FAMILY SELF-SUFFICIENCY ACT

DECEMBER 13, 2017.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. HENSARLING, from the Committee on Financial Services, submitted the following

REPORT

[To accompany H.R. 4258]

[Including cost estimate of the Congressional Budget Office]

The Committee on Financial Services, to whom was referred the bill (H.R. 4258) to promote the development of local strategies to coordinate use of assistance under sections 8 and 9 of the United States Housing Act of 1937 with public and private resources, to enable eligible families to achieve economic independence and self-sufficiency, and for other purposes, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

PURPOSE AND SUMMARY

On November 6, 2017, Representative Sean Duffy introduced H.R. 4258, the “Family Self-Sufficiency Act”.

The legislation would relieve the Department of Housing and Urban Development’s (HUD) administrative and regulatory burdens to administer the Family Self-Sufficiency (FSS) program by combining the two separate FSS programs into one program. In addition, the bill seeks to broaden the supportive services that the FSS can provide to a participant and it would allow tenants who currently reside in privately-owned properties with HUD project-based assistance to participate in the FSS program. The FSS program, administered by HUD, helps families in public housing and the voucher program make progress toward economic self-sufficiency by combining stable affordable housing with work-promoting service coordination and a rent incentive in the form of an escrow account that grows as the families’ earnings increase.
Enacted in 1990, the FSS program seeks to help families in Public Housing and the Housing Choice Voucher (HCV) program make progress toward economic security by combining stable affordable housing with work-promoting service coordination and a rent incentive in the form of an escrow account that grows as families’ earnings increase.

The program funds FSS Coordinators to help participants achieve employment goals and accumulate assets. The FSS Coordinators in each local program build partnerships with employers and service providers in the community to help participants obtain jobs and supportive services. These services may include child care, transportation, basic adult education, job training, employment counseling, substance/alcohol abuse treatment, financial literacy, asset-building skills, and homeownership counseling among others.

The FSS program helps families set goals to achieve economic security and economic independence. Generally, families have five (5) years in which to achieve their goals. Through FSS, participants become and stay employed, become independent of government assistance, and increase their income level. Graduating participants gain access to the escrow account established in their name, and, as a result, also decrease or eliminate the need for rental assistance. This program allows more resources for housing assistance to be made available to serve additional families.

When implemented properly, FSS can serve as one of the largest asset-building programs for low-income families in the country. It uses stable housing as a means to promote economic freedom for Public Housing and HCV residents.

HUD's FY 2018 Congressional Budget Justification provided an actual example of outcomes Family Self-Sufficiency Program for program graduates and their families:

Q.P., [an FSS participant], is a single mother of three and had been on the voucher program since 2005. She enrolled in the FSS program in 2010 with an income of $14,000 from temporary work. While on FSS, she received her Associate's degree and became a licensed radiographer. After four years, she graduated from FSS and was no longer in need of voucher assistance, as her income had increased to $72,000, which is 104 percent of the local area median income (AMI).

In a statement in support for H.R. 4258 dated November 13, 2017, the Center on Budget and Policy Priorities and the National Low Income Housing Coalition wrote:

The bill also will enhance the impact of the FSS program, by making funding for program coordinators more predictable yet also subject to ongoing compliance with HUD-determined performance standards and periodic evidence-based review and revision. In addition, the bill will encourage innovation and facilitate substantial increases in incomes that will make homeownership or moves to private market rental housing more feasible.

In a statement of support for H.R. 4258 dated November 10, 2017, the National Housing Trust wrote:

NHT believes firmly that the Family Self Sufficiency program is a very promising tool that owners can use to help resi-
dents increase earning, grow savings, and reduce dependency on public assistance. NHT supports H.R. 4258 because it would strengthen the effective FSS model.

H.R. 4258 would enhance HUD's FSS Program and furthers the strategic goal to use housing as a platform to improve quality of life of and helping HUD-assisted renters increase their economic security and self-sufficiency. Enacting the reforms in H.R. 4258 will promote the development of local strategies to coordinate the use of housing assistance with public and private resources to enable participating families to increase earned income and financial literacy, reduce or eliminate the need for welfare assistance, and make progress toward economic independence.

HEARINGS

The Committee on Financial Services' Subcommittee on Housing and Insurance held a hearing examining matters relating to H.R. 4258 on September 27, 2017.

COMMITTEE CONSIDERATION

The Committee on Financial Services met in open session on November 14, 2017, and ordered H.R. 4258 to be reported favorably to the House, without amendment, by a recorded vote of 58 yeas to 0 nays (Record vote no. FC–95), a quorum being present.

COMMITTEE VOTES

Clause 3(b) of rule XIII of the Rules of the House of Representatives requires the Committee to list the record votes on the motion to report legislation and amendments thereto. The sole recorded vote was on a motion by Chairman Hensarling to report the bill favorably to the House without amendment. The motion was agreed to by a recorded vote of 58 yeas to 0 nays (Record vote no. FC–95), a quorum being present.
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COMMITTEE OVERSIGHT FINDINGS

Pursuant to clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the findings and recommendations of the Committee based on oversight activities under clause 2(b)(1) of rule X of the Rules of the House of Representatives, are incorporated in the descriptive portions of this report.

PERFORMANCE GOALS AND OBJECTIVES

With respect to clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the Committee advises that the bill contains no measure that authorizes funding, so no statement of general performance goals and objectives for which any measure authorizes funding is required.

