



Legislation Details (With Text)

File #: 20-0107 **Version:** 1 **Name:** AAHC Admin Plan FSS
Type: Resolution **Status:** Filed
File created: 1/11/2020 **In control:** Housing Commission
On agenda: 1/15/2020 **Final action:** 1/15/2020
Enactment date: **Enactment #:**
Title: Resolution to Amend the Administrative Plan Regarding Chapter 19 Family Self-Sufficiency
Sponsors:
Indexes:
Code sections:
Attachments: 1. FSS Track Changes.pdf

Date	Ver.	Action By	Action	Result
1/15/2020	1	Housing Commission	Approved by the Commission	Pass

Resolution to Amend the Administrative Plan Regarding Chapter 19 Family Self-Sufficiency

AAHC staff recommend that the AAHC Board adopt amendments to Chapter 19 of the Administrative Plan related to the Family Self-Sufficiency (FSS) program. The AAHC met with Legal Services of Southcentral Michigan to review the FSS regulations in the Administrative Plan to ensure they are in compliance with federal regulations, particularly the definition of suitable employment. The November 2019 amendment to the FSS section of the Administrative Plan adopted by the board, at the recommendation of AAHC staff, inadvertently violated the FSS regulations related to the new definition of suitable income.

The definition of self-sufficiency in 24 CFR 984.103 states that no longer receiving housing assistance cannot be a condition for the receipt of the FSS escrow account funds. The definition of suitable income adopted in November 2019, also happens to be the income at which a tenant is no longer eligible for rental assistance and therefore is one way for a family to become eligible to graduate and receive FSS escrow funds. Below are the recommended changes to Chapter 19 Family Self-Sufficiency related to suitable income as well as language clean-up to provide better clarity and updates based on the most recent HUD NOFA (grant application) for FSS funding.

The FSS Chapter of the Administrative Plan is attached in track changes as well.

Proposed Change 1:

This section was added as an additional bullet point to instruct staff and families the treatment of FSS participants who have identified homeownership as a goal. These instructions were included and inserted directly as stated in the September 2019 FSS Notice of Opportunity for Funding Availability FR-6300-N-04.

18-II.A. ACTION PLAN [24 CFR 984.201]

FSS activities and supportive services. [24 CFR 984.201 (d)(7)]

Homeownership

To be consistent with current practice, the Office of General Counsel has determined that participants in the Section 8 Homeownership program are ineligible to participate in FSS. To clarify, families moving toward homeownership may be in FSS, but they should be exited from the FSS program (graduation or other exit) once the voucher is being used for homeownership payments (once the home has been purchased).

Proposed Change 2:

This section was amended to reflect the requirements as stated in the contract of participation

18-III. C. CONTRACT OF PARTICIPATION [24 CFR 984.303]

Individual Training and Services Plan (Plan)

PHA Policy

Every participant will execute a Plan that outlines each goal, its activities, responsible parties and target dates, as referenced in the Contract of Participation. Each participant will sign this agreement, in testament to having reviewed, understood and accepted each goal reviewed as part of the Plan, at the time of development and quarterly thereafter. The Plan will contain eight mandatory goals:

- Comply with the family obligations under the HCV programs.
- The FSS family is to comply with the terms and conditions of the respective Section 8-assisted lease.
- All household members must be independent of cash assistance from federal or state welfare programs for at least the last 12 months of their participation in the program. The requirement applies solely to ongoing cash assistance. Food stamps, Medicaid, or short-term non-recurring payments (such as a one-time payment of emergency assistance to help a family avoid eviction or meet a medical expense) are not considered income assistance.
- The Head of Household must seek and maintain suitable employment. The AAHC, after consulting with the head of the family, will determine what qualifies as suitable employment for the participant in the ITSP. This determination will be based on the skills, education, and job training of the participant and the available job opportunities within the jurisdiction served by the AAHC. This determination may take into consideration a variety of factors, including the number of hours worked per week, the nature of employment (self-employed, contracted or commission employment, etc.) and whether the employment is verifiable, and wages meet or exceed the state or federal minimum wage.
- Must be in compliance with any debt owed to the PHA or landlord for the Section 8 assisted unit.
- Complete budgeting and financial management workshop. The PHA will refer the participant to a local HUD approved financial counselor.
- FSS participants enrolling September 1, 2014 or later must have a checking and savings account at the time of program graduation.

- If the FSS family participates in the PHA HCV Homeownership program, the family must comply with the PHA written policies (see Homeownership Chapter) regarding initiation of homeownership counseling for participants who have identified homeownership as a goal.

Proposed Change 3:

This paragraph has been added to the section of the administrative plan to determine the initial baseline income at enrollment. These instructions were included and inserted directly as stated in the September 2019 FSS Notice of Opportunity for Funding Availability FR-6300-N-04.

18-III. C. CONTRACT OF PARTICIPATION [24 CFR 984.303]

Baseline Income

In an effort to ease barriers to participation for new families enrolling in the FSS Program in 2019, the income and rent amounts to be used in the "Program Contract of Participation" shall be taken from the amounts on the last certification, reexamination or interim determination before the family's initial participation in the FSS program. Note that HUD is removing the requirement to do a new rental re-exam if more than 120 days have elapsed between the last re-exam and the effective date of the contract of participation. This requirement is found in the instructions for the FSS Contract of Participation, form HUD-52650. The grant agreement pursuant to this NOFA will remove this requirement and instruct that PHAs use the information on the last certification, reexamination or interim determination before the family's initial participation in the FSS program.

