successfully operated the HUD funded Family Self-Sufficiency program for over 25 years. MHA's FSS program currently funds a full-time case manager.

Plan for Local MTW Program

PHAs in the MTW demonstration have pioneered a number of innovative policy interventions that have been proven to be successful at the local level, which are provided by HUD to PHAs under the MTW Asset Building cohort. As part of the MTW demonstration, MHA is interested in utilizing the following flexibilities under the "Operations Notice for the Expansion of the Moving to Work Demonstration Program" (August 28, 2020). We may not exercise all these flexibilities, but they will be an option for us if we are selected for MTW. If selected under this MTW cohort, MHA would focus our prioritized implementation of these activities and waivers in order to ensure that we meet all of the voucher program's goals in a thoughtful and measured manner over time.

Self-Sufficiency

MHA wants to make the most out of our limited financial resources to serve the greatest number of low-income households.

Tenant Rent Policies: The agency may eliminate one, some, or all deductions, elderly and disabled families are exempt. The agency may replace existing standard deduction(s) with a single standard deduction(s). The agency may establish alternative policies to include or exclude certain forms of participant income during the income review and rent calculation process, which will increase tenants' savings.

One of the potential benefits of MHA possibly going to a different income and rent model based on bands or tiers of income that retains households' income to housing cost affordability as well as going to a less frequent recertification cycle, is that tenants will be able to retain significant amounts of their income increases without having that income captured in their increased rent. This, in turn, will augment the asset development aspect of our intervention under this MTW cohort. In addition to participants with relatively lower incomes, we would likely be able to also reach a broader spectrum of households including those that are at or reach a relatively higher income with some additional savings that they would not otherwise benefit from under a non-MTW FSS escrow calculation where the baseline of rent at the start of the program is a significant factor in the amount of escrow funds accrued over time.

Self-Certification of Assets: At reexamination, the agency may allow the self-certification of assets only up to \$50,000.

Foster Youth to Independence (FYI) Vouchers: The FYI NOFA language allows vouchers to be administered in accordance with MTW flexibilities unless MTW provisions are inconsistent with the appropriations act or requirements of the FYI NOFA. MHA would like to help facilitate owners/developers with Single Room Occupancy developments under the FYI voucher program.

Housing Choice

Payment Standards – FMRs and/or SAFMRs: A broader range of payment standards between 80 percent – 120 percent of the Fair Market Rent (FMR) and/or Small Area Fair Market Rent (SAFMR) to be able to increase opportunities for voucher households to access the widest range of neighborhoods and units possible. MHA will adopt a hold harmless policy or a gradual phase-in, to limit reductions in payment standards, as reduced payment standards would likely discourage participation from certain landlords. MHA's future use of this flexibility will have to be balanced with cost-effectiveness analysis. Since landlord incentives or higher payment standards that provide more housing choice are more expensive on a per tenant basis, we must continue to balance this with the need and commitment to serve as many households as possible.

Landlord Leasing Incentives: A range of possible incentives to retain and attract landlords to participate in our voucher programs, including security deposits, damage claim and/or vacancy payments, as well as other landlord incentives.

Project-Based Voucher Program Flexibilities: A range of possible activities in the project-based voucher (PBV) program. The agency may increase the number of authorized units that it project-bases; raise the PBV cap within a project up to 100 percent; eliminate the selection process in the award of PBVs to properties owned by the agency that are not public housing without engaging in an initiative to improve, develop, or replace a public housing property or site; use HUD's

standard rider to the HAP contract that reflects any MTW authorizations; establish an alternative competitive process in the award of PBVs that are owned by non-profit, for-profit housing entities, or by the agency that are not public housing; increase the term length of a PBV HAP Contract; and/or develop a local process to determine the initial and re-determined rent to owner.

Cost Effectiveness

Alternative Inspection Schedule: MHA plans to implement an alternative schedule for conducting HQS inspections. MHA will adopt a sound policy regarding the criterion under which qualifying units can be inspected less frequently but at least once every two years.

Alternative Reexamination Schedule for Households: MHA plans to implement reexaminations at least every three years, while still allowing at least one interim adjustment per year at the request of the household, if the household gross income has decreased 10 percent or more. This measure will reduce interim recertifications when households have income increases.

Proposed Use of MTW Funds

Under the MTW demonstration, MHA would use HAP funds to deposit money in escrow savings accounts for residents as outlined in PIH 2022-11.

Evidence of Significant Partnerships

MHA seeks to build & improve our partnership with our tenants and local community organizations and institutions. We are interested leveraging our collective strengths, resources, and partnerships to ensure that we continue meeting the needs of the families we serve.

