



# Memorandum

**TO:** SAN JOSE HOUSING AUTHORITY BOARD OF COMMISSIONERS

**FROM:** Jacky Morales-Ferrand

**SUBJECT:** SEE BELOW

**DATE:** March 17, 2011

Approved

Date

3-24-11

**COUNCIL DISTRICT:** City-Wide

**SNI AREA:** N/A

## RECOMMENDATION

It is recommended that the Board of Commissioners for the Housing Authority of the City of San José submit a letter to the Housing Authority of the County of Santa Clara supporting the Moving to Work Fiscal Year 2012 Annual Plan with the following changes:

1. The Annual Plan be amended to reflect that 200 Section 8 vouchers be set aside for chronically homeless persons in FY 2012, with quarterly reporting on progress to City staff.
2. The City of San Jose Housing Authority will participate on the evaluation panel for the project-based vouchers that are subject to an open and competitive process and prioritize and score those projects that serve local housing needs. The process for allocating project-based vouchers to developments will include objective selection criteria, selection of experienced developers, and a focus on extremely low-income & low-income households.
3. That HACSC staff demonstrate that project-based vouchers are necessary to make the affordable housing developments feasible if they meet the following conditions: a) They are being issued to HACSC-owned and HACSC-affiliated affordable housing properties without competition; and 2) The HACSC has already issued project-based vouchers to HACSC-owned and HACSC-affiliated projects to 548 housing units.

## OUTCOME

By requesting that the Moving to Work Fiscal Year 2012 Annual Plan include language that 200 Section 8 vouchers are set aside for chronically homeless persons, this will move the City towards its goal and that of its Destination: Home partners of ending chronic homelessness. In addition, requiring that the City of San José Housing Authority has input on the allocation of project-based vouchers will ensure that local housing needs are met.

## **BACKGROUND**

The Housing Authority of the County of Santa Clara (HACSC) provides public housing and rental assistance for low-income families, seniors, and persons with disabilities in the County. HACSC also administers and manages the public housing program for the City of San José Housing Authority through an Agreement between both agencies. Included in the Agreement between the two entities is a requirement that the HACSC consult with the City and receive City approval of any significant policy issues. The MTW Plan is a major policy document, which includes numerous policies impacting the use, management, and oversight of the voucher program.

Moving to Work (MTW) is a demonstration program for housing authorities, which allows them flexibility in how they administer their programs and serve low-income families. The HACSC has received an MTW designation from the U.S. Department of Housing & Urban Development through 2018. The goals of the MTW program are:

- To decrease costs and increase cost effectiveness in housing program operations
- To promote participants' economic self-sufficiency, and
- To expand participants' housing choices

Every year, the HACSC releases their Annual Plan where they describe new policies and procedures that will be implemented as part of their MTW Program. The plan is required by the U.S. Department of Housing & Urban Development.

## **ANALYSIS**

### ***Section 8 Vouchers for the Chronically Homeless***

Since 2006, the HACSC has set aside Section 8 vouchers for chronically homeless persons. To ensure that the success of this program continues, staff is recommending that the FY 2012 Annual Plan be amended to specifically state that 200 Section 8 vouchers will be set-aside for chronically homeless persons in FY 2012. As it is currently written, the Annual Plan does not specify that 200 vouchers will be allocated for this purpose in the upcoming fiscal year. Staff is recommending that language in the Annual Plan be amended to resemble the language in the FY 2011 plan, which specifically states that the HACSC would designate 200 vouchers for the chronically homeless in FY 2011.

These vouchers are a critical tool for moving chronically homeless persons off the streets. The HACSC has been a partner in ending chronic homelessness by setting aside vouchers for chronically homeless persons in the past. As a result of these efforts, 574 chronically homeless persons have been housed. Staff wants to ensure that the success of this program continues in FY 2012.

### ***Project-Based Vouchers in FY 2012***

Project-based vouchers (PBV) represent a steady source of income for selected affordable housing developments; as such they are a critical tool in helping to preserve affordable housing. The FY 2012 Annual Plan indicates that they will project-base 664 of their tenant-based

vouchers. This means that housing choice-vouchers which previously allowed tenants to use the voucher with any housing unit, will now be converted to project-based vouchers (PBV) which will be tied to a particular housing unit. HACSC staff has indicated this will not result in the displacement of persons and that these vouchers will be converted when there is turn-over in the program. As the PBVs become available, some will be allocated to HACSC-owned or HACSC-affiliated developments, while others will be available to other developers through an open and competitive process.

### ***Competitive Project-Based Vouchers***

HACSC staff has indicated that a competitive process will take place for developers that are not affiliated with the HACSC to be allocated PBVs. Since PBVs are a critical tool in funding affordable housing and given staff's expertise with local housing needs, staff is recommending that the MTW FY 2012 Annual Plan be amended to reflect that the City of San Jose Housing Authority will participate on the evaluation panel for those PBVs that are subject to the open and competitive process. Staff from the City of San Jose Housing Authority will have the opportunity to score and prioritize those developments that meet local housing needs.

Project-based vouchers represent a critical tool towards preserving affordable housing. Given the scarcity of funds at the local level to subsidize affordable housing, developers would greatly benefit from additional resources to fund affordable housing such as project-based vouchers. San José is experiencing its ninth straight year of budget deficits, and the Governor's current budget proposal to eliminate redevelopment agencies would bring the city's primary source of affordable housing funds to a halt. The challenges currently facing affordable housing are severe. As a result, staff recommends that the City be able to participate on the evaluation panel for those PBVs that are allocated through a competitive process.

### ***Non-Competitive Project-Based Vouchers***

Staff has concerns about the project-based vouchers that will be allocated to HACSC-owned and HACSC-affiliated projects without competition. In April 2008, the City Council unanimously approved a resolution which states that only the 548 units that have gone through the public disposition process would be selected for project-based assistance without a competitive process. To date, HACSC staff indicated that 546 project-based vouchers have already been awarded without a competitive process. As previously mentioned, HACSC staff has indicated that up to 600 *additional* PBVs will be allocated to HACSC-owned and HACSC-affiliated projects with any public competition. Staff is recommending that if more than 548 PBVs are allocated to HACSC-owned or affiliated projects, that HACSC staff demonstrate that PBVs are the only mechanism which will make the developments financially feasible.

Once the City Council, acting in its capacity as the Board of the San Jose Housing Authority, takes action, SJHA staff will forward the recommendations to the HACSC Board. The HACSC Board will consider these recommendations at its meeting of April 12<sup>th</sup>.

### PUBLIC OUTREACH/INTEREST

The HACSC will host a public hearing on March 28, 2011 to receive citizen input regarding the Moving to Work plan. In addition, the HACSC Board of Commissioners will be taking action on this plan at their meeting on April 12. The proposed policy meets Criterion 2 for public outreach. An e-mail will be sent to stakeholders advising them of the proposed policy change. And, the Council memo will be posted on the City's website for the meeting of the San Jose Housing Authority on April 5, 2010.

- Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

### FISCAL/POLICY ALIGNMENT

The recommendations presented in this memo are in alignment with the City's Ten Year Plan to End Homelessness, and the Blue Ribbon Commission report.

### COORDINATION

This memorandum has been coordinated with the Office of the City Attorney.

  
JACKY MORALES-FERRAND  
Assistant Director  
San Jose Housing Authority

For questions, please contact Jacky Morales-Ferrand, Assistant Director of Housing at (408) 535-3855

Attachment: MTW 2012 Annual Plan

*Preliminary draft, subject to further revision*

# **Moving to Work (MTW) 2012 Annual Plan**

**for the Housing Authorities of the  
County of Santa Clara and  
the City of San José**

**DRAFT – Feb 26, 2011**



## Housing Authority of the County of Santa Clara (HACSC)

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*HACSC's mission is to improve the lives of low-income families, persons with disabilities, and seniors in the County of Santa Clara by providing affordable, high-quality housing.*

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## I. INTRODUCTION AND OVERVIEW

### Purpose of this Plan

This document describes how the Housing Authority of the County of Santa Clara (HACSC) and the Housing Authority of the City of San Jose (jointly operated agencies and hereafter referred to as HACSC) propose to carry out its Moving to Work (MTW) program in fiscal year 2012 (July 1, 2011 through June 30, 2012). This plan is required by the U.S. Department of Housing and Urban Development (HUD), and is the fourth plan prepared since HACSC signed a 10-year MTW Agreement with HUD in early 2008.

