

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

**Special Attention of:
Public Housing Agencies;
Management Corporations
(RMCs); Public Housing
Division Directors,
Community Builders,
Private/Asset Managers**

NOTICE: PIH 2000-11 (HA)

**Issued: May 9, 2000
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Attachment: PIH 2000-11

SUBJECT: Guidance on Establishing Cooperation Agreements for Economic Self-Sufficiency between Public Housing Agencies (PHAs) and Temporary Assistance to Needy Families (TANF) Agencies

This notice provides guidance to Public Housing Agencies (PHAs), TANF Agencies, and others regarding the requirements in the Public Housing Reform Act of 1998 for PHAs to make their best efforts to enter into cooperation agreements with welfare agencies. Cooperation is needed to maximize and target resources, including state and local TANF funds, to help low-income families living in public housing or receiving Section 8 tenant-based assistance become self-sufficient. HUD recognizes the importance of these coordinated efforts and the impact they can have by helping assisted housing families move toward self-sufficiency.

New PHRA requirements further encourage coordination by requiring PHAs to: 1) assure that an assisted family's loss of welfare assistance due to noncompliance with self-sufficiency requirements or fraud will not result in a reduced rent ; 2) determine a public housing resident's eligibility for an earned income disregard; and 3) determine if a public housing resident is exempt from HUD's community service requirement.

The Notice includes a model Memorandum of Agreement (MOA) to assist PHAs in facilitating the process of coordination. The MOA is a model that is optional for PHAs and should be tailored to address the specific areas that the PHA and their joint welfare agency partners intend to target. PHAs have full discretion to use the model or some similar tool, and no HUD approval is required.

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PART I. BACKGROUND

In October, 1998 President Clinton signed into law the Quality Housing and Work Responsibility Act (hereinafter referred to as “PHRA,” the Public Housing Reform Act), which reformed federal housing assistance programs. PHRA is the largest overhaul of the public housing and Section 8 voucher and certificate programs since their inception. Congress stated as its purpose the promotion of homes that are affordable to low-income families in safe and healthy environments. Two of the ways Congress identified to accomplish this purpose are as follows:

- facilitating mixed income communities and decreasing concentrations of poverty in public housing; and
- creating incentives and economic opportunities for residents of dwelling units assisted by public housing agencies to work, become self-sufficient, and transition out of public housing and federally assisted dwelling units.

Increasing residents’ income as a result of self-sufficiency efforts will assist in promoting deconcentration in public housing developments.

In 1996, President Clinton signed another historic law: the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (hereinafter referred to as “Welfare Reform”). This law dramatically reformed the nation's welfare system into one that requires work and mandates time limits for cash assistance. Welfare Reform also gave states the resources and tools needed to move families from welfare toward self-sufficiency.

The Public Housing Reform Act recognizes and builds upon Welfare Reform. It does this by requiring linkages between housing assistance and welfare/supportive services systems, providing incentives which reward work by public housing residents and reinforcing welfare system compliance actions which promote self-sufficiency and combat fraud.

PHRA places great importance on public housing providers finding innovative ways to address increasing the economic self-sufficiency of participating families. However, Congress did not require PHAs to become service providers, or to work toward participant self-sufficiency on their own.

While PHAs have valuable resources to devote to economic self-sufficiency programs, PHRA recognizes that the effort to foster self-sufficiency generally should be undertaken in collaboration with other public and private agencies where the promotion of self-sufficiency is the principal mission of such agencies. PHRA specifically directs PHAs to work with State or local welfare agencies in fostering resident self-sufficiency.

The efforts to move people to work through welfare reform with the support of housing assistance are clearly linked in PHRA's requirement that the agencies operating these programs work together. There is significant overlap between the recipients of Temporary Assistance for Needy Families ("TANF"), and families who receive housing assistance. Approximately one third of all assisted housing families with children (public housing residents and section 8 voucher program participants) receive TANF – just under 500,000 families total.

