



Operating FSS: Program Rules & Regulations

March 5, 2020

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Multifamily Housing Family Self-Sufficiency Program



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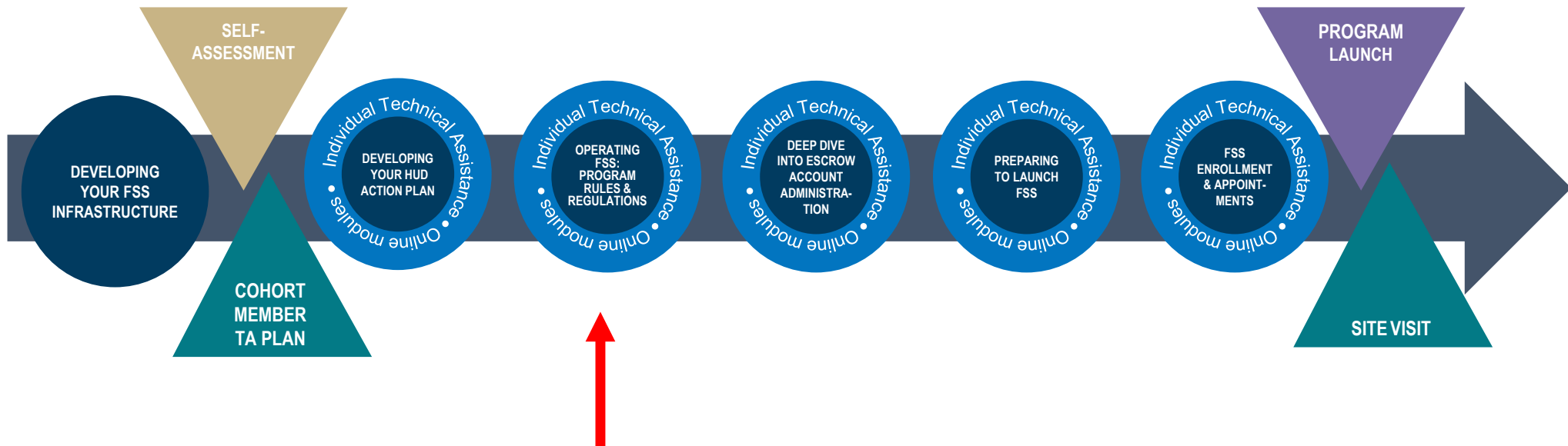
Agenda

- Agenda
 - What is FSS?
 - Program Enrollment
 - FSS Escrow Account
 - Program Completion
 - Quarterly HUD Reporting
 - Additional Resources





Reminder: Where Are We?