Established as an independent local government agency in 1967 by the Santa Clara County Board of Supervisors, HACSC's jurisdiction encompasses the heart of Silicon Valley and the county's estimated 1.8 million residents. HACSC currently provides direct rental housing assistance to over 17,000 low-, very low-, and extremely-low income households.

### What is MTW?

MTW is a federal demonstration program established by Congress in 1996 that links broad federal goals with locally-designed actions. It encourages selected housing authorities to propose and implement innovative changes to the way affordable housing programs are administered in order to meet three broad federal goals:

- To decrease costs and increase cost effectiveness in housing program operations,
- To promote participants' economic self-sufficiency, and
- To expand participants' housing choices.

MTW requires HACSC to strive for these goals while ensuring that the Agency continues to serve substantially the same mix of tenants (in terms of income level and family size) and at least as many households as before it had MTW status.

### Summary of HACSC's Proposed and Ongoing MTW Activities

In FY2012, HACSC proposes to launch six new MTW activities that require regulatory waivers under the MTW demonstration, and will continue its implementation of eighteen (18) previously approved activities.

#### Ongoing MTW Activities

Most of HACSC's approved and "ongoing" activities involve streamlining of routine processes in the Housing Choice Voucher (HCV) program. These efficiencies have produced significant savings in labor costs—50% reductions in fundamental areas of program operations. At the same time, implementing these activities has produced greater staff awareness of work

quality and customer service, as well as positive feedback (and virtually no complaints) from program participants, including tenants and property owners.

The other major ongoing MTW activity is the locally-designed direct voucher referral program that serves the chronically homeless. The product of an unprecedented collaboration between HACSC, local government, and local service providers, this program was launched in October 2010 after more than a year of careful planning. Paired with the set-aside of 200 vouchers, this program is already making a real difference in the lives of people who are identified by service providers as needing immediate housing and supportive services to stabilize their lives and those of their families.

The current implementation status of all of HACSC's ongoing MTW activities is provided briefly in Section VI of this report; significant details about activity status through June 2010 can be found in the 2010 MTW Annual Report, which was approved by HUD in January 2011.

#### Proposed MTW Activities

The six MTW activities that are being proposed in this 2012 Plan signal the next stage of HACSC's growth as an MTW agency. Together these activities, if approved, will impact almost every aspect of the agency's operations, and, more importantly, will benefit current and future program participants and the community at large. The proposed activities, described in detail in Section V of this report, are:

1. Create a standard utility allowance – Housing Choice Voucher (HCV) Program
2. Waive certain requirements for use of Enterprise Income Verification (EIV) System – HCV Program
3. Require a minimum two-year stay for Project-Based Voucher (PBV) residents
4. Create an affordable housing development fund
5. Create an affordable housing preservation fund
6. Expand tenant services at HACSC- or affiliate-owned affordable housing properties

The first two proposed activities represent additional efficiencies in the HCV program that will make the program structure and rules easier for tenants to understand and comply with. These activities will also reduce staff time currently spent on complex administrative processes that offer little value.

Proposed Activity 3 – requiring a minimum two-year initial stay for PBV residents – would have a stabilizing effect on occupancy at PBV sites, and would allow HACSC to serve more people from the HCV waiting list.

Proposed Activities 4 and 5 – which involve setting aside MTW funds for future affordable housing preservation and development – support the MTW statutory goal of increasing housing choices for low-income households. Proposed Activity 6 would expand and carefully target the types of services that HACSC provides to tenants at its affordable housing properties.

Last year HUD approved an important amendment to its MTW Agreement with HACSC. This provision, already available to most other MTW agencies, gives HACSC an additional tool to support locally designed solutions to affordable housing needs: it allows the agency to propose and (upon HUD approval) implement activities that may fall outside of Section 8 (HCV program) and Section 9 (public housing) but that meet the goals of the MTW program.

HACSC's FY2012 proposals to create housing development and preservation funds are examples of this broader flexibility. Providing services for tenants of HACSC's affordable housing is another example of a use of this "local program" feature or "broader use of funds authority" of the agency's amended MTW agreement. At this time next year, the agency hopes to be reporting on its initial use of MTW block grant funds to significantly leverage private and public resources to preserve and create quality rental housing and to better serve residents. These investments will have a long-term time horizon – projecting decades into the future – and will aim to provide housing that remains affordable to some of the most vulnerable in our high-cost community.

The beauty of the MTW demonstration is that it recognizes that communities are unique. MTW acknowledges that federal housing subsidy dollars can be most cost-effectively applied and successful in the locality if the dynamic features of the area are taken into account when making crucial program planning choices. Silicon Valley's extremely high-cost housing market, and the persistent jobs/housing imbalance, make it relatively more difficult than in other regions for lower-income people to be able to find and afford housing without some kind of subsidy. This problem is recognized and has been aggressively targeted by the region's employers and government and community leaders.

HACSC's role as a developer of affordable housing is enhanced by the budgetary flexibility of MTW, not simply because some of HACSC's funds can be put directly into housing development, but because these funds can often be the reason an opportunity isn't missed. The agency's ability to attract and leverage critical outside investment, in quality properties that will remain affordable to low-income people for decades, is notably strengthened by its MTW status.

Section V of this report describes the new activities that HACSC is proposing for FY2012. Section VI provides an update on the status of the activities previously approved by HUD. The table at the end of this executive summary offers an overview of the implementation status of HACSC's approved and proposed MTW activities and of how each activity relates to the MTW statutory objectives

## **Summary of HACSC's Long-term Vision and Non-MTW Initiatives**

HACSC's long-term goals under MTW are outlined in Section IV. They focus on running a financially sound agency with cost-effective, data-driven programs; addressing the challenges of a high-cost housing market by preserving and increasing the supply of affordable housing; serving more needy households; and, where appropriate, helping current participants to

reduce their dependency on housing subsidy. In all its operations, HACSC will strive to be a model for the innovative use of leveraged funds and community partnerships.

To advance these goals over the next several years, HACSC intends to use its MTW funds to acquire, construct and rehabilitate housing properties, and to allocate project-based vouchers to properties as appropriate and necessary to ensure the properties’ viability. HACSC is also conducting a comprehensive needs assessment to support the future design of MTW rent reform activities and other new initiatives. The preliminary results of the needs assessment have already been useful in framing the possibilities for successful programs in the extremely high-cost housing market of Silicon Valley.

Section III of this report provides some highlights of HACSC initiatives that are outside the MTW umbrella. HACSC successfully administers several special-purpose federal voucher programs, such as those that serve veterans and foster youth, and expects to continue those programs in FY2012 if funding is available. HACSC is improving its Section 8 program administration and data tracking through replacement of its Section 8 program software and near completion of a data recovery process. Finally, HACSC expects to complete the final phase of public housing disposition in FY2012 and is in the process of transitioning the day-to-day management of its properties to third-party property management.

