



10400 Detrick Avenue
Kensington, Maryland 20895
240-627-9425

EXPANDED AGENDA

September 14, 2022

YouTube Link: <https://youtu.be/BIQCeXHsa9o>

In order to continue to implement recommended social distancing guidelines, HOC will conduct its September 14, 2022 monthly meeting through a hybrid model. HOC’s Board of Commissioners and certain staff will participate in-person. The public will continue to participate via an online platform and teleconference call until further notice.

		Res #
4:00 p.m. Page 3	I. <u>INFORMATION EXCHANGE</u> A. Community Forum B. Report of the Executive Director C. Commissioner Exchange	
4:40 p.m. Page 11	II. <u>APPROVAL OF MINUTES</u> A. Approval of Minutes of August 10, 2022	
4:50 p.m.	III. <u>COMMITTEE REPORTS and RECOMMENDATIONS FOR ACTION</u>	
Page 17	A. Administrative and Regulatory Committee – Com. Kelleher, Chair 1. Authorization to Submit the Family Self-Sufficiency (“FSS”) Action Plan to HUD Pursuant to the Streamlining and Implementation of Economic Growth, Regulatory Relief, and Consumer Protection Act Changes to the FSS Program	22-65 (pg. 23)
5:10 p.m. Page 102	B. Budget, Finance and Audit Committee – Com. Nelson, Chair 1. County FY’24 Capital Budget and Amendments to the FY’23-28 Capital Improvements Program Budget: Authorization to Submit County FY’24 Capital Budget and Amendments to the FY23-28 Capital Improvements Program Budget	22-66 (pg. 111)
5:30 p.m. Page 113	C. Development and Finance Committee – Com. Simon, Chair 1. Hillandale Gateway: Approval of Revised Predevelopment Budget and Additional Predevelopment Funding for Hillandale Gateway, LLC	22-67 (pg. 125)
5:50 p.m.	<u>ADJOURN</u>	

NOTES:

1. This Agenda is subject to change without notice.
2. Public participation is permitted on Agenda items in the same manner as if the Commission was holding a legislative-type Public Hearing.
3. **Times are approximate and may vary depending on length of discussion.**
4. *These items are listed "For Future Action" to give advance notice of coming Agenda topics and not for action at this meeting.
5. Commission briefing materials are available in the Commission offices the Monday prior to a Wednesday meeting.

If you require any aids or services to fully participate in this meeting, please call (240) 627-9425 or email commissioners@hocmc.org.

INFORMATION EXCHANGE



HOC At-a-Glance: August 2022

In the month of August, HOC continued to engage in its core activities providing support and enrichment programming to our clients, fulfilling our HUD required obligations and enhancing our client experience. This month we highlight services provided by our Office of Resident Services and updates from our Housing Resource Division, Information Technology Division and Real Estate Division. While our offices have not fully opened to the public at this time, we continue to provide high-level customer service through virtual meetings and program offerings, on-site engagement at properties and meet with clients in-person by appointment.

Resident Services Update

Service Coordination

The Service Coordination Unit provides assessment, counseling, information, referrals and program services to HOC customers. During the month of August 2022, staff continued to provide services virtually and in person. Resident Counselors continued to engage with HOC customers to determine their needs. Customers were referred to our partners and received food and other assistance. Resident Counselors continued to perform wellness checks with customers to ensure their safety and assess their needs. Customers with delinquent rent were referred/connected to the COVID Rental Assistance Program, the Emergency Rental Assistance Program, and the Housing Stabilization Program.

HOC customers also continued to receive referrals to unemployment assistance, Temporary Cash Assistance, Supplemental Nutrition Assistance Program, Maryland Energy Assistance Program, and other benefit programs. The Housing Stabilization staff continued to process a vast number of applications for rental assistance. Though Resident Counselors continued to work remotely due to the COVID-19 pandemic, staff are scheduled for days in the office to respond to emergencies, for scheduled appointments and to assist with food distribution, vaccination clinics, and other activities. Resident Counselors have also attended the Housing Resources Division virtual briefings for new voucher recipients to provide information on the services that Resident Services offer. Additionally, the Resource Services team continues to provide services to persons with disabilities to meet their service needs.

Highlights for August activities of resident counselors include the following:

- 1) Cider Mill
 - a) Met with staff from the Department of Health and Human Services' Street Outreach Network (SON) to discuss the facilitation of safe zones at Cider Mill and other HOC properties. The proposed safe zones will be held on the properties after hours as a way to provide safe places for youth and to promote participation in available programming;
 - b) Donated 100 backpacks to the Cider Mill Resident Association to assist with their school supply event; and

- c) Continued to assist Property Management staff in addressing rent delinquencies by conducting outreach, assessments and providing referrals.
- 2) Stewartown Homes, Montgomery Village
 - a) Provided outreach to 55 families at Stewartown and connected them to a school supply event held at the Gaithersburg Church of Nazarene on August 26, 2022.
 - 3) Barclay Apartments, Bethesda
 - a) Facilitated a Coffee and Conversations meeting with new residents of Barclay Apartments. The purpose of this event was to welcome new residents and to provide information on the property and available services.
 - 4) Workshops
 - a) Facilitated the Fundamentals of Housing workshops on August 17th and August 18th; and
 - b) Facilitated resource sharing workshops on August 23rd and August 25th.
 - 5) Resident Well Being
 - a) Senior Brown Bag food distribution at Elizabeth House, in Silver Spring on August 5th;
 - b) In partnership with St. John's Church of Bethesda, facilitated the nutritional education and food distribution event at Waverly House in Bethesda on each Fridays during August;
 - c) Health assessments for upcoming Diabetes clinic to be held at Forest Oak Towers in Gaithersburg; and
 - d) Virtual community bingo activity at Forest Oak Towers on August 11th.
 - 6) Relocation and Re-Certification Assistance
 - a) Assisted customers on an ongoing basis with relocations and other needs for RAD and renovation projects at Rockville Town Center, Stewartown Homes, Shady Grove Apartments, Willow Manor Apartments, Bauer Park, Town Center Olney, Sandy Spring, Willow Manor and Georgian Court.
 - b) Provided verbal and written translation services to customers who do not speak or read English at RAD and relocation meetings; and,
 - c) Provided outreach and assistance to customers who have failed to submit all required documents for re-certification by the stated deadline.
 - 7) Rental Assistance
 - a) Provided face-to-face and electronic outreach and assistance to customers with applications for rental assistance programs.

Programming

The Resident Services Division develops and implements programming that provides meals, educational, recreational and enrichment opportunities for HOC's customers. Listed below are highlights of programming activities for August 2022.

The Resident Services Division continued to provide food resources and other support with the help of Manna Food Center, Emmanuel Brinklow Seventh Day Adventist Church, Montgomery County Senior

Nutrition Lunch Program, and the Capital Area Food Bank's Senior Brown Bag, and My Groceries To Go Programs. In August, 400 HOC customers were provided with food. Resident Services staff also continued to facilitate the Senior Nutrition Program. The Senior Nutrition Program provides meals and opportunities for seniors to socialize. The Arts for the Aging Program hosted its monthly virtual activity in August. Adults from Arcola Towers participated in a Campfire Sing-Along.

The Resident Services Division facilitated a number of community events in August. The purpose of these events are to re-engage our customers and gain interest for in-person programming after providing only virtual programming for the past two years. Additionally, backpacks and school supplies were distributed, community needs surveyed, meals were provided, information on programs and services were shared, and games were facilitated with the youth.

The community event for **Tanglewood Apartments** was held on August 17, 2022. In addition to the community event activities, the end of the summer book and reading program was held. During this event, awards were given to the youths who read the most books throughout the summer. First prize was won by the youth who read an impressive 22 books over the summer. In attendance at the event was Commissioner Jackie Simon and Executive Director Chelsea Andrews. The community event for **Magruder's Discovery** was held on August 22nd. The community event for **Seneca Ridge** was held on August 24th. The community event for **Paddington Square** was held on August 25th.

HOC Academy

The HOC Academy is an Agency initiative developed by HOC to help its customers reach their fullest potential by providing educational, enrichment, job training and job placement opportunities to youth and adults. The program specifically focuses on education and enrichment for youth education and workforce development for adults. Listed below are the highlights for the month of August 2022.

Youth Education/ Enrichment

The Elementary K&M STEAMsational program concluded on August 11, 2022 with the following highlights:

- Enrolled 24 elementary-aged youth;
- Focused on STEAM's relevance in everyday life;
- Participants completed many fun activities including the study of dinosaurs facilitated by Dinosaurs Rock. The participants got a chance to dig for dinosaur fossils and make dinosaur stuffed animals;
- Participants made Kindness Rocks and talked about how they can lift others up with simple acts of kindness;
- Participants celebrated National Ice Cream Sandwich Day by making ice cream in a bag. Other cooking activities included macaroni and cheese in a mug, homemade popsicles, and Turkey Pinwheel sandwich wraps; and
- The biggest highlight of the program was the Roller Coaster Project. Participants were challenged to be engineers and to build a roller coaster. The roller coaster was judged by the teachers and scored from a rubric. The winner of the Roller Coaster Project, and their family, received a trip to Six Flags.

Adult Education and Workforce Development

In August, the following Small Business Strategy Course (SBSC) Alumni from FY'22 legalized their businesses.

- Lakesia Dempsey incorporated her business "4 My Neighbor, Inc.";

- Klara Johnson (KADJ Beauty LLC) obtained her Employer Identification Number (EIN) for her business in July 2022 and her Articles of Incorporation have been approved this month. Her Trade Name application was filed in August as well;
- LaTonya Garey filed an application for her Trade Name “DDS Complete”;
- Felicia Rock filed her business Trade Name application “Manifesting House, LLC”.
- The following legalized their businesses:
 - Tenisha Cagle Parham, “Glory Gloss, LLC”;
 - Angela Speller, “Blessed & Highly Flavored, LLC”,
 - ShaKenya Harris, “Mesi Subs, LLC”,
 - Debra Grandy, “Hesperus Meded Consulting, LLC”,
 - Alex Sumo, “Alricosuave, LLC”.

Financial Literacy

The Financial Literacy Coach continued to work with HOC customers and individuals on the Housing Path waitlist on creating a financial foundation. During the month of August, the Financial Literacy Coach provided one-on-one financial literacy coaching to 12 HOC customers, and nine (9) individuals from the Housing Path waitlist. The coaching sessions continued to cover topics including: creating a working budget; identifying disposable income; reading one’s credit report; and, creating and accomplishing monthly financial goals. During the month of August, the Financial Literacy Coach facilitated financial literacy workshops. Eight (8) HOC customers and six (6) individuals from the waitlist attended the workshops.

Supportive Housing

The Supportive Housing Program provides housing assistance and case management services to 239 participants who are formerly homeless and have disabilities. The program services some of the most vulnerable residents of the county. In August, program staff continued to conduct home visits with program participants. Program staff continue to wear the appropriate personal protective equipment and maintain safe distances. Program staff also worked to submit required information for the HUD grant renewal process and continued to help Emergency Voucher recipients to secure housing and provide financial assistance.

Program staff also continued to implement the Rent Supplement Program (RSP), which provides a shallow rental subsidy (up to \$600 monthly) to county residents who struggle to pay their full rent with their current income. The program serves a large number of seniors on fixed incomes. Program turnover continues to equal or exceed the pace of new enrollments. Program staff continues to work to address this issue, but the chief impediment continues to be the low yield from call-ups from the Housing Path wait list. Applicants who are called up often do not respond, fail to submit required paperwork, or are determined ineligible for a variety of reasons. Staff is reaching beyond the wait list for eligible applicants by engaging with Resident Counselors, DHHS, and have recently enrolled new participants directly from HOC’s age-restricted properties. The program is currently serving 254 households, but through these efforts, the current goal for the number of households based on the program funding for 275 households can be achieved and maintained.

Fatherhood Initiative

The Fatherhood Initiative is a national program funded by the U.S. Department of Health and Human Services. HOC is the first and only housing agency to be awarded a grant under the Fatherhood Initiative. HOC completed its first five-year grant as a ‘best practice’ model. HOC was awarded an additional grant

and is currently in year two of the new grant period. HOC has recently been awarded a renewal of the grant and will begin year three in October 2022. The program provides parenting education, case management services, financial assistance for educational classes and training, and participation incentives. In August, the program graduated 22 fathers in its last cohort of the grant year. The program exceeded its enrollment goal of 356 fathers by enrolling 364 fathers for the grant year.

Housing Resource Division Update

Housing Choice Voucher Program

Monthly, HOC selects applicants from the Housing Path Waitlist to achieve a 95% program utilization rate. The program baseline is 7,659, with a current utilization rate of 95%. Currently, 244 families with issued vouchers are searching for suitable units to rent and 121 contracts are pending execution. Last month, 400 families were selected from the HCV wait list for processing.

During the month of August, the Housing Resources Division received two (2) requests for voucher extensions beyond the initial 90 -day period. The requests include search records reflecting the efforts made to secure housing during the voucher term and the landlords contacted. Neither of the extensions warranted a referral to the Human Rights Commission nor the Commission on Civil Rights for possible discrimination.

