AFI

Assets for Independence University

New Partnerships with Federal Agencies II

November 7, 2007

1:00 PM to 2:30 PM

Session Agenda

This session features different Federal programs that can be used in tandem with an AFI grant or that can be used to leverage participant IDA savings. The presenters will provide information about each program as well as "How To" steps for accessing them to strengthen your program and enable more participants to succeed.

This session will provide an opportunity for AFI grantees to hear about different Federal agencies' efforts for helping families and individuals obtain self-sufficiency. AFI grantees will hear about various Federal initiatives such as TANF, Community Block Development Grants, Rural Housing Direct Loans, AmeriCorps, among others. The session will also include a moderated dialogue on common issues, challenges, and needs faced by local AFI communities.

Introduction	Ms. Carole Norris, AFI Resource Center
	Ms. Jeanette Hercik, AFI Resource Center (10 Minutes)
Mr. Philip Stetson	US Department of Agriculture (20 Minutes)
Mr. Gary Allen	US Department of Health and Human Services Administration for Children and Families, Region VII (20 minutes)
Mr. Dee Ann Ducote	US Department of Housing and Urban Development, St. Louis (20 Minutes)

Dialogue with the audience, facilitated by Carole Norris and Jeanette Hercik (20 minutes)

Presenter Bios

Philip H. Stetson, Director
U.S. Department of Agriculture, Rural Development's Single Family Housing Direct Loan Division

Philip H. Stetson has served as the Director of the U.S. Department of Agriculture (USDA) Rural Development's Single Family Housing Direct Loan Division since March 2004. Mr. Stetson administers the Section 502 Homeownership Program, the Section 504 Repair and Rehabilitation Program and the Section 523 Mutual Self-Help Housing Grants program. Mr. Stetson has over 21 years of experience in rural development, serving as the Assistant to the Virginia State Director and Program Directorships for Multi-Family Housing, Community Facilities as well as Single Family Housing. Mr. Stetson served as the Acting State Director of Rural Development for Virginia from 2005-2006.

Gary Allen, Program Manager
U.S. Department of Health and Human Services, Administration for Child and Families (ACF) TANF Program

Gary Allen is the U.S. Department of Health and Human Services ACF TANF Program Manager for Region VII. Mr. Allen has over 30 years of government service and has worked with the Temporary Assistance for Needy Families (TANF) program since its inception in August 1996.

Dee Ann Ducote, Director, Community Planning and Development
U.S. Department of Housing and Urban Development, St. Louis Office of Community Planning and Development

Dee Ann Ducote oversees a portfolio of Housing and Urban Development (HUD) formula and competitive grants in the eastern half of Missouri. Her portfolio includes the Community Development Block Grant, HOME and American Dream Downpayment Initiative (ADDI) grants, Emergency Shelter Grant, Housing Opportunities for Persons with AIDS, numerous competitive homeless, rural housing, and YouthBuild grants, along with the Greater St. Louis Regional Empowerment Zone. Prior to joining HUD in 1999, Ms. Ducote served as Executive Director of the County Economic Development Corporation in one of the fastest growing counties in Kansas, as well as Director of Missouri's State Rural Development Council.

Session Handouts

The following materials are provided for use during this session:

- USDA Rural Housing Direct Loans Fact Sheet
- HUD Community Development Block Grants Fact Sheet
- HUD HOME Investment Partnerships Program Fact Sheet
- HUD Public Housing and Housing Choice Voucher Family Self-Sufficiency Program Fact Sheet
- HHS ACF Temporary Assistance for Needy Families Fact Sheet

Program Title: RURAL HOUSING DIRECT LOANS

Funding Agency: U.S. Department of Agriculture

Description: Rural Housing Direct Loans are directly funded by the U.S. Department of Agriculture (USDA). Commonly referred to as Section 502 Direct Loans, these loans are available for low- and very low-income households to obtain homeownership. Applicants may obtain 100% financing to purchase an existing dwelling, purchase a site and construct a dwelling, or purchase newly constructed dwellings located in rural areas. Mortgage payments are based on the household's adjusted income.