MHA's significant partnerships include:

- a. **NORWESCAP:** MHA has partnered for over 25 years with this federally recognized Community Action Program to provide case management to FSS program participants. NORWESCAP, founded in 1965, operates in five counties and serves 30,000 individuals annually. NORWESCAP and MHA have partnered to leverage in-house and communitywide resource to support FSS participants in advancing their education, employment, financial capacity building, health & nutrition, housing choice, and volunteerism.
- b. **Morris County Housing Authority:** MHA has a long-standing collaborative relationship with the neighboring county housing authority. Morris County Housing Authority has been authorized by the MHA Board to act as our agency's independent entity in certain functions related to our RAD PBV housing program.
- c. **Morris County Continuum of Care (COC):** MHA has a Memorandum of Understanding with the county COC to participate in their Coordinated Entry

Program. This program provides and improves consumer information, referral, assistance and access for the chronically homeless.

- d. **Borough of Madison:** MHA receives significant consideration and assistance from the municipal body, including: coordination of services for senior residents, senior/disabled local transportation, assistance with procurement needs, waivers of municipal fees for building permits and land use applications, collaboration with Borough DPW for maintenance needs, mutual aid in supporting and advocating for affordable housing, etc.
- e. **Lakeland Bank:** MHA Financial partner in 2015 RAD transaction.

The partnerships listed above will all support and enhance MHA's vision of its local MTW program. **NORWESCAP** and MHA have partnered for over 25 years to leverage in-house and communitywide resources to support FSS participants in advancing their education, employment, financial capacity building, health & nutrition, housing choice, and volunteerism. Our partnerships and shared services agreements with **Morris County Housing Authority** and the **Borough of Madison** exemplify MHA's track record of pursuing innovative and cost-effective partnerships within the local community. These cost savings will help us stretch our limited federal dollars to provide more financial support to our opt-out savings plan. The **Continuum of Care Coordinated Entry** subcommittee provides and improves consumer information, referral, assistance and access for the chronically homeless. One of the goals in our MTW Plan will be to serve the greatest number of families on our waiting list and assure that each applicant has an opportunity to be successful. This partnership with the COC will help us leverage that goal as it relates to chronically homeless applicants. **Lakeland Bank** is a business partner providing banking services to MHA as well as the loan on our RAD conversion. We anticipate leveraging our relationship with Lakeland Bank to open up opportunities to residents to learn more about financial instruments as well as to establish savings accounts for our Asset Building program. We have also been in contact with Compass Working Capital to discuss opportunities to create an opt-out savings program for our residents.

Asset Building Initiatives Information

Assessment of Existing Asset Building Programs

MHA has partnered with a highly esteemed, federally recognized Community Action Program, NORWESCAP, for 29 years to promote, encourage and support tenants through HUD's Family Self-Sufficiency Program. This is an active partnership with MHA and NORWESCAP staff and leadership highly engaged in the agency's FSS program planning and execution. MHA is active in sharing resources and information, recruiting residents to participate in FSS, facilitating communication with tenants and providing the case manager with all the tools and education necessary to administer a successful FSS program. MHA Executive Director and Section 8

Manager meet quarterly with NORWESCAP leadership and the certified FSS case manager to review goals and outcomes, discuss individual needs of participants, and to generate new ideas for improving on the program's successes. MHA's FSS program currently has 45 participating households, including family, senior and disabled households. Disabled and senior households make up 13% of the total program enrollment. There are currently 19 households with FSS escrow savings accounts totaling \$79,150. In the past five years, 22 households have graduated from MHA's FSS program, receiving a total of \$132,150 in FSS escrow savings. Asset building through FSS escrow accounts when a tenant's income increases is a significant component of HUD's FSS program. MHA has decades of experience in administering these escrow accounts on behalf of tenant families.

MHA's FSS program offers workshops, courses and individual tutoring on financial literacy, credit repair, budgeting and smart banking practices. This support of FSS participants' financial empowerment is the cornerstone of MHA's FSS program through our FSS coordination partnership with NORWESCAP. FSS offers free once a month financial literacy workshops on a host of topics. Participants are strongly encouraged to attend and are also offered free 1:1 financial coaching for 6 months with a NORWESCAP financial volunteer to work on specific goals. Participants are also assisted to receive their free credit report annually from all 3 credit monitoring agencies so they can work down their debt and make sure there is no fraudulent activity on their credit. NORWESCAP also provides the opportunity to participate in a savings match IDA program for participants who are interested in saving up for a vehicle, to purchase their first home, higher education, or to start their own small business. With our comprehensive approach towards financial empowerment, FSS goes the extra mile by helping our participants navigate the income tax filing process. Participants are encouraged to utilize NORWESCAP VITA tax preparation locations that offer tax preparation services at no cost, receiving impactful refunds without the high fees of some accounting providers.