NEW BUDGET AUTHORITY, ENTITLEMENT AUTHORITY, AND TAX EXPENDITURES

In compliance with clause 3(c)(2) of rule XIII of the Rules of the House of Representatives, the Committee adopts as its own the estimate of new budget authority, entitlement authority, or tax expenditures or revenues contained in the cost estimate prepared by the Director of the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974.

CONGRESSIONAL BUDGET OFFICE ESTIMATES

Pursuant to clause 3(c)(3) of rule XIII of the Rules of the House of Representatives, the following is the cost estimate provided by the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,

Hon. Jeb Hensarling,
Chairman, Committee on Financial Services,
House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 4258, the Family Self-Sufficiency Act.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Elizabeth Cove Delisle.

Sincerely,

KEITH HALL,
Director.

Enclosure.

H.R. 4258—Family Self-Sufficiency Act

Summary: H.R. 4258 would allow owners of properties that participate in the Project-Based Rental Assistance (PBRA) program to make the Family Self-Sufficiency (FSS) program available to their tenants. The bill also would remove a limit on the amounts that can be deposited into escrow accounts for some FSS participants. CBO estimates that implementing H.R. 4258 would cost $13 mil-
lion over the 2018–2022 period, assuming appropriation of the necessary amounts.

Enacting the bill would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

CBO estimates that enacting H.R. 4258 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2028.

H.R. 4258 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA).

Estimated cost to the Federal Government: The estimated budgetary effect of H.R. 4258 is shown in the following table. The costs of this legislation fall within budget function 600 (income security).

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Components may not sum to totals because of rounding; PBRA = Public Housing Authorities; * = between zero and $500,000.

Basis of estimate: For this estimate, CBO assumes that the bill will be enacted around the end of 2018 and will become effective about a year later.

The FSS program provides federal support for participants who agree to work toward leaving assisted housing by increasing their earned income. Coordinators for the FSS program connect households receiving assistance with the providers of services such as education, child care, and job training. Households receiving assistance usually pay 30 percent of their adjusted income toward rent; in the FSS program, any changes in rent that result from participants’ increased income are credited to an escrow account that tenants receive when they successfully complete the program. For households that do not participate in FSS, the cost to the Department of Housing and Urban Development of providing housing assistance decreases as a household’s income increases; for graduates of FSS, that cost remains the same.

The Continuing Appropriations Act, 2018, and Supplemental Appropriations for Disaster Relief Requirements Act, 2017 (Public Law 115–56) authorizes property owners that participate in PBRA to make the FSS program available to their tenants through 2018. H.R. 4258 would permanently authorize property owners to offer the program by entering into agreements with public housing authorities (PHAs) that already operate such a program, or by creating their own FSS program. The bill also would make PHAs that enroll participants from project-based properties eligible to receive funds to pay program coordinators.
Using information on the number of participants from PBRA properties and the graduation rates of participants, CBO expects that participation would increase from about 400 adults in 2020 to about 1,200 in 2022 and that about 6 percent of those participants would graduate each year. CBO estimates that the average escrow balance of graduates will be about $6,000; therefore, CBO estimates that the cost to disburse the escrow for FSS graduates would total $1 million over the 2018–2022 period.

Based on the historical rate of annual spending per participant for FSS coordinators, CBO estimates that the cost to pay coordinators for assisting the additional participants would total $1 million over the 2018–2022 period.

The bill also would remove a limit on how much can be deposited into escrow for families with income between 50 percent and 80 percent of the area median income (AMI), including households assisted by the public housing and tenant-based assistance programs. Under current law, rent increases that are deposited to escrow are phased out as the household’s income increases as a percent of AMI. Using data on the incomes of FSS participants and the escrow balances of graduates, CBO estimates that the provision would cost $11 million over the 2018–2022 period.

Pay-as-You-Go considerations: None.

Increase in long-term direct spending and deficits: CBO estimates that enacting H.R. 4258 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2028.

Mandates: H.R. 4258 contains no intergovernmental or private-sector mandates as defined in UMRA. The bill would place new requirements on state, local, and tribal entities that administer housing assistance programs, but those requirements would be conditions of participating in a voluntary federal program or other conditions of assistance.

Estimate prepared by: Federal Costs: Elizabeth Cove Delisle; Mandates: Rachel Austin.

Estimate approved by: H. Samuel Papenfuss; Deputy Assistant Director for Budget Analysis.

**FEDERAL MANDATES STATEMENT**

This information is provided in accordance with section 423 of the Unfunded Mandates Reform Act of 1995.

The Committee has determined that the bill does not contain Federal mandates on the private sector. The Committee has determined that the bill does not impose a Federal intergovernmental mandate on State, local, or tribal governments.

**ADVISORY COMMITTEE STATEMENT**

No advisory committees within the meaning of section 5(b) of the Federal Advisory Committee Act were created by this legislation.

**APPLICABILITY TO LEGISLATIVE BRANCH**

The Committee finds that the legislation does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of the section 102(b)(3) of the Congressional Accountability Act.
EARMARK IDENTIFICATION

With respect to clause 9 of rule XXI of the Rules of the House of Representatives, the Committee has carefully reviewed the provisions of the bill and states that the provisions of the bill do not contain any congressional earmarks, limited tax benefits, or limited tariff benefits within the meaning of the rule.