**OVERVIEW OF HACSC’S MTW ACTIVITIES TO DATE**

Activity # (Plan year proposed + Activity #)	Activity	MTW Statutory Objectives		
		Reduce cost and achieve greater cost effectiveness in federal expenditures	Provide incentives to families ... leading toward economic self- sufficiency	Increase housing choices for low-income families
<b>IMPLEMENTED IN FY2009</b>				
2009 – 1	Reduced Frequency of Tenant Reexaminations – HCV	X		
2009 – 2	Simplification and Expediting of the Income Verification Process – HCV	X		
2009 – 3	Reduced Frequency of Inspections – HCV	X		
2009 – 5	Exploring New Housing Opportunities for the Chronically Homeless			X
2009 – 10	Selection of HACSC-owned Public Housing Projects for PBV without Competition	X		
2009 – 13	Combined Waiting Lists for the County of Santa Clara and the City of San Jose	X		

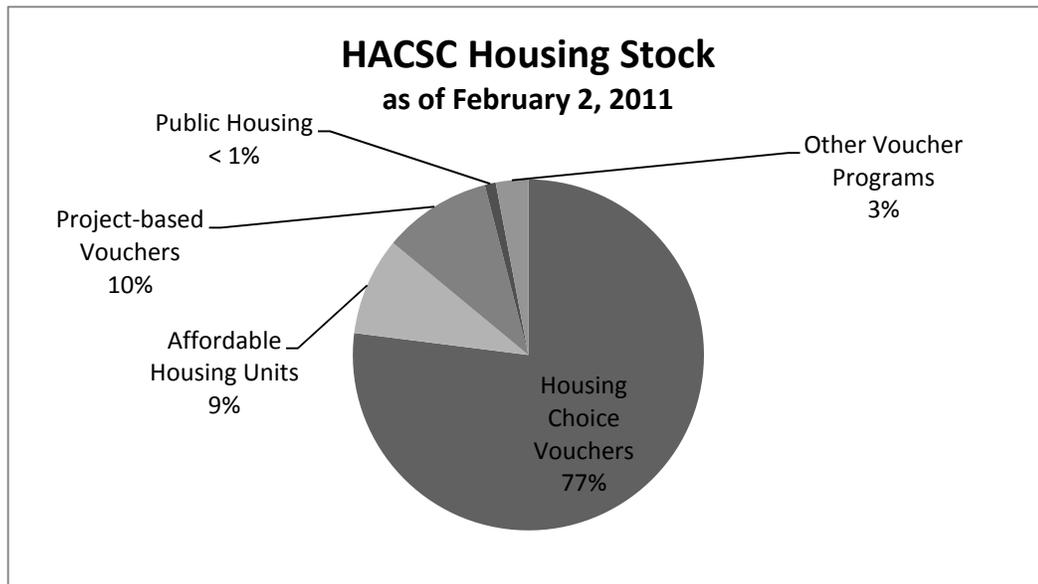
Activity # (Plan year proposed + Activity #)	Activity	MTW Statutory Objectives		
		Reduce cost and achieve greater cost effectiveness in federal expenditures	Provide incentives to families ... leading toward economic self-sufficiency	Increase housing choices for low-income families
<b>IMPLEMENTED IN FY2010</b>				
2009 – 4	Timeline to Correct Housing Quality Standards (HQS) Deficiencies – HCV	X		
2009 – 8	30-Day Referral Process for Project-Based Vacancies			X
2009 – 9	Utilization of Low Income Housing Tax Credit (LIHTC) Tenant Income Certification (TIC) for Income and Asset Verification	X		
2009 - 11	Project-Base 100% of Units in Family Projects	X		X
2009 - 14	Payment Standard Changes Between Regular Reexaminations – HCV	X		
2010 - 1	Eliminating 100% Excluded Income from the Income Calculation Process – HCV	X		
2010 - 2	Excluding Asset Income from Income Calculations for Families with Assets Under \$50,000 – HCV	X	X	
2010 - 3	Applying Current Increased Payment Standards at Interim Reexaminations – HCV	X		X
2010 - 4	Allocating Project-Based Vouchers to HACSC-owned Projects Without Competition	X		
2010 - 5	Assisting Over-Income Families Residing at HACSC-owned Project-Based Voucher Properties			X
<b>IMPLEMENTED IN FY2011</b>				
2011 - 1	Streamlined approval process for exception payment standard for reasonable accommodation – HCV			X
2011 - 2	Simplify requirements regarding third-party inspections and rent services	X		
<b>PROPOSED IN FY2012 PLAN</b>				
2012 – 1	Standard utility allowance – HCV	X		

<i>Activity # (Plan year proposed + Activity #)</i>	<i>Activity</i>	<i>MTW Statutory Objectives</i>		
		<i>Reduce cost and achieve greater cost effectiveness in federal expenditures</i>	<i>Provide incentives to families ... leading toward economic self- sufficiency</i>	<i>Increase housing choices for low-income families</i>
2012 – 2	Modify some EIV requirements – HCV	X		
2012 – 3	Two-year minimum PBV stay	X		X
2012 – 4	Affordable housing development fund			X
2012 – 5	Affordable housing preservation fund			X
2012 – 6	Expand tenant services at HACSC- and affiliate-owned affordable housing properties		X	

**II. GENERAL HACSC OPERATING INFORMATION**

This section provides information about the types and number of HACSC’s housing units and vouchers, the anticipated number of units leased in FY2012, and any changes anticipated for the Agency’s waiting lists.

HACSC provides over 17,000 low-income families with rental assistance through the Housing Choice Voucher, Mainstream, Veterans Affairs Supportive Housing (VASH), Moderate Rehabilitation, and Shelter Plus Care (S+C) programs and has 20 public housing units in its portfolio.



**A. HOUSING STOCK INFORMATION**

**Public Housing Units and Planned Capital Expenditures:**

HACSC will have 20 public housing units remaining in its housing stock at the beginning of FY2012. HACSC was granted HUD approval on September 26, 2007, for the disposition of its 555 public housing units, enabling the Agency to improve supportive services and rehabilitate the units using Low Income Housing Tax Credits (LIHTC). Three of HACSC’s family properties, representing 20 units, were renovated during FY2010 using ARRA grant and Capital grant funds.

In FY2010, 200 public housing units were transferred to a tax-credit limited partnership. In FY2011 (on November 19, 2010), HACSC transferred ownership of an additional 224 public housing units to the tax-credit limited partnership. Sixty-four (64) more units are expected to be converted during FY2012. It is estimated the remaining public housing properties will transfer ownership and convert to Project Based Vouchers (PBV) in FY2013.

**MTW Housing Choice Voucher Units Authorized: 16,613**

- 15,441 Tenant-Based Housing Choice Vouchers
- 1172 Project Based Voucher units

**Non-MTW Housing Choice Voucher Units Authorized: 673**

- 285 Enhanced vouchers
- 53 Mainstream vouchers
- 335 VASH vouchers
- 93 Moderate Rehabilitation units
- 174 Shelter Plus Care units

**Number of HCV Units to be Project-Based during FY2012:**

HACSC anticipates project-basing a total of 664 of its tenant-based vouchers during FY2012. Of the 664 units, 145 are new construction projects awarded through a Request for Proposals (RFP) competitive selection process in 2007. These projects are each currently in an Agreement to Enter into Housing Assistance Payments Contract (AHAP) and are anticipated to be ready for occupancy beginning in FY2012.

HACSC will be awarding 80 project-based vouchers designated for special needs populations in FY2012. Sixty-four (64) units are former public housing complexes which are completing the transition to non-public housing project-based units in FY2012. Finally, an additional 375 units will be project-based for preservation of affordable housing.

**Other housing planned to be managed by HACSC**

Tables 1 through 4, below, list the properties that are currently managed by Property Management, Inc., an affiliate of HACSC. It is anticipated that management of these units will transfer to a third-party property manager during the remainder of FY2011 and in FY2012. Table 5 lists the properties that are currently under third-party property management.