Twenty-seven customers were recommended for program termination effective August 1, 2022. The Resident Services Division worked in collaboration with the Housing Resources Division to assess client needs and to determine why the recertifications are not being completed.

The Resident Services Counselors conducted outreach to every customer in the termination window to ascertain why the annual requirement was not completed and provide assistance. They were able to assist nine families with the recertification requirement and overturn the termination. The HRD staff will continue the termination proceedings for 18 families for the following reasons:

- 4 – Deceased
- 1 – Nursing Home
- 2 – Skipped, by abandoning unit and exiting the voucher program without notice
- 7 - Voluntary, by formally relinquishing vouchers
- 4- Unable to reach by phone or email. Counselors left messages and attempted contact.

The Housing Resources Division will continue to work collaboratively with the Resident Services Division to assist those customers facing termination.

HOC has an allocation of 118 Emergency Housing Vouchers (EHVs). Currently 80 families have successfully leased units. Twenty-one families with issued vouchers did not successfully lease units, and the vouchers expired, however, they continue to work with DHHS and are referred back to HOC. Twenty remaining families with issued vouchers are searching for suitable units to rent. HOC received five referrals from the Department of Health and Human Services (HHS); program eligibility is pending. HOC requested 13 additional referrals from HHS for the EHV Program.

Family Self Sufficiency (FSS) Program

Due to the ongoing Covid-19 pandemic, all meetings, and recruitment activities are conducted virtually. Staff continues to engage and market the FSS program to Housing Choice Voucher participants by phone and virtual information sessions. There were no new enrollments this month, as we are prohibited from enrolling new participants until HUD approves the revised FSS Action Plan, pursuant to the Streamlining and Implementation of Economic Growth, Regulatory Relief and Consumer Protection Act effective June 16, 2022.

FSS Case Managers continue to work with customers on their long- and short-term self-sufficiency goals. During monthly remote meetings, Case Managers offer emotional support and provide resources to address the challenges and concerns families are experiencing. Participants are encouraged to be proactive in dealing with challenges and to create a plan to address potential issues.

As of August 2022, two families graduated from the FSS program while another six families experienced an increase in their income.

Staff will be presenting the FSS Action Plan to the Commission on September 14, 2022 and subsequently to HUD, contingent upon Commission approval.

Information Technology Division Update

Yardi PHA Client Portal for RENTCafe

Housing Choice Voucher (HCV) program participant utilization of the Yardi PHA Client Portal for RENTCafe has progressed steadily since its launch on July 11, 2022. The system enrollment response rate for the first cohort of HCV program participants is 68.5% as of today. Annual recertifications for the renewal months of November 2022, December 2022, and January 2023 have been submitted to HCV program participants for online completion. Seventy-two percent (72%) of registered participants have completed their annual recertification online through the portal.

Written and electronic communications continue to be sent to HCV program participants who have not registered or have registered, but not started their online annual recertification process for follow up. In order to facilitate system enrollment and registration, the Information Technology Division (IT) has designated a User Technical Support person to collaborate with HOC Call Center representatives and actively provide technical assistance. It is anticipated that system utilization will continue to progress as the enrollment phases move forward.

IT staff also continues to work to enable residents in HOC-owned and/or managed properties to complete their initial and annual certifications online. RENTCafe will be rolled out across the portfolio beginning with The Leggett (Elizabeth House III) and Cider Mill Apartments. Work is still in progress to confirm payment processing of rent and/or other fees are functional with PNC Bank systems, perform demos for payment processing, work orders, lease renewal and applications for the Property Management and Finance divisions and schedule ***RENTCafe*** Site Manager training for the third party management companies.

Information Security Enhancement

The ever-changing threat landscape in Information Technology is a critical concern that must be well managed to protect business data and operations from unauthorized access and potential acts of malfeasance. IT has completed the initial phase of the new Arctic Wolf Managed Detection and Response (MDR) system implementation. Arctic Wolf MDR operates as a threat detection service; it provides a security operations center (SOC) and includes security event management and analysis, incorporating threat intelligence feeds. Tasks completed in this initial phase included installing a physical sensor on the network in Kensington, performing several configuration and setup processes of network and network security components to work with the sensor and integrating G-Suite and Duo Security with the Arctic Wolf MDR system. The Arctic Wolf MDR system is an integral part of the overall upgrade process for HOC information security and facilitates compliance with HOC's cyber security insurance requirements.

Real Estate Division Update

Bauer Park Apartments

Located at 14635 Bauer Drive in Rockville, the 142-unit senior garden community known as Bauer Park Apartments began renovations in early September 2020, at the height of the COVID-19 Pandemic. After two (2) years of work and over \$15.1 million in hard costs investment to substantially renovate the units and provide for a new Community Room and Leasing Center, the community is nearly complete. Substantial Completion on the last of three (3) buildings is expected in mid-September 2022, with leasing resuming to full occupancy by end of calendar year 2022. The Community Room will benefit from a new fitness room, cafe, lounge and a sunroom addition. Residents will benefit from beautifully renovated interiors and common spaces along with energy savings and a healthy living environment through the implementation of sustainable efforts, which include a turnkey combined heat and power system for the community located in the "Trigen Building" at the rear of the community. Trigeneneration is the production of combined cooling, heat, and power from a single generator or process. The Trigen system produces electricity and useful heat, which is utilized for hot water, space heating, as well as energy efficient cooling.

Minutes

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

10400 Detrick Avenue
Kensington, Maryland 20895
(240) 627-9425

Minutes

August 10, 2022

22-08

The monthly meeting of the Housing Opportunities Commission of Montgomery County was conducted via a hybrid platform and teleconference on Wednesday, August 10, 2022, with moderator functions occurring at 10400 Detrick Avenue, Kensington, Maryland beginning at 4:03 p.m. Those in attendance were:

Present

Roy Priest, Chair
Frances Kelleher, Vice Chair
Richard Y. Nelson, Jr., Chair Pro Tem
Pamela Byrd
Linda Croom

Present via Zoom

Jackie Simon

Absent

Jeffrey Merkowitz

Also Attending

Chelsea Andrews, Executive Director
Zachary Marks
Bonnie Hodge
Darcel Cox

Aisha Memon, General Counsel
Marcus Ervin
Lynn Hayes
Kathryn Hollister

Also Attending via Zoom

Elliott Rule
Paige Gentry
Gail Willison
Leidi Reyes

Jennifer Arrington
Timothy Goetzinger
John Broullire

IT Support

Irma Rodriguez
Aries "AJ" Cruz

Commission Support

Patrice Birdsong

Chair Priest opened the meeting welcoming all to the monthly meeting. There was a roll call of Commissioners participating.

I. **Information Exchange**
Community Forum

- There were no speakers who signed up to address the Board.

Executive Director

- Chelsea Andrews, Executive Director, provided an overview of the written report as well as a slide presentation of events.

Commissioner Exchange

- Chair Pro Tem Nelson announced that the end of fall single audit report will be provided. He requested of the Chair and Executive Director to take the necessary steps to prepare an RFQ for an Internal Auditor.
- Chair Priest thanked the Commissioners for sharing information about the different organizations that they are a part of outside of HOC.

- II. **Approval of Minutes** – There was a discussion concerning a discrepancy in the HOC Minutes of July 13, 2022 made by Commissioner Simon. The discrepancy was related to the vote approving Resolution 22-56 – Authorization to Revise Administrative Plan for the Housing Choice Voucher Program to add Clarity to Chapters 4, 7, 8, and 21. The approval of the Minutes were table and reconvened for voting at 5:00 p.m. After discussion and review of the recorded meeting, the minutes were approved as submitted. The motion was made by Commissioner Croom and seconded by Commissioner Simon. Affirmative votes were cast by Commissioners Priest, Kelleher, Nelson, Byrd, Croom, and Simon. Commissioner Merkowitz was necessarily absent and did not participate in the vote.

A. Approval of Minutes of July 13, 2022 Public Hearing

B. Approval of Minutes of July 13, 2022

III. **COMMITTEE REPORTS AND RECOMMENDATIONS FOR ACTION**

A. Administrative and Regulatory Committee – Com. Kelleher, Chair

1. Authorization to Submit HOC's FY 2022 Section Eight Management Assessment Program Certification to HUC

Executive Director Andrews provided an overview, and introduced Darcel Cox, Chief Compliance Officer, and Lynn Hayes, Director of Housing Resources, who provided the presentation and addressed questions of the Commissioners.

The following resolution was adopted upon a motion by Vice Chair Kelleher and seconded by Commissioner Croom. Affirmative votes were cast by Commissioners Priest, Kelleher, Nelson, Byrd, Croom, and Simon. Commissioner Merkowitz was necessarily absent and did not participate in the vote.

RESOLUTION NO.: 22-62

**RE: Authorization to Submit HOC's Fiscal Year
2022 Section Eight Management
Assessment Program Certification to HUD**

WHEREAS, the regulations of the U.S. Department of Housing and Urban Development ("HUD") require that the Housing Opportunities Commission of Montgomery County ("HOC") submit a Section Eight Management Assessment Program ("SEMAP") certification to HUD annually;

WHEREAS, the fiscal year ("FY") 2022 SEMAP certification, which measures the status of HOC's administration of the Section Eight Program for FY 2022, must be submitted to HUD within 60 days of the end of the FY; and

WHEREAS, staff has completed the FY 2022 SEMAP certification and recommends that it be submitted to HUD.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director, or her designee, is hereby authorized to submit the FY 2022 SEMAP Certification to HUD.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director, or her designee, is hereby authorized and directed, without any further action in its part, to take all other actions necessary and proper to submit the FY 2022 SEMAP certification to HUD.

B. Development and Finance Committee – Com. Simon, Chair

1. **Westwood Tower:** Approval to Draw on the PNC Bank, N.A. Real Estate Line of Credit to Provide Interim Financing for Westwood Tower Apartments

Marcus Ervin, Director of Development, and Kathryn Hollister, Senior Financial Analyst, provided presentation.

The following resolution was adopted upon a motion by Chair Pro Tem Nelson and seconded by Commissioner Simon. Affirmative votes were cast by Commissioners Priest, Kelleher, Nelson, Byrd, Croom, and Simon. Commissioner Merkowitz was necessarily absent and did not participate in the vote.

RESOLUTION: 22-63

**RE: Approval to Draw on the PNC Bank, N.A. Real
Estate Line of Credit to Provide Interim Financing
for Westwood Tower Apartments**

WHEREAS, the Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission") is the owner of a multifamily building located at 5401 Westbard Avenue, Bethesda known as Westwood Tower Apartments ("Westwood Tower" or the "Property"); and

WHEREAS, HOC acquired Westwood Tower on December 14, 2017 by drawing on its PNC Bank, N.A. Real Estate Line of Credit ("RELOC") and refinanced the draw with short-term acquisition financing ("Acquisition Loan") on March 26, 2018, which matures on August 26, 2022 ("Maturity Date"); and

WHEREAS, the Commission wishes to provide interim financing (“Interim Financing”) in an amount up to \$20.35 million to repay the Acquisition Loan on or before the Maturity Date; and

WHEREAS, the Commission wishes to makes draws on its RELOC to fully fund the Interim Financing; and

WHEREAS, the Commission wishes to provide the Interim Financing for a term that is coterminous with the expiration of the RELOC facility, which is on September 30, 2024.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes providing Interim Financing for the Property in an amount up to \$20.36 million.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that it authorizes taxable draws on the RELOC in an amount of up to \$20.36 million as a source for the Interim Financing.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that the term of the Interim Financing be coterminous with the expiration of the RELOC facility on September 30, 2024.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission Montgomery County authorizes the Executive Director, or her designee, without any further action on its part, to take any and all other actions necessary and proper to carry out the transaction and actions contemplated herein, including the execution of any documents related thereto.

Based upon this report and there being no further business to come before this session of the Commission, the Commission adjourned the open session at 6:31 p.m.

Respectfully submitted,

Chelsea Andrews
Secretary-Treasurer

/pmb

Committee Reports and Recommendations for Action

Administrative and Regulatory Committee

Authorization to Submit the Family Self-Sufficiency (“FSS”) Action Plan to HUD Pursuant to the Streamlining and Implementation of Economic Growth, Regulatory Relief, and Consumer Protection Act Changes to the FSS Program

September 14, 2022

- HUD published the Streamlining and Implementation of Economic Growth, Regulatory Relief, and Consumer Protection Act Changes to the FSS Program on May 17, 2022, effective June 16, 2022.
- The final rule mandates numerous changes to the FSS Program that must be implemented no later than November 14, 2022.
- HOC must update the FSS Action Plan that describes the policies and procedures used to operate the FSS Program by September 30, 2022.
- HUD must review and approve the FSS Action Plan, prior to its implementation. The estimated review period is 45 days.
- Updates to the FSS Action Plan require a 45-day public comment period. The public comment period commenced on July 29, 2022 and culminated with a virtual Public Hearing on September 12, 2022.
- The Administrative and Regulatory Committee reviewed this item at its meeting on August 1, 2022 and supports staff’s request for approval by the Commission to submit the FSS Action Plan to HUD.