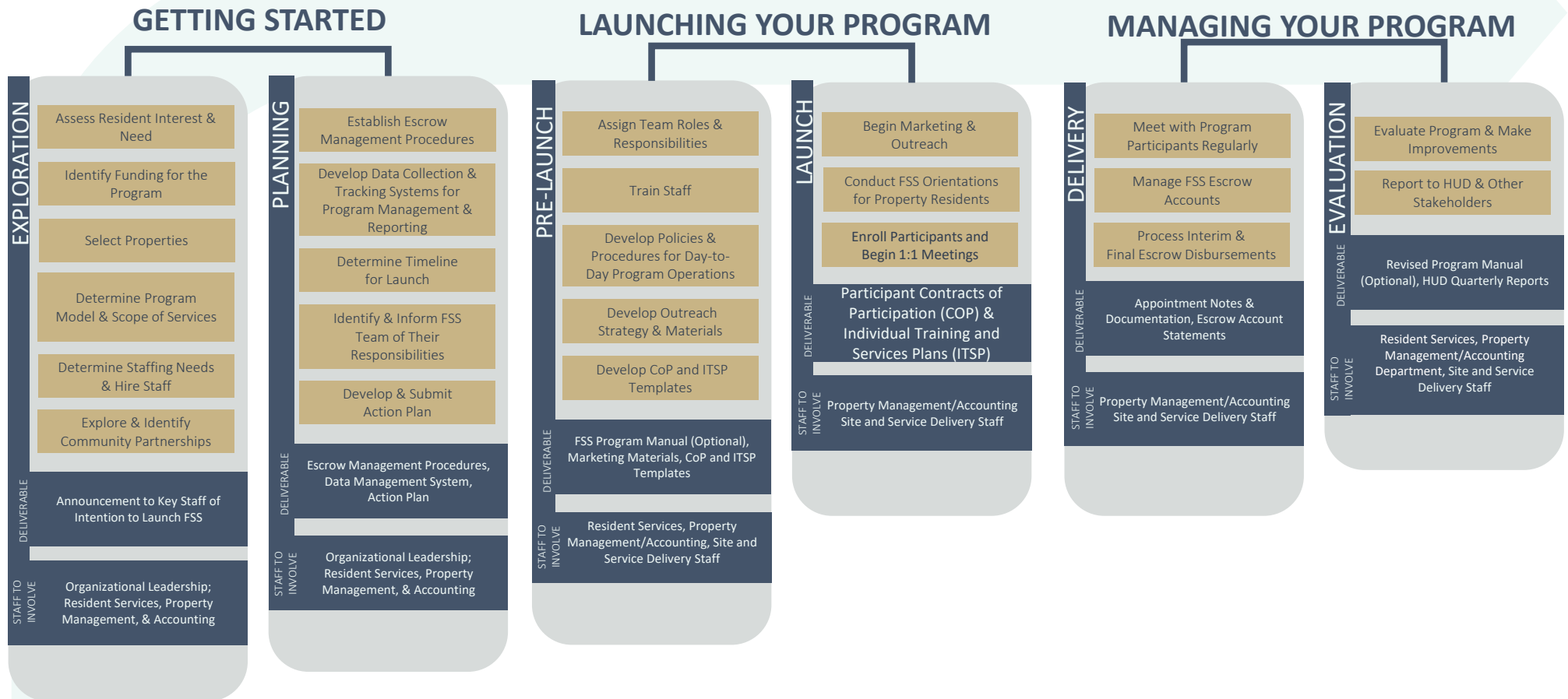


- Webinar 3
- Modules 1-4 complete in Compass online course
- Wrapping up Phase 1 of program launch





Reminder: FSS Launch Roadmap





What is FSS?

- Family Self-Sufficiency (FSS) is a HUD program that helps families increase their earnings, build assets, and achieve greater financial stability.
- Public housing agencies have been operating FSS programs for residents of public housing and recipients of housing choice vouchers for **more than 25 years**.
- Per HUD Notice H-2016-08, owners of privately-owned HUD assisted multifamily housing can now **voluntarily establish and operate an FSS program** at their housing sites.



Available Resources



**ESCROW
ACCOUNT**



COACH

- FSS guidebook for owners of project-based Section 8 developments:
<https://files.hudexchange.info/resources/documents/FSS-Guidebook-for-Multifamily-Owners.pdf>
- Online training and detailed manual released by HUD's Office of Public and Indian Housing:
<https://www.hudexchange.info/trainings/courses/family-self-sufficiency-training/>





Program Enrollment

- Determining Your Eligible Population
- Selection Procedures
- Enrollment Forms
 - ✓ Contract of Participation (COP)
 - ✓ Individual Training & Services Plan (ITSP)



FSS-Eligible Population

- Residents must live in a property funded with Project-Based Section 8 rental assistance (PBRA) in order to enroll.
- Understanding which tenants live in a PBRA unit is important for program marketing and enrollment.
- Eligible families must be selected for FSS according to an objective system.



Enrollment Forms

- HUD requires residents to complete **two documents to enroll in the FSS program**: the Contract of Participation (CoP) and the Individual Training and Services Plan (ITSP).
 - ✓ Attachments A and B of HUD Notice H-2016-08
- The CoP must be signed by both the owner/agent and the head of the FSS family.



Contract of Participation

- **Purpose:** Sets forth the terms and conditions governing a resident's participation in the FSS program.
 - ✓ Includes: Annual Income, Annual Earned Income, Monthly Total Tenant Payment
- Start date is always the first of the month following the contract's signing
- End date is always the last day of the month five years later





Start and End Dates

Attachment A – Sample Multifamily FSS Contract of Participation

HUD Form 9831A
OMB Approval No. 2502-XXXX

Participants

This Contract of Participation for the Family Self-Sufficiency (FSS) Program is between:

(insert owner entity name) and

(insert head of household).

The FSS family includes everyone in the household, and is referred to in this contract as “family”.

Type of FSS Program

The family is a participant in the Multifamily Housing FSS Program.

Purpose of Contract

This contract provides the rights and responsibilities of the family and the owner, the resources and supportive services to be provided to the family, and the activities to be completed by the family.

Term of Contract

This contract will be effective on:

(insert date)

This contract will expire on:

(insert date)

The owner can extend the term of the contract up to 2 years if the family gives the owner a written request for an extension and the owner finds that *good cause* exists to grant the extension.

Resources and Supportive Services

During the term of the contract, the owner will attempt to provide the resources and services listed in the individual Training and Services Plans. If the resources and services are not available, the owner will attempt to substitute other resources and services. However, the owner has no obligation to the family if the resources and services are not provided.

FSS Escrow Account

The owner will establish an FSS escrow account for the family. A portion of the increases in the Total Tenant Payment (TTP), due to increases in earned

income, will be credited to the FSS escrow account in accordance with HUD requirements.

The family’s annual income, earned income, and TTP, at the time the family begins the FSS program, are listed below. The owner will use these amounts to determine the amount to credit to the family’s escrow account based on future increases in earned income.