DUPlication OF FEDeral PROGRAMS

In compliance with clause 3(c)(5) of rule XIII of the Rules of the House of Representatives, the Committee states that no provision of the bill establishes or reauthorizes: (1) a program of the Federal Government known to be duplicative of another Federal program; (2) a program included in any report from the Government Accountability Office to Congress pursuant to section 21 of Public Law 111–139; or (3) a program related to a program identified in the most recent Catalog of Federal Domestic Assistance, published pursuant to the Federal Program Information Act (Pub. L. No. 95–220, as amended by Pub. L. No. 98–169).

DISCLOSURE OF DIRECTED RULEMAKING

Pursuant to section 3(i) of H. Res. 5, (115th Congress), the following statement is made concerning directed rulemakings: The Committee estimates that the bill requires no directed rulemakings within the meaning of such section.

SECTION-BY-SECTION ANALYSIS OF THE LEGISLATION

Section 1. Short title

This section cites H.R. 4258 as the “Family Self-Sufficiency Act”.

Section 2. Family self-sufficiency program

This section amends Section 23 of the U.S. Housing Act of 1937 to include participants receiving housing assistance under section 8 and section 9 for the purposes of administering one Family Self-Sufficiency Program.

Instructs each public housing agency that was required to administer a local FSS program, prior to this Act, to operate its program for at least the number of families the agency was required to serve on the date of enactment of this Act. The Secretary shall not require a public housing agency to carry out a mandatory program upon request of the public housing agency and upon a determination by the Secretary that implementation is not feasible because of local circumstances.

A public housing agency administering housing assistance to or on behalf of an eligible family under section 8 or section 9 and the owner or sponsor of a multi-family property receiving project-based rental assistance under section 8 are eligible to administer a local Family Self-Sufficiency program.

Amends eligible supportive services for FSS participants to include attainment of a high school equivalency certificate, education in pursuit of a post-secondary degree or certification, training in financial literacy, and homeownership education and assistance. FSS contract participation shall require 1 household member of the participating family to seek and maintain suitable employment. Adds
a new paragraph that states assistance under section 8 or section 9 for a family that elects not to participate in the Family Self-Sufficiency program shall not be delayed because the family elected not to participate.

For each FSS participating family, an amount equal to any increase in the amount of rent paid by the family that is attributable to increases in their earned income shall be placed in an interest-bearing escrow account established by the eligible entity on behalf of the participating family. The eligible entity may use funds it controls under section 8 and section 9 for purposes of making the escrow deposit for participating family, provided such funds are offset by the increase in the amount of rent paid by the participating family. Stipulates that all Family Self-Sufficiency programs shall include an escrow account. Any amount placed in an escrow account established by an eligible entity for a participating family that exists after the end of a contract of participation that does not qualify to receive the escrow shall be used by the eligible entity for the benefit of participating families in good standing.

Clarifies the membership of the FSS program’s coordinating committee. Clarifies that each PHA, when developing their FSS action plan, must consult with certain local entities affected by the operation of their FSS program. Clarifies the contents of each PHA’s individual FSS action plan.

Requires the HUD Secretary to establish a formula by which annual FSS funds will be awarded for the costs incurred by an eligible entity administering the program. Gives the HUD Secretary the discretion to reserve up to 5 percent of FSS funds appropriated to award innovation and high performing FSS programs.

Allows the owner of a privately-owned property to voluntarily make an FSS program available to tenants, in accordance with procedures established by the HUD Secretary. Such procedures shall permit the owner to enter into a cooperative agreement with a local public housing agency that administers an FSS program, or, at the owner’s option, operate an FSS program on its own.

Not later than 360 days after the date of enactment of this Act, the HUD Secretary shall issue notice or regulations to implement this Act.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, and existing law in which no change is proposed is shown in roman):

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, and existing law in which no change is proposed is shown in roman):
UNITED STATES HOUSING ACT OF 1937

TITLE I—GENERAL PROGRAM OF ASSISTED HOUSING

SEC. 23. FAMILY SELF-SUFFICIENCY PROGRAM.

(a) PURPOSE.—The purpose of the Family Self-Sufficiency program established under this section is to promote the development of local strategies to coordinate use of public housing and assistance under the certificate and voucher programs under section 8 with public and private resources, to enable eligible families to achieve economic independence and self-sufficiency.

(b) ESTABLISHMENT OF PROGRAM.—Except as provided in paragraph (2), the Secretary shall carry out a program under which each public housing agency that administers assistance under subsection (b) or (o) of section 8 or makes available new public housing dwelling units—

(A) may, during fiscal years 1991 and 1992, carry out a local Family Self-Sufficiency program under this section;

(B) effective on October 1, 1992, the Secretary shall require each such agency to carry out a local Family Self-Sufficiency program under this section, subject to the limitations in paragraph (4); and

(C) effective on the date of the enactment of the Quality Housing and Work Responsibility Act of 1998, to the extent an agency is not required to carry out a program pursuant to subparagraph (B) of this paragraph and paragraph (4), may carry out a local Family Self-Sufficiency program under this section.

Subject to paragraph (4), each local program shall, subject to availability of supportive services, include an action plan under subsection (g) and shall provide comprehensive supportive services for families electing to participate in the program. In carrying out the self-sufficiency program under this section, the Secretary shall consult with the heads of other appropriate Federal agencies and provide for cooperative actions and funding agreements with such agencies. Each public housing agency administering an approved local program may employ a service coordinator to administer the local program.