M E M O R A N D U M

TO: Housing Opportunities Commission

VIA: Chelsea Andrews, Executive Director

FROM: Staff: Lynn Hayes Division: Housing Resources Ext. 9622
 Guidy Paul Housing Resources Ext. 9553

RE: Authorization to Submit the Family Self-Sufficiency (“FSS”) Action Plan to HUD Pursuant to the Streamlining and Implementation of Economic Growth, Regulatory Relief, and Consumer Protection Act Changes to the FSS Program

DATE: September 14, 2022

STATUS: Committee Report Deliberation X

OVERALL GOAL & OBJECTIVE:

To request the Commission’s approval to submit the Family Self Sufficiency (“FSS”) Action Plan to the U.S. Department of Housing and Urban Development (“HUD”), and authorize the Executive Director, or her designee, to implement the modifications to the FSS Action Plan for the Housing Choice Voucher (“HCV”) Program upon HUD’s approval.

BACKGROUND:

The FSS is a federally mandated program authorized by the Cranston-Gonzalez Affordable Housing Act of 1990. HOC began its FSS Program in February 1993, subsequent to HUD’s approval of the initial FSS Action Plan.

The FSS program requires that Public Housing Authorities (“PHAs”) work in collaboration with public and private resources to provide supportive services, case management, and an escrow account to participating families, to help families achieve economic independence and self-sufficiency. The FSS program is a voluntary program offered to all families participating in the HCV Program, including the following special programs:

- Family Unification Program (“FUP”),
- Project Based Voucher (“PBV”),
- Emergency Housing Voucher (“EHV”),
- Non-Elderly Disabled (“NED”) & Mainstream Disabled (“MSD”),
- Veterans Affairs Supportive Housing (“VASH”),
- HCV Homeownership,

- Single Room Occupancy (“SRO”), and
- Moderate Rehabilitation Program (“MR”).

HUD published the Streamlining and Implementation of Economic Growth, Regulatory Relief, and Consumer Protection Act Changes to the FSS Program on May 17, 2022, effective June 16, 2022. The final rule mandates numerous changes to the FSS program that must be implemented no later than November 14, 2022. HOC must update the FSS Action Plan that describes the policies and procedures used to operate the FSS program by September 30, 2022. Changes to the FSS Action Plan require HUD approval.

The regulatory changes to the FSS Program include: i) updating the mandatory size of a PHA’s required FSS Program, ii) allowing family members other than the Head of Household to execute the FSS Contract of Participation (“CoP”), iii) changing the term of the CoP, iv) amending the management of the escrow account, including forfeiture of the escrow funds, and v) making changes to portability provisions. The aforementioned requirements are documented in the proposed FSS Action Plan. The final rule also allows Project-Based Voucher Rental Assistance (“PBRA”) Owners to administer FSS Programs.

The FSS Action Plan provides details about operations, program participants, supportive services, as well as HOC’s strategy to help low-income families increase their earned income and eliminate their need for welfare assistance. The FSS Action Plan must also address the implementation of discretionary policies, for HUD to determine the soundness of the program. As such, staff recommend approval of the policies and procedures outlined in the FSS Action Plan, which are safe harbor or FSS best practices.

A high-level overview of the discretionary policies that staff recommend include:

Chapter 1 – FSS Introduction

- HOC will review and update the action plan at least once per year to reflect regulatory and operational changes

Chapter 2 - Purpose, Scope and Applicability of the FSS Program

- Maintaining its Mandatory Minimum Program Size (“MMPS”) of 441 families. HOC can reduce the program size by one for each family that graduates from the program. Additionally, HOC can choose to operate an FSS program of a larger size than its MMPS.
- HOC will not enter into a Cooperative Agreement with Multi-Family owners to voluntarily make its FSS program available to those owner’s residents.

Chapter 3 – Program Administration

- HOC will utilize a combination of HCV Administrative Fees and grant funds from Montgomery County Government to pay for FSS salaries not covered in the FSS grant.
- HOC will not use Unrestricted Net Position funds to pay for supportive services. HOC

will use forfeited escrow account funds and refer FSS families to partnering agencies for supportive services.

- HOC will use forfeited escrow account payments for FSS participants in good standing, as requested to complete an interim goal or task in the Individual Training and Service Plan (“ITSP”).
- HOC will prioritize funds from the forfeited escrow accounts on a first come first served basis, based on the date/time of the request.
- HOC will seek assistance from the Resident Advisory Board (“RAB”) in identifying potential members to serve on the Program Coordinating Committee (“PCC”).

Chapter 4 – Selecting and Serving FSS Families

- HOC will offer monthly case management, information and referrals, educational workshops, priority in homeownership programs and escrow accounts as incentives to join the FSS program.
- HOC will conduct outreach efforts in English and Spanish. Upon request, translation in other languages will be made available.
- HOC will establish a wait list for the FSS Program when enrollment exceeds 400 participants. Applicants will be selected for program participation in the order of the date/time of the application submission.
- HOC will conduct motivational screening for interest in the FSS program. The screening will simply require the family’s attendance of an orientation/workshop.
- HOC will deny program participation if the family owes a debt to the PHA. Families who have entered into a repayment agreement and are current on the repayment terms will not be denied participation in the FSS Program.
- HOC will allow a family to re-enroll in the FSS Program a second time if they did not successfully complete the obligations of the executed CoP.
- HOC will require each adult member of the household to certify their agreement as to their designated head of the FSS family.
- HOC will conduct an informal needs assessment before executing the CoP. After enrollment, a formal assessment will be completed by a partnering agency.

Chapter 5 – Contract of Participation

- HOC will not terminate the FSS CoP if the family has violated the terms of the lease, if the family has requested an Informal Hearing and prevailed.
- HOC will not terminate the CoP if the family fails to meet the contract obligations for good cause.
- HOC will modify the CoP upon mutual agreement from the FSS Head of Household and the FSS Counselor.
- HOC will continue to offer supportive services to former FSS families, free of charge.
- The grievance and Informal Hearing procedures for the FSS program is the same process adopted for the HCV Program; Chapter 19 of the HOC Administrative Plan.

Chapter 6 – Escrow Account

- HOC will disburse interim payouts from the escrow account before completion of the CoP when the funds are needed to complete an interim goal or for a one-time payment. The FSS participant must be enrolled in the program for a minimum of 12 months and the amount of the withdrawal is limited to twenty-five percent (25%) of the accrued escrow.
- Before disbursing interim and final payouts, HOC will follow HUD’s verification hierarchy to confirm that the FSS family has completed interim goals, the CoP, or is no longer a recipient of welfare assistance.
- HOC will provide FSS participants with an annual statement of their FSS escrow balance.

Chapter 7 – Portability in Housing Choice Voucher FSS Programs

- If the FSS family has established residency in Montgomery County for at least 12 months prior to admission to the HCV Program, HOC will approve the FSS family’s request to port to another jurisdiction during the first 12 months after the effective date of the CoP.

The suggested policies and procedures remove arbitrary decisions and provide transparency in the administration of the FSS Program, while fostering positive relationships with external partners and customers.

As part of the process for revising the FSS Action Plan, public comment is required. Accordingly, HOC provided a 45-day public comment period, which concluded with a public hearing on September 12, 2022, on the FSS Action Plan revisions. During the comment period, HOC made a draft of the proposed revisions to the FSS Action Plan available on HOC’s website as well as in hard copy form at all four of HOC’s primary offices. Also during the comment period, HOC staff presented the proposed revisions to the Resident Advisory Board (“RAB”), seeking the RAB’s comments and endorsement of these proposed changes. Notice of the comment period and public hearing were advertised in local newspapers in Montgomery County.

ISSUES FOR CONSIDERATION:

Does the Commission wish to accept staff’s recommendation, which is supported by the Administrative and Regulatory Committee, to submit the FSS Action Plan to HUD to incorporate the required plan modifications stipulated in the Streamlining and Implementation of Economic Growth, Regulatory Relief, and Consumer Protection Act?

PRINCIPALS:

Housing Resources Division

BUDGET IMPACT:

None

TIME FRAME:

For formal Commission action on September 14, 2022.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff recommends that the Housing Opportunities Commission of Montgomery County authorize the Executive Director, or her designee to submit the FSS Action Plan to HUD on or before September 30, 2022.

RESOLUTION: 22-65

RE: Authorization to Submit the Family Self-Sufficiency (“FSS”) Action Plan to HUD Pursuant to the Streamlining and Implementation of Economic Growth, Regulatory Relief, and Consumer Protection Act Changes to the FSS Program

WHEREAS, the Family Self Sufficiency (“FSS”) Program is a federally mandated program authorized by the Cranston-Gonzalez Affordable Housing Act of 1990; and

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC” or “Commission”) began its FSS Program in February 1993, subsequent to the U.S. Department of Housing and Urban Development’s (“HUD”) approval of the initial FSS Action Plan.

WHEREAS, HUD published the Streamlining and Implementation of Economic Growth, Regulatory Relief, and Consumer Protection Act Changes to the FSS Program on May 17, 2022, effective June 16, 2022, which mandates numerous changes to the FSS Program that must be implemented no later than November 14, 2022; and

WHEREAS, a 45-day public comment period is required for changes to the FSS Program; and

WHEREAS, a public comment period for the revisions to the FSS Action Plan began on July 29, 2022 and concluded on September 11, 2022; and

WHEREAS, a virtual public hearing commenced on September 12, 2022; and

WHEREAS, HOC must submit the FSS Action Plan that describes the policies and procedures used to operate the FSS program to HUD by September 30, 2022; and

WHEREAS, HOC must implement the changes in the FSS Action Plan subsequent to HUD approval, no later than November 14, 2022; and

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes and directs the Executive Director, or her designee, to submit the FSS Action Plan to HUD, and, subsequent to approval by HUD, implement the policies and procedures outlined in the FSS Action Plan.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director, or her designee, is hereby authorized and directed, without any further action on its part, to take any and all other actions necessary and proper to carry out the actions contemplated herein.

I HEREBY CERTIFY that the forgoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular open meeting conducted on September 14, 2022.

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Patrice M. Birdsong
Special Assistant to the Commission

Exhibit A

**FSS ACTION PLAN
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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 **Housing Opportunities Commission (“HOC”)** for the jurisdiction of **Montgomery County, MD.**

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

HOC is implementing a 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), Emergency Housing Voucher (EHV), and Foster Youth to Independence Initiative (FYI). The PHA will submit one action plan, the policies in which apply to the Housing Choice Voucher program.

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

HOC 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

HOC 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 Housing Choice Voucher 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

Families in FSS	Total Families	Percent of Total
All Families	358	100%
Single	336	94%
Female HOH	323	90%
Male HOH	35	10%
Race	358	100%
White	33	9%
Black/African American	323	90%
American Indian/Alaska Native	0	0%
Asian	2	1%
Native Hawaiian/Other Pacific Islander	0	1%
Ethnicity	358	100%
Hispanic or Latino	27	8%
Not Hispanic or Latino	331	92%
Income		
Extremely Low-Income	171	48%
Very Low-Income	51	14%
Low-Income	4	0%
HOH Income from Wages	226	63%
Other Member Income from Wages	64	18%
HOH Income from TANF	15	4%
Other Member Income from TANF	1	0%
HOH Income from SSI	27	8%
Other Member Income from SSI	20	8%
Number of Children		
0	100	28%
1-2	175	49%
3-4	71	20%
5 or more	40	11%

Total Number of Family Members		
1-2	139	39%
3-4	153	43%
5 or more	66	18%
Persons with Disabilities	59	16%
HOH Person w/ Disabilities (HUD)	39	11%
Family Members w/ Disabilities	20	6%

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.

Activity	Month and Date
Begin Contracting	Completed
Complete Contracting	Completed

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 Housing Choice Voucher 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

HOC'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, which pays 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, HOC 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 Housing Choice Voucher 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 Housing Choice Voucher rental certificates or vouchers under the combined FY 1991/1992 FSS incentive award competition also must operate a Housing Choice Voucher 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 Housing Choice Voucher 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

As determined by HUD as of May 24, 2018, the PHA's FSS MMPS is **441**.

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

HOC will not 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

HOC 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

HOC will not enter into a Cooperative Agreement with multifamily-assisted housing owner(s) to voluntarily make its FSS program available to those owner's housing residents:

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

441 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

HOC administers Family Unification Program vouchers (FUP) and Veteran Affairs Supportive Housing Vouchers (VASH). HOC expects for 4 program participants of the Family Program Voucher and 24 program participants of Veteran Affairs Supportive Housing program to enroll into FSS.