Annual Income \$ _____

Earned Income \$ _____

Total Tenant Payment \$ _____

The owner will deposit the FSS escrow account funds in an interest-bearing account.

The owner will give the family a report on the amount in the FSS escrow account at least once a year.

If the family moves out of the property offering the FSS program and into another Section 8 property with an FSS program, and the new owner accepts the family into its FSS program, the family may continue its participation.

If the new property does not have an FSS program, but the head of household has maintained suitable employment and all family members have been independent from welfare assistance for at least one year, then the owner may modify the goals under this contract and report that the family has successfully completed the contract. The current balance in the escrow account may be disbursed to the FSS family.

Withdrawal of Funds from FSS Escrow Account

The owner may permit the family to withdraw funds from the FSS escrow account before completion of the contract if the family has completed specific interim goals, designated by the owner, and needs some of the FSS escrow account funds to complete the contract (example: to pay for school costs).

The owner will pay the head of household the amount in the FSS escrow account, less any amount owed to the owner, when:

(1) The owner determines that the family has completed the terms of this contract, and

- A new CoP is signed on May 5th, 2020.
- It goes into effect on June 1st, 2020.
- It ends on May 31st, 2025.
- Contracts can also be extended for up to two years for “good cause.”

HUD-9831A (pending)



Individual Training & Services Plan

- **Purpose:** Written goals plan developed at enrollment with each FSS participant
 - ✓ Establishes specific interim and final goals based on the participant's interests
 - ✓ Modifiable and can be changed throughout the program
 - ✓ Should be reviewed regularly



Questions?





Answering Multiple-Choice Poll

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Poll Questions:

1. Chocolate is

☒ a. food of the gods

☐ b. the most awesome thing ever

☐ c. delicious

☐ d. a major food group

Select your answer

Click submit

Submit

Your answer may be recorded.

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Quiz Question #1

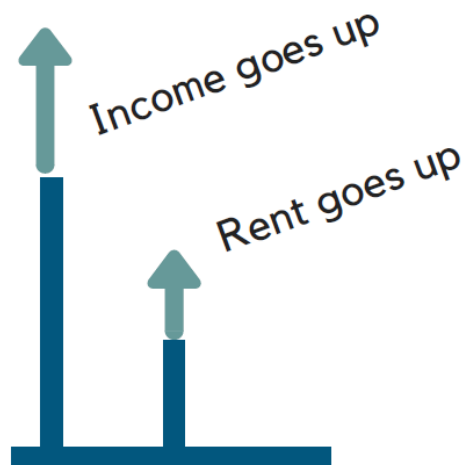




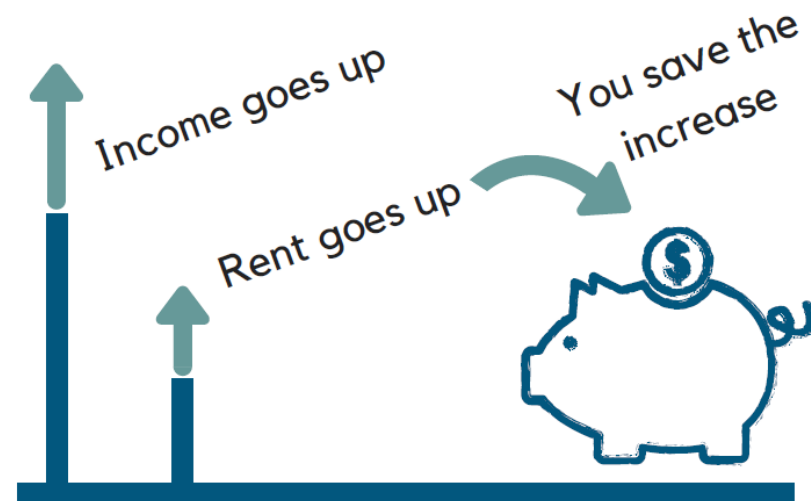
Escrow Savings Mechanism

FSS allows participants to save any increase in rent triggered by an increase in earned income in a savings account, creating a powerful opportunity for families to build savings and assets.

Without FSS:



With FSS:





How Participants Build Escrow

- When an enrolled participant **experiences an increase in rent** – Total Tenant Payment (TTP) – attributable to increases in earned income
- Generally, the monthly FSS escrow credit equals the **amount by which the household's TTP has increased** as a result of increases in earned income
 - TTP increases due to increases in other income do not contribute to escrow (e.g. child support)
- Owners/agents must provide escrow balances to FSS participants **at least once per year**



Account Administration

- Interest-bearing account with separate accounting for each participating FSS family
- Offset by additional HAP, obtained through a **monthly Owner/Agent Request (OARQ) as a positive adjustment** on the voucher
 - All FSS OARQ adjustments must indicate the Voucher Month/Year for the Escrow Credit, Unit Number, Head of Household's Last Name, and words "FSS Participant" in the comments section
- Owner/agent calculates escrow each time an FSS participant has an interim or annual recertification and a new 50059 is generated





Case Study: Basic Escrow Calculation

When Janet enrolls in FSS in March, her monthly income from work totals \$600 and her monthly TTP is \$180. Six months later, after taking on extra hours at her job and securing a raise, Janet's monthly income from work is now \$1,000. The money deposited into her family's FSS account each month will roughly equal the increase in her TTP.

