

PROPOSED ADMINISTRATIVE PLAN CHANGES EFFECTIVE 10/12/2022

CURRENT POLICY	PROPOSED CHANGE
N/A – new chapter	The attached MTW Chapter was created to cover all changes in reference to the eligibility, processing of recertifications and policies for the new stepped rent demonstration.
N/A – new preference for students enrolled in YouthBuild Program	<p>Local Preferences</p> <ol style="list-style-type: none">1. Participants enrolled in the FWHA YouthBuild Program (4 points)<ol style="list-style-type: none">a. Maximum monthly voucher issuance for this preference shall not to exceed 50% of the monthly voucher issuance average based on the previous 12 months of data. Example:<ol style="list-style-type: none">i. The average number of vouchers issued in the previous 12 month period was 50 vouchers per month, thus the maximum number of YouthBuild Participant households eligible for voucher issuance this month is 25.

Chapter 20

MOVING-TO-WORK WAIVERS

INTRODUCTION

This chapter describes the PHA policies and waivers under the Moving-to-Work Demonstration Program:

Part I: General Requirements. This part describes general provisions of the MTW program.

Part II: MTW Waivers. This part includes policies related to the approved MTW waivers in the PHA MTW supplement (HUD form 50075-MTW).

Part III: Agency Specific Waivers. This part includes agency specific waivers in the PHA MTW supplement (HUD form 50075-MTW).

Part IV: Exhibit 20-1 – Stepped Rent Policies. This exhibit includes Stepped Rent specific policies.

Part V: Exhibit 20-2 – MTW Fresh Start Enrichment Program. This exhibit includes MTW specific policies for the MTW FSS program.

PART I: GENERAL REQUIREMENTS

20-I.A. OVERVIEW [FR Notice 8/28/20]

The Public Housing/Section 8 Moving to Work (MTW) demonstration program was first established under Section 204 of the Omnibus Consolidated Rescissions and Appropriations Act of 1996, [Public Law 104-134](#), 110 Stat. 1321 (1996 MTW Statute) to provide statutory and regulatory flexibility to participating public housing agencies ([FWHA PHAs](#)) under three statutory objectives. Those three statutory objectives are: to reduce cost and achieve greater cost effectiveness in Federal expenditures; to give incentives to families with children whose heads of household are either working, seeking work, or are participating in job training, educational or other programs that assist in obtaining employment and becoming economically self-sufficient; and to increase housing choices for low-income families.

FWHA Policy

The **Fort Wayne Housing Authority (FWHA)** has been designated as a Moving-to-Work agency under **Cohort #2 – Rent Reform** and will operate its program in accordance with the Operations Notice for the Expansion of the Moving to Work Demonstration program published in the Federal Register on Friday, August 28, 2020, and the annual MTW Supplement (HUD form 50075-MTW).

For eligible families, the MTW policies in this chapter will take precedence over any traditional HUD policies listed anywhere in the administrative plan. These MTW policies will also apply to FWHA special voucher programs, where applicable.

PART II: MOVING TO WORK WAIVERS

20-II.A. STEPPED RENT POLICY – MTW Waiver 1.d

Activity

1.d. *Stepped Rent (HCV)*—The agency may create a stepped rent model that increases the family's TTP on a fixed schedule in both frequency and amount. The fixed schedule/stepped rent model may be disaggregated from family income.

Statutes and Regulations Waived

Stepped Rent (HCV)—Certain provisions of sections 8(o)(2)(A)–(C) of the 1937 Act and 24 CFR 5.628.

Safe Harbor(s)

- ~~Rent increases~~ Stepped rent tenant portion may not occur more than once per year.
- Agency must conduct an annual impact analysis.
- Agency must exclude elderly and disabled families from rent policy.
- Agency must implement a hardship policy.
- Services, or referrals to services, must be made available by the agency or a partner organization to support preparing families for the termination of assistance, if applicable.
- At the Department's request, the agency shall make available the method used to determine that rents charged to families are reasonable when compared to similar unassisted units in the market area.
- Initial ~~rents~~ tenant total payment will be set at no more than 32% of a household's gross income, or 35% of a household's adjusted income.
- The PHA will establish a stepped rent increase by unit size. The increase may be no more than 4% of the Fair Market Rent for the applicable area.

FWHA Policy -Waiver 1.d

The ~~agency will~~ FWHA has created a stepped rent model that establishes the Total Tenant Payment (TTP) based on 30% of the households adjusted ~~annual~~ monthly income and increases the family's TTP annually based on 2% of the HUD published Fair Market Rent (FMR).

The annual Stepped Rent increase will be a specific dollar amount, by unit size. The FWHA intends to increase the Stepped Rent by 2% each year and review and adjust the Stepped Rent increase each year within 60 days of when HUD ~~publishing~~ publishes new Fair Market Rents during the six-year study period. Therefore, the Stepped Rent increases may change if the FMRs change. Each household's year one Total Tenant Payment (TTP) will be set at 30% of their adjusted gross income or the FWHA's minimum rent of \$50. After the first year, each household's rent portion will increase by the annual Stepped Rent increase, regardless of their income. The FWHA will be implementing Activity 1c and 1d – Stepped Rent Policy within the safe harbor limits established by the MTW Operations Notice but will include an agency specific waiver for the elimination of Earned Income Disallowances (EID) for all participants.

Under the Stepped Rent policy, the initial rent is based on adjusted income and will be determined using the prior 12 months' adjusted retrospective income for existing/recertifying households and adjusted current income for new admissions. The FWHA will use a definition of income that differs from the existing rent rules. FWHA will apply the allowances or deductions typically used to calculate "adjusted income." Income will be defined as 12 months adjusted retrospective income for existing/recertifying households and adjusted current income for new admissions. Under the existing rent calculation rules, income is defined as the amount that the family expects to receive in the next

12 months. This is sometimes referred to as “current/anticipated income.” In Stepped Rents, the ~~first-year and~~ triennial income reexaminations will measure income based on the prior 12 months’ adjusted income, i.e., retrospective income. This should improve the accuracy of income reporting and better represent a household’s long-term earning potential.

Under the Stepped Rent policy, during the enrollment period, any new admissions who qualify as eligible households are expected to undergo random assignments. After the study enrollment period is concluded, the FWHA will decide whether to implement the Stepped rent policy for any newly admitted non-elderly, non-disabled households. Households randomly assigned to the new Stepped Rent rules or existing rent rules must remain in that group for six years (unless they leave assistance, port out to another jurisdiction, or are exempted from the Stepped Rent rules group for other reasons such as becoming disabled).

~~A high-arching goal of the MTW demonstration is to conduct an empirical research study that randomly assigns 50% of eligible families during an enrollment period to either a stepped rent or control group in order to determine how the alternative rent schedule may encourage a family’s head of household to increase self-sufficiency through working, looking for work or going to school to improve their economic circumstances.~~ Eligible households ~~will~~ include:

- ~~residents and~~ Participants ~~in both of the public housing and~~ HCV programs, including existing, currently assisted households and new households admitted during the alternative rent enrollment period.

Ineligible households include:

- Elderly and disabled households ~~will be excluded.~~
- ~~Households with special purpose vouchers and homeownership vouchers~~
- ~~Households with special purpose vouchers and homeownership vouchers will be excluded. Households paying a public housing flat rent will be exclu~~Households already participating in the current Family Self-Sufficiency (FSS) program will be excluded.

Requiring the family to ~~submit attend~~ fewer reexaminations (once every three years) will allow the family greater autonomy. While the household income will be reviewed every three years during the demonstration, the income will not be used to determine rent but instead to ensure that the family is eligible for continued assistance. In this Stepped Rent policy, the family’s rent will increase annually ~~that the family can plan for~~ and does not require annual income reviews. See Exhibit 20-1 – Stepped Rent Policies.

Hardship Policy - Activity 1c and 1d – Stepped Rent Policy

The Stepped Rent policy is intended to benefit assisted households by allowing them to increase their income without a direct increase in their total tenant payment (TTP). The TTP will instead increase each year by a modest amount unrelated to the household’s income. However, some households may need special accommodations to avoid negative consequences of the stepped rent.

General Hardship Provisions

Hardships must be requested by the household in writing, with the exception of automatic hardships processed by the PHA during the income certification that takes place at STRD enrollment. Hardship requests should use the PHA’s hardship request form.

When a household submits a valid hardship request, the PHA will suspend the stepped rent for the household, beginning the next ~~month after the request~~ rent payment due, until the PHA has

determined if the hardship request is warranted. The PHA will complete hardship reviews within ~~30~~40 days. If the hardship request is denied, the household may be required to enter into a repayment agreement.

There is no limit to the number of hardships that a household may receive.

If a household is approved for a hardship, and subsequently experiences another adverse event while still in hardship status, they may request an additional hardship that might further reduce their TTP.

If a household is approved for a hardship, they are not required to report subsequent income increases during the period of their approved hardship. Once the PHA approves a hardship, the hardship will not end early.

If a household is approved for a temporary hardship, when that hardship is scheduled to expire the household will be notified 30 days prior and may request an extension. When a hardship expires, the household will return to paying the stepped rent, including any annual stepped rent TTP increases that were scheduled to take effect during the period of the hardship.

If the head of household, spouse, or co-head of household becomes elderly or disabled, the household is eligible to be excluded from the stepped rent policy and return to the traditional income-based rent policy.

This hardship policy presents eligibility criteria and remedies for different types of hardships. The different types of hardships below are not mutually exclusive. If a household's circumstances correspond to more than one type of hardship, they will receive the hardship most beneficial to them.

Hardship Types, Criteria, and Remedies

I. Hardship Due to High Rent Burden.

Households participating in the stepped rent will be eligible for a temporary hardship exemption if the stepped rent causes a rent burden above 40%. The high rent burden may be caused by a reduction in income, an increase in eligible deductions, or the annual stepped rent TTP increase (or a combination of factors).

Automatic hardship: For households already receiving assistance, when the PHA conducts an income examination at the time of enrollment, the PHA will compare the household's current adjusted income with their prior year/retrospective adjusted income. If the household's current adjusted income is lower than their prior year/retrospective adjusted income, the PHA will automatically determine whether the household is eligible for a hardship exemption.

Hardship requested by household: At any time, other than the income examination that takes place at enrollment, a hardship must be requested in writing by the household.

Eligibility: A household will be eligible for this hardship exemption if the stepped rent policy causes their rent burden (their total tenant payment divided by their current adjusted monthly income) to exceed 40%.

Remedy: The household's TTP will be set equal to 40% of their current adjusted monthly income or the minimum rent, whichever is greater. This hardship will last for six months if the high rent burden is caused by a reduction in income or by the application of a stepped rent TTP increase. The hardship may be set to last twelve months if the high rent burden is caused primarily by an increase in eligible

deductions and those deductions are expected to apply for the next twelve months ([e.g.,- childcare expenses](#)).

Example 1 (automatic hardship due to loss of income): When she starts the stepped rent, Suzanne has a prior year/retrospective adjusted income of \$12,000 (\$1,000 per month). Her year 1 stepped rent TTP should be set at \$300 (30 percent of \$1,000). However, Suzanne recently lost her job and her income in the previous month was only \$100 (she has no eligible deductions, so her gross monthly income and adjusted monthly income both equal \$100). While conducting the initial stepped rent income examination, the PHA recognizes that her current income (\$100 per month) and the stepped rent TTP (\$300) would cause a rent burden above 40%, so she is eligible for a hardship exemption. 40% of her current adjusted monthly income would be \$40, but the PHA has a minimum rent of \$50, so Suzanne's hardship TTP is set at \$50 for six months.

Example 2 (hardship requested by household due to loss of income and application of a stepped rent TTP increase): Jane has \$1,000 prior year/retrospective adjusted monthly income when she starts the stepped rent. Her TTP is set at \$300 per month for the first year. In the second year, a \$50 stepped rent increase is applied and her TTP increases to \$350. At the beginning of the second year, she also has her hours reduced at work, and her income decreases to \$600 per month. Her rent burden would be 58% (\$350 divided by \$600) so she applies for a hardship exemption. Her request is approved, and her TTP is set equal to 40% of her income, or \$240 per month. This hardship TTP will last for six months.

Example 3 (hardship requested by household due to increase in eligible deductions): When she starts the stepped rent, Felicia has a prior year/retrospective adjusted income of \$2,000 per month (she has no eligible deductions, so her gross monthly income and adjusted monthly income both equal \$2,000). Her year 1 stepped rent TTP is set at \$600 per month (30% of \$2,000). Eight months later, she has a baby. In order to continue working, she enrolls her child in childcare at a cost of \$960 per month (\$11,520 per year). She applies for a hardship exemption and the PHA determines that she has \$12,000 of eligible deductions (\$11,520 in childcare expenses plus a \$480 dependent deduction). The deductions are subtracted from her current gross income, which is now \$2,100 per month (\$25,200 per year). This results in an adjusted income of \$13,200 per year, or \$1,100 per month. The stepped rent (\$600) causes a rent burden of 55% so she is eligible for a hardship, and her hardship TTP is set to \$440 (40% of \$1,100). The hardship TTP will apply for twelve months.

II. Stepped Rent Reset for Sustained Hardships.

If a household receives a temporary hardship under section I, due to a rent burden above 40%, and the hardship condition persists after 12 consecutive months, the PHA may reset the household's stepped rent. The PHA will consider these requests on a case-by-case basis and decisions will be made by the PHA's hardship review panel; the hardship review panel will [be appointed by the Chief Executive Officer, consist of the MTW Coordinator, one Supervisory Housing Specialist, and the HCV/PH Program Director.](#)

Eligibility: The household has been approved for a hardship under section I. They remain in hardship status for 12 consecutive months. At the end of 12 months, the household requests that the hardship be extended. The hardship review panel determines that a permanent stepped rent reset would be better than continuing with temporary income-based hardships.

Remedy: The PHA will calculate a new stepped rent TTP at the higher of the minimum rent or 30% of prior year/retrospective adjusted income. This will not be a temporary hardship; the resulting TTP will apply for 12 months and will establish a new base on which future stepped rent annual increases

will be applied. This action will establish a new annual cycle for the household's stepped rent increases.

Example: Felicia (from Example 3, above), pays the ~~\$440~~^{\$330} hardship TTP for twelve months. When her hardship expires, her TTP would increase to \$650; her initial stepped rent TTP was \$600, and a \$50 stepped rent increase is applied because one year has passed since her first reexamination after enrollment. But her circumstances have not changed: she still has a current gross income of \$2,100 per month (\$25,200 per year), eligible deductions of \$12,000 per year, and a current adjusted income of \$1,100 per month (\$13,200 per year). The \$650 stepped rent would cause a rent burden of 59%, so she requests another hardship exemption. The PHA's hardship review panel determines that it would be best to reset Felicia's stepped rent TTP because 1) that will enable her to increase her income going forward without a corresponding rent increase, and 2) it will reduce the PHA's administrative burden by eliminating the need for ongoing annual hardship reviews. Felicia's new stepped rent TTP is set at \$330, which is 30% of her prior year/retrospective adjusted income.

III. Other Circumstances.

A household may request a hardship exemption for other circumstances not outlined above, such as the death of a family member, a significant increase in reasonable and necessary out-of-pocket expenses because of changed circumstances (for example, a large medical bill), or if the household is facing eviction due to inability to pay the rent. The PHA will consider these requests on a case-by-case basis and decisions will be made by the PHA's hardship review panel; ~~the hardship review panel will consist of the MTW Coordinator, one Supervisory Housing Specialist, and the HCV/PH Program Director.~~

Eligibility: The hardship review panel determines that circumstances beyond the household's control make it difficult for the household to pay the stepped rent TTP, and a temporary rent reprieve is necessary.

Remedy: The PHA will set the household's TTP to the \$50 minimum rent or 40% of their current adjusted monthly income, whichever is greater for up to three months (90 days).

IV. Right to Appeal:

If the household disagrees with the decision of the Housing Authority to deny a hardship exemption, the household may request a second level review in accordance with the FWHA informal hearing or grievance procedures.

~~20 ILB. ELIMINATION OF DEDUCTIONS—MTW Waiver 1.s~~

~~Activity~~

~~1.s. Elimination of Deduction(s) (HCV) —The agency may eliminate one, some, or all deductions.~~

~~Statutes and Regulations Waived~~

~~Elimination of Deduction(s) (HCV) —Certain provisions of sections 3(a)(1), 3(b)(4) — (5) and 8(e)(2)(A) — (C) of the 1937 Act and 24 CFR 5.611, and 982.516.~~

~~Safe Harbor(s)~~

- ~~i. —Agency must conduct an impact analysis. *~~
- ~~ii. —Agency must exempt elderly and disabled families from rent policy. *~~
- ~~iii. —Agency must implement a hardship policy. *~~

~~FWHA Policy Waiver 1.s~~

~~The FWHA is implementing the Stepped Rent Policy and therefore may eliminate one, some or all~~

~~deductions during the Stepped Rent Policy Study.~~

~~Hardship Policy – Waiver 1.s~~

~~See Hardship Policy – Waiver 1.d – Stepped Rent Policy~~

20-IL-~~CB~~. ALTERNATIVE REEXAMINATION SCHEDULE – MTW WAIVER 3.b

Activity

3.b. *Alternative Reexamination Schedule for Households (HCV)*—The agency may establish an alternative reexamination schedule for households.

Statutes and Regulations Waived

Alternative Reexamination Schedule for Households (HCV)—Certain provisions of section 8(o)(5) of the 1937 Act and [24 CFR 982.516 \(a\)\(1\)](#) and [982.516\(c\)\(2\)](#).

Safe Harbor(s)

- i. Reexaminations must occur at least every three years.
- ii. The agency must allow at least one interim adjustment per year at the request of the household if the household gross income has decreased 10% or more.
- iii. Agency must implement an impact analysis.
- iv. Agency must include a hardship policy.

FWHA Policy – Waiver 3.b

The Stepped Rent Policy will allow randomly enrolled families to be recertified triennially. Additionally, the FWHA will establish a triennial recertification schedule for elderly/disabled HCV ~~and PH~~ families. The FWHA will conduct up to one (1) interim reexamination per year for elderly/disabled families to account for any changes in household composition [or a decrease of 10% or more of household gross income](#) that occur between triennial reexaminations. If the family has already had an interim within the [previous 12 months year](#), the change must be reported at the next scheduled recertification unless a hardship request is submitted.

The FWHA has an agency specific waiver to eliminate Earned Income Disallowance (EID) for all participants. Elderly and disabled families participating in targeted funding programs (i.e., VASH, FUP, Mainstream, FYI and EHV) will be subject to triennial recertifications in this policy.

Safe Harbor Waiver for Stepped Rent Participants

Since the FWHA is participating in the Stepped Rent Policy, families will be eligible for triennial recertifications but will not be eligible for an interim adjustment. For an alternative reexamination schedule, the Operations Notice requires the FWHA to do an interim reexam if gross income falls by at least 10%. The Stepped Rent Policy Selection Notice does not provide for interim reexams, but instead calls for a hardship if the household has a rent burden above 40%. To comply with the Stepped Rent Policy Selection Notice, FWHA is requesting a Safe Harbor Waiver for the Alternative Reexamination Schedule activity (Waivers 3a/3b). FWHA is also requesting to apply Alternative Reexamination schedule (triennial reexaminations; no alterations to existing rent rules) to demonstration-excluded categories, including Special Purpose Vouchers. A request letter is being separately sent to FWHA's HUD field office.

FWHA Hardship Policy – Waiver 3. b

Families participating in Stepped Rent Policy will use the Hardship Policy for Stepped Rent under Activity 1.c and 1.d.

Commented [CJ1]: This is hardship for non participating (elderly/disabled) families on triennial recertification

Elderly/disabled families may request a hardship. Families will be granted one interim recertification per year if their [annual](#) income goes down 10% or more due to one or more of the following reasons:

1. The family has experienced a decrease in income because of changed circumstances including loss or reduction of employment, death in the family or reduction in or loss of earnings or other assistance.
2. The family has experienced an increase in expenses, because of changed circumstances, for medical costs, childcare, transportation, education or similar items

If a hardship is granted, the family's income will be reassessed on the earlier of the next scheduled triennial recertification or within 6 months from the date the hardship was approved.

If the family disagrees with the denial of a hardship request [by the review panel](#), the family is entitled to and may request an informal hearing. The FWHA will keep records of all hardship requests received and the results of those requests.

20-IL.CD SELF CERTIFICATION OF ASSETS – MTW WAIVER 3.d

Activity

3.d. *Self-Certification of Assets (HCV)*—At reexamination, the agency may allow the self-certification of assets.

Statutes and Regulations Waived

Self-Certification of Assets (HCV)—Certain provisions of section 8(o)(5) of the 1937 Act and [24 CFR, 982.516 \(a\)\(3\)](#).

Safe Harbor(s)

- i. At reexamination, the agency may allow the self-certification of assets [only](#) up to \$50,000.

FWHA Policy – Waiver 3.d

The FWHA will allow the family to self-certify assets up to \$50,000 at the time of recertification. However, the FWHA is required to obtain third-party verification of all assets regardless of the amount during the intake process. Families participating in targeted funding will be included in this MTW waiver.

The Fort Wayne Housing Authority will be implementing this waiver within the safe harbor limits.

20-IL.ED. LANDLORD INCENTIVES – DAMAGE CLAIMS-MTW WAIVER 4.b

The agency is authorized to determine a damage claim and/or vacancy loss policy and payment policy for units that differ from the policy requirements currently mandated in the 1937 Act and its implementing regulations. All policies are subject to state and local laws. The agency may combine activities 4a and 4b into one voucher leasing incentive. For voucher activities related to this waiver, the Department has developed a standard rider to the HAP contract that reflects MTW authorizations that amend the current provisions of the HAP contract.

Activity

4.b. *Damage Claims (HCV—Tenant-Based Assistance)*—To [incentive-incentivize](#) a landlord's continued participation in the HCV program, the agency may provide landlords with compensation.

Statutes and Regulations Waived

Landlord Voucher Leasing Incentives (HCV—Tenant-Based Assistance)—Certain provisions of section 8(o)(9) of the 1937 Act, and [24 CFR 982.311](#) and [982.352\(c\)](#).

Safe Harbor(s)

- i. If the tenant leaves the unit damaged, the amount of damage claims must not exceed the lesser of the cost of repairs or two months' of contract rent.
- ii. In implementing this activity, the participant's security deposit must first be used to cover damages and the agency may provide up to two months' of contract rent minus the security deposit to cover remaining repairs.
- iii. The payment must be made to a landlord when the next HAP contract is executed between the owner and FWHA unless the tenant has paid the cost of the damages directly to the landlord.
- iv. The agency must update its Administrative Plan to reflect the damage claim policy.

FWHA Policy – Waiver 4. b

To incentivize a landlord and owner continued participation in the HCV program, the FWHA will pay a damage claim that is the lesser of: a) cost of repair or b) up to two months' contract rent less the security deposit for tenant caused damages beyond normal wear and tear. The damage claim payment will be paid out to a landlord when the next HAP contract is executed between the owner and the FWHA.

The owner must submit their request for damages on the FWHA approved form and include evidence that the tenant was billed for any damages. A landlord certification will be required that the tenant has not paid for the damages and if subsequently paid will reimburse the housing authority. The maximum payment is up to two month's' contract rent minus any amounts paid in security deposit per the lease agreement. The contract rent for purposes of damages will be the most recently paid rent per the HUD-50058 for the family. The owner must provide evidence that the family was notified of the damages and provide amounts deducted from the security deposit. Additionally, the owner must submit any claim for damages by the earlier of a) 120 days of the family move out date; and/or b) within 60-days of leasing to a new voucher participant. These payments are subject to funding availability and records will be maintained for three years. This policy does not apply to the Project Based Program (PBV).

Families~~ies~~ will be subject to potential termination for repeated program violations on the second or subsequent damage claim submitted by their former owner and may be required to repay the FWHA for the cost of any damages paid on their behalf to avoid termination of assistance. The family will be eligible for a hearing upon request. The Fort Wayne Housing Authority will be implementing this waiver within the safe harbor limits.

20-IL-EE LANDLORD INCENTIVES –SIGNING BONUS AND SECURITY DEPOSIT- MTW WAIVER 4.c

Activity

4.c. *Other Landlord Incentives (HCV—Tenant-Based Assistance)*—In order to incentivize new landlords to join the HCV program, the agency may provide incentive payments. Agencies may target incentive payments to landlords leasing properties in high opportunity neighborhoods or in areas located where vouchers are difficult to use as defined in an agency's Administrative Plan.

Statutes and Regulations Waived

Landlord Voucher Leasing Incentives (HCV—Tenant-Based Assistance)—Certain provisions of section 8(o)(9) of the 1937 Act, and [24 CFR 982.311](#) and [982.352\(c\)](#).

Commented [CJ2]: Review policy

Safe Harbor(s)

- i. Payments made to the landlord must be equal to no more than one month of the contract rent.
- ii. The payment must be made to the landlord when the HAP contract is executed between the owner and the FWHA.

FWHA Policy – Waiver 4.c

Signing Bonus - In order to incentivize participation in the HCV program, the FWHA will provide a signing bonus of up to one month's contract rent for each new HCV HAP contract executed in the [jurisdiction of the housing authority City of Fort Wayne](#). The goal is to increase owner participation in the HCV program. [This policy does not apply to the Project Based Voucher \(PBV\) program.](#)

Commented [CJ3]: MTW supplement still indicates \$500 under signing bonus maximum amount. This must be corrected.

This payment will be made upon ~~request~~ [automatically by direct deposit](#) when an owner executes a new HCV HAP Contract with a tenant in the [City of Fort Wayne Housing Authority HCV program](#). This payment is subject to funding availability. The Fort Wayne Housing Authority will be implementing this waiver within the safe harbor limits.

Security Deposit - The FWHA proposes to pay up to one month's contract rent in security deposit as stipulated on the lease. The security deposit may be paid only once within a three-year period to all new admissions and moves/transfers. The security deposit payment must be made to the landlord when the HAP contract is executed between the owner and the PHA. The security deposit will be returned [to FWHA](#) in accordance with [local](#) and state requirements. [This policy does not apply to the Project Based Voucher Program \(PBV\).](#) FWHA will be implementing this activity within the safe harbor limits established by the MTW Operations Notice.

Commented [CJ4]: Returned to who? FWHA or the tenant?

20-ILF. INCREASE PBV PROGRAM CAP - MTW WAIVER 9.a

Activity

9.a. *Increase PBV Program Cap (HCV)*—The agency may increase the number of authorized units that it project-bases.

Statutes and Regulations Waived.

9.a *Increase PBV Program Cap (HCV)*—Certain provisions of section 8(o)(13)(B) of the 1937 Act and 24 CFR 983.6(a)–(b), as superseded by the Housing Opportunity through Modernization Act of 2016 (HOTMA) Implementation Notices at 82 FR 5458 and 82 FR 32461 (see implementation guidance in Notice PIH 2017–21).

Safe Harbor(s)

- i. The agency must not project-base more than 50% of the lower of either the total authorized units or annual budget authority.

FWHA Policy – Waiver 9.a

The FWHA will increase the PBV Program cap (number of authorized PBV units) to no more than 40% of units authorized in the Annual Contributions Contract (ACC). FWHA will be implementing this activity within the safe harbor limits established by the MTW Operations Notice.

20-IL.G. INCREASE PBV PROJECT CAP - MTW WAIVER 9.b

Activity

9.b. *Increase PBV Project Cap (HCV)*—The agency may raise the PBV cap within a project up to 100%.

Statutes and Regulations Waived.

9.b *Increase PBV Project Cap (HCV)*—Certain provisions of section 8(o)(13)(D) of the 1937 Act and 24 CFR 983.56(a)–(b), as superseded by HOTMA Implementation Notices at 82 FR 5458 and 82 FR 32461 (see implementation guidance in Notice PIH 2017–21).

Safe Harbor(s)

- i. The agency is subject to Notice PIH 2013–27 where applicable, or successor. *

FWHA Policy – Waiver 9.b

The FWHA may increase the project cap within a project to up to 100% on a case-by-case basis, subject to Notice 2013-27. FWHA will be implementing activity within the safe harbor limits established by the MTW Operations Notice.

20-IL.H. ELIMINATION OF PBV SELECTION PROCESS FOR PHA-OWNED PROJECTS WITHOUTH IMPROVEMENT, DEVELOPMENT OR REPLACEMENT - MTW WAIVER 9.c

Activity

9.c. *Elimination of PBV Selection Process (HCV)*—The agency may 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.

Statutes and Regulations Waived.

Elimination of PBV Selection Process (HCV)—Certain provisions of 24 CFR. 983.51 as it was superseded by HOTMA Implementation Notices at 82 FR 5458 and 82 FR 32461 (see implementation guidance in Notice PIH 2017–21).

Safe Harbor(s)

- i. A subsidy layering review must be conducted.
- ii. The agency must complete site selection requirements.
- iii. HQS inspections must be performed by an independent entity according to 24 CFR 983.59(b) or 24 CFR 983.103(f).
- iv. The agency is subject to Notice PIH 2013–27 where applicable, or successor.
- v. Property must be owned by a single-asset entity of the agency, see Notice PIH 2017–21.

FWHA Policy – Waiver 9.c

The FWHA will eliminate the selection process in the award of PBV's 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. A subsidy layering review must be conducted. The agency must complete site selection requirements. HQS inspections must be performed by an independent entity approved by HUD. The property must be owned by a single-asset entity of the agency.

20-III. ALTERNATIVE PBV UNIT TYPES (SHARED HOUSING AND MANUFACTURED HOUSING) - MTW WAIVER 9.e

Activity

9.e. *Alternative PBV Unit Types (Shared Housing and Manufactured Housing) (HCV)*—The agency may attach and pay PBV assistance for shared housing units and/or manufactured housing.

Statutes and Regulations Waived.

Alternative PBV Unit Types (Shared Housing and Manufactured Housing) (HCV)—Certain provisions of 24 CFR 983.53(a)(1) as it was superseded by HOTMA Implementation Notices at 82 FR 5458 and 82 FR 32461 (see implementation guidance in Notice PIH 2017–21).

Safe Harbor(s)

- i. PBV units must comply with HQS.
- ii. PBV units must comply deconcentration and desegregation requirements under 24 CFR part 903.
- iii. A subsidy layering review must be conducted.
- iv. Shared housing units may not be owner occupied.

FWHA Policy – Waiver 9.e

The FWHA may attach and add PBV assistance to shared housing and/or manufactured housing. PBV units must comply with HQS. PBV units must comply deconcentration and desegregation requirements under 24 CFR part 903. A subsidy layering review must be conducted and if the FWHA allows shared housing, the units may not be owner occupied. The goal is to increase housing choice options for families. FWHA will be implementing this activity within the safe harbor limits established by the MTW Operations Notice.

20-III.J. INCREASE PBV HAP CONTRACT LENGTH - MTW WAIVER 9.f

Activity

9.f. *Increase PBV HAP Contract Length (HCV)*—The agency may increase the term length of a PBV HAP Contract.

Statutes and Regulations Waived.

Increase PBV HAP Contract Length (HCV)—Certain provisions of section 8(o)(13)(F) of the 1937 Act and 24 CFR 983.205 as it was superseded by HOTMA Implementation Notices at 82 FR 5458 and 82 FR 32461 (see implementation guidance in Notice PIH 2017–21).

Safe Harbor(s)

- i. PBV HAP Contract length must not be shortened.
- ii. PBV HAP Contract length must not be greater than 50 years, including any extensions.
- iii. PBV HAP Contract is subject to appropriations and the ending of an agency's MTW authorization.

FWHA Policy – Waiver 9.f

The FWHA will increase the term length of a PBV contract to up to 50 years to preserve affordable housing in the Fort Wayne jurisdiction. The PBV HAP contract is subject to appropriations and the ending of the agency's MTW authorization. FWHA will be implementing activity within the safe harbor limits established by the MTW Operations Notice.

20-IL.K. INCREASE PBV RENT TO OWNER - MTW WAIVER 9.g

Activity

9.g. *Increase Rent to Owner (HCV)*: The agency is authorized to develop a local process to determine the initial and re-determined rent to owner.

Statutes and Regulations Waived.

Increase Rent to Owner (HCV)—See MTW Waiver #2. a. and 2.b. “Payment Standards” and associated activities, statutes and regulations waived, and safe harbors.

Safe Harbor(s)

- i. Any policy must comply with rent reasonableness, unless modified by waiver(s) 2.c. and/or 2.d.

FWHA Policy – Waiver 9.g

The FWHA may increase rents up to the lesser of 120% of Fair Market Rents or rent reasonableness. FWHA will be implementing this activity within the safe harbor limits established by the MTW Operations Notice.