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

HOC 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
Update PCC	10/31/22
Conduct Program Needs Assessment	Completed
Resource Identification	Completed
Establish Policies	Completed
Design Service Delivery	Completed
Update Administrative Procedures	10/31/22
Begin Service Delivery	Completed
Conduct Outreach	Completed
Conduct Orientations	Completed
Conduct Individual Needs Assessment	Completed

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 *Housing Choice Voucher*, 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 Housing Choice Voucher, 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 Housing Choice Voucher 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 Housing Choice Voucher 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 Housing Choice Voucher 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 Housing Choice Voucher of the 1937 Act.

Housing Choice Voucher means assistance provided under Housing Choice Voucher 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 Housing Choice Voucher(o) of the 1937 Act; the HCV homeownership option under Housing Choice Voucher(y) of the 1937 Act; Family Unification Program (FUP) assistance under Housing Choice Voucher(x) of the 1937 Act; and the Housing Choice Voucher 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 Housing Choice Voucher, 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 non-recurrent, 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

HOC will employ appropriate staff, including one FSS Program Coordinator and one or more FSS Counselors 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

HOC will not require the FSS Program Coordinator or FSS Counselors to perform the routine Housing Choice Voucher program functions of housing eligibility, leasing, rent calculation, and portability that are funded through Section 8 administrative fees.

3-I.D. ADMINISTRATIVE FEES AND COSTS

The Consolidated Appropriations Act of 2014 combined funding streams for the Housing Choice Voucher 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 Housing Choice Voucher 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 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].

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

PHA Policy

HOC does not have a Public Housing program. HOC will make Housing Choice Voucher administrative fees and grant funds from Montgomery County Government available as needed to provide administrative costs under the Housing Choice Vouchers FSS program.

3-I.E. SUPPORTIVE SERVICES FEES AND COSTS

Section 8 FSS 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 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.

PHA Policy

HOC will not make funds available to provide supportive service costs under the Housing Choice Voucher FSS program in excess of the forfeited escrow account.

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

HOC 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.

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

HOC 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)

HOC 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).

HOC 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 undetermined period, provide such a resource.

HOC 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.

HOC 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, HOC 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 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.

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

HOC's representatives to the program coordinating committee will include the Director of the Housing Choice Voucher Program, the Director of the Resident Services Division, the FSS Program Coordinator, and one participant from the Housing Choice Voucher FSS Program.

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

HOC has no city-wide and development based resident councils or resident management corporations. HOC will seek assistance in identifying potential members of the PCC from 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

HOC's FSS Program Coordinating Committee (PCC) membership will include leadership from the organizations listed in Exhibit 3-1:

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

HOC 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
Public Housing Authority	Housing Opportunities Commission	HCV Director Director of Resident Services FSS Coordinator FSS Participant
GED and Educational Training	Montgomery College Work Source Montgomery Inc.	Director of Business & Community Director of Educational & Opportunity Center Director of Community Engagement Community Engagement Manager
High School	Montgomery County Public Schools	Food & Nutrition Services Supervisor
Job Training	Montgomery College Work Source Montgomery, Inc.	Director of Business & Community Director of Community Engagement

Organization or Service Type	Organization Name	PCC Member Title
Job Search, Placement, Retention	Montgomery College Work Source Montgomery Inc. A Wider Circle	Director Business & Community Director of Community Engagement Program Coordinator, Workforce Development
Health Care	Adventist Healthcare Holy Cross Health Inc. Suburban Hospital Innovative Therapeutic Services	Manager Community Health & Outreach Coordinator, Community & Minority Outreach Program Coordinator, Community Health & Wellness Clinical Director
Homeownership	HOC First-Time Homebuyers Program	Homeownership Specialist
Individual Development Accounts	HOC Capitol Area Asset Builders (CAAB) Emmanuel Brinklow Church	Financial Literacy Counselor Director of Programs Community Outreach Director
Social Service Funding and Coordination Organizations	A Wider Circle	Vice President

Organization or Service Type	Organization Name	PCC Member Title
Religious Organizations	Emmanuel Brinklow SDA Church Jewish Social Service Agency	Senior Pastor Community Outreach Director Community Support Services, Senior Services
Financial Institutions	PNC Bank	Vice President, Community Consultant

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 Housing Choice Voucher 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

HOC 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	HOC	Individual escrow savings will be established for FSS Participants pursuant to HUD guidelines
Case management/Coaching	HOC	FSS Program Coordinator/FSS Counselors will meet with participants monthly to identify, implement and modify self-sufficiency goals
Information and referrals to services	HOC	FSS Program Coordinator/FSS Counselors will meet with participants monthly to identify barriers to self-sufficiency and provide appropriate referrals
Educational workshops	Community Partners	Ongoing collaboration with community partners and local service providers to provide monthly workshops and supportive services
Priority in homeownership programs	HOC	FSS participants & Graduates have priority in the HCV Homeownership Program as referenced in Chapter 21 of HOC’s Administrative Plan

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

HOC 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. Promotional materials are published in English and Spanish. Presentations include a sign language interpreter and/or a Spanish interpreter, as needed. Upon request, promotional information and translation in other languages will be made available.

Location/Activity	Staff/Partner	Method	Language
Briefings/Orientations	HOC Specialist, FSS Coordinator	Flyer Presentation	English/Spanish
Interims/Recertifications	HOC Specialist	Flyer Referral Form	English/Spanish
Transfers/Portability	HOC Specialist, FSS Coordinator	Flyer Presentation	English/Spanish
Lobby	Receptionist	Flyer Posters	English/Spanish
Waiting Room	Receptionist	Flyer Posters	English/Spanish
Telephone Calls	FSS Coordinator	Telephone Call	English/Spanish
HOC Website	HOC	FSS Program Information	English

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 Housing Choice Voucher 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. Housing Choice Voucher participants 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 Housing Choice Voucher. 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

HOC does not currently have a waitlist for the FSS Program. HOC will establish a waitlist when enrollment exceeds 400 participants. The waitlist will remain open. Applicants will be selected for program participation in the order of the date/time of the application submission.

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

HOC will use the date/time that 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

HOC 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 Housing Choice Voucher or public housing assistance [Notice PIH 93-24, B-18].

PHA Policy

HOC will deny FSS participation to a family if the family owes the PHA, or another PHA, money in connection with Housing Choice Voucher 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

HOC will not skip an FSS applicant if a service is unavailable. HOC will accept applicants into the FSS program, address barriers and obtain assessments and needed guidance from community partners to obtain the required service.

Previous Participation Selection Factor

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

HOC 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 obligations of the executed Contract of Participation

HOC will not 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.

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

HOC 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 Housing Choice Voucher 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:

- Adult basic education,
- Community college,
- WIA One Stop Center,
- DHHS.

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

HOC’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	Community College Community Based Organizations Career Center Health Department
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 Gas Cards	Metropolitan Transit
Child Care	Infant Care Toddler Care Preschool Care Afterschool Care	Child Care Resource
Financial Literacy	Financial Education Financial Coaching Debt Resolution Credit Repair	Adult Basic Education Community College University Community-based Organizations Credit Unions
Legal Services	Representation Document Review Counsel or Advice	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 Domestic Violence Shelter
Mentoring	Mentoring Match	Community College
Micro and Small Business Development	Training Planning Technical Assistance Mentoring	Small Business Administration Business Incubator

Support Service General	Support Service Specific	Source/Partner
Homeownership	Training Planning Debt Resolution	Public Housing Authority Housing Counseling Organization Community-based Organizations Local Banks/ Credit Unions

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

HOC 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 (CoP) 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 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 Housing Choice Voucher 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

HOC 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 Housing Choice Voucher Administrative Plan 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.

HOC's FSS program will not terminate the FSS contract of participation for failure to comply with the terms of the lease if the family has requested an Informal Hearing and prevailed in the Informal Hearing process. If the family does not prevail in the Informal Hearing process and is terminated from the HCV Program, the FSS Contract of Participation will be terminated.

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 HOC’s FSS program, *seek employment* means the FSS 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 Housing Choice Voucher 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 three month’s 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 HOC'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 Housing Choice Voucher or public housing, these supportive services would be offered for becoming self-sufficient. If the family no longer resides in Housing Choice Voucher 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 Housing Choice Voucher 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

HOC will continue to offer supportive services to a former FSS family who has completed its contract of participation, and continues to receive HCV assistance. HOC will not pay for these services using HUD funds.

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 Housing Choice Voucher 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.

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 Housing Choice Voucher 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 Housing Choice Voucher 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 Housing Choice Voucher 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 Housing Choice Voucher 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 Housing Choice Voucher program in HOC's Administrative Plan, respectively. See Chapter 19 of the HOC 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 Housing Choice Voucher 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 Housing Choice Voucher 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

HOC 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.

The FSS participant family must be enrolled in the FSS Program for a minimum of 12 months prior to the interim escrow disbursement. The maximum interim withdrawal is limited to 25% of the accrued escrow.

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 under the lease 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 under the lease 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 Housing Choice Voucher 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

HOC 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 Housing Choice Voucher 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 Housing Choice Voucher or public housing FSS family may use their 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 (Housing Choice Voucher 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 PHAs 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 Housing Choice Voucher FSS account will be prorated and credited to each family's subsidiary line item.

Reduction of Amounts Due by FSS Family [24 CFR 984.305(a)(2)(iii)] At

Completion Monies Owed

If the FSS family has not paid the family contribution towards rent, or other amounts, if any, due under the public housing or Housing Choice Voucher 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 Housing Choice Voucher FSS program) at the time of final disbursement of FSS escrow funds.

Before Completion Underreported Income

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 monies.

After Baseline Family in FSS

If the FSS family has underreported income after the baseline annual income is set, the amount credited to the FSS will be based on the income amounts originally reported by the FSS family.

At Baseline When Family Joins FSS

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

HOC will provide FSS participants an annual statement on the status of their FSS escrow account.

Chapter 7

PORTABILITY IN HOUSING CHOICE VOUCHER FSS PROGRAMS

INTRODUCTION

PHAs operating Housing Choice Voucher FSS programs must be familiar with the rules and regulations regarding portability under the Housing Choice Voucher program. As with the case of portability in the Housing Choice Voucher 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 Housing Choice Voucher program assistance.

PART I: PORTABILITY IN THE FSS PROGRAM

7-I.A. OVERVIEW

Portability is a statutory feature of the Housing Choice Voucher program—it is included in the law. As such, PHAs operating an Housing Choice Voucher FSS program need to understand the effects that portability will have on Housing Choice Voucher 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 Housing Choice Voucher 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

If the FSS family has established residency in Montgomery County for at least 12 months prior to admission to the HCV Program, HOC 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 Housing Choice Voucher 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

HOC, 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

HOC 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, and the RHA is absorbing the voucher, 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.

If the receiving PHA does not administer an FSS program and the RHA is administering the voucher, the FSS family may 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 escrows disbursement or termination of the FSS contract and forfeiture of the escrow.

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 will be able to fulfill its responsibilities under the initial or a modified contract at its new place of residence.

<i>Family FSS Status</i>	<i>PHA FSS Status</i>	<i>Port Scenario</i>	<i>FSS Impact</i>	<i>PHA or HUD Decides</i>
1. FSS family ports	Receiving PHA has FSS program Initial PHA has FSS program	Billed	Family may continue participation in initial PHA’s FSS program or Family may enroll in receiving PHA’s FSS program	Determined by the initial PHA Determined by the receiving PHA
2. FSS family ports	Receiving PHA has FSS program Initial PHA has FSS program	Absorbed	Family may enroll in receiving PHA’s FSS program or Family may continue participation at initial PHA’s FSS program.	Determined by the receiving PHA Determined by the receiving PHA *Agreement from the receiving PHA is needed because they would be responsible for most of the FSS tasks under this scenario.
3. FSS family ports	Receiving PHA does not have FSS program Initial PHA administers FSS program	Billed	Family may continue participation in initial PHA’s FSS program	First, determined by the initial PHA. Then, receiving PHA must agree *The receiving PHA would be responsible for submitting the FSS information for the family into IMS/PIC. Receiving PHA’s determination must be based on an undue financial or administrative hardship such as the cost of adding an FSS module to their existing systems. If continued participation is agreed to by the PHAs, the initial PHA must provide the receiving PHA with timely and complete FSS addendum information and the receiving PHA is responsible for timely and accurate submission of the FSS information into IMS/PIC.
4. FSS family ports	Receiving PHA does not have FSS program Initial PHA administers FSS program	Absorbed	Family may not continue participation in initial PHA’s FSS program	HUD The receiving PHA would be responsible for managing escrow and the receiving PHA does not administer an FSS program.

Family FSS Status		PHA FSS Status	Port Scenario	FSS Impact	PHA or HUD Decides
1.	Non-FSS family ports	Initial PHA has FSS program Receiving PHA has FSS program	Billed	Family may enroll in receiving PHA's FSS program	Initial PHA * Initial PHA agreement is needed because they would be responsible for managing the FSS escrow account
2.	Non-FSS family ports	Initial PHA has FSS program Receiving PHA has FSS program	Absorbed	Family may enroll in receiving PHA's FSS program	Receiving PHA
3.	Non-FSS family ports	Initial PHA does not have FSS program Receiving PHA has FSS program	Billed	Family may not enroll in receiving PHA's FSS program	HUD *The initial PHA would be responsible for managing the FSS escrow account and the initial PHA does not administer an FSS program
4.	Non-FSS family ports	Initial PHA has FSS program Receiving PHA has FSS program	Absorbed	Family may enroll in receiving PHA's FSS program	Receiving PHA

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 Housing Choice Voucher 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.