It is clear that if government agencies administering these programs can collaborate, the result can be more effective use of public resources, and greater success of program participants. PHRA contains the specific requirement that PHAs make their best efforts to enter into cooperation agreements with state and local welfare agencies to accomplish three goals:

1. Target services and assistance to families who receive welfare assistance and live in public housing or receive Section 8 tenant-based assistance;
2. Improve the delivery of assistance to low-income families receiving welfare and living in or receiving federal housing assistance, by transferring information to facilitate the administration of housing assistance in a manner that reinforces self-sufficiency; and
3. Reduce and discourage fraud and noncompliance with welfare self-sufficiency program requirements.

PART II. GUIDANCE FOR PHAS

STATUTORY REQUIREMENT FOR HOUSING AND WELFARE COLLABORATION

As stated earlier, in addition to the requirement that PHAs make their best efforts to enter into cooperation agreements with local welfare agencies to target self-sufficiency related services, PHRA contains several specific provisions which necessitate the coordination efforts between housing and welfare agencies. (Final regulations can be found in the Admissions and Occupancy Final Rule published in the Federal Register on March 29, 2000 or at <http://www.hud.gov/pih/legis/titlev.html>. Efforts to implement these provisions described below should be included in the cooperation agreement.

1. Mandatory Income Disallowance for Public Housing Residents - [PHRA, Sec. 508 (d) and 24 CFR Sec. 960.255]. Persons in assisted housing who become employed are normally faced with an automatic increase in their rent. However, PHRA contains a provision which requires the PHA to exclude certain income for persons who were previously unemployed and who return to work, and thus to “make work pay” for public housing residents. The PHA must be able to:

- Determine eligibility for the disregard by obtaining written information from the local welfare agency regarding which residents receive, or have recently received welfare assistance.
- Determine whether to offer an Individual Savings Accounts instead of an earnings disregard. (Because many local welfare agencies also provide for saving accounts, PHAs should work with local welfare agencies to combine funds in these instances).

2. Exemptions from Community Service Requirements for Public Housing - [PHRA, Sec. 512 (a)(c)(2) and 24 CFR Sec. 960.600]. PHRA requires all adult members of families living in public housing to either contribute eight hours per month of community service within the community in which the family lives, or participate in an economic self-sufficiency program. Elderly persons, disabled persons, persons already working, persons exempt from work requirements under state welfare programs, or persons receiving assistance under state welfare programs are exempt from the requirement, The PHA must obtain written information from the local welfare agency to determine whether a resident is exempt from community service.

3. Welfare Reform Sanctions and Housing Assistance - [PHRA Sec. 512(d)(2)(A) and (3) and 24 CFR 5.615]. If a public housing or Section 8 tenant-based family has had its welfare income reduced as a result of an act of fraud or a sanction under a welfare assistance program, based on the failure of any member of the family to comply with conditions of continued assistance requiring participation in an economic self-sufficiency program or imposing work requirements, the PHA must deny the family's request to reduce the rent. Before the PHA can carry out this provision, it must obtain written verification from the welfare agency regarding the amount and term of the reduction of benefits and the reason for such reduction.

BENEFITS OF PHA/WELFARE COLLABORATION AND TARGETING OF FUNDS

Congress intended PHAs and local welfare agencies to be jointly providing or coordinating the services necessary to promote economic self-sufficiency for families receiving federal housing assistance. Through targeting services to the residents of public housing and those who receive Section 8 tenant-based assistance, PHAs and the welfare agencies can assist these families in overcoming the obstacles to self-sufficiency, such as lack of child care, transportation, and job skills and training, as well as achieving efficiencies in their programs. This will also assist in addressing the critical problem of deconcentration of poverty in public housing.

- 1. Financial Considerations** - Both PHAs and local welfare agencies have financial reasons to ensure that their clients are making the transition from welfare to work. These include:
- TANF families in public housing or receiving Section 8 tenant-based assistance will be faced with welfare time limitations.
 - Loss of welfare assistance for public housing families means a loss in revenue for the PHA, as rents will decrease commensurate with the decrease of family TANF income. Conversely, PHAs will eventually benefit from rising tenant incomes.
 - TANF agencies work to move people off the welfare rolls and into employment. States are rewarded for their success in four categories: job placement, job success (retention and earnings), biggest improvement in job placement and biggest improvement in job success.
 - States may be sanctioned if the required percentage of families on welfare is not engaged in work activities.
 - TANF income that would otherwise be spent on housing could be available to pay for employment-related costs, such as transportation and childcare.