For FSS participants who are interested in homeownership, we encourage them to partner with Housing Partnership, our local NeighborWorks Homeownership center, which has home ownership education. Housing Partnership offers a systematic matched savings club IDA Programs to assist towards a down payment on purchase of a home. They also have a \$10,000 down payment assistance program in the form of a zero-interest loan, which is repaid at the time of resale.

Choice of Asset Building Initiatives Option

MHA chose the Opt-Out Savings Account Option because it aligns well with our existing Family Self-Sufficiency (FSS) program. MHA believes that there is value and benefits to our tenants by our building from our current strengths to align MTW & FSS program goals.

MHA has sufficient funding to absorb the cost of implementing an MTW Opt-out Savings Plan. The MTW Opt-out Savings Plan will not impact MHA's utilization and occupancy goals. The MHA will seek opportunities to partner with nonprofits and banking partners to explore programs such as creating IDA accounts to increase the savings potential of our MTW Opt-out Savings Plan. MHA will also pursue HUD CDBG grant funding, if appropriate, to support the goals of its MTW Asset Building Opt-out Savings Plan.

MHA will seek to increase assisted households' access to banking resources in the following ways:

1. Establish MTW Opt-out savings accounts for 60 residents
2. Build and nurture local partnerships with banking professionals to dovetail banking products with the needs of residents
3. In partnership with NORWESCAP, encourage participation in banking educational workshops offered by MHA's FSS financial literacy expert
4. Encourage smart banking choices and educate residents about banking risks
5. Support and empower residents to partner with local nonprofits to address needed credit repair to enhance resident ability to participate in banking products
6. Assist residents in building credit where no credit history exists, to enhance resident ability to participate in banking products

MHA sees our participation in the Asset Building cohort as an equity issue, because the percentage of people with low-income and with inadequate assets are more prevalent among low-income individuals, and among African Americans, Latinos. Another type of equity that this MTW cohort will allow us to offer tenants, is to have access to financial counselors and planning that people at higher incomes have access to which are needed to strengthen their and our financial futures. This will benefit their families and communities at large.

The Federal Reserve's 2016 "Survey of Household Economics and Decision-Making" showed that 47 percent of respondents said that either they would cover the expense by borrowing or selling something, or they would not be able to produce the \$400 at all. A significant percentage of the low-income tenants we serve, likely have unique challenges in navigating the financial system, and are vulnerable like many American households to inadequate savings to meet their emergency needs and beyond. Having sufficient emergency savings is the foundation to being able to adequately deal with unexpected expenses. Financially fragile families are subject to stress around paying rent, utilities, food and other basic necessities in life needed to sustain and advance their financial health in the future.

The landscape of expensive financial services such as check cashing, title loans, payday loans, pawn shops and rent to own furniture, are often located near lower-income neighborhoods and

feature aggressive marketing campaigns about perceived convenience and accessibility without adequate information about the costs and risks. Individuals who do not have sufficient assets can be easily tempted by these accessible yet expensive kinds of services as a financial buffer. When low-income households without sufficient savings experience an unexpected or emergency financial need, such their car or air conditioner breaking down, the disruption in their cash flow may cause them to turn to these expensive and sometime predatory financial services and instruments, often with adverse impacts and outcomes.

Information Specific to Asset Building Initiatives Option Chosen by PHA

Adding incremental amounts to a family's escrow account each month may seem like taking small strides, but it starts to help them build a stronger financial future. Emergency savings can be drawn down if/when needed, but then it is important to help families rebuild it once they have met their immediate and essential need. This helps increase the capacity and confidence of families to save for longer term goals if they have sufficient emergency savings and increases their overall financial well-being. The amount of a household's liquid savings translates well into their financial well-being and vice-versa. Therefore, setting aside and contributing even small amounts on a monthly basis to build emergency savings, particularly for low-income households, is likely to contribute positively to their financial well-being.

Many low-income individuals lack full and affordable access to financial services, which can impact many aspects of their lives and impact future quality of life. The tenant screening process generally involves prospective property owners requesting credit reports. Bad or insufficient credit has a major impact on access to new housing opportunities, as well as the quality and location of housing. Whether a household has sufficient savings also affects people's ability to pay their rent, utilities, and other essentials such as a cell phone, Wi-Fi, automobile or public transportation, tuition, etc.; expenses that help families invest in their short, medium and long-term growth and financial self-sufficiency.