RESIDENT ADVISORY BOARD
Housing Opportunities Commission
10400 Detrick Avenue
Kensington, Maryland 20895
240-627-9735

September 13, 2022

Ms. Chelsea Andrews
Executive Director
Housing Opportunities Commission
10400 Detrick Avenue
Kensington, Maryland 20895

RE: Endorsement of Proposed Updates to the Family Self Sufficiency Action Plan

Dear Ms. Andrews:

This letter certifies that the Resident Advisory Board (RAB) to the Housing Opportunities Commission (HOC) of Montgomery County reviewed and discussed the proposed revisions to HOC's Family Self Sufficiency (FSS) Action Plan, as outlined below. Please be advised that the RAB fully supports and endorses these proposed revisions to HOC's FSS Action Plan.

Chapter 1 – FSS Introduction

- HOC will review and update the action plan at least once per year to reflect regulatory & operational changes

Chapter 2 - Purpose, Scope and Applicability of the FSS Program

- Maintaining its Mandatory Minimum Program Size ("MMPS") of 441 families. HOC can reduce the program size by one for each family that graduates from the program. Additionally, HOC can choose to operate an FSS program of a larger size than its MMPS.
- HOC will not enter into a Cooperative Agreement with Multi-Family owners to voluntarily make its FSS program available to those owner's residents.

Chapter 3 – Program Administration

- HOC will utilize a combination of HCV Administrative Fees and grant funds from Montgomery County Government to pay for FSS salaries not covered in the FSS grant.
- HOC will not use Unrestricted Net Position funds to pay for supportive services. HOC will use forfeited escrow account funds and refer FSS families to partnering agencies for supportive services.
- HOC will use forfeited escrow account payments for FSS participants in good standing, as requested to complete an interim goal or task in the Individual Training and Service Plan ("ITSP").
- HOC will prioritize funds from the forfeited escrow accounts on a first come first served basis, based on the date/time of the request.
- HOC will seek assistance from the Resident Advisory Board ("RAB") in identifying potential members to serve on the Program Coordinating Committee ("PCC").

Chapter 4 – Selecting and Serving FSS Families

- HOC will offer monthly case management, information and referrals, educational workshops, priority in homeownership programs & escrow accounts, as incentives to join the FSS program.
- HOC will conduct outreach efforts in English and Spanish. Upon request, translation in other languages will be made available.
- HOC will establish a wait list for the FSS Program when enrollment exceeds 400 participants. Applicants will be selected for program participation in the order of the date/time of the application submission.
- HOC will conduct motivational screening for interest in the FSS program. The screening will simply require the family's attendance of an orientation/workshop.
- HOC will deny program participation if the family owes a debt to the PHA. Families who have entered into a repayment agreement and are current in the repayment terms will not be denied participation in the FSS Program.
- HOC will allow a family to re-enroll in the FSS Program a second time if they did not successfully complete the obligations of the executed Contract of Participation ("CoP").
- HOC will require each adult member of the household to certify their agreement as to their designated head of the FSS family.
- HOC will conduct an informal needs assessment before executing the CoP. After enrollment a formal assessment will be completed by a partnering agency.

Chapter 5 – Contract of Participation

- HOC will not terminate the FSS CoP if the family has violated the terms of the lease, if the family has requested and Informal Hearing and prevailed.
- HOC will not terminate the CoP if the family fails to meet the contract obligations for good cause.
- HOC will modify the CoP upon mutual agreement from the FSS Head of Household and the FSS Counselor.
- HOC will continue to offer supportive services to former FSS families, free of charge.
- The grievance and Informal Hearing procedures for the FSS program is the same process adopted for the HCV Program; Chapter 19 of the HOC Administrative Plan.

Chapter 6 – Escrow Account

- HOC will disburse interim payouts from the escrow account before completion of the CoP when the funds are needed to complete an interim goal or for a one-time payment. The FSS participant must be enrolled in the program for a minimum of 12 months and the amount of the withdrawal is limited to 25% of the accrued escrow.
- Before disbursing interim and final payouts, HOC will follow HUDs verification hierarchy to confirm that the FSS family has completed interim goals, the contract of participation, or is no longer a recipient of welfare assistance.
- HOC will provide FSS participants with an annual statement of their FSS escrow balance.

Chapter 7 – Portability in Housing Choice Voucher FSS Programs

- If the FSS family has established residency in Montgomery County for at least 12 months prior to admission to the HCV Program, HOC will approve the FSS family's request to port to another jurisdiction during the first 12 months after the effective date of the CoP.

The RAB recognizes and appreciates HOC's efforts to update FSS Action Plan based on updates to the current rules and regulations with Housing and Urban Development (HUD). It is essential that HOC continue these efforts to keep HOC's policies, procedures, and governing documents up to date.

Sincerely,

Tashea Walters

Tāshea Walters

RAB Member

Budget, Finance & Audit Committee

**COUNTY FY'24 CAPITAL BUDGET & AMENDMENTS TO THE FY'23-28
COUNTY CAPITAL IMPROVEMENTS PROGRAM BUDGET:
AUTHORIZATION TO SUBMIT COUNTY FY'24 CAPITAL BUDGET &
AMENDMENTS TO THE FY'23-28 COUNTY CAPITAL IMPROVEMENTS
PROGRAM BUDGET**

September 14, 2022

- The County Capital Improvements Program (“CIP”) Budget is prepared biennially.
- This year, only amendments to the CIP will be considered by the County Executive and County Council.
- HOC was required to submit requests for any amendments to its County FY'24 Capital Budget & Amendments to the FY'23-28 CIP Budget to the County by September 8, 2022. Staff has requested and received an extension to September 15, 2022 in order to obtain Commission approval on September 14, 2022.
- The submission requests that the County continue funding the current annual allocation of \$1,250,000 for **Supplemental Funds** for Deeply Subsidized HOC Owned Units Improvements, **add \$520,000 in** new funding for WSSC infrastructure project for **Sewer and Storm Line Improvements at Elizabeth Square**, and **add \$3,000,000** in new funding for the Elizabeth House Demolition, with a total allocation of \$88,607,000.
- The Budget, Finance and Audit Committee reviewed this request at its meeting on August 26, 2022, and joins staff's recommendation that the Commission approve the Authorization to Submit County FY'24 Capital Budget & Amendments to the FY23-28 Capital Improvements Program Budget.

M E M O R A N D U M

TO: Housing Opportunities Commission of Montgomery County

VIA: Chelsea Andrews, Executive Director

FROM:	Staff: Tim Goetzinger	Division: Finance	Ext. 9574
	Terri Fowler		Ext. 9507
	Tomi Adebo		Ext. 9472

RE: **County FY’24 Capital Budget & Amendments to the FY’23-28 Capital Improvements Program Budget:** Authorization to Submit County FY’24 Capital Budget & Amendments to the FY23-28 Capital Improvements Program Budget

DATE: September 14, 2022

OVERALL GOAL & OBJECTIVE:

To obtain Commission Authorization to Submit the County FY’24 Capital Budget & Amendments to the FY23-28 Capital Improvements Program Budget.

BACKGROUND:

The County Capital Improvements Program (“CIP”) Budget is prepared biennially. This year, only amendments to the CIP will be considered by the County Executive and County Council. HOC is required to submit requests for any amendments to its capital funding for FY’23-28 to the County by September 8, 2022. Staff has requested and received an extension to September 15, 2022 in order to obtain Commission approval on September 14, 2022.

The County operates its capital program with a six-year CIP, which is reviewed annually, but subject to significant modification on a biennial basis. If HOC wishes to continue to receive CIP funding for its ongoing CIP projects, it must submit requests at this time.

HOC’s current County CIP includes five projects:

1. **MPDU/Property Acquisition Fund (“MPDU/PAF”):** a revolving loan fund of \$12.5 million available to HOC or its designees for interim financing for the acquisition of MPDUs, existing buildings, and land;
2. **Opportunity Housing Development Fund (“OHDF”):** a revolving loan fund of \$4.5 million available to HOC or its designees for interim financing for certain housing development costs;
3. **County Guaranteed Bond Projects:** General Obligation Bond guarantees authority in the amount of \$50 million;

4. **Supplemental Funds for Deeply Subsidized HOC and Affiliate Owned Unit Improvements:** \$1,250,000 for each year from FY'23 through FY'28 to provide funds for capital improvements; and
5. **Washington Suburban Sanitary Commission ("WSSC") Sewer and Storm Line Improvements at Elizabeth Square (ES):** \$705, 000 for infrastructure improvements to increase WSSC sewer line capacity to 15 inches, and install a new temporary 15-inch storm line.

It is also prudent to remind the County of the importance in maintaining the current annual allocation of \$1,250,000 for **Supplemental Funds for Deeply Subsidized HOC and Affiliate Owned Unit Improvements**.

- Historically, this project was used to supplement the funds received from the U.S. Department of Housing and Urban Development ("HUD") for improvements to HOC's Public Housing stock. In 2014, HOC requested that the original project title, "Supplemental Funds for Public Housing Improvements", be expanded to allow these funds to be used for "Deeply Subsidized HOC Owned Unit Improvements" to allow the funds to be used on the Public Housing units both pre- and post- conversion.
- The project was expanded to allow the funds to be used for HOC and Affiliate Owned income-restricted scattered site units.
- The Commission's portfolio includes hundreds of income-restricted scattered-site units throughout the County most of which are approximately 30 years of age. Many of these units were acquired into a Low Income Housing Tax Credit ("LIHTC") limited partnership more than 15 years ago and are subject to continued affordability restrictions under the LIHTC program. In addition, other units are simply older Moderately Priced Dwelling Units (MPDUs) that continue to be restricted to low- and moderate-income households.
- These units are in need of renovation in order to continue to serve eligible households. With significant debt remaining on these units, the net operating income from the affordably priced units cannot support both the repayment of that debt and the additional proceeds needed to complete a comprehensive scope of renovation, which includes new windows, roof replacement, installation of energy-efficient heating and air conditioning systems, electrical and plumbing repairs, new flooring, new lighting, new cabinetry, installation of energy-efficient appliances, and new bathrooms.
- The FY'21 annual funding of \$1.25 million was reduced by \$125,000 in the FY'21 County Revised Spending Plan resulting in funding of \$1.125 million. In FY'22 and FY'23, the funding was restored to \$1.25 million annually.
- CIP funds are being used to focus on repairs and renovation of those units where

renovations are required and the properties cannot support additional debt. The final scope for renovations has been developed and a pool of contractors was selected to perform scattered site renovations. In FY'22, twenty-three (23) scattered site units were fully renovated and full window replacement, roof replacement and other interior and exterior repairs and capital improvements were completed in another seventy-eight (78) units. Renovations are in process on four (4) units that will be completed between August and December 2022 utilizing approximately \$200,000 of available CIP funding for FY'23. Staff is currently working on a plan to perform additional full unit renovations utilizing available funding while also addressing critical repairs and other capital needs on severely distressed scattered site units.

- Staff anticipates utilizing all available scattered site funding by the end of FY'23, despite the challenges faced in the construction industry.
- The average cost for units requiring full interior and exterior renovations has increased to approximately \$76,000. The available funds, including the FY'23 funding, would allow for full renovations of approximately 50-55 units; however, more units may be addressed if full renovations are not required (fewer if scope and costs increase). Continued funding at the \$1.25 million level will support the ongoing repairs and renovations of the severely distressed scattered site units.
- This project is directly related to accomplishing the following County Executive priority outcomes and signature initiatives:
 - A More Affordable, Welcoming County for a Lifetime
 - Thriving Youth and Families
 - A Greener County
 - Effective, Sustainable Government
 - Safe Neighborhoods
 - A Growing Economy
 - Advancing Racial Equity & Social Justice
 - Improving Economic and Community Development
 - Fighting Climate change
 - Increasing & Preserving Affordable Housing

In addition, we are requesting an increase in the funding for the **Washington Suburban Sanitary Commission ("WSSC") Sewer and Storm Line Improvements at Elizabeth Square ("ES")** from \$705,000 to \$1,225,000, an increase of \$520,000.

- The FY'23-28 County CIP budget included funding of **\$705,000** for the two parts to the improvements:
 - Increase WSSC sewer line capacity to a minimum of 15 inches, and
 - Install a new temporary 15-inch storm line.