2. Opportunities in Assisted Housing Programs – HUD programs and regulations offer many opportunities for welfare recipients living in public housing or receiving Section 8 tenant-based assistance:

- One central location - a community center, for example, where TANF families living in public housing and service providers can come together to maximize the delivery of services. Also, a large number of families living at specific locations can be reached more easily.
- Earned income disregards, which allow for exclusions of certain types of income from the family's "income" for purposes of determining family contribution to rent.
- Resident Opportunity and Economic Self-Sufficiency Program (ROSS), which provides funding to PHAs, other housing entities, resident organizations, and nonprofits combined with public and private resources to enable public housing families achieve economic independence and self-sufficiency.
- Resident employment and training opportunities in construction, modernization, maintenance and administration at the PHA.
- Family Self-Sufficiency Program (FSS), which provides case management to public housing residents and Section 8 tenant-based recipients and uses local strategies and incentives such as interest-bearing escrow accounts for families who successfully complete the program.

3. Opportunities with TANF Funds - With respect to the welfare system, the TANF program offers a variety of opportunities to use federal and state funds to achieve the purposes of the program, and many states have substantial funds available. Detailed information on appropriate use of TANF funds can be found at: <http://www/acf/dhhs.gov/programs/ofa>, however, the range of activities beyond cash assistance includes:

- Self-sufficiency activities and services, job skills and training, educational expenses, English as a Second Language (ESL), literacy, transportation assistance, childcare assistance, mentoring and case management, housing counseling, moving expenses, security deposits and numerous other services that benefit low-income families.
- States can choose to spend TANF funds for services to assist a broad range of low-income families, not just those families currently on welfare, or those families that have received welfare assistance in the past.

HELPFUL HINTS FOR IMPLEMENTING A COOPERATION AGREEMENT

- 1. Targeting Services** - Both the PHA and the Welfare Agency should review the needs of their clients in order to determine what services should be jointly provided, and then the cooperation agreement can be used to implement programs that fill “gaps” in services. A process for minimizing common or duplicative services should be developed as well. It is important that each Agency identify the services and resources it is able to commit, and include these commitments in the MOA. The details regarding the type of service/resource, the number of eligible recipients to be served, the time period, etc., should be included. (See Attachment, MOA, Section A for examples of types of commitments).
- 2. Coordinating Delivery of Assistance and Services.** The PHA and the Welfare Agency should review their individual processes for providing services to their clients, including recruitment, application, intake and referral, in an effort to determine if there are ways to jointly streamline these processes and improve efficiency in service delivery. This could be done through joint intake/referral processes, use of staff, and access to services, as well as co-located or joint staff. These processes and the specific details of implementation should also be included in the MOA. (See Attachment, MOA, Section B for examples.)
- 3. Verification of Information.** The PHA must determine what information must be collected to carry out the PHRA provisions, and then the PHA and the Welfare Agency should jointly determine the procedure to be used to exchange this information. This procedure should include an identification of staff contacts, as well as dates, times and details regarding the use of information, including any limitations and confidentiality issues. (See Attachment, MOA, Section C).
- 4. Other Partnerships** - Although this guidance focuses on cooperative agreements with local welfare agencies, PHAs are encouraged to enter into cooperative agreements with any State or local agencies which can assist in providing services which encourage self-sufficiency to assisted families. An example would be the services and resources available at the One-Stop Centers created by the Workforce Investment Act (WIA), which requires that job services, education, and training resources be presented to the community at one central location. One-Stops, if located in or near public or assisted housing (satellite offices), present a perfect opportunity to link PHA residents with services that assist in increasing self-sufficiency.

PHAs involvement with One-Stops should be included in a cooperation agreement, and all partners and opportunities should be described. Additionally, where possible, PHAs should seek participation in the local Workforce Investment Boards to enhance a coordination effort between all involved parties and service providers and to ensure awareness of the opportunities, resources, and people that a PHA can bring to workforce activities. More information on WIA a list of current One-Stops and Workforce Investment Boards can be found at <http://www.usworkforce.org>. Additionally, PHAs should coordinate with Welfare-to-Work (WTW) grantees who are servicing similar populations.