(2) EXCEPTION.—The Secretary shall not require a public housing agency to carry out a local program under subsection (a) if the public housing agency provides certification (as such term is defined under title I of the Cranston-Gonzalez National Affordable Housing Act) to the Secretary, that the establishment and operation of the program is not feasible because of local circumstances, which may include—

(A) lack of supportive services accessible to eligible families, which shall include insufficient availability of resources for programs under title I of the Workforce Innovation and Opportunity Act or the Job Opportunities and Basic Skills Training Program under part F of title IV of the Social Security Act;
(B) lack of funding for reasonable administrative costs;
(C) lack of cooperation by other units of State or local
government; or
(D) any other circumstances that the Secretary may
consider appropriate.
In allocating assistance available for reservation under this
Act, the Secretary may not refuse to provide assistance or
decrease the amount of assistance that would otherwise be pro-
vided to any public housing agency because the agency has
provided a certification under this paragraph or because, pur-
suant to a certification, the agency has failed to carry out a
self-sufficiency program.
(3) Scope.—Subject to paragraph (4), each public housing
agency required to carry out a local program under this section
shall make the following housing assistance available under
the program in each fiscal year:
(A) Certificate and voucher assistance under section
8(b) and (o), in an amount equivalent to the increase for
such year in the number of families so assisted by the
agency (as compared to the preceding year).
(B) Public housing dwelling units, in the number equal
to the increase for such year in units made available by
the agency (as compared to the preceding year). Each such
public housing agency shall continue to operate a local pro-
gram for the number of families determined under this
paragraph subject only to the availability under appropi-
ations Acts of sufficient amounts for assistance.
(4) Termination of requirement to expand program.—
(A) In general.—Notwithstanding any other provision
of law, a public housing agency that receives incremental
assistance under subsection (b) or (o) of section 8 or that
makes available new public housing dwelling units shall
not be required, after the enactment of the Quality Hous-
ing and Work Responsibility Act of 1998, to provide assist-
ance under a local Family Self-Sufficiency program under
this section to any families not required to be assisted
under subparagraph (B) of this paragraph.
(B) Continuation of existing obligations.—
(i) In general.—Each public housing agency that,
before the enactment of the Quality Housing and
Work Responsibility Act of 1998, was required under
this section to carry out a local Family Self-Sufficiency
program shall continue to operate such local program
for the number of families determined under para-
graph (3), subject only to the availability under appropi-
ations Acts of sufficient amounts for housing assist-
ance.
(ii) Reduction.—The number of families for which
an agency is required under clause (i) to operate such
local program shall be decreased by one for each fam-
ily that, after enactment of the Quality Housing and
Work Responsibility Act of 1998, fulfills its obligations
under the contract of participation.
(5) Nonparticipation.—Assistance under the certificate or
voucher programs under section 8 for a family that elects not
to participate in a local program shall not be delayed by reason of such election."

(b) **Continuation of Prior Required Programs.**—

(1) **In General.**—Each public housing agency that was required to administer a local Family Self-Sufficiency program on the date of enactment of the Family Self-Sufficiency Act, shall operate such local program for, at a minimum, the number of families the agency was required to serve on the date of enactment of such Act, subject only to the availability under appropriations Acts of sufficient amounts for housing assistance and the requirements of paragraph (2).

(2) **Reduction.**—The number of families for which a public housing agency is required to operate such local program under paragraph (1) shall be decreased by one for each family from any supported rental housing program administered by such agency that, after October 21, 1998, fulfills its obligations under the contract of participation.

(3) **Exception.**—The Secretary shall not require a public housing agency to carry out a mandatory program for a period of time upon the request of the public housing agency and upon a determination by the Secretary that implementation is not feasible because of local circumstances, which may include—

(A) lack of supportive services accessible to eligible families, which shall include insufficient availability of resources for programs under title I of the Workforce Investment Act of 1998 (29 U.S.C. 2801 et seq.);

(B) lack of funding for reasonable administrative costs;

(C) lack of cooperation by other units of State or local government; or

(D) any other circumstances that the Secretary may consider appropriate.

(c) **Eligibility.**—

(1) **Eligible Families.**—A family is eligible to participate in a local Family Self-Sufficiency program under this section if—

(A) at least 1 household member seeks to become and remain employed in suitable employment or to increase earnings; and

(B) the household member receives direct assistance under section 8 or resides in a unit assisted under section 8 or 9.

(2) **Eligible Entities.**—The following entities are eligible to administer a local Family Self-Sufficiency program under this section:

(A) A public housing agency administering housing assistance to or on behalf of an eligible family under section 8 or 9.

(B) The owner or sponsor of a multifamily property receiving project-based rental assistance under section 8, in accordance with the requirements under subsection (l).

(d) **Contract of Participation.**—

(1) **In General.**—Each eligible entity carrying out a local program under this section shall enter into a contract with each leaseholder receiving assistance under the certificate and voucher programs of the public housing agency under section 8 or residing in public housing ad-
ministered by the agency a household member of an eligible family, that elects to participate in the self-sufficiency program under this section. The contract shall set forth the provisions of the local program, shall establish specific interim and final goals by which compliance with and performance of the contract may be measured, and shall specify the resources and supportive services to be made available to the participating family pursuant to paragraph (2) and the responsibilities of the participating family. The contract shall provide that the public housing agency may terminate or withhold assistance under section 8 and services under paragraph (2) of this subsection if the public housing agency determines, through an administrative grievance procedure in accordance with the requirements of section 6(k), that the family has failed to comply with the requirements of the contract without good cause (which may include a loss or reduction in access to supportive services, or a change in circumstances that makes the family or individual unsuitable for participation). Housing assistance may not be terminated as a consequence of either successful completion of the contract of participation or failure to complete such contract. A contract of participation shall remain in effect until the participating family exits the Family Self-Sufficiency program upon successful graduation or expiration of the contract of participation, or for other good cause.