	Monthly Earnings	Monthly TTP	Monthly FSS Savings*
March 1, 2019	\$600	\$180	\$0
September 1, 2019	\$1,000	\$300	\$120

$$\text{\$300} - \text{\$180} = \text{\$120}$$



Questions?





Quiz Question #2





Escrow and Area Median Income

- Under current FSS regulations, families are unable to build escrow on any income above 50% of the Area Median Income (AMI). This has two primary implications:
 - Families who join FSS with an adjusted annual income above 50% AMI will not build any FSS escrow.
 - Families who cross the 50% AMI threshold while in FSS will face a cap to their monthly escrow.
- You can view median income for your area at the link below. HUD releases new income limits each spring.
<https://www.huduser.gov/portal/datasets/il.html>





Case Study: Escrow & AMI

Carmen and her two children live where the Area Median Income is \$60,000 for her household size. This means that 50% AMI for this area is \$30,000. Because Carmen's adjusted income is \$24,000 (below the 50% AMI limit) when she joins the program, she can build savings in her FSS escrow account once her TTP increases due to an increase in income from work.

	Annual Earnings	Monthly Earnings	Monthly TTP	Monthly FSS Savings *
January	\$24,000	\$2,000	\$600	\$0
March	\$26,200	\$2,200	\$660	\$60
June	\$30,000	\$2,500	\$750	\$150
October	\$33,600	\$2,800	\$840	\$150

Carmen's monthly escrow is typically equal to her increase in TTP until her annual adjusted income passes 50% AMI. Then, **her monthly credit will be capped at \$150.**



Interim Disbursements

- Owners/agents have the option to allow participants to take a **withdrawal from the escrow account** – an interim disbursement – while enrolled in the program.
- Participants can take a disbursement from the escrow account while in the program in order to **make progress toward goals** listed in their ITSP.
 - Example: Using funds to pay off a collection debt if a goal is to improve a credit score
 - Example: Using funds to repair a car in order to maintain employment





Questions?





Quiz Question #3





HUD Quarterly Reporting Tool

HUD requires each property with a multifamily FSS program to submit a report on FSS participants once per quarter.

- Basic tenant information and other details from the FSS Contract of Participation (COP)
- Current benefits and assistance received by the family
- Services provided to the participant during FSS
- Outcomes at graduation
- Escrow total and credits by month





Questions?





Program Completion

- There are a few ways a participant may exit your FSS program.
 - Graduation
 - Termination
 - Program Transfer



Graduation Requirements

- There are three requirements to graduate from the FSS program:
 1. **Employed.** The participant must have found and maintained “suitable” employment to graduate.
 2. **Free of Cash Welfare.** No household member has received cash welfare assistance during the 12-month period prior to graduation
 3. **Completion of ITSP Goals.** All goals on the ITSP must be complete.





Terminations

- An FSS participant can terminate their Contract of Participation at any time if they no longer wish to participate in the program.
- An FSS participant may be terminated involuntarily if they fail to meet program requirements outlined in the COP.





Program Transfers

- If a participant moves out of the property where they are enrolled in FSS, they are no longer eligible for the FSS program offered at that site.
 1. If they are moving to a location that has an FSS program, the FSS contract and escrow can be transferred.
 2. If they are not moving to a location with FSS but are working and the family has been off cash welfare for 12 consecutive months, the ITSP goals must be modified and graduate the participant early.
 3. If they cannot transfer and are not working or off cash welfare, the contract must be terminated.





Questions?





Quiz Question #4





Resources for Reference

A reminder that HUD has several resources available to learn about FSS program rules & regulations:

- HUD Notice H-2016-08
- HUD Multifamily FSS Guidebook:
<https://files.hudexchange.info/resources/documents/FSS-Guidebook-for-Multifamily-Owners.pdf>
- HUD Online FSS Training and Effective Practices Guidebook:
<https://www.hudexchange.info/trainings/courses/family-self-sufficiency-training/>
- HUD Escrow Manual and Resources (Coming Soon)





Next Steps & Homework

- Review other FSS resources to continue learning about the program
- Finish up your other homework if you haven't already
- Complete training and review the homework from Modules 4 of Compass' online course if you have not already
- Stay in touch with the Compass team as questions arise between now and our next webinar

