



— OFFICE *of* —
INSPECTOR GENERAL
★ ★ ★ ★
UNITED STATES DEPARTMENT OF
HOUSING AND URBAN DEVELOPMENT

HUD Foster Youth to Independence Initiative

Office of Public and Indian Housing

Washington, DC | 2023-LA-0004

March 29, 2023

Date: March 29, 2023

To: Danielle Bastarache
Deputy Assistant Secretary for Public Housing Voucher Programs, PE

//signed//

From: Kilah S. White
Assistant Inspector General for Audit, GA

Subject: Opportunities Exist to Enhance Oversight of the Foster Youth to Independence Initiative to Improve Program Effectiveness

Attached are the U.S. Department of Housing and Urban Development (HUD), Office of Inspector General's (OIG) final results of our audit of HUD's Foster Youth to Independence Initiative program.

HUD Handbook 2000.06, REV-4, sets specific timeframes for management decisions on recommended corrective actions. For each recommendation without a management decision, please respond and provide status reports in accordance with the HUD Handbook. Please furnish us copies of any correspondence or directives issued because of the audit.

The Inspector General Act of 1978, as amended, requires that OIG post its reports on the OIG website. Accordingly, this report will be posted at <https://www.hudoig.gov>.

If you have any questions or comments about this report, please do not hesitate to call Tanya Schulze, Audit Director, at (213) 534-2471.

Highlights

OPPORTUNITIES EXIST TO ENHANCE OVERSIGHT OF THE FOSTER YOUTH TO INDEPENDENCE INITIATIVE TO IMPROVE PROGRAM EFFECTIVENESS | 2023-LA-0004

What We Audited and Why

We audited the U.S. Department of Housing and Urban Development (HUD), Office of Public Housing Voucher Programs' oversight of the Foster Youth to Independence Initiative (FYI). We audited the program early in its implementation to identify opportunities to improve the program's design and effectiveness. Our audit objective was to determine the effectiveness of FYI.

What We Found

Opportunities exist to enhance oversight of the Foster Youth to Independence Initiative to improve program effectiveness. Specifically, HUD did not (1) implement strategies or provide guidance to maximize voucher utilization, (2) have assurance that youths were informed of supportive services or that the services were available for the duration of their participation, (3) include FYI in its annual risk assessment and did not have FYI program-specific risk assessment or monitoring policies and procedures, or (4) establish specific and measurable objectives for FYI or collect data that would allow it to assess the program's overall effectiveness. These conditions occurred because the program was new, and HUD focused on providing housing vouchers to public housing agencies (PHA). Also, HUD was focused on the monitoring and use of CARES Act funds and relied on the PHAs and public child welfare agencies (PCWA) for program oversight of participant eligibility and supportive services. As a result, HUD lacked assurance that the \$46.7 million allocated for FYI vouchers would be fully utilized to reach the vulnerable population it is intended to serve, improve the program participants' self-sufficiency, and that the program was effective.

What We Recommend

We recommend that the Deputy Assistant Secretary for Public Housing Voucher Programs (1) develop and implement a plan to assist PHAs in improving voucher utilization, including providing additional guidance to PHAs to improve coordination between PHAs and PCWAs to improve voucher utilization and limit barriers to leasing; (2) require PHAs to document that they informed FYI participants at program entry of their eligibility for supportive services for the duration of the program; (3) For each youth referred, require PHAs to obtain PCWA certification that the PCWA will provide or secure access to supportive services.; (4) include FYI in its voucher risk assessment and develop and implement monitoring policies, procedures, and controls; and (5) establish and implement methods to regularly assess the effectiveness of the program in preventing and ending youth homelessness and improving participants self-sufficiency, which could include performance metrics and periodic studies performed by the Office of Policy Development and Research (PD&R).

Table of Contents

Background and Objective	5
Results of Audit	8
Opportunities Exist to Enhance Oversight of the Foster Youth to Independence Initiative to Improve Program Effectiveness.	8
Scope and Methodology	14
Appendixes	16
Appendix A – Auditee Comments and OIG’s Evaluation	16
Appendix B – Criteria	22

Background and Objective

The Foster Youth to Independence Initiative (FYI) is a special purpose voucher administered by the U.S. Department of Housing and Urban Development's (HUD) Office of Public Housing Voucher Programs. FYI was created in 2019 to expand the availability of housing assistance to youths with a history of foster care. HUD's Family Unification Program (FUP) predates FYI and also provides housing assistance to youths with a history of foster care. However, FYI carved out specific funding for these youths because HUD found that this youth population was underserved under FUP, as most of the vouchers and funding went to families rather than youth.

FYI has three special rules that distinguish this program from a housing choice voucher:

