

FSS Partnerships

www.fsspartnerships.org

Access HUD Funding for Financial Incentives to Encourage Low-Income Families to Increase their Earnings

By partnering with State or local housing agencies, TANF programs can take advantage of a valuable opportunity to access HUD funding for an earnings incentive for low-income families residing in public housing or the housing voucher program – many of whom are either current or former recipients of TANF cash assistance. The funding is provided through HUD’s “Family Self-Sufficiency” (FSS) program, a holistic approach to promoting self-sufficiency that combines (a) stable affordable housing with (b) case management to help families access the services they may need to increase their earnings and (c) a strong financial incentive for families to increase their earnings. FSS has proven to be enormously successful in helping low-income families build assets, substantially increase their earnings and become homeowners.

FSS is a voluntary program open to adults residing in public housing or the housing voucher program. Upon enrollment, the individual meets with a case manager who helps the individual develop a five-year training and services plan that charts the steps he or she needs to take to become and stay employed, increase his or her earnings, become independent of welfare assistance, and achieve other individual goals (such as homeownership). As the family’s earnings increase, their rent also goes up (families are generally expected to pay 30 percent of their income for rent). However, an amount roughly equal to the increase in rent due to the family’s increase in earnings goes into an escrow account which the household receives upon successful graduation from FSS. Many families save as much as \$8,000 or more, which they can use for homeownership, education, a reliable car, to start a business or for any other purpose.

Many state and local housing agencies already have an FSS program, and (under current law) those that do not yet have an FSS program have the option of starting one. Moreover, under current HUD policy, there is no limit to the number of individuals a housing agency may enroll in FSS. Since HUD funds the earnings incentive (i.e., the FSS escrow account) for everyone in FSS, there is in effect a virtually unlimited stream of HUD funding for these earnings incentives.

The chief practical limitation on the ability of housing agencies to expand their FSS programs is the limited HUD funding available for case management. Without additional case managers (or case management resources), housing agencies cannot enroll more families in FSS.

This provides an opportunity for State or local TANF agencies to partner with housing agencies to expand FSS to more of their mutual clients. If the TANF agency agrees to provide the case management services for new FSS enrollees – services many agencies are *already* providing – the housing agency can enroll more families in FSS. A number of TANF programs are already taking advantage of this opportunity, including Alaska’s Division of Public Assistance and the Department of Employment and Temporary Assistance in Fresno, California. (NOTE: because of uncertainties surrounding Section 8 voucher funding, some housing agencies may be more receptive to offers to partner around a public housing FSS program, but agencies may differ.)

For more information about FSS (including results on asset and earnings growth and homeownership attainment), visit www.fsspartnerships.org or contact Jeff Lubell, project director for FSS Partnerships at jlubell@fsspartnerships.org or 832-978-4649 (phone).