Target/Eligible Populations:

- Applicants for direct loans must have very low or low incomes.
  - Very low is defined as below 50% of the area median income
  - Low is between 50-80% of the area median income
- Families must be without adequate housing, but be able to afford the mortgage payments, including taxes and insurance, which are typically between 22-26% of an applicant's income
- Applicants must be unable to obtain credit elsewhere, but have reasonable credit histories

Funding Type: Application process

Funding Amount: Loans are for up to 33 years (38 for those with incomes below 60 percent of Area Median Income (AMI) and who cannot afford 33-year terms). The term is 30 years for manufactured homes. The promissory note interest rate is set by Housing and Community Facilities Programs (HCFP) based on the Government's cost of money. However, that interest rate is modified by payment assistance subsidies.

Funding Legislation/Regulation: Section 502- Housing Act 1949: 7 CFR Part 3550

Allowable Activities: 100% Loan to Value includes purchase of existing or new construction of single family residences and closing costs up to the lesser of appraised value or loan limit.

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Local area information: Interested Assets for Independence (AFI) grantees can learn more about the Single Family Housing Direct Loans program through the network of field offices in the 47 state jurisdictions and from the USDA Rural Development Home Page.

Program Title: COMMUNITY DEVELOPMENT BLOCK GRANTS

Funding Agency: U.S. Department of Housing and Urban Development Office of Community Planning and Development

Description: The Community Development Block Grant (CDBG) program provides over 1100 grants annually on a formula basis to cities and states to encourage urban economic development through employment and housing programs.

Although the use of CDBG for IDAs is not an eligible activity in itself, the purposes for which some IDA funds are to be used, e.g. buying a home, starting a business, or job training expenses, are eligible activities under CDBG. Therefore, CDBGs may be used as matching funds for IDAs when the family or household of the individual for whom IDA is established is determined to be low-or moderate-income, prior to assistance being provided. CDBG loses its Federal characteristics when used for matching funds for other federal programs (except the HOME Program). However, it can be used by the organization running the program as a non-Federal match for AFI. CDBG funds may be deposited in the saver's IDA account as required, however the CDBG funds may not be drawn until the asset is acquired. Interest earned on CDBG funds deposited in the IDA may be retained as part of the account.

Target/Eligible Populations:

- Individuals of low or moderate income, particularly residents of predominantly low- and moderate-income neighborhoods, slum or slighted areas, and areas in which the grantee proposes to use CDBG funds

Funding Type and Amount: The annual CDBG appropriation is allocated by formula to entitlement communities (States, Urban Counties, and Cities that meet a required threshold) and distributed to eligible projects by those jurisdictions. States distribute the funds to non-entitlement communities for eligible projects.

HUD determines the amount of each grant by using a formula comprised of several measures of community need, including the extent of poverty, population, housing overcrowding, age of housing, and population growth lag in relationship to other metropolitan areas.

Funding Legislation: Housing and Community Development (HCD) Act of 1974

Allowable Activities: CDBG funds can be used for a variety of public service activities for low-and moderate individuals including financial literacy classes, as well as housing counseling. CDBG can be used for down payment assistance, to help pay for closing costs or to write down the mortgage for low-income homebuyers, however when used for down payment assistance, CDBG cannot be used for more than 50% of the required down payment.

CDBG may also be used to support starting or growing micro-enterprises. CDBG defines a micro-enterprise as a business with five or fewer employees and CDBG funds can pay for assistance to write a business plan, to capitalize a micro-enterprise, to pay for equipment, as well as other needs for the micro-enterprise. When using CDBG for public service activities, such as counseling, it is important to remember that there is a public service cap that limits the amount of available CDBG funding a public agency can use.

Contact Information:
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U.S. Department of Housing and Urban Development
Office of Block Grant Assistance (CDBG Program)
451 7th Street S.W., Washington, DC 20410
Telephone: (202) 708-1112
http://www.hud.gov/offices/cpd/communitydevelopment/programs/
http://www.hud.gov/offices/cpd/lawsregs/notices/2001/01-12.pdf

Local area information: Since CDBG funds are distributed by a State, Urban County or City that receives the funds directly from the Federal Government, applications for these funds must be made to those local entities. Most Grantees have a process by which they issue a Notice of Funding Availability (NOFA) and local IDA programs would apply directly to the Grantee through this process. To understand the kinds of activities an individual State, Urban County or City may fund, it is important to review its Consolidated Plan and Annual Action Plan because these documents identify the pressing needs in the community and how the jurisdiction will respond to them with the use of their Federal funds.

Program Title: HOME INVESTMENT PARTNERSHIPS PROGRAM

Funding Agency: U.S. Department of Housing and Urban Development

Description: The HOME Program is a $2 billion a year Federal block grant providing formula allocations to states and local communities to create affordable housing opportunities for low-income families. States and localities use HOME funds—often in partnership with local nonprofit groups—to fund a wide range of activities that build, buy, and/or rehabilitate affordable housing for rent or homeownership or provide direct rental assistance to low-income people.