**Table 1: Tax Credit Senior Housing**

<b>NAME AND LOCATION</b>	<b>NUMBER OF UNITS</b>
El Parador, San Jose	125
Avenida Espana Gardens, San Jose	84
DeRose Gardens, San Jose	76
Morrone Gardens, San Jose	102
Villa Hermosa, San Jose	100
Bracher Senior Apartments, Santa Clara	72
Rincon Gardens, Campbell	200
John Burns Gardens, Santa Clara	100
<b>TOTAL</b>	<b>859</b>

**Table 2: Tax Credit Family Housing**

<b>NAME AND LOCATION</b>	<b>NUMBER OF UNITS</b>
San Pedro Gardens, Morgan Hill	20
Blossom River Apartments, San Jose	144
Helzer Courts Apartments, San Jose	155
Huff Gardens, San Jose	72 (includes 36 PBV)
Poco Way Apartments, San Jose	129 (includes 10 PBV)
Klamath Gardens, Santa Clara	17
RiverTown Apartments, Santa Clara	100
Opportunity Center for Homeless, Palo Alto	89
<b>TOTAL</b>	<b>726</b>

**Table 3: Farm Worker Housing**

<b>NAME AND LOCATION</b>	<b>NUMBER OF UNITS</b>
Arturo Ochoa Migrant Housing Center, Gilroy (funded through State of California)	100
<b>TOTAL</b>	<b>100</b>

**Table 4: Other Housing**

<b>NAME AND LOCATION</b>	<b>NUMBER OF UNITS</b>
Villa Garcia Apartments, San Jose (HUD 236)	80 PBV
Villa San Pedro Apartments, San Jose (Section 8 221(d)3, CHRP)	100
Seifert House, San Jose	3
<b>TOTAL</b>	<b>183</b>

**Table 5: Tax credit properties under third-party management**

<b>NAME AND LOCATION</b>	<b>NUMBER OF UNITS</b>
Pinmore Gardens, San Jose	51
The Willows, San Jose	47
<b>TOTAL</b>	<b>98</b>

**B. PLANNED LEASING INFORMATION**

HACSC plans to exceed 100% lease up of its 16,613 MTW vouchers and 673 non-MTW vouchers in FY2012. Because of higher than normal unit vacancy rates throughout the region, HACSC anticipates no difficulties in maintaining full lease-up of its vouchers. However, due to historically low voucher turnover rates in FY2010 and FY2011 that are predicted to continue in FY2012, the Agency anticipates over-leasing during FY2012. This step is necessary to meet the Agency's multiple program commitments including vouchers for the chronically homeless, for project-basing HACSC-owned and other units, and for the thousands on the HCV waiting list. HACSC anticipates leasing approximately 106% of its baseline vouchers and plans to fund this activity through its accumulated MTW reserve fund.

In preparation for the disposition of its remaining public housing units during the end of the current fiscal year and in early FY2012, the agency has not been filling its vacant units. Currently HACSC has approximately 20 public housing tenants who plan to remain in place and transition to PBV leases when the properties transfer ownership.

**C. WAITING LIST INFORMATION**

With its MTW authority, HACSC maintains combined waiting lists between the Housing Authority of the County of Santa Clara (CA059) and the Housing Authority of the City of San

Jose (CA056). HACSC has seven waiting lists: site-based waiting lists for its three senior public housing properties and one family public housing site, and waiting lists for its Housing Choice Voucher, Project Based Voucher and Moderate Rehabilitation programs.

The public housing waiting lists were purged in FY2011 and the updated waiting lists are being used to fill the vacancies that occurred at the former public housing properties which converted to PBV. Once the waiting lists are exhausted, vacancies at these sites will be filled from the PBV waiting list.

The agency does not anticipate any major changes in the number of families served from the Housing Choice Voucher and Project Based Voucher waiting lists compared to previous years. HACSC has recently purged its Housing Choice Voucher waiting list to ensure current information and interest. The waiting lists are currently closed and HACSC does not anticipate opening or making any additional changes to how it manages its waiting lists during FY2012.

### III. NON-MTW RELATED HACSC INFORMATION

HACSC will continue in FY2012 to carry out several initiatives that do not require MTW waivers but that complement and support the Agency's overall MTW approach: striving to run a cost-effective, data-driven organization that meets the varied needs of low-income households in the community. Notable among these ongoing initiatives are:

**Finding ways to serve special needs populations, often through partnerships.** To achieve this, HACSC has:

1. Contracted with an independent consultant to provide a Housing Needs Assessment for the County to help inform HACSC's future policies and rent reform initiatives.
2. Developed a successful collaboration with the Veterans Administration in administering the Veterans Affairs Supportive Housing (VASH) program. As of this date:
  - 217 homeless veterans housed with VASH voucher
  - 57 veterans issued vouchers and pending lease-up
3. Set aside vouchers for the direct referral of chronically homeless individuals and families from agencies providing case management and ongoing support. As of this date:
  - 574 chronically homeless housed
  - 60 chronically homeless issued vouchers and pending lease-up
4. Partnered with the County Department of Family and Children's Services in implementing the 100 voucher Family Unification Program. As of this date:
  - 98 families housed and 215 children reunited with their families in housing
  - 2 families issued vouchers and pending lease-up
5. Set aside 80 Project Based Vouchers for populations with special needs.
6. Contracted with the City of Sunnyvale to administer their Tenant Based Rental Assistance Program for low-income residents of the city.
7. Partnered with the Silicon Valley Independent Living Center to implement the 10 vouchers awarded to HACSC for disabled individuals transitioning out of institutional care.

**Improving Section 8 program administration and data tracking.** To meet continued needs for a more robust means of storing and accessing program information, HACSC has:

1. Begun the process of transitioning to a new software system that will grow with the Agency as it continues to implement its MTW goals.
  - Selected a new software provider, Emphasys Elite
  - Developed and executed a new software implementation plan

- Initiated a business process review that will streamline processes in conjunction with the new software design
2. Continued a process to recover and secure data lost in a technology failure in FY2010
    - Recovered 1.7 million pages of scanned data
    - Contracted with a consultant to evaluate HACSC's current IT processes
    - Implemented steps to assure ongoing integrity of electronic information

**Preserving and managing housing sites.** HACSC is in the midst of taking several planned steps to strengthen the financial position of its properties for the long-term, including:

1. Property management transition – shifting the day-to-day management of all HACSC and affiliate properties to third-party property management, thereby reducing costs and improving cash flow at the sites and allowing for better preservation of affordable housing for the long term.
2. Public housing disposition – nearing completion of the conversion of all public housing sites to tax credit limited partnerships and project-based vouchers.
3. Asset management of tax credit sites – beginning a long range study of the capital and operating needs of HACSC's tax credit portfolio in an effort to preserve this housing for the long term and to plan for property buy-outs, refinancing, and rehabilitation.

## IV. LONG-TERM MTW PLAN

HACSC's long-term plans under MTW involve initiatives that will address one or more of the following strategic goals:

1. Preserving affordable rental housing for the long-term.
2. Increasing the supply of affordable rental housing for the long-term.
3. Serving more needy households over time by continuing to implement cost efficiencies in voucher program administration and by exploring ways to create self-sufficiency incentives through simplification and restructuring of rent policies.
4. Exploring, expanding, and linking to services that can help tenants in various ways, and cultivating effective partnerships with local service providers to make this possible.
5. Understanding and addressing the special needs for housing assistance of different types of households, including the chronically homeless, fixed-income seniors and disabled persons, victims of domestic violence, etc.
6. Being a data-driven organization: Using data and program experience to inform strategic decisions about program design and re-design, as well as about spending and investment priorities.
7. Ensuring the long-term fiscal health of the Agency and of its properties.

To advance these goals in FY2012 and beyond, HACSC intends to acquire and develop or rehabilitate affordable housing properties throughout the county, and anticipates allocating project-based vouchers to properties to better ensure their long-term viability. HACSC will also be expanding the range and types of services it provides, either directly or indirectly, to tenants in its various properties.

HACSC will use the results of a needs assessment conducted in FY2011 to inform all of its future MTW and non-MTW initiatives. A major focus will be on the research and design of a rent reform initiative aimed at supporting and incentivizing tenant self-sufficiency. Such an activity will likely be launched as a pilot program, and will need to take into account the reality that Silicon Valley is one of the least affordable areas of the country and that the jobs outlook for lower-skilled workers is not promising. The next steps in completing the needs assessment include conducting targeted interviews with current participant households and preparing a gaps analysis of services for participants and for the county as a whole.

## V. PROPOSED MTW ACTIVITIES (HUD Approval Requested)

This section describes the six new MTW activities that HACSC is proposing to implement in FY2012.

