



SCOTT KRUG

STATE REPRESENTATIVE • 72nd ASSEMBLY DISTRICT

(608) 266-0215
FAX: (608) 282-3672
District: (715) 459-2267
Toll-Free: (888) 529-0072

P.O. Box 8952
Madison, WI 53708-8952
Rep.Krug@legis.wi.gov

TO: Assembly Committee on Housing and Real Estate
FROM: Rep. Scott Krug
RE: 2021 ASSEMBLY BILL 931
DATE: February 9, 2022

I write today to thank the committee and Chair Rep. Summerfield for holding this hearing on AB 931, and to express my support for the bill.

AB 931 would require each public housing authority in Wisconsin that has at least one individual or family on a waiting list for public housing, to apply for assistance under the federal family self-sufficiency program.

The federal Family Self-Sufficiency (FSS) Program is housed at the US Department of Housing and Urban Development (HUD).

(https://www.hud.gov/program_offices/public_indian_housing/programs/hcv/fss)

The idea behind the FSS program is to make available to public housing residents, resources and training needed in order for these families to eventually acquire their own homes. It's a big goal and frankly a tall order. AB 931 is a start.

AB 931 would require local public housing authorities (PHAs) to apply to HUD to participate in the FSS program. Our goal here is to raise awareness of the FSS program, and to start a discussion about whether more families in Wisconsin might not be helped by the program.

First, let me state that AB 931 merely requires PHAs to APPLY for the FSS program; it doesn't require a PHA to finalize participation in the federal program if for some reason doing so would make no sense in the specific local circumstances of a particular PHA. However, the FSS program has so much potential that I DO want to get all PHAs in Wisconsin that face housing demands greater than their inventories, to at least look at the program and to seriously consider participating.

MORE

For the FSS program to help anyone, two steps have to happen. The first is that a local Public Housing Authority (PHA) must be certified by HUD as a participating PHA. Once that has happened, individuals may apply to their PHA to become participants. Individual and family applicants for FSS must be residents in public housing at the time they apply. Not every individual or family who applies for FSS will qualify.

Under FSS, families are required to sign an FSS contract that incorporates the family's individual training and services plan (ITSP). The ITSP is the document that records the plan for the family. The term of the FSS contract is generally 5 years, but it may be extended for another 2 years by the PHA for good cause.

For those who do qualify, the FSS program offers significant assistance to participating individuals and families. Once an individual or family is in the program, an interest-bearing escrow account is established by the PHA for each participating individual / family. Any increases in the family's rent as a result of increased earned income during the family's participation in the program result in a credit to the family's escrow account. Once an individual or family graduates from the program, they may access the escrow and use it for any purpose.

The FSS program also requires participants to attend counseling and training designed to help them become able to handle home ownership. Participants work with an FSS service coordinator to identify their financial and employment-related goals, including child care, transportation, education, job training, employment counseling, financial literacy, and homeownership counseling, among others.

Services are generally not provided by the PHA, but rather outsourced to service providers in the community. Housing authorities which apply for and then complete applications to the FSS program would have to arrange and manage relationships with service providers, entities which already exist in the community, rather than take on the actual providing of the services.

This bill is not a "quick fix." The FSS program is not an overnight solution to shortages of public housing; it will not foster home ownership overnight. However, we believe that greater use of FSS in Wisconsin could increase (even by a little) home ownership and housing independence in Wisconsin. For that reason, we want to at least begin a conversation about it.

HUD shows over 80 public housing authorities in Wisconsin. However, our research so far on

MORE

participation in the FSS program by Wisconsin housing authorities indicates that (by one count) only ten local public housing authorities (PHAs) in the state are current or recent recipients of grants from HUD in support of the FSS.

The FSS program does work. Data gathered by HUD as well as individual housing agencies show substantial earnings gains and savings levels by families in FSS, particularly those who graduate from the program.

During the ten-year period from 2007 to 2016, nearly 37,000 households nationally graduated from a local PHA-administered FSS program. These graduates increased their income on average by 80 percent during their participation in FSS (from \$14,706 at entry into FSS to \$26,586 at graduation), according to HUD data. Graduates received an average of \$6,270 in escrow savings to use as they wished. With higher incomes and some financial cushion, more than a third (37 percent) left housing assistance within a year of graduation, and some (15 percent) became homeowners. (*Department of Housing and Urban Development, "25 Years of the Family Self-Sufficiency Program," 2017, <https://www.hudexchange.info/programs/fss/25-years/#p=1>*)

While increasing income by 80 percent over roughly five years (the typical limit for participation) is substantial, it should be noted that less than half of enrollees usually remain in the program, meet their goals, and satisfy the other requirements for graduation. (*Center on Budget and Policy Priorities, Basic Facts About HUD's Family Self-Sufficiency Program, November 13, 2020, <https://www.cbpp.org/research/housing/basic-facts-about-huds-family-self-sufficiency-program>*)

We acknowledge that participation in FSS requires significant effort by local public housing authorities. Local PHAs who would participate in FSS are required to file an application with HUD; the application / status as a participating PHA requires that the PHA have an action plan for participation in FSS on file with HUD. An ongoing commitment is required by the local PHAs. We understand that.

The FSS program does allow a public housing authority to operate a joint FSS program with other public housing authorities. PHAs may do so under a joint Action Plan. (The PHA's local HUD Field Office must approve the FSS Action Plan.) The FSS program does offer some flexibility to its potential partners.

