



U.S. Department of Housing and Urban Development
Public and Indian Housing

Special Attention of:

Notice PIH 2007-20 (HA)

Regional and Field Office Directors
Of Public Housing; Public Housing Agencies

Issued: June 6, 2007

Expires: June 30, 2008

Subject: Impact of Non-Parental Child-Only Welfare Grants on Families Participating in the Family Self-Sufficiency (FSS) Program

Purpose.

This Notice provides guidance pertaining to FSS families that receive Temporary Assistance for Needy Families (TANF) grants that are made to a dependent child or to a caretaker on the child's behalf solely on the basis of the child's need and not on the need of the child's current non-parental caretaker. These grants are commonly referred to as "TANF child-only grants" or "TANF non-needy grants."

Background.

Section 554 of the National Affordable Housing Act of 1990 added a new Section 23 to the United States Housing Act of 1937 that created the FSS program to promote the development of local strategies that coordinate the use of public housing development assistance and housing assistance under the Section 8 rental certificate and voucher programs with public and private resources, to enable families to achieve economic independence and self-sufficiency. The public housing agency (PHA) and the head of each participating family execute an FSS Contract of Participation (FSS contract) that specifies the rights and responsibilities of both parties.

To successfully complete its FSS contract the head of the FSS family must seek and maintain suitable employment and all family members must be independent of welfare assistance. An FSS escrow account is established for each FSS family. Credits to the escrow account are calculated based on increases in the earned income of the family during the term of the family's FSS contract. If the family completes its FSS contract, the family receives the funds in the escrow account.

The FSS regulations at 24 CFR Part 984.103 define welfare assistance for the FSS program as "income assistance from Federal or State welfare programs," that "includes only cash maintenance payments designed to meet a family's ongoing basic needs."

Certain types of assistance are explicitly excluded from the definition of welfare assistance for the FSS program, such as non-recurrent short-term benefits, child-care services provided to working families and food stamps.

The Department has received many inquiries from PHAs asking whether TANF non-needy and child-only grants on behalf of a dependent child are considered welfare assistance under the regulatory definition for the FSS program. Typically, the inquiries involve TANF grants that have been provided when a grandparent takes a grandchild into the household for an indeterminate period of time near the end of the grandparent's FSS contract term. Grandparents or other relatives take the children into their homes when the parents are unable to care for the children. Such arrangements provide stability and continuity for the children and make it unnecessary for the children to enter the foster care system. The concern for FSS program participants has been whether receipt of the non-parental TANF child-only grant would prevent the FSS family from qualifying to receive the FSS escrow account.

Applicability.

The guidance in this Notice applies to families enrolled in the Public Housing and Housing Choice Voucher FSS programs administered by PHAs.

Impact of Non-Parental Child-Only Grants on FSS Households.

The Department has determined that child-only or non-needy TANF grants made to or on behalf of a dependent child solely on the basis of the child's need and not on the need of the child's current non-parental caretaker do not qualify as welfare assistance under the FSS regulations because such grants are not designed to meet the "family's ongoing basic needs."

Additional Information.

Any questions about this Notice related to the HCV/FSS program should be directed to the Housing Voucher Management and Operations Division on (202) 402-4055. Questions related to the Public Housing FSS program should be directed to the Office of Public Housing Investments on (202) 402-2341. (These are not toll-free numbers.)

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Orlando J. Cabrera, Assistant Secretary for
Public and Indian Housing