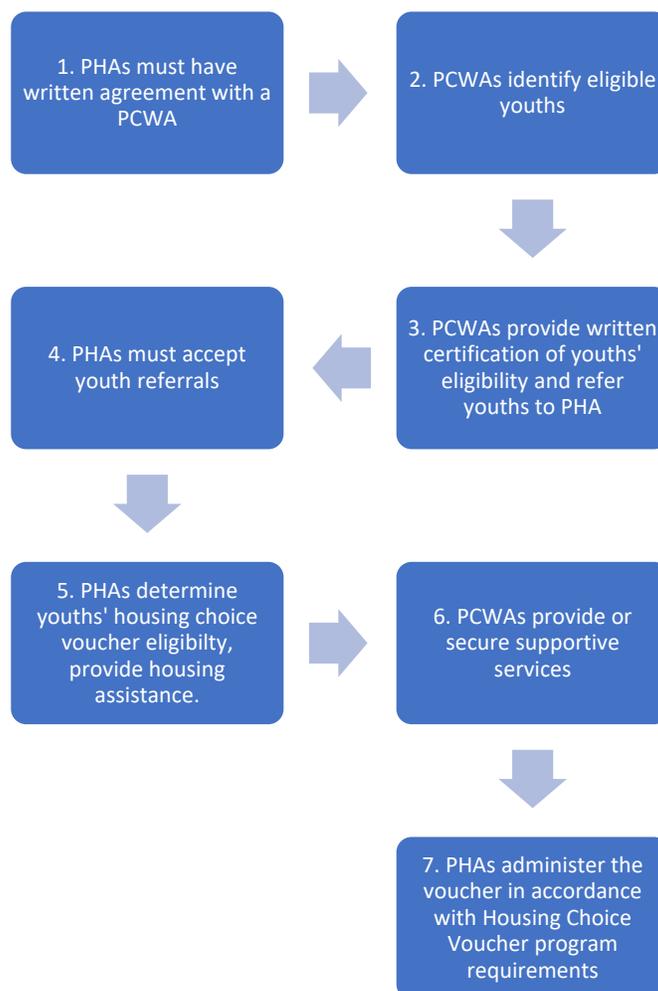
1. Youths must be between the ages of 18 to 24 with a history of foster care and homeless or at risk of homelessness to be eligible for assistance.
2. Eligible youths may receive housing assistance for a maximum of 36 months; assistance may be extended an additional 24 months if the youth elects to participate in the Family Self-Sufficiency program or meets other criteria.
3. Public housing agencies (PHA) must partner with public child welfare agencies (PCWA), which must refer eligible youths to the PHA and secure five types of supportive services.

Although they are optional for the youths, the supportive services must be available to the youths for the entire 36-month period. The required supportive services are intended to assist the youths in achieving self-sufficiency and include (1) basic life skills, (2) counseling on compliance with Housing Choice Voucher Program (HCV) requirements and rental requirements, (3) providing reasonable and necessary assurances to owners of rental property, (4) job preparation and attainment counseling, and (5) educational and career advancement counseling.

HUD established FYI guidance when it issued Office of Public and Indian Housing (PIH) Notice PIH 2019-20, which was superseded by PIH Notices 2020-28 and 2021-26 (relevant criteria is listed in Appendix B). These changes further expanded the availability of the program and facilitated the issuance of vouchers. For example, initial FYI vouchers were available only to PHAs that did not administer FUP. Also, vouchers would "sunset," meaning the voucher was issued for a specific individual and the PHAs could not reassign the voucher after the youth exited the program. HUD modified the program to allow any PHA that administered HCV to request FYI vouchers and allowed PHAs to reissue vouchers to other eligible youths upon turnover. Additionally, modifications found in the Fostering Stable Housing Opportunities Act allowed youths who participated in the Family Self-Sufficiency program or met other qualifying alternatives to receive an additional 24 months of assistance, which increased the maximum program term from 36 months to 60 months.

Noncompetitive awards of FYI vouchers are provided to the PHAs via an on-demand process. Once PHAs receive a referral for an eligible youth, they can request vouchers directly from the Office of Housing Voucher Programs. Competitive awards of FYI vouchers were made through notices of funding availability, and the number of vouchers awarded was based on the size of the PHA and the community need identified by the PHA and its partners.

FYI voucher process



Since HUD's initial offering of FYI vouchers in 2019, the program has continued to grow in size and scope. The number of PHAs that administer the program has grown from 88 in October 2020 to more than 232 in April 2022. HUD has also increased the amount of funding for FYI. HUD awarded approximately \$6.7 million under Notice PIH 2019-20. Under Notices PIH 2020-28 and 2021-26, HUD allocated a total of \$40 million for new incremental FYI vouchers. Of the \$40 million, \$20 million was made available on a noncompetitive basis, and \$20 million was set aside by HUD for competitive awards via NOFAs.¹ In all,

¹ HUD could not provide a total amount of HUD funds spent for FYI due to the lack of FYI-specific reporting fields in the Voucher Management System (VMS) at program inception. Before March 2022, PHAs reported both FYI and FUP data in the FUP fields in VMS. In March 2022, HUD added separate FYI-specific fields in VMS, and PHAs began reporting FYI voucher data separately.



HUD allocated \$46.7 million for FYI vouchers. This amount does not include FYI voucher renewals. HUD funds existing FYI vouchers through HUD's annual housing assistance payment renewal process.

Our audit objective was to determine the effectiveness of FYI.

Results of Audit

Opportunities Exist to Enhance Oversight of the Foster Youth to Independence Initiative to Improve Program Effectiveness

Opportunities exist to enhance oversight of the Foster Youth to Independence Initiative to improve program effectiveness. We found that HUD did not (1) implement strategies or provide guidance to PHAs to maximize FYI voucher utilization, (2) have assurance that youths were informed of the supportive services or that the services were available for the duration of their participation, (3) include FYI in its annual risk assessment and did not have FYI program-specific risk assessment or monitoring policies and procedures, or (4) establish specific and measurable objectives for FYI or collect data that would allow it to assess the program’s overall effectiveness. These conditions occurred because the program was new, and HUD focused on providing housing vouchers to PHAs. Also, HUD was focused on the monitoring and use of CARES Act funds and relied on PCWAs for program oversight of participant eligibility and supportive services. As a result, HUD lacked assurance that the \$46.7 million allocated for FYI vouchers would be fully utilized to reach the vulnerable population it is intended to serve, improve the program participants’ self-sufficiency, and that the program was effective.