- Several modifications to the original sewer and storm line improvements required by the county have resulted in an increase of \$520,000 in unexpected expense for the project.
- HOC's original 2017 Sewer and Storm Line improvement plans were approved by WSSC for Elizabeth Square and included the replacement of the 10-inch sewer line with 12-inch line. The sewer line to be replaced was on the west portion of the Washington Metropolitan Area Transit Authority ("WMATA") and CSX tracks and did not go under the tracks. The current proposed Purple Line Development sewer line replacement conflicted with the approved HOC sewer plan from 2017. The Purple Line was required to design an alternate route under the tracks. The Purple Line Plan ("PLP") was approved by WSSC for this alternative route, and is a 10-inch line replacement. WSSC will no longer accept the HOC 2017 plans and is now requiring HOC to install at **minimum** a 15-inch sewer line along the alternate route to meet the capacity of the Elizabeth Square and the proposed HOC Headquarters building at Fenwick Lane and Second Avenue. They have instructed HOC to work with the PLP to ensure the revised plans are in effect before The Leggett, formerly known as Elizabeth House III, and the South County Regional Recreation and Aquatic Center ("SCRRAC") building obtain **final** occupancy permit.
- The current approved contract documents indicate the new Capital Crescent Trail (located in between Elizabeth House and CSX/WMATA tracks), including the associated retaining wall, trail and storm systems is to be completed by others. Per separate discussions/agreements, MTA/PLP was responsible for this work. HOC is to connect into these Capital Crescent Trail storm systems in order to achieve final inspections. However, MTA/PLP was not scheduled to install these Capital Crescent Trail storm systems until after HOC's completion date. As a result, HOC will be installing a temporary 15-inch storm line to accommodate the Elizabeth House project until MTA/Purple Line completes its permanent work.
- Originally, the sewer upgrade work was to be implemented prior to March 2022 in order to maintain the overall project schedule and prior to The Leggett receiving a final certificate of occupancy. The storm work was previously to be undertaken by the Maryland Transportation Authority ("MTA") per the Purple Line project ("PLP"). However, the MTA work has been delayed beyond HOC's projected occupancy date. The sewer and storm line upgrades must be implemented prior to The Leggett and the South County Regional Recreation and Aquatic Center ("SCRRAC") receiving a **final** certificate of occupancy. In the meantime, WSSC is requiring that HOC enter into an agreement with the Montgomery Department of Permitting Services ("DPS") for a temporary certificate of occupancy that would limit the total occupancy of The Leggett and the original Elizabeth House to 166 units until the PLP completes its sewer upgrade work.

- In June 2021, PLP/MTA indicated the sewer upgrades cost was \$230K based on the approved WSSC plan at that time. Since then, PLP/MTA experienced several challenges including:
 - WSSC directed scope and sequencing revisions due to unforeseen below grade conditions,
 - Escalation costs (perhaps as high as 30%), and
 - WMATA/CSX delays associated with installing/maintaining track settlement monitors and CSX flagger availability.
- Earlier this month, PLP/MTA indicated that its contractor, Garney, is now proposing total costs closer to \$900K. PLP/MTA believes this number is high and has requested additional information; however, they have not yet shared the latest quote with HOC pending further vetting.
- Based upon staff estimates, a more conservative budget of \$750K for this line item is what is being proposed, **an increase of \$520k from the original quote.**
- The total **revised** estimated projected costs for installing the upgraded sewer line and temporary storm line are as follow:
 - Increase WSSC sewer line capacity to a minimum of 15 inches: :

Hard Costs ¹	\$750,000
Soft Costs	\$100,000
Contingency	\$100,000
Subtotal	\$950,000

- Install a temporary 15-inch **storm** line:

Hard Costs ²	\$100,000
Soft Costs	\$75,000
Contingency	\$100,000
Subtotal	\$275,000
TOTAL	\$1,225,000

- This project is directly related to accomplishing the following County Executive priority outcomes and signature initiatives:
 - A More Affordable, Welcoming County for a Lifetime

¹ Revised estimate based on new Quote provided by Garney Quote (Purple Line subcontractor)

² Rough estimate by general contractor (Costello)

- Thriving Youth and Families
- Effective, Sustainable Government
- Safe Neighborhoods
- A Growing Economy
- Advancing Racial Equity & Social Justice
- Improving Economic and Community Development
- Fighting Climate change
- Increasing & Preserving Affordable Housing

NEW CAPITAL PROJECT

There is one new capital project that staff requests the Commission consider for this year's CIP submission:

- **Elizabeth House Demolition**

- The requested funding totaling approximately \$3 million will cover the estimated expense for demolishing the existing Elizabeth House multifamily building, which is directly adjacent to HOC's Alexander House, HOC's The Leggett, and Montgomery County's South County Regional Recreation and Aquatics Center "SCRRAC"). These are all part of the larger Elizabeth Square redevelopment of a city block in Downtown Silver Spring. Elizabeth Square will be a mixed-income, multigenerational, mixed-use development consisting of three (3) buildings: The Leggett, formerly known as Elizabeth House III, under which will reside the SCRRAC; the redeveloped Elizabeth House; and the renovated Alexander House.
- One of the key elements of Elizabeth Square will be The Leggett, a highly amenitized, mixed-income, senior living community that comprises 106 units of relocated former Public Housing, 134 Low Income Housing Tax Credit units, and 29 market rate units. The SCRRAC will be a place that welcomes people from both surrounding neighborhoods and across the region to a state-of-the-art public aquatic and recreation center, promoting physical health and intergenerational activity. A destination where seniors can thrive within modern residences, benefit from a senior wellness center, and enjoy shopping and dining, surrounded by green spaces and walking paths, for a truly holistic living experience.
- The County has **explicitly** requested that the existing Elizabeth House be demolished in advance of the opening of the SCRRAC facility in the first half of 2023. The \$3 million budget assumes the cost to prepare the building and site for demolition, obtain necessary permits and County approvals, disconnecting various public utilities, removing and abating hazardous materials, and providing for contingency fund for project unknowns.
- Demolishing the Elizabeth House within the specified timeline will provide numerous benefits to the County including increasing visibility to the SCRRAC from

Second Avenue and Fenwick Lane, eliminating security and life safety concerns associated with a building remaining vacant while The Leggett and new SCRRAC facility are fully-operational; reducing disruptions to future residents and occupants, which inherently come with demolishing a building of this scale; and expediting the master planning and predevelopment process for the final component of the Elizabeth Square Master Plan.

- This project is directly related to accomplishing the following County Executive priority outcomes and signature initiatives:
 - A More Affordable, Welcoming County for a Lifetime
 - Thriving Youth and Families
 - A Greener County
 - Effective, Sustainable Government
 - Safe Neighborhoods
 - A Growing Economy
 - Advancing Racial Equity & Social Justice
 - Improving Economic and Community Development
 - Fighting Climate change
 - Increasing & Preserving Affordable Housing

ISSUES FOR CONSIDERATION:

Does the Commission wish to authorize the submission of the County FY'24 Capital Budget & Amendments to the FY23-28 Capital Improvements Program Budget of \$88,607,000 which requests that the County continue funding the current annual allocation of \$1,250,000 for Supplemental Funds for Deeply Subsidized HOC and Affiliate Owned Unit Improvements, add \$520,000 in additional funding for the WSSC Infrastructure Project for Sewer and Storm Line Improvements at Elizabeth Square, and add \$3,000,000 in new funding for the Elizabeth House Demolition?

BUDGET IMPACT:

There is no budget impact on the Agency's FY'23 Adopted Budget. Funds that are appropriated by the County Council will be included in the FY'24 Adopted Budget.

TIME FRAME:

For formal action at the September 14, 2022 meeting of the Commission.

The Budget, Finance and Audit Committee informally discussed the County FY'24 Capital Budget & Amendments to the FY23-28 Capital Improvements Program Budget submission at the August 26, 2022 meeting and supports staff's recommendation.

Once approved by the Commission, the County FY'24 Capital Budget & Amendments to the FY23-28 Capital Improvements Program Budget will be submitted to the County on September 15, 2022.

RECOMMENDATION:

Staff recommends to the full Commission authorization to submit the County FY'24 Capital Budget & Amendments to the FY23-28 Capital Improvements Program Budget submission of \$88,607,000.

RESOLUTION NO.: 22-66

Re: Authorization to Submit County FY'24 Capital Budget & Amendments to the FY23-28 Capital Improvements Program Budget

WHEREAS, the Capital Improvements Program ("CIP") is a program administered by Montgomery County (the "County") that provides funds for larger long-term investments in facilities, infrastructure, and affordable housing; and

WHEREAS, the Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission") receives funds from the CIP to further its purpose in providing affordable housing; and

WHEREAS the County is considering amendments to the County FY'24 Capital Budget & Amendments to the FY23-28 Capital Improvements Program Budget and requests were due to the Office of Management and Budget Office of Management and Budget ("OMB") by September 8, 2022; and

WHEREAS, staff requested and received an extension to September 15, 2022 in order to obtain Commission approval on September 14, 2022; and

WHEREAS, the Commission wishes to request to the county that the Budget (i) continues funding the current annual allocation of \$1,250,000 for Supplemental Funds for Deeply Subsidized HOC and Affiliate Owned Unit Improvements and , (ii) adds \$520,000 in additional funding for the WSSC Infrastructure Project for Sewer and Storm Line Improvements at Elizabeth Square and , (iii) adds \$3,000,000 in new funding for the Elizabeth House Demolition.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes the submission to the County of a request that the County FY'24 Capital Budget & Amendments to the FY23-28 Capital Improvements Program Budget of \$88,607,000 that continues the current annual allocation of \$1,250,000 for Supplemental Funds for Deeply Subsidized HOC and Affiliate Owned Unit Improvements and , (ii) adds \$520,000 in additional funding for the WSSC Sewer and Storm Line Improvements at Elizabeth Square and , (iii) adds \$3,000,000 in new funding for the Elizabeth House Demolition.

I HEREBY CERTIFY that the forgoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular meeting conducted on Wednesday, September 14, 2022.

S
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L

Patrice Birdsong
Special Assistant to the Commission

Development and Finance Committee

HILLANDALE GATEWAY: UPDATE OF PRELIMINARY DEVELOPMENT PLAN AND APPROVAL OF ADDITIONAL PREDEVELOPMENT FUNDING

10100, 10110, 10120, AND 10140 NEW HAMPSHIRE AVE, SILVER SPRING, MD



CHELSEA J. ANDREWS, EXECUTIVE DIRECTOR

**Kathryn Hollister, Senior Financial Analyst
Gio Kaviladze, Senior Financial Analyst
Marcus Ervin, Director of Development
Zachary Marks, Chief Real Estate Officer**

September 14, 2022

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Executive Summary

Updated Preliminary Development Plan

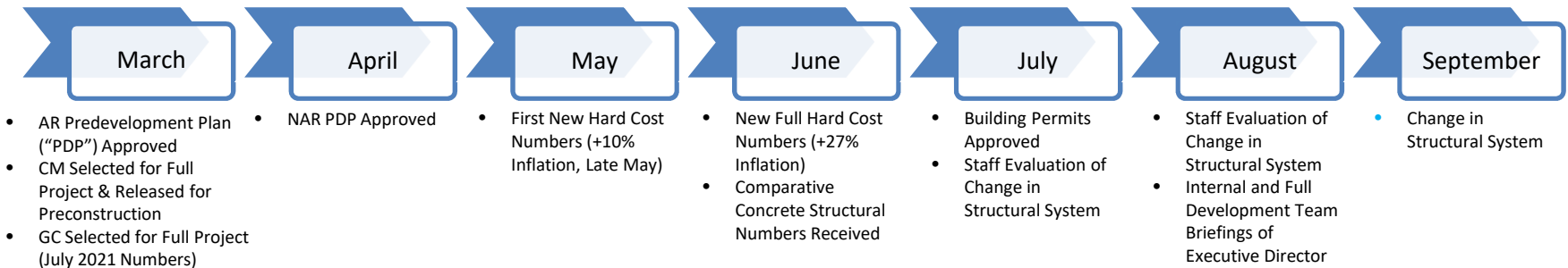
- Broad inflation in 2022 upset the normal relationship between structural systems and sent all project hard costs higher (by \$32MM total over August 2021 projections).
- Steel was disproportionately affected and has continuing geopolitical issues around processing/shipment.
- Concrete system is currently cheaper, is domestically available, and will be competitively bid to capture more of the pricing decline with inflation now leveling.