20-IL.L. LIMIT PORTABILITY FOR PBV UNITS - MTW WAIVER 9.h

Activity

9.h. *Limit Portability for PBV Units (HCV)*—The agency is authorized to waive the requirement to provide a tenant-based voucher at 12 months when requested by a PBV household.

Statutes and Regulations Waived.

Limit Portability for PBV Units (HCV)—Certain provisions of section 8(o)(13)(E) of 1937 Act and 24 CFR 983.261 as it was superseded by HOTMA Implementation Notices at 82 FR 5458 and 82 FR 32461 (see implementation guidance in Notice PIH 2017–21).

Safe Harbor(s)

- ii. Portability under this activity must not be restricted for more than 24 months.
- iii. The agency must have a clear and uniform policy in place to address how move requests are received and how they are approved/denied for PBV households.
- iv. Participants must still retain the ability to request a tenant-based voucher for reasonable accommodation according to existing rules.

FWHA Policy – Waiver 9.h

FWHA will ~~waive the requirement to issue a~~ provide a tenant-based voucher ~~in~~ ~~the when requested by a~~ Project-Based Voucher ~~household program~~. Families will be notified at the briefing of their right to receive a tenant-based voucher after living in the unit for 24 months.

To be eligible for a voucher, the family must be current in their rent and have no pending lease violations. The family must request a voucher in writing and will be issued a voucher within 60 days if a voucher is available. If no voucher is available, the family will be placed on the FWHA mobility list for the next available voucher.

Families will still have the ability to request a tenant-based voucher as a reasonable accommodation after one year under standard project-based voucher rules.

20-II.M. FSS – ALTERNATIVE FAMILY SELECTION PROCEDURES - MTW WAIVER 10.c

Activity

10.c. *Alternative Family Selection Procedures (PH & HCV)*—The agency is authorized to develop its own recruitment and selection procedures for its MTW FSS Program. Alternatively, the agency may make participation in the MTW FSS Program mandatory for any household member that is non-elderly or non-disabled.

Statutes and Regulations Waived.

FSS Program with MTW Flexibility (PH & HCV)—Certain provisions of sections 23(b)–(d), (f), and (n)(1) of the 1937 Act and 24 CFR 984.105, 984.202(b)–(c), 984.203(a)–(c)(2), 984.303(b)–(d), (f)–(h)

Safe Harbor(s)

- i. Agency must review FSS Guidance.
- ii. The agency must execute a Contract of Participation, or other locally developed agreement, which is at least five years but not more than ten years, with each participant participating in their FSS program.
- iii. The agency, if implementing an FSS program, even with MTW modifications, must have an up to date, approved FSS Action Plan in accordance with 24 CFR 984.201 that incorporates all modifications to the FSS program approved under the MTW Contract.
- iv. The agency must not require MTW FSS Program participation as a condition for housing subsidy for elderly and disabled families.
- v. If the agency requires MTW FSS Program participation as a condition for housing subsidy, an impact analysis must be developed and adopted in accordance with MTW guidance prior to the implementation of the activity.
- vi. If the agency requires MTW FSS Program participation as a condition for housing subsidy, a hardship policy must be developed and adopted in accordance with MTW guidance prior to the implementation of the activity.
- vii. The agency must not make MTW FSS Program participation mandatory for individuals that do not meet the definition of an eligible family at section 23(n)(3) of the 1937 Act, and those exempted from the Community Service Requirement under section 12(c)(2)(A), (B), (D) and (E) of the 1937 Act.
- viii. If an agency terminates the housing subsidy or tenancy of a family for alleged violation of mandatory MTW FSS Program participation, the family will be entitled to a hearing under the agency's Grievance Procedure (24 CFR part 966, subpart B) or the HCV informal hearing process (24 CFR part 982.555).
- ix. The agency must not use income increases during participation in the MTW FSS Program to change a family's eligibility status for purposes of participation in the MTW FSS Program or for the receipt public housing or HCV assistance.

FWHA Policy – Waiver 10.c

The FWHA receives dedicated funding for an FSS coordinator, such funds must be used to employ a self-sufficiency coordinator and in accordance with any requirements of any NOFA under which funds were received. The FWHA wishes to include FSS families in the Stepped Rent demonstration and therefore will modify the FSS Contract and selection procedures to include these families. Any FSS funds granted pursuant to a competition must be used in accordance with the NOFA. The FWHA will allow participants in the Stepped Rent activity to voluntarily participate in the “Fresh Start Program” formerly called FSS and the escrow will be modified to a goal-based incentive program. FWHA will be implementing this activity within the safe harbor limits established by the MTW Operations Notice.

The FWHA is authorized to operate its Family Self-Sufficiency (FSS) Program, and any successor programs, exempt from certain HUD program requirements. If the FWHA receives dedicated funding for an FSS coordinator, such funds must be used to employ a self-sufficiency coordinator and in accordance with any requirements of any NOFA under which funds were received. Recruitment, eligibility, and selection policies and procedures must be consistent with HUD’s nondiscrimination and equal opportunity requirements. To the extent that Family Self-Sufficiency activities include supportive services, such services must be offered to elderly and disabled persons who are participants in the covered program and eligible for such services.

Notwithstanding above, any funds granted pursuant to a competition must be used in accordance with the NOFA. The FWHA will allow participants in the Stepped Rent activity to voluntarily participate in the “Fresh Start Program” formerly called FSS and the escrow will be modified to a goal-based incentive program. FWHA will be implementing this activity within the safe harbor limits established by the MTW Operations Notice.

20-ILN. FSS – MODIFY OR ELIMATE THE CONTRACT OF PARTICIPATION - MTW WAIVER 10.d

Activity

10.d. *Modify or Eliminate the Contract of Participation (PH & HCV)*—The agency is authorized to modify the terms of or eliminate the FSS Contract of Participation (HUD-52650), in lieu of a local form. The agency may modify the terms of the Contract of Participation to align with adjustments made to its MTW FSS Program using MTW flexibility. Further, the agency may discontinue use of the Contract of Participation and instead employ a locally developed agreement that codifies the terms of participation.

Statutes and Regulations Waived.

FSS Program with MTW Flexibility (PH & HCV)—Certain provisions of sections 23(b)–(d), (f), and (n)(1) of the 1937 Act and 24 CFR 984.105, 984.202(b)–(c), 984.203(a)–(c)(2), 984.303(b)–(d), (f)–(h)

Safe Harbor(s)

See safe harbors listed under FSS Alternative Family Selection Procedures – MTW Waiver 10.c

FWHA Policy – Waiver 10.d

The FWHA will modify the FSS Contract of Participation (HUD-52650) to align the program with adjustments made to its MTW FSS Program using MTW flexibility. The purpose will be to include families who are participating in the Stepped Rent Policy. The contract of participation will be for a five-year period with an optional one-year extension. Additionally, the PHA will move to a goal-based incentive self-sufficiency program where the family will receive escrow amounts based on achievement of certain self-sufficiency goals. FWHA will be implementing this activity within the safe harbor limits established by the MTW Operations Notice.

20-ILO FSS – POLICIES FOR ADDRESSING INCREASES IN FAMILY INCOME - MTW WAIVER 10.e

Activity

10.e. *Policies for Addressing Increases in Family Income (PH & HCV)*—The agency is authorized to set its own policies for addressing increases in family income during participation in the MTW FSS Program. Consistent with the goals and structure of its MTW FSS Program, the agency may set policies for whether income increases are recognized for purposes of increasing rent (consistent with the agency’s existing rent policy) or changing the amount of funds moved to escrow/savings through the program.

Statutes and Regulations Waived.

FSS Program with MTW Flexibility (PH & HCV)—Certain provisions of sections 23(b)–(d), (f), and (n)(1) of the 1937 Act and 24 CFR 984.105, 984.202(b)–(c), 984.203(a)–(c)(2), 984.303(b)–(d), (f)–(h)

Safe Harbor(s)

See safe harbors listed under FSS Alternative Family Selection Procedures – MTW Waiver 10.c

FWHA Policy – Waiver 10.e

The FWHA will set its own policies for addressing increases in family income during participation in the MTW FSS Program. Consistent with the goals and structure of its MTW FSS Program, the agency may set policies for whether income increases are recognized for purposes

of increasing rent (consistent with the agency's existing rent policy) or changing the amount of funds moved to escrow/savings through the program. The FWHA will execute a Contract of Participation, or other locally developed agreement, that is at least five years but not more than six years, with each participant participating in the "Fresh Start Program" FSS program. The FWHA will have an up to date, approved FSS Action Plan in accordance with 24 CFR 984.201 that incorporates all modifications to the FSS program approved under the MTW Contract. The FWHA will not use income increases during participation in the MTW FSS Program to change a family's eligibility status for purposes of participation in the MTW FSS Program or for the receipt public housing or HCV assistance. A goal-based incentive program will be implemented. **See Exhibit 20-2 – MTW Fresh Start Enrichment Program (FSEP)**

FWHA will be implementing this activity within the safe harbor limits established by the MTW Operations Notice.

20-ILP. HOUSING DEVELOPMENT PROGRAMS -MTW WAIVER 17.c

MTW Funding can be utilized per statute and regulation on the eligible activities listed at sections 9(d)(1), 9(e)(1), and 8(o) of the 1937 Act. Any authorized use of these funds outside of the allowable uses listed in the 1937 Act constitutes a local, non-traditional activity. The agency is authorized to implement the local, non-traditional activities listed below to provide a rental subsidy to a third-party entity to provide housing and supportive services to eligible low-income participants, and to contribute MTW Funding to the development of affordable housing. Families served through the activities described below must be at or below 80% of Area Median Income. Implemented activities must meet one of the three MTW statutory objectives of increasing the efficiency of federal expenditures, incentivizing self-sufficiency of participating families, and increasing housing choice for low-income families. The use of MTW Funding must be consistent with the requirements of [2 CFR 200](#) and other basic requirements for the use of federal assistance. The agency must determine the eligibility of families in accordance with [24 CFR 5.609](#) and with section 3(b)(2) of the Act. Local, non-traditional activities must fall within one of the three categories below and comply with PIH Notice 2011-45 or any successor notice/and or guidance.

Activity

17.c. Housing Development Programs—Programs that use MTW Funding to acquire, renovate and/or build affordable units for low-income families that are not public housing units. Eligible activities may include: Gap financing for non-FWHA development of affordable housing, development of project-based voucher units or tax credit partnerships.

Statutes and Regulations Waived

Local, Non-Traditional Activities—MTW Funding can be utilized per statute and regulation for the eligible activities listed at sections 8(o), 9(d)(1), and 9(e)(1) of the 1937 Act. Any authorized use of these funds outside of the allowable uses listed in the 1937 Act constitutes a local, non-traditional activity

Safe Harbor(s)

- i. The agency must not spend more than 10% of its HAP budget on local, non-traditional activities.
- ii. Families receiving housing or services through local, non-traditional activities must meet the HUD definition of low-income.
- iii. The agency is subject to Notice PIH 2011-45 or any successor notice and/or guidance.
- iv. Agency must comply with section 30 of the 1937 Housing Act.
Any MTW Funding awarded to a third-party provider must be competitively bid.

FWHA Policy – Waiver 17.c

The FWHA intends to use MTW funding to acquire, renovate and/or build affordable units that are not public housing units. Eligible activities may include: Gap financing for non-FWHA development of affordable housing, development of project-based voucher units or tax credit partnerships. The FWHA will not spend more than 10% of its HAP budget on local, non-traditional activities and families receiving housing or services through local, non-traditional activities must meet the HUD definition of low-income. This MTW activity will enable the FWHA to redevelop additional FWHA owned units and increase the amount of affordable housing in the City of Fort Wayne. The Fort Wayne Housing Authority will be implementing this waiver within the safe harbor limits.

20-III.A. AGENCY SPECIFIC WAIVER

FWHA Policy - Elimination of Earned Income Disallowance (~~HCV and PH~~)

The FWHA will eliminate the mandatory Earned Income Disregard from annual income as required under 24 CFR 5.609 for all families. The Earned Income Disregard (EID) provision in the regulations would prevent the FWHA from effectively implementing and monitoring the Stepped Rent Policy and the number of families receiving and eligible for EID in PH and HCV is 0% of total households. Existing families currently in the initial or phase-in period of EID will be allowed to finish their income disallowance as per the regulation.

Hardship Policy – Agency Specific Waiver – Elimination of Earned Income Disallowance

This is an Earned Income Disallowance specific hardship to protect tenants from potential rent burden caused by the elimination of Earned Income Disallowance.

This is an income-based hardship that applies at recertification and/or upon household request.

Hardship due to increase in income that would be excluded by Earned Income Disallowance (EID)

- The family will be granted up to one hardship request per year for families whose Total Tenant Payment (TTP) exceeds 40% of current monthly gross income. The hardship may not exceed 90 days (3-months). If granted a hardship, the household's new rent would be based on 30% of their current gross monthly income for up to 90 days (3 months). If the hardship still exists after 90 days, the hardship may be extended by the PHA for another 90 days up to a maximum 180 days (6 months). At the end of the hardship period, the household will resume the stepped rent increases.

Right to Appeal

If the household disagrees with the decision of the Housing Authority to deny a hardship exemption, the household may request a second level review in accordance with the FWHA informal hearing or grievance procedures.

EXHIBIT 20-1: STEPPED RENT POLICY DISCUSSION GUIDE

Fort Wayne Housing Authority Stepped Rent Policy Discussion Guide

Component

Eligibility

Non-elderly, non-disabled households currently or newly receiving an HCV or PH subsidy at the time of random assignment

Exclusions based on status at the time of random assignment:

- Head, Co-Head, Spouse 56 years of age or older
- Households in the homeownership program
- Current FSS participants (standard FSS only)
- PH flat rent
- HCV 0 HAP households
- Special purpose vouchers
 - VASH
 - Mod Rehab (Certificate)
 - Enhanced Voucher
 - Shelter Plus Care
 - Foster Youth
 - Emergency Housing Voucher
 - Mainstream
 - Tenant Protection Voucher (still under Enhanced Voucher requirements)
- Mixed eligibility families
- Households living in Jobs Plus developments
- Households receiving Earned Income Disregard (EID) at RA
- Households living in developments that underwent a PBRA RAD conversion (not excluded if PBV conversion)
- Households in phase-in period under RAD protections
- Port-outs
- Port-ins (Administered)
- Households who are not yet indicated as disabled according to HUD definition, but:
 - Have been approved to receive SSI/SSDI but have not yet received first payment:
 - Have a pending SSI/SSDI application in (applied recently and waiting to learn of approval status)

Eligibility Notes

- a. Some eligibility criteria will be checked prior to study enrollment using a software report and some criteria will be checked at study enrollment by the staff member conducting enrollment.
 - Age will be checked prior to study enrollment but age eligibility is determined based on household members' age as of the recertification effective date (for recertifying households) or as of the date of study enrollment (for new admissions).
 - TBD for stepped rent sites depending on the timing of the rollout of their alternative FSS programs because households enrolled in an alt FSS are eligible for study.
 - To be checked at study enrollment:
 - Zero-HAP status
 - Tenant Protection Voucher status
 - Pending disability status
- b. TPVs are eligible for the study if the enhanced voucher requirements no longer apply
- c. If the PHA will definitely demo/dispo public housing properties and transition households to TPVs, then the PHA can designate those households as ineligible for the study (at the study enrollment meeting).
- d. LIHTC is not an exclusion. LIHTC households will still be required to report income annually, but it would not affect the rent.
- e. Households must meet the HUD definition of a "disabled household" to be excluded as a disabled household. Household to self-attest to the fact they have applied for Social Security (disability) for the head, co-head or spouse. Doctor's note or SS documentation is not required.
- f. If a household is assigned to the Stepped rent rules group but then subsequently becomes disabled (meets HUD definition of disabled) the PHA can switch the household to the standard rent rules.

Ports

Port-ins. If a household ports-in and the PHA absorbs the household, then they are treated as a new admission—conduct a certification using current gross income to establish the first step (administered Port-ins are excluded).

Port-outs. If a household ports-out and the PHA absorbs the household, then they are no longer subject to the Stepped rent policy (but may still be part of the study data collection).

Returning study households

Returning study households. If a household completes study enrollment and is randomly assigned to a rent rule group, then ports out or exits the program, and then returns to the PHA, they are to be served according to their original randomly assigned rent rules group status (regardless of whether they are a billed or absorbed port-in). For example, if the household was under the Stepped Rent Policy and ported out, they would continue to be under the Stepped Rent Policy if they ported back in. PHA to do a new income collection and review and set a new stepped rent using current gross income and recert schedule (i.e., reset the step).

Study enrollment period

The study enrollment period is one year: ~~November- 1, 2022 to September 1, 2022~~ ~~August 31~~ October 31, 2023.

Study enrollment appointment letters are distributed in ~~August~~ October 2022 and study enrollments starts in ~~September~~ November 2022 for new admissions and households with ~~January 2022~~ March 2023 recert effective dates.

All (study eligible) recertifying households with recertification effective dates ~~March Jan- 1, 2023~~ ~~Dec- 31, 2023~~ February 29, 2024, and any new admissions that (come off the waitlist and) and will attend a lease up briefing during the enrollment year are to be enrolled (randomly assigned into one of the two rent rules groups).

- a. Transitions from one program to another do not necessarily trigger study enrollment unless they are considered a new enrollee, or the transition coincides with a recertification.
- b. If a household is not enrolled in the study at the time of the transition but has subsequent recertification in a program that is part of the study during the enrollment period, then they should be enrolled into the study at that time.
- c. Households remain in their assigned rent rules group even if they later transition to a different program (unless that program is not eligible for the study)

Households assigned to the standard rent rules group are to be subject to the standard rent rules—the standard rent rules are to remain unchanged for the duration of the study.

The PHA has discretion to serve households that are not eligible for the study and households that newly enroll after the end of the one-year study enrollment period, according to any rent rules.

Prior/retrospective Income

Prior/retrospective period for recertifying households—first recertification following study enrollment. The period is defined as the prior twelve months ending 120 days before the recertification effective date. The period always begins on the first of the month and ends the last day of the month. The prior/retrospective period is fixed; it does not change or update after it is communicated with the household (even if the effective date is moved to accommodate a move at the first certification following enrollment).

Prior/retrospective period when resetting a household's step after study enrollment (following 12 months of hardship). The period is defined as the prior twelve months ending 60 days prior to effective date of the step reset. The period always begins on the first of the month and ends the last day of the month. The prior/retrospective period is fixed; it does not change or update after it is communicated with the household.

Prior/retrospective income. The actual income received in the prior twelve months.

The Stepped Rent policy does not change any of the income exclusion rules. Include all required types of income sources when determining prior/retrospective income. However, there are some differences in how income may be treated as follows.

- The STRD policies do not change income exclusion rules, and one income exclusion is temporary/sporadic income. HUD does not have a specific definition for “sporadic,” so under current rules it is up to the PHAs to define sporadic income for exclusion. This guidance extends to retrospective income as well. However, unlike determining current/anticipated income, with a 12-month look back period for prior year/ retrospective income, PHAs have a better picture of what is truly sporadic, versus just irregular, income.
 - Examples of income that would not be considered sporadic and not be excluded from retro income include:
 - Somebody that works multiple short-term jobs over the retro period
 - A job ended a month into the retro period
 - Seasonal work
 - Examples of income that could be considered sporadic and excluded from retro income include:
 - Someone worked at one job for most of the retro period, but then also took a job that lasted only a couple of days for a different employer in the middle of it
 - Income from recycling for refunds

There is clearly a gray area between these examples, and PHAs can use their discretion to decide how they want to define sporadic income that would be excluded within that gray area. However, a blanket rule that excludes any earnings from any jobs that lasted less than 30 days, for example, would not be appropriate to apply to retro income.

- Even if income (from any source) began partway through the prior/retrospective period, only use the *actual* amount received during the prior/retrospective period.
- Do not count income from TANF, UI, SSI, SSDI, or court ordered child support if it ends partway through the prior/retrospective period. (Each PHA has the discretion to develop a plan for how to handle court ordered child support if the household is not actually receiving it regularly.)
- If a household member turned age 18 during the prior/retrospective period do not include any of that member’s ‘earned’ income.
- If a household member is a student at the time of recertification, then designate that member as a student and only include \$480 of that household member’s income when calculating the first rent amount under the stepped rent policy.
 - Student status is determined at recertification using standard verification procedures.
 - Household members designated as a student at recertification retain that designation *unless the step is reset at a later time*.

Income Verification

Income Verification. PHAs have some discretion in developing the policy for verifying prior/retrospective and current income. PHAs must use EIV to verify as much as of the income as possible but can then develop a customized process. For example, PHAs can use the existing HUD verification hierarchy with modifications to the process for moving through the hierarchy and they can apply for agency-specific waivers in the MTW supplement to skip steps in the hierarchy entirely. At minimum verification must be EIV and self-certification.

The PHAs alternative verification policy can be applied to prior/retrospective and current income; new admissions and existing households; and to the treatment and controls groups as well as non-study households. However, a PHA may not simply skip from EIV to self-certifications for new admissions because EIV is not available for new admissions.

The income verification policy and procedures (including details about the hierarchy level of self-certifications) should be documented in the PHAs Administrative plan and Admissions and Continued Occupancy Plan (ACOP).

- a. PHAs can use the existing HUD verification hierarchy with modifications to the process for moving through the hierarchy
 - b. PHAs can apply for agency-specific waivers in the MTW supplement to skip steps in the hierarchy. At minimum verification must be EIV and self-certification.
 - c. PHAs can apply for an agency-specific waiver to increase the \$2,400 discrepancy threshold.
- Some income documentation sources (EIV, tax returns) show income *received* during a particular time period (e.g., Q1 2020 EIV shows wages paid during that quarter). Paystubs show both the time period for which the wages are paid, as well as a check/payment date. Self-certs are more likely to reflect the time period that income is *earned* – it is likely easier for someone to remember when they started a job or when a job ended than when they received their first or final paycheck for that job. (This might also be true for some letters from employers.)

~~Some income documentation sources (EIV, tax returns) show income *received* during a particular time period (e.g., Q1 2020 EIV shows wages paid during that quarter). Paystubs show both the time period for which the wages are paid, as well as a check/payment date. Self-certs are more likely to reflect the time period that income is *earned* – it is likely easier for someone to remember when they started a job or when a job ended than when they received their first or final paycheck for that job. (This might also be true for some letters from employers.)~~ When combining different sources of income documentation, it is up to the PHAs to decide whether they want to require alignment across income documentation sources (e.g. ask tenants for paycheck dates instead of start and end dates of when they worked) or if inconsistency is acceptable (e.g. use actual EIV amounts where available + self-cert on when the person worked and their hourly wage during the remainder of the retro period).

Corrections for Income Discrepancies

Corrections for Income Discrepancies. Stepped rent policy does not affect a PHA's policy to make/not make corrections for income discrepancies for reported/ verified prior/retrospective income for the designated prior/retrospective period.

If the PHA later identifies a discrepancy to the reported/verified prior/retrospective income for the designated prior/retrospective period, the PHA should process discrepancies as they normally would, which may result in "interim" or "annual correction" actions to make these types of corrections.

PHAs are required to check IVT or EIV for income discrepancies at the first certification following study enrollment, at subsequent triennial recertifications (not annually), and for interims.

[PHAs have discretion to request an agency-specific waiver to increase the \$2,400 discrepancy threshold.]

Calculating TTP

Recertifying Households. The first rent amount under the stepped rent policy calculation for recertifying households is based on 12-month *prior/retrospective* adjusted income (That is, keeping all deductions/allowances for the year 1 stepped rent and all hardships.). Rent is set at ~~28% or~~ 30% of ~~gross or~~ adjusted monthly prior/retrospective income. Then rent steps up annually by ~~a fixed amount set at (2 to 4) 2%~~ of FMR based on unit size.

~~[PHAs have discretion in using 28% or 30% and 2 to 4% of FMR to set TTP and step increases.]~~

New Admissions. The first rent amount under the stepped rent policy calculation for newly admitted households is based on ~~current adjusted income~~. Rent is ~~28% or~~ 30% of current adjusted monthly income. Then rent steps up annually by ~~a fixed amount set at (2 to 4) 2%~~ of FMR based on unit size.

~~[PHAs have discretion in using 28% or 30% and 2 to 4% of FMR to set TTP and step increases.]~~

Subsequent rent calculations. The household's rent is not redetermined by subsequent recertifications but will instead automatically step up annually by ~~a fixed amount set at (2 to 4) 2%~~ of FMR based on unit size.

~~[PHAs have discretion in using 28% or 30% and 2 to 4% of FMR to set TTP and step increases.]~~

Asset income. Stepped rent policy does not stipulate how to treat asset income.

[PHAs have discretion to revise in the asset income policy but the policy must be the same for both rent rules groups]

Utilities allowance. Stepped rent policy does not affect utilities.

~~[PHAs have discretion to revise utility allowance policy but the policy must be the same for both rent rules groups.]~~

Minimum Rent/ TTP. Stepped rent policy requires a \$50 minimum rent.

Eligibility determinations

Triennial eligibility determinations. PHAs complete triennial eligibility determinations using current *gross* income.

<p>HCV Zero-HAP at the first recertification following study enrollment. If an HCV household's <i>prior/retrospective adjusted income</i> (for recertifying households) or current adjusted income (for new admissions) results in zero HAP at the first recertification following study enrollment, then implement standard zero-HAP process (6-month zero-HAP grace period). However, if the zero-HAP rent (or a loss of income) causes a rent burden above 40% of current gross income, the household could request and receive a hardship. This would halt the HCV termination process.</p> <p>HCV Zero-HAP at subsequent triennial eligibility determination. If an HCV household's <i>current adjusted income is over 120% of AMI</i> at subsequent triennial eligibility check, this designates the household as zero-HAP. The household gets a 6-month zero HAP grace period. At the end of that grace period, the household exits the voucher program. However, if the zero-HAP rent (or a loss of income) causes a rent burden above 40% of current gross income, the household can request and receive a hardship. A hardship would halt the HCV termination process.</p>
<p>Public Housing Over-income rule. If a Public Housing household's income is over the income limit the first recertification following study enrollment or at a subsequent triennial eligibility check, the standard over-income procedures are triggered. PHA measures income the following year. Over-income rent rules supersede the stepped rent policy.</p>
<p>The last rent step. The “last step” in public housing is when the household’s TTP reaches the flat rent.</p>
<p>Contract Rent Increases</p>
<p>Contract Rent Increases. If the contract rent is increased conduct an interim to increase the contract rent and update the payment standard and utility schedule. This may result in an increase in family share if the new gross rent is above the new payment standard.</p>
<p>Household Composition Changes</p>
<p>Household member added.</p> <p>If a household adds a new member, conduct an interim to add the member. However, do not reset the step or include the new members income.</p> <p>If the new member results in a move to a larger unit size, the household’s step is adjusted to match the new (larger) unit size at the next annual step increase.</p>
<p>Household member removed.</p> <p>If a household removes a member, conduct an interim to remove the member. If the removal results in a decrease in income and/ or a move to a smaller unit size —the household could/ would need to request a hardship evaluation in order to lower the rent. As applicable, the household’s step would be adjusted to match the new (smaller) unit size at the next annual step increase.</p>
<p>HCV Maximum Family Share at Initial Occupancy</p>
<p>The stepped rent policy may cause an initial family share to be above 40%, that is acceptable because it is part of the alternative rent policy. Thus, no waiver is required.</p> <p>[Separately, PHAs have discretion to pursue MTW Waiver/Activity 1o to eliminate the 40% maximum family share at initial occupancy, for HCV households.]</p>
<p>Moves</p>

If a household moves, update the payment standard and utility schedule and conduct an Other Change of Unit (50058 action type = 7) to process the move but do not adjust the rent.

If a household moves to a different unit size, then the household's step would be adjusted to match the new (smaller/ larger) unit size at the next annual step increase.

Use current gross income to test for unit affordability. "Current" in this case can be current income in the SOR. However, if household income has increased since the last action, the households can request a review of updated current income (and the PHA to advise the household to do so when appropriate), so the household can afford a unit with higher rent.

Do not change the effective date to align with the new lease date after study enrollment. PHA can move the effective date up by one or two months to match a new lease date for the first recertification following study enrollment; however, after that the effective date cannot be changed.

The New Policy's interaction with Other PHA Programs and Services

Community Self Sufficiency Requirement. The CSSR requirement to verify compliance each year at least 30 days ahead of the annual lease term continues to apply. The MTW Waiver of the annual reexam requirements does not (and cannot) waive this CSSR requirement.

However, since the stepped rent policy does change the 50058 reporting requirement from annual to triennial, the PHAs are not required to report households' CSSR compliance status to HUD annually by submitting 50058s in between triennial reexams with the sole purpose of reporting households' CSSR compliance.

[Software vendors are being asked to include a CSSR field in their systems that tracks CSSR compliance independent from 50058 actions, that the PHA staff can update as needed (without submitting a 50058).]

Per the standard CSSR policy, do not make a change in CSSR status between (triennial) recertifications unless notified otherwise that status has changed.

FSS participation. Households can enroll in FSS or other FSS alternatives after random assignment.

~~[PHAs have discretion to choose to implement any of the following options:~~

~~a. New rent rules households can choose to participate in FSS but cannot accrue escrow.~~

~~b.i. New rent rules households can access a similar economic self-sufficiency program that is compatible with the stepped rent policy, such as one that provides cash rewards tied to self-sufficiency milestones.~~

~~i. This alternative FSS program would also be offered to control group households in addition to regular FSS (control group households must pick one).~~

~~ii. This alternative FSS program is also offered to control group households in place of regular FSS (e.g., if the new program is replacing FSS PHA wide).~~

~~iii. This alternative FSS program would be offered to new rent rules group households only (not the control group).~~

~~Programs cannot have a work requirement. If it includes a requirement to participate in any activity, and if it includes any penalties for noncompliance with that requirement, HUD has indicated that it will likely not approve it. PHAs are welcome to propose a mandatory program in their supplements, and HUD will provide a definitive response to their specific proposals when it reviews the supplements.~~

~~Mandatory programs would have to apply to both rent rules groups.]~~

Homeownership Program. Study households can enroll in the Homeownership Program after random assignment.

Hardships

Minimum Rent Waiver Hardship.

A hardship that temporarily waives the minimum rent requirement due to zero income.

This hardship type should apply to all PHA households—including both treatment and control study households and should be noted in the Stepped Rent hardship policy. However, PHAs have discretion to not to offer a minimum rent waiver.

Other Hardships/ Extenuating circumstances.

Eligibility: A hardship that provides temporary [relieve-relief](#) to households that encounter an extenuating circumstance including, for example:

- The family has experienced a death in the family
- The family has experienced a sudden increase in expenses (funeral costs, medical bills, transportation costs, education costs, etc.) or loss of other assistance or benefits determined by the PHA to be qualifying
- Other situations and factors determined by the PHA to be qualifying

Remedy: The remedy for this hardship type would be short-term. For example, the PHA could set the TTP at or below the minimum rent for one or two months or can set up a payment plan.

This hardship type applies to all PHA households – including both treatment and control study households and should be noted in the Stepped Rent hardship policy. PHAs must indicate whether hardships will be granted or not for the above circumstances in the MTW supplement.

Income-based Hardship.

A Stepped Rent-specific hardship that protects families from potential rent burden due to a loss of income an increase in eligible deductions, or income not increasing to keep up with the automatic step increases.

Eligibility: A household is eligible for this hardship exemption if their rent burden (their total tenant payment divided by their current adjusted monthly income) exceeds 40%.

Remedy: Setting the TTP at 40% of *current adjusted* income (or the minimum rent, whichever is greater) for up to 12 months.

- PHAs have discretion over the duration of the hardship remedy but it cannot exceed 12 months. PHAs can create a standard duration for all income-based hardships or can determine the duration on a case-by-case basis.

This hardship that applies at recertification and/or upon household request.

- **Automatic hardships.** If the new stepped rent TTP divided by *current* adjusted income exceeds 40% at the first recertification following study enrollment, automatically grant a hardship. Households do not need to request this hardship or complete a hardship form. PHA to conduct an income examination and compare the household's current adjusted income with their prior year/retrospective adjusted income. If the household's current adjusted income is lower than their prior/retrospective adjusted income, automatically determine whether the household is eligible for a temporary hardship exemption.

Note: Automatic hardships at the first certification following enrollment, will not be applicable to new admissions since current income is being used to determine TTP.

- **Requested by household.** At any time other than the first certification following study enrollment, a hardship must be requested by the household. Households request this hardship by completing and submitting a hardship request form and providing the household's updated current income.

When the hardship rent expires, if the step is not reset and household does not request (or the PHA does not approve) a hardship renewal, the household's TTP is set according to the previously determined rent schedule. This means that if the rent stepped up while the household was on a hardship, the new rent following the end of the hardship will include that step increase.