Additional Support from HUD Can Improve Voucher Utilization

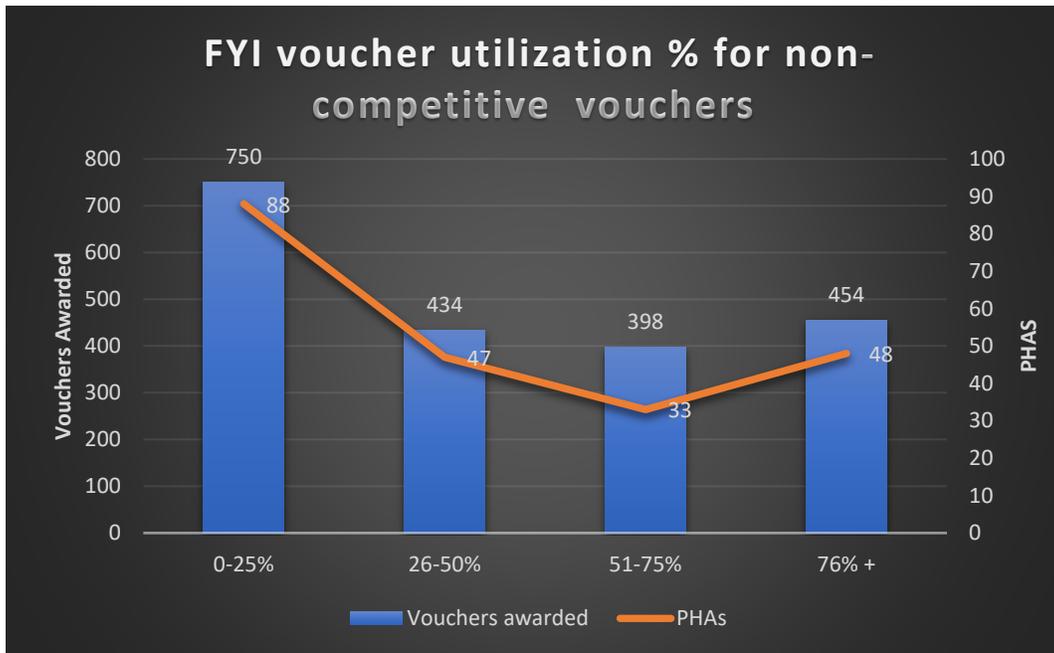
Opportunities exist for HUD to provide additional support to help PHAs improve voucher utilization. While HUD provided program guidance and training materials on its website, we found that these materials did not include strategies or guidance for PHAs to maximize FYI voucher utilization. Also, HUD did not provide sufficient guidance to improve coordination between PHAs and PCWAs, reduce barriers, and improve outcomes, as required.² As a result, this contributed to the underutilization of FYI vouchers. In April 2022, the overall FYI voucher utilization rate was only 31 percent.

Voucher Type	Leased	Awarded	Utilization Rate
Non-competitive	895	2,036	44%
Competitive ³	108	1,194	9%
Total	1,003	3,230	31%

Of the 216 PHAs that only received non-competitive vouchers, 88 (41 percent) had leased less than 25 percent of their FYI vouchers.

² Requirements at 42 U.S.C. 1437f(x)(4) state that HUD must issue guidance to improve coordination between PHAs and PCWAs, including providing guidance on identifying and referring youth, implementing housing strategies to assist youth, and aligning systems’ goals to improve outcomes and reduce lapses in housing.

³ Competitively awarded vouchers may take longer to lease because competitive vouchers are awarded before the PHAs receive referrals of youth.



We interviewed officials at 15 PHAs that administered the FYI program, and during these interviews, the officials stated that FYI was helpful but there were challenges in securing housing for prospective FYI participants. For example, of the 15 PHA officials interviewed,

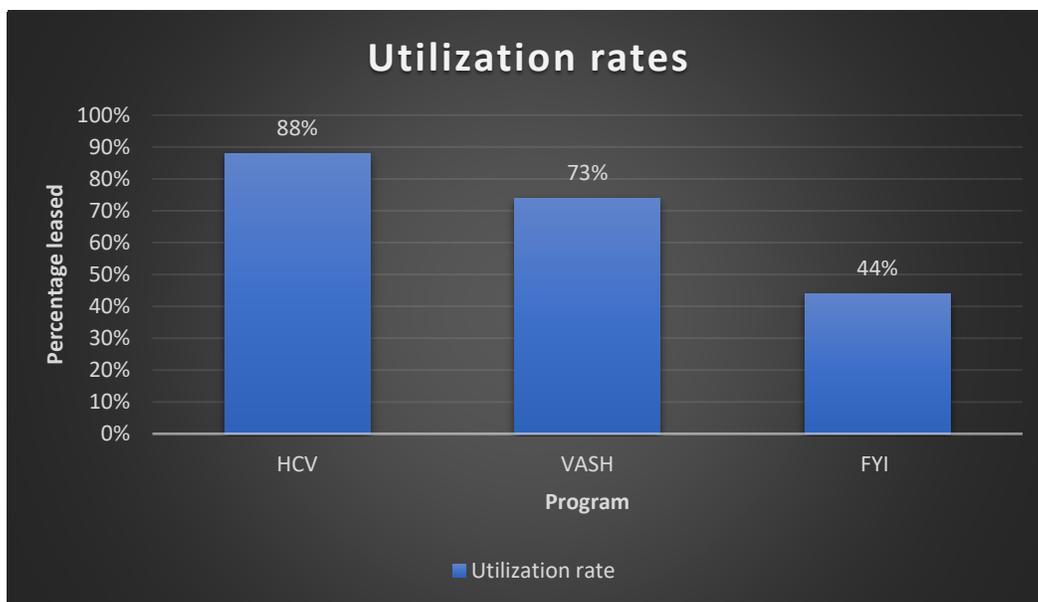
- six stated that youths lacked the financial history and resources to meet credit requirements and move-in costs, such as security and utility deposits;
- seven found that youths were sometimes less responsive or stopped communicating with the PHA before completing the leasing process; and
- four stated that affordable units were in short supply, landlords were reluctant to lease to younger applicants, or both.

During the interviews, the PHA officials also discussed the strategies they implemented to assist youths with these challenges. For example, six worked with community partners to provide youths assistance with move-in costs and two offered landlords incentives to encourage participation in FYI. Another PHA official stated that they developed a relationship with an apartment complex which accepted all FYI participants.