1. Create standard utility allowance schedule – Housing Choice Voucher (HCV)
2. Modify use of Enterprise Income Verification (EIV) requirements – HCV
3. Two-year occupancy in PBV units before eligible to receive voucher
4. Create housing development fund
5. Create housing preservation fund
6. Expand tenant services at HACSC- or affiliate-owned affordable housing properties

### Create standard utility allowance schedule – Housing Choice Voucher (HCV) Program (Proposed Activity #2012 - 1)

#### DESCRIPTION OF MTW ACTIVITY

HUD regulations require that Housing Authorities maintain a utility allowance schedule for all tenant-paid and provided utilities, services and appliances. The allowance schedules must be categorized by unit type, unit size and the type of utility, service or appliance including the fuel type (such as, electricity, gas, etc.) using form HUD-52667. Utility rates are reviewed annually and any change in utility costs 10% or higher require a revised allowance. Utility schedules are used in the calculation of an assisted family's Housing Assistance Payment (HAP). Families with a monthly total tenant payment (based on family income) lower than their utility allowance also receive a monthly utility allowance payment from HACSC.

Calculating utility allowances under the current system is complex. HACSC uses three different utility allowance schedules based on different structure types: (1) semi-detached/low-rise attached units; (2) attached high-rise units; and (3) detached units and manufactured homes. Each schedule is then further categorized by unit size and utility type, the allowance for each utility type is then separated into a distinct allowance for each fuel type. The staff time spent to calculate the correct utility allowance and insure that the calculation is correct for unit type, unit size, utility type and fuel type is time consuming and results in errors. Staff must re-verify and re-calculate the allowances every time a change in family income or contract rent necessitates a change in the HAP and family payment.

In this activity, HACSC is proposing three changes to the way utility allowances are currently calculated and applied to MTW families. The Agency proposes to:

1. Simplify the current system into one standard allowance per unit size;
2. Analyze local utility rates and fuel costs (and adjust allowances if necessary) biennially instead of annually; and
3. Eliminate utility allowance payments.

In analyzing current allowances, HACSC found that a little over 3% of MTW families live in units with no tenant-provided utilities/services/appliances (the owner pays for all utilities). For those families who do pay for utilities, the differences per utility/fuel type among the three schedules is 3% or less in most cases and supports a single allowance for each unit size. In addition, about 43% of MTW families pay for water, sewer or trash collection and any one of these utilities can almost double the utility allowance the family is entitled to receive under the current calculation method. For this reason, HACSC has added water, sewer and trash collection as separate allowances per unit size to be added to the standard utility allowance the family would otherwise receive.

Below is the proposed utility schedule for FY2012:

<b>FY2012 Proposed Standard Utility Allowance Chart</b>						
<b>Utility</b>	<b>0 Bedroom</b>	<b>1 Bedroom</b>	<b>2 Bedroom</b>	<b>3 Bedroom</b>	<b>4 Bedroom</b>	<b>5+ Bedroom</b>
<b>All Utilities, Appliances and Services Except Water, Sewer &amp; Trash</b>	\$25	\$35	\$50	\$70	\$90	\$105
<b>Plus Water</b>	\$10		\$20	\$25	\$35	\$55
<b>Plus Sewer</b>	\$25					\$30
<b>Plus Trash</b>	\$25			\$55		\$80

#### **RELATION TO STATUTORY OBJECTIVES**

This activity addresses the statutory objective of achieving greater cost effectiveness in federal expenditures by creating a more efficient calculation of HAP and by reducing staff time needed to calculate a family’s utility allowance at each transaction.

#### **ANTICIPATED IMPACT OF THE ACTIVITY**

This activity will decrease the staff time it takes to calculate utility allowances and will reduce the likelihood of errors associated with calculating allowances. These time savings will allow staff to provide higher quality, one-on-one service to families. The policy will also be easier for program participants to understand. HACSC does not expect the sum total of allowances paid annually for utilities to change appreciably under the new system. Almost 83% of MTW families (13,155 families) will experience a \$10 or less increase or decrease in their allowances and only 20 families will experience more than a \$50 decrease in their current utility allowances under the proposed system.

504 MTW families currently receive a utility allowance payment; only 186 of these receive payments of more than \$50 per month. The average utility payment is \$44 per month.

## PROPOSED BASELINES, BENCHMARKS and METRICS

As this activity is implemented, HACSC may revise the activity's metrics and further quantify and refine its performance baselines and benchmarks.

<b>Activity 2012-1: Standard Utility Allowance Schedule</b>		
<b>Metrics</b>	<b>Baselines (FY2010)*</b>	<b>Benchmarks</b>
Total in Utility Allowances (UA) Provided for MTW Families	\$1,373,024	\$1,380,750
Total Labor Hours Spent Calculating UA's	5,030	1,050
Direct Labor Cost to Calculate UA's	\$134,953	\$28,159
% Errors in Utility Allowance Calculations	TBD	1%
Number of Hardship Claim Requests	0	10
Amount of Utility Allowance Payments Issued by HACSC	\$114,200	\$10,000

\* HACSC expects to update this baseline to the UA paid for fiscal year 2011 if the activity is approved for implementation in FY2012.

## AUTHORIZATION FOR THE ACTIVITY

This proposed activity is authorized in HACSC's Moving To Work Agreement, Attachment C, Paragraphs D.2.a, and waives certain provisions of Section 8 (o) (1), (2), (3) and (10) and 8 (o) (A)-(H) of the 1937 Act and 24 CFR 982.508, 24 CFR 982.503, and 24 CFR 982.518 as necessary to implement HACSC's MTW Plan.

## RENT REFORM IMPACT ANALYSIS

Because this activity changes the way rent is calculated for a participant's household, it qualifies as a rent reform initiative. To transition participants to the new standard utility allowance, HACSC will provide advance notice to affected families and advise them of their right to request a hardship claim. The new standard utility allowance will be used in the HAP calculation at a family's next transaction after notice has been provided. Families currently receiving utility allowance payments will receive a 60-day notice before the payments are discontinued.

Families who experience more than a \$50 decrease in their utility allowance as a result of the implementation of this activity will qualify for a hardship exemption. For those families, decreases in the allowance will be limited to \$50 until the next regular reexamination or the next change in unit (move), whichever comes sooner. Families who receive more than \$50 in utility allowance payments per month may request a hardship exemption which would continue those payments until the next regular reexamination or the next change in unit (move), whichever comes sooner.

This activity is being made available for public review and included as a proposed activity in the public hearing held for the FY2012 MTW Annual Plan. HACSC will obtain approval from its Board of Commissioners prior to the activity's implementation. The impact of this activity will be evaluated annually in HACSC's MTW Report.

**Modify use of Enterprise Income Verification (EIV) requirements –  
HCV Program  
(Proposed Activity #2012 – 2)**

**DESCRIPTION OF MTW ACTIVITY**

The HUD Enterprise Income Verification (EIV) System is a web-based application, which provides PHA's with employment, wage, unemployment compensation and Social Security benefit information of Section 8 program participants. Public Housing Authorities (PHA's) are mandated to use EIV to verify tenant-reported income for the purposes of discovering subsidy payment errors and participant program fraud and abuse.

EIV information must be accessed and included in the participant file for the following processes:

- New admission- EIV Income Report must be reviewed and validated within 120 days of the PIC submission date and income discrepancies resolved within 60 days of the review;
- Historical adjustment (a rarely used transaction which serves as a baseline for families who do not have a new admissions transaction in PIC)- EIV Income Report must be reviewed and validated within 120 days of the PIC submission date and income discrepancies resolved within 60 days of the review;
- Interim reexamination- EIV Income Report must be reviewed at the time of the reexamination and when there is no income discrepancy a copy of the ICN page verifying No Discrepancy must be included in file and when there is an income discrepancy a full EIV Income Report must be included in the file; and
- Regularly scheduled reexamination- EIV Income Report must be reviewed and printed before or during the reexamination and used in accompaniment with participant-provided documents to verify a family's income.

In this activity, HACSC is proposing to:

1. Delay the review and validation of EIV income information for new admissions and historical adjustments until one year after the PIC submittal; and
2. Eliminate the printing and inclusion of EIV information during interim reexaminations.

HACSC proposes to waive the requirement to review the EIV Income Report within 120 days of the submission date for new admissions and historical adjustments and allow review of the report within 365 days of the date the family's income information is entered into the database.

HACSC conducted a data analysis of EIV income reports for new admissions and determined that four months after the new admission transaction in PIC, a high percentage of EIV income

information was not available. The percentage of EIV reports with missing income data when accessed within 120 days from new admission was 80% and the results were only marginally better at 180 days from new admissions.

