



## REQUEST FOR BOARD ACTION

ITEM NO. 20.

**DATE OF MEETING:** July 23, 2012

**REQUESTED BY:** Judith Herring, Housing Authority Director

**SHORT TITLE:** Resolution Requesting Approval of a Change to the Family Self-sufficiency Program at Seven Oaks Apartments

**BACKGROUND:** In 1999, the County participated in the development of Seven Oaks Apartments and included a stipulation that residents of the complex participate in the HUD Family Self Sufficiency (FSS) Program. All residents were limited to a life-time participation in the program of five years. The program continues to be offered today as it began 12 years ago.

Periodically, Seven Oaks cycles through periods of high vacancy rates. While elevated vacancies are a part of the normal cycle for any multi-family property, it appears that Seven Oaks vacancies are exacerbated by the time-limit and by the FSS requirement for participation. In the current environment, families are not able to complete the program within the five-year period and are choosing to move-out.

Due to the continuing lease-up concerns, the Pender Housing Initiatives Board, which is the Board governing Seven Oaks Apartments, has voted to recommend adjustments in the FSS program. The recommended changes include removing the life-time participation limit of five-years and changing the FSS program from mandatory to voluntary.

Approval from the Board of County Commissioners is required to permit this change.

**SPECIFIC ACTION REQUESTED:** To consider resolution Approving a change in the policies for Seven Oaks Apartments removing the five-year life-time limit for participation and changing the Family Self-sufficiency program from mandatory to voluntary.

**COUNTY MANAGER'S RECOMMENDATION**

Respectfully recommend approval.

  
Initial

**RESOLUTION**

**NOW, THEREFORE BE IT RESOLVED** by the Pender County Board of Commissioners that:

the Board hereby approves a change in the plan for Seven Oaks Apartments permitting the changes in the plan for Seven Oaks from a mandatory FSS program to a voluntary program and lifting the five-year life-time limit for living at the property. The Chairman/County Manager is authorized to execute any/all documents necessary to implement this resolution.

**AMENDMENTS:**

MOVED \_\_\_\_\_ SECONDED \_\_\_\_\_

APPROVED \_\_\_\_\_ DENIED \_\_\_\_\_ UNANIMOUS

YEA VOTES: Brown \_\_\_ Tate \_\_\_ Rivenbark \_\_\_ Ward \_\_\_ Williams \_\_\_

\_\_\_\_\_  
George R. Brown, Chairman      Date

\_\_\_\_\_  
ATTEST      Date



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**MEMORANDUM**

**TO:** Board of County Commissioners  
**FROM:** Judith Herring, Director  
**DATE:** 6/19/2012  
**RE:** Seven Oaks Apartments Board Action Request

In 1999, the County participated in the development of Seven Oaks Apartments. The 40- unit project consists of two- and three-bedroom apartments. The apartments are subsidized with project-based vouchers, which provide rental assistance based on a family's income. The original plan for the project included a stipulation that residents of the complex participate in the HUD Family Self Sufficiency (FSS) Program. In addition, all residents were limited to a life-time participation in the program of five years. It came on-line in 2000 and the program continues to be offered today in the same way it was 12 years ago.

The FSS program uses HUD Housing Assistance dollars and was designed to give families a monetary incentive to move from dependence on rent assistance and other forms of assistance to stable, independence from all types of assistance. Families who actively participate can earn money into an escrow account based on increases in their earned income over the life of their participation in the program. However, HUD does not permit termination of participation in the housing program due to failure of families to actively participate in FSS.

Periodically, Seven Oaks cycles through periods of high vacancy rates. While elevated vacancies are a part of the normal cycle for any multi-family property, it appears that Seven Oaks vacancies are affected by the time-limit and by the requirement for participation in the FSS program. In the current environment, families are not able to complete the program within the five-year period and are choosing to move-out.

It is unusual for a program to continue without any real changes for such a long period of time. Over time, changes in the local economic conditions and changes in the population generally create a need for changes in how a program operates. In the case of Seven Oaks the population has become concentrated with residents of a similar age and set of family dynamics. The weak economy has made it difficult for the residents to meet goals that will lead to stable, independent families.



Families who have the opportunity to obtain assistance under other programs are leaving the complex because the five-year limit provides an element of uncertainty. Since this tends to happen in batches as space in other programs become available, it interferes with the normal ebb and flow of vacancies at the complex.

The FSS program creates additional concerns. Unfortunately, only about 15 percent of the resident population actively participates in the program at any given time. Families who actively participate are still finding it difficult to reach the goals needed to have a stable, independent family within five years and some choose to leave Seven Oaks for other programs, even if they have significant escrow balances. In one case, a family walked away from a balance of about \$4,600 in order to take advantage of the Housing Choice Voucher program.

Due to these concerns, the Pender Housing Initiatives Board (PHIB), which governs Seven Oaks Apartments, voted at its June 13, 2012 meeting to recommend adjustments in the Seven Oaks program. The recommended changes include removing the life-time participation limit of five-years and changing the FSS program from mandatory to voluntary.

With the changes, PHIB hopes to encourage more diversification in the population at Seven Oaks and lower turn-over rates. All families will still be required to participate in a certain number of tenant meetings each year to build skills and encourage independence, but not all families will be in the FSS program. Families can enroll in FSS at any time after leasing up rather than only at move-in.

With the change, the FSS Program would not be contained in a lease addendum, but would be a contract that families will choose to enter independent of the lease. FSS participants will continue to receive counseling, but the frequency of counseling sessions will change and performance measures will be improved to be more specific for each family. Without a time limit, families will have greater flexibility and greater earning potential for the escrow account but they will also have more specific responsibilities to achieve goals. Families who achieve their goals and reach independence will be able to receive the escrow funds.

PHIB has agreed that it will be more active in celebrating successes and recognizing families who reach the final step of independence. The Housing Department and Seven Oaks management will do more to advertise the program and highlight the positive aspects of participation.

While there is no specific change that will improve lease-up numbers overnight and there is no specific change that can stop the natural ebb and flow of vacancies, the PHI Boardmembers agree that changes are necessary to increase stability at the complex. Stability is a necessary part of ensuring the project cash flows for the future and can sustain itself.