Other PHAs who are facing these same inherent challenges could benefit from HUD guidance and information on effective strategies to increase utilization of FYI vouchers. As an example, for HUD’s Veteran Affairs Supportive Housing (VASH) program, which, like FYI requires outside agencies to refer participants and offers supportive services, HUD published best practices among successful PHAs that administer VASH and issued strategies to improve utilization rates. Additionally, HUD reviews utilization rates for HUD-VASH sites and, for those sites where additional assistance may be helpful, would hold joint meetings between VA staff, HUD staff, and PHAs. These meetings were to review issues that may be creating barriers to full utilization, and to allow the PHA to ask HUD and VA for resources and connections

to other organizations from which the PHA may benefit. Similar guidance and information on best practices and strategies specific to the FYI would be beneficial to PHAs to increase their FYI voucher utilization.

The table below visualizes the utilization rates for the month of April 2022 of HUD’s HCV program and the VASH program, both of which HUD provides guidance and strategies on increasing utilization, compared to FYI. The FYI program’s utilization rate is far less than the other two programs.



HUD Lacked Assurance That Supportive Services Were Available to Participants

HUD lacked assurance that youths were informed of the supportive services available to them. Requirements at 42 U.S.C. (United States Code) 1437(f)(x)(5)(b) state that PHAs must inform participants of their eligibility for supportive services. However, HUD does not require PHAs to maintain documentation to support that participants were made aware of their eligibility for supportive services. As a result, HUD could not verify that participants were informed of their eligibility for supportive services. We surveyed 88 PHAs that HUD indicated were participating in the FYI program. Of the 79 PHAs that responded to our questionnaire, 51 did not maintain records related to supportive services. There were 28 PHAs that said they planned to maintain records to support that participants received supportive services in the future. Of those who intended to maintain these records, only 18 planned to keep records on the type of supportive services participants received. Youths’ awareness of the availability of the supportive services is key to the effectiveness of the program as these services are intended to assist the youth in achieving self-sufficiency.

Also, HUD lacked assurance that the supportive services were available to youths for the entire duration of their program participation. HUD requires PHAs to obtain a certification from a PCWA that each youth

is eligible for assistance. However, HUD does not require PHAs to ensure that PCWAs certify to providing or securing access to supportive services for the duration of the youth's program term regardless of age. The agreements between PHAs and PCWAs include a statement that PCWAs will secure the supportive services; however, this measure does not ensure that the services will be provided regardless of age. Therefore, there is a risk that FYI participants may not have access to supportive services for their entire voucher term. We also found that FYI's age requirements did not always align with those of some service providers. FYI participants may enter the program up to age 24 and, therefore, could require access to supportive services up to age 27.⁴ Five of the seven program partners⁵ interviewed identified supportive services limitations related to age. For example, some of these agencies obtained supportive services through programs funded by the John H. Chafee Foster Care Program for Successful Transition to Adulthood⁶. However, these funds can be used only for youths up to age 21.⁷ This lack of alignment between the ages of the program participants and the availability of supportive services increased the risk that participants may not have had or may have lost access to supportive services required to be available to the participants of FYI for the entire duration they were in the program.

HUD Should Specifically Include FYI in Its Annual Risk Assessment and Monitoring

HUD can take additional actions to address potential risks to the program and contribute to the overall effectiveness of FYI, such as (1) specifically include FYI in its annual risk assessment and (2) have a FYI program-specific risk assessment or monitoring policies and procedures and controls. HUD had not developed monitoring tools, such as a compliance checklist, specifically for FYI. HUD's Office of Field Operations developed a compliance checklist for HCV, but this checklist did not include special compliance requirements specific to FYI. The Director of HUD's Field Monitoring and Evaluation Division in HUD's Office of Field Operations stated that it had not developed any related written policies and procedures for compliance reviews because the majority of their work was focused on the monitoring and use of CARES Act funds. By implementing these or similar actions, HUD will gain assurance that FYI's special requirements were met.

The U.S. Government Accountability Office's (GAO) Standards for Internal Control require agencies to develop internal controls to help ensure that the program achieves its intended results and respond to risks related to achieving its objectives. As the program continues to grow, it becomes more important for HUD to strengthen its administration and oversight of FYI to ensure that the program is achieving its intended results of serving eligible youths and offering supportive services.

⁴ Notice PIH 2019-20 states that youths are eligible for the program if at least 18 and not more than 24 years of age and the supportive services must be provided for the entire program term. Therefore, youths may reach age 27 under the standard 36-month program term.

⁵ Program partners are agencies that partner with PHAs to provide referrals and supportive services for FYI.

⁶ The John H. Chafee Foster Care Program for Successful Transition to Adulthood is a U.S. Department of Health and Human Services program that provides States with funding for various supportive services, including educational assistance, career exploration, and mentoring.

⁷ States may allow youths to remain in the program until age 23 if they begin participation by age 21, are enrolled in a postsecondary education or training program, and are making satisfactory progress toward completion of that program.

HUD Should Establish Objectives and Metrics to Assess Program Effectiveness

HUD should establish specific and measurable objectives for FYI, which will allow it to assess the program's overall effectiveness. In its 2022-2026 strategic plan, HUD described how it will focus its efforts on maximizing the reach of its rental assistance programs. To measure its success in achieving this objective, HUD planned to monitor utilization rates for its HCV program, including vouchers for special populations such as FYI. While HUD's Fiscal Year 2023 Annual Plan noted that HUD would track FYI utilization rates as part of the FUP program's utilization rate, HUD did not have a specific and measurable voucher utilization goal for FYI. HUD stated that it could not establish a utilization goal for FYI because PHAs relied on their program partners for referrals. However, in VASH, a similar program that relies on external referrals of potential participants, HUD does have a goal. Further, the Department did not have specific and measurable goals for the supportive services component of the program.