However, after 365 days of PIC submission HACSC was able to retrieve a comprehensive and complete report of income data, thereby providing reliable information to verify new admission information. Delaying the review and validation of EIV information until one year after the new admission or historical adjustment will increase the accuracy of information obtained and reduce the staff time spent in resolving income discrepancies. In addition, the incidence of fraud and abuse discovered through the use of EIV is so rare that the early use of EIV for the purposes of validating applicant/participant's reports of income has not proven justified.

HACSC proposes to eliminate the requirement to print and include a copy of the EIV report in the tenant's file at the time of interim reexaminations. HACSC requires interim reexaminations only for decreases in family income or in the event of a change in family composition. Families are required to report these changes within 10 days of their occurrence. Because the changes occurred recently, any income reports printed from EIV will not include this information and will be inaccurate. Also, because HACSC does not require the reporting of interim increases in income, EIV Income Reports often show discrepancies that are due to family increases in income that occurred after the family's last regular reexamination. The printing and inclusion of inaccurate reports in the participant's file creates an administratively burdensome and costly extra step in the process which HACSC requests to waive. However, EIV Income Reports will continue to be reviewed and validated in conjunction with a participant's regularly scheduled reexamination.

#### **RELATION TO STATUTORY OBJECTIVES**

This activity addresses the statutory objective of achieving greater cost effectiveness in federal expenditures by avoiding staff time spent in obtaining, reviewing and validating incomplete EIV reports.

#### **ANTICIPATED IMPACT OF THE ACTIVITY**

HUD's approval of this MTW activity will allow for a more comprehensive verification of income data provided by applicants during the new admission process or historical adjustment process, and will ease the administrative burden of staff having to access the EIV database multiple times to ensure that a newly admitted family's complete information is in the system. In addition it will remove the costly requirement of accessing and printing a copy of an incomplete and inaccurate EIV report at the time of interim reexaminations.

#### **PROPOSED BASELINES, BENCHMARKS AND METRICS**

As this activity is implemented, HACSC may revise the activity's metrics and further quantify and refine its performance baselines and benchmarks.

<b>Activity 2012-2: Modify Use of Enterprise Income Verification Requirements</b>		
<b>Metrics</b>	<b>Baselines (FY2010)*</b>	<b>Benchmarks</b>
Material cost to print EIV for interim reexaminations	\$36,009	\$0
Total Labor Hours Spent obtaining EIV Reports for interim reexaminations	1,375	0
% of EIV Income Reports for New Admissions or Historical Adjustments with missing income data	80%	0%

\* HACSC expects to update this baseline for the material costs of printing EIV for interims to fiscal year 2011 if the activity is approved for implementation in FY2012

#### **AUTHORIZATION FOR THE ACTIVITY**

This proposed activity is authorized in HACSC's Moving To Work Agreement, Attachment C, Paragraph D.3.b that differ from the currently mandated program requirements in the 1937 Act and its implementing regulations. This authorization waives certain provisions of 24 CFR 982.516 and 982 Subpart E as necessary to implement HACSC's MTW Plan.

**Two-year occupancy in project-based unit before  
eligible to receive voucher  
(Proposed Activity #2012 - 3)**

**DESCRIPTION OF THE ACTIVITY**

Under current Project Based Voucher (PBV) regulations, a family residing in a PBV unit for one year may request continued assistance if they choose to terminate their PBV lease and move. These families must be offered an available Housing Choice Voucher (or comparable tenant-based rental assistance) upon moving, thus allowing these families to take precedence over families from the HCV waiting list. If the assistance is not immediately available, the family is given priority to receive the next available voucher.

With this activity, HACSC is proposing that a Project Based Voucher (PBV) family would be required to remain two full years in a PBV unit before becoming eligible to request continued assistance with a tenant-based voucher when moving. This activity will not apply to families with an approved reasonable accommodation that requires them to move from their PBV unit.

**RELATION TO STATUTORY OBJECTIVES**

This activity addresses the statutory objective of achieving greater cost effectiveness in federal expenditures by reducing Agency costs and staff time spent on processing turnover in PBV units. This activity also increases housing options for families from the waiting list who are able to receive a rental assistance voucher sooner.

**ANTICIPATED IMPACT OF THE ACTIVITY**

HACSC anticipates that this activity will contribute to the stability of occupancy in the PBV program and may contribute to a modest decrease in the number of PBV vacancies (in comparison to the total of PBV units) and associated turnover costs, including vacancy payments. This activity will also reduce the staff time spent processing these move-outs and re-filling the vacant PBV units.

**PROPOSED BASELINES, BENCHMARKS and METRICS**

As this activity is implemented, HACSC may revise the activity's metrics and further quantify and refine its performance baselines and benchmarks.

<b>Activity 2012-3: Two-Year Occupancy in Project-Based Unit before Eligible to Receive Voucher</b>		
<b>Metrics</b>	<b>Baselines (FY2010)*</b>	<b>Benchmarks</b>
% of PBV vacancies during a one-year period	11%	9%
Staff time spent processing moves with continued assistance for families living in their PBV unit less than 2 years	TBD	0
Owner and HACSC costs associated with filling vacant PBV units	TBD	TBD

\* HACSC expects to update this baseline to the percentage of PBV vacancies for fiscal year 2011 if the activity is approved for implementation in FY2012.

#### **AUTHORIZATION FOR THE ACTIVITY**

This proposed activity is authorized in HACSC's Moving To Work Agreement, Attachment C, Paragraphs D.4., and waives certain provisions of Section 8 (o) (6), 8 (o) (13) (J) and 8 (o) (16) of the 1937 Act and 24 CFR 982 Subpart E, 982.305 and 983 Subpart F as necessary to implement HACSC's MTW Plan.

## Create affordable housing development fund (Proposed Activity #2012 - 4)

### DESCRIPTION OF MTW ACTIVITY

Through innovative financing and flexible use of the MTW block grant, and using leveraged funds from private and public sources, including low income housing tax credits (LIHTC), HACSC will seek site acquisition and development opportunities in an effort to build new rental housing units, or acquire existing units and rehabilitate them if necessary, that will be made available and affordable to low-, very-low, and extremely-low income residents of Santa Clara County. Partnerships with weatherization and renewable energy funding sources will be explored, as well as sources that provide funds for special needs housing (including housing for the disabled, seniors, foster youth, and the homeless). Costs of site acquisition and construction of sites may be borne directly by HACSC or by a HACSC affiliate.

### HOW THE ACTIVITY RELATES TO AT LEAST ONE OF THE STATUTORY OBJECTIVES

This activity addresses the statutory objective of increasing housing choices for low-income families.

### ANTICIPATED IMPACT OF THE ACTIVITY

The broader uses of funds authority under HACSC's MTW agreement makes this initiative possible. The development fund will provide predevelopment and gap financing for new construction or acquisition of low-income housing units developed by HACSC or its affiliates that are not otherwise supported by a project-based voucher commitments. The activity is expected to lead to the development of up to 550 units over four years, with affordability for tenants at 60% of area median income or below, and with an affordability restriction on the properties of at least 55 years.

### PROPOSED BASELINES, BENCHMARKS and METRICS

As this activity is implemented, HACSC may revise the activity's metrics and further quantify and refine its performance baselines and benchmarks.

<b>Proposed Activity 2012-4: Create affordable housing development fund</b>		
<b>Metrics</b>	<b>Baselines (FY2011)</b>	<b>Benchmarks (by FY2015)</b>
# of new affordable rental units developed	0	550
\$ invested in development of affordable units – HACSC MTW funds	0	TBD
\$ leveraged to develop affordable units – other sources	0	TBD

**AUTHORIZATION FOR THE ACTIVITY**

TO BE DETERMINED

**Create affordable housing preservation fund  
(Proposed Activity #2012 - 5)**

**DESCRIPTION OF MTW ACTIVITY**

Part of HACSC’s mission is to provide stable, quality affordable housing to people with low and moderate incomes. In this MTW activity, HACSC proposes to use the broader uses of funds authority under its MTW agreement to ensure the long-term stability and viability of HACSC- and affiliate-owned rental housing properties.