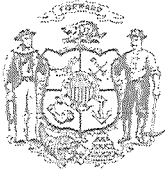
MORE

Families participating in FSS must be receiving benefits from a public housing authority that is itself participating in the federal FSS program. That said, the FSS program is available to families or individuals who are Public Housing (PH) residents, Housing Choice Voucher (HCV) program participants, residents of NAHASDA-assisted housing, and, recently, residents of project-based rental assistance (PBRA) projects.

I'll say again that, in order to offer FSS, public housing authorities must apply to the FSS program. AB 931 is quite simple: It would require that any PHA in the state that has a waiting list for housing, at least apply to HUD to become a participating PHA in the FSS program. When and if a local PHA is approved by HUD, at that point the FSS program would be available to families receiving benefits from that local public housing authority in Wisconsin.

Our rationale for this bill is that, over time, the FSS program could increase home ownership and housing independence. Any increase in home ownership by residents in public housing, would result in a public housing unit becoming available. It's not an easy process, it's not a quick process, but it could change lives.

I ask for your support of Assembly Bill 931 and thank you for your consideration.



ANDRÉ JACQUE

STATE SENATOR • 1ST SENATE DISTRICT

Phone: (608) 266-3512

Fax: (608) 282-3541

Sen.Jacque@legis.wi.gov

State Capitol • P.O. Box 7882

Madison, WI 53707-7882

*Testimony before the Assembly Committee on Housing and Real Estate
Senator André Jacque
February 9, 2022*

Chair Summerfield and Committee Members,

Thank you for the opportunity to testify in support of Assembly Bill 931, housing authorities with waiting lists for public housing.

The federal Family Self-Sufficiency (FSS) Program is housed at the US Department of Housing and Urban Development (HUD). The idea behind the program is to make available to public housing residents, resources and training needed in order for these families to eventually acquire their own homes.

Assembly Bill 931, calls on local public housing authorities (PHAs) to apply to HUD as participants in the FSS program. Our goal here is to raise awareness of the FSS program, and to start a discussion about whether more families in Wisconsin might not be helped by the program.

This bill is not a “quick fix.” The FSS program is not an overnight solution to shortages of public housing; it will not foster home ownership overnight. However, we believe that greater use of FSS in Wisconsin could increase (even by a little) home ownership and housing independence in Wisconsin. For that reason, we want to at least begin a conversation about it.

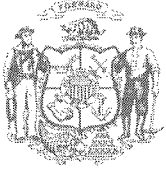
HUD shows over 80 public housing authorities in Wisconsin. However, our research so far on participation in the FSS program by Wisconsin housing authorities indicates that (by one count) only ten local public housing authorities (PHAs) in the state are current or recent recipients of grants from HUD in support of the FSS.

We acknowledge that participation in FSS requires significant effort by local public housing authorities. Local PHAs who would participate in FSS are required to file an application with HUD; the application / status as a participating PHA requires that the PHA have an action plan for participation in FSS on file with HUD. An ongoing commitment is required by the local PHAs. We understand that.

The FSS program does allow a public housing authority to operate a joint FSS program with other public housing authorities. PHAs may do so under a joint Action Plan. (The PHA's local HUD Field Office must approve the FSS Action Plan.) The FSS program does offer some flexibility to its potential partners.

Families participating in FSS must be receiving benefits from a public housing authority that is itself participating in the federal FSS program. That said, the FSS program is available to families or individuals who are Public Housing (PH) residents, Housing Choice Voucher (HCV) program participants, residents of NAHASDA-assisted housing, and, recently, residents of project-based rental assistance (PBRA) projects.

The program offers significant assistance to participating families. Once a family is in the program, an interest-bearing escrow account is established by the PHA for each participating family. Any increases in the family's rent as a result of increased earned income during the family's participation in the program result in a credit to the family's escrow account. Once a family graduates from the program, they may access the escrow and use it for any purpose.



ANDRÉ JACQUE

STATE SENATOR • 1ST SENATE DISTRICT

Phone: (608) 266-3512

Fax: (608) 282-3541

Sen.Jacque@legis.wi.gov

State Capitol - P.O. Box 7882

Madison, WI 53707-7882

Families in the FSS program would be required to attend counseling and training designed to help them become able to handle home ownership. Some of the services coordinated through the program include: child care, transportation, education, job training, employment counseling, financial literacy, and homeownership counseling, among others. Services are generally not provided by the PHA, but rather outsourced to service providers in the community.

Under FSS, families are required to sign an FSS contract that incorporates the family's individual training and services plan (ITSP). The ITSP is the document that records the plan for the family. The term of the FSS contract is generally 5 years, but it may be extended for another 2 years by the PHA for good cause.

How does Assembly Bill 931 fit into all of this?

In order to offer FSS, Public housing authorities must apply to the FSS program. Assembly Bill 931 is quite simple: It would require that any PHA in the state that has a waiting list for housing, at least apply to HUD to become a participating PHA in the FSS program. When and if a local PHA is approved by HUD, at that point the FSS program would be available to families receiving benefits from that local public housing authority in Wisconsin.

Our rationale is that, over time, the FSS program could increase home ownership and housing independence. Any increase in home ownership by residents in public housing, would result in a public housing unit becoming available. It's not an easy process, it's not a quick process, but it could change lives.

Thank you for your consideration of Assembly Bill 931.