Over time, MHA's monthly contribution to participant's escrow accounts should help provide some ability for participants to set up their payroll and other financial systems to automatically go into their bank and/or credit unions separately for checking and savings accounts at designated percentage of their overall income at a level that is viable for them to maintain.

MHA has elected the Opt-out Savings Account option with the following goals and anticipated outcomes:

- a. improving the overall financial position of participating households, including improved credit scores
- b. providing a financial buffer to participating households

- c. Provide opportunities for participants to invest in education, employment, health, training, transportation and other critical and impactful needs.
- d. encouraging participation in MHA’s Family Self-Sufficiency program
- e. increasing on-time payment of rent & utilities for participating households
- f. promoting and enabling participating households to understand, utilize and integrate in private sector financial systems
- g. connect to community non-profit credit repair & financial literacy services
- h. increase housing choices through asset building and credit repair to empower participants to pursue other housing opportunities

(A) Anticipated Number of Assisted Households Participating in Savings Program <i>(must be at least 25 households)</i>	60
(B) Anticipated Percentage of Assisted Households Participating in Savings Program <i>(must be no more than 50% of total Assisted Households)</i>	20%
(C) Anticipated Amount of Savings Contributed Per Household Per Month <i>(must be at least \$10 per household per month)</i>	\$25
Total PHA Investment Per Month $(A) \times (C)$	\$1500
Total Anticipated PHA Investment Per Year $((A) \times (C)) \times 12 \text{ months}$	\$18,000
Total Anticipated PHA Investment for Life of Program $((A) \times (C)) \times 24 \text{ months}$	\$36,000

Tenant participants can use a checking account for their ongoing and anticipated transactions and expenses such as rent, utilities and groceries, but it is also beneficial for them to have a separate account or separate credit union account for emergency savings fund so that they are not having to manage both of those sets of funds in the single account. Having healthy amounts of savings reduces the cost of borrowing and affects peoples’ ability to invest in longer term investments to further their educational and employment goals and attain greater assets.

Other financial capability and supportive programs, including financial coaching and asset building programs, offer opportunities for participants to build from their increased escrow accounts. Participants will have the ability to establish and develop a savings account, improve cash flow, create a budget plan to regulate their personal finances, rebuild their credit, strategically pay down debt and ultimately retire their debt. Working with our qualified partners and combining financial coaching with increased escrow accounts, tenants will learn to manage their financial accounts and the relationship to MHA will be strengthened.

Low-income households often qualify for significant amounts of tax refunds, including the Earned-Income Tax Credit (EITC) where almost 80 percent of workers eligible for EITC, claim it. The time that households receive their tax refund or receive an end of the year bonus if applicable, is an ideal time to save at least a portion of it into their savings accounts.

MHA plans to keep the outreach and marketing information short and simple, as well as sizing campaigns to encourage people to participate in introductory session(s) to learn more about what is being offered and how it works. We will provide tenants with examples and stories from participants who have benefitted from escrow accounts as well as rent and credit reporting. With our community and non-profit partners, we will engage residents in programs that respect where they are and empower them to build financial knowledge and capacity over time. With the right set of tools and the right conversations, implemented over time and with persistence and amplified by word of mouth, we are confident that we will have a successful program.

Studies of the Family Self-Sufficiency program both for MTW and non-MTW PHAs as well as other asset development programs demonstrate that behavioral economics around tenants' perceptions and decisions contributes to their success. People think that their financial well-being is improved when they have control over their finances, have the freedom to make choices to meet their financial needs and are able to enjoy their lives now and in the future. This includes tenants having the capacity and ability to absorb unexpected or volatile financial events and to stay on track to meet their financial goals. In conjunction with HUD's researchers, MHA plans to avail ourselves of accessible and proven tools to help measure at baseline and during various intervals of our interventions key metrics outlined in the Department's MTW Asset Building cohort notice, which include: understanding perspectives and experiences of assisted households with these initiatives; determining the impacts of the initiatives on outcome measures such as amount of savings, uses of accumulated savings, assessments of households' financial well-being; and participants' understanding of banking.

MHA will further evaluate how best to implement an escrow account under the MTW demonstration, which staff will be involved, case management tools to help us manage enrolling individuals, the program design, marketing and enrollment plans, what kinds training tenants feel they need, and tenant engagement. Additional counseling by qualified community partners can complement these activities to also provide other asset building programs for those with car, student scholarship/grants for secondary and higher education, car, retirement and/or homeownership.