(2) SUPPORTIVE SERVICES.—An eligible entity shall coordinate appropriate supportive services under this paragraph for each participating family entering into a contract of participation under paragraph (1). The supportive services shall be provided during the period the family is receiving assistance under section 8 or residing in public housing pursuant to section 8 or 9 and for the duration of the contract of participation, and may include, but are not limited to—

(A) child care;
(B) transportation necessary to receive services;
(C) remedial education;
(D) education for completion of high school or attainment of a high school equivalency certificate;
(E) education in pursuit of a post-secondary degree or certification;
(F) job training and preparation;
(G) substance abuse treatment and counseling;
(H) training in homemaking and parenting skills;
(I) training in financial literacy, such as training in financial management, financial coaching, and asset building, and money management;
(J) training in household management; and
(K) homeownership education and assistance; and any other services and resources appropriate to assist eligible families to achieve economic independence and self-sufficiency.

(3) TERM AND EXTENSION.—Each family participating in a local program shall be required to fulfill its obligations under the contract of participation not later than 5 years after the first recertification of income after entering into the contract.
The public housing agency eligible entity shall extend the term of the contract for any family that requests an extension, upon a finding of good cause.

(4) EMPLOYMENT AND COUNSELING.—The contract of participation shall require the head of the participating family to seek suitable employment during the term of the contract. The public housing agency may, during such period, provide counseling for the family with respect to affordable rental and homeownership opportunities in the private housing market and money management counseling.

(4) EMPLOYMENT.—The contract of participation shall require 1 household member of the participating family to seek and maintain suitable employment.

(5) NONPARTICIPATION.—Assistance under section 8 or 9 for a family that elects not to participate in a Family Self-Sufficiency program shall not be delayed by reason of such election.

(e) INCENTIVES FOR PARTICIPATION.—

(1) MAXIMUM RENTS.—During the term of the contract of participation, the amount of rent paid by any participating family whose monthly adjusted income does not exceed 50 percent of the area median income for occupancy in the public housing unit or dwelling unit assisted under section 8 may not be increased on the basis of any increase in the earned income of the family, unless the increase results in an income exceeding 50 percent of the area median income. The Secretary shall provide for increased rents for participating families whose incomes are between 50 and 80 percent of the area median income, so that any family whose income increases to 80 percent or more of the area median income pays 30 percent of the family's monthly adjusted income for rent. Upon completion of the contract of participation, if the participating family continues to qualify for and reside in a dwelling unit in public housing or housing assisted under section 8, the rent charged the participating family shall be increased (if applicable) to 30 percent of the monthly adjusted income of the family. shall be calculated under the rental provisions 2 of section 3 or section 8(o), as applicable.

(2) ESCROW SAVINGS ACCOUNTS.—For each participating family whose monthly adjusted income is less than 50 percent of the area median income, the difference between 30 percent of the adjusted income of the participating family and the amount of rent paid by a participating family shall be placed in an interest-bearing escrow account established by the public housing agency on behalf of the participating family. For families with incomes between 50 and 80 percent of the area median income, the Secretary shall provide for escrow of the difference between 30 percent of the family income and the amount paid by the family for rent as determined by the Secretary under paragraph (1). For each participating family, an amount equal to any increase in the amount of rent paid by the family in accordance with the provisions of section 3 or 8(o), as applicable, that is attributable to increases in earned income by the participating family, shall be placed in an interest-bearing escrow account established by the eligible entity on behalf of the participating family. Notwithstanding any other provision of
law, an eligible entity may use funds it controls under section 8 or 9 for purposes of making the escrow deposit for participating families assisted under, or residing in units assisted under, section 8 or 9, respectively, provided such funds are offset by the increase in the amount of rent paid by the participating family. All Family Self-Sufficiency programs administered under this section shall include an escrow account. The Secretary shall not escrow any amounts for any family whose adjusted income exceeds 80 percent of the area median income. Amounts in the escrow account may be withdrawn by the participating family after the family ceases to receive income assistance under Federal or State welfare programs, upon successful performance of the obligations of the family under the contract of participation entered into by the family under [subsection (c)] [subsection (d), as determined according to the specific goals and terms included in the contract, and under other circumstances in which the Secretary determines an exception for good cause is warranted. A public housing agency] An eligible entity establishing such escrow accounts may make certain amounts in the accounts available to the participating families before full performance of the contract obligations based on compliance with, and completion of, specific interim goals included in the contract; except that any such amounts shall be used by the participating families for purposes consistent with the contracts of participation, as determined by [the public housing agency] such eligible entity.

(3) PLAN.—Each public housing agency carrying out a local program under this section shall establish a plan to offer incentives to families to encourage families to participate in the program. The plan shall require the establishment of escrow savings accounts under paragraph (2) and may include any other incentives designed by the public housing agency.

(3) FORFEITED ESCROW.—Any amount placed in an escrow account established by an eligible entity for a participating family as required under paragraph (2), that exists after the end of a contract of participation by a household member of a participating family that does not qualify to receive the escrow, shall be used by the eligible entity for the benefit of participating families in good standing.

(f) EFFECT OF INCREASES IN FAMILY INCOME.—Any increase in the earned income of a family during the participation of the family in a local program established under this section may not be considered as income or a resource for purposes of eligibility of the family for other benefits, or amount of benefits payable to the family, under any program administered by the Secretary, unless the income of the family equals or exceeds 80 percent of the median income of the area (as determined by the Secretary with adjustments for smaller and larger families).