ROLE OF PHAs AND HUD

Since decisions as to how the additional TANF funds will be used may vary from state to state and in some cases, county to county, PHAs and other organizations should ensure that their state and local governmental entities are aware of the PHRA requirement, the joint (welfare agency and PHA) cooperation agreements and the housing assistance needs of public housing and voucher families in their community. HUD staff should assist PHAs in formulating these agreements and working with states and local agencies to make TANF funds available to assist families receiving housing assistance. The joint efforts between the PHA and its welfare agency partners can increase the economic self-sufficiency opportunities and reduce the dependence on welfare for public housing residents and voucher program families.

For additional information or assistance in establishing cooperation agreements, please contact your local HUD office.

/s/ Harold Lucas

Assistant Secretary for Public and Indian Housing

Attachment

Cooperation Agreement for Economic Self-Sufficiency between the Public Housing Agency and the Welfare Agency

MEMORANDUM OF AGREEMENT (MOA)

This Memorandum of Agreement, hereinafter referred to as “MOA,” is made and entered into between the _____(Public Housing Agency), a governmental entity corporation hereinafter referred to as the “PHA,” and _____(Local Welfare Agency), an organization hereinafter referred to as “Welfare Agency.” The parties hereto agree as follows:

WHEREAS, the Quality Housing and Work Responsibility Act of 1998 (hereinafter referred to as “PHRA,” the Public Housing Reform Act) envisions that the PHA and the Welfare Agency will target services to families who receive housing assistance, and will work together to help these families to become self-sufficient;

WHEREAS, the PHA and the Welfare Agency recognize the significant overlap in the population receiving welfare assistance and living in public housing or receiving Section 8 tenant-based assistance;

WHEREAS, the PHA and the Welfare Agency recognize that these families have the potential to succeed and become economically self-sufficient where adequate supportive services are provided;

WHEREAS, the PHA and the Welfare Agency recognize that coordinated administrative practices support participant self-sufficiency and it is in the best interest of all parties concerned to coordinate efforts aimed at jointly assisting these families in becoming economically self-sufficient so that efforts are not duplicated and so that the strengths of both the PHA and the Welfare Agency can be used to benefit all families; and

WHEREAS, the PHA and the Welfare Agency recognize the need for a streamlined process to collect, verify and provide information as necessary to either party in a timely manner to ensure efficient delivery of service, and to detect and deter participant fraud and program noncompliance;

Therefore be it resolved that the parties agree to the following:

PURPOSE OF MEMORANDUM OF AGREEMENT (MOA):

The purpose of this MOA is to carry out, on a local level, Sec. 512(d)(7) of the Public Housing Reform Act of 1998 (PHRA) (implemented at 24 CFR 5.613). That section states, in relevant part, the following:

“A public housing agency...shall make its best efforts to enter into such cooperation agreements, with State, local, and other agencies providing... welfare or public assistance..., as may be necessary, to provide ...information to facilitate administration (of their program requirements) and other information regarding rents, income, and assistance that may assist a public housing agency or welfare or public assistance agency in carrying out its functions”

“A public housing agency shall seek to include in a cooperation agreement...requirements and provisions designed to target assistance under welfare and public assistance programs to families residing in public housing projects and families receiving tenant-based assistance under section 8, which may include providing for economic self-sufficiency services within such housing, providing for services deigned to meet the unique employment-related needs of residents

of such housing and recipients of such assistance, providing for placement of workfare positions on-site in such housing, and such other elements as may be appropriate.”