Proposed Change 4:

This section was amended to reflect the requirements as stated in the contract of participation and HUD regulations. In November 2019, the board approved changes to this section to define suitable income as 30% of adjusted monthly income for the family size of the fair market rent for which the family qualified. However, this definition inadvertently violated the FSS regulations. Therefore, the resolution proposes to remove this definition in its entirety. The definition of suitable income will be specific to each family.

18-III. C. CONTRACT OF PARTICIPATION [24 CFR 984.303]

Employment obligation

Head of family's obligation. The head of the FSS family shall be required under the contract of participation to seek and maintain suitable employment during the term of the contract and any extension thereof. Although other members of the FSS family may seek and maintain employment during the term of the contract, only the head of the FSS family is required to seek and maintain suitable employment.

- Seek employment. The obligation to seek employment means that the head of the FSS family has applied for employment, attended job interviews, and has otherwise followed through on employment opportunities.
- Determination of suitable employment. A determination of suitable employment shall be made by the PHA based on the skills, education, and job training of the individual that has been designated the head of the FSS family, and based on the available job opportunities within the jurisdiction served by the PHA.

[This section of the policy was removed]

Suitable employment is defined as when 30% of the family's monthly-adjusted earned income equals or exceeds the published HUD Fair Market Rent (FMR) for the family unit size for which the family qualifies.

This level of income must be obtained prior to graduation. Appropriate verification will always be required. This limit may be waived for disabled participants whose doctor completes the programs disability form

that verifies the participant is working at full capacity.

“Maintaining” employment is defined as:

- i. Continuously employed for at least 1 year prior to graduation
- ii. Participants completing educational milestones within the last 18 months of the FSS contract can meet “Maintaining” employment as follows:
 - a) Certification program - 9 months employment in the certified field
 - b) Associate’s Degree - 6 months employment in a related field
 - c) Bachelor’s Degree - 3 months employment in a related field
- iii. Participants completing educational milestones in the first 3 ½ years of the FSS contract must be continuously employed at least 1 year prior to graduation
- iv. Participants relying on a second job to meet “Suitable” employment must have started that job at least 6-months prior to graduation
- v. Length of employment required may be shorter if TTP exceeds payment standard (Section 8), adjusted gross income exceeds lower-income limit (Section 8), TTP exceeds gross rent (Section 8) or participant purchases a home and is no longer served by AAHC.

At the time of graduation, the balance of funds in the Escrow Account is disbursed to the participant.

Proposed Change 5:

This section was amended to reflect the requirements as stated in the contract of participation and HUD regulations.

18-III. C. CONTRACT OF PARTICIPATION [24 CFR 984.303]

Completion of the Contract

PHA Policy

A participant and the Case Manager must request that the participant be graduated from the FSS Program, when they believe one of the two following set of conditions are met:

- Completion of All Goals on or before the expiration of the contract term, including any extensions:
 - a) This includes all mandatory program goals, as noted in the ITSP as well as personal goals established by the participant
 - b) Maintain suitable employment for the Head of Household
 - c) Must be free from welfare cash assistance for at least the last 12 months,
 - d) If eligible, FSS graduates may continue to receive a housing subsidy.
- 30% of the family’s monthly adjusted income equals or is greater than the lower- income limit for that family size
 - a) Participant is currently FIP-free (as defined for this Program’s purpose), but the 12-month welfare-free requirement does not apply.
 - b) When household earnings have increased to the point at which 30 percent of the monthly adjusted income equals or exceeds the published fair market rent for the size of the unit for which the FSS family qualifies based on the PHA’s occupancy standards.

Proposed Change 6:

This section removes the requirement to terminate a families Section 8 assistance for failure to comply with FSS contract. This requirement is in line with HUD regulation, although, the current CFR and contract does not reflect these

changes. It is suggested by HUD that PHA's strike this from the Contract of Participation.

18-III. C. CONTRACT OF PARTICIPATION [24 CFR 984.303]

Consequences of noncompliance with the contract

The contract of participation shall specify that if the FSS family fails to comply, without good cause, with the terms and conditions of the contract of participation, which includes compliance with the Section 8-assisted lease, the PHA may:

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

[This section was removed.]

- For the Section 8 FSS program, terminate or withhold the family's Section 8 assistance, except in the case where the only basis for noncompliance with the contract of participation is noncompliance with the lease, or failure to become independent from welfare assistance.

However, failure to become independent from welfare assistance because of failure of the head of household to meet the employment obligation, or failure of the FSS family to meet any other obligation under the contract of participation, except the interim goal concerning welfare assistance, is grounds for the PHA to terminate or withhold Section 8 assistance.

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Approved by: Jennifer Hall, Executive Director

WHEREAS, The Ann Arbor Housing Commission's Housing Choice Voucher Administrative Plan details its policies and procedures for the management of its Housing Choice Voucher (HCV) Program; and

WHEREAS, The current policy related to the definition of suitable income needs to comply with federal regulations; and
WHEREAS, The FY19 HUD Notice of Funding Availability for the Family Self-Sufficiency Program included HUD policy changes;

RESOLVED, that the Board of the Ann Arbor Housing Commission approve the revisions to the Family Self-Sufficiency Chapter of the Administrative Plan as described in the memorandum above to take effect immediately.