(g) PROGRAM COORDINATING COMMITTEE.—

(1) FUNCTIONS.—Each eligible entity carrying out a local program under this section shall, in consultation with the chief executive officer of the unit of general local government, develop an action plan under [subsection (g)] subsection (h), carry out activities under the local program, and secure commitments of public and private resources
through a program coordinating committee established by [the public housing agency] such eligible entity under this subsection.

(2) MEMBERSHIP.—The program coordinating committee may consist of representatives of the [public housing agency] eligible entity, the unit of general local government, the local agencies (if any) responsible for carrying out programs under title I of the Workforce Innovation and Opportunity Act [or the Job Opportunities and Basic Skills Training Program under part F of title IV of the Social Security Act], and other organizations, such as other State and local welfare and employment agencies, public and private primary, secondary, and post-secondary education or training institutions, nonprofit service providers, and private businesses. The [public housing agency] eligible entity may, in consultation with the chief executive officer of the unit of general local government and tenants served by the program, utilize an existing entity as the program coordinating committee if it meets the requirements of this subsection.

(g) ACTION PLAN.—

(1) REQUIRED SUBMISSION.—The Secretary shall require each [public housing agency participating in the] eligible entity carrying out a self-sufficiency program under this section to submit [to the Secretary], for approval by the Secretary, an action plan under this subsection in such form and in accordance with such procedures as the Secretary shall require.

(2) DEVELOPMENT OF PLAN.—In developing the plan, the [public housing agency] eligible entity shall consult with the chief executive officer of the applicable unit of general local government, the program coordinating committee established under [subsection (f)] subsection (g), representatives of [residents of the public housing] the current and prospective participants of the program, any local agencies responsible for programs under title I of the Workforce Innovation and Opportunity Act [or the Job Opportunities and Basic Skills Training Program under part F of title IV of the Social Security Act], other appropriate organizations (such as other State and local welfare and employment or training institutions, child care providers, nonprofit service providers, and private businesses), and any other public and private service providers affected by the operation of the local program.

(3) CONTENTS OF PLAN.—The Secretary shall require that the action plan contain at a minimum—
(A) a description of the size, characteristics, and needs of the population of the families expected to participate in the local self-sufficiency program;
(B) a description of the number of eligible participating families who can reasonably be expected to receive supportive services under the program, based on available and anticipated Federal, State, local, and private resources;
(C) a description of the services and activities under [subsection (e)(2)] subsection (d)(2) to be [provided to] coordinated on behalf of participating families receiving direct assistance under this section through [the section 8 and public housing programs] sections 8 and 9, which shall be provided by both public and private resources;
(D) a description of the incentives pursuant to [subsection (d)] subsection (e) offered by the [public housing agency] eligible entity to families to encourage participation in the program;

(E) a description of how the local program will [deliver] coordinate services and activities according to the needs of the families participating in the program;

(F) a description of both the public and private resources that are expected to be made available to provide the activities and services under the local program;

(G) a timetable for implementation of the local program;

(H) assurances satisfactory to the Secretary that development of the services and activities under the local program has been coordinated with [the Job Opportunities and Basic Skills Training Program under part F of title IV of the Social Security Act and] 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, and that implementation will continue to be coordinated, in order to avoid duplication of services and activities; and

(I) assurances satisfactory to the Secretary that non-participating families will retain their rights to [public housing or section 8 assistance] assistance under section 8 or 9 notwithstanding the provisions of this section.

(h) ALLOWABLE PUBLIC HOUSING AGENCY ADMINISTRATIVE FEES AND COSTS.—

(1) SECTION 8 FEES.—The Secretary shall establish a fee under section 8(q) for the costs incurred in administering the provision of certificate and voucher assistance under section 8 through the self-sufficiency program under this section. The fee shall be the fee in effect under such section on June 1, 1990, except that for purposes of the fee under this paragraph the applicable dollar amount for preliminary expenses under section 8(q)(2)(A)(i) shall, subject to approval in appropriations Acts, be $300. Upon the submission by the Comptroller General of the United States of the report required under section 554(b) of the Cranston-Gonzalez National Affordable Housing Act, the Secretary shall revise the fee under this paragraph, taking into consideration the report of the Comptroller General.

(2) PERFORMANCE FUNDING SYSTEM.—Notwithstanding any provision of section 9, the Secretary shall provide for inclusion under the performance funding system under section 9 of reasonable and eligible administrative costs (including the costs of employing a full-time service coordinator) incurred by public housing agencies carrying out local programs under this section. The Secretary shall include an estimate of the administrative costs likely to be incurred by participating public housing agencies in the annual budget request for the Department of Housing and Urban Development for public housing operating assistance under section 9 and shall include a request for such amounts in the budget request. Of any amounts appropriated under section 9(c) for fiscal year 1993, $25,000,000 is authorized to be used for costs under this paragraph, and of
any amounts appropriated under such section for fiscal year 1994, $25,900,000 is authorized to be used for costs under this paragraph.

(i) Public Housing Agency Incentive Award Allocation.—

(1) In general.—The Secretary shall carry out a competition for budget authority for certificate and voucher assistance under section 8 and public housing development assistance under section 5(a)(2) reserved under paragraph (4) and shall allocate such budget authority to public housing agencies pursuant to the competition.

(2) Criteria.—The competition shall be based on successful and outstanding implementation by public housing agencies of a local self-sufficiency program under this section. The Secretary shall establish performance criteria for public housing agencies carrying out such local programs and the Secretary shall cause such criteria to be published in the Federal Register.

