

Summary of Family Self Sufficiency Program and Escrow Accounts

The Public Housing Authority's (PHA) Housing Choice Voucher Family Self Sufficiency Program (FSS) objective is to reduce the dependency of low-income families on welfare assistance and on Section 8, public, or any Federal, State, or local rent or home-ownership subsidies (984.102). 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 and business and social skills necessary to achieve self-sufficiency.

As part of the FSS program, the family and the PHA sign a Contract of Participation (984.303) for a 5-year contract with extensions of up to 2 years allowed under specific circumstances. The Contract of Participation is considered to be completed, and a family's participation in the FSS program is considered to be concluded when either 1) the FSS family has fulfilled all of its obligations under the contract of participation on or before the expiration of the contract term, including any extension thereof; or 2) 30 percent of the monthly adjusted income of the FSS family equals or exceeds the published existing housing fair market rent for the size of the unit for which the FSS family qualifies based on the PHA's occupancy standards (24 CFR 984.303).

Establishment of FSS Account (984.305). The PHA shall deposit the FSS account funds of all families participating in the PHA's FSS program into a single depository account. The PHA must deposit the FSS account funds in one of more of the HUD-approved investments.

Accounting for FSS account funds: 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 shall credit periodically, but not less than annually, to each family's FSS account, the amount of the FSS credit determined in accordance with paragraph (b) of this section.

Paragraph (b): FSS credit: For purposes of determining the FSS credit, "family rent" is: for the rental voucher program, 30 percent of the adjusted monthly income.

Disbursement of FSS account funds: The amount in an FSS account, in excess of any amount owed to the PHA by the FSS family, as provided in paragraph (a)(3)(iii) of this section shall be paid to the head of the FSS family when the contract of participation has been completed as provided in 984.303 (Contract of Participation).

El Dorado County Housing Authority complies with HUD guidelines in administering the FSS program to family's wishing to become self sufficient and no longer in need of any form of public assistance within their contract period. The PHA has had more than 30 successful graduates from the program since inception in 1996, with the highest escrow account pay-out of more than \$20,000 and minimum of \$500.00. Families choosing to go under FSS contract understand their ultimate goal is to become self-sufficient and therefore no longer in need of rental assistance – or any other public assistance. These families go off the Housing Choice Voucher program and can become first time home buyers. Our jurisdiction has had 9 FSS family graduates become home owners in our community.

When a family forfeits their escrow account (does not fulfill their FSS Contract of Participation), the escrow account funds go back into the voucher project allocation to be used by other families on the program. Depending on the time of year funds are forfeited (HUD now goes by calendar year), HUD may recapture those funds for use in other jurisdictions.

The PHA is currently running an internal audit of the FSS program. The audit is encompassing 1) administrative compliance with Federal regulations applicable to the FSS program and the Administrative Plan; and 2) a fiscal audit to verify escrow account balances for clients who currently have escrow accounts and clients who should be accruing escrow accounts to ensure program integrity.