HOME funds cannot be used for the one-to-one non-Federal match required for Assets for Independence (AFI). HOME can be used as additional subsidy for the purchase of a home and it can be used for down payment assistance or to fill the gap between the savings and the mortgage a lender will provide – given the income of a participant.

Target/Eligible Populations:

- HOME funds are allocated to eligible states, cities and urban counties based on a formula found in the ACT.
- Communities that do not qualify for an individual allocation under the formula can join with one or more neighboring localities in a legally binding consortium whose members' combined allocation would meet the threshold for direct funding. Other localities may participate in HOME by applying for program funds made available by their State.
- Congress sets aside a pool of funding, equivalent to the greater of $750,000 or 0.2 percent of appropriated funds, which HUD distributes among insular areas.

Funding Type and Amount: $2 billion in funds are distributed through formula grants annually to states and local communities through the HOME Program and then committed to eligible local activities by the HOME Participating Jurisdiction (PJ).

Funding Legislation: HOME is authorized under Title II of the Cranston-Gonzalez National Affordable Housing Act, as amended. Program regulations are at 24 CFR Part 92.

Allowable Activities: HOME funds must be used for housing. They may be used by an eligible low-income household to acquire or acquire and rehabilitate a residential property. HOME funds can help pay the down payment, closing costs, or underwrite a mortgage to make it more affordable to a low-income purchaser.

Contact Information:
Cliff Taffet
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Office of Affordable Housing Programs
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Phone: (202) 708-3226
http://www.hud.gov/offices/cpd/affordablehousing/programs/home/

Local area information: HOME funds are distributed by a Participating Jurisdiction, which may be a State, an Urban County or an eligible City. It is important to review the PJ's Consolidated Plan and Annual Action Plan to fully understand how funds are allocated and distributed. Some PJ's may use a local nonprofit sub-recipient to manage funds used for homeownership.

When used for the acquisition of housing, the HOME Program will have specific requirements that the property be used as the primary residence of the low-income household for a period of time that is based on the amount of money that is provided, however should the family cease using the property as a primary residence because of sale or lease, the HOME money may have to be repaid partially or totally.

AFI Grantees should work with the local government's Housing and Community Development Department to ensure that they understand all HOME Compliance requirements and to ensure that the Housing Department understands how their AFI Program works.

Program Title: PUBLIC HOUSING AND HOUSING CHOICE VOUCHER (HCV) FAMILY SELF-SUFFICIENCY PROGRAMS

Funding Agency: U.S. Department of Housing and Urban Development Office of Public and Indian Housing

Description: The Family Self-Sufficiency (FSS) program promotes development of local strategies to help public housing residents and Housing Choice Voucher (HCV) program participants obtain employment that will help them build assets and become economically independent. The FSS program combines stable, affordable housing with case management services to help families overcome barriers to work while living in assisted housing. Under this program, public housing agencies (PHAs) collaborate with welfare agencies, schools, employers, and other local partners to help participating FSS families develop skills and obtain employment. The specific services provided by the program are decided at the local level based on the needs of the families and the resources in the community. The PHA enters into a five-year FSS Contract of Participation with the head of each FSS family. The contract spells out the obligations of both the PHA and the family. An interest-bearing escrow account is established by the local PHA for each of its FSS families. Escrow credits, based on increases in earned income of family members, are deposited in the family's escrow account during the term of their FSS contract. The PHAs administering the FSS program may permit interim disbursement of some escrow funds to families for education or other specific goals. When the family completes its FSS contract, if no family member is receiving cash welfare assistance, the family may claim the funds in its escrow account.

FSS program services may include, but are not limited to:

- child care
- transportation
- education
- job training and employment counseling
- substance/alcohol abuse treatment or counseling
- household skill training
- homeownership counseling

Target/Eligible Populations: Unemployed and underemployed families that are either currently receiving rental assistance under the HCV program or current residents of public housing are eligible to participate in FSS.

Funding Type:

- Administered locally by PHAs.
- Under the authority of annual appropriations acts, HUD has been able to provide some funding to PHAs for salaries and fringe benefits of FSS program coordinators. The availability of funding for HCV and public housing FSS program coordinators is announced in the Federal Register in HUD's annual Super Notice of Funding Availability (SuperNOFA).