This MOA carries out this provision by identifying common goals and purposes of both the PHA and the Welfare Agency that support the economic self-sufficiency efforts of low-income families receiving welfare assistance and living in public housing or receiving Section 8 tenant-based assistance. The PHA and the Welfare Agency agree to the following goals:

- (1) Targeting services and resources to families to assist them in achieving economic self-sufficiency;*
- (2) Coordinating and streamlining the administrative functions to ensure the efficient delivery of services to families; and*
- (3) Reducing and discouraging fraud and noncompliance with welfare and housing program requirements.*

A. TARGETING SERVICES AND RESOURCES

Sec. 512(d)(7)(B) of the Public Housing Reform Act (PHRA) and 24 CFR 5.613 states that housing authorities and local welfare agencies should enter into cooperative agreements which include provisions designed to target assistance and services to families receiving federal housing assistance. The PHA and the Welfare Agency agree to carry out this provision through targeting services and resources to programs that support the economic self-sufficiency of low-income families receiving welfare assistance and living in public housing or receiving Section 8 tenant-based assistance.

(This section may include but is not limited to: pre and post employment and training activities, job search activities, job development, case management, mentoring, counseling, childcare, transportation, etc. Commitments should include specific information regarding the type of resource or activity, eligible group, length of time, size of program, contract person and any other pertinent information.)

Pursuant to this commitment made by the Welfare Agency and the PHA, the following commitments and responsibilities will be provided by the Welfare Agency:

1. **(EXAMPLE ONLY)** The Welfare Agency will arrange for child care for (x number of) families receiving welfare and living in public housing or receiving Section 8 tenant-based assistance during their participation in employment and training related activities for a period agreed upon by the Welfare Agency and the PHA.
2. **(EXAMPLE ONLY)** The Welfare Agency will provide or arrange for employment related workshops/job training for (x number of) families receiving welfare and living in public housing or receiving Section 8 assistance for a time period agreed upon by the Welfare Agency and the PHA.

Pursuant to the commitment made by the Welfare Agency and the PHA, the following commitments and responsibilities will be provided by the PHA:

1. The PHA will send out timely notification to all public housing residents of all joint services provided by the PHA and the Welfare Agency to ensure that an adequate number of families are being served.
2. **(EXAMPLE ONLY)** The PHA will provide meeting space for employment related workshops and/or services provided by the Welfare Agency for families receiving welfare and living in public housing or receiving Section 8 assistance for a time period agreed upon by the Welfare Agency and the PHA.
3. **(EXAMPLE ONLY)** The PHA will provide for (x number of) families receiving welfare assistance and living in public housing or receiving Section 8 assistance to participate in the Family Self-Sufficiency (FSS) program.
4. **(EXAMPLE ONLY)** The PHA will provide for placement of (x number of) workfare positions on-site or with PHA-partner agencies.

B. COORDINATING DELIVERY OF ASSISTANCE AND SERVICES

The Welfare Agency and the PHA will coordinate and streamline the delivery of services to joint recipients of assistance. This will include coordination of resources and program activities, identification of eligible participants and coordination of verification of information to determine program eligibility.

(This section may include but is not limited to joint application and intake process; co-location of resources and staff; joint program resource and referral systems; or, streamlined resource and referral systems. Commitments should be specific regarding the actions to be taken by each Agency.)

Pursuant to the commitment made by the Welfare Agency and the PHA, the following commitments and responsibilities will be provided by both the Welfare Agency and the PHA:

1. **(EXAMPLE ONLY)** The PHA and the Welfare Agency will implement a joint process of referrals for families receiving welfare or living in public housing or receiving Section 8 tenant-based assistance to facilitate admission to welfare or PHA programs. This process is described in Attachment A. {Such an attachment is not included in this model agreement; however, the PHA and the Welfare Agency should attempt to develop a process for inclusion in this agreement}
2. **(EXAMPLE ONLY)** The PHA and the Welfare Agency will meet monthly to identify areas of coordination to avoid duplication of service delivery and ways to combine or maximize scarce resources. (This may include sharing a staff member jointly paid by the PHA and the Welfare Agency.)