(3) Use.—Each public housing agency that receives an allocation of budget authority under this subsection shall use such authority to provide assistance under the local self-sufficiency program established by the public housing agency under this section.

(4) Reservation of Budget Authority.—Notwithstanding section 213(d) of the Housing and Community Development Act of 1974, the Secretary shall reserve for allocation under this subsection not less than 10 percent of the portion of budget authority appropriated in each of fiscal years 1991 and 1992 for section 8 that is available for purposes of providing assistance under the existing housing certificate and housing voucher programs for families not currently receiving assistance, and not less than 10 percent of the public housing development assistance available in such fiscal years for the purpose under section 5(a)(2) (excluding amounts for major reconstruction of obsolete projects).

(ii) Family Self-Sufficiency Awards.—

(1) In general.—Subject to appropriations, the Secretary shall establish a formula by which annual funds will be awarded or as otherwise determined by the Secretary for the costs incurred by an eligible entity in administering the self-sufficiency program under this section.

(2) Eligibility for Awards.—The award established under paragraph (1) shall provide funding for family self-sufficiency coordinators as follows:

(A) BASE AWARD.—An eligible entity serving 25 or more participants in the Family Self-Sufficiency program under this section is eligible to receive an award equal to the costs, as determined by the Secretary, of 1 full-time family self-sufficiency coordinator position. The Secretary may, by regulation or notice, determine the policy concerning the award for an eligible entity serving fewer than 25 such participants, including providing prorated awards or allowing such entities to combine their programs under this section for purposes of employing a coordinator.

(B) ADDITIONAL AWARD.—An eligible entity that meets performance standards set by the Secretary is eligible to re-
ceive an additional award sufficient to cover the costs of filling an additional family self-sufficiency coordinator position if such entity has 75 or more participating families, and an additional coordinator for each additional 50 participating families, or such other ratio as may be established by the Secretary based on the award allocation evaluation under subparagraph (E).

(C) STATE AND REGIONAL AGENCIES.—For purposes of calculating the award under this paragraph, each administratively distinct part of a State or regional eligible entity may be treated as a separate agency.

(D) DETERMINATION OF NUMBER OF COORDINATORS.—In determining whether an eligible entity meets a specific threshold for funding pursuant to this paragraph, the Secretary shall consider the number of participants enrolled by the eligible entity in its Family Self-Sufficiency program as well as other criteria determined by the Secretary.

(E) AWARD ALLOCATION EVALUATION.—The Secretary shall submit to Congress a report evaluating the award allocation under this subsection, and make recommendations based on this evaluation and other related findings to modify such allocation, within 4 years after the date of enactment of the Family Self-Sufficiency Act, and not less frequently than every 4 years thereafter. The report requirement under this subparagraph shall terminate after the Secretary has submitted two such reports to Congress.

(3) RENEWALS AND ALLOCATION.—

(A) IN GENERAL.—Funds allocated by the Secretary under this subsection shall be allocated in the following order of priority:

(i) FIRST PRIORITY.—Renewal of the full cost of all coordinators in the previous year at each eligible entity with an existing Family Self-Sufficiency program that meets applicable performance standards set by the Secretary.

(ii) SECOND PRIORITY.—New or incremental coordinator funding authorized under this section.

(B) GUIDANCE.—If the first priority, as described in subparagraph (A)(i), cannot be fully satisfied, the Secretary may prorate the funding for each eligible entity, as long as—

(i) each eligible entity that has received funding for at least 1 part-time coordinator in the prior fiscal year is provided sufficient funding for at least 1 part-time coordinator as part of any such proration; and

(ii) each eligible entity that has received funding for at least 1 full-time coordinator in the prior fiscal year is provided sufficient funding for at least 1 full-time coordinator as part of any such proration.

(4) RECAPTURE OR OFFSET.—Any awards allocated under this subsection by the Secretary in a fiscal year that have not been spent by the end of the subsequent fiscal year or such other time period as determined by the Secretary may be recaptured by the Secretary and shall be available for providing additional awards pursuant to paragraph (2)(B), or may be offset as deter-
Funds appropriated pursuant to this section shall remain available for 3 years in order to facilitate the re-use of any recaptured funds for this purpose.

(5) PERFORMANCE REPORTING.—Programs under this section shall be required to report the number of families enrolled and graduated, the number of established escrow accounts and positive escrow balances, and any other information that the Secretary may require. Program performance shall be reviewed periodically as determined by the Secretary.

(6) INCENTIVES FOR INNOVATION AND HIGH PERFORMANCE.—The Secretary may reserve up to 5 percent of the amounts made available under this subsection to provide support to or reward Family Self-Sufficiency programs based on the rate of successful completion, increased earned income, or other factors as may be established by the Secretary.

(j) ON-SITE FACILITIES.—Each eligible entity carrying out a local program may, subject to the approval of the Secretary, make available and utilize common areas or unoccupied public housing units in public housing projects administered by the agency for the provision or coordination of supportive services under the local program. The use of the facilities of a public housing agency under this subsection shall not affect the amount of assistance provided to the agency under section 9.

(k) FLEXIBILITY.—In establishing and carrying out the self-sufficiency program under this section, the Secretary shall allow public housing agencies, units of general local government, and other organizations discretion and flexibility, to the extent practicable, in developing and carrying out local programs.