Funding Amount: The amount of funding available annually for FSS program coordinator salaries varies from year-to-year depending on the level of HUD Appropriations.

Funding Legislation: Established in 1990 by the National Affordable Housing Act.

Allowable Activities: FSS funding is provided for salaries and fringe benefits of FSS program coordinators. No direct funding for services. No additional funding for rental subsidy. FSS is available only to families that already receive rental assistance.

Contact Information:

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http://www.hud.gov/offices/pih/programs/hcv/fss.cfm#1

Local area information: Information on PHAs administering FSS programs can be obtained from local HUD Public Housing field offices. Address and Point of Contract Information of Field Offices nationwide can be found on the HUD web site at http://www.hud.gov/offices/pih/about/focontacts.cfm.

Program Title: TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF)

Funding Agency: Administration for Children and Families, Office of Family Assistance

Description: Authorizing the Temporary Assistance for Needy Families program, the Personal Responsibility and Work Opportunity Act of 1996 ended welfare as an entitlement program and implemented a time limit of 60 months for TANF recipients. Operating through block grant funding to States, the TANF program streamlined welfare policy into four key goals to improve outcomes for children and families, including: providing assistance to needy families so that children may be cared for in their own homes or in the homes of relatives; ending the dependence of needy parents on government benefits by promoting job preparation, work, and marriage; preventing and reducing the incidence of out-of-wedlock pregnancies and establishing an annual numerical goal for preventing and reducing the incidence of these pregnancies; and encouraging the formation and maintenance of two-parent families.

The Deficit Reduction Act of 2005 (DRA) reauthorized TANF and emphasized employment services and engaging all customers in appropriate work activities, requiring that the focus of the TANF program return to improving employment outcomes among participants. This intentional refocusing on employment engagement is evidenced in several provisions of the DRA, including caseload reduction recalibration and changes in the requirements associated with Separate State Programs/Maintenance of Effort (SSP-MOE). The DRA recognizes that there are appropriate work assignments for all TANF clients and requires States and communities to work with local employers, community resources, and the clients themselves to identify and access these opportunities. Other changes made by the DRA include requirements associated with two parent families, counting certain child only cases in the denominator of work engagement, and penalty structures for not meeting all family and two parent work participation rates. The DRA not only refocused on engaging all customers in appropriate work activities, but increased attention on promoting healthy marriage and responsible fatherhood.

As set forth in the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 and re-authorized by the Deficit Reduction Act of 2005, the Temporary Assistance for Needy Families (TANF) authorizes states to use Individual Development Accounts (IDAs) to promote asset building and self-sufficiency among participants. The IDA program in the TANF statute allows individuals to contribute to an IDA such amounts as are derived only from earned income (while other IDAs might allow contributions to come from any source of income). Funds in the IDA, including earned interest, are disregarded when considering an individual's eligibility for TANF assistance and other support programs that use income to determine eligibility. Since Fiscal Year 1997, 32 States have implemented IDAs utilizing TANF or Maintenance of Effort (MOE) funds.

Target/Eligible Populations:

- Individuals are eligible for TANF assistance as determined by the State or County

Funding Type and Amount:

- The funding for TANF varies by State, and is appropriated via block grant funding.
- Because of the funding flexibility under TANF, States can use Federal TANF or State MOE (Maintenance of Effort) funds to support IDAs established under another authority.

However, TANF and MOE funds cannot be used to satisfy the matching requirement of the Assets for Independence demonstration.

Funding Legislation:

- Personal Responsibility and Work Opportunity Act of 1996 and reauthorized by the Deficit Reduction Act of 2005

Allowable Activities: Set forth by the DRA, the allowable activities under TANF include:

- Unsubsidized Employment
- Subsidized Employment
- Work Experience
- On-the-Job Training
- Job Search and Job Readiness Assistance- allowed for 6 weeks per fiscal year
- Job Skills Directly Related to Employment
- Community Service Programs and providing child care for Community Service participants
- Vocational Education Training- allowed for 12 months, and must be job related
- Education Related to Employment
- Satisfactory Secondary School Attendance

The Personal Responsibility and Work Opportunity Act defines qualified purposes for Individual Development Accounts as: Postsecondary Educational Expenses, First Home Purchase, and Business Capitalization:

(i) "Postsecondary Educational Expenses- Postsecondary educational expenses paid from an individual development account directly to an eligible educational institution.
(ii) First Home Purchase- Qualified acquisition costs with respect to a qualified principal residence for a qualified first-time homebuyer, if paid from an individual development account directly to the persons to whom the amounts are due.
(iii) Business Capitalization- Amounts paid from an individual development account directly to a business capitalization account which is established
in a federally insured financial institution and is restricted to use solely for qualified business capitalization expenses."