Student Income and Hardships. If a household applies for a hardship and a household member (other than the head, co-head, or spouse) was not a student at the time of the recertification but then subsequently becomes a student, then verify student status using the PHAs standard practices and only include up to \$480 of that member's income when determining hardship qualification. A change in student in student status does not automatically qualify a household for a hardship—the household would still need to meet the income-based hardship criteria: *current adjusted income* (subtracting all but \$480 of eligible student income) makes their rent burden (their total tenant payment divided by their current adjusted monthly income) exceed 40%. In other words, the policy is not that households have to report student status changes or that they *should* or have to request a hardship if they become a student.

- If a PHA prefers not to allow for hardships when a household member becomes a full-time student and there is no decrease in income, then propose a policy specifying this in your hardship policy as a hardship qualification requirement.

Stepped Rent Reset for Sustained Hardships.

If a household spends 12 consecutive months in a hardship status and then requests an ongoing hardship rent, the PHA has two options.

1. **Grant new hardship.** PHA can grant the household with new temporary hardship (e.g., another 6 or 12-month hardship).
2. **Reset the step.** PHA can reset the household's stepped rent (even if the household no longer has a rent burden above 40%).

A step reset operates similar to the first recertification following study enrollment. PHA conducts a new full income reexamination (action type 2, in 50058 terms). The household's new rent is based on 28% or 30% of their prior/retrospective adjusted income. A step reset establishes a new annual stepped rent increase cycle based on the step reset effective date.

- a. For example: a household starts out the stepped rent on 1/1/23. But on 8/1/23 they get a hardship rent. They're in hardship for 12 months and their situation doesn't improve, so on 8/1/24 you reset their stepped rent. By that point, the 1/1 date won't be meaningful. It wouldn't make sense to have a stepped rent increase kick in 5 months later, on 1/1/25. You would just put them on a new cycle, with stepped rent increases being applied on 8/1 each year.

General Hardship Policy Guidance.

- There is no limit to the number of hardships that a household may receive. Hardship request caps are not permitted
- When a household requests a hardship exemption from the stepped/tiered rent, (PHA) will suspend the stepped/tiered rent for the household beginning the next month after the request, until (PHA) has determined if the request is warranted. PHAs will need to come up with additional detail about how this will be implemented, but that wouldn't need to be specified in the MTW Supplement hardship policy. PHAs could follow the process they already use for minimum rent hardships.
- If a household member has seasonal employment resulting in a temporary reduction in current income, the PHA can create a policy to determine whether the household would qualify for a hardship regardless of whether the seasonal income reduction puts them in a rent burden. For example, the PHA may determine that even when a seasonal worker is in the period where their income is zero, their "current income" according to the PHA definition might not be zero given the "anticipated" part of the current income definition. However, if the household is truly in danger of not being able to pay the rent, the PHA may need to offer some kind of relief.
 - The PHA may also want to use discretion about hardship duration in these situations. For example, if it is known that the household member has summers off, then the PHA may want to only grant a shorter (3 months) hardship remedy.
- PHAs to track all hardships requests from Stepped rent households regardless of type. Request = hardship form completed & submitted.

*Generally, PHAs can decide to modify the discretionary elements of the above policies (e.g., the childcare threshold or income verification policy) after launch but the core policy elements will need to remain unchanged for the duration of the study. Requests for modifications will be considered on a case-by-case basis.

EXHIBIT 20-2: MTW FRESH START ENRICHMENT PROGRAM

Fort Wayne Housing Authority MTW Fresh Start Enrichment Program Description

DESCRIPTION

This activity applies to Housing Choice Voucher (HCV) and Public Housing (PH) FSS program participants. FWHA proposes using MTW flexibility to revise and rename the existing Family Self-Sufficiency (FSS) Program to the Fresh Start Enrichment Program (FSEP), a local MTW FSS program. The program will remain voluntary, and families may choose to switch to the new Fresh Start Enrichment Program (FSEP). FWHA anticipates these program enhancements will strengthen the FSS program by improving the retention rate and by increasing participants' long-term economic capacity by providing incentives to encourage participants to complete education and training programs before entering the workforce. FWHA will also use MTW funds to provide supportive services aimed at empowering families to build savings and financial capabilities as a pathway out of poverty. Additionally, FSEP families would be eligible to participate in the Stepped Rent initiative/demonstration program and the FWHA will remain eligible for the FSS coordinator grant.

Enhancements to FWHA's FSS program include:

- Modification of the requirement that an FSS applicant must have an interim or annual recertification within 120 days prior to FSS enrollment. FWHA will use the last completed HUD-50058 income certification prior to the effective date of the Contract of Participation (COP) to determine initial income.
- The term of the Contract of Participation (COP) will be a minimum of five (5) years with a one-year extension up to a maximum of six (6) years.
- Opportunity to obtain goal-based incentive funds for clients who would otherwise be ineligible for the escrow component of the FSS due to their level of income. FWHA will modify the escrow calculation methodology by calculating goal-based incentives using the same method for all participants regardless of income level. The method used for very low-income households will apply to all participants.
- Placement of an absolute cap on the amount of escrow regardless of prior FSS participation. The cap, which must be periodically reviewed (no less than once per year) and updated at FWHA's discretion, will initially be set at **\$18,200** per household. Generally, incentive payments count toward the **\$18,200** escrow cap.
- Establishment of goal-specific incentive payment when a family attains an established goal. FWHA reserves the right to disburse incentive payments upon goal completion or other time as defined in Goal-based incentive chart. Incentives are included in Attachment 1: Goal Based Incentive Program.
- FSS participants have the option to enroll into FSEP if they are a past graduate of FSS, but not the option to move from FSS to FSEP without completion of FSS
- Establishment of an incentive payment for graduates of the FSEP who purchase a home within 2 years of completion of the FSEP program. The incentive payment amount, which may be periodically reviewed and updated at FWHA's discretion, will be set at a \$5,000 per household. To qualify for the homebuyer purchase bonus, the FSEP homebuyer must complete an approved Homebuyer Education course. The \$5,000 bonus may be used for a down payment. Participant may request interim disbursement for closing cost.
- FWHA will also develop local versions of the FSEP Contract of Participation and Individual Training and Service Plan to reflect the features of its FSEP. FWHA anticipates that approximately 100 new participants will join the FSEP in FY 2022.
- To successfully graduate from the FSEP program, the family must meet the following criteria:

- **Be employed in suitable employment or achieve a degree or certificate and be TANF free.**
- **Complete three (3) personal goals**
- **Receive a minimum of five (5) bonus incentives (which includes completing three (3) personal goals)**
- Families will be unenrolled/terminated from the FSEP program after 5 years (plus any one-year extension up to 6 years, if applicable)

DRAFT

Attachment 1: Goal Based Incentive Program
Local MTW FSS Program/Fresh Start Enrichment Program (FSEP)

Category	Pay Point	Eligibility	Amount	Maximum Amount
Education & Training	Completion of training/Certification program (skilled trade, real estate license, cosmetology license, etc.)	One-time	\$500	\$500
	Completion of HSE	One-time	\$400	\$400
	Completion of Associates Degree	One-time	\$500	\$500
	Completion of Bachelor's degree	One-time	\$1,000	\$1,000
	Completion of Master's degree or Doctorate Degree	One-time	\$1,500	\$1,500
Employment	Obtain new employment	One-time	\$100	\$100
	Employment retention for 12 consecutive months	Annually	\$200	\$1,200
	Removed from food stamps, or childcare assistance due to increased earnings from wages or started paying into healthcare benefits or Medicaid	One-time	\$300	\$300
Engagement	Completion of annual FSEP progress meeting	Annually	\$100	\$600
Financial Stability	Attend 12 FWHA Financial Literacy Program Meetings	12x	\$100	\$1,200
	Open and maintain a new checking or savings account (12 consecutive months; no negative ending balance more than twice per year)	One time	\$500	\$500
	Improve credit score (by 50 points or more)	Annually	\$500	\$3,000
	Increase and maintain personal savings by either a) making a \$25 per month deposit or, b) showing a \$300 increase to savings for a six (6) month period (verifiable over a 12-month period)	One-time	\$1,000	\$1,000
	Increase earned income	Annually	\$100	\$600
Housing & Homeownership	Engage in home buying education classes, enrollment in pathfinder home ownership counseling. Certificates must be submitted for completion of this incentive.	2x	\$250	\$500
	Purchase a home	One time	\$5,000	\$5,000
Personal	Completion of three (3) personal goals established at admission & progress meeting.	3x	\$100	\$300

Graduation	Employed full-time or achieved a degree or certificate and free of <u>TANF Assistance</u> ; completion of three (3) personal goals and received a minimum of five (5) other bonus incentives listed above (including personal goal achievements).	One-time	\$1,000	\$1,000
			Maximum Earnings	\$18,200

Reason for Termination:

Terminated from housing, goals not completed before the end of the contract of participation and no activity/progress on the FSS program.

Proposed Preferences for HCV
August 9, 2022

4-III.C. SELECTION METHOD

PHAs must describe the method for selecting applicant families from the waiting list, including the system of admission preferences that the PHA will use [24 CFR 982.202(d)].

Local Preferences [24 CFR 982.207; HCV p. 4-16]

PHAs are permitted to establish local preferences, and to give priority to serving families that meet those criteria. HUD specifically authorizes and places restrictions on certain types of local preferences. HUD also permits the PHA to establish other local preferences, at its discretion. Any local preferences established must be consistent with the PHA plan and the consolidated plan and must be based on local housing needs and priorities that can be documented by generally accepted data sources.

PHA Policy

Local preferences will be aggregated using a system in which each preference will receive an allocation of points. The more preference points an applicant has, the higher the applicant's place on the waiting list. After preferences, priority will be determined based upon the date and time of application.

A family may qualify for a preference at any time they are on the waiting list but must qualify for the preference at the time of eligibility determination. All preferences must be documented by evidence, which may include verification by a reputable and professional third party.

Applicants not eligible for the preference will be placed back on the waiting list as of the date and time of their application.

The following preferences apply:

1. Resident who lives and/or works in the jurisdiction. (1 point)
 - a. Residents who live and/or work in the jurisdiction are those who live within the city limits of Fort Wayne, IN (or up to 5 miles outside of city limits) and/or work at least 20 hours a week within the city limits of Fort Wayne, IN (or up to 5 miles outside of city limits).
2. Homeless individuals and families who live and/or work in the jurisdiction. (1 point)
 - a. Homeless individuals and families are those who lack a fixed, regular, adequate nighttime residence. This includes sharing the housing of others due to loss of housing, economic hardship or similar reason; living in motels/hotels, RV parks or campgrounds due to lack of alternative adequate accommodations; living in emergency or transitional shelters; living outside, in a vehicle or in a building not meant for human habitation.
3. At risk victims of domestic violence who live and/or work in the jurisdiction. (1 point)
 - a. At risk victim of domestic violence: A family
 - i. that includes victims of domestic violence, dating violence, sexual assault, or stalking and reasonably believes that there is a threat of imminent harm from further violence. OR
 - ii. who is seeking an emergency transfer under VAWA from the PHA's housing choice voucher program or other covered housing program operated by the PHA.
4. Participants enrolled in the FWHA YouthBuild Program (4 points)

- a. Maximum monthly voucher issuance for this preference shall not to exceed 50% of the monthly voucher issuance average based on the previous 12 months of data. Example:
 - i. The average number of vouchers issued in the previous 12 month period was 50 vouchers per month, thus the maximum number of YouthBuild Participant households eligible for voucher issuance this month is 25.

PROPOSED ADMISSIONS AND CONTINUED OCCUPANCY POLICY CHANGES EFFECTIVE 10/12/2022

	CURRENT POLICY	PROPOSED CHANGE
		The attached MTW Chapter was created to cover all changes in reference to the eligibility, processing of recertifications and policies for the new stepped rent demonstration.
24 CFR 960.206		<p>Local Preferences [24 CFR 960.206]</p> <p>4. Participants enrolled in the FWHA YouthBuild Program (4 points)</p> <p>a. Maximum monthly admissions for this preference shall not to exceed 50% of the monthly admissions average based on the previous 12 months of admissions. Example:</p> <p>i. The average number of new admissions in the previous 12-month period was 10 move-ins per month, thus the maximum number of YouthBuild Participant households eligible for admissions this month is 5.</p>
24 CFR 5.609 and 24 CFR 5.60	<p><u>PHA Policy</u></p> <p>In determining the value of a checking account, the PHA will use the average monthly balance for the last six months.</p> <p>In determining the value of a savings account, the PHA will use the current balance.</p> <p>In determining the anticipated income from an interest-bearing checking or savings account, the PHA will multiply the value of the account by the current rate of interest paid on the account.</p>	<p>6-I.G. ASSETS [24 CFR 5.609(b)(3) and 24 CFR 5.603(b)]</p> <p><u>PHA Policy</u></p> <p>In determining the value of checking account and savings accounts, the PHA will use the current balance.</p> <p>In determining the anticipated income from an interest-bearing checking or savings account, the PHA will multiply the value of the account by the current rate of interest paid on the account.</p>

PROPOSED ADMISSIONS AND CONTINUED OCCUPANCY POLICY CHANGES EFFECTIVE 10/12/2022

960.203		<p>3-III.C. OTHER PERMITTED REASONS FOR DENIAL OF ADMISSION</p> <p>Previous Behavior [960.203(c) and (d) and PH Occ GB, p. 48]</p> <p>Added:</p> <p>If any household member is subject to a current registration requirement under a state sex offender registration program and/or a lifetime registration requirement under a state lifetime sex offender registration program.</p>
d960.204	<p>3-III.D. SCREENING</p> <p>Screening for Eligibility</p> <p><u>PHA Policy</u></p> <p>The PHA will perform criminal background checks through local law enforcement and/or a contracted third party verification system, for all adult household members.</p> <p>If the results of the criminal background check indicate there may have been past criminal activity, but the results are inconclusive, the PHA will request a fingerprint card and will request information from the National Crime Information Center (NCIC).</p>	<p>3-III.D. SCREENING</p> <p>Screening for Eligibility</p> <p><u>PHA Policy</u></p> <p>The PHA will perform criminal background checks through local law enforcement and/or a contracted third party verification system, for all adult household members.</p> <p>If the results of the criminal background check indicate there may have been past criminal activity, but the results are inconclusive, the PHA will request a fingerprint card and will request information from the National Crime Information Center (NCIC).</p> <p>The PHA will use the Dru Sjodin National Sex Offender database and/or a contracted third party verification system, to screen applicants for admission.</p>

Chapter 17

MOVING-TO-WORK WAIVERS

INTRODUCTION

This chapter describes the PHA policies and waivers under the Moving-to-Work Demonstration Program:

Part I: General Requirements. This part describes general provisions of the MTW program.

Part II: MTW Waivers. This part includes policies related to the approved MTW waivers in the PHA MTW supplement (HUD form 50075-MTW).

Part III: Agency Specific Waivers. This part includes agency specific waivers in the PHA MTW supplement (HUD form 50075-MTW).

Part IV: Exhibit 20-1 – Stepped Rent Policies. This exhibit includes Stepped Rent specific policies.

Part V: Exhibit 20-2 – MTW Fresh Start Enrichment Program. This exhibit includes MTW specific policies for the MTW FSS program.

PART I: GENERAL REQUIREMENTS

20-I.A. OVERVIEW [FR Notice 8/28/20]

The Public Housing/Section 8 Moving to Work (MTW) demonstration program was first established under Section 204 of the Omnibus Consolidated Rescissions and Appropriations Act of 1996, [Public Law 104-134](#), 110 Stat. 1321 (1996 MTW Statute) to provide statutory and regulatory flexibility to participating public housing agencies (PHA s) under three statutory objectives. Those three statutory objectives are: to reduce cost and achieve greater cost effectiveness in Federal expenditures; to give incentives to families with children whose heads of household are either working, seeking work, or are participating in job training, educational or other programs that assist in obtaining employment and becoming economically self-sufficient; and to increase housing choices for low-income families.

FWHA Policy

The **Fort Wayne Housing Authority (FWHA)** has been designated as a Moving-to-Work agency under **Cohort #2 – Rent Reform** and will operate its program in accordance with the Operations Notice for the Expansion of the Moving to Work Demonstration program published in the Federal Register on Friday, August 28, 2020, and the annual MTW Supplement (HUD form 50075-MTW).

For eligible families, the MTW policies in this chapter will take precedence over any traditional HUD policies listed anywhere in the administrative plan. These MTW policies will also apply to FWHA special voucher programs, where applicable.

PART II: MOVING TO WORK WAIVERS

20-II.A. STEPPED RENT POLICY – MTW Waiver 1.c

Activity

1.c. *Stepped Rent (PH)*—The agency may create a stepped rent model that increases the family's TTP on a fixed schedule in both frequency and amount. The fixed schedule/stepped rent model may be disaggregated from family income.

Statutes and Regulations Waived

Stepped Rent (PH)—Certain provisions of section 3(a)(1)–(2) of the 1937 Act and 24 CFR 5.628, 5.634(b) and 960.253.

Safe Harbor(s)

- Rent increases may not occur more than once per year.
- Agency must conduct an annual impact analysis.
- Agency must exclude elderly and disabled families from rent policy.
- Agency must implement a hardship policy.
- Services, or referrals to services, must be made available by the agency or a partner organization to support preparing families for the termination of assistance, if applicable.
- At the Department's request, the agency shall make available the method used to determine that rents charged to families are reasonable when compared to similar unassisted units in the market area.
- Initial rents will be set at no more than 32% of a household's gross income, or 35% of a household's adjusted income.
- The PHA will establish a stepped rent increase by unit size. The increase may be no more than 4% of the Fair Market Rent for the applicable area.

FWHA Policy -Waiver 1.c

The FWHA has create a stepped rent model that establishes the Total Tenant Payment (TTP) based on 30% of the households adjusted monthly income and increases the family's TTP annually based on 2% of the HUD published Fair Market Rent (FMR).

The annual Stepped Rent increase will be a specific dollar amount, by unit size. The FWHA intends to increase the Stepped Rent by 2% each year and review and adjust the Stepped Rent increase each year when HUD publishes new Fair Market Rents during the six-year study period. Therefore, the Stepped Rent increases may change if the FMRs change. Each household's year one Total Tenant Payment (TTP) will be set at 30% of their adjusted income or the FWHA's minimum rent of \$50. After the first year, each household's rent portion will increase by the annual Stepped Rent increase, regardless of their income.

The FWHA will be implementing Activity 1c and 1d – Stepped Rent Policy within the safe harbor limits established by the MTW Operations Notice but will include an agency specific waiver for the elimination of Earned Income Disallowances (EID) for all participants.

Under the Stepped Rent policy, the initial rent is based on adjusted income and will be determined using the prior 12 months' adjusted retrospective income for existing/recertifying households and adjusted current income for new admissions. The FWHA will use a definition of income that differs from the existing rent rules. FWHA will apply the allowances or deductions typically used to calculate "adjusted income." Income will be defined as 12 months adjusted retrospective income for existing/recertifying households and adjusted current income for new admissions. Under the existing rent calculation rules, income is defined as the amount that the family expects to receive in the next 12 months. This is sometimes referred to as "current/anticipated income." In Stepped Rents, the triennial income reexaminations will measure income based on the prior 12 months' adjusted income, i.e., retrospective income. This should improve the accuracy of income reporting and better represent a household's long-term earning potential.

Under the Stepped Rent policy, during the enrollment period, any new admissions who qualify as eligible households are expected to undergo random assignments. After the study enrollment period is concluded, the FWHA will decide whether to implement the Stepped rent policy for any newly admitted non-elderly, non-disabled households. Households randomly assigned to the new Stepped Rent rules or existing rent rules must remain in that group for six years (unless they leave assistance, port out to another jurisdiction, or are exempted from the Stepped Rent rules group for other reasons such as becoming disabled).

A high-arching goal of the MTW demonstration is to conduct an empirical research study that randomly assigns 50% of eligible families during an enrollment period to either a stepped rent or control group in order to determine how the alternative rent schedule may encourage a family's head of household to increase self-sufficiency through working, looking for work or going to school to improve their economic circumstances.

Eligible households include:

- Residents of the public housing programs, including existing, currently assisted households and new households admitted during the alternative rent enrollment period.

Ineligible households include:

- Elderly (56+) and disabled households.
- Households paying a public housing flat rent.
- Households already participating in the current Family Self- Sufficiency (FSS) program.

Requiring the family to attend fewer reexaminations (once every three years) will allow the family greater autonomy. While the household income will be reviewed every three years during the demonstration, the income will not be used to determine rent but instead to ensure that the family is eligible for continued assistance. In this Stepped Rent policy, the family's rent will increase annually and does not require annual income reviews. See Exhibit 20-1 – Stepped Rent Policies.

Hardship Policy - Activity 1c and 1d – Stepped Rent Policy

The Stepped Rent policy is intended to benefit assisted households by allowing them to increase their income without a direct increase in their total tenant payment (TTP). The TTP will instead increase each year by a modest amount unrelated to the household's income. However, some households may need special accommodations to avoid negative consequences of the stepped rent.

General Hardship Provisions

Hardships must be requested by the household in writing, with the exception of automatic hardships processed by the PHA during the income certification that takes place at STRD enrollment. Hardship requests should use the PHA's hardship request form.

When a household submits a valid hardship request, the PHA will suspend the stepped rent for the household, beginning the next month after the request, until the PHA has determined if the hardship request is warranted. The PHA will complete hardship reviews within 10 days. If the hardship request is denied, the household may be required to enter into a repayment agreement.

There is no limit to the number of hardships that a household may receive. If a household is approved for a hardship, and subsequently experiences another adverse event while still in hardship status, they may request an additional hardship that might further reduce their TTP.

If a household is approved for a hardship, they are not required to report subsequent income increases during the period of their approved hardship. Once the PHA approves a hardship, the hardship will not end early.

If a household is approved for a temporary hardship, when that hardship is scheduled to expire the household will be notified and may request an extension. When a hardship expires, the household will return to paying the stepped rent, including any annual stepped rent TTP increases that were scheduled to take effect during the period of the hardship.

If the head of household, spouse, or co-head of household becomes elderly or disabled, the household is eligible to be excluded from the stepped rent policy and return to the traditional income-based rent policy.

This hardship policy presents eligibility criteria and remedies for different types of hardships. The different types of hardships below are not mutually exclusive. If a household's circumstances correspond to more than one type of hardship, they will receive the hardship most beneficial to them.

Hardship Types, Criteria, and Remedies

I. Hardship Due to High Rent Burden.

Households participating in the stepped rent will be eligible for a temporary hardship exemption if the stepped rent causes a rent burden above 40%. The high rent burden may be caused by a reduction in income, an increase in eligible deductions, or the annual stepped rent TTP increase (or a combination of factors).

Automatic hardship: For households already receiving assistance, when the PHA conducts an income examination at the time of enrollment, the PHA will compare the household's current adjusted income with their prior year/retrospective adjusted income. If the household's current adjusted income is lower than their prior year/retrospective adjusted income, the PHA will automatically determine whether the household is eligible for a hardship exemption.

Hardship requested by household: At any time, other than the income examination that takes place at enrollment, a hardship must be requested in writing by the household.

Eligibility: A household will be eligible for this hardship exemption if the stepped rent policy causes their rent burden (their total tenant payment divided by their current adjusted monthly income) to exceed 40%.

Remedy: The household's TTP will be set equal to 40% of their current adjusted monthly income or the minimum rent, whichever is greater. This hardship will last for six months if the high rent burden is caused by a reduction in income or by the application of a stepped rent TTP increase. The hardship may be set to last twelve months if the high rent burden is caused primarily by an increase in eligible deductions and those deductions are expected to apply for the next twelve months (e.g. childcare expenses).

Example 1 (automatic hardship due to loss of income): When she starts the stepped rent, Suzanne has a prior year/retrospective adjusted income of \$12,000 (\$1,000 per month). Her year 1 stepped rent TTP should be set at \$300 (30 percent of \$1,000). However, Suzanne recently lost her job and her income in the previous month was only \$100 (she has no eligible deductions, so her gross monthly income and adjusted monthly income both equal \$100). While conducting the initial stepped rent income examination, the PHA recognizes that her current income (\$100 per month) and the stepped rent TTP (\$300) would cause a rent burden above 40%, so she is eligible for a hardship exemption. 40% of her current adjusted monthly income would be \$40, but the PHA has a minimum rent of \$50, so Suzanne's hardship TTP is set at \$50 for six months.

Example 2 (hardship requested by household due to loss of income and application of a stepped rent TTP increase): Jane has \$1,000 prior year/retrospective adjusted monthly income when she starts the stepped rent. Her TTP is set at \$300 per month for the first year. In the second year, a \$50 stepped rent increase is applied and her TTP increases to \$350. At the beginning of the second year, she also has her hours reduced at work, and her income decreases to \$600 per month. Her rent burden would be 58% (\$350 divided by \$600) so she applies for a hardship exemption. Her request is approved, and her TTP is set equal to 40% of her income, or \$240 per month. This hardship TTP will last for six months.

Example 3 (hardship requested by household due to increase in eligible deductions): When she starts the stepped rent, Felicia has a prior year/retrospective adjusted income of \$2,000 per month (she has no eligible deductions, so her gross monthly income and adjusted monthly income both equal \$2,000). Her year 1 stepped rent TTP is set at \$600 per month (30% of \$2,000). Eight months later, she has a baby. In order to continue working, she enrolls her child in childcare at a cost of \$960 per month (\$11,520 per year). She applies for a hardship exemption and the PHA determines that she has \$12,000 of eligible deductions (\$11,520 in childcare expenses plus a \$480 dependent deduction). The deductions are subtracted from her current gross income, which is now \$2,100 per month (\$25,200 per year). This results in an adjusted income of \$13,200 per year, or \$1,100 per month. The stepped rent (\$600) causes a rent burden of 55% so she is eligible for a hardship, and her hardship TTP is set to \$440 (40% of \$1,100). The hardship TTP will apply for twelve months.

II. Stepped Rent Reset for Sustained Hardships.

If a household receives a temporary hardship under section I, due to a rent burden above 40%, and the hardship condition persists after 12 consecutive months, the PHA may reset the household's stepped rent. The PHA will consider these requests on a case-by-case basis and decisions will be made by the PHA's hardship review panel; the hardship review panel will consist of the MTW Coordinator, one Property Manager, and the VP of Asset Management.

Eligibility: The household has been approved for a hardship under section I. They remain in hardship status for 12 consecutive months. At the end of 12 months, the household requests that the hardship be extended. The hardship review panel determines that a permanent stepped rent reset would be better than continuing with temporary income-based hardships.

Remedy: The PHA will calculate a new stepped rent TTP at the higher of the minimum rent or 30% of prior year/retrospective adjusted income. This will not be a temporary hardship; the resulting TTP will apply for 12 months and will establish a new base on which future stepped rent annual increases will be applied. This action will establish a new annual cycle for the household's stepped rent increases.

Example: Felicia (from Example 3, above), pays the \$440 hardship TTP for twelve months. When her hardship expires, her TTP would increase to \$650; her initial stepped rent TTP was \$600, and a \$50 stepped rent increase is applied because one year has passed since her first reexamination after enrollment. But her circumstances have not changed: she still has a current gross income of \$2,100 per month (\$25,200 per year), eligible deductions of \$12,000 per year, and a current adjusted income of \$1,100 per month (\$13,200 per year). The \$650 stepped rent would cause a rent burden of 59%, so she requests another hardship exemption. The PHA's hardship review panel determines that it would be best to reset Felicia's stepped rent TTP because 1) that will enable her to increase her income going forward without a corresponding rent increase, and 2) it will reduce the PHA's administrative burden by eliminating the need for ongoing annual hardship reviews. Felicia's new stepped rent TTP is set at \$330, which is 30% of her prior year/retrospective adjusted income.

III. Other Circumstances.

A household may request a hardship exemption for other circumstances not outlined above, such as the death of a family member, a significant increase in reasonable and necessary out-of-pocket expenses because of changed circumstances (for example, a large medical bill), or if the household is facing eviction due to inability to pay the rent. The PHA will consider these requests on a case-by-case basis and decisions will be made by the PHA's hardship review panel.

Eligibility: The hardship review panel determines that circumstances beyond the household's control make it difficult for the household to pay the stepped rent TTP, and a temporary rent reprieve is necessary.

Remedy: The PHA will set the household's TTP to the \$50 minimum rent or 40% whichever is higher for up to three months (90 days).

IV. Right to Appeal:

If the household disagrees with the decision of the Housing Authority to deny a hardship exemption, the household may request a second level review in accordance with the FWHA informal hearing or grievance procedures.

20-II.B. ALTERNATIVE REEXAMINATION SCHEDULE – MTW WAIVER 3.a

Activity

3.a. *Alternative Reexamination Schedule for Households (PH)*—The agency may establish an alternative reexamination schedule for households.

Statutes and Regulations Waived

Alternative Reexamination Schedule for Households (PH)—Certain provisions of sections 3(a)(1) and 3(a)(2)(E) of the 1937 Act and 24 CFR 960.257(a)–(b).

Safe Harbor(s)

- i. Reexaminations must occur at least every three years.
- ii. The agency must allow at least one interim adjustment per year at the request of the household if the household gross income has decreased 10% or more.
- iii. Agency must implement an impact analysis.
- iv. Agency must include a hardship policy.

FWHA Policy – Waiver 3.a

The Stepped Rent Policy will allow randomly enrolled families to be recertified triennially. Additionally, the FWHA will establish a triennial recertification schedule for elderly/disabled PH families. The FWHA will conduct up to one (1) interim reexamination per year for elderly/disabled families to account for any changes in household composition that occur between triennial reexaminations. If the family has already had an interim within the year, the change must be reported at the next scheduled recertification unless a hardship request is submitted.

The FWHA has an agency specific waiver to eliminate Earned Income Disallowance (EID) for all participants. Elderly and disabled families participating in PH programs will be subject to triennial recertifications in this policy.

Safe Harbor Waiver for Stepped Rent Participants

Since the FWHA is participating in the Stepped Rent Policy, families will be eligible for triennial recertifications but will not be eligible for an interim adjustment. For an alternative reexamination schedule, the Operations Notice requires the FWHA to do an interim reexam if gross income falls by at least 10%. The Stepped Rent Policy Selection Notice does not provide for interim reexams, but instead calls for a hardship if the household has a rent burden above 40%.

To comply with the Stepped Rent Policy Selection Notice, FWHA is requesting a Safe Harbor Waiver for the Alternative Reexamination Schedule activity (Waivers 3a/3b). FWHA is also requesting to apply Alternative Reexamination schedule (triennial reexaminations; no alterations to existing rent rules) to demonstration-excluded categories, including Special Purpose Vouchers. A request letter is being separately sent to FWHA's HUD field office.

FWHA Hardship Policy – Waiver 3. a

Families participating in Stepped Rent Policy will use the Hardship Policy for Stepped Rent under Activity 1.c and 1.d.

Elderly/disabled families may request a hardship. Family's will be granted one interim recertification per year if their income goes down 10% or more due to one or more of the following reasons:

1. The family has experienced a decrease in income because of changed circumstances including loss or reduction of employment, death in the family or reduction in or loss of earnings or other assistance.
2. The family has experienced an increase in expenses, because of changed circumstances, for medical costs, childcare, transportation, education or similar items

If a hardship is granted, the family's income will be reassessed on the **earlier of** the next scheduled triennial recertification or within 6 months from the date the hardship was approved.

If the family disagrees with the denial of a hardship request, the family is entitled to and may request an informal hearing. The FWHA will keep records of all hardship requests received and the results of those requests.

20-II.C SELF CERTIFICATION OF ASSETS – MTW WAIVER 3.c

Activity

3.c. Self-Certification of Assets (PH)—At reexamination, the agency may allow the self-certification of assets.

Statutes and Regulations Waived

Self-Certification of Assets (PH)—Certain provisions of sections 3(a)(1) and 3(a)(2)(E) of the 1937 Act and 24 CFR 960.259(c)(2).

Safe Harbor(s)

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

FWHA Policy – Waiver 3.c

The FWHA will allow the family to self-certify assets up to \$50,000 at the time of recertification. However, the FWHA is required to obtain third-party verification of all assets regardless of the amount during the intake process.

The Fort Wayne Housing Authority will be implementing this waiver within the safe harbor limits.

20-II.D. FSS – ALTERNATIVE FAMILY SELECTION PROCEDURES - MTW WAIVER 10.c

Activity

10.c. *Alternative Family Selection Procedures (PH)*—The agency is authorized to develop its own recruitment and selection procedures for its MTW FSS Program. Alternatively, the agency may make participation in the MTW FSS Program mandatory for any household member that is non-elderly or non-disabled.