HUD did not have policies and procedures that would allow it to collect the data necessary to assess FYI's effectiveness in specific and measurable terms. For example, HUD could not assess the usage rate or effectiveness of the supportive services component of the program because it did not collect data to determine whether a participant used any of the five categories of supportive services offered under this program. HUD's Director of Housing Voucher Programs stated that it considered the program to be effective because it has met HUD's goal to house youths. While the program did provide some housing to youths, as of April 2022, the vouchers were significantly underutilized (31 percent). Although HUD did not collect or analyze data, PHAs and their partners may have collected relevant information that could be useful to HUD. For example, 66 of the 85 program partners that responded to our questionnaire kept records on whether a youth received supportive services, and some PHAs planned to measure changes in income and tenancy duration. These PHAs planned to use information that was also entered into HUD's PIH Information Center system and, therefore, also available to HUD.

GAO standards for Internal Control in the Federal Government state that management should define program objectives in specific and measurable terms. Measuring the program's success solely on housing youths did not allow HUD to determine whether the program was effective because the program includes a supportive service element that is intended to assist the youth in achieving self-sufficiency. HUD should establish performance metrics and gather data to assess the effectiveness of FYI.

Conclusion

HUD provided FYI housing vouchers to PHAs and established program guidance. However, HUD had not implemented strategies, or provided guidance to maximize voucher utilization and ensure that participants were informed of and had access to supportive services for the entire voucher term. Also, HUD had not established risk-based monitoring and compliance review policies and procedures, specific and measurable objectives, and policies to collect the data necessary to assess the program's effectiveness. These conditions occurred because the program was new, and HUD focused on providing housing vouchers to PHAs. Also, HUD was focused on the monitoring and use of CARES Act funds and relied on the PHAs and PCWAs for program oversight of participant eligibility and supportive services. Improvements in HUD's oversight would provide assurance that the \$46.7 million allocated thus far and future funding for FYI vouchers would be fully utilized to reach the vulnerable population it is intended to serve, improve the program participants' self-sufficiency, and that the program would be effective.

Recommendations

We recommend that the Deputy Assistant Secretary for Public Housing Voucher Programs

- 1A. Develop and implement a plan to assist PHAs in improving voucher utilization, including providing additional guidance to PHAs to improve coordination between PHAs and PCWAs to improve voucher utilization and limit barriers to leasing.
- 1B. Require PHAs to document that they informed FYI participants at program entry of their eligibility for supportive services and the availability of those services for the duration of the program.
- 1C. For each youth referred, require PHAs to obtain PCWA certification that the PCWA will provide or secure access to supportive services.
- 1D. Include FYI in its voucher risk assessment and develop and implement monitoring policies, procedures, and controls.
- 1E. Establish and implement methods to regularly assess the effectiveness of the program in preventing and ending youth homelessness and improving participants' self-sufficiency, which could include performance metrics and periodic studies performed by the Office of Policy Development and Research (PD&R).

Scope and Methodology

We performed our audit work between January 2021 and March 2022. We conducted the fieldwork for this audit remotely from Los Angeles, CA, and Miami, FL. Our audit generally covered the period between October 2019 and December 2020. We expanded our review period to include information obtained during followup interviews with selected officials from PHAs and their program partners. We also expanded this period to include changes to FYI and more recent funding and utilization data.

To accomplish our objective, we

- Reviewed applicable requirements and regulations, such as HUD PIH notices, Code of Federal Regulations notices, and GAO standards.
- Reviewed relevant background information for FYI and other HUD programs.
- Interviewed HUD staff to gain an understanding of relevant policies, procedures, and controls.
- Developed and sent electronic questionnaires to PHAs and program partners.
- Conducted followup interviews with officials from PHAs and their program partners.
- Collected and reviewed documents from PHAs, PCWAs, and other program partners.

PHA and Program Partner Electronic Questionnaires:

HUD provided us with a list of 88 PHAs participating in FYI with 1 or more FYI vouchers awarded to the PHAs as of September 2020.

We sent electronic questionnaires to all 88 PHAs and received responses from 79 of the 88. As part of the PHA questionnaire, the PHAs provided contact information for 144 program partners. We then sent these program partners a separate electronic questionnaire and received responses from 85 of the 144 partners.

PHA and Program Partner Interviews:

We conducted followup interviews with officials from 15 PHAs from the 79 PHAs that responded to the PHA questionnaire. The 15 PHAs were selected based on highest number of program participants, nonstatistical selections of specific qualitative responses, and how the PHAs reported program data. The PHA interviews were performed in March and April 2021.

We also conducted followup interviews with officials from seven program partners. We selected program partners from the 15 PHAs that we had already interviewed. We received questionnaire responses from program partners representing only 11 of the 15 PHAs. After multiple attempts to contact the program partners representing the 11 PHAs, we were able to interview officials from 7 of the program partners. The program partner interviews were performed in May and June 2021. The sample of PHAs and partners was nonstatistical and, therefore, cannot be generalized; however, the comments offered important perspectives.



We relied on the accuracy of computer-processed data taken from the Voucher Management System and other HUD systems. We used these data to determine the number of PHAs participating in the program at the time our sample was pulled for the PHA questionnaire and then to determine the size and scope of the program.

We conducted the audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective(s). We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Appendixes

Appendix A - Auditee Comments and OIG's Evaluation

Ref to OIG Evaluation - Auditee Comments

Comment 1



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-3000

Date: March 10, 2023
To: Kilah S. White, Assistant Inspector General Audit, HA
From: Danielle Bastarache, Deputy Assistant Secretary, Office of Public Housing and Voucher Programs, Public and Indian Housing
Subject: PIH Response to OIG final results of the audit of HUD's Foster Youth to Independence Initiative

The Office of Public Housing and Voucher Programs (OPHVP) appreciates the Office of the Inspector General (OIG) offering a preview of the audit of the Foster Youth to Independence (FYI) Initiative. Since launching FYI in 2019, HUD has awarded over 3,500 FYI vouchers to 246 PHAs in 46 states to prevent or end homelessness for former foster youth. This office is committed to working with its internal and external partners to expand access to the program and improve program delivery.