Based on detailed assessments of the physical and financial condition of its existing housing stock, HACSC will leverage its MTW funds to continue its efforts to upgrade and refinance this inventory of affordable rental housing to ensure its viability over the long-term. New partnerships with weatherization and renewable energy funding sources will be explored as well as initiatives to help those with special needs (including the disabled, seniors, foster youth, and the homeless).

HACSC has a substantial portfolio of properties (over 1500 units) that need capital investment and potentially re-syndication of tax credits in order to maintain the quality and quantity of units provided to low-, very low-, and extremely low-income seniors and families. In particular, HACSC has traditionally preferred senior housing at below tax credit maximum rents, allowing seniors to remain close to their families and support networks. HACSC’s family housing provides an essential service in neighborhoods and communities where affordable housing is crucial to family stability.

**HOW THE ACTIVITY RELATES TO AT LEAST ONE OF THE STATUTORY OBJECTIVES**

This activity addresses the statutory objective of increasing housing choices for low-income families.

**ANTICIPATED IMPACT OF THE ACTIVITY**

This activity will allow HACSC to respond to both planned and unforeseen events and conditions that may impact the Agency’s affordable housing portfolio, including: changes in interest rates, operating expenses, rent structures and occupancy levels; and unexpected structural deficiencies caused by topographic, seismic and hydrostatic events. Such impacts to the portfolio could result in unsustainable financial losses or non-compliance with affordability restrictions. Unhealthy financial operating conditions could lower the quality and/or habitability of the affordable housing stock as well as impact the quality of life for the tenants.

HACSC’s ability to access and utilize MTW funding under this activity will ensure the timely long-term preservation of its housing stock.

The preservation fund will provide predevelopment, capital and gap financing for existing low-income housing projects developed by HACSC in Santa Clara County. These funds will also allow HACSC, either directly or through its affiliates, to take advantage of opportunities to leverage funds from other sources and to fund various guarantees (such as operating deficit, tax indemnification, and loan repayment guarantees) associated with the properties.

HACSC also may use the preservation fund, if necessary, to fulfill a five-year guarantee to meet operating deficits up to a total of \$1.9 million that HACSC needed to make to the limited partnership owner of the former “Phase II” public housing units as part of the redevelopment transaction. This use of the fund, if needed, would be instrumental to the preservation of 335 low-income units.

This activity is expected to lead to the preservation of up to 1500 units through 2015, with affordability for those at 60% of area median income or below, and with an affordability restriction on the properties of at least 55 years.

**PROPOSED BASELINES, BENCHMARKS and METRICS**

As this activity is implemented, HACSC may revise the activity’s metrics and further quantify and refine its performance baselines and benchmarks.

<b>Proposed Activity 2012-5: Create affordable housing preservation fund</b>		
<b>Metrics</b>	<b>Baselines (FY2011)</b>	<b>Benchmarks (by FY2015)</b>
# of affordable rental units in sites with unaddressed capital improvement needs	1,500	0
# of affordable rental units renovated and preserved	0	1,500
\$ value (estimate) of unaddressed capital improvements at affordable housing sites	\$20,000,000	0
\$ invested, per unit, in preservation of affordable units – HACSC MTW funds	0	TBD
\$ leveraged, per unit, to preserve affordable units – other sources	0	TBD

**AUTHORIZATION FOR THE ACTIVITY**

TO BE DETERMINED

**Expand tenant services at HACSC- or affiliate-owned affordable housing properties  
(Proposed Activity #2012 - 6)**

**DESCRIPTION OF MTW ACTIVITY**

In this activity HACSC proposes to use the broader uses of funds authority under its MTW agreement to expand its provision of programs and services to its tenants housed at HACSC- or affiliate-owned affordable properties. Such programs and services could include but are not limited to educational classes, after-school programs, case management, resource services, social programs, and emergency assistance. Programs and services will likely vary based on the needs of each senior or family property.

**HOW THE ACTIVITY RELATES TO AT LEAST ONE OF THE STATUTORY OBJECTIVES**

This activity addresses the goal of creating incentives for program participants to actively pursue economic self-sufficiency.

**ANTICIPATED IMPACT OF THE ACTIVITY**

This activity will allow HACSC to maximize its partnerships with various local agencies to deliver beneficial programs and services to low-income tenants. The provision of housing alone is often not enough to help provide stability and encouragement to a resident enduring economic hardship. By the careful selection and tailored delivery of programs and services to each community, tenants can gain some or all of the necessary skills to address daily living requirements, and possibly reenter or move up in the work force if applicable. In addition, tenants can obtain guidance on real life problems and enjoy social activities that support/encourage peer interaction, expression of creativity and a sense of community.

HACSC anticipates that this activity will reduce tenant evictions and improve tenant economic self-sufficiency skills. It will also enhance staff productivity in property management, reducing the administrative burden of processing evictions and failed tenancies.

**PROPOSED BASELINES, BENCHMARKS and METRICS**

As this activity is implemented, HACSC may revise the activity's metrics and further quantify and refine its performance baselines and benchmarks. An initial resident needs assessment will identify appropriate services which will be considered within the tenant services budget for each property.

<b>Proposed Activity 2012-6: Expand tenant services at HACSC- or affiliate-owned affordable housing properties</b>		
<b>Metrics</b>	<b>Baselines (FY2011)</b>	<b>Benchmarks</b>
Hours of services provided, by type	TBD	TBD
Tenant participation rates	TBD	TBD
Increases in tenants' earned income and education	TBD	TBD
Turnover rates due to evictions	TBD	TBD
Average length of tenancy	TBD	TBD
Staff time required to process evictions	TBD	TBD

**AUTHORIZATION FOR THE ACTIVITY**

TO BE DETERMINED

## VI. ONGOING MTW ACTIVITIES (HUD Approval Previously Granted)

To date, HACSC has had twenty-one (21) activities approved by HUD. Of these, three (3) were dropped as obsolete. HACSC's MTW activities thus far have focused primarily on administrative streamlining and increasing housing choices for program participants.

The table that follows lists the previously approved activities, indicates when they were approved, and briefly describes their implementation status as of April 2011. Detailed descriptions of these activities are found in the Annual Plan for the year in which they were proposed. The impacts of implemented activities are described in detail in HACSC's FY2009 and FY2010 MTW Annual Reports.

HACSC has not used outside evaluators to review the impact of its MTW activities, but may elect to do so in the future.

<b>Activity #</b>	<b>Activity Name</b>	<b>Implementation Status</b>
2009 - 1	Reduced Frequency of Tenant Reexaminations	Implemented in FY2009 and continuing.
2009 - 2	Simplification and Expediting of the Income Verification Process	Implemented in FY2009 and continuing.
2009 - 3	Reduced Frequency of Inspections	Implemented in FY2009 and continuing.
2009 - 4	Timeline to Correct Housing Quality Standards (HQS) Deficiencies	Fully implemented in FY2010 and continuing, including companion policy of allowing owner self-certification (non-MTW activity).
2009 - 5	Exploring New Housing Opportunities for the Chronically Homeless	Implemented in FY2010 and continuing.
2009 - 8	30-Day Referral Process for Project-Based Vacancies	Policy implemented in FY2010. Procedures are being developed to ensure fair housing compliance.
2009 - 9	Utilization of Low Income Housing Tax Credit (LIHTC) Tenant Income Certification (TIC) for Income and Asset Verification	Implemented in early FY2010 in the initial lease up of Corde Terra Apartments, a 199 unit senior complex entering into its initial PBV HAP contract. Will be implemented for other tax credit PBV sites during initial lease up and at regular reexaminations once the procedure has been finalized and if the owner is in agreement to provide the TIC's.
2009 - 10	Selection of HACSC-owned Public Housing Projects for PBV without Competition	Implemented for Rincon Gardens, a former public housing senior project that was disposed of and entered a PBV HAP contract as existing housing in September, 2008. This activity will also be used in the disposition of HACSC's remaining public housing projects in early FY2011.