Additional Predevelopment Funding

- Project is nearing the end of predevelopment and requires additional funds (\$1.7MM) on a short-term basis to complete design and secure financing.
- With the Updated Predevelopment Plan, an additional \$2.4MM (included \$309K of ground lease payment) will be needed on a short-term basis to convert design.
- Expending the additional \$2.4MM will lock in an immediate \$3.5MM savings on concrete over the Prescient structure based on most recent cost projections.
- Staff Recommendation: **Fund additional \$4.13MM in predevelopment from OHRF.**

Project Status & Current Development Path

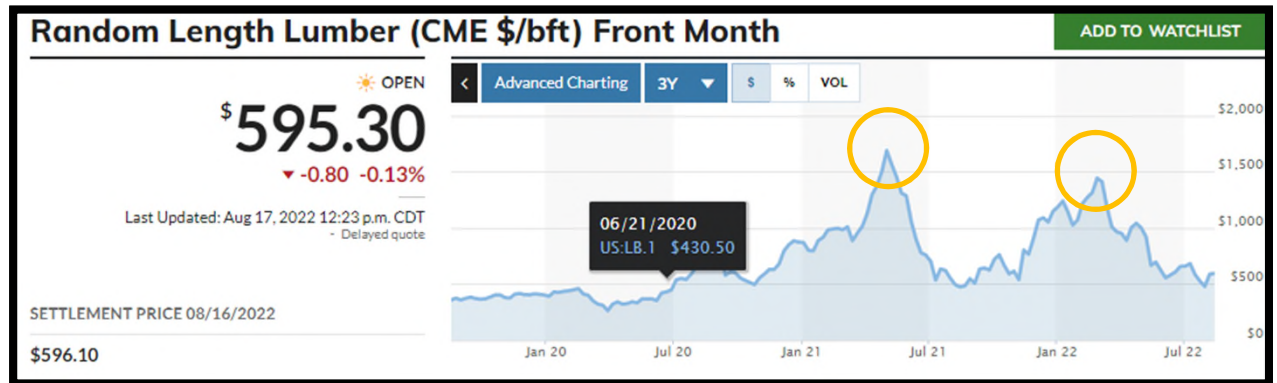
At the March 2 and April 6, 2022, Commission meetings, the selection of the general contractor for the full project and the Preliminary Development Plans for the AR and NAR buildings were approved. Over the past year, staff had already been navigating inflation of specific materials and products due to factory closings and supply chain ruptures. By May, much broader inflation across all construction materials began appearing in our estimates. In June, the selected general contractor completed a new full cost estimation based on conversations with prospective subcontractors that yielded a 27% increase over the August 2021 proposed budget. Inflation was relatively evenly spread across all divisions. However, steel saw a notable four-fold run-up in comparison to the three-fold of lumber and more modest increase in already high concrete prices. The wide, reliable pre-COVID spread between the Precast and concrete structural systems had fully disappeared.



Though Hillandale Gateway has secured full permits for construction using the Precast structural system, the disappearance of its cost advantage to concrete drove staff to evaluate a change to a concrete structural system. This would require administrative amendments to current permits but would not incur any project delays and provides several benefits to HOC.

Inflation's Impact on Core Materials

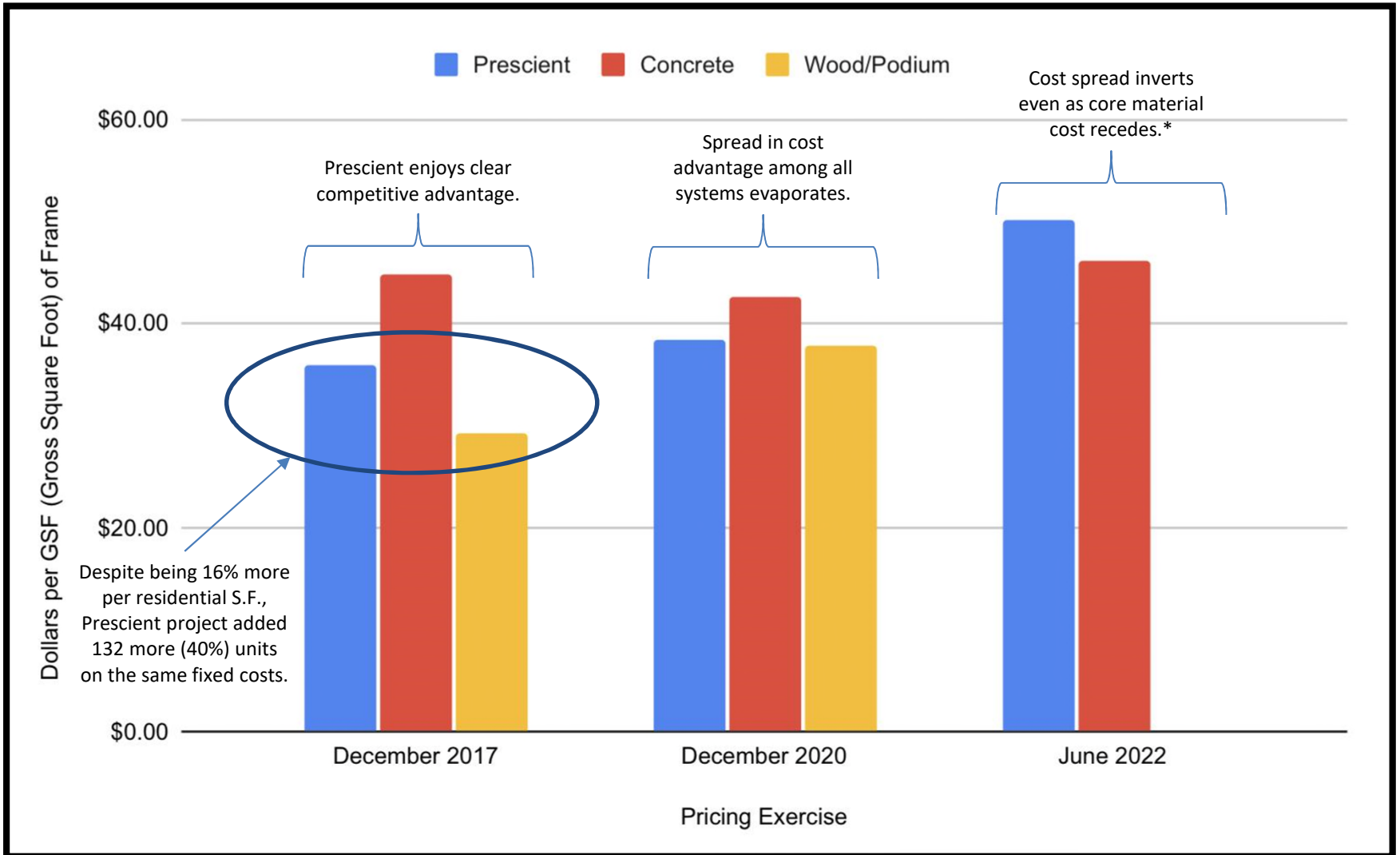
Before COVID, builders enjoyed relatively stable pricing of core structural construction materials. Staff originally evaluated the Prescient steel system in December of 2017. That analysis produced near-par per-unit pricing between the typical wood-over-podium product common to non-CBD, non-Metro-adjacent Montgomery County and the high-rise Prescient system proposed for Hillandale Gateway. The value relationship persisted for nearly three years, even beyond the onset of COVID. Lumber soared as mills shut down and shipping ground to a halt with workers out sick.



It tripled and retraced two separate, largely seasonal times – in the second instance, once single family household formation and secondary home demand exploded in late 2021.

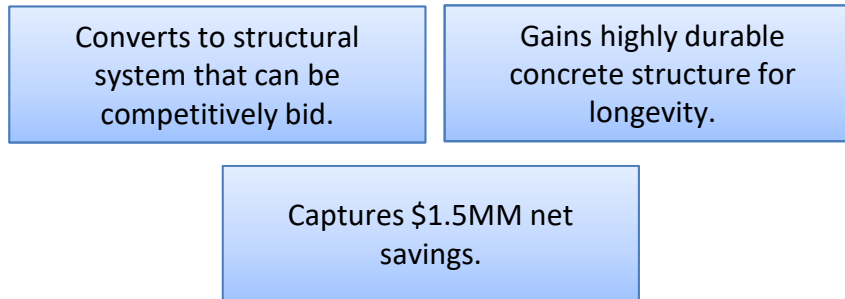
Eventually, the same contagion spread to steel, which saw the most intense increases because of China's large role in steel production. It also endured a second spike with the advent of war in Ukraine, with Russia being another world leader in steel production but is also the source of many chemicals key to steel processing. Had HOC been in position to start construction 12-18 months prior, Hillandale Gateway would certainly be using the Prescient steel system and have delivered on the thesis that MPDU bonus height and density can be achieved at per-unit parity to the height-limited wood frame-over-podium system.

Inflation Wreaks Havoc on Structural Systems



Updated Preliminary Development Plan

Change in Structural System



Steel pricing has declined significantly from its recent inflationary peak. However, those decreases have still not been reflected in current price indications for Prescient.

With the additional demand destruction from several Federal Reserve rate increases this calendar year, all indications are that materials costs should level or retrace their paths back from peak prices.

Reduction in steel pricing will inevitably make its way into steel systems pricing and restoring the cost advantages those systems enjoyed prior to the pandemic. Staff expects the broad inflation seen in all construction materials in June 2022 to be notably lower when hard bidding begins in 2023. However, staff is recommending a switch to concrete construction for the two Hillandale Gateway buildings both to best position HOC to reap savings from continued cost price decreases and to move to a more durable system while still improving the transaction economics.

Moving from the proprietary Prescient system to a generic concrete structure will reintroduce competitive bidding to that subcontractor role. This will be more likely to capture the effects of lower materials costs on the pricing of the structural system itself. As of June 2022, even with the cost of redesigning the building to accommodate a concrete structural system, staff projects an immediate net hard cost savings of \$1.5MM.

DPS has indicated that the building permits that were recently approved based on the use of the Prescient system can be amended administratively and at little additional fee. Because the project has 10 months of site work to be completed prior to going vertical, the nine month delay in permit issuance does not impact the start of vertical construction.

	<u>Site Work Start</u>	<u>Site Work End</u>	<u>Permit Issuance</u>	<u>Vertical Start</u>	<u>Vertical Start Delay</u>	<u>Vertical Finish</u>	<u>Vertical Finish Delay</u>
Stay with Prescient	1-2023	11-2023	9-2022	12-2023	0 Months	10-2025	0 Months
Switch to Concrete	1-2023	11-2023	6-2023	12-2023	0 Months	12-2025	2 Months

Updated Preliminary Development Plan

Fund Predevelopment through Full Close

As with all new construction developments in Montgomery County; design, entitlement, and permitting take place over several years. While staff sets out the most

accurate duration it can in its presentation of predevelopment budgets, there is nearly always a reconciliation period toward the end where a target date for full construction mobilization can be better relied upon. Often that date is a few months beyond previous estimates. Were staff not updating the preliminary development plan, that full closing date would be January of 2023; approximately six months beyond the June 2022 full closing date that had been the estimate. Staff estimates the additional predevelopment funding needed to achieve plat recordation, complete construction drawings, and pay financing costs prior to closing to be approximately \$1.72MM.

The staff proposal to change the structural system would move that full closing date back an additional six months and require additional predevelopment spending of \$2.40MM, most of which is for additional design professional work, but includes \$309K of ground lease payments.

	Add	Savings	
Change in Structural Frame	\$2,095,175	-3,500,000	Includes additional dev team time. Savings per CBG pricing update.
Continued Predevelopment Efforts	\$1,722,828		Universal team efforts for ongoing predev, LIHTC Fees, Contingency.
Ground Lease	\$308,895		
Total	\$4,126,898	-3,500,000	
Net Project Impact	\$626,898		

Cost Type	Amount
Land and Acquisition Costs	\$230,445
Site Studies & Reports	\$37,458
Government & Registration Fees	\$94,427
Design Consultants	\$1,557,229
Professional Consultants	\$595,160
Lease Costs	\$308,895
Construction	\$19,116
Furniture, Fixtures & Equipment	\$0
Financing	\$415,263
Misc.	\$520,351
General Contingency	\$348,554
	\$4,126,898

As noted above, the expenditure of the additional \$2.40MM will be more than offset by an estimated structural cost decrease of \$3.5MM based on the June 2022 general contractor's numbers.

Though the change in structural system pushes back by six months, to June 2023, County permission to fully mobilize construction, those changes do not alter Hillandale Gateway's current approval to begin site work. The design team has determined benefits to beginning site work in January as currently planned. Site work that must precede vertical construction is expected to take ten months. A six-month head start to full construction financing yield project timing and cost management advantages.

Staff is working to complete the analysis of cost and funding needs and expects to return to the Commission in November/December 2022 with a proposal to launch site work ahead of the full construction mobilization.