OPHVP offers the following program updates, recommendations and comments regarding the recommendations.

1A. Develop and implement a plan to assist PHAs in improving voucher utilization, including providing additional guidance to PHAs to improve coordination between PHAs and PCWAs to improve voucher utilization and limit barriers to leasing.

HUD agrees with this recommendation and would like to note that the Office of Housing Voucher Program (OHVP) is actively engaging internal and external stakeholders to improve FYI voucher utilization. The Housing Voucher Management and Operations Division (HVMOD) has already taken steps to provide additional guidance to PHAs on utilization, including:

- **Hosting webinars and posting resources on topics to increase FYI Utilization:** HVMOD engaged a TA provider to host webinars on various topics related to FYI to help increase utilization, including Voucher Program Administration, Intro to Child Welfare, Partnership Development & Maintenance, Youth Engagement, and Data Analytics. These also included live peer-to-peer convenings and recordings of the webinars are posted online [here](#).
- **Maintaining regular interagency partnerships to troubleshoot FYI concerns:** HVMOD has monthly meetings with the Children's Bureau (CB), a division within U.S. Department of Health and Human Services' (HHS) Administration for Children and Families (ACF), to discuss Family Unification Program (FUP) and FYI implementation. HVMOD partnered with the Department of Labor (DOL) to promote the launch of the FYI program in 2019. HVMOD and DOL have recently renewed this partnership and are working together to conduct targeted outreach to PHAs, PCWAs, and Workforce Development Boards (WDBs) in areas where the PHA and PCWA have established an FYI program and the local WDB is serving a large number of current and former

Page | 1

Ref to OIG Evaluation - Auditee Comments

foster youth. The goal of this partnership is to promote awareness of the FYI program among local WDBs and help connect them to the local PHA and PCWA.

- **Troubleshooting issues with advocacy groups:** HVMOD has quarterly meetings with the National Center for Housing and Child Welfare (NCHCW) and other advocates for current and former foster youth, including persons with lived experience, to discuss FUP and FYI implementation, goals, and challenges.
- **Internal coordination with Office of Field Operations (OFO):** HVMOD has quarterly meetings with the FUP/FYI points of contact in the field to discuss FUP and FYI implementation, utilization challenges, and concerns. As the OIG Report suggests, HVMOD and OFO are available to convene meetings with PHAs and their partners to troubleshoot utilization challenges, similar to what has been implemented for VASH.

In addition to these steps, HVMOD and HUD are planning to provide additional guidance to improve FYI utilization in FY2023 and beyond. These actions include:

- **HVMOD placed into Departmental clearance an updated FYI Initiative PIH Notice:** This updated policy guidance will encourage the use of project-based vouchers (PBV) and other tools to address low utilization. The utilization threshold criteria for PHAs to receive a noncompetitive award of FYI vouchers allow PHAs to submit a narrative describing the actions being taken to assist FYI and/or FUP voucher holders to successfully lease-up. Publication is expected imminently, and we will notify the OIG once the Notice is posted.
- **Providing internal training:** The Program Support Division (PSD), in collaboration with HVMOD, is preparing a FYI/FUP Utilization 101 Webinar to outline the role of OFO and Field Policy Management (FPM) in providing guidance to PHAs and external partners to address low utilization.
- **Providing training to PHAs:** HVMOD will present on a public-facing Housing Choice Voucher (HCV) Utilization Call in the Spring 2023 on updates to the FYI/FUP Program, including ways that PHAs can address low utilization and direction to the resources linked above.
- **Providing additional technical assistance via a contractor:** OPHVP has secured a Technical Assistance (TA) contract with a TA provider to address FYI utilization challenges. The work plan is currently being developed.

1B. Require PHAs to document that they informed FYI participants at program entry of their eligibility for supportive services and the availability of those services for the duration of the program.

This recommendation will be explicitly addressed in the updated FYI Initiative PIH Notice. In the Notice, HUD provides the following guidance:

- “The PHA must... document that youth are informed of their eligibility for supportive services and the duration of the availability of those services.” (Section 10.C.b)

1C. For each youth referred, require PHAs to obtain PCWA certification that the PCWA will provide or secure access to supportive services throughout the youth’s program term, regardless of age or other supportive service limitations.

This recommendation will be addressed, in part, in the updated FYI Initiative PIH Notice. In the Notice, HUD provides the following guidance:

- “The [partnering] PCWA must provide or secure a commitment for the provision of supportive services that are required to be offered.” (Section 7.D)

Page | 2

Comment 2

Comment 3

Ref to OIG Evaluation - Auditee Comments

Comment 3

- "Eligibility to receive funding under this notice to administer FYI vouchers requires that the PCWA provide or secure a commitment for the provision of supportive services for participating youth to assist the youth in achieving self-sufficiency. The services listed in (A) through (E) below must be secured and made available for a period of 36 months to eligible youth receiving rental assistance through this notice." (Section 8)
- "The Partnership Agreement [between the PHA and PCWA] must clearly address... Supportive Services. List the supportive services to be provided to eligible youth receiving rental assistance through this notice. All of the services identified in Section 8 of this notice must be provided. These services must be provided for a period of 36 months. The organization(s) to provide these services must be identified." (Section 10.B)

This office disagrees with the recommendation that the PCWA provide or secure access to supportive services throughout the participation without further qualification. As noted in OIG's findings, there is a lack of alignment in the availability of supportive services. This recommendation may not align with the availability of such supports in the local community and may act to limit uptake of the program. With the passage of the Fostering Stable Housing Opportunities (FSHO) amendments, which provide an opportunity for up to 24 months of additional assistance, it is possible to have participants in the program up to the age of 29 years.

Given the above information, this office requests the recommendation be revised to read, "For each youth referred, require PHAs to obtain PCWA certification that the PCWA will provide or secure access to supportive services."

