

January 3, 2017

The Honorable Shaun Donovan
Director
The Office of Management and Budget
725 17th Street, NW
Washington, DC 20503

Dear Director Donovan:

We are writing to recommend that the expansion of the Family Self-Sufficiency (FSS) program to families participating in Project-Based Rental Assistance be made permanent in the President's FY18 budget. As you know, a year-long extension of this provision from the President's fiscal year 2015 budget was included in the final FY 15 and FY16 spending bills as well as the House and Senate versions of a HUD FY 17 appropriations bill, and HUD has issued Notice H-2016-08 to implement it.

The Notice makes the asset-building and work incentive benefits of FSS available to residents with Project-Based Rental Assistance (PBRA) as well as the public housing residents and voucher holders who were already eligible. FSS helps families in assisted housing improve their economic circumstances through service coordinators that help them access existing services such as job training. FSS also gives families a financial incentive: as their income rises and therefore their rent increases, the additional rent goes into escrow accounts that the families receive upon graduation from the program.

FSS is a voluntary program that has shown promising results. Over 71,000 households currently participate in FSS and this number can grow as PBRA properties are now eligible. According to the FY 17 Congressional Justification for the program, 52% of program graduates have escrow savings that average \$6500. No graduating families received TANF benefits, a condition of graduation.

There is evidence of strong interest among multifamily owners in the FSS program. HUD recently hosted a series of webinars on the expansion of the FSS program to multi-family owners, and more than 360 people participated. Nonprofit affordable housing owners in Rhode Island and Connecticut are already setting aside escrow for residents who want to participate. We have attached a summary of some of the promising initial results from Compass Working Capital, a nonprofit with expertise in asset building that partners with PBRA owners to run FSS programs.

These PBRA property owners are not eligible for the service coordinator funds that PHAs use to run FSS programs. Instead, they have raised private funds to pay for their FSS programs. For multifamily owners, the lack of coordinator funds coupled with the current impermanence of

the extension to PBRA owner is a barrier to wider adoption of FSS. Therefore, making the extension permanent could go a long way toward creating the conditions for PBRA owners to adopt FSS and raise the funds to fully support their programs.

FSS has a good track record of using stable, affordable housing as a platform to help families build assets.¹ This is why we believe that funding for affordable housing is important in general, and why we support making the PBRA FSS expansion permanent. Ongoing or future research may suggest ways to further improve the FSS model, but there is no reason not to make the extension to PBRA permanent so that future changes apply to FSS participants living in all types of assisted housing. FSS has had bipartisan appeal as a way to help families move up and out of poverty. We encourage you to recommend including permanent expansion of this provision in the President's budget for FY2018. Please contact Kris Siglin at siglin@housingpartnership.net if you have any questions.

Sincerely,

Center on Budget and Policy Priorities
CFED
Compass Working Capital
Housing Partnership Network
National Housing Conference
National Housing Trust
POAH
Stewards of Affordable Housing for the
Future
The Caleb Group

Enclosure

CC:

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¹ HUD's Office of Policy Development and Research is continuing to further expand on initial promising FSS evaluations with a longitudinal, randomized controlled study of the FSS program.