C. PROVIDING INFORMATION TO REWARD WORK AND PROMOTE COMPLIANCE WITH WELFARE AND HOUSING PROGRAM REQUIREMENTS

The Public Housing Reform Act requires the PHA to obtain and verify information regarding families living in public housing or receiving Section 8 tenant-based assistance from Welfare Agencies for various specific purposes described below. To carry out these purposes, the PHA and the Welfare Agency have (or will) worked together to streamline and develop joint mechanisms to verify participant income and other information used to determine program eligibility and program compliance. The PHA and the Welfare Agency have (or will) developed and defined joint processes to address participant noncompliance, sanctioning of benefits, and any participant appeals processes. {Where the PHA and the Welfare Agency have developed the joint processes to be used, details of these processes should be included as an Attachment to this agreement. }

(This section may include but is not limited to streamlined collection and sharing of information to determine eligibility; streamlined verification methods; joint information to participants regarding program rules and regulations regarding fraud and program compliance; and, joint appeals process.)

The following commitments and responsibilities will be provided by both the Welfare Agency and the PHA:

1. Target Supportive Services. The Welfare Agency and the PHA will implement a jointly developed process for verification by each party, and the sharing of information, for all families jointly served by the Welfare Agency and the PHA in order to determine if a family in public housing or receiving Section 8 assistance is receiving welfare benefits/assistance. This will be done so that supportive services can be targeted as provided by this agreement.
2. Provide Welfare to Work Incentives. The Welfare Agency and the PHA will implement a jointly developed process for verification by each party, and the sharing of information, for all families jointly served by the Welfare Agency and the PHA in order to determine if a family in public housing is eligible for a “disallowance of earned income from rent determination” because of an increase in income due to employment during the 12-month period beginning on the date on which the employment began and a phase-in of fifty percent of the total rent increase for the next 12-month period. [Pursuant to PHRA, Sec. 508 (d)] The eligible family must:
 - A. *Reside in public housing; AND*
 - B. *Have experienced an increase in income as a result of employment of a member of the family who was previously unemployed for one or more years; OR*
 - C. *Have experienced an increase in income during participation of a family member in any family self-sufficiency or other job training program; OR*
 - D. *Have or has, within six months, been assisted under any State program for temporary assistance for needy families under part A of title IV of the Social Security Act and whose earned income increases.*
3. Encourage Welfare Compliance. The Welfare Agency and the PHA will implement a jointly developed processes for verification by each party, and the sharing of information, for all families jointly served by the Welfare Agency and the PHA in order to determine if a family in public housing or receiving Section 8 assistance that has a decrease in income may have their rent decreased. The Welfare Agency will ensure that the PHA has information *whether the family’s welfare benefits/assistance has been reduced or terminated and if*

this reduction or termination was due to fraud or noncompliance with an economic self-sufficiency program or work activity requirement as defined in Sec. 512 (d)(2)(A) and (3) – not including any reduction or termination of benefits at expiration of a lifetime or other time limit on the payment of welfare benefits.

4. Determining Exemptions from Public Housing Community Service Requirements. The Welfare Agency and the PHA will implement a jointly developed process for verification by each party, and the sharing of information, for all families jointly served by the Welfare Agency and the PHA in order to determine if adult members of a family in public housing are exempt from Community Service because they are:
 - A. *Engaged in a work activity (as such term is defined in section 407(d) of the Social Security Act [42 U.S.C. 607 (d)], as in effect on and after July 1, 1997;*
 - B. *Engaged in a work activity under the State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601, et seq.) or under any other welfare program of the State in which the public housing agency is located, including a State-administered welfare-to-work program; or,*
 - C. *Receiving assistance under a State program funded under part A of title IV of the Social Security act (42 U.S.C. 601 et. seq.) or under any other welfare program, and has not been found by the State or other administering entity to be in noncompliance with such program.*

5. The Welfare Agency and the PHA will implement a jointly developed a process for timely verification, including a written verification form, to ensure that the Welfare Agency and the PHA can release relevant information to either party regarding all areas stated above. This process will include joint definition of terms used in verification and will take into account all applicable privacy considerations.

Note: The processes of verification for all of these five sections are described in Attachment B to this Agreement. *{Such an attachment is not included in this model agreement; however, the PHA and the welfare Agency should attempt to develop a process for inclusion in this agreement}*

WHEREAS, both parties herein fully understand and agree to the roles and responsibilities outlined in this agreement.

WITNESS OUR HANDS EFFECTIVE _____

PHA

Welfare (TANF) Agency

Executive Director

Official Authorized to Make Legal
Commitments

Date

Date