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**MEMORANDUM**

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**TO:** MICHAEL J. JOHNSTON, EXECUTIVE DIRECTOR  
**FROM:** ZACHARY GORDON, SENIOR PROGRAM MANAGER  
**SUBJECT:** FSS+ Enrollments

**DATE:** MAY 1, 2020  
**CC:** BRENDA DOWNING, DEPUTY EXECUTIVE DIRECTOR  
HANNAH BOLCOME, DIRECTOR OF LEASED HOUSING

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This memorandum recommends a temporary moratorium on new FSS+ enrollments. The moratorium would be in effect until CHA is prepared to implement its new FSS+ initiative – as approved in the FY2020 MTW Annual Plan – anticipated for Fall 2020.

**BACKGROUND**

CHA has run the Family Stability + Savings Program (FSS+) in partnership with Compass Working Capital since 2012. The program is a modified version of HUD’s FSS program. The core elements of CHA’s program includes coaching focused on asset-building, improving credit, and escrow deposits from increases in earned income. Historically, the escrow calculation has shared similarities with the traditional FSS calculation. Participants would escrow based on changes to their Total Tenant Payment (TTP) from increases in earned income. For example, a resident that came in paying \$50 in TTP could experience an increased in earned income that raises their TTP to \$250. CHA deposits half of this increase, \$100, in an escrow account. Residents are able to make limited interim withdrawals from their account and then access a final disbursement of funds provided that graduation requirements have been met.

This calculation has been problematic due to the timing of enrollments and recertifications. For example, a resident on maternity leave was able to enroll in the program while her income was zero. She experienced the expected increase in income when she returned to work and gained substantial escrow in the program. CHA identified a number of similar enrollments over the duration of the program. CHA does not want to discourage residents from accruing escrow. However, these types of enrollment don’t follow the spirit and goals of the program. The idea is that residents increase earned income from participating in the program. Escrowing off an expected increase during a short-term loss does not meet that expectation. Additionally, this model provides the most incentive to residents with little or no earned income. CHA’s goal for this program is to assist participants at all income levels. To that end, CHA has been approved to use a new bands-based escrow calculation. This allows residents to escrow at all income levels based on current income. Participants under this model will receive monthly escrow amounts according to the following table:

<b>Income Min</b>	<b>Income Max</b>	<b>Escrow Amount</b>
\$0	\$9,999	\$0

<b>Income Min</b>	<b>Income Max</b>	<b>Escrow Amount</b>
\$10,000	\$14,999	\$50
\$15,000	\$19,999	\$100
\$20,000	\$24,999	\$125
\$25,000	\$29,999	\$150
\$30,000	\$34,999	\$175
\$35,000	\$39,999	\$200
\$40,000	\$44,999	\$225
\$45,000	\$49,999	\$250
\$50,000	\$54,999	\$275
\$55,000	\$59,999	\$300
\$60,000	\$64,999	\$325
\$65,000	\$69,999	\$350
\$70,000	\$74,999	\$375
\$75,000	\$79,999	\$400
\$80,000	and up	\$425

This new calculation resolves the issues presented with the current calculation and provides incentive for all income levels. CHA is approved to roll out this change in 2020 but is still working through the logistics of implementation. CHA and Compass had agreed informally to slow enrollment while implementation was under way.

CHA noticed an uptick in recent enrollments after the start of the COVID-19 health crisis. A number of these participants were individuals who had lost employment due to the current economic challenges. These enrollments present the same issues as outlined earlier. It is important to note that CHA provides escrow funds without additional HUD funding, and is currently experiencing an overall increase in demand on program resources due to increases in Housing Assistance Payments (HAP) costs due to COVID-19.

**RECOMMENDATION**

Effective 5/1/20, CHA will officially put a moratorium on new FSS+ enrollments. This will prevent the issues currently being faced with new enrollments. CHA could open up enrollment earlier if software changes allow for implementation of the new escrow calculation. CHA will assess this modification as the end date approaches

**PROPOSED MOTION**

MOTION: That the Board of Commissioners of the Cambridge Housing Authority approve the recommended temporary policy change outlined in the memorandum from Zachary Gordon, Senior Program Manager, to Michael Johnston, Executive Director.