1D. Include FYI in its voucher risk assessment and develop and implement monitoring policies, procedures, and controls.

OPHVP's Quality Assurance Division (QAD) currently already includes FYI in its Voucher Management System (VMS) reviews. QAD validates the leasing and expense data entered into the FYI Unit Months Leased and Housing Assistance Payments fields to ensure data integrity and monitor implementation. OFO will monitor compliance of PHAs administering the FYI program as part of its Comprehensive Review and Monitoring Plan that rolled out January 2023.

1E. Establish and implement performance metrics, which will allow HUD to regularly assess the effectiveness of the program in preventing and ending youth homelessness and improving participants' self-sufficiency.

Beginning with the March 2022 data collection, PIH introduced a new field for Foster Youth to Independence Vouchers into VMS. This new field for PHA data entry allows HUD to track utilization rates, separately from the Family Unification Program (FUP). Recent FYI award letters have identified the need to report in this new field and clarified VMS reporting requirements for FYI Tenant Protection Voucher awards made under Notice PIH 2019-20. The VMS reporting on FYI is incorporated into HUD's internal HCV Dashboard, which allows PIH to monitor effectiveness in terms of FYI voucher utilization, as it does for other special purpose vouchers.

The OIG Report noted that PHAs and HUD have access to information entered into HUD's PIH Information Center (PIC) system which can be used to monitor and assess program effectiveness. These metrics may include households leased using the FYI program as well as geographic dispersion and demographic characteristics.

This office disagrees with the OIG that measuring success, through utilization, is not an effective way to determine whether the program is effective. As stated in Section 4 of Notice PIH 2021-26, "HUD is

Page | 3

Comment 4

Comment 5

Ref to OIG Evaluation - Auditee Comments

Comment 5

investing in local, cross-system collaborative efforts to prevent and end homelessness among youth with a current or prior history of child welfare involvement.” With the introduction of a new field in VMS, HUD is positioned to accurately track utilization, and thus the number of youth that are no longer at-risk of homelessness or experiencing actual homelessness. OPHVP believes that utilization is the most important, primary metric to measure FYI success for PHAs participating in the program. Other important metrics, for example, the length of stay and reasons for leaving the program will also be collected starting in 2024 to better understand overall FYI program success.

OIG cites HUD for not collecting data to determine whether a participant used supportive services offered. There are multiple variables in the FYI program (e.g., age of participant, depth and type of services, availability of services, length of supportive services available, and participant’s ability to not receive supportive services). Additionally, supportive services are provided from a variety of partners and organizations, which differ at the state and local level and by funding source.¹ This office is concerned by the complexity, cost, and burden in collecting such data points for a program that represents approximately one-tenth of one percent of the total HCVs. An alternative recommendation for consideration by the OIG is to recommend that OPHVP explore with the Office of Policy Development and Research (PD&R) the potential to undertake a study of the effectiveness of supportive services for youth participating in FUP or FYI.

1F. Provide guidance to PHAs on collecting data necessary for HUD to assess FYI’s effectiveness.

With the rollout of the new FYI reporting fields in VMS, OPHVP issued a new VMS user guide with detailed definitions on how to enter data into the FYI reporting fields. In addition, recent funding enclosures included instructions to PHAs on how to use the FYI reporting fields in VMS as well as how to enter data into PIC using the 2n field. Increased data transparency will allow HUD to better assess FYI’s effectiveness as a program.

Additionally, as noted in the response to **1A** above, HUD has provided guidance to PHAs on data analytics via peer-to-peer convenings and a recorded webinar.

Please note that HUD’s measure of effectiveness and strategic goals relate to the number of individuals and families provided safe, secure, decent, affordable housing via this program. To date, a total of 1,337 youth at risk of homelessness have been housed using FYI. Based on the actions taken above, we believe that FYI utilization will increase over time through concerted efforts by HVMOD, PSD, OFO, and the TA and guidance offered to PHAs.

As a result of the above activities and HUD’s interpretation of effectiveness, OPHVP recommends that this recommendation be removed from the final report. These activities are already ongoing and will continue to be refined as the program continues.

¹ Supportive services may also be provided to FYI participants via HUD’s Family Self-Sufficiency (FSS) program. FSS tracks performance metrics separately. Additionally, PD&R published a FUP-FSS Demonstration Evaluation in December 2021.

OIG Evaluation of Auditee Comments

- Comment 1 We acknowledge HUD’s agreement with recommendation 1A and commend HUD for the steps it has already taken to improve voucher utilization and its plans to take additional steps in FY 2023 and beyond. We look forward to working with HUD during the audit resolution process to ensure the recommendation is fully addressed.
- Comment 2 We commend HUD for its proactive efforts to address recommendation 1B in its upcoming PIH Notice. We look forward to reviewing the Notice and working with HUD during the audit resolution process to ensure the recommendation is fully addressed.
- Comment 3 We thank HUD for its time and effort to address recommendation 1C in its upcoming PIH Notice. We look forward to reviewing the Notice and working with HUD during the audit resolution process to ensure the recommendation is fully addressed. Also, as stated in the report, FYI’s age requirements did not always align with those of some service providers. We acknowledge that resources will vary for each community and do not wish to recommend actions that may limit the uptake of the program. Therefore, we revised the wording for recommendation 1C as requested.
- Comment 4 We commend HUD for implementing monitoring policies, procedures, and controls. We look forward to reviewing the supporting documentation and HUD’s planned compliance reviews and monitoring plans during the audit resolution process.
- Comment 5 We commend HUD’s efforts to improve its data collection by introducing a new field for FYI vouchers in VMS. We agree that data derived from VMS and HUD’s PIC system can be used to monitor and assess program effectiveness. We also agree that HUD’s plan to collect data regarding the length of stay and reasons for leaving the program will help HUD to better understand overall FYI program success.
- HUD stated that it disagrees that measuring success, through utilization, is not an effective way to determine whether the program is effective. We agree that voucher utilization is a measure of success but that it should not be the sole measure. Our report states that:

OIG Evaluation of Auditee Comments

“Measuring the program’s success solely on housing youths did not allow HUD to determine whether the program was effective because the program includes a supportive service element . . .”