Contact Information:

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Director
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Local contact person and contact information: (partner nonprofits, state directors, city directors): To access your local social services office and to learn more about TANF in your State, please click on your State in the map provided through the following link: http://peerta.acf.hhs.gov/index.cfm?event=viewStates.

AFI grantees can partner with state and local TANF offices for implementing Individual Development Account programs for TANF clients.

The Welfare Peer TA Network. The Office of Family Assistance, Administration for Children and Family's Welfare Peer Technical Assistance Network is an invaluable tool States and localities have used to learn about innovative programs and effective strategies to successfully move low-income families to employment and self-sufficiency. The Peer TA Network facilitates the sharing of information across State lines and the building of linkages among organizations serving the needs of TANF recipients. Since its inception in 1997, the Welfare Peer TA Network has provided more than 50 technical assistance events on topics such as the Earned Income Tax Credit, inter-agency service integration, substance abuse, transportation, rural issues, community- and faith-based initiatives, hard-to-serve populations, and IDAs. The Welfare Peer TA Network web site highlights policy relevant research, innovative programs, related links and upcoming events and has an interactive question and answer feature. For more information on the Welfare Peer TA Network, please see: www.peerta.acf.hhs.gov.

Resources

USDA Rural Development Housing and Community Facilities Program

Rural communities need access to affordable capital. Without the Housing and Community Facilities Program (HCFP), many of these communities would be unable to fund essential services such as fire and rescue squads and health care facilities. As Welfare Reform is implemented, these communities will see an even greater need for affordable child care services. Community facilities - such as health care clinics, police and fire stations, schools and child care centers - are essential for the quality of life in any rural community. Through its Community Facilities loan program, the HCFP is striving to ensure that such facilities are readily available to all rural Americans. The commitment of USDA to this effort is at the core of its mission and its promise to help build stronger, more vibrant rural communities across the nation. http://www.rurdev.usda.gov/rhs/common/program_info.htm#SFH

Community Development Block Grants (CDBG), U.S. Department of Housing and Urban Development, Office of Community Planning and Development

The CDBG Program, directed by the U.S. Department of Housing and Urban Development (HUD), based in Washington, D.C, provides grants to 1180 general units of local government and state communities to assess community development needs.
http://www.hud.gov/offices/cpd/communitydevelopment/programs/

HOME Investment Partnerships Program, U.S. Department of Housing and Urban Development

The HOME Program, administered by the U.S. Department of Housing and Urban Development in Washington, D.C. provides grants to states and localities that build, buy, and/or renovate affordable housing for rent or homeownership or provide direct rental assistance to low-income people. http://www.hud.gov/offices/cpd/affordablehousing/programs/home/index.cfm.

Housing Choice Voucher (HCV) Family Self-Sufficiency, U.S. Department of Housing and Urban Development, Office of Public and Indian Housing

The Family Self-Sufficiency Program, directed by the U.S. Department of Housing and Urban Development (HUD), based in Washington, D.C, supports local resolutions to help families receiving HUD vouchers obtain economic self-sufficiency. The HCVs allow low-income families to choose and lease or purchase affordable privately-owned rental housing.
http://www.hud.gov/offices/pih/programs/hcv/.

Temporary Assistance for Needy Families (TANF), Administration for Children and Families, Office of Family Assistance

TANF is a block grant program designed to make reforms to the nation's welfare system by moving recipients into work and turning welfare into a program of temporary assistance. TANF replaced the national welfare program known as Aid to Families with Dependent Children

(AFDC) and the related programs known as the Job Opportunities and Basic Skills Training (JOBS) program and the Emergency Assistance (EA) program. http://www.acf.hhs.gov/programs/ofa/

The Effects of Welfare and IDA Program Rules on the Asset Holdings of Low-Income Families

From the Urban Institute, this report is the first in a series on poverty, asset building strategies, and social policy. Researchers review eligibility requirements for TANF, Food Stamps, IDAs, and the earned income tax credit (EITC) on asset holdings for low-educated single mothers and their families. http://www.urban.org/UploadedPDF/411558_ida_program.pdf.