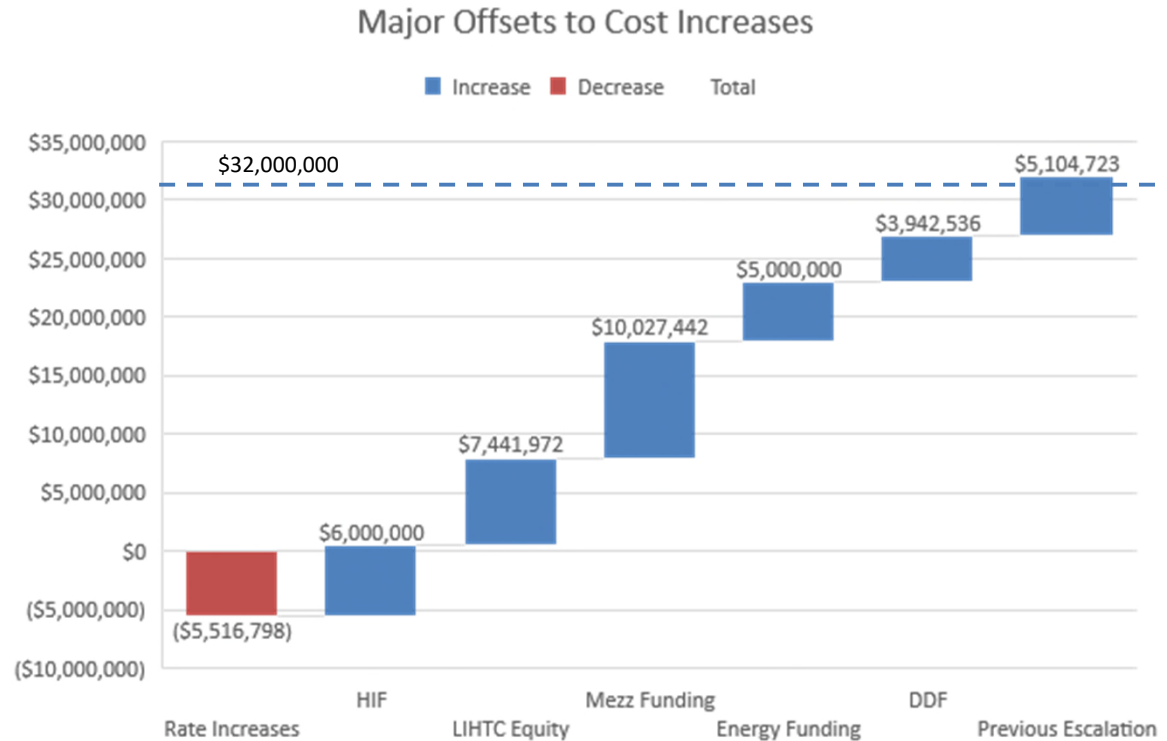
Raising Sources to Meet Higher Costs

The broad construction cost inflation that appears to have peaked in June 2022 will likely recede from that peak. Material inputs have nearly completed a round trip in pricing since COVID.

Interest rates, however, have moved higher. Forward indications are beginning to suggest a future decline in rates, but staff is working from the most conservative estimates in ensuring project financial viability.

Per the regular process, staff will bring a Financing Plan prior to cull construction closing. Included here are the broad themes and approximate magnitude of the offsets to the June 2022 numbers, which staff is confident will be higher than the eventual real costs. Still, the analysis here does not assume any improvement in those costs including any value engineering.

These different offsets are the result of continuous financing management by staff that occurs throughout the predevelopment process. Solutions range among additional HIF funding (requested not as a cost offset, though the County is expecting that sort of additional request, but as an offset to the recent increase in project affordability), additional LIHTC equity driven by the higher hard cost numbers, increased 2022 AMI limits, cost escalation that staff had already assumed in its previous underwriting, deferring a portion of HOC's LIHTC development fee ("DDF"), and energy funding (both State and Federal). Of note is that the energy funding assumptions here were made prior to the passage of the Inflation Reduction Act.



Previous Approvals & Revised Budget

	Source	Resolutions	Amount
(A) Revised Predevelopment Budget			\$14,203,265
Predevelopment Installment 1	OHRF	Res 15-79	\$546,000
Predevelopment Installment 2	OHRF	Res 17-18	\$1,341,500
Predevelopment Installment 3	OHRF	Res 19-10	\$1,616,970
Predevelopment Installment 4	OHRF	Res 20-13	\$2,868,000
Predevelopment Installment 5	OHRF	Res 20-78	\$1,809,253
CONA Sale	HOC Share of Proceeds	Res 19-21AS	\$1,894,644
(B) Total Commission Funds Approved			\$10,076,367
(C) Additional Funds Needed		OHRF	\$4,126,898

Staff is requesting approval of additional predevelopment funds in an amount up to \$4,126,898 (as generally enumerated on Slide 7), in the form of a loan from the OHRF to Hillandale Gateway, LLC, to cover predevelopment costs through closing of vertical construction financing. Per the terms of the Hillandale Gateway, LLC, operating agreement, the loan would earn interest at the current Applicable Federal Rate (currently 3.14%).

The Commission has approved a total of \$10,076,367 (shown to the left) in predevelopment funding to date. As of July 15, 2022, \$7,864,275 has been spent; \$1,687,831 has been obligated; and \$524,261 was available. The additional predevelopment funding requested would not be drawn until all previously-approved funding is spent. All predevelopment expenditures will be reimbursed at closing of construction financing.

As full construction financing is expected to occur in June 2023 (assuming the change in the structural system), this additional predevelopment installment is expected to be outstanding for a short period of time. The full \$14,203,265 can be reimbursed at closing both through repayment to the OHRF and conversion to necessary and expected HOC equity contributions to the two-building development.

Those eventual contribution amounts will be presented to the Commission as part of the Financing Plan and are not expected to exceed the amount of the total predevelopment spending (current and proposed). The total predevelopment spending should be the Commission's maximum commitment of its own resources to the full financing of Hillandale Gateway.

Staff proposes funding this \$4,126,898 installment from the OHRF using the \$5,830,212 in proceeds from the sale of the Holly Hall property to the Duffie Companies.

Hillandale Gateway Predevelopment Funds as of 7/15/2022		
\$	10,076,367	Total Approved Funds
\$	7,864,275	Total Drawn
\$	1,687,831	Total Obligations
\$	524,261	Available Balance

Reference Notes to Previous Actions

Predevelopment Funding to Date

Installments 1: On October 7, 2015, the Commission authorized initial funding of \$546,000 that was sufficient for approximately 17 months of work.

Installments 2: On March 1, 2017, the Commission approved a revised 12-month predevelopment budget and additional funding in the amount of \$1,341,500. The second installment of funding was sufficient for approximately 22 months of work.

Installment 3: On January 9, 2019, the Commission approved a revised predevelopment budget, including approval to fund a third installment of \$1,616,970.

Installment 4: On February 5, 2020, the Commission approved a revised predevelopment budget, including approval to fund a fourth installment of predevelopment funding in the amount of \$2,868,000.

Installment 5: On November 4, 2020, the Commission approved a revised predevelopment budget, including approval to fund a fifth installment of predevelopment funding in the amount of \$1,809,253.

CONA Sale: On February 6, 2019, the Commission approved the sale of the Capital One, N.A. Site ("CONA Site", which HOC had acquired on July 11, 2014) to Duffie and authorized HOC's portion of the proceeds to remain with Hillandale Gateway, LLC to be used for future predevelopment and development activities. The CONA Site and Holly Hall are being entitled together as part of the Hillandale Gateway site plan.

Summary and Recommendations

ISSUES FOR CONSIDERATION

Does the Commission wish to accept staff's recommendation, which is supported by the Development & Finance Committee, to accept its Update of the Preliminary Development Plan, discussed herein?

Does the Commission wish to accept staff's recommendation, which is supported by the Development & Finance Committee, to authorize:

1. Increasing the predevelopment budget to \$14,203,265?
2. Obtaining an additional predevelopment loan installment of \$4,126,898 from the Opportunity Housing Reserve Fund at the Applicable Federal Rate, which loan will be repaid at full construction financing?

BUDGET/FISCAL IMPACT

There is no adverse impact on the Commission's FY2023 Operating Budget. Current unobligated OHRF balance is \$11,349,789.

TIME FRAME

For formal action in open meeting of the Commission on September 14, 2022.

STAFF RECOMMENDATION AND COMMISSION ACTION NEEDED

As these changes would enable the full permitting and financing of the Hillandale Gateway development and better position the development team to manage construction cost risk, staff is recommending that the Commission join staff's recommendation, which is supported by the Development and Finance Committee, to accept its Update of the Preliminary Development Plan, discussed herein and that it authorize:

1. Increasing the predevelopment budget to \$14,203,265; and
2. Obtaining an additional predevelopment loan installment of \$4,126,898 from the Opportunity Housing Reserve Fund at the Applicable Federal Rate, which loan will be repaid at full construction financing.

RESOLUTION No.: 22-67

**RE: Approval of Revised Predevelopment Budget and
Additional Predevelopment Funding for
Hillandale Gateway, LLC**

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC” or the “Commission”), in accordance with previous Commission resolutions, is the sole member of HOC at Hillandale Gateway, LLC, which is a member of Hillandale Gateway, LLC, the entity that will redevelop approximately 5.15 acres of land at 10110 and 10140 New Hampshire Avenue, Silver Spring, MD 20903 (“Holly Hall Site”); and

WHEREAS, on October 7, 2015, March 1, 2017, January 9, 2019, February 5, 2020, and November 4, 2020 the Commission authorized loans to Hillandale Gateway, LLC from HOC’s Opportunity Housing Reserve Fund (“OHRF”) in the total amount of \$10,076,367 to fund predevelopment activities related to the redevelopment of the Holly Hall Site; and

WHEREAS, the Commission desires to approve additional predevelopment funding in the amount of \$4,126,898 (“Additional Predevelopment Funding”) to cover predevelopment expenditures related to the redevelopment of the Holly Hall Site through closing of Hillandale Gateway, LLC’s redevelopment construction-period financing (“Construction Financing”); and

WHEREAS, the Commission desires to approve a loan from HOC’s OHRF to Hillandale Gateway in the amount of \$4,126,898 to fund the Additional Predevelopment Funding (the “OHRF Loan”), and such loan shall accrue interest at the short-term Applicable Federal Rate of the Internal Revenue Code and will be repaid from the proceeds of Construction Financing; and

WHEREAS, the Commission desires to approve a revised predevelopment budget for the redevelopment of the Holly Hall Site in the amount of \$14,203,265 to reflect the Additional Predevelopment Funding and the OHRF Loan (“Revised Predevelopment Budget”), which Revised Predevelopment Budget will include predevelopment funding spent to date, future predevelopment expenditures through closing of construction financing, prefunded closing costs, and contingency; and

WHEREAS, pursuant to Treasury Regulation §1.150-2, the Commission desires to declare its official intent to participate in future tax-exempt borrowings in an amount not to exceed \$200,000,000 to finance “original expenditures” (as defined in Treasury Regulation §1.150-2) for the new construction located at the Holly Hall Site (the “Development”); and

WHEREAS, all or a portion of such future tax-exempt borrowings may be allocated to reimburse the Commission for original expenditures paid or to be paid subsequent to the date which is 60 days prior to the date hereof, such reimbursement allocation to occur not later than 18 months after the later of the date of payment of such original expenditures or the date on which the Development is placed in service or abandoned (but in no event more than three (3) years after the date of payment of the related original expenditures).

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it approves Additional Predevelopment Funding in the amount of \$4,126,898 to cover predevelopment expenditures related to the redevelopment of the Holly Hall Site through Construction Financing.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, that it authorizes a loan to Hillandale Gateway, LLC from HOC's OHRF in the amount of \$4,126,898, which loan will accrue interest at the applicable federal rate and will be repaid at the closing of Construction Financing.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that it approves the Revised Predevelopment Budget of \$14,203,265 for the redevelopment of the Holly Hall Site, which includes the increase in predevelopment funding described in these Resolutions, predevelopment funding spent to date, future predevelopment expenditures through closing of Construction Financing, prefunded closing costs, and contingency.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting on behalf of itself and on behalf of HOC at Hillandale Gateway, LLC, acting for itself and on behalf of Hillandale Gateway, LLC, that the Executive Director, or her designee, is authorized to take any and all actions necessary and proper to carry out the transactions and actions contemplated herein, including the execution of any documents related to Hillandale Gateway, LLC's acceptance of the loan from HOC's OHRF in an amount up to \$4,126,898.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that it presently intends and reasonably expects to finance costs related to the predevelopment and other expenditures of the redevelopment of the Holly Hall Site located in the Hillandale area of Montgomery County, with moneys currently contained in its OHRF and any other funds of the Commission so designated for use by the Commission.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that it declares its official intent to participate in future tax-exempt borrowings in an amount not to exceed \$200,000,000 to finance original expenditures for the Development.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that any original expenditures for Development may be reimbursed with proceeds of tax-exempt borrowings if such original expenditures are paid or to be paid no earlier than 60 days prior to the date of this Resolution, except preliminary expenditures as defined in Treasury Regulation Section 1.150-2(f)(2) (e.g. architect's fees, engineering fees, costs of soil testing and surveying).

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that all prior acts and doings of the officials, agents and employees of the Commission which are in conformity with the purpose and intent of this Resolution, and in furtherance of the redevelopment of the Holly Hall Site, shall be and the same hereby are in all respects ratified, approved and confirmed.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that all other resolutions of the Commission, or parts of resolutions, inconsistent with this Resolution are hereby repealed to the *extent* of such inconsistency.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director, or her designee, is hereby authorized, without any further action on its part, to take any and all actions necessary and proper to carry out the transactions and actions contemplated herein, including the execution of any documents related thereto.

I HEREBY CERTIFY that the foregoing resolution was approved by the Housing Opportunities Commission of Montgomery County at a regular open meeting conducted on September 14, 2022.

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Patrice M. Birdsong
Special Assistant to the Commission

Adjourn