HUD can determine the most appropriate methods to assess FYI’s effectiveness, but it should consider including the supportive service element of the program because these services are a key element of this special purpose voucher program. HUD cannot currently assess the usage rate or effectiveness of the supportive services component of the program.

We acknowledge HUD’s need to limit the complexity, cost, and burden in collecting additional data. Therefore, we modified recommendation 1E to explicitly include HUD’s suggestion that the Office of Policy Development and Research (PD&R) potentially undertake a study of the effectiveness of supportive services for youth participating in FUP or FYI. We look forward to working with HUD through the audit resolution process to ensure that the recommendation is fully addressed.

Comment 6 We acknowledge that HUD has provided guidance to PHAs as noted in their response to recommendation 1A. Also, recommendation 1E, which was revised based on HUD’s feedback, will ensure that HUD takes the actions necessary to assess the program’s effectiveness. Therefore, we agree with HUD’s suggestion and removed the recommendation previously listed as 1F.

Appendix B – Criteria

GAO’s Standards for Internal Control in the Federal Government

Section 1 – Fundamental Concepts of Internal Control, Definition of Internal Control

OV1.03 Internal control comprises the plans, methods, policies, and procedures used to fulfill the mission, strategic plan, goals, and objectives of the entity. Internal controls serve as the first line of defense in safeguarding assets. In short, internal controls helps managers achieve desired results through effective stewardship of public resources.

Section 2 – Establishing an Effective Internal Control System, Presentation of Standards

OV2.02 The Green Book applies to all of an entity’s objectives: operations, reporting, and compliance. However, these standards are not intended to limit or interfere with duly granted authority related to legislation, rulemaking, or other discretionary policy making in an organization. In implementing the Green Book, management is responsible for designing the policies and procedures to fit an entity’s circumstances and building them in as an integral part of the entity’s operations.

Section 2 – Establishing an Effective Internal Control System, Objectives of an Entity

OV2.17 Management, as part of designing an internal control system, defines the objectives in specific and measurable terms to enable management to identify, analyze, and respond to risks related to achieving those objectives.

42 U.S.C. 1437f(x) Low Income Housing Assistance Family Unification

(4) Coordination between public housing agencies and public child welfare agencies

The [HUD] Secretary shall, not later than the expiration of the 180-day period beginning on July 29, 2016, and after consultation with other appropriate Federal agencies, issue guidance to improve coordination between public housing agencies and public child welfare agencies in carrying out the program under this subsection, which shall provide guidance on-

- (A) identifying eligible recipients for assistance under this subsection; . . .
- (B) coordinating with other local youth and family providers in the community and participating in the Continuum of Care program established under subtitle C of title IV of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11381 et seq.);
- (C) implementing housing strategies to assist eligible families and youth;
- (D) aligning system goals to improve outcomes for families and youth and reducing lapses in housing for families and youth; and
- (E) identifying resources that are available to eligible families and youth to provide supportive services available through parts B and E of title IV of the Social Security Act (42 U.S.C. 621 et seq.; 670 et seq.) or that the head of household of a family or youth may be entitled to receive under section 477 of the Social Security Act (42 U.S.C. 677).

(5) Requirements for Assistance for Youth Aging Out of Foster Care

Assistance provided under this subsection for an eligible youth pursuant to paragraph (2)(B) shall be subject to the following requirements: . . .

(B) Supportive Services

(i) Eligibility

Each eligible youth on whose behalf such assistance under this subsection is provided shall be eligible for any supportive services (as such term is defined in section 3102 of title 29) made available, in connection with any housing assistance program of the agency, by or through the public housing agency providing such assistance.

(ii) Information

Upon the initial provision of such assistance under this subsection on behalf of any eligible youth, the public housing agency shall inform such eligible youth of the existence of any programs or services referred to in clause (i) and of their eligibility for such programs and services.

Notice PIH 2019-20 Tenant Protection Vouchers for Foster Youth to Independence Initiative

5. PCWA Roles and Responsibilities. The partnering PCWA must meet the following requirements.

- A. Identify FUP-eligible Youth. The PCWA must have a system for identifying FUP-eligible youth within the agency's caseload and review referrals from the PHA and CoC [Continuum of Care].
- B. System of Prioritization. Given the limited nature of this resource, the PCWA must have a system of prioritization for FUP-eligible youth.
- C. Written Certification. The PCWA must provide written certification to the PHA that a youth is FUP-eligible.
- D. Supportive Services. The PCWA must provide or secure a commitment for the provision of required supportive services.

6. Required Supportive Services. Eligibility to receive funding under this notice to administer FYI TPVs requires that the PCWA provide or secure a commitment of supportive services for participating youth to assist the youth in achieving self-sufficiency. The services listed...must be provided for a period of 36 months to FUP-eligible youth receiving rental assistance through this notice. A FUP-eligible youth cannot be required to participate in these services as condition of receipt of the voucher . . .

7. Youth Eligibility. The population eligible to be assisted with funding under this notice are youth certified by a PCWA as meeting the following conditions:

1. Has attained at least 18 years and not more than 24 years of age;
2. Left foster care, or will leave foster care within 90 days, in accordance with a transition plan described in section 475(5)(H) of the Social Security Act at age 16 or older; and
3. Is homeless or is at risk of becoming homeless . . .

8. Partnership Agreement. PHAs applying for assistance under this notice must enter into a partnership agreement with a PCWA. HUD strongly encourages adding the CoC, or a CoC recipient it designates, to the partnership. The partnership agreement may take the form of a Memorandum of Understanding (MOU) or letters of intent between the parties . . .