Statutes and Regulations Waived.

FSS Program with MTW Flexibility (PH & PH)—Certain provisions of sections 23(b)–(d), (f), and (n)(1) of the 1937 Act and 24 CFR 984.105, 984.202(b)–(c), 984.203(a)–(c)(2), 984.303(b)–(d), (f)–(h)

Safe Harbor(s)

- i. Agency must review FSS Guidance.
- ii. The agency must execute a Contract of Participation, or other locally developed agreement, which is at least five years but not more than ten years, with each participant participating in their FSS program.
- iii. The agency, if implementing an FSS program, even with MTW modifications, must have an up to date, approved FSS Action Plan in accordance with 24 CFR 984.201 that incorporates all modifications to the FSS program approved under the MTW Contract.
- iv. The agency must not require MTW FSS Program participation as a condition for housing subsidy for elderly and disabled families.
- v. If the agency requires MTW FSS Program participation as a condition for housing subsidy, an impact analysis must be developed and adopted in accordance with MTW guidance prior to the implementation of the activity.

- vi. If the agency requires MTW FSS Program participation as a condition for housing subsidy, a hardship policy must be developed and adopted in accordance with MTW guidance prior to the implementation of the activity.
- vii. The agency must not make MTW FSS Program participation mandatory for individuals that do not meet the definition of an eligible family at section 23(n)(3) of the 1937 Act, and those exempted from the Community Service Requirement under section 12(c)(2)(A), (B), (D) and (E) of the 1937 Act.
- viii. If an agency terminates the housing subsidy or tenancy of a family for alleged violation of mandatory MTW FSS Program participation, the family will be entitled to a hearing under the agency's Grievance Procedure (24 CFR part 966, subpart B) or the PH informal hearing process (24 CFR part 982.555).
- ix. The agency must not use income increases during participation in the MTW FSS Program to change a family's eligibility status for purposes of participation in the MTW FSS Program or for the receipt public housing or PH assistance.

FWHA Policy – Waiver 10.c

The FWHA receives dedicated funding for an FSS coordinator, such funds must be used to employ a self-sufficiency coordinator and in accordance with any requirements of any NOFA under which funds were received. The FWHA wishes to include FSS families in the Stepped Rent demonstration and therefore will modify the FSS Contract and selection procedures to include these families. Any FSS funds granted pursuant to a competition must be used in accordance with the NOFA. The FWHA will allow participants in the Stepped Rent activity to voluntarily participate in the "Fresh Start Program" formerly called FSS and the escrow will be modified to a goal-based incentive program. FWHA will be implementing this activity within the safe harbor limits established by the MTW Operations Notice.

The FWHA is authorized to operate its Family Self-Sufficiency (FSS) Program, and any successor programs, exempt from certain HUD program requirements. If the FWHA receives dedicated funding for an FSS coordinator, such funds must be used to employ a self-sufficiency coordinator and in accordance with any requirements of any NOFA under which funds were received. Recruitment, eligibility, and selection policies and procedures must be consistent with HUD's nondiscrimination and equal opportunity requirements. To the extent that Family Self-Sufficiency activities include supportive services, such services must be offered to elderly and disabled persons who are participants in the covered program and eligible for such services.

Notwithstanding above, any funds granted pursuant to a competition must be used in accordance with the NOFA. The FWHA will allow participants in the Stepped Rent activity to voluntarily participate in the "Fresh Start Program" formerly called FSS and the escrow will be modified to a goal-based incentive program. FWHA will be implementing this activity within the safe harbor limits established by the MTW Operations Notice.

20-II.E. FSS – MODIFY OR ELIMATE THE CONTRACT OF PARTICIPATION - MTW WAIVER 10.d

Activity

10.d. *Modify or Eliminate the Contract of Participation (PH)*—The agency is authorized to modify the terms of or eliminate the FSS Contract of Participation (HUD–52650), in lieu of a local form. The agency may modify the terms of the Contract of Participation to align with adjustments made to its MTW FSS Program using MTW flexibility. Further, the agency may discontinue use of the Contract of Participation and instead employ a locally developed agreement that codifies the terms of participation.

Statutes and Regulations Waived.

FSS Program with MTW Flexibility (PH & PH)—Certain provisions of sections 23(b)–(d), (f), and (n)(1) of the 1937 Act and 24 CFR 984.105, 984.202(b)–(c), 984.203(a)–(c)(2), 984.303(b)–(d), (f)–(h)

Safe Harbor(s)

See safe harbors listed under FSS Alternative Family Selection Procedures – MTW Waiver 10.c

FWHA Policy – Waiver 10.d

The FWHA will modify the FSS Contract of Participation (HUD-52650) to align the program with adjustments made to its MTW FSS Program using MTW flexibility. The purpose will be to include families who are participating in the Stepped Rent Policy. The contract of participation will be for a five-year period with an optional one-year extension. Additionally, the PHA will move to a goal-based incentive self-sufficiency program where the family will receive escrow amounts based on achievement of certain self-sufficiency goals. FWHA will be implementing this activity within the safe harbor limits established by the MTW Operations Notice.

20-II.F FSS – POLICIES FOR ADDRESSING INCREASES IN FAMILY INCOME - MTW WAIVER 10.e

Activity

10.e. *Policies for Addressing Increases in Family Income (PH)*—The agency is authorized to set its own policies for addressing increases in family income during participation in the MTW FSS Program. Consistent with the goals and structure of its MTW FSS Program, the agency may set policies for whether income increases are recognized for purposes of increasing rent (consistent with the agency’s existing rent policy) or changing the amount of funds moved to escrow/savings through the program.

Statutes and Regulations Waived.

FSS Program with MTW Flexibility (PH & PH)—Certain provisions of sections 23(b)–(d), (f), and (n)(1) of the 1937 Act and 24 CFR 984.105, 984.202(b)–(c), 984.203(a)–(c)(2), 984.303(b)–(d), (f)–(h)

Safe Harbor(s)

See safe harbors listed under FSS Alternative Family Selection Procedures – MTW Waiver 10.c

FWHA Policy – Waiver 10.e

The FWHA will set its own policies for addressing increases in family income during participation in the MTW FSS Program. Consistent with the goals and structure of its MTW FSS Program, the agency may set policies for whether income increases are recognized for purposes of increasing rent (consistent with the agency’s existing rent policy) or changing the amount of funds moved to escrow/savings through the program. The FWHA will execute a Contract of Participation, or other locally developed agreement, that is at least five years but not more than six years, with each participant participating in the “Fresh Start Program” FSS program. The FWHA will have an up to date, approved FSS Action Plan in accordance with 24 CFR 984.201 that incorporates all modifications to the FSS program approved under the MTW Contract. The FWHA will not use income increases during participation in the MTW FSS Program to change a family’s eligibility status for purposes of participation in the MTW FSS Program or for the receipt public housing or PH assistance. A goal-based incentive program will be implemented. **See Exhibit 20-2 – MTW Fresh Start Enrichment Program (FSEP)**

FWHA will be implementing this activity within the safe harbor limits established by the MTW Operations Notice.

20-II.H. HOUSING DEVELOPMENT PROGRAMS -MTW WAIVER 17.c

MTW Funding can be utilized per statute and regulation on the eligible activities listed at sections 9(d)(1), 9(e)(1), and 8(o) of the 1937 Act. Any authorized use of these funds outside of the allowable uses listed in the 1937 Act constitutes a local, non-traditional activity. The agency is authorized to implement the local, non-traditional activities listed below to provide a rental subsidy to a third-party entity to provide housing and supportive services to eligible low-income participants, and to contribute MTW Funding to the development of affordable housing. Families served through the activities described below must be at or below 80% of Area Median Income. Implemented activities must meet one of the three MTW statutory objectives of increasing the efficiency of federal expenditures, incentivizing self-sufficiency of participating families, and increasing housing choice for low-income families. The use of MTW Funding must be consistent with the requirements of [2 CFR 200](#) and other basic requirements for the use of federal assistance. The agency must determine the eligibility of families in accordance with [24 CFR 5.609](#) and with section 3(b)(2) of the Act. Local, non-traditional activities must fall within one of the three categories below and comply with PIH Notice 2011-45 or any successor notice/and or guidance.

Activity

17.c. Housing Development Programs—Programs that use MTW Funding to acquire, renovate and/or build affordable units for low-income families that are not public housing units. Eligible activities may include: Gap financing for non-FWHA development of affordable housing, development of project-based voucher units or tax credit partnerships.

Statutes and Regulations Waived

Local, Non-Traditional Activities—MTW Funding can be utilized per statute and regulation for the eligible activities listed at sections 8(o), 9(d)(1), and 9(e)(1) of the 1937 Act. Any authorized use of these funds outside of the allowable uses listed in the 1937 Act constitutes a local, non-traditional activity

Safe Harbor(s)

- i. The agency must not spend more than 10% of its HAP budget on local, non-traditional activities.
- ii. Families receiving housing or services through local, non-traditional activities must meet the HUD definition of low-income.
- iii. The agency is subject to Notice PIH 2011-45 or any successor notice and/or guidance.
- iv. Agency must comply with section 30 of the 1937 Housing Act.
Any MTW Funding awarded to a third-party provider must be competitively bid.

FWHA Policy – Waiver 17.c

The FWHA intends to use MTW funding to acquire, renovate and/or build affordable units that are not public housing units. Eligible activities may include: Gap financing for non-FWHA development of affordable housing, development of project-based voucher units or tax credit partnerships. The FWHA will not spend more than 10% of its HAP budget on local, non-traditional activities and families receiving housing or services through local, non-traditional activities must meet the HUD definition of low-income. This MTW activity will enable the FWHA to redevelop additional FWHA owned units and increase the amount of affordable housing in the City of Fort Wayne. The Fort Wayne Housing Authority will be implementing this waiver within the safe harbor limits.

20-III.A. AGENCY SPECIFIC WAIVER

FWHA Policy - Elimination of Earned Income Disallowance

The FWHA will eliminate the mandatory Earned Income Disregard from annual income as required under 24 CFR 5.609 for all families. The Earned Income Disregard (EID) provision in the regulations would prevent the FWHA from effectively implementing and monitoring the Stepped Rent Policy and the number of families receiving and eligible for EID in HCV and PH is 0% of total households. Existing families currently in the initial or phase-in period of EID will be allowed to finish their income disallowance as per the regulation.

Hardship Policy – Agency Specific Waiver – Elimination of Earned Income Disallowance

This is an Earned Income Disallowance specific hardship to protect tenants from potential

rent burden caused by the elimination of Earned Income Disallowance. This is an income-based hardship that applies at recertification and/or upon household request.

Hardship due to increase in income that would be excluded by Earned Income Disallowance (EID)

- The family will be granted up to one hardship request per year for families whose Total Tenant Payment (TTP) exceeds 40% of current monthly gross income. The hardship may not exceed 90 days (3-months). If granted a hardship, the household's new rent would be based on 30% of their current gross monthly income for up to 90 days (3 months). If the hardship still exists after 90 days, the hardship may be extended by the PHA for another 90 days up to a maximum 180 days (6 months). At the end of the hardship period, the household will resume the stepped rent increases.

Right to Appeal

If the household disagrees with the decision of the Housing Authority to deny a hardship exemption, the household may request a second level review in accordance with the FWHA informal hearing or grievance procedures.

EXHIBIT 20-1: STEPPED RENT POLICY DISCUSSION GUIDE

Fort Wayne Housing Authority Stepped Rent Policy Discussion Guide

Component

Eligibility

Non-elderly, non-disabled households currently or newly receiving an HCV or PH subsidy at the time of random assignment.

Exclusions based on status at the time of random assignment:

- Head, Co-Head, Spouse 56 years of age or older
- Households in the homeownership program
- Current FSS participants (standard FSS only)
- PH flat rent
- PH Zero HAP households
- Special purpose vouchers
 - VASH
 - Mod Rehab (Certificate)
 - Enhanced Voucher
 - Shelter Plus Care
 - Foster Youth
 - Emergency Housing Voucher
 - Mainstream
 - Tenant Protection Voucher (still under Enhanced Voucher requirements)
- Mixed eligibility families
- Households living in Jobs Plus developments
- Households receiving Earned Income Disregard (EID) at RA
- Households living in developments that underwent a PBRA RAD conversion (not excluded if PBV conversion)
- Households in phase-in period under RAD protections
- Port-outs
- Port-ins (Administered)
- Households who are not yet indicated as disabled according to HUD definition, but:
 - Have been approved to receive SSI/SSDI but have not yet received first payment:
 - Have a pending SSI/SSDI application in (applied recently and waiting to learn of approval status)

Eligibility Notes

- a. Some eligibility criteria will be checked prior to study enrollment using a software report and some criteria will be checked at study enrollment by the staff member conducting enrollment.
 - Age will be checked prior to study enrollment but age eligibility is determined based on household members' age as of the recertification effective date (for recertifying households) or as of the date of study enrollment (for new admissions).
 - TBD for stepped rent sites depending on the timing of the rollout of their alternative FSS programs because households enrolled in an alt FSS are eligible for study.
 - To be checked at study enrollment:
 - Zero-HAP status
 - Tenant Protection Voucher status
 - Pending disability status
- b. TPVs are eligible for the study if the enhanced voucher requirements no longer apply
- c. If the PHA will definitely demo/dispo public housing properties and transition households to TPVs, then the PHA can designate those households as ineligible for the study (at the study enrollment meeting).
- d. LIHTC is not an exclusion. LIHTC households will still be required to report income annually, but it would not affect the rent.
- e. Households must meet the HUD definition of a “disabled household” to be excluded as a disabled household. Household to self-attest to the fact they have applied for Social Security (disability) for the head, co-head or spouse. Doctor’s note or SS documentation is not required.
- f. If a household is assigned to the Stepped rent rules group but then subsequently becomes disabled (meets HUD definition of disabled) the PHA can switch the household to the standard rent rules.

Ports

Port-ins. If a household ports-in and the PHA absorbs the household, then they are treated as a new admission—conduct a certification using current gross income to establish the first step (administered Port-ins are excluded).

Port-outs. If a household ports-out and the PHA absorbs the household, then they are no longer subject to the Stepped rent policy (but may still be part of the study data collection).

Returning study households

Returning study households. If a household completes study enrollment and is randomly assigned to a rent rule group, then ports out or exits the program, and then returns to the PHA, they are to be served according to their original randomly assigned rent rules group status (regardless of whether they are a billed or absorbed port-in). For example, if the household was under the Stepped Rent Policy and ported out, they would continue to be under the Stepped Rent Policy if they ported back in.

PHA to do a new income collection and review and set a new stepped rent using current gross income and recert schedule (i.e., reset the step).

Study enrollment period

The study enrollment period is one year: November 1, 2022-October 31, 2023. Study enrollment appointment letters are distributed in October 2022 and study enrollments starts in November 2022 for new admissions and households with March 2023 recert effective dates.

All (study eligible) recertifying households with recertification effective dates March 1, 2023-February 29, 2024, and any new admissions that (come off the waitlist and) and will attend a lease up briefing during the enrollment year are to be enrolled (randomly assigned into one of the two rent rules groups).

- a. Transitions from one program to another do not necessarily trigger study enrollment unless they are considered a new enrollee, or the transition coincides with a recertification.
- b. If a household is not enrolled in the study at the time of the transition but has subsequent recertification in a program that is part of the study during the enrollment period, then they should be enrolled into the study at that time.
- c. Households remain in their assigned rent rules group even if they later transition to a different program (unless that program is not eligible for the study)

Households assigned to the standard rent rules group are to be subject to the standard rent rules—the standard rent rules are to remain unchanged for the duration of the study.

The PHA has discretion to serve households that are not eligible for the study and households that newly enroll after the end of the one-year study enrollment period, according to any rent rules.

Prior/retrospective Income

Prior/retrospective period for recertifying households—first recertification following study enrollment. The period is defined as the prior twelve months ending 120 days before the recertification effective date. The period always begins on the first of the month and ends the last day of the month. The prior/retrospective period is fixed; it does not change or update after it is communicated with the household (even if the effective date is moved to accommodate a move at the first certification following enrollment).

Prior/retrospective period when resetting a household's step after study enrollment (following 12 months of hardship). The period is defined as the prior twelve months ending 60 days prior to effective date of the step reset. The period always begins on the first of the month and ends the last day of the month. The prior/retrospective period is fixed; it does not change or update after it is communicated with the household.

Prior/retrospective income. The actual income received in the prior twelve months.

The Stepped Rent policy does not change any of the income exclusion rules. Include all required types of income sources when determining prior/retrospective income. However, there are some differences in how income may be treated as follows.

- The STRD policies do not change income exclusion rules, and one income exclusion is temporary/sporadic income. HUD does not have a specific definition for “sporadic,” so under current rules it is up to the PHAs to define sporadic income for exclusion. This guidance extends to retrospective income as well. However, unlike determining current/anticipated income, with a 12-month look back period for prior year/ retrospective income, PHAs have a better picture of what is truly sporadic, versus just irregular, income.
 - Examples of income that would not be considered sporadic and not be excluded from retro income include:
 - Somebody that works multiple short-term jobs over the retro period
 - A job ended a month into the retro period
 - Seasonal work
 - Examples of income that could be considered sporadic and excluded from retro income include:
 - Someone worked at one job for most of the retro period, but then also took a job that lasted only a couple of days for a different employer in the middle of it
 - Income from recycling for refunds

There is clearly a gray area between these examples, and PHAs can use their discretion to decide how they want to define sporadic income that would be excluded within that gray area. However, a blanket rule that excludes any earnings from any jobs that lasted less than 30 days, for example, would not be appropriate to apply to retro income.

- Even if income (from any source) began partway through the prior/retrospective period, only use the *actual* amount received during the prior/retrospective period.
- Do not count income from TANF, UI, SSI, SSDI, or court ordered child support if it ends partway through the prior/retrospective period. (Each PHA has the discretion to develop a plan for how to handle court ordered child support if the household is not actually receiving it regularly.)
- If a household member turned age 18 during the prior/retrospective period do not include any of that member’s ‘earned’ income.
- If a household member is a student at the time of recertification, then designate that member as a student and only include \$480 of that household member’s income when calculating the first rent amount under the stepped rent policy.
 - Student status is determined at recertification using standard verification procedures.
 - Household members designated as a student at recertification retain that designation *unless the step is reset at a later time.*

Income Verification

Income Verification. PHAs have some discretion in developing the policy for verifying prior/retrospective and current income. PHAs must use EIV to verify as much as of the income as possible but can then develop a customized process. For example, PHAs can use the existing HUD verification hierarchy with modifications to the process for moving through the hierarchy and they can apply for agency-specific waivers in the MTW supplement to skip steps in the hierarchy entirely. At minimum verification must be EIV and self-certification.

The PHAs alternative verification policy can be applied to prior/retrospective and current income; new admissions and existing households; and to the treatment and controls groups as well as non-study households. However, a PHA may not simply skip from EIV to self-certifications for new admissions because EIV is not available for new admissions.

The income verification policy and procedures (including details about the hierarchy level of self-certifications) should be documented in the PHAs Administrative plan and Admissions and Continued Occupancy Plan (ACOP).

- a. PHAs can use the existing HUD verification hierarchy with modifications to the process for moving through the hierarchy
 - b. PHAs can apply for agency-specific waivers in the MTW supplement to skip steps in the hierarchy. At minimum verification must be EIV and self-certification.
 - c. PHAs can apply for an agency-specific waiver to increase the \$2,400 discrepancy threshold.
- Some income documentation sources (EIV, tax returns) show income *received* during a particular time period (e.g., Q1 2020 EIV shows wages paid during that quarter). Paystubs show both the time period for which the wages are paid, as well as a check/payment date. Self-certs are more likely to reflect the time period that income is *earned* – it is likely easier for someone to remember when they started a job or when a job ended than when they received their first or final paycheck for that job. (This might also be true for some letters from employers.)

Some income documentation sources (EIV, tax returns) show income *received* during a particular time period (e.g., Q1 2020 EIV shows wages paid during that quarter). Paystubs show both the time period for which the wages are paid, as well as a check/payment date. Self-certs are more likely to reflect the time period that income is *earned* – it is likely easier for someone to remember when they started a job or when a job ended than when they received their first or final paycheck for that job. (This might also be true for some letters from employers.). When combining different sources of income documentation, it is up to the PHAs to decide whether they want to require alignment across income documentation sources (e.g. ask tenants for paycheck dates instead of start and end dates of when they worked) or if inconsistency is acceptable (e.g. use actual EIV amounts where available + self-cert on when the person worked and their hourly wage during the remainder of the retro period).

Corrections for Income Discrepancies

Corrections for Income Discrepancies. Stepped rent policy does not affect a PHA's policy to make/not make corrections for income discrepancies for reported/ verified prior/retrospective income for the designated prior/retrospective period.

If the PHA later identifies a discrepancy to the reported/verified prior/retrospective income for the designated prior/retrospective period, the PHA should process discrepancies as they normally would, which may result in "interim" or "annual correction" actions to make these types of corrections.

PHAs are required to check IVT or EIV for income discrepancies at the first certification following study enrollment, at subsequent triennial recertifications (not annually), and for interims.

[PHAs have discretion to request an agency-specific waiver to increase the \$2,400 discrepancy threshold.]

Calculating TTP

Recertifying Households. The first rent amount under the stepped rent policy calculation for recertifying households is based on 12-month *prior/retrospective* adjusted income (That is, keeping all deductions/allowances for the year 1 stepped rent and all hardships.). Rent is set at 30% of adjusted monthly prior/retrospective income. Then rent steps up annually by a fixed amount set at 2 % of FMR based on unit size.

New Admissions. The first rent amount under the stepped rent policy calculation for newly admitted households is based on *current adjusted income*. Rent is 30% of current adjusted monthly income. Then rent steps up annually by a fixed amount set at 2 % of FMR based on unit size.

Subsequent rent calculations. The household's rent is not redetermined by subsequent recertifications but will instead automatically step up annually by a fixed amount set at 2% of FMR based on unit size.

Minimum Rent/ TTP. Stepped rent policy requires a \$50 minimum rent.

Eligibility determinations

Triennial eligibility determinations. PHAs complete triennial eligibility determinations using current *gross* income.

Public Housing Over-income rule. If a Public Housing household's income is over the income limit the first recertification following study enrollment or at a subsequent triennial eligibility check, the standard over-income procedures are triggered. PHA measures income the following year. Over-income rent rules supersede the stepped rent policy.

The last rent step. The "last step" in public housing is when the household's TTP reaches the flat rent.

Contract Rent Increases

Contract Rent Increases. If the contract rent is increased conduct an interim to increase the contract rent and update the payment standard and utility schedule. This may result in an increase in family share if the new gross rent is above the new payment standard.

Household Composition Changes

Household member added.

If a household adds a new member, conduct an interim to add the member. However, do not reset the step or include the new members income.

If the new member results in a move to a larger unit size, the household's step is adjusted to match the new (larger) unit size at the next annual step increase.

Household member removed.

If a household removes a member, conduct an interim to remove the member. If the removal results in a decrease in income and/ or a move to a smaller unit size —the household could/ would need to request a hardship evaluation in order to lower the rent. As applicable, the household's step would be adjusted to match the new (smaller) unit size at the next annual step increase.

PH Maximum Family Share at Initial Occupancy

The stepped rent policy may cause an initial family share to be above 40%, that is acceptable because it is part of the alternative rent policy. Thus, no waiver is required.

Moves

If a household moves, update the payment standard and utility schedule and conduct an Other Change of Unit (50058 action type = 7) to process the move but do not adjust the rent.

If a household moves to a different unit size, then the household's step would be adjusted to match the new (smaller/ larger) unit size at the next annual step increase.

Use current gross income to test for unit affordability. "Current" in this case can be current income in the SOR. However, if household income has increased since the last action, the households can request a review of updated current income (and the PHA to advise the household to do so when appropriate), so the household can afford a unit with higher rent.

Do not change the effective date to align with the new lease date after study enrollment. PHA can move the effective date up by one or two months to match a new lease date for the first recertification following study enrollment; however, after that the effective date cannot be changed.

The New Policy's interaction with Other PHA Programs and Services

Community Self Sufficiency Requirement. The CSSR requirement to verify compliance each year at least 30 days ahead of the annual lease term continues to apply. The MTW Waiver of the annual reexam requirements does not (and cannot) waive this CSSR requirement.

However, since the stepped rent policy does change the 50058 reporting requirement from annual to triennial, the PHAs are not required to report households' CSSR compliance status to HUD annually by submitting 50058s in between triennial reexams with the sole purpose of reporting households' CSSR compliance.

Per the standard CSSR policy, do not make a change in CSSR status between (triennial) recertifications unless notified otherwise that status has changed.

FSS participation. Households can enroll in FSS or other FSS alternatives after random assignment.

- a. New rent rules households can choose to participate in FSS but cannot accrue escrow.
- b. New rent rules households can access a similar economic self-sufficiency program that *is* compatible with the stepped rent policy, such as one that provides cash rewards tied to self-sufficiency milestones.
 - i. This alternative FSS program would be offered to new rent rules group households only (not the control group).

Homeownership Program. Study households can enroll in the Homeownership Program after random assignment.

Hardships

Minimum Rent Waiver Hardship.

A hardship that temporarily waives the minimum rent requirement due to zero income.

This hardship type should apply to all PHA households—including both treatment and control study households and should be noted in the Stepped Rent hardship policy. However, PHAs have discretion to not to offer a minimum rent waiver.

Other Hardships/ Extenuating circumstances.

Eligibility: A hardship that provides temporary relieve to households that encounter an extenuating circumstance including, for example:

- The family has experienced a death in the family
- The family has experienced a sudden increase in expenses (funeral costs, medical bills, transportation costs, education costs, etc.) or loss of other assistance or benefits determined by the PHA to be qualifying
- Other situations and factors determined by the PHA to be qualifying

Remedy: The remedy for this hardship type would be short-term. For example, the PHA could set the TTP at or below the minimum rent for one or two months or can set up a payment plan.

This hardship type applies to all PHA households – including both treatment and control study households and should be noted in the Stepped Rent hardship policy. PHAs must indicate whether hardships will be granted or not for the above circumstances in the MTW supplement.

Income-based Hardship.

A Stepped Rent-specific hardship that protects families from potential rent burden due to a loss of income an increase in eligible deductions, or income not increasing to keep up with the automatic step increases.

Eligibility: A household is eligible for this hardship exemption if their rent burden (their total tenant payment divided by their current adjusted monthly income) exceeds 40%.

Remedy: Setting the TTP at 40% of *current adjusted* income (or the minimum rent, whichever is greater) for up to 12 months.

- PHAs have discretion over the duration of the hardship remedy but it cannot exceed 12 months. PHAs can create a standard duration for all income-based hardships or can determine the duration on a case-by-case basis.

This hardship that applies at recertification and/or upon household request.

- **Automatic hardships.** If the new stepped rent TTP divided by *current* adjusted income exceeds 40% at the first recertification following study enrollment, automatically grant a hardship. Households do not need to request this hardship or complete a hardship form. PHA to conduct an income examination and compare the household's current adjusted income with their prior year/retrospective adjusted income. If the household's current adjusted income is lower than their prior/retrospective adjusted income, automatically determine whether the household is eligible for a temporary hardship exemption.

Note: Automatic hardships at the first certification following enrollment, will not be applicable to new admissions since current income is being used to determine TTP.

- **Requested by household.** At any time other than the first certification following study enrollment, a hardship must be requested by the household. Households request this hardship by completing and submitting a hardship request form and providing the household's updated current income.

When the hardship rent expires, if the step is not reset and household does not request (or the PHA does not approve) a hardship renewal, the household's TTP is set according to the previously determined rent schedule. This means that if the rent stepped up while the household was on a hardship, the new rent following the end of the hardship will include that step increase.

Student Income and Hardships. If a household applies for a hardship and a household member (other than the head, co-head, or spouse) was not a student at the time of the recertification but then subsequently becomes a student, then verify student status using the PHAs standard practices and only include up to \$480 of that member's income when determining hardship qualification. A change in student in student status does not automatically qualify a household for a hardship—the household would still need to meet the income-based hardship criteria: *current adjusted income* (subtracting all but \$480 of eligible student income) makes their rent burden (their total tenant payment divided by their current adjusted monthly income) exceed 40%. In other words, the policy is not that households have to report student status changes or that they *should* or have to request a hardship if they become a student.

- If a PHA prefers not to allow for hardships when a household member becomes a full-time student and there is no decrease in income, then propose a policy specifying this in your hardship policy as a hardship qualification requirement.

Stepped Rent Reset for Sustained Hardships.

If a household spends 12 consecutive months in a hardship status and then requests an ongoing hardship rent, the PHA has two options.

1. Grant new hardship. PHA can grant the household with new temporary hardship (e.g., another 6 or 12-month hardship).
2. Reset the step. PHA can reset the household's stepped rent (even if the household no longer has a rent burden above 40%).

A step reset operates similar to the first recertification following study enrollment. PHA conducts a new full income reexamination (action type 2, in 50058 terms). The household's new rent is based on 28% *or* 30% of their prior/retrospective adjusted income. A step reset establishes a new annual stepped rent increase cycle based on the step reset effective date.

- a. For example: a household starts out the stepped rent on 1/1/23. But on 8/1/23 they get a hardship rent. They're in hardship for 12 months and their situation doesn't improve, so on 8/1/24 you reset their stepped rent. By that point, the 1/1 date won't be meaningful. It wouldn't make sense to have a stepped rent increase kick in 5 months later, on 1/1/25. You would just put them on a new cycle, with stepped rent increases being applied on 8/1 each year.

General Hardship Policy Guidance.

- There is no limit to the number of hardships that a household may receive. Hardship request caps are not permitted
- When a household requests a hardship exemption from the stepped/tiered rent, (PHA) will suspend the stepped/tiered rent for the household beginning the next month after the request, until (PHA) has determined if the request is warranted. PHAs will need to come up with additional detail about how this will be implemented, but that wouldn't need to be specified in the MTW Supplement hardship policy. PHAs could follow the process they already use for minimum rent hardships.
- If a household member has seasonal employment resulting in a temporary reduction in current income, the PHA can create a policy to determine whether the household would qualify for a hardship regardless of whether the seasonal income reduction puts them in a rent burden. For example, the PHA may determine that even when a seasonal worker is in the period where their income is zero, their "current income" according to the PHA definition might not be zero given the "anticipated" part of the current income definition. However, if the household is truly in danger of not being able to pay the rent, the PHA may need to offer some kind of relief.
 - The PHA may also want to use discretion about hardship duration in these situations. For example, if it is known that the household member has summers off, then the PHA may want to only grant a shorter (3 months) hardship remedy.
- PHAs to track all hardships requests from Stepped rent households regardless of type. Request = hardship form completed & submitted.

EXHIBIT 20-2: MTW FRESH START ENRICHMENT PROGRAM

Fort Wayne Housing Authority MTW Fresh Start Enrichment Program Description

DESCRIPTION

This activity applies to Housing Choice Voucher (HCV) and Public Housing (PH) FSS program participants. FWHA proposes using MTW flexibility to revise and rename the existing Family Self-Sufficiency (FSS) Program to the Fresh Start Enrichment Program (FSEP), a local MTW FSS program. The program will remain voluntary, and families may choose to switch to the new Fresh Start Enrichment Program (FSEP). FWHA anticipates these program enhancements will strengthen the FSS program by improving the retention rate and by increasing participants' long-term economic capacity by providing incentives to encourage participants to complete education and training programs before entering the workforce. FWHA will also use MTW funds to provide supportive services aimed at empowering families to build savings and financial capabilities as a pathway out of poverty. Additionally, FSEP families would be eligible to participate in the Stepped Rent initiative/demonstration program and the FWHA will remain eligible for the FSS coordinator grant.