<b>Activity #</b>	<b>Activity Name</b>	<b>Implementation Status</b>
2009 - 11	Project-Base 100% of Units in Family Projects	Implementation started in FY2010 and expected to be completed in FY2012.
2009 - 13	Combined Waiting Lists for the County of Santa Clara and the City of San Jose	Implemented in FY2009 and continuing.
2009 – 14	Payment Standard Changes Between Regular Reexaminations	Implemented in March 2010 and continuing.
2010 – 1	Eliminating 100% Excluded Income from the Income Calculation Process	Implemented in March 2010 and continuing.
2010 - 2	Excluding Asset Income from Income Calculations for Families with Assets Under \$50,000	Implemented in March 2010 and continuing.
2010 - 3	Applying Current Increased Payment Standards at Interim Reexaminations	Implemented in March 2010 and continuing.
2010 – 4	Allocating Project-Based Vouchers to HACSC-owned Projects Without Competition	Policy implemented in FY2010. To date there has not been a need to use this waiver. This activity covers properties owned directly by HACSC or indirectly (through HACSC affiliates) as allowable by Section D.7. of Attachment C of HACSC’s MTW Agreement.
2010 - 5	Assisting Over-Income Families Residing at HACSC-owned Project-Based Voucher Properties	Policy implemented in FY2010. To date there has not been a need to use this waiver – no families have met this income threshold.
2011 - 1	Streamlined approval process for exception payment standard for reasonable accommodation – HCV	Policy implemented in FY2011 and ongoing.
2011 - 2	Simplify requirements regarding third-party inspections and rent services	Policy implemented in FY2011. To date there has not been a need to use this waiver.

Note: Obsolete activities are not shown. These were approved as activities 6, 7 and 12 in FY2009; final reporting on these activities was provided in the FY2009 MTW Annual Report.

## VII. SOURCES AND USES OF FUNDING

*Note that figures provided in this section are estimates as of February 2011 and may be revised as part of HACSC's annual budget preparation process. Revised and additional information will be included in the final proposed 2012 MTW Plan to be submitted for approval in April 2011.*

### A. SOURCES AND USES OF MTW FUNDS

#### FY 2012 Planned Sources

	Public Housing	Section 8 - MTW	MTW Consolidated
Rental Revenue	\$65,000		\$65,000
Section 8 Subsidy		\$ 255,686,896	\$ 255,686,896
Operating Subsidy	\$50,000		\$ 50,000
Replacement Housing factor			
Other Revenue		\$ 232,777	\$ 232,777
HUD Non Operating Contributions			
<b>Total</b>	<b>\$115,000</b>	<b>\$ 255,919,673</b>	<b>\$ 256,034,673</b>

#### FY 2012 Planned Expenditures

	Public Housing	Section 8 - MTW	MTW Consolidated
PH Subsidy Transfer			
Housing Assistance Payments		\$ 234,381,175	\$ 234,381,175
Tenant Services	\$7,900		\$7,900
Maintenance			
Utilities	\$14,300		\$14,300
General (Operating & Administrative expenses)	\$81,000	\$ 13,371,938	\$ 13,452,938
Central Office Cost Allocations			
Transfer to MTW Reserve/PH Reserves	\$11,800	\$8,166,560	\$8,178,360
<b>Total</b>	<b>\$115,000</b>	<b>\$ 255,919,673</b>	<b>\$ 256,034,673</b>

**B. SOURCES AND USES OF STATE AND LOCAL FUNDS****FY 2012 Planned Sources**

	Sec 8 Mod Rehab	State Migrant Worker	Shelter Plus Care	Other HUD Contract	Total
Rental Revenue - HACSC Properties					
Section 8 Subsidy - Mod Rehab	1,086,132	124,023			\$ 1,210,155
Other Revenue				3,191,607	\$ 3,191,607
Non HUD Grants - Migrant Worker					
Other Revenue - Shelter Plus Care			2,556,184		\$ 2,556,184
<b>Total</b>	<b>1,086,132</b>	<b>124,023</b>	<b>2,556,184</b>	<b>3,191,607</b>	<b>\$ 6,957,946</b>

**FY 2012 Planned Expenditures**

	Sec 8 Mod Rehab	State Migrant Worker	Shelter Plus Care	Other HUD Contract	Total
Housing Assistance Payments	970,843		2,338,232		\$ 3,309,076
HAP Paid for Non MTW programs				3,031,607	\$ 3,031,607
Utilities					
Maintenance					
Administrative & Operational Expenses	115,289	\$124,023	217,952	160,000	\$ 617,264
<b>Total</b>	<b>1,086,132</b>	<b>\$124,023</b>	<b>2,556,184</b>	<b>3,191,607</b>	<b>\$ 6,957,947</b>

**C. SOURCES AND USES OF COCC**

All Public Housing COCC net revenue will be used during FY2012 for low income housing and related operating expenses.

**D. ALLOCATION METHOD FOR CENTRAL OFFICE COSTS**

The Housing Authorities of the County of Santa Clara and the City of San Jose have elected to use an overhead allocation method that is consistent with the methodology of OMB Circular A-87 for the Housing Choice Voucher Program, while for PHCOCC the agencies are using the Operating Fund Rule for the Public Housing Program.

## **E. USE OF SINGLE FUND FLEXIBILITY**

Funding flexibility for block grant MTW programs allows agencies to combine resources they previously could not combine in order to better use their funding streams to address local program, administrative and operational needs.

In FY2012 and beyond, HACSC may use MTW funds for development costs of Section 8 project-based voucher developments. For example, HACSC is planning a 127-unit, 100% project-based voucher (PBV), transit-oriented development on its Park Avenue site and may commit MTW funds to fill the development funding gap. Because this type of expenditure would be an eligible use of Section 8 administrative funding, it is an eligible use of MTW funds. HACSC also may commit MTW funds for the development costs of other projects to be wholly or partly assisted with PBV; if partly assisted with PBV, HACSC's contribution will not exceed a portion of the development costs equal to the portion of all units that will be PBV-assisted.

As proposed as an activity in this 2012 Plan and with its authority under its amended MTW Agreement, HACSC also intends to use MTW funds to create an affordable housing development fund and an affordable housing preservation fund, both of which will be used to address the significant and long-term need in Silicon Valley for affordable rental housing. These funds will allow HACSC, either directly or through its affiliates, to take advantage of site acquisition and development opportunities, leverage funds from other sources including low-income housing tax credits, fund various guarantees (such as operating deficit, tax indemnification, and loan repayment guarantees), fill funding gaps that stand in the way of otherwise viable projects, and upgrade and stabilize existing housing assets that are or may become financially stressed or unviable.

Also proposed as an activity in this 2012 Plan with its authority under its amended MTW Agreement is an expansion of services provided to tenants. HACSC's single-fund flexibility will allow the agency to assess the various needs of tenants – from fixed-income seniors at former public housing sites to school-age children living in PBV family housing – and to begin to expand appropriate life skills and self-sufficiency programs for these populations.

Finally, to ensure that HACSC is able to properly serve its program participants, HACSC may also use its funding flexibility to acquire property near its main office to be used for participant parking, replacing a current and unsustainable lease arrangement. HACSC will make any required allocation among funding programs.

## VIII. ADMINISTRATIVE

### A. BOARD RESOLUTION ADOPTING THE 2012 ANNUAL MTW PLAN CERTIFICATION OF COMPLIANCE

This resolution is provided in Appendix One.

### B. PLANNED OR ONGOING AGENCY-DIRECTED EVALUATIONS OF HACSC'S MTW DEMONSTRATION

In FY2012, HACSC will continue to refine its approach to data gathering and monitoring of MTW activities and their impacts on stated goals and objectives. HACSC's purchase and launch of new voucher program software will support this effort.

**Appendix One**

*(To be attached with submission to HUD of the final proposed Plan: Board Resolution #11-\_\_ approving the submission of the FY2012 Annual MTW Plan to HUD and certifying compliance with regulations.)*

**Appendix Two**

*(This appendix will document the public review process.)*

Appendix Three

*(To be attached with submission to HUD of the final proposed Plan: Moving to Work Agreements between the Housing Authority of the County of Santa Clara and the U.S. Department of Housing and Urban Development and the Housing Authority of the City of San José and the U.S. Department of Housing and Urban Development.)*