(l) PROGRAMS FOR TENANTS IN PRIVATELY OWNED PROPERTIES WITH PROJECT-BASED ASSISTANCE.—

(1) VOLUNTARY AVAILABILITY OF FSS PROGRAM.—The owner of a privately owned property may voluntarily make a Family Self-Sufficiency program available to the tenants of such property in accordance with procedures established by the Secretary. Such procedures shall permit the owner to enter into a cooperative agreement with a local public housing agency that administers a Family Self-Sufficiency program or, at the owner’s option, operate a Family Self-Sufficiency program on its own or in partnership with another owner. An owner, who voluntarily makes a Family Self-Sufficiency program available pursuant to this subsection, may access funding from any residual receipt accounts for the property to hire a family self-sufficiency coordinator or coordinators for their program.

(2) COOPERATIVE AGREEMENT.—Any cooperative agreement entered into pursuant to paragraph (1) shall require the public housing agency to open its Family Self-Sufficiency program waiting list to any eligible family residing in the owner’s property who resides in a unit assisted under project-based rental assistance.

(3) TREATMENT OF FAMILIES ASSISTED UNDER THIS SUBSECTION.—A public housing agency that enters into a cooperative agreement pursuant to paragraph (1) may count any family participating in its Family Self-Sufficiency program as a result of such agreement as part of the calculation of the award under subsection (i).
(4) **Escrow.**—

(A) **Cooperative Agreement.**—A cooperative agreement entered into pursuant to paragraph (1) shall provide for the calculation and tracking of the escrow for participating residents and for the owner to make available, upon request of the public housing agency, escrow for participating residents, in accordance with paragraphs (2) and (3) of subsection (e), residing in units assisted under section 8.

(B) **Calculation and Tracking by Owner.**—The owner of a privately owned property who voluntarily makes a Family Self-Sufficiency program available pursuant to paragraph (1) shall calculate and track the escrow for participating residents and make escrow for participating residents available in accordance with paragraphs (2) and (3) of subsection (e).

(5) **Exception.**—This subsection shall not apply to properties assisted under section 8(o)(13).

(6) **Suspension of Enrollment.**—In any year, the Secretary may suspend the enrollment of new families in Family Self-Sufficiency programs under this subsection based on a determination that insufficient funding is available for this purpose.

(1) **To Secretary.**—Each public housing agency that carries out a local self-sufficiency program approved by the Secretary under this section shall submit to the Secretary, not less than annually a report regarding the program. The report shall include:

(A) a description of the activities carried out under the program;

(B) a description of the effectiveness of the program in assisting families to achieve economic independence and self-sufficiency;

(C) a description of the effectiveness of the program in coordinating resources of communities to assist families to achieve economic independence and self-sufficiency; and

(D) any recommendations of the public housing agency or the appropriate local program coordinating committee for legislative or administrative action that would improve the self-sufficiency program carried out by the Secretary and ensure the effectiveness of the program.

(2) **HUD Annual Report.**—The Secretary shall submit to the Congress annually, as a part of the report of the Secretary under section 8 of the Department of Housing and Urban Development Act, a report summarizing the information submitted by public housing agencies under paragraph (1) and describing any additional research needs of the Secretary to evaluate the effectiveness of the program. The report under this paragraph shall also include any recommendations of the Secretary for improving the effectiveness of the self-sufficiency program under this section.

(n) **GAO Report.**—The Comptroller General of the United States shall submit to the Congress reports under this sub-
section evaluating and describing the Family Self-Sufficiency program carried out by the Secretary under this section.

(n) DEFINITIONS.—As used in this section:

(1) The term “contract of participation” means a contract under subsection (c) entered into by a public housing agency carrying out a local program under this section and a participating family.

(2) The term “earned income” means income from wages, tips, salaries, and other employee compensation, and any earnings from self-employment. The term does not include any pension or annuity, transfer payments, or any cash or in-kind benefits.

(3) The term “eligible family” means a family whose head of household is not elderly, disabled, pregnant, a primary caregiver for children under the age of 3, or for whom the family self-sufficiency program would otherwise be unsuitable. Notwithstanding the preceding sentence, a public housing agency may enroll such families if they choose to participate in the program.

(4) The term “local program” means a program for providing supportive services to participating families carried out by a public housing agency within the jurisdiction of the public housing agency.

(5) The term “participating family” means a family that resides in public housing or housing assisted under section 8 and elects to participate in a local self-sufficiency program under this section.

(6) The term “vacant unit” means a dwelling unit that has been vacant for not less than 9 consecutive months.

(o) EFFECTIVE DATE AND REGULATIONS.—

(1) REGULATIONS.—Not later than the expiration of the 180-day period beginning on the date of the enactment of the Cranston-Gonzalez National Affordable Housing Act, the Secretary shall by notice establish any requirements necessary to carry out this section. Such requirements shall be subject to section 553 of title 5, United States Code. The Secretary shall issue final regulations based on the notice not later than the expiration of the 8-month period beginning on the date of the notice. Such regulations shall become effective upon the expiration of the 1-year period beginning on the date of the publication of the final regulations.

(1) DEFINITIONS.—In this section:

(1) ELIGIBLE ENTITY.—The term “eligible entity” means an entity that meets the requirements under subsection (c)(2) to administer a Family Self-Sufficiency program under this section.

(2) ELIGIBLE FAMILY.—The term “eligible family” means a family that meets the requirements under subsection (c)(1) to participate in the Family Self-Sufficiency program under this section.
(3) PARTICIPATING FAMILY.—The term "participating family" means an eligible family that is participating in the Family Self-Sufficiency program under this section.