Enhancements to FWHA's FSS program include:

- Modification of the requirement that an FSS applicant must have an interim or annual recertification within 120 days prior to FSS enrollment. FWHA will use the last completed HUD-50058 income certification prior to the effective date of the Contract of Participation (COP) to determine initial income.
- The term of the Contract of Participation (COP) will be a minimum of five (5) years with a one-year extension up to a maximum of six (6) years.
- Opportunity to obtain goal-based incentive funds for clients who would otherwise be ineligible for the escrow component of the FSS due to their level of income. FWHA will modify the escrow calculation methodology by calculating goal-based incentives using the same method for all participants regardless of income level. The method used for very low-income households will apply to all participants.
- Placement of an absolute cap on the amount of escrow regardless of prior FSS participation. The cap, which must be periodically reviewed (no less than once per year) and updated at FWHA's discretion, will initially be set at **\$18,200** per household. Generally, incentive payments count toward the **\$18,200** escrow cap.
- Establishment of goal-specific incentive payment when a family attains an established goal. FWHA reserves the right to disburse incentive payments upon goal completion or other time as defined in Goal-based incentive chart. Incentives are included in Attachment 1: Goal Based Incentive Program.
- FSS participants have the option to enroll into FSEP if they are a past graduate of FSS, but not the option to move from FSS to FSEP without completion of FSS
- Establishment of an incentive payment for graduates of the FSEP who purchase a home within 2 years of completion of the FSEP program. The incentive payment amount, which may be periodically reviewed and updated at FWHA's discretion, will be set at a \$5,000 per household. To qualify for the homebuyer purchase bonus, the FSEP homebuyer must complete an approved Homebuyer Education course. The \$5,000 bonus may be used for a down payment. Participant may request interim disbursement for closing cost.
- FWHA will also develop local versions of the FSEP Contract of Participation and Individual Training and Service Plan to reflect the features of its FSEP. FWHA anticipates that approximately 100 new participants will join the FSEP in FY 2022.
- To successfully graduate from the FSEP program, the family must meet the following criteria:

- **Be employed in suitable employment or achieve a degree or certificate and be TANF free.**
 - **Complete three (3) personal goals**
 - **Receive a minimum of five (5) bonus incentives (which includes completing three (3) personal goals)**
- Families will be unenrolled/terminated from the FSEP program after 5 years (plus any one-year extension up to 6 years, if applicable)

DRAFT

Attachment 1: Goal Based Incentive Program
Local MTW FSS Program/Fresh Start Enrichment Program (FSEP)

Category	Pay Point	Eligibility	Amount	Maximum Amount
Education & Training	Completion of training/Certification program (skilled trade, real estate license, cosmetology license, etc.)	One-time	\$500	\$500
	Completion of HSE	One-time	\$400	\$400
	Completion of Associates Degree	One-time	\$500	\$500
	Completion of Bachelor's degree	One-time	\$1,000	\$1,000
	Completion of Master's degree or Doctorate Degree	One-time	\$1,500	\$1,500
Employment	Obtain new employment	One-time	\$100	\$100
	Employment retention for 12 consecutive months	Annually	\$200	\$1,200
	Removed from food stamps, or childcare assistance due to increased earnings from wages or started paying into healthcare benefits or Medicaid	One-time	\$300	\$300
Engagement	Completion of annual FSEP progress meeting	Annually	\$100	\$600
Financial Stability	Attend 12 FWHA Financial Literacy Program Meetings	12x	\$100	\$1,200
	Open and maintain a new checking or savings account (12 consecutive months; no negative ending balance more than twice per year)	One time	\$500	\$500
	Improve credit score (by 50 points or more)	Annually	\$500	\$3,000
	Increase and maintain personal savings by either a) making a \$25 per month deposit or, b) showing a \$300 increase to savings for a six (6) month period (verifiable over a 12-month period)	One-time	\$1,000	\$1,000
	Increase earned income	Annually	\$100	\$600
Housing & Homeownership	Engage in home buying education classes, enrollment in pathfinder home ownership counseling. Certificates must be submitted for completion of this incentive.	2x	\$250	\$500
	Purchase a home	One time	\$5,000	\$5,000
Personal	Completion of three (3) personal goals established at admission &	3x	\$100	\$300

	progress meeting.			
Graduation	Employed full-time or achieved a degree or certificate and free of <u>TANF Assistance</u> ; completion of three (3) personal goals and received a minimum of five (5) other bonus incentives listed above (including personal goal achievements).	One-time	\$1,000	\$1,000
			Maximum Earnings	\$18,200

Reason for Termination:

Terminated from housing, goals not completed before the end of the contract of participation and no activity/progress on the FSS program.

- Allow existing FSS participants, at the time of implementation of the local MTW FSS program, the right to opt-in to the local MTW FSS program. Existing participants would sign a new FSEP COP, which reflects the original enrollment and completion dates, income and earned income, but which includes the MTW FSS program features and requirements. MTW escrow calculations and incentives would apply as of the effective date of the new COP and the five-year clock would restart.
- FWHA will also develop local versions of the FSS Contract of Participation and Individual Training and Service Plan to reflect the features of its local FSS Program. FWHA anticipates that approximately 100 new participants will join the local MTW FSS program entitled the Fresh Start Enrichment Program (FSEP) in FY 2022.
- In order to successfully graduate from the FSEP program, the family must meet the following criteria:
 - **Be employed full-time or achieve a degree or certificate and be free of all welfare assistance**
 - **Complete three (3) personal goals**
 - **Receive a minimum of five (5) bonus incentives (which includes completing three (3) personal goals)**
- Families will be unenrolled/terminated from the FSEP program after 5 years (plus any one-year extension up to 6 years, if applicable)

Local MTW FSS Program/Fresh Start Enrichment Program (FSEP)
Goal Based Incentive Program

Category	Pay Point	Eligibility	Amount	Maximum Amount
Education & Training	Completion of training/Certification program (skilled trade, real estate license, cosmetology license, etc.)	One-time	\$500	\$500
	Completion of GED	One-time	\$400	\$400
	Completion of Associates Degree	One-time	\$500	\$500
	Completion of bachelor's degree	One-time	\$1,000	\$1,000
	Completion of master's degree or Doctorate Degree	One-time	\$1,500	\$1,500
Employment	Obtain new employment	One-time	\$100	\$100
	Employment retention for 12 consecutive months	Annually	\$200	\$1,200
	Removed from food stamps, or childcare assistance due to increased earnings from wages or started paying into healthcare benefits or Medicaid	One-time	\$300	\$300
Engagement	Completion of annual FSEP progress meeting	Annually	\$100	\$600
Financial Stability	Attend 12 FWHA Financial Literacy Program Meetings	12x	\$100	\$1,200
	Open and maintain a new checking or savings account (12 consecutive months; no negative ending balance more than twice per year)	One time	\$500	\$500
	Improve credit score (by 50 points or more)	Annually	\$500	\$3,000
	Increase and maintain personal savings by either a) making a \$25 per month deposit or; b) showing a \$300 increase to savings for a six (6) month period (verifiable over a 12-month period)	One-time	\$1,000	\$1,000
	Increase earned income	Annually	\$100	\$600
	Engage in homeownership preparation activities	2x	\$250	\$500
Housing & Homeownership	Purchase a home	One time	\$5,000	\$5,000

Personal	Completion of three (3) personal goals established at admission & progress meeting.	3x	\$100	\$300
Graduation	Employed full-time or achieved a degree or certificate and free of welfare assistance; completion of three (3) personal goals: and received a minimum of five (5) other bonus incentives listed above (including personal goal achievements)	One-time	\$1,000	\$1,000
			Maximum Earnings	\$18,200

PART III: TENANT SELECTION

4-III.A. OVERVIEW

The PHA must establish tenant selection policies for families being admitted to public housing [24 CFR 960.201(a)]. The PHA must not require any specific income or racial quotas for any developments [24 CFR 903.2(d)]. The PHA must not assign persons to a particular section of a community or to a development or building based on race, color, religion, sex, disability, familial status or national origin for purposes of segregating populations [24 CFR 1.4(b)(1)(iii) and 24 CFR 903.2(d)(1)].

The order in which families will be selected from the waiting list depends on the selection method chosen by the PHA and is impacted in part by any selection preferences that the family qualifies for. The availability of units also may affect the order in which families are selected from the waiting list.

The PHA must maintain a clear record of all information required to verify that the family is selected from the waiting list according to the PHA's selection policies [24 CFR 960.206(e)(2)]. The PHA's policies must be posted any place where the PHA receives applications. The PHA must provide a copy of its tenant selection policies upon request to any applicant or tenant. The PHA may charge the family for providing a copy of its tenant selection policies [24 CFR 960.202(c)(2)].

PHA Policy

When an applicant or resident family requests a copy of the PHA's tenant selection policies, the PHA will provide copies to them free of charge.

4-III.B. SELECTION METHOD

PHAs must describe the method for selecting applicant families from the waiting list, including the system of admission preferences that the PHA will use.

Local Preferences [24 CFR 960.206]

PHAs are permitted to establish local preferences and to give priority to serving families that meet those criteria. HUD specifically authorizes and places restrictions on certain types of local preferences. HUD also permits the PHA to establish other local preferences, at its discretion. Any local preferences established must be consistent with the PHA plan and the consolidated plan, and must be based on local housing needs and priorities that can be documented by generally accepted data sources [24 CFR 960.206(a)].

PHA Policy

Local preferences will be aggregated using a system in which each preference will receive an allocation of points. The more preference points an applicant has, the higher the applicant's place

on the waiting list. After preferences, priority will be determined based upon the date and time of application.

A family may qualify for a preference at any time they are on the waiting list but must qualify for the preference at the time of eligibility determination. All preferences must be documented by evidence, which may include verification by a reputable and professional third party.

Applicants not eligible for the preference will be placed back on the waiting list as of the date and time of their application.

The following preferences apply:

1. Resident who lives and/or works in the jurisdiction. (1 point)
 - a. Residents who live and/or work in the jurisdiction are those who live within the city limits of Fort Wayne, IN (or up to 5 miles outside of city limits) and/or work at least 20 hours a week within the city limits of Fort Wayne, IN (or up to 5 miles outside of city limits).
2. Homeless individuals and families who live and/or work in the jurisdiction. (1 point)
 - a. Homeless individuals and families are those who lack a fixed, regular, adequate nighttime residence. This includes sharing the housing of others due to loss of housing, economic hardship or similar reason; living in motels/hotels, RV parks or campgrounds due to lack of alternative adequate accommodations; living in emergency or transitional shelters; living outside, in a vehicle or in a building not meant for human habitation.
3. At risk victims of domestic violence who live and/or work in the jurisdiction. (1 point)
 - a. At risk victim of domestic violence:
 - i. A family that includes victims of domestic violence, dating violence, sexual assault, or stalking and reasonably believes that there is a threat of imminent harm from further violence. OR
 - ii. who is seeking an emergency transfer under VAWA from the PHA's housing choice voucher program or other covered housing program operated by the PH
4. Participants enrolled in the FWHA YouthBuild Program (4 points)
 - a. Maximum monthly admissions for this preference shall not to exceed 50% of the monthly admissions average based on the previous 12 months of admissions. Example:
 - i. The average number of new admissions in the previous 12 month period was 10 move-ins per month, thus the maximum number of YouthBuild Participant households eligible for admissions this month is 5.

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6-I.G. ASSETS [24 CFR 5.609(b)(3) and 24 CFR 5.603(b)]

Types of Assets

Checking and Savings Accounts

For regular checking accounts and savings accounts, *cash value* has the same meaning as *market value*. If a checking account does not bear interest, the anticipated income from the account is zero.

PHA Policy

In determining the value of checking account and savings accounts, the PHA will use the current balance. ~~In determining the value of a checking account, the PHA will use the average monthly balance for the last six months.~~

~~In determining the value of a savings account, the PHA will use the current balance.~~

In determining the anticipated income from an interest-bearing checking or savings account, the PHA will multiply the value of the account by the current rate of interest paid on the account.

PART III: TENANT SELECTION

4-III.A. OVERVIEW

The PHA must establish tenant selection policies for families being admitted to public housing [24 CFR 960.201(a)]. The PHA must not require any specific income or racial quotas for any developments [24 CFR 903.2(d)]. The PHA must not assign persons to a particular section of a community or to a development or building based on race, color, religion, sex, disability, familial status or national origin for purposes of segregating populations [24 CFR 1.4(b)(1)(iii) and 24 CFR 903.2(d)(1)].

The order in which families will be selected from the waiting list depends on the selection method chosen by the PHA and is impacted in part by any selection preferences that the family qualifies for. The availability of units also may affect the order in which families are selected from the waiting list.

The PHA must maintain a clear record of all information required to verify that the family is selected from the waiting list according to the PHA's selection policies [24 CFR 960.206(e)(2)]. The PHA's policies must be posted any place where the PHA receives applications. The PHA must provide a copy of its tenant selection policies upon request to any applicant or tenant. The PHA may charge the family for providing a copy of its tenant selection policies [24 CFR 960.202(c)(2)].

PHA Policy

When an applicant or resident family requests a copy of the PHA's tenant selection policies, the PHA will provide copies to them free of charge.

4-III.B. SELECTION METHOD

PHAs must describe the method for selecting applicant families from the waiting list, including the system of admission preferences that the PHA will use.

Local Preferences [24 CFR 960.206]

PHAs are permitted to establish local preferences and to give priority to serving families that meet those criteria. HUD specifically authorizes and places restrictions on certain types of local preferences. HUD also permits the PHA to establish other local preferences, at its discretion. Any local preferences established must be consistent with the PHA plan and the consolidated plan, and must be based on local housing needs and priorities that can be documented by generally accepted data sources [24 CFR 960.206(a)].

PHA Policy

Local preferences will be aggregated using a system in which each preference will receive an allocation of points. The more preference points an applicant has, the higher the applicant's place

on the waiting list. After preferences, priority will be determined based upon the date and time of application.

A family may qualify for a preference at any time they are on the waiting list but must qualify for the preference at the time of eligibility determination. All preferences must be documented by evidence, which may include verification by a reputable and professional third party.

Applicants not eligible for the preference will be placed back on the waiting list as of the date and time of their application.

The following preferences apply:

1. Resident who lives and/or works in the jurisdiction. (1 point)
 - a. Residents who live and/or work in the jurisdiction are those who live within the city limits of Fort Wayne, IN (or up to 5 miles outside of city limits) and/or work at least 20 hours a week within the city limits of Fort Wayne, IN (or up to 5 miles outside of city limits).
2. Homeless individuals and families who live and/or work in the jurisdiction. (1 point)
 - a. Homeless individuals and families are those who lack a fixed, regular, adequate nighttime residence. This includes sharing the housing of others due to loss of housing, economic hardship or similar reason; living in motels/hotels, RV parks or campgrounds due to lack of alternative adequate accommodations; living in emergency or transitional shelters; living outside, in a vehicle or in a building not meant for human habitation.
3. At risk victims of domestic violence who live and/or work in the jurisdiction. (1 point)
 - a. At risk victim of domestic violence:
 - i. A family that includes victims of domestic violence, dating violence, sexual assault, or stalking and reasonably believes that there is a threat of imminent harm from further violence. OR
 - ii. who is seeking an emergency transfer under VAWA from the PHA's housing choice voucher program or other covered housing program operated by the PH
4. Participants enrolled in the FWHA YouthBuild Program (4 points)
 - a. Maximum monthly admissions for this preference shall not to exceed 50% of the monthly admissions average based on the previous 12 months of admissions. Example:
 - i. The average number of new admissions in the previous 12 month period was 10 move-ins per month, thus the maximum number of YouthBuild Participant households eligible for admissions this month is 5.

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SUMMARY OF FSS (FAMILY SELF SUFFICIENCY) ACTION PLAN CHANGES **OCTOBER 12, 2022, PROPOSED EFFECTIVE DATE**

The Family Self Sufficiency program enables HUD-assisted families to increase their earned income and reduce dependency on welfare. As it is also the mission of the Fort Wayne Housing Authority to revitalize the city of Fort Wayne by building and developing safe, quality, affordable housing options while providing programs to foster community, alleviate poverty and encourage long-term economic self-sufficiency.

UPDATES TO THE FSS ACTION PLAN AS A RESULT OF HUD REGULATORY CHANGES

The Final Rule effective June 16, 2022, to amend HUD's regulations to implement changes to the Family Self-Sufficiency (FSS) Program made by the Economic Growth, Regulatory Relief, and Consumer Protection Act. In Section 306 of the act, multiple changes and amendments were made to the FSS program including the methodology for determining the size of the FSS program and expanding the definition of eligible families to include tenants of certain privately owned multi-family properties receiving Project-Based Rental Assistance. The FSS Contract of Participation (COP), has also been modified to reduce burdens on Public Housing Agencies, and multifamily assisted housing owners. The Fort Wayne Housing Authority has implemented these changes into the FSS Action Plan.

UPDATES TO THE FSS ACTION PLAN AS A RESULT OF MTW

In addition, the Fort Wayne Housing Authority has created an additional self-sufficiency program, Fresh Start Enrichment Program (FSEP) under the Moving to Work (MTW) program. In the proposed program, households can access a similar economic self-sufficiency program that is compatible with the stepped rent policy, such as one that provides cash rewards tied to self-sufficiency milestones. This alternative FSS program would be offered to new rent rules group households only (not the control group).

FAX

260.267.9305 Administration
260.267.9306 Housing Choice Voucher
260.267.9307 Public Housing
260.267.9308 Accounting





Housing Authority
of the City of
Fort Wayne
FSS ACTION PLAN
Effective:

Product # 308-017

July 1, 2022

nm
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Chapter 1

THE FAMILY SELF-SUFFICIENCY PROGRAM AND THE FSS ACTION PLAN

INTRODUCTION

This chapter provides an overview of the family self-sufficiency (FSS) program and FSS action plan, including the purpose, organization, and required contents of the FSS action plan.

Part I: The Family Self-Sufficiency (FSS) Program and FSS Action Plan: This part provides an overview of the family self-sufficiency program and the purpose of the FSS action plan.

Part II: Requirements of the FSS Action Plan: This part covers action plan requirements, including development, revision, and contents of the action plan. It also contains information on family demographics, which is part of the required contents of the action plan.

PART I: THE FAMILY SELF-SUFFICIENCY (FSS) PROGRAM AND FSS ACTION PLAN

1-I.A. OVERVIEW OF THE FAMILY SELF-SUFFICIENCY PROGRAM

The origins of the FSS program are in two pilot projects implemented in 1986 and 1990, Project Self-Sufficiency and Operation Bootstrap, respectively. These projects were set up to test self-sufficiency programs for families with housing subsidies, and both demonstrated that families needed essential services to move toward economic self-sufficiency. These services include child care, transportation, medical care, and long-term education and training.

In the wake of the successful demonstration of these projects, family self-sufficiency became one of the initiatives under the Homeownership and Housing Opportunities for People Everywhere (HOPE) program enacted in 1990, and the FSS program was subsequently created under the National Affordable Housing Act the same year.

FSS built upon and refined both Project Self-Sufficiency and the Bootstrap program. It remained a voluntary program in 1991 and 1992 but became mandatory in 1993 for any new increments of funding issued to PHAs. The 1993 regulations were further modified by the Quality Housing and Work Responsibility Act of 1998 (QHWRA). In 2018, expansive changes were made to the FSS program by the Economic Growth, Regulatory Relief, and Consumer Protection Act known as “the Economic Growth Act” or “the Act.”

The purpose of the FSS program is to coordinate housing assistance with public and private resources to enable assisted families to achieve economic self-sufficiency. The purpose and basic requirements of the FSS program are further elaborated upon in Chapter 2.

This family self-sufficiency program is administered by the **Fort Wayne Housing Authority** for the jurisdiction of **City of Fort Wayne, County of Allen**.

1-I.B. APPLICABLE REGULATIONS

Applicable regulations for Section 8 and public housing FSS programs include:

- 24 CFR Part 5: General Program Requirements
- 24 CFR Part 8: Nondiscrimination
- 24 CFR Part 902: Public Housing Assessment System
- 24 CFR Part 903: Public Housing Agency Plans
- 24 CFR Part 945: Designated Housing
- 24 CFR Part 960: Public Housing Admission and Occupancy Policies
- 24 CFR Part 965: PHA-Owned or Leased Projects—General Provisions
- 24 CFR Part 966: Public Housing Lease and Grievance Procedures
- 24 CFR Part 982: Section 8 Tenant-Based Assistance: Housing Choice Voucher Program
- 24 CFR Part 984: Section 8 and Public Housing Family Self-Sufficiency Program

1-I.C. THE FAMILY SELF-SUFFICIENCY ACTION PLAN

The family self-sufficiency (FSS) action plan is required by HUD. The purpose of the FSS action plan is to establish policies for conducting the family self-sufficiency program in a manner consistent with HUD requirements and local goals and objectives contained in the PHA's Agency Plan. This FSS action plan is a supporting document to the PHA Agency Plan and is available for public review as required by 24 CFR Part 903.

This family self-sufficiency action plan is set forth to define the PHA's local policies for operation of the program in the context of federal laws and regulations. All issues related to FSS not addressed in this document are governed by such federal regulations, HUD handbooks and guidebooks, notices, and other applicable laws. The policies in this FSS action plan have been designed to ensure compliance with the consolidated ACC and all HUD-approved applications for program funding.

The PHA is responsible for complying with all changes in HUD regulations pertaining to the FSS program. If such changes conflict with this plan, HUD regulations will take precedence.

Administration of the FSS program and the functions and responsibilities of PHA staff shall comply with the PHA's personnel policy and HUD's family self-sufficiency regulations, as well as all Section 8 and public housing regulations, in addition to federal, state, and local fair housing laws and regulations.

PART II: REQUIREMENTS OF THE FSS ACTION PLAN

1-II.A. OVERVIEW

A PHA must have a HUD-approved action plan before implementing an FSS program, regardless of whether the FSS program is a mandatory or voluntary program. Further, this action plan must comply with the requirements specified for the plan in the regulations [24 CFR 984.201(a)].

The regulatory requirements dealing specifically with the FSS action plan itself largely involve the development, revision, and required contents of the action plan. This part covers those requirements.

1-II.B. HUD APPROACH TO POLICY DEVELOPMENT

In developing policy for the FSS action plan, PHAs need to be aware of the distinction HUD makes between mandatory and discretionary policies.

- *Mandatory policies* are those driven by legislation, regulations, current handbooks, notices, and legal opinions.
- *Discretionary policies* consist of those developed for areas in which the PHA has regulatory discretion, or regarding optional, nonbinding guidance including guidebooks, notices that have expired, and recommendations from individual HUD staff.

HUD expects PHAs to develop policies and procedures that are consistent with mandatory regulations and to make clear the optional policies the PHA has adopted. The PHA's FSS action plan is the foundation of those policies and procedures for the FSS program. HUD's directions require PHAs to make policy choices that provide guidance to staff and consistency to program applicants and participants.

Following HUD guidance, even though it is not mandatory, provides a PHA with a "safe harbor." HUD has already determined that the recommendations and suggestions it makes are consistent with mandatory policies. If a PHA adopts an alternative strategy, it must make its own determination that the alternative approach is consistent with legislation, regulations, and other mandatory requirements. There may be very good reasons for adopting a policy or procedure that is different than HUD's safe harbor, but PHAs should carefully consider those decisions.

1-II.C. FSS ACTION PLAN DEVELOPMENT AND REVISION

Development of Action Plan [24 CFR 984.201(b) and (c)]

When developing an FSS action plan, a PHA must do so in consultation with the chief executive officer of the applicable unit of general local government and the program coordinating committee (PCC).

For all voluntary or mandatory FSS programs, the PHA must submit its action plan and obtain HUD approval of the plan before it can implement the FSS program. This includes a voluntary program established because the PHA chose to implement an FSS program that exceeds the minimum size for a mandatory program (see Section 2-II.A. for a discussion of mandatory versus voluntary FSS programs).

Single Action Plan [24 CFR 984.201(f)]

PHAs implementing both a Section 8 FSS program and a public or Indian housing FSS program may submit one action plan. In cases where the PHA decides to submit one plan for more than one program, the policies contained in the action plan would apply to both programs.

PHA Policy

The PHA is implementing both a public housing and Section 8 FSS program, which may include tenant-based and project-based Section 8, HCV Homeownership, Moderate Rehabilitation, Moderate Rehabilitation Single Room Occupancy, Family Unification Program (FUP), and Foster Youth to Independence Initiative (FYI). The PHA will submit one action plan, the policies in which apply to both programs.

Revision to the FSS Action Plan [24 CFR 984.201(c)(2)]

Following HUD's initial approval of the action plan, no further approval of the action plan is required unless the PHA proposes to make policy changes to the action plan, increase the size of a voluntary program, or revise the FSS action plan as needed to comply with changes in HUD regulations. The PHA must submit any changes to the action plan to HUD for approval.

PHA Policy

The PHA will review and update the action plan at least once a year, and more often if needed, to reflect changes in regulations, PHA operations, or when needed to ensure staff consistency in operation.

1-II.D. CONTENTS OF THE PLAN [24CFR 984.201(d)]

HUD regulations state that there are several components that must be included in the FSS action plan. At a minimum, the action plan must cover the policies and procedures of the PHA for operation of a local FSS program as follows:

- Family demographics, including a description of the number, size, characteristics, and other demographics such as racial and ethnic data, in addition to the supportive service needs of the families expected to participate in the program. (Chapter 1)
- Estimate of participating families, which means the number of families which can reasonably be expected to receive supportive services under the FSS program. (Chapter 2)
- Eligible families from any other local self-sufficiency program who are expected to agree to executing an FSS contract of participation. (Chapter 2)
- A statement of the PHA's FSS family selection procedures, including a description of how the procedures ensure that families are selected without regard to race, color, religion, disability, sex, familial status, or national origin. (Chapter 4)
- A description of the incentives that the PHA intends to offer to families to encourage participation in the FSS program (an incentives plan), including the establishment of the escrow account. (Chapter 4)
- Outreach efforts, which include a description of the PHA's efforts to recruit eligible families, the actions the PHA will take to ensure that both minority and nonminority groups are informed about the FSS program, and how the PHA will make this information known. (Chapter 4)
- A description of the FSS activities and supportive services to be provided by both public and private resources to FSS families, and identification of these public and private resources. (Chapter 4)
- A description of the PHA's method for identifying family support needs, including how the PHA will identify the needs and deliver the services. (Chapter 4)
- A description of the PHA's policies regarding program termination or withholding of services based on a family's failure to comply with the FSS contract, and available grievance procedures. (Chapter 5)
- Assurances of noninterference with rights of non-participating families which state that a family's election to not participate in the FSS program will not affect the family's admission to the Section 8 or public housing program, nor will it affect their right to occupancy in accordance with its lease. (Chapter 4)
- A timetable for implementation of the FSS program, including the schedule for filling FSS slots with eligible FSS families. (Chapter 2)

- A certification that development of the services and activities under the FSS program has been coordinated with programs under Title I of the Workforce Innovation and Opportunity Act, other relevant employment, childcare, transportation, training, education, and financial empowerment programs in the area, and will continue to be coordinated to avoid duplication of services and activities.

Optional Additional Information [24 CFR 984.201(d)(13)].

- HUD encourages additional information in the action plan that would help to determine the soundness of the PHAs proposed FSS program.

PHA Policy

The PHA will submit additional optional information in this action plan that will help HUD determine the soundness of the proposed FSS program.

This information includes:

Policies related to the modification of goals in the ITSP. (Chapter 5)

Policies on the circumstances in which an extension of the contract of participation may be granted. (Chapter 5)

Policies on the interim disbursement of escrow, including any limitations on the use of the funds. (Chapter 6)

Policies regarding eligible uses of forfeited escrow funds by families in good standing. (Chapter 6)

Policies regarding the re-enrollment of previous FSS participants, including graduates and those who exited the program without graduating. (Chapter 4)

Policies on requirements for documentation for goal completion. (Chapter 4)

Policies on documentation of the household's designation of the "head of FSS family." (Chapter 4)

Policies for providing an FSS selection preference for porting families if the PHA elects to offer such a preference. (Chapter 7)

1-II.E. FAMILY DEMOGRAPHICS [24 CFR 984.201(d)(1)]

As part of the required contents of the FSS action plan, family demographics of the Section 8 and public housing program participants serve to provide a description of the number, size, characteristics, and other descriptive data (including racial and ethnic data of those participants). These data may later be used to help the housing authority and the program coordinating committee (PCC) to identify supportive service needs of the families expected to participate in the FSS program.

PHA Policy

Housing Choice Voucher and Public Housing	Total Families	Percent of Total
All Families		
Single	919	
Female HOH	1,017	
Male HOH	505	
Race		
White	388	
Black/African American	1,059	
American Indian/Alaska Native	1	
Asian	15	
Native Hawaiian/Other Pacific Islander		
Ethnicity		
Hispanic or Latino	48	
Not Hispanic or Latino	1467	
Income		
Extremely Low-Income		
Very Low-Income		
Low-Income		
HOH Income from Wages		
Other Member Income from Wages		
HOH Income from TANF		
Other Member Income from TANF		
HOH Income from SSI		
Other Member Income from SSI		

Number of Children		
0		
1-2		
3-4		
5 or more		
Total Number of Family Members		
1-2		
3-4		
5 or more		
Persons with Disabilities		
HOH Person w/ Disabilities (HUD)		
Family Members w/ Disabilities		

Chapter 2

PURPOSE, SCOPE, AND APPLICABILITY OF THE FAMILY SELF-SUFFICIENCY PROGRAM

INTRODUCTION

This chapter contains information about the FSS program's purpose, size, and measurable objectives as well as information on program operation. This includes potential participant demographics, the program timetable, the number of families to be served, and the size of the PHA's voluntary FSS program. This chapter also contains definitions of the key terms in this FSS action plan.

Part I: The Purpose and Basic Requirements of the FSS program: This part includes a description of the purpose of the FSS program on a national level—its intent, goal, and major strategies.

Part II: The Scope of the FSS program: This part contains information about housing assistance programs eligible to participate in FSS, the size of the PHA's FSS program, an estimate of participating families, eligible families from other self-sufficiency programs, and eligibility for combined FSS programs.

Part III: Program Operation: This part specifies the requirements for FSS program operation, including voluntary FSS program implementation.

Part IV: The Definitions of Terms Used in the PHA's FSS program: This section contains both HUD and PHA definitions for terms used in this policy document.

PART I: PURPOSE AND BASIC REQUIREMENTS OF THE FSS PROGRAM

2-I.A. PURPOSE

The purpose of the family self-sufficiency (FSS) program is to promote the development of local strategies to coordinate the use of Section 8 and public housing assistance programs with public and private resources enabling families eligible to receive assistance under these programs to achieve economic independence and self-sufficiency [984.101(a)(1)].

In addition to this broader national goal of the FSS program, the PHA also establishes a local goal consistent with the PHA's mission statement to serve as a guide for establishing policy and implementing the FSS program.

PHA Policy

The PHA's local goal in operating this FSS program is to match housing-assisted families with a broad range of highly collaborative existing community services to assist FSS families in achieving economic self-sufficiency. *Economic self-sufficiency* is defined as having the sustainable skills necessary to maintain employment paying a "living wage." This wage would pay for the family's basic needs without the use of government subsidies.

2-I.B. PROGRAM OBJECTIVES [24 CFR 984.102]

In order to reach the FSS national program goal, HUD has defined its FSS program objective as to reduce the dependency of low-income families on welfare assistance and on housing subsidies. Under the FSS program, low-income families are provided opportunities for education, job training, counseling, and other forms of social service assistance while living in assisted housing so that they may obtain the education, employment, business and social skills necessary to achieve self-sufficiency. As with the goals of the program, FSS program objectives are defined on the national level through FSS regulation, and on the local level by PHA policy.

PHA Policy

On the local level, the PHA will achieve the national program objective by offering low-income families a broad range of services through partnering with the program coordinating committee (PCC). These services will provide long-term education, job training, counseling, and other forms of social service assistance so that families may achieve economic self-sufficiency, as defined in Section 2-I.A. of this document.

2-I.C. BASIC REQUIREMENTS OF THE FSS PROGRAM [24 CFR 984.104]

An FSS program established under 24 CFR Part 984 must operate in conformity with the regulations and this FSS action plan (as required in 24 CFR 984.201, provide comprehensive supportive services as defined in 24 CFR 984.103, and operate in compliance with nondiscrimination and equal opportunity requirements.

PART II: SCOPE OF THE FSS PROGRAM

2-II.A. HOUSING-ASSISTED FAMILIES ELIGIBLE TO PARTICIPATE IN FSS

The Section 8 and public housing programs through which families are eligible to participate in the FSS program was expanded by the 2018 Economic Growth Act to allow participants in HCV Homeownership, Moderate Rehabilitation, Moderate Rehabilitation Single Room Occupancy, and Family Unification Program (FUP), including the Foster Youth to Independence (FYI) Initiative.

2-II.B. PHAs REQUIRED TO OPERATE AN FSS PROGRAM

Each PHA that received funding for public housing units under the FY 1991 and FY 1992 FSS incentive award competitions must operate a public housing FSS program. Each PHA that received funding for Section 8 rental certificates or vouchers under the combined FY 1991/1992 FSS incentive award competition also must operate a Section 8 FSS program.

In addition, unless the PHA receives an exemption under 24 CFR 984.105, each PHA for which HUD reserved funding (budget authority) for additional rental certificates or vouchers in FY 1993 through October 20, 1998, must operate a Section 8 FSS program. Each PHA for which HUD reserved funding (budget authority) to acquire or construct additional public housing units in FY 1993 through October 20, 1998, must operate a public housing FSS program as well.

Every PHA that was required to administer an FSS program on May 24, 2018 (the enactment date of the Economic Growth, Regulatory Relief, and Consumer Protection Act) must continue to operate that FSS program for the total number of families determined by HUD on that date unless the PHA receives an exception as described in 24 CFR 984.105(d).

Mandatory Minimum Program Size (MMPS) [24 CFR 984.105]

PHAs that are required to operate an FSS program under 24 CFR 984.101 are subject to a minimum program size requirement.

PHA Minimum Program Size

The PHA's **public housing program** has no mandatory minimum program size requirement and operates a voluntary FSS Program.

The PHA's **housing choice voucher** FSS MMPS 128. This MMPS is determined by adding the number of housing choice voucher program units reserved under the combined FY 1991/1992 FSS incentive award competition, to the number of additional rental voucher units reserved in FY 1993 through October 20, 1998, (not including the renewal of funding for units previously reserved), then subtracting the units that are excluded from minimum program size, (excluding funding for families affected by termination, expiration, or owner opt-out under Section 8 project-based programs; funding for families affected by demolition or disposition of a public housing project or replacement of a public housing project; funding for families affected by conversion of assistance from the Section 23 leased housing or housing assistance payments programs to the housing choice voucher program; funding for families affected by the sale of a HUD-owned project; and funding for families affected by the prepayment of a mortgage or voluntary termination of mortgage insurance).

Maintaining Mandatory Minimum Program Size

Although the discretion to do so ultimately rests with the PHA, mandatory minimum program size can decrease as FSS participants successfully complete the program. Per the regulation, for each family that completes the program by fulfilling its FSS contract of participation on or after May 24, 2018, the mandatory minimum program size for a PHA's FSS program is reduced by one slot. However, if an FSS slot is vacated by a family that has not completed its FSS contract of participation obligations, the slot must be filled by a replacement family which has been selected in accordance with the FSS family selection procedures [24 CFR 984.105(b)(2)].

PHA Policy

The PHA will reduce the FSS mandatory minimum program size by one for each family that completes the program by fulfilling its FSS contract of participation.

Option to Operate Larger FSS Program

A PHA may choose to operate an FSS program of a larger size than the minimum required by HUD [24 CFR 984.105(a)(3)].

PHA Policy

The PHA will not operate an FSS program of a larger size than its mandatory minimum program size.

Exception to Program Operation [24 CFR 984.105(c)]

The requirement to establish and carry out an FSS program may be waived with approval from HUD. In order to waive the requirement, the PHA must provide a certification to HUD that the establishment and operation of an FSS program is not feasible because of a lack of accessible supportive services funding, a lack of the availability of programs under the Workforce Innovation and Opportunity Act, a lack of funding for reasonable administrative costs, a lack of cooperation by other units of state or local government, or a lack of interest in participating in the FSS program on the part of eligible families.

An exception will not be granted if HUD determines that local circumstances do not preclude the PHA from effectively operating an FSS program that is smaller than the minimum program size.

Reduction in Program Size

Rather than a full exception to program operation, a PHA may also be permitted to operate an FSS program that is smaller than the minimum program size. As with the full exception, HUD may grant the PHA such a partial exception if the PHA provides to HUD a certification that the operation of an FSS program of the minimum program size is not feasible because of a decrease in or lack of accessible supportive services [24 CFR 984.105(d)].

Expiration of Exception

The approval for a full or partial exception to the FSS minimum program size requirement expires five years from the date of HUD approval of the exception. If a PHA seeks to continue an exception after its expiration, the PHA must submit a new request and a new certification to HUD for consideration [24 CFR 984.105(e)].

2-II.C. COOPERATIVE AGREEMENTS [24 CFR 984.106]

A PHA may enter into a Cooperative Agreement with one or more multifamily-assisted housing owners to voluntarily make the PHA's FSS program available to the owner's housing tenants. The Cooperative Agreement must include all the requirements for such agreements found in 24 CFR 984.106 and 24 CFR 887.107.

PHA Policy

The PHA will enter into a Cooperative Agreement with the following multifamily-assisted housing owner(s) to voluntarily make its FSS program available to those owner's housing residents:

The PHA will offer the FSS program to PBRA multi-family sites, Posterity Scholar House, and The Courtyard

The PHA will share an action plan with multifamily-assisted housing that is a separate action plan from the PHA's Section 8 or public housing FSS program's action plan.

Participants enrolled under these Cooperative Agreements will be counted toward the PHA's calculation of the award of FSS Coordinator grants and, upon completion, will reduce the PHAs mandatory minimum program size by one for each completion.

2-II.D. ESTIMATE OF PARTICIPATING FAMILIES [24 CFR 984.201(d)(2)]

The PHA must state the number of eligible FSS families who can reasonably be expected to receive supportive services under the FSS program based on available and anticipated federal, tribal, state, local, and private resources.

PHA Policy

The PHA's housing choice voucher FSS MMPS 128. eligible FSS families can reasonably be expected to receive supportive services under the FSS program, based on available and anticipated federal, tribal, state, local, and private resources.

2-II.E. ELIGIBLE FAMILIES FROM OTHER SELF-SUFFICIENCY PROGRAMS [24 CFR 984.201(d)(3)]

If applicable, the PHA must enter the number of families, by program type, who are participating in any other local housing self-sufficiency program who are expected to agree to execute an FSS contract of participation.

PHA Policy

The PHA does not operate other self-sufficiency programs and therefore no additional families from other programs are expected to execute an FSS contract of participation.

2-II.F. ELIGIBILITY OF A COMBINED PROGRAM [24 CFR 984.201(e)]

A PHA that wishes to operate a joint FSS program with other PHAs or owners of multifamily-assisted housing may combine its resources with one or more of these entities to deliver supportive services under a joint action plan that will provide for the establishment and operation of a combined FSS program that meets the requirements of this part.

PHA Policy

The PHA will not combine its resources with any other PHA to deliver support services, have a joint action plan, or establish or operate a combined FSS Program.

PART III: PROGRAM OPERATION

2-III.A. OVERVIEW

Federal regulations specify requirements for FSS program operation regarding deadlines for program start-up and when the PHA is expected to have attained full enrollment. A timetable illustrating when the PHA intends to meet these deadlines is included as part of the required contents of the action plan.

2-III.B. PROGRAM IMPLEMENTATION DEADLINE

The deadlines for program implementation differ depending on whether the FSS program is voluntary or mandatory.

Voluntary Program [24 CFR 984.301(a)]

There is no deadline for implementation of a voluntary program. However, a voluntary program may not be implemented before the requirements specified in 24 CFR 984.201 have been satisfied (see Sections 1-II.A.–1-II.D.).

2-III.C. TIMETABLE FOR PROGRAM IMPLEMENTATION [24 CFR 984.201(d)(13)]

A timetable for implementation of the FSS program is part of the required contents of the FSS action plan.

PHA Policy

For voluntary programs, the PHA will implement the FSS program within one year from the date of approval of either the FSS action plan by the HUD field office, or within the time identified in the applicable FSS funding contract with HUD.

For mandatory FSS programs, the PHA has the obligation to continue to fill their mandatory FSS slots effective May 24, 2018, as determined by the HUD field office.

The PHA will implement its FSS program according to the following timetable:

Activity	Month and Date
	Implement within 12 months of approval
Establish PCC	-
Conduct Program Needs Assessment	-
Resource Identification	-
Establish Policies	-
Design Service Delivery	-
Develop Administrative Procedures	-
Begin Service Delivery	-
Conduct Outreach	-
Conduct Orientations	-
Conduct Individual Needs Assessment	-
Begin Contracting	-
Complete Contracting	-

PART IV: DEFINITIONS

2-IV.A. DEFINITIONS [24 CFR 984.103]

The terms *1937 Act*, *fair market rent*, *HUD*, *low-income family*, *public housing*, *public housing agency (PHA)*, *secretary*, and *Section 8*, as used in this document are defined in the 24 CFR Part 5.

The term *very low-income family* is defined in 24 CFR 813.102 and 24 CFR 913.102.

The terms used in this document have the following definitions as defined by 24 CFR 984.103 and this family self-sufficiency action plan.

Baseline annual earned income means the FSS family's total annual earned income from wages and business income (if any) as of the effective date of the FSS contract. When calculating baseline annual earned income, all applicable exclusions of income must be applied, *except for* any disregarded earned income or other adjustments associated with self-sufficiency incentives that may apply to the determination of annual income.

Baseline monthly rent means 1) the FSS family's total tenant payment (TTP), as of the effective date of the FSS contract, for families paying an income-based rent as of the effective date of the FSS contract; or 2) the amount of the flat or ceiling rent (which includes the applicable utility allowance), and including any hardship discounts, as of the effective date of the FSS contract. For families paying a flat or ceiling rent this is as of the effective date of the FSS contract.

PHA Policy

Benefits means a government benefit of money or monetary value given to an individual by a federal, state, or local government agency for purposes of financial assistance, including but not limited to, Medicaid, supplemental nutritional assistance program benefits and Social Security, Temporary Assistance for Needy Families, and unemployment compensation benefits.

PHA Policy

Benefits cliff means the sudden and often unexpected decrease in public benefits that can occur with a small increase in earnings. When income increases, families sometimes lose some or all economic supports.

PHA Policy

Certain interim goals means the family has met all its obligations under the CoP to date, including completion of the ITSP interim goals and tasks to date.

Certification means a written assertion based on supporting evidence, provided by the FSS family or the PHA or owner, which must be maintained by the PHA or owner in the case of the family's certification, or by HUD in the case of the PHA's or owner's certification. These must be made available for inspection by HUD, the PHA or owner, and the public, when appropriate. In addition, these will be considered accurate unless the Secretary or the PHA or owner, as applicable, determines otherwise after inspecting the evidence and providing due notice and opportunity for comment.

Chief executive officer (CEO) means the CEO of a unit of general local government who is the elected official or the legally designated official having primary responsibility for the conduct of that entity's governmental affairs.

Contract of participation (CoP) means a contract in a form approved by HUD, entered into between a participating FSS family and a PHA operating an FSS program that sets forth the terms and conditions governing participation in the FSS program. The contract of participation includes all individual training and services plans entered in between the PHA and all members of the family who will participate in the FSS program, and which plans are attached to the contract of participation as exhibits. For additional detail, see 24 CFR 984.303.

Current annual earned income means the FSS family's total annual earned income from wages and business income (if any) as of the most recent reexamination of income, which occurs after the effective date of the FSS contract. When calculating current annual earned income, all applicable exclusions of income will apply, including any disregarded earned income and other adjustments associated with self-sufficiency incentives or other alternative rent structures that may be applicable to the determination of annual income.

Current monthly rent means either the FSS family's TTP as of the most recent reexamination of income, which occurs after the effective date of the FSS contract, for families paying an income-based rent as of the most recent reexamination of income; or the amount of the flat rent, including applicable utility allowance or ceiling rent. This amount must include any hardship discounts, as of the most recent reexamination of income, which occurs after the effective date of the FSS contract, for families paying a flat rent or ceiling rent as of the most recent reexamination of income.

Earned income means income or earnings included in annual income from wages, tips, salaries, other employee compensation, and self-employment. Earned income does not include any pension or annuity, transfer payments, any cash or in-kind benefits, or funds deposited in or accrued interest on the FSS escrow account established by a PHA on behalf of a participating family.

Effective date of contract of participation means the first day of the month following the month in which the FSS family and the PHA entered into the contract of participation.

Eligible families for the FSS program means current participants in Section 8, residents of public housing, or residents in multifamily-assisted housing if a Cooperative Agreement exists.

PHA Policy

Enhance the effectiveness of the FSS program means a demonstrable improvement in the quality of an FSS program in which the enrollment ratio, escrow balance average, and graduation rate is at or above the national average as measured in HUD's Composite Scores in FR Notice 11/15/18.

Enrollment means the date that the FSS family entered the contract of participation with the PHA.

Family self-sufficiency program or FSS program means the program established by a PHA within its jurisdiction to promote self-sufficiency among participating families, including the provision of supportive services to these families, as authorized by section 23 of the 1937 Act.

FSS escrow account means the FSS escrow account authorized by section 23 of the 1937 Act.

FSS escrow credit means the amount credited by the PHA to the participating family's FSS account.

FSS family means a family that receives Section 8 assistance or resides in public housing (section 9), that elects to participate in the FSS program, and whose designated adult member (head of FSS family) has signed the CoP.

FSS family in good standing means an FSS family that is in compliance with their FSS CoP, has either satisfied or are current on any debts owed the PHA or owner, and is in compliance with the regulations in 24 CFR Part 5 regarding participation in the relevant rental assistance program.

FSS-related service program means any program, publicly or privately sponsored, that offers the kinds of supportive services described in the definition of *supportive services*.

FSS slots refer to the total number of public housing units or the total number of rental vouchers that comprise the minimum size of a PHA's respective Section 8 and public housing FSS program.

FSS Program Coordinator means the person(s) who runs the FSS program. This may include (but is not limited to) performing outreach, recruitment, and retention of FSS participants; goal setting and case management/coaching of FSS participants; collaborating with the community and service partners; and tracking program performance.

FY means federal fiscal year (starting with October 1, and ending September 30, and designated by the calendar year in which it ends).

Head of FSS family means the designated adult family member of the FSS family who has signed the CoP. The head of FSS family may, but is not required to be, the head of the household for purposes of determining income eligibility and rent.

Individual Training and Services Plan (ITSP) means a written plan that is prepared by the PHA or owner in consultation with a participating FSS family member (the person with for and whom the ITSP is being developed), and which describes the final and interim goals for the participating FSS family member, the supportive services to be provided to the participating FSS family member, the activities to be completed by that family member, and the agreed upon completion dates for the goals, and activities. Each ITSP must be signed by the PHA or owner and the participating FSS family member and is attached to and incorporated as part of the CoP. An ITSP must be prepared for each adult family member who elects to participate in the FSS program, including the head of FSS family who has signed the CoP.

PHA Policy

Knowledgeable professional means a person who is knowledgeable about the situation, has training, education, certification, or licensure provided by recognized professional associations and institutions that legitimizes their professional opinion, is competent to render a professional opinion, and is not able to gain, monetarily or otherwise, from the PHA FSS program decision in the area to which they are certifying.

Multifamily-assisted housing, also known as project-based rental assistance (PBRA), means rental housing assisted by a Section 8 Housing Payments Program, pursuant to 24 CFR Parts 880, 881, 883, 884, and 886.

PHA Policy

Other costs related to achieving obligations in the contract of participation means any costs necessary to complete an interim goal, a final goal, or tasks related to such in the ITSP.

Owner means the owner of multifamily-assisted housing.

Participating family is defined as *FSS family* in this section.

Program coordinating committee (PCC) means the committee described in 24 CFR 984.202.

Public housing means housing assisted under the 1937 Act, excluding housing assisted under Section 8 of the 1937 Act.

Section 8 means assistance provided under Section 8 of the 1937 Act (42 U.S.C. 1437f). Specifically, multifamily-assisted housing, as defined in this section; tenant-based and project-based rental assistance under section 8(o) of the 1937 Act; the HCV homeownership option under section 8(y) of the 1937 Act; Family Unification Program (FUP) assistance under section 8(x) of the 1937 Act; and the Section 8 Moderate Rehabilitation (Mod Rehab) for low-income families and Moderate Rehabilitation Single Room Occupancy (Mod Rehab SRO) for homeless individuals under 24 CFR part 882.

Self-sufficiency means that an FSS family is no longer receiving Section 8, public housing assistance, or any federal, state, or local rent or homeownership subsidies or welfare assistance. Achievement of self-sufficiency, although an FSS program objective, is not a condition for receipt of the FSS account funds.

PHA Policy

Supports means, but is not limited to, transportation, childcare, training, testing fees, employment preparation costs, other costs related to achieving obligations outlined in the CoP, and training for FSS Program Coordinator.

Supportive services mean those appropriate services that a PHA will coordinate on behalf of an FSS family under a CoP. These may include child care of a type that provides sufficient hours of operation and serves an appropriate range of ages; transportation necessary to enable a participating family to receive available services or to commute to their places of employment; remedial education; education for completion of secondary or post-secondary schooling; job training, preparation, and counseling; job development and placement; follow-up assistance after job placement and completion of the contract of participation; substance/alcohol abuse treatment and counseling; training in homemaking and parenting skills; and personal welfare services that include substance/alcohol abuse treatment and counseling, and health, dental, mental health and health insurance services; household management; money management; counseling regarding homeownership or opportunities available for affordable rental and homeownership in the private housing market (including information on an individual's rights under the Fair Housing Act) and financial empowerment that may include financial literacy, coaching, asset building, money management; and any other services and resources, including case management and reasonable accommodations for individuals with disabilities, that the PHA may determine to be appropriate in assisting FSS families to achieve economic independence and self-sufficiency.

Unit size or *size of unit* refers to the number of bedrooms in a dwelling unit.

Very low-income family is defined as set out in 24 CFR 813.102

Welfare assistance means (for purposes of the FSS program only) income assistance from federal or state welfare programs and includes only cash maintenance payments designed to meet a family's ongoing basic needs. Welfare assistance does not include nonrecurrent, short-term benefits that are designed to deal with a specific crisis situation or episode of need, or are not intended to meet recurrent or ongoing needs and will not extend beyond four months; work subsidies (i.e., payments to employers or third parties to help cover the costs of employee wages, benefits, supervision, and training); supportive services such as child care and transportation provided to families who are employed; refundable earned income tax credits; contributions to, and distributions from, individual development accounts under TANF; services such as counseling, case management, peer support, child care information and referral, transitional services, job retention, job advancement and other employment-related services that do not provide basic income support; transportation benefits provided under a Job Access or Reverse Commute project, pursuant to section 404(k) of the Social Security Act, to an individual who is not otherwise receiving assistance; amounts solely directed to meeting housing expenses; amounts for health care; food stamps and emergency rental and utilities assistance; and SSI, SSDI, or social security.

Chapter 3

PROGRAM ADMINISTRATION

INTRODUCTION

This chapter discusses administrative policies and practices as they are relevant to the activities covered in this plan. The policies and practices are discussed in two parts:

Part I: Staffing, Fees and Costs, and On-Site Facilities: This part describes identifying appropriate staff and contractors to operate the FSS program and provide the necessary direct services to FSS families. In addition, it describes how administrative fees, costs, and supportive services will be funded, and defines the use of on-site facilities.

Part II: The Program Coordinating Committee: This part covers the establishment of a program coordinating committee (PCC), which is a regulatory requirement in all FSS programs other than multifamily housing assistance. It describes required and recommended PCC membership, in addition to the option for an alternative committee.

PART I: STAFFING, FEES AND COSTS, AND ON-SITE FACILITIES

3-I.A. OVERVIEW

Several functions of program administration are crucial to running an FSS program. A PHA may need to employ a program coordinator or decide to contract with another organization to administer the program. In addition to staffing issues, PHAs should understand how program funding and expenses work to keep the program running smoothly. Finally, PHAs need to sort out whether and how to make common areas or unoccupied units available to provide supportive services.

3-I.B. PROGRAM ADMINISTRATION STAFF AND CONTRACTORS

[24 CFR 984.301(b)]

PHAs have the choice between hiring their own staff and contracting with an outside organization to administer their FSS program. If the PHA should choose to employ its own staff, the staffing levels should be appropriate, and may include one or more FSS coordinators. If the PHA chooses to contract with an outside organization, the organization's staffing levels must likewise be appropriate to establish and administer the FSS program, and whether the organization's responsibilities would include managing the FSS account in accordance with federal regulations.

PHA Policy

The PHA will employ appropriate staff, including one or more FSS coordinators or program coordinators to administer its FSS program.

3-I.C. FSS PROGRAM COORDINATOR RESPONSIBILITIES

Primary Role of the FSS Program Coordinator

The FSS Program Coordinator is responsible for building partnerships with service providers in the community, working with the Program Coordinating Committee (PCC) and local service providers to ensure that FSS program participants are linked to the supportive services they need to achieve self-sufficiency, preparing an Individual Training and Services Plan (ITSP) for the head of the FSS family and each adult member of the FSS family who elects to participate in the FSS program, making certain that the services included in the participants' CoP are provided on a regular, ongoing, and satisfactory basis, ensuring FSS participants are fulfilling their responsibilities under the CoPs, monitoring progress of participants, and establishing and properly maintaining FSS escrow accounts for eligible families. FSS coordinators may also provide outreach, recruitment, goal setting, case management and coaching for FSS participants, and tracking of FSS program performance.

FSS Program Coordinators funded under the FSS Coordinator Notice of Funding Opportunity (NOFO) may not perform the routine public housing or Section 8 program functions of housing eligibility, leasing, rent calculation, and portability that are funded through Section 8 administrative fees or public housing operating funds unless doing so would enhance the effectiveness of the program. If conducting these functions would enhance the effectiveness of the FSS program, the PHA must seek prior approval from HUD of those enhancements to the FSS program and certify that doing so will neither interfere with the FSS Coordinator's ability to fulfill their primary role nor be used to balance or fill in for gaps in traditional staffing.

Performance of routine Section 8 or public housing functions for non-FSS families does not enhance the effectiveness of the FSS program and is therefore an ineligible use of FSS funds [2021 FSS NOFO, p. 36].

PHA Policy

The PHA will not require the FSS Program Coordinator to perform the routine Section 8 or public housing program functions of housing eligibility, leasing, rent calculation, and portability that are funded through Section 8 administrative fees or public housing operating funds.

3-I.D. ADMINISTRATIVE FEES AND COSTS

The Consolidated Appropriations Act of 2014 combined funding streams for the Section 8 and public housing FSS programs. FSS funding is now awarded through one NOFO. Use of this funding is no longer restricted to the applicable program and funding now may be used to serve both Section 8 and public housing FSS participants. Funding for FSS Coordinators salary, benefits, and training as well as limited administrative costs is awarded through a Grant Agreement and disbursed through HUD's Line of Credit Control System (LOCCS), rather than as an amendment to the PHA's Annual Contributions Contract (ACC). These funds are separate from other available funds that may be used.

Section 8 FSS Program

In the Section 8 programs, administrative fees are paid to PHAs for HUD-approved costs associated with the operation of an FSS program. These administrative fees are established by Congress and subject to appropriations [24 CFR 984.302(b)].

In addition, administrative fees for HUD-approved costs not specifically related to the operation of the FSS program may be used to cover these costs associated with the administration of FSS [see Notice PIH 93-24 E-7 and E-8].

See 24 CFR 982.152 and PIH 2022-18 for details on the eligible use of administrative fees.

Public Housing FSS Program

For public housing FSS programs, the performance funding system (PFS), provided under section 9(a) of the 1937 Act, provides for the reasonable and eligible administrative costs that the PHA incurs in carrying out the program only when funds have been appropriated. However, a PHA may use other resources for this purpose [24 CFR 984.302(a)].

In other words, the PHA may fund reasonable and eligible administrative costs in the FSS program from the Operating Fund. However, these expenses will only be reimbursed in the operating subsidy when a current appropriations act allows it. In addition, the PHA may fund reasonable and eligible administrative costs from the Capital Fund. Administrative staffing costs may also be funded through HUD or other grant or foundation sources. This includes FSS Coordinator grants when available.

Housing Choice Voucher FSS Program

In the housing choice voucher program, administrative fees are paid to PHAs for HUD-approved costs associated with the operation of an FSS program. These administrative fees are established by Congress and subject to appropriations [24 CFR 984.302(b)].

In addition, administrative fees for HUD-approved costs not specifically related to the operation of the FSS program may be used to cover these costs associated with the administration of FSS [see Notice PIH 93-24 E-7 and E-8].

3-I.E. SUPPORTIVE SERVICES FEES AND COSTS

Section 8 FSS Supportive Services

In the Section 8 program, the PHA may fund reasonable and eligible FSS supportive service costs in the FSS program from unrestricted net position [see Notice PIH 93-24, E-3].

The PHA may seek additional funds from HUD through submitting grant applications or seek grants from other sources when available.

In addition to unrestricted net position and other grant sources, the FSS forfeited escrow account can fund FSS supportive services. See Section 6-I.E. for eligible supportive services costs.

Public Housing FSS Supportive Services

In public housing, the PHA may fund reasonable and eligible FSS supportive service costs in the FSS program from the Operating Fund. However, the costs of FSS supportive services are only reimbursed through the operating subsidy when appropriations allow it.

FSS public housing supportive services can also be funded through other HUD grants or related government and foundation grants, when available.

In addition to the Operating Fund and Capital Fund, public housing supportive services can also be funded through HUD grants, other than FSS coordinator grants, when available.

Housing Choice Voucher Supportive Services

In the housing choice voucher program, the PHA may fund reasonable and eligible FSS supportive service costs in the FSS program from unrestricted net assets [see Notice PIH 93-24, E-3].

In addition, the PHA may seek additional funds from HUD through submitting grant applications, or seek grants from other sources when available.

3-I.F. USE OF FORFEITED ESCROW ACCOUNTS FUNDS

In addition to Section 8 unrestricted net assets, public housing operating funds, and other grant sources, the FSS forfeited escrow account funds must be used for the benefit of FSS participants, which includes supports and other costs for FSS participants in good standing. HUD does not provide an exhaustive list of these supports. However, the supports include, but are not limited to, transportation, childcare, training, testing fees, employment preparation costs, and other costs related to achieving obligations outlined in the contract of participation as well as training for FSS Program Coordinators.

PHA Policy

The PHA will use forfeited escrow accounts for support and other costs for FSS participants in good standing when funds requested are needed to complete an interim goal or task in the ITSP and are not ongoing expenses or if the family can demonstrate that the need for one-time payment of otherwise ongoing expenses such as rent, utilities, telephone, cell phone, pager, car payments, car maintenance, insurance, or childcare is needed to complete an interim goal, a final goal, or a task related to such goals in the ITSP.

The PHA will use forfeited escrow accounts for training provided to FSS Coordinators.

The PHA will define *supports* as defined in 24 CFR 984.305(f)(2)(i)(A) as transportation, childcare, training, testing fees, employment preparation costs, other costs related to achieving obligations outlined in the CoP, and training for FSS Program Coordinator(s)

The PHA will define *other costs related to achieving obligations in the CoP* as any costs necessary to complete an interim goal, a final goal, or tasks related to such in the ITSP as defined in 24 CFR 984.305(f)(2)(i)(A) as transportation, childcare, training, testing fees, employment preparation costs, other costs related to achieving obligations outlined in the CoP, and training for FSS Program Coordinator(s).

The PHA will define *necessary to complete* as meaning that no other resources are available in the community either because such a resource is non-existent or that resources are utilized above capacity and agencies cannot, for an indetermined period, provide such a resource.

The PHA will provide funds from the forfeited escrow account to FSS participants in good standing before requiring the participant to use an “interim” disbursement from their current escrow account so long as:

The funds requested are needed to complete an interim goal or task within the CoP and are not ongoing expenses; or

If the family has demonstrated that the need for one-time payment of otherwise ongoing expenses such as rent, utilities, telephone, cell phone, pager, car payments, car maintenance, insurance, or childcare is needed to complete an interim goal, a final goal, or a task related to such goals.

The PHA will prioritize requests for funds from forfeited escrow accounts initially on a first come first served basis based on the date and time of the request. After that order is established, while still preserving the first come first served basis, the PHA will apply the following priorities:

Priority 1: Funds to meet a goal in the ITSP that is necessary to ensure the safety and wellbeing of victims of domestic violence, dating violence, sexual assault, and stalking as defined in the PHA's Section 8 Administrative Plan and public housing Admissions and Continued Occupancy Policy regarding VAWA.

Priority 2: Funds to meet a goal in the ITSP that is necessary to stabilize health, safety, and welfare of the FSS participant or family that if left unattended would jeopardize education, training, or employment.

Priority 3: Funds to meet a goal in the ITSP that is necessary to further education, training, and employment goals in the ITSP including childcare, transportation, and medical costs if the lack of any of these prevents completion of the education, training, and employment.

Priority 4: Funds to meet a goal in the ITSP that is necessary to further any other goal or tasks.

3-I.G. ON-SITE FACILITIES

Each PHA may, subject to the approval of HUD, make available and utilize common areas or unoccupied dwelling units in public housing projects to provide supportive services under an FSS program. This includes using such areas for participants in a Section 8 FSS program.

PHA Policy

The PHA will make the Resident Resource Center, Community Rooms, and common areas available to provide supportive services under the Public Housing and Section 8 FSS program.

PART II: PROGRAM COORDINATING COMMITTEE

3-II.A. OVERVIEW

As another integral part of FSS program administration, each participating PHA must establish a program coordinating committee (PCC) whose functions will be to assist the PHA in securing commitments of public and private resources for the operation of the FSS program within the PHA's jurisdiction, including assistance in developing the action plan and in implementing the program [24 CFR 984.202(a)].

The PCC must consist of specific members, which are dependent upon whether the PHA is operating Section 8, public housing, or multifamily assisted housing FSS programs. In addition to these required members, the PCC may also include additional members recommended by regulation.

3-II.B. PROGRAM COORDINATING COMMITTEE MEMBERSHIP

Required PCC Membership [24 CFR 984.202(b)(1)]

The PCC required members consist of representatives of the PHA, including at least one FSS Program Coordinator, and one or more participants from each HUD rental assistance program (Section 8, public housing, or multifamily assisted housing) served by the PHA's FSS program.

PHA Policy

The PHA's representatives to the program coordinating committee will be Director of Programs and Programs Managers and at least one FSS Program Coordinator and one or more participants from each of the housing programs in which there is an FSS program: Section 8, public housing, and multifamily assisted housing, as applicable.

Assistance in Identifying Potential PCC Members [24 CFR 984.202(b)(1)]

The PHA may seek assistance from area-wide, city-wide, or development-based resident councils, the resident management corporation, or the Resident Advisory Board, in identifying potential PCC members.

PHA Policy

The PHA will seek assistance in identifying potential members of the PCC from area-wide, city-wide, and development-based resident councils, the resident management corporation, or the Resident Advisory Board.

Recommended PCC Membership [24 CFR 984.202(b)(2)]

Membership on the PCC also may include representatives of the unit of general local government served by the PHA, local agencies (if any) responsible for carrying out employment training programs or programs funded under the Workforce Innovation and Investment Act, and other organizations, such as other state, local, or tribal welfare and employment agencies, public and private education or training institutions, child care providers, nonprofit service providers, private business, and any other public and private service providers with resources to assist the FSS program.

PHA Policy

The PHA's FSS program coordinating committee membership will include leadership from the following organizations:

[Enter the names of representative organizations in PCC]

3-II.C. ALTERNATIVE PCC COMMITTEE [24 CFR 984.202(c)]

It is also possible for the PHA, in consultation with the chief executive officer of the unit of general local government served by the PHA, to use an existing entity as the PCC, if the membership of the existing entity consists or will consist of the individuals required by regulation (See section 3-II.B. above).

PHA Policy

The PHA will not utilize an existing entity as its program coordinating committee.

EXHIBIT 3-1: CHART FOR DETERMINING PCC MEMBERSHIP

Organization or Service Type	Organization Name	PCC Member Title	PCC Member Name
Housing	PHA Housing Counseling Agencies Continuum of Care Emergency Shelters Transitional Housing	FWHA, Director of Programs	Denita Washington
GED and Educational Training	Community College Adult Education Workforce Investment Center	CEO	Melinda Hayes
High School	Public High School Charter High School	N/A	N/A
Post-Secondary Schools	College University	Clinical Director	Julie Hill
Job Training	Community College Adult Education Workforce Innovation and Opportunity Board and Centers TANF SSI/PASS Program	CEO Director of Community Engagement	Edmond O'Neal Tracy Davis
Job Search, Placement, Retention	Community College Adult Education Workforce Investment Center TANF	Director of Community Engagement	Tracy Davis
Transportation	Office of Public Transportation Dial-a-Ride	CEO	John Metzinger

Organization or Service Type	Organization Name	PCC Member Title	PCC Member Name
Health Care	Community Clinic Hospital Public Health Office Veteran's Administration	Homeless and Military2VA outreach Coordinator	Alicia Herman
Alcohol and Drug Prevention	Clinic Hospital Narcotics Anonymous Alcoholics Anonymous Drug and Alcohol Rehab Centers	Community Outreach Coordinator	Nate Moellering
Mentoring	FWHA	Program Managers	Larissa Williams Kelly Flanagan
Homeownership	PHA First-Time Homebuyers Habitat for Humanity	Homeowner Services Manager	Lauren MaCammon
Individual Development Accounts	PHA TANF Banks Lending Institutions	Homeownership Counselor/ IDA Program Administrator	Sandy Ayers
Child Care	Child Care Resource Center TANF	Family Development Manager	John Robb
City, State, or County Government	Mayor's Office Governor's Office Board of Supervisors	Mayor or Mayor's Chief Aide Governor or Chief Aide Chairperson or Chief Aide	Kelly Lundberg
Community-Based Organizations	Urban League Neighborhood House Union of Pan Asian Communities	Technical Assistance/Program Manager	Diane Starks
Social Service Funding and Coordination Organizations	United Way	Director of Community Initiatives	Ruthie Hall

Organization or Service Type	Organization Name	PCC Member Title	PCC Member Name
Information and Referral Services	Infoline Catholic Charities	East Region Program Director	Tiffany Goble
Crisis Services	Crisis Team Senior Crisis Team Poison Center Domestic Violence Shelter	Education Coordinator	Cristina Jimenez
Child/Adult Protective Services	Senior Services Adult Services In-home Support Services Adult Abuse Hotline Child Abuse Hotline Foster Care Adoption Services	VP of Intervention	Nick Yoquelet
Vocational Rehabilitation	State Department of Rehabilitation Regional Centers	N/A	N/A
Employment Development	Employment Development Department Unemployment Workforce Investment Act Disability Insurance	CEO	Edmond O'Neal
Parks and Recreation	Community Centers Recreation Centers	CEO	Joe Jordan
Religious Organizations	Catholic Community Services Episcopal Community Services Jewish Family Services Islamic Circle of North America St. Vincent de Paul	Social Worker	Samantha Taylor

Organization or Service Type	Organization Name	PCC Member Title	PCC Member Name
Financial Institutions	Banks Credit Unions Mortgage Lenders	Assistant Vice President, CRA Mortgage Loan Officer	John Foster
Legal Services	American Civil Liberties Union Legal Aid	Staff Attorney	Andrew Thomas
Debt Resolution Services	Consumer Credit Counselors	CEO	John Nash

Chapter 4

SELECTING AND SERVING FSS FAMILIES

INTRODUCTION

FSS regulations require that the PHA include in its action plan a statement indicating how it will select families for participation in the FSS program. This includes outreach, waiting list management, and other selection procedures. When followed, the PHA's selection procedures ensure that families will be selected without regard to race, color, religion, sex, handicap, familial status, or national origin.

Once selected for participation in the FSS program, families are to be provided various activities and supportive services so that they may obtain the education, employment, business, and social skills necessary to achieve self-sufficiency. A description of such activities and supportive services is also a requirement of the FSS action plan.

This chapter contains three parts:

Part I: Incentives, Outreach, and Assurance of Noninterference: This part describes the incentives the PHA will offer and the outreach efforts the PHA will use to encourage participation and recruit eligible families for the FSS program and contains the required assurance of noninterference with the rights of nonparticipating families.

Part II: Family Selection: This part covers whether the PHA will use preferences for family selection and which preferences the PHA will employ if they choose to do so. In addition, this part describes the selection factors the PHA will use in screening families for participation in the FSS program.

Part III: Activities and Support Services: This part lists the activities and supportive services to be provided to families through both public and private resources, describes the method the PHA will use to identify family support needs, and covers the required certification of coordination.

PART I: INCENTIVES, OUTREACH, AND ASSURANCE OF NONINTERFERENCE

4-I.A. OVERVIEW

The FSS program offers incentives such as the FSS escrow account, case management, coaching, and other supportive services that not only encourage participation, but also help families achieve self-sufficiency. In addition to encouraging program participation through such incentives, PHAs also conduct outreach to recruit FSS participants from among eligible families. As part of this process, families need to know that their choice as to whether to participate in the FSS program will not affect their admission to the Section 8 or public housing programs, nor will it affect their right to occupancy. This part describes the PHA's policies regarding these issues, all of which are required aspects of the FSS action plan.

4-I.B. INCENTIVES FOR PARTICIPATION [24 984.201(d)(5)]

By regulation, the FSS action plan must include a PHA's incentives plan—a description of the incentives that the PHA intends to offer eligible families to encourage their participation in the FSS program. The incentives plan provides for the establishment of the FSS escrow account and any other incentives designed by the PHA.

PHA Policy

The PHA will offer the following services, as needed to complete obligations in the contract, to its FSS participants as incentives to participate in FSS.

Incentive	Provided By	Description
FSS escrow account	HUD via FWHA	Financial rewards
Case management/Coaching	FWHA	Support, encouragement, motivation, a listening ear, an accountability partner
Information and referrals to services	FWHA, PCC Member Organizations	Bus passes, transportation, financial assistance for rent or utilities, counseling, programs for children, child care, life skills, empowerment programs for women, support groups, life skills, etc.
Educational workshops	FWHA, PCC Member Organizations, Community Partners	Career Services, scholarships, grants, financial aid from colleges, opportunity to research the various schools in the city, tours of campus, etc. / Incentives are connection with Trade Schools, Work Study, Work One paying for college or certification, Volunteerism, that leads to employment.
Funds for emergency transportation services	FWHA, Fort Wayne Citi Link	Bus passes
Priority in individual development accounts programs	Pathfinder Homeownership Center, City of Fort Wayne	Individual savings accounts
Priority in homeownership programs	FWHA, Financial Institutions, Pathfinders, Habitat for Humanity, Bright Point, Urban League, etc.	Preparing for homeownership, developing homeownership knowledge and skills, workshops, first time homeowner's programs to assist financially, HCVP homeownership vouchers
Priority in job skills workshops	FWHA, PCC Members,	Soft Skills, Jo Readiness, Resume Building, Career Coaching

	Community organizations, and partners	
Priority in educational programs	Ivy Tech	Hands on certificate programming
Priority in credit counseling	FWHA, Financial Institutions, Dave Ramsey Membership	Financial empowerment classes, budgeting, and wealth building classes

4-I.C. OUTREACH EFFORTS [24 CFR 984.201(d)(6)(i)(ii)]

In addition to offering incentives for FSS participation, PHAs also conduct outreach to recruit more FSS participants from eligible families. The FSS action plan must include a description of these efforts to recruit FSS participants, including notification and outreach, the actions the PHA will take to assure that both minority and nonminority groups are informed about the FSS program, and how the PHA will make this information known.

PHA Policy

The PHA will notify eligible families about the FSS program using the following outreach locations, activities, methods, and languages, where appropriate. These points of contact and methods have been selected to ensure that both minority and nonminority groups are informed about the FSS program.

Location/Activity	Staff/Partner	Method	Language
Briefings/Orientations	PHA Staff Specialist	Flyer Presentation	
Interims/Recertifications	PHA Staff Specialist	Flyer Posters Presentation Referral Form	
Transfers/Portability	PHA Staff Specialist	Flyer Posters Presentation Referral Form	
Lobby	PHA Staff Receptionist	Flyer Posters Referral Form Video	
Waiting Room	PHA Staff	Flyer Posters Video	
PHA Website Social Media	PHA Staff	Video Presentation	
TANF Office	Case Worker	TBD	
American Job Centers (Workforce/Career Center	Counselor	TBD	

Location/Activity	Staff/Partner	Method	Language
Adult Education	Counselor Instructor	Flyers and presentations	
Community College	Counselor Instructor	Flyers and presentations	
Employment Training Site	Instructor	Flyer	
English as a Second GED Classes Language Classes	Instructor	Flyer	
Community-based Organizations	Case Worker	Flyer	
Child Care Centers	Teachers	Flyer	

4-I.D. ASSURANCE OF NONINTERFERENCE WITH THE RIGHTS OF NONPARTICIPATING FAMILIES [24 CFR 984.201(d)(10)]

A family's housing assistance or admission into assisted housing should never depend on whether they choose to participate in the FSS program, and PHAs need to make this known as part of the recruitment process. For this reason, the PHA's action plan must include an assurance that a family's decision to not participate in the FSS program will not affect the family's admission to the Section 8 or public housing programs, nor will it affect the family's right to occupancy in accordance with the lease.

PHA Policy

Participation in the FSS program is strictly voluntary. Section 8 participants and public housing residents will be notified in all literature and media presentations related to the FSS program that should they decide not to participate in the FSS program, it will not affect their Section 8 or public housing. This material will also specify that the family will retain the right to occupancy according to their lease and family obligations contract.

PART II: FAMILY SELECTION

4-II.A. OVERVIEW

The FSS action plan is required to contain a statement indicating the procedures for selecting families for FSS program participation, including a description of how the PHA will do so without regard to race, color, religion, sex (including actual or perceived gender identity), familial status, or national origin. This part describes these procedures, considering whether the PHA will use preferences for family selection and which preferences the PHA will employ if they choose to do so, in addition to defining the factors the PHA will use in screening families for program participation.

4-II.B. FSS SELECTION PREFERENCES

As part of the process for selecting families for participation in the FSS program, the PHA may choose whether to employ the use of preferences. If the PHA so chooses, it has the option of giving a selection preference for up to 50 percent of its FSS program slots to eligible families who have one or more family members currently enrolled in an FSS-related service program or who are on the waiting list for such a program. Such a preference may be further limited to participants in and applicants for one or more specific eligible FSS-related service programs.

Should the PHA choose to adopt such a preference, it would need to include the following information in its action plan:

- The percentage of FSS slots, not to exceed 50 percent of the total number of FSS slots for each of its FSS programs, for which it will give a selection preference
- The FSS related service programs to which it will give a selection preference to the programs' participants and applicants
- The method of outreach to and selection of families with one or more members participating in the identified programs [24 CFR 984.203(a)]

A PHA may wish to adopt additional selection preferences as well [Notice PIH 93-24].

PHA Policy

The PHA will provide a selection preference for 50 percent of its FSS program slots to eligible families who have one or more family members currently enrolled in or on the waiting list for the FSS-related service programs of the PHA's partners on the FSS Program Coordinating Committee.

The PHA will give a selection preference on its FSS waiting list for Section 8 families porting in with an FSS contract of participation.

When services become available, the PHA will provide a non-targeted FSS selection preference to a family that wants to participate in the FSS program but was skipped or withdrew because supportive services were unavailable at the time.

The PHA may use either of the following to select among applicants on the FSS waiting list with the same preference status [24 CFR 984.203(b)]:

- Date and time of application to the FSS program; or
- A drawing or other random choice technique.

PHA Policy

The PHA will use the date the family expressed an interest in participating in the FSS program to fill the FSS slots.

4-II.C. SELECTION FACTORS

Many factors contribute to whether a PHA may choose to select a family for participation in the FSS program. These selection factors can help the PHA screen families for admission, and ultimately contribute to the PHA's decision to either allow or deny a family's admission into the FSS program.

Motivation Selection Factors [24 CFR 984.203(d)(1)]

A PHA may screen families for interest and motivation to participate in the FSS program provided that the factors utilized by the PHA are those which solely measure the family's interest and motivation to participate in the FSS program. For this reason, PHAs must only apply motivational screening factors that are permissible under the regulations.

Permissible Motivation Selection Factors

Permitted motivational factors include requiring attendance at FSS orientation sessions or pre-selection interviews or assigning certain tasks indicating the family's willingness to undertake the obligations that may be imposed by the FSS contract of participation. However, any tasks assigned should be readily accomplishable by the family based on the family members' educational level, abilities, or disabilities, if any. Reasonable accommodations must be made for individuals whose disability (mobility, manual, sensory, speech impairments, mental, or developmental disabilities) creates a barrier to accomplishing the tasks [24 CFR 984.203(d)(2)].

PHA Policy

The PHA will screen families for interest and motivation to participate in the FSS program by assigning a meeting or workshop which is the same type of meeting or workshop for each family. The PHA will only use the fact that the family attended as a screening factor, even if tasks or exercises are not completed in the meeting. In addition, if the family needs either childcare or transportation to be able to attend, or requests an accommodation for a disability, the PHA will either refer the family to available services or exempt the family from this screening factor.

Prohibited Motivation Selection Factors

Prohibited motivational screening factors include the family's educational level, educational or standardized motivational test results, previous job history or job performance, credit rating, marital status, number of children, or other factors, such as sensory or manual skills, and any factors which may result in discriminatory practices or treatment toward individuals with disabilities or minority or nonminority groups [24 CFR 984.203(d)(3)].

Other Selection Factors

In addition to motivational screening, the PHA may also wish to screen families for the following additional factors.

PHA Debt Selection Factor

The PHA may deny FSS participation to a family if the family owes the PHA, or another PHA, money in connection with Section 8 or public housing assistance [Notice PIH 93-24, B-18].

PHA Policy

The PHA will deny FSS participation to a family if the family owes the PHA, or another PHA, money in connection with Section 8 or public housing assistance. Families that owe money to a PHA who have entered into a repayment agreement and are current on that repayment agreement will not be denied FSS participation.

Unavailable Support Services Selection Factor

If the PHA determines, after consulting with the family, that a missing service is essential to the family's needs, the PHA may skip that family (and other similar families) and offer the FSS slot to the next family for which there are available services [Notice PIH 93-24, B-8].

PHA Policy

When services that are essential to the family's needs are not available, the PHA will skip that family and offer the FSS slot to the next family for which services are available. Once the missing essential services are obtained, the family that was skipped will be offered the next available FSS slot.

A PHA may refuse to select a family for participation in the FSS program a second time if that family previously participated unsuccessfully (i.e., the family participated, did not meet its FSS obligations, and was terminated from the FSS program) [Notice PIH 93-24, B-14].

PHA Policy

The PHA will not refuse to select a family for participation in the FSS program a second time if that family previously participated and did not complete.

The PHA will enroll a family for participation in the FSS program a second time if that family previously participated, completed the COP, and received a final distribution of their escrow account if their employment skills or wages are below the level needed to achieve economic self-sufficiency (a wage that pays for basic needs without the use of subsidies).

4-II.D. SELECTION OF HEAD OF HOUSEHOLD

Each eligible family that is selected to participate in an FSS program must enter a contract of participation with the PHA. There will be no more than one contract at any time for each family. There may be an ITSP for as many members of the family who wish to participate. The contract shall be signed by a representative of the PHA and the head of FSS family, as designated by the family. This head of FSS family does not have to be the same as the official head of household for rental assistance purposes [24 CFR 984.303(a)].

PHA Policy

The PHA will meet with the family and detail the obligations, rights, and privileges that pertain to the FSS head of household and require each adult family member to certify their agreement as to their designated head of the FSS family. These certifications will be a permanent part of the FSS family's record and will be updated with each change of head of household.

PART III: ACTIVITIES AND SUPPORT SERVICES

4-III.A. OVERVIEW

Once families are admitted to the FSS program, the PHA becomes responsible for making sure these families are adequately served. The purpose of the family self-sufficiency (FSS) program is to promote the development of local strategies to coordinate the use of Section 8 and public housing assistance programs with public and private resources, to enable families eligible to receive assistance under these programs to achieve economic independence and self-sufficiency. As such, upon selection, families are matched with the appropriate activities and supportive services so that they may obtain the education, employment, and business and social skills necessary to achieve self-sufficiency. This is a vital element of the FSS program. The PHA must make a good faith effort to replace the obtained services from another agency.

4-III.B. METHOD OF IDENTIFYING FAMILY SUPPORT NEEDS

[24 CFR 984.201(d)(8)]

Before a PHA can determine the services and activities it will provide to FSS families, it must identify the services and activities appropriate to each family. The action plan must contain a description of how the program will identify the needs of FSS families and deliver the services and activities according to these needs.

PHA Policy

Supportive services needs will be identified by completion of an informal needs assessment with the FSS coordinator or case manager or coach before completion of the initial individual training and services plan and signing of the contract of participation. After enrollment in the PHA's FSS program, a formal needs assessment, including vocational assessment and counseling, educational assessment and counseling, and employment planning, is conducted by the following partners on the PCC *[insert all that apply]*:

Adult basic education

Community college

WTW agencies

WIA One Stop Center

TANF

These results are used to modify the ITSP, in mutual agreement with the family.

4-III.C. FSS ACTIVITIES AND SUPPORT SERVICES DESCRIPTION
[24 CFR 984.201(d)(7)]

As part of the required contents of the action plan, PHAs must both describe the activities and supportive services to be provided by public and private resources to FSS families and identify the public and private resources that are expected to provide the supportive services.

Of course, this task assumes that the PHA has first identified the needed activities and supportive services.

PHA Policy

The PHA's FSS program, through its partners on the program coordinating committee, will provide the following activities and support services to FSS families:

Support Service General	Support Service Specific	Source/Partner
Assessment	Vocational Assessment Educational Assessment Vocational Planning Educational Planning Disability Assessment Disability Vocational Assessment/Planning Disability Educational Assessment/Planning Drug/Alcohol Assessment Drug/Alcohol Planning Poverty Relief	Adult Basic Education Career Center Community College Community-Based Organizations Career Center Community College Vocational Rehabilitation Health Department Career Center Community-based Organizations Townships
Education	High School English as a Second Language GED Post-secondary College	High School Adult Basic Education Community College University
Training	Skills Training Emerging Technologies Training Biomedical Training On-the-Job Training Functional Context Training	Adult Basic Education Community College University Community-based Organizations Workforce Innovation/American Job Centers

Support Service General	Support Service Specific	Source/Partner
Job Search Assistance	Resume Preparation Interviewing Skills Dress for Success Workplace Skills Job Development Job Placement	Adult Basic Education Community College University Community-based Organizations Workforce Innovation/American Job Centers
Transportation	Bus Train/Trolley	Metropolitan Transit
Health Care	Alcohol and Drug Prevention Alcohol and Drug Treatment	HMO Health Department Community Clinic General Hospital
Child Care	Infant Care Toddler Care Preschool Care Afterschool Care Homework Assistance	Child Care Resource Parks and Recreation
Financial Literacy	Financial Education Financial Coaching Debt Resolution Credit Repair	Adult Basic Education Community College University Community-based Organizations
Legal Services	Representation Document Review Counsel or Advice	ACLU Legal Aid
Child/Adult Protective Services	Needs Assessment Case Planning Information Referral Crisis Management	Senior Services Adult Services In-home Support Services Adult Abuse Hotline Child Abuse Hotline Foster Care Adoption Services
Crisis Services	Crisis Assessment Crisis Intervention Crisis Management Crisis Resolution	Crisis Team Senior Crisis Team Poison Center Domestic Violence Shelter

Support Service General	Support Service Specific	Source/Partner
Mentoring	Mentoring Match	Adult Basic Education Community College Workforce Investment Act Youth Programs Community-based Organizations
Micro and Small Business Development	Training Planning Technical Assistance Mentoring	Microbusiness Assistance Program Small Business Administration Business Incubator
Homeownership	Training Planning Debt Resolution	Public Housing Authority Housing Counseling Organization Community-based Organizations
Individual Development Accounts	Match Savings Accounts Distribution of IDA Funds	Public Housing Authority TANF Office of Community Services in DHHS Office of Refugee Resettlement Beginner Farmers and Ranchers Community-based Organizations

4-III.D. CERTIFICATION OF COORDINATION [24 CFR 984.201(D)(12)]

The FSS action plan is required to contain a certification that the development of the activities and services under the FSS program has been coordinated with the JOBS program (now Welfare to Work under TANF), the programs under title I of the Workforce Innovation and Opportunity Act,, and any other relevant employment, child care, transportation, training, and education programs in the applicable area. The implementation of the FSS program's activities and services must continue to be coordinated as such to avoid duplication of activities and services.

PHA Policy

The PHA certifies that its FSS program has developed its services and activities in coordination with programs under Title I of the Workforce Innovation and Opportunity Act, Workforce Investment Board and American Job Centers (also known as Workforce Centers or One Stop Career Centers), and any other relevant employment, child care, transportation, training, and education programs in the applicable area. The implementation of these activities and services will continue to be coordinated in this manner to avoid duplication of activities and services.

Chapter 5

CONTRACT OF PARTICIPATION

INTRODUCTION

Each family that is selected to participate in an FSS program must enter into a contract of participation with the PHA. This contract, which is signed by the head of the FSS family, sets forth the principal terms and conditions governing participation in the FSS program, including the rights and responsibilities of the FSS family and of the PHA, the services to be provided to the head of the FSS family and each adult member of the family who elects to participate in the program, and the activities to be completed by them. The contract also incorporates the individual training and services plan [24 CFR 984.303].

This chapter contains two parts:

Part I: Overview and Family Obligations: This part provides an overview of the form and content of the contract of participation and describes what the contract requires of FSS families.

Part II: Contract Specifications: This part explains the specifications of the contract, including terms and conditions, contract modification, contract terminations, and grievance procedures.

PART I: OVERVIEW AND FAMILY OBLIGATIONS

5-I.A. OVERVIEW

The purpose of the FSS contract of participation is to set forth the principal terms and conditions governing participation in the FSS program, including the incorporation of the individual training and services plan (ITSP) as part of the contract's required contents. The ITSP is meant to establish goals the FSS family will meet along the family's way to completing the contract and becoming self-sufficient. In addition to the goals specified in the ITSP, the contract also lists the responsibilities of the family and the PHA. This part covers the ITSP as part of the required contents of the contract of participation, and the family's obligations under the contract.

5-I.B. CONTENTS OF THE CONTRACT OF PARTICIPATION

Individual Training and Services Plan

There will only ever be one FSS contract of participation (CoP) at any time for each FSS family. As part of the required contents of the FSS contract of participation (CoP), the individual training and services plan (ITSP) establishes specific interim and final goals by which the PHA and the family measure the family's progress toward fulfilling its obligations under the contract of participation and becoming self-sufficient. Interim and final goals will differ depending on the family's individual needs. Regulations require the establishment of a final goal that includes both employment for the head of the FSS family and independence from welfare assistance for all family members regardless of age.

Interim Goals [24 CFR 984.303(b)(2)]

PHAs must work with each participant to establish realistic and individualized goals and may not include additional mandatory goals or mandatory modifications of the two mandatory goals.

Individual Training and Service Plans for Other than FSS Head [24 CFR 984.103]

An individual training and services plan is required for the head of the FSS family and all adults choosing to participate. ITSPs must be prepared for each adult family member participating. ITSPs are prepared by the PHA, in consultation with the participating family member [Notice PIH 93-24, G-16.

5-I.C. FAMILY OBLIGATIONS

Compliance with Lease Terms [24 CFR 984.303(b)(3)]

One of the obligations of the FSS family according to the contract of participation is to comply with the terms and conditions of the Section 8 or public housing lease.

Inability to comply with the lease represents an inability to comply with the contract, therefore regulations regarding noncompliance with the FSS contract apply [see 24 CFR 984.303(b)(5)]. It is up to the PHA to determine the plan of action for FSS families found in noncompliance with the lease and how the PHA will precisely define the term *comply with the lease*. All considerations allowed for other assisted residents regarding violations of the lease, must also be allowed for FSS participants.

PHA Policy

The PHA will define *comply with the lease* to mean the FSS family has not been evicted for repeated or serious violations of the lease as defined in the Section 8 Administrative Plan and public housing Admissions and Continued Occupancy Policy; or if they have been evicted for repeated and serious violations of the lease, the family has pursued their right to grieve, and the family has prevailed in either the grievance hearing or the informal hearing process.

The PHA's FSS program will not terminate the FSS contract of participation for failure to comply with the terms of the lease.

Employment Obligation [24 CFR 984.303 (b)(4)]

Another obligation set forth by the contract of participation is for the head of the FSS family to *seek and maintain suitable employment* during the term of the contract and any extension. Although other members of the FSS family may seek and maintain suitable employment during the term of the contract, it is only a requirement for the head of the FSS family.

The obligation for the head of the FSS family to *seek employment* is defined in the regulatory language as meaning that the head of the FSS family has searched for jobs, applied for employment, attended job interviews, and has otherwise followed through on employment opportunities. However, this definition still leaves room for policy decisions on the part of the PHA because it does not define the level of activity involved in “seeking.”

There is no regulatory definition of *maintain suitable employment*. For this reason, it is up to the PHA to define the term. However, there can be no minimum period of time that the head of the FSS family must work.

With the agreement of the FSS family member, the PHA makes a determination of what it means to maintain suitable employment based on the skills, education, and job training of the FSS head of household, receipt of other benefits of the family member, and the available job opportunities within the jurisdiction served by the PHA. This means that the PHA must consult with the family member and agreement must be reached as to what *maintain suitable employment* is for that family member [24 CFR 984.303 (b)(4), Notice PIH 93-24, G-3].

PHA Policy

For purposes of the PHA’s FSS program, *seek employment* means the head of household has applied for employment, attended job interviews, and otherwise followed through on employment opportunities as outlined in the individual training and services plan of their contract of participation.

Maintain suitable employment is employment, on the last day of the contract, that is outlined in the individual training and service plan and is based on the skills, education, job training, and receipt of other benefits of the head of the FSS family. The PHA will require verification of this employment or enrollment.

5-I.D. CONSEQUENCES OF NONCOMPLIANCE WITH THE CONTRACT

Consequences apply for families who do not meet the terms and conditions of the contract. The regulations require that the contract of participation specify that if the FSS family fails to comply, without good cause, with the terms and conditions of the contract (including compliance with the Section 8 or public housing lease), the PHA may:

- Withhold supportive services
- Terminate the family's participation in the FSS program

PHAs are not permitted to terminate a family's housing assistance due to the family's failure to meet its obligations under the contract of participation [24 CFR 984.101(d)].

PHA Policy

The contract of participation (CoP) will be terminated before the expiration of the contract term if the participant fails to meet, without "good cause," their obligations as outlined in the CoP. If the participant fails to meet its obligations outlined in the CoP, the FSS coordinator, or their designee, will first meet with the family to reassess the need for supportive services or a change in the individual training and services plan (ITSP).

If a reassessment of supportive services and a change in the ITSP is not successful in bringing the family in to compliance, the FSS coordinator will reassess the need for, and availability of, supportive services and refer the participant to a knowledgeable professional for a formal assessment of the challenges leading to the noncompliance.

The FSS Coordinator will use this formal assessment to identify and refer to resources that remove the challenge so the participant is able to meet their obligations outlined in the CoP.

Finally, if neither of these alternatives is successful, the FSS coordinator will terminate the CoP for failure to complete the tasks, interim goals, or final goals of the ITSP in a timely manner, and thus failure to complete the obligations outlined in the CoP.

The FSS coordinator will make an exception to the actions in terminating the CoP if the participant can, with the assistance of the FSS Coordinator, demonstrate "good cause" for the failure to meet its obligations as outlined in the CoP.

For purposes of the PHA FSS program, *good cause* includes circumstances beyond the control of the FSS family:

Family circumstances

Death in the family

Serious illness

Medical emergency

Mandatory court appearances

Involuntary loss of employment

Loss of head of household through death, incarceration, or removal from lease

Change in the ITSP improving progress toward economic self-sufficiency

Community circumstances

Significant reduction in workforce (over 20 percent reduction in employment field)

Significant interruption in service delivery (over 3 months interruption)

Provider noncompliance with regulation

Provider unable or unwilling to provide service

Provider offering inferior service

Active pursuit of a current or additional self-sufficiency goal

Resolution of a barrier to employment

Completion of a college degree or technical training

Completion of a work-related certification

Credit repair towards homeownership readiness

PART II: CONTRACT SPECIFICATIONS

5-II.A. OVERVIEW

In addition to making clear the family's obligations under the program, the contract of participation contains specific terms and conditions, including those governing contract modifications, terminations, and grievance procedures. This part describes those specifications and associated policy.

5-II.B. CONTRACT TERM [24 CFR 984.303(c)]

The contract term is five years. This means that the family has no more than five years from the effective date of the contract of participation (CoP) to fulfill their obligations as specified in the contract. This five year term requirement will be specified in the CoP.

Contract Extension [24 CFR 984.303(d)]

While the term set forth in the contract of participation is for five years, contract extensions are available. According to regulation, PHAs must for "good cause" extend the term of the contract for a period not to exceed two years for any FSS family that requests an extension of the contract in writing or verbally. The family's written or verbal (documented by the FSS Coordinator) request for an extension must include a description of the need for the extension. *Good cause* means circumstances beyond the control of the FSS family, as determined by the PHA, such as a serious illness or involuntary loss of employment (further defined by PHA policy in Section 5-I.D.). Extension of the contract of participation will entitle the FSS family to continue to have amounts credited to the family's FSS account.

5-II.C. MODIFICATION OF THE CONTRACT

The contract of participation (CoP) may be modified, as long as the PHA and the FSS family mutually agree to modify it. This includes modifications in writing with respect to the individual training and services plans (ITSPs), the contract term (See Section 5-II.B. above), and designation of the head of the family [24 CFR 984.303(f)]. The conditions under which the PHA will modify the contract are set forth in the policy below.

PHA Policy

In the PHA's FSS program, the CoP will be modified by mutual agreement between the PHA and the FSS head of household:

When modifications to the ITSP improve the participant's ability to complete their obligations in the CoP or progress toward economic self-sufficiency.

When the actual end date of the CoP is determined by the effective date of the FSS family's first reexamination changes the end date of the CoP.

When the designated head of the FSS family ceases to reside with other family members in the assisted unit, and the remaining family members, , designate another family member to be the FSS head of household and receive escrow funds.

When an FSS family moves to the jurisdiction of a receiving PHA that does not have an FSS program and the family may not continue participation in the FSS program, and modification of the FSS contract will allow the family to complete the contract and receive an escrow disbursement or terminate the contract with escrow disbursement.

5-II.D. COMPLETION OF THE CONTRACT

By regulation, the contract of participation is considered to be completed when the head of household is employed and the FSS family has fulfilled all of its obligations under the contract of participation, including all family members' ITSPs, on or before the expiration of the contract term, including any extension thereof.

Policies on verifying completion of the contract of participation can be found in Section 6-I.C. of this action plan.

5-II.E. TRANSITIONAL SUPPORTIVE SERVICE ASSISTANCE

Even after a family has completed the contract of participation, a PHA may continue to offer appropriate FSS supportive services to a former completed FSS family. If the family still resides in Section 8 or public housing, these supportive services would be offered for becoming self-sufficient. If the family no longer resides in Section 8 or public housing, these supportive services would be offered for becoming self-sufficient or remaining self-sufficient. Transitional services for families who no longer reside in Section 8 or public housing, may only be offered using sources that are not HUD funds or HUD restricted funds [24 CFR 984.303(j)].

PHA Policy

The PHA will continue to offer supportive services to a former FSS family who has completed its contract of participation.

5-II.F. TERMINATION OF THE CONTRACT

Termination of the Contract with Escrow Distribution [24 CFR 984.303(k)]

The contract of participation will be terminated with escrow distribution before the expiration of the contract term, during any extension of the contract, or at end of the term of the contract if all obligations under such have not been met, when:

- Services that the PHA and the FSS family have agreed are integral to the FSS family's advancement towards self-sufficiency are unavailable, as described in Section 5-II.H. of this Action Plan. This type of termination is also referred to as "nullification" in the FSS regulations at 24 CFR 984.
- The head of the FSS family becomes permanently disabled and unable to work during the period of the contract, unless the PHA and the FSS family determine that it is possible to modify the contract to designate a new head of the FSS family; or
- An FSS family in good standing moves outside the jurisdiction of the PHA (in accordance with portability requirements at 24 CFR 982.353) for good cause and continuation of the CoP after the move or completion of the CoP prior to the move is not possible. PHAs must be consistent in their determinations of whether a family has good cause for a termination with FSS escrow disbursement.

Termination of the Contract without Escrow Distribution [24 CFR 984.303(h)]

The contract of participation may be terminated before the expiration of the contract term and any extension of the contract by the following:

- Mutual consent of the parties
- Failure of the FSS family to meet its obligations under the contract of participation without good cause, including in a Section 8 FSS program the failure to comply with the contract requirements because the family has moved outside the jurisdiction of the PHA
- The family's withdrawal from the FSS program
- Such other act as is deemed inconsistent with the purpose of the FSS program
- Operation of law

PHA Policy

The CoP will be terminated before the expiration of the contract term, and any extension thereof, for any of the following reasons

Mutual consent of the parties.

Family's withdrawal from the FSS program.

Failure of the FSS family to meet its obligations under the contract of participation without good cause. *Good cause* for the purposes of the FSS program is also defined in Section 5-I.D. of this Action Plan.

Such other act as is deemed inconsistent with the purpose of the FSS program.

Operation of law.

The head of the FSS family becomes permanently disabled and other family members will not participate in FSS as the head of the FSS family.

In a Section 8 FSS program, failure to comply with the contract requirements because the family has moved outside the jurisdiction of the PHA under portability without continued FSS participation.

If the FSS family faces termination due to failing to meet, without good cause, its obligations under the CoP, the PHA will follow the relevant policy specified in Section 5-I.D. of this action plan.

Note: If the family is unable to meet the requirements of the contract of participation because essential services are not available, the contract is *nullified*, not terminated.

In addition, the contract of participation is automatically terminated if the family's Section 8 assistance is terminated in accordance with HUD requirements [24 CFR 984.303(h)].

5-II.G. OPTION TO WITHHOLD SUPPORTIVE SERVICE [24 CFR 984.303(b)(5)(i)]

As touched upon in Section 5-I.D. of this action plan, the PHA has the option to withhold supportive services or the FSS family's participation in the FSS program if the PHA determines that the FSS family has failed to comply without good cause with the requirements of the contract of participation.

PHAs are not permitted to terminate Section 8 assistance to a family due to the family's failure to meet its obligations under the contract of participation [24 CFR 984.101(d)].

5-II.H. PHA OBLIGATION TO MAKE GOOD FAITH EFFORT TO REPLACE UNAVAILABLE SUPPORT SERVICES [24 CFR 984.303(e)]

PHAs must make an extensive good faith effort to replace services that community agencies either cannot or will not provide. If all of the steps below are exhausted without the provision of an integral service, the contract of participation can be ended ahead of time as a result. This, however, should only occur as a last resort. The PHAs good faith effort must be demonstrated by taking the following steps:

- If a social service agency fails to deliver the supportive services pledged under an FSS family member's individual training and services plan (ITSP), the PHA must make a good faith effort to obtain these services from another agency.
- If the PHA is unable to obtain the services from another agency, the PHA must reassess the family member's needs and determine whether other available services would achieve the same purpose.
- If other available services would not achieve the same purpose, the PHA shall determine whether the unavailable services are integral to the FSS family's advancement or progress toward self-sufficiency.
- If the unavailable services are not integral to the FSS family's advancement toward self-sufficiency, the PHA must revise the ITSP, delete these services, and modify the contract of participation to remove any obligation on the part of the FSS family to accept the unavailable services.
- If the unavailable services *are* determined to be integral to the FSS family's advancement toward self-sufficiency (which may be the case if the affected family member is the head of the FSS family), the PHA shall terminate the contract of participation and follow the requirements in Section 5-II.F. of this Action Plan.

Termination of the contract of participation based on unavailability of supportive services shall never be grounds for termination of Section 8 or public housing assistance.

5-II.I. GRIEVANCE PROCEDURES

When adverse action is taken by the PHA against a family, the PHA is required to provide a grievance hearing in the public housing program, or an informal hearing in the Section 8 program [24 CFR 966 subpart B, 24 CFR 982.554].

According to regulatory requirements, the FSS action plan must contain the grievance and hearing procedures available for FSS families against whom the PHA has taken adverse action with regards to FSS [24 CFR 984.201(d)(9)].

PHA Policy

The grievance and informal hearing procedures for the FSS program will be the same as the grievance and hearing procedures adopted for the Section 8 and public housing programs in the PHA's admissions and continued occupancy policy and administrative plan, respectively (See pages *[Insert relevant page numbers in ACOP and/or administrative plan]*).

Adverse actions taken within the FSS program include:

- Denial of admission into the FSS program
- Denial of request for supportive services
- Denial of request to change the ITSP
- Denial of request to change the head of household
- Denial of request for interim disbursement of the escrow account
- Denial of request to complete the CoP
- Denial of a request for extension to the FSS CoP
- Denial of request for either interim or final distribution of escrow account
- Withholding of support services
- Termination of the FSS CoP
- Denial of request for termination with escrow
- Denial of transitional services

Chapter 6

ESCROW ACCOUNT

INTRODUCTION

The establishment of an escrow account is offered as a support and financial incentive to families for participation in the FSS program. Generally, under this incentive, the amount of an increase in family rent resulting from an increase in earned income is escrowed. That is, usually a family's rent or share of the rent goes up when the family experiences an increase in earned income. In the FSS program, this is still the case, and the part of the rent representing the increase is deposited into an account as an escrow credit. The funds from this escrow account then become available to FSS families upon successful completion of their contracts of participation and may become available earlier at the housing authority's option.

This chapter explains how the FSS escrow account works, including calculating the amount of the escrow credit, disbursing the funds, and the proper way for the PHA to manage and report on the account.

This chapter contains two parts:

Part I: The Escrow Account: This part provides an overview of how the escrow account works, including calculating the escrow credit and disbursing the funds upon completion of the contract of participation.

Part II: Escrow Fund Accounting and Reporting: This part describes the requirements for managing the escrow account, including both accounting and reporting requirements.

PART I: THE ESCROW ACCOUNT

6-I.A. OVERVIEW

As an integral incentive to the FSS program, it is especially important to have clear-cut policy spelling out how the escrow account works. This includes policy regarding the calculation of the FSS credit amount, the disbursement of FSS account funds, the use of account funds for homeownership, and forfeiture of the FSS escrow account.

6-I.B. CALCULATING THE FSS CREDIT AMOUNT

Determination of Baseline Annual Earned Income and Baseline Monthly Rent

When determining the family's baseline annual earned income and the baseline monthly rent amounts for purposes of computing the FSS escrow credit, the PHA must use the amounts on the family's most recent income reexamination in effect.

For purposes of determining the FSS credit, baseline monthly rent for families paying an income-based rent is the family's Total Tenant Payment (TTP) as of the most recent reexamination of income, which occurs after the effective date of the FSS contract.

For families in public housing who are paying either flat or ceiling rent, family rent is the amount of the flat rent (including the applicable utility allowance) or ceiling rent (including any hardship discounts) as of the most recent reexamination of income, which occurs after the effective date of the FSS contract [24 CFR 984.103(b)].

Determination of the Escrow Credit

To calculate the FSS credit, the PHA must accurately determine the family's baseline earned income and baseline monthly rent and compare those figures with the family's current earned income and current monthly rent. The FSS credit is the lesser of 30 percent of one-twelfth or 2.5 percent of the amount by which the family's current annual earned income exceeds the family's baseline annual earned income; or the increase in the family's monthly rent. The increase in the family's monthly rent is the lower of either the amount by which the family's current monthly rent exceeds the family's baseline monthly rent, or for Section 8 families, the difference between the baseline monthly rent and the current gross rent (*i.e.*, rent to owner plus any utility allowance) or the payment standard, whichever is lower [24 CFR 984.305(b)(2)].

Determination of Escrow Credit for Families Who Are Not Low Income

FSS families who are not low-income families are not entitled to any FSS credit [24 CFR 984.305(b)(2)].

Increases in FSS Family Income [24 CFR 984.304]

As described in the FSS credit calculations above, any increases in family earned income resulting in increases in family rent are deposited in the escrow account. For this reason, and because of the nature of the FSS account, any increase in the earned income of an FSS family during its participation in an FSS program may not be considered as income or an asset for purposes of eligibility of the FSS family for other benefits, or amount of benefits payable to the FSS family, under any other program administered by HUD.

Cessation of FSS Credit [24 CFR 984.305(b)(4)]

The PHA will not make any additional credits to the FSS family's FSS account when the family has completed the contract of participation, when the contract of participation is terminated, when the family is not low-income, or during the time a Section 8 family is in the process of moving to a new unit.

6-I.C. DISBURSEMENT OF FSS ACCOUNT FUNDS

Disbursement Before Completion of Contract

The PHA may at its sole option disburse FSS account funds before completion of the contract if the family needs a portion of the funds for purposes consistent with the contract of participation and the PHA determines that the FSS family has fulfilled certain interim goals established in the contract of participation. These interim disbursements could include using the funds to assist the family in meeting expenses related to completion of higher education (e.g., college, graduate school) or job training, or to meet start-up expenses involved in creation of a small business [24 984.305(c)(2)(ii)].

PHA Policy

The PHA will disburse a portion of the FSS escrow account funds before completion of the CoP when the family has met certain interim goals, which means the family has met all its obligations under the CoP to date, including completion of the ITSP interim goals and tasks to date, and:

Requested funds are needed to complete an interim goal or task within the CoP and are not ongoing expenses.

OR

The family has demonstrated that the need for one-time payment of otherwise ongoing expenses such as rent, utilities, telephone, cell phone, pager, car payments, car maintenance, insurance, or childcare is needed to complete an interim goal, a final goal, or a task related to such goals.

Disbursement at Completion of Contract [24 CFR 984.305(c)(1) and 24 984.305(c)(2)(i)]

When the contract has been completed, at or before the expiration date, according to regulation, the amount in the FSS account in excess of any amount the FSS family owes to the PHA will be paid to the head of the FSS family. To receive the disbursement, the head of the FSS family must submit a certification (as defined in 24 CFR 984.103) to the PHA at the time of contract completion that, to the best of his or her knowledge and belief, no member of the FSS family is a recipient of welfare assistance.

Disbursement at Contract Termination [24 CFR 984.305(c)(3)]

The PHA must disburse to the family its FSS escrow account funds in excess of any amount owed to the PHA when the contract has been terminated in certain circumstances. These circumstances include services are not available to the family that the PHA and the FSS family have agreed are integral to the FSS family's advancement towards self-sufficiency, when the head of the FSS family becomes permanently disabled and unable to work during the period of the contract (unless the PHA and the FSS family determine that it is possible to modify the contract to designate a new head of the FSS family), or when an FSS family moves outside the jurisdiction of the PHA and continuation of the CoP after the move is not possible according to the regulations. In circumstances where a family is not able to continue in FSS after the move, it is also possible for the PHA and the family to determine if the contract can be modified to make completion and receipt of the escrow monies, possible. PHAs must be consistent in their determinations of whether a family has good cause for a termination with FSS escrow disbursement.

Verification of Family Certification at Disbursement

The PHA must verify that the family has met the requirements of either interim, final, or termination of contract with escrow. Interim disbursement may only occur after the family has completed certain interim goals and funds are needed to complete other interim goals. Final disbursement can only occur after the family has completed the contract of participation and all members are welfare-free as defined by regulation. Disbursement at contract termination only occurs if the family circumstances involve an integral missing service, the disability of the FSS head of household, or an FSS family porting out of the jurisdiction of the PHA and HUD regulations do not allow continuation of the FSS contract. In each of these circumstances, it follows that the PHA may require verification for the completion of interim goals or the contract of participation.

At interim disbursement and before final disbursement of the FSS account funds to the family, the PHA must verify that the FSS family is no longer a recipient of welfare assistance by requesting copies of any documents which may indicate whether the family is receiving any welfare assistance, and by contacting welfare agencies [24 CFR 984.305(c)(4)].

HUD provides verification guidance in Notice PIH 2018-18. This guidance is mandatory for the Section 8 and public housing programs. The PHA's Administrative Plan or ACOP must contain verification policies following the hierarchy in this notice. The policies contained in the PHA's ACOP and Administrative Plan cover verification policies related to the FSS program in general. However, determining the need for interim disbursements may require more clarification as to what constitutes an acceptable third-party source.

PHA Policy

The PHA will require verification that the FSS family has completed certain interim goals, has completed the contract of participation, has met the requirements for termination with disbursement of escrow and that the FSS family is no longer a recipient of welfare assistance, as relevant, before making interim and final disbursements.

The PHA will follow HUD's verification hierarchy set forth in Notice PIH 2018-18 to make these verifications, including the guidance therein regarding documentation. However, the PHA will use a *knowledgeable professional* as a third-party source to verify the need for interim disbursements.

Succession to FSS Account [24 CFR 984.305(d)]

FSS account funds should be disbursed to the head of the FSS family. However, if the head of the FSS family no longer resides with the other family members in Section 8 or public housing, the remaining members of the FSS family, after consultation with the PHA, have the right to designate another family member to receive the funds.

6-I.D. USE OF FSS ACCOUNT FUNDS FOR HOMEOWNERSHIP

According to regulation, a Section 8 or public housing FSS family may use their the final distribution of FSS account funds for the purchase of a home, including the purchase of a home under one of HUD's homeownership programs, or other federal, state, or local homeownership programs, unless the use is prohibited by the statute or regulations governing the particular homeownership program [24 CFR 984.305(e)].

Homeownership is just one option for use of the FSS account funds. PHAs may not restrict the use of escrow funds at contract completion [Notice PIH 93-24, C-13].

6-I.E. USE OF FORFEITURE OF FSS ACCOUNT FUNDS

Amounts in the FSS account will be forfeited when the contract of participation is terminated without escrow disbursement, or when the contract of participation is completed by the family (see Section 5-II.D. of this action plan) but the FSS family is receiving welfare assistance at the time of expiration of the term of the contract of participation, including any contract extension [24 CFR 984.305(f)(1)].

Use of forfeited escrow accounts is described in detail in Section 3-I.F. of this FSS Action Plan.

Treatment of Forfeited FSS Account Funds

FSS escrow account funds forfeited by the FSS family must be used by the PHA for the benefit of the FSS participants. These funds may only be used for support for FSS participants in good standing. These supports include transportation, childcare, training, testing fees, employment preparation costs, and other costs related to achieving obligations outlined in the CoP; or training for FSS Program Coordinator(s). Forfeited FSS escrow accounts may not be used for salary and fringe benefits of FSS Program Coordinators, general administrative costs of the FSS program, for housing assistance payments (HAP) expenses or public housing operating funds.

PART II: ESCROW FUND ACCOUNTING AND REPORTING

6-II.A. OVERVIEW

Regulations set forth specific requirements involving the accounting and reporting for the FSS escrow account. This part describes those requirements and the PHA policy necessary for managing the account from the PHA perspective.

6-II.B. ACCOUNTING FOR FSS ACCOUNT FUNDS

When establishing FSS escrow accounts, the PHA must deposit the FSS account funds of all families participating in the PHA's FSS program into a single depository account for each (Section 8 or public housing) program. These funds are determined at each reexamination after the effective date of the contract and must be deposited each month to each family's subsidiary line item in the PHA's escrow account. In addition, the funds held in this account must be invested in one or more of the HUD-approved investments [24 CFR 984.305].

Crediting the Escrow Account [24 CFR 984.305(a)(2)(i)]

The total of the combined FSS account funds will be supported in the PHA accounting records by a subsidiary ledger showing the balance applicable to each FSS family. During the term of the contract of participation, the PHA must credit the amount of the FSS credit (see Section 6-I.B.) to each family's FSS account every month.

Proration of Investment Income [24 CFR 984.305(a)(2)(ii)]

Because the FSS account funds are to be invested, the investment income for those funds in the FSS account will also need to be credited to each family's account subsidiary line item. By regulation, these funds are to be prorated and credited to each family's FSS account based on the balance in each family's FSS account at the end of the period for which the investment income is credited.

PHA Policy

Each quarter the full amount of the investment income for funds in the Public Housing and Housing Choice Voucher Program FSS account will be prorated and credited to each family's subsidiary line item after the deduction of unpaid rent and other amounts due under the Public Housing lease and/or Housing Choice Voucher Program lease.

Reduction of Amounts Due by FSS Family [24 CFR 984.305(a)(2)(iii)]

If the FSS family has not paid the family contribution towards rent, or other amounts, if any, due under the public housing or Section 8 lease, the balance in the family's FSS account shall be reduced by that amount (as reported by the owner to the PHA in the Section 8 FSS program) at the time of final disbursement of FSS escrow funds. If the FSS family has underreported income after the baseline annual income is set, the amount credited to the FSS account will be based on the income amounts originally reported by the FSS family.

If the FSS family is found to have under-reported income in the reexamination used to set the baseline, the escrow for the entire period of the CoP will be recalculated using the correct income to set the baseline and then calculate subsequent escrow amounts.

6-II.C. REPORTING ON THE FSS ACCOUNT

Each PHA must make a report, at least once annually, to each FSS family on the status of the family's FSS account.

At a minimum, the report must include [24 CFR 984.305(a)(3)]:

- The balance at the beginning of the reporting period
- The amount of the family's rent payment that was credited to the FSS account, during the reporting period
- Any deductions made from the account for amounts due the PHA before interest is distributed
- The amount of interest earned on the account during the year
- The total in the account at the end of the reporting period.

PHA Policy

The PHA will provide FSS participants an annual statement on the status of their FSS escrow account.

Chapter 7

PORTABILITY IN SECTION 8 FSS PROGRAMS

INTRODUCTION

PHAs operating Section 8 FSS programs must be familiar with the rules and regulations regarding portability under the Section 8 program. As with the case of portability in the Section 8 program in general, the FSS family may move outside the initial PHA jurisdiction under portability procedures after the first 12 months of the FSS contract of participation [24 CFR 984.306].

In the event that an FSS family chooses to exercise portability, certain special requirements regarding the FSS program would apply. This chapter describes the obligations of the initial PHA, the receiving PHA, and the FSS family under portability, in addition to any special stipulations regarding portability in the FSS context.

This chapter contains two parts:

Part I: Portability in the FSS Program: This part provides a general overview of portability in the FSS program, including the residency requirements for FSS portability and management of the contract of participation when a family moves into or from another PHA's jurisdiction.

Part II: The Effects of Portability on FSS Regulations and Policy: This part describes the specific ways in which portability affects different aspects of the FSS program, including the escrow account, program termination, loss of the FSS account, and termination of Section 8 program assistance.

PART I: PORTABILITY IN THE FSS PROGRAM

7-I.A. OVERVIEW

Portability is a statutory feature of the Section 8 program—it is included in the law. As such, PHAs operating an Section 8 FSS program need to understand the effects that portability will have on Section 8 FSS families and program operation. This part provides a general overview of portability in the FSS program, including the residency requirements for FSS portability and management of the contract of participation when a family moves into or from another PHA's jurisdiction.

7-I.B. DEFINITIONS

For the purposes of portability with regards to the FSS program, the following definitions will be used [24 CFR 982.4, 24 CFR 984.306].

- *Initial PHA* means both:
 1. A PHA that originally selected a family that later decides to move out of the jurisdiction of the selecting PHA; and
 2. A PHA that absorbed a family that later decides to move out of the jurisdiction of the absorbing PHA.
- *Receiving PHA* means a PHA that receives a family selected for participation in the tenant-based program of another PHA. The receiving PHA either absorbs the family into its program, including issuing a voucher and providing rental assistance to the family, or bills the initial PHA for the family's housing assistance payments and the fees for administering the family's voucher.
- *Relocating FSS Family* refers to an FSS family that moves from the jurisdiction of a PHA at least 12 months after signing its contract of participation.

7-I.C. RESIDENCY REQUIREMENTS

Families participating in a Section 8 FSS program are required to lease an assisted unit within the jurisdiction of the PHA that selected the family for the FSS program for a minimum period of 12 months after the effective date of the contract of participation. However, the initial PHA may approve a family's request to move outside its jurisdiction under portability during this period if the move is in accordance with the regulations at 24 CFR 982.353 [24 CFR 984.306(a)(1)].

PHA Policy

The PHA will approve a family's request to move outside its jurisdiction under portability during the first 12 months after the effective date of the contract of participation if the move is in accordance with the regulations for such moves at 24 CFR 982.353.

After the first 12 months of the FSS contract of participation, the FSS family may move outside the initial PHA jurisdiction under portability procedures regardless of PHA approval [24 CFR 984.306(a)(2)].

7-I.D. PORTABILITY REQUIREMENTS FOR FSS PARTICIPANTS

Receiving PHA Administers an FSS Program [24 CFR 984.306(b)]

Whether the receiving PHA bills the initial PHA or absorbs the FSS family into its Section 8 program, the receiving PHA must enroll an FSS family in good standing in its FSS program. However, if the receiving PHA is already serving the number of FSS families identified in its FSS Action Plan and determines that it does not have the resources to manage the FSS contract or the receiving PHA, the initial PHA may agree to the FSS family's continued participation in the initial PHA's FSS program. Prior to the PHAs agreeing to the continued participation, the initial PHA must determine that the relocating FSS family has demonstrated that, notwithstanding the move, it will be able to fulfill its responsibilities under the initial or a modified contract at its new place of residence.

PHA Policy

The PHA, as the initial housing authority, will agree to the participant's continued participation in their FSS program so long as the relocating family has demonstrated, with the assistance of the FSS Coordinator, that it will be able to fulfill its responsibilities under the initial or a modified contract at its new place of residence.

Where continued FSS participation is not possible, the initial PHA **must** clearly discuss the options that may be available to the family. Depending on the family's specific circumstances, these options include modification of the FSS contract, locating a receiving housing authority that has the capacity to enroll the family in its FSS program, termination with FSS escrow disbursement in accordance with 24 CFR 984.303(k)(1)(iii), or termination of the FSS contract and forfeiture of escrow.

PHA Policy

The PHA will clearly discuss the options that are available to the family where continued FSS participation is not possible. Depending on the family's specific circumstances, these options include modification of the FSS contract, locating a receiving housing authority that has the capacity to enroll the family in its FSS program, termination with FSS escrow disbursement, or termination of the FSS contract and forfeiture of escrow.

Receiving PHA Does Not Administer an FSS Program [24 CFR 984.306(c)]

If the receiving PHA does not administer an FSS program, the FSS family may not continue participation in the FSS program. The initial PHA must clearly discuss the options that may be available to the family. These may include, but are not limited to, modification of the FSS contract, locating a receiving PHA that administers an FSS program, termination of the FSS contract with FSS escrow disbursement, or termination of the FSS contract and forfeiture of escrow.

PHA Policy

The PHA will, as stated above, clearly discuss the options that may be available to the family where continued FSS participation is not possible. Depending on the family's contract specific circumstances, these options include modification of the FSS contract, locating a receiving housing authority that has the capacity to enroll the family in its FSS program, termination with FSS escrow disbursement in accordance with 24 CFR 984.303(k)(1)(iii), or termination of the FSS contract and forfeiture of escrow.

Single Contract of Participation

If the FSS family enrolls in the receiving PHA's FSS program, the receiving PHA will enter a new contract with the FSS family for the term remaining on the contract with the initial PHA. The initial PHA will end its contract with the family.

If the FSS family remains in the FSS program of the initial PHA, pursuant to this section, the contract executed by the initial PHA will remain as the contract in place.

Termination of FSS contract and Forfeiture of Escrow Account [984.306(e)]

If an FSS family relocates to another jurisdiction and is unable to fulfill its obligations under the contract, including any modifications, the PHA, which is a party to the contract, **must terminate the FSS family from the FSS program**. The family's FSS escrow account will be forfeited.

Termination of FSS program participation and forfeiture of FSS escrow must be used only as a last resort after the PHA determines, in consultation with the family, that the family would be unable to fulfill its obligations under the contract after the move, that locating another receiving housing authority with a FSS program is not possible, that the current contract cannot be modified to allow for completion prior to porting, and that the current contract cannot be terminated with FSS escrow disbursement. When termination is the only option, the PHA must clearly notify the family that the move will result in the loss of escrow funds. The PHA must follow its policy for clearly notifying the FSS family of the forfeiture.

7-I.E. NEW FSS ENROLLMENT INTO RECEIVING PHA’S FSS PROGRAM

Administering and Billing of the Voucher

If the receiving PHA bills the initial PHA, the receiving PHA may, consistent with the receiving PHA’s FSS enrollment policies, enroll a family that was not an FSS participant at the initial PHA into its FSS program, but only if the initial PHA manages an FSS program and agrees to such enrollment. If the receiving PHA bills the initial PHA, but the initial PHA does not manage an FSS program, the family may not enroll in the receiving PHA’s FSS program.

PHA Policy

The PHA will clearly discuss the options that are available to the family where continued FSS participation is not possible. Depending on the family’s specific circumstances, these options include modification of the FSS contract, locating a receiving housing authority that has the capacity to enroll the family in its FSS program, termination with FSS escrow disbursement, or termination of the FSS contract and forfeiture of escrow.

Absorption of the Voucher

If the receiving PHA absorbs the family into its Section 8 program, the receiving PHA may, consistent with the receiving PHA’s FSS enrollment policies, enroll a family that was not an FSS participant at the initial PHA into its FSS program.

PART II: REPORTING

7-II.A. OVERVIEW

Each PHA that carries out an FSS program shall submit to HUD, in the form prescribed by HUD, a report regarding its FSS program.

7-II.B. CONTENTS OF THE FSS REPORT [24 CFR 984.401]

The report submitted to HUD must include a description of the activities carried out in the FSS program; a description of the effectiveness of the program in assisting families to achieve economic independence and self-sufficiency, including the number of families enrolled and graduated and the number of established escrow accounts and positive escrow balances; a description of the effectiveness of the program in coordinating resources of communities to assist families to achieve economic independence and self-sufficiency; and any recommendations by the PHA or the appropriate local Program Coordinating Committee for legislative or administrative action that would improve the FSS program and ensure the effectiveness of the program.

7-II.C. FAMILY SELF-SUFFICIENCY GRANT PROGRAM REVIEW PHA SELF-ASSESSMENT

HUD provides a detailed checklist for PHAs to conduct their own self-assessment of their FSS program. The form is administered by the local field office and allows each PHA to gather concrete and comprehensive data covering aspects of the program from FSS Action Plans and Composite Scores through FSS program size, participants, and graduations to reductions in FSS grants and current Memoranda of Agreement with community partners. The detailed example of the FSS Self-Assessment is available at HUD's FSS Resource page, which can be located by searching "HUD FSS" on any browser.

Chapter 7

Moving to Work MTW) – Fresh Start Enrichment Program (FSEP)

Introduction

The FWHA is authorized to operate its Family Self-Sufficiency (FSS) Program, and any successor programs, exempt from certain HUD program requirements. If the FWHA receives dedicated funding for an FSS coordinator, such funds must be used to employ a self-sufficiency coordinator and in accordance with any requirements of any NOFA under which funds were received. Recruitment, eligibility, and selection policies and procedures must be consistent with HUD's nondiscrimination and equal opportunity requirements. To the extent that Family Self-Sufficiency activities include supportive services, such services must be offered to elderly and disabled persons who are participants in the covered program and eligible for such services. Notwithstanding above, any funds granted pursuant to a competition must be used in accordance with the NOFA. The FWHA will allow participants in the Stepped Rent activity to voluntarily participate in the "Fresh Start Program" formerly called FSS and the escrow will be modified to a goal-based incentive program. FWHA will be implementing this activity within the safe harbor limits established by the MTW Operations Notice.

The FWHA will modify the FSS Contract of Participation (HUD-52650) to align the program with adjustments made to its MTW FSS Program using MTW flexibility. The purpose will be to include families who are participating in the Stepped Rent Policy. Additionally, the PHA will move to a goal-based incentive self-sufficiency program where the family will receive escrow amounts based on achievement of certain self-sufficiency goals. The term of the contract of participation will change to a five-year program with an optional one-year extension. FWHA will be implementing this activity within the safe harbor limits established by the MTW Operations Notice.

The FWHA will set its own policies for addressing increases in family income during participation in the MTW FSS Program. Consistent with the goals and structure of its MTW FSS Program, the agency may set policies for whether income increases are recognized for purposes of increasing rent (consistent with the agency's existing rent policy) or changing the amount of funds moved to escrow/savings through the program. The FWHA will execute a Contract of Participation, or other locally developed agreement, that is at least five years but not more than six years, with each participant participating in the "Fresh Start Program" program. The FWHA will have an up to date, approved FSS Action Plan in accordance with 24 CFR 984.201 that incorporates all modifications to the FSS program approved under the MTW Contract. The FWHA will not use income increases during participation in the MTW FSS Program to change a family's eligibility status for purposes of participation in the MTW FSS Program or for the receipt public housing or HCV assistance. Instead, a goal-based incentive program will be implemented. FWHA will be implementing this activity within the safe harbor limits established by the MTW Operations Notice.

DESCRIPTION

This activity applies to Housing Choice Voucher (HCV) and Public Housing (PH) FSS program participants. FWHA proposes using MTW flexibility to revise and rename the existing Family Self-Sufficiency (FSS) Program to the Fresh Start Enrichment Program (FSEP), a local MTW FSS program. The program will remain voluntary, and families may choose to switch to the new Fresh Start Enrichment Program (FSEP). FWHA anticipates these program enhancements will strengthen the FSS program by improving the retention rate and by increasing participants' long-term economic capacity by providing incentives to encourage participants to complete education and training programs before entering the workforce. FWHA will also use MTW funds to provide supportive services aimed at empowering families to build savings and financial capabilities as a pathway out of poverty. Additionally, FSEP

families would be eligible to participate in the Stepped Rent initiative/demonstration program and the FWHA will remain eligible for the FSS coordinator grant.

Enhancements to FWHA's FSS program include:

- Modification of the requirement that an FSS applicant must have an interim or annual recertification within 120 days prior to FSS enrollment. FWHA will use the last completed HUD-50058 income certification prior to the effective date of the Contract of Participation (COP) to determine initial income.
- The term of the Contract of Participation (COP) will be a minimum of five (5) years with a one-year extension up to a maximum of six (6) years.
- Opportunity to obtain goal-based incentive funds for clients who would otherwise be ineligible for the escrow component of the FSS due to their level of income. FWHA will modify the escrow calculation methodology by calculating goal-based incentives using the same method for all participants regardless of income level. The method used for very low-income households will apply to all participants.
- Placement of an absolute cap on the amount of escrow regardless of prior FSS participation. The cap, which must be periodically reviewed (no less than once per year) and updated at FWHA's discretion, will initially be set at **\$18,200** per household. Generally, incentive payments count toward the **\$18,200** escrow cap.
- Establishment of goal-specific incentive payment when a family attains an established goal. FWHA reserves the right to disburse incentive payments upon goal completion or other time as defined in Goal-based incentive chart. Incentives are included in Attachment 1: Goal Based Incentive Program.
- FSS participants have the option to enroll into FSEP if they are a past graduate of FSS, but not the option to move from FSS to FSEP without completion of FSS
- Establishment of an incentive payment for graduates of the FSEP who purchase a home within 2 years of completion of the FSEP program. The incentive payment amount, which may be periodically reviewed and updated at FWHA's discretion, will be set at a \$5,000 per household. To qualify for the homebuyer purchase bonus, the FSEP homebuyer must complete an approved Homebuyer Education course. The \$5,000 bonus may be used for a down payment. Participant may request interim disbursement for closing cost.
- FWHA will also develop local versions of the FSEP Contract of Participation and Individual Training and Service Plan to reflect the features of its FSEP. FWHA anticipates that approximately 100 new participants will join the FSEP in FY 2022.
- To successfully graduate from the FSEP program, the family must meet the following criteria:
 - **Be employed in suitable employment or achieve a degree or certificate and be TANF free.**
 - **Complete three (3) personal goals**
 - **Receive a minimum of five (5) bonus incentives (which includes completing three (3) personal goals)**
- Families will be unenrolled/terminated from the FSEP program after 5 years (plus any one-year extension up to 6 years, if applicable)

Attachment 1: Goal Based Incentive Program
Local MTW FSS Program/Fresh Start Enrichment Program (FSEP)

Category	Pay Point	Eligibility	Amount	Maximum Amount
Education & Training	Completion of training/Certification program (skilled trade, real estate license, cosmetology license, etc.)	One-time	\$500	\$500
	Completion of HSE	One-time	\$400	\$400
	Completion of Associates Degree	One-time	\$500	\$500
	Completion of Bachelor's degree	One-time	\$1,000	\$1,000
	Completion of Master's degree or Doctorate Degree	One-time	\$1,500	\$1,500
Employment	Obtain new employment	One-time	\$100	\$100
	Employment retention for 12 consecutive months	Annually	\$200	\$1,200
	Removed from food stamps, or childcare assistance due to increased earnings from wages or started paying into healthcare benefits or Medicaid	One-time	\$300	\$300
Engagement	Completion of annual FSEP progress meeting	Annually	\$100	\$600
Financial Stability	Attend 12 FWHA Financial Literacy Program Meetings	12x	\$100	\$1,200
	Open and maintain a new checking or savings account (12 consecutive months; no negative ending balance more than twice per year)	One time	\$500	\$500
	Improve credit score (by 50 points or more)	Annually	\$500	\$3,000
	Increase and maintain personal savings by either a) making a \$25 per month deposit or, b) showing a \$300 increase to savings for a six (6) month period (verifiable over a 12-month period)	One-time	\$1,000	\$1,000
	Increase earned income	Annually	\$100	\$600
Housing & Homeownership	Engage in home buying education classes, enrollment in pathfinder home ownership counseling. Certificates must be submitted for completion of this incentive.	2x	\$250	\$500
	Purchase a home	One time	\$5,000	\$5,000
Personal	Completion of three (3) personal goals established at admission & progress meeting.	3x	\$100	\$300

Graduation	Employed full-time or achieved a degree or certificate and free of <u>TANF Assistance</u> ; completion of three (3) personal goals and received a minimum of five (5) other bonus incentives listed above (including personal goal achievements).	One-time	\$1,000	\$1,000
			Maximum Earnings	\$18,200

Reason for Termination:

Terminated from housing, goals not completed before the end of the contract of participation